Foreword

It is beyond question that a key influence upon the competitiveness of enterprises of all types in a modern economy is their ability to utilize information systems (IS). But, as in many other respects, the exemplars of what is viewed as "good practice" is seen to be derived exclusively from amongst large firms. Such firms are held up as illustrating the benefits of developing a long-term approach to competitiveness through appropriate use of IS. They have separate information technology (IT) departments with a wide range of skills; they implement systems often with substantial over-capacity in order to accommodate the expansion that subsequently takes place. Their foresight is therefore rewarded.

The contrast with the "typical" small- and medium-sized enterprise (SME) is stark. Setting aside the difficulty of identifying a "typical" SME, the smaller organizations are viewed as, at best, reluctant users of IT. Perhaps even more seriously they are accused of being misguided, even stupid, in not recognizing the benefits IS can bring to their businesses. In this respect there is a strong parallel with SMEs supposed reluctance to invest in training of employees, as in both cases the SMEs are seen to "under-spend", compared with larger firms.

But such criticism of SMEs, in their decisions over IS is as misguided as it is in the area of staff training, and for very similar reasons. As Levy and Powell point out, small firms are not scaled-down versions of large firms. Their owners have a diversity of objectives, almost none of which correspond to enhancing shareholder value, which is supposed to "drive" larger firms. Instead some owners have much shorter-term objectives. They seek to run their business "flexibly" by which we mean minimizing that part of their cost-base which cannot be adjusted quickly to unexpected changes in circumstances. Hence the SME is very unlikely to invest any excess capacity in IS, not necessarily because of a lack of appreciation of the potential contribution of the long-term development of the firm, but rather because the costs of being locked-in are potentially fatal to the survival of the firm. In no sense, therefore, it is a stupid or ill-informed reason from the perspective of the SME, but to the outside observer it does appear very different from the strategy adopted by large firms. What is clear is that, even size-adjusted expenditure on items likely to yield primarily long-term returns, is lower amongst small than large firms.

Superimposed upon this determination to avoid being financially locked-in are other special characteristics of SMEs. In particular, the unique role played by the owner – "the ego on legs" also requiring emphasis, since the diversity amongst SMEs reflects the diversity of human beings, making generalizations hazardous at the best. As the authors emphasize some SME owners are "teckies" and their firms reflect this, whilst to others computer systems are a last resort.

This book avoids the key pitfall of being judgemental on SMEs. Instead, with its extensive use of case studies, it accurately reflects the diversity of the SME sector. Its value is to recognize that the economic and social environment in which SMEs find themselves, is different from that of large firms, but it also illustrates the situations in which SMEs' investment in IS has yielded substantial economic benefits. These case-based illustrations are much more persuasive to an SME owners than the hectoring frequently meted out by those with responsibility for enhancing productivity.

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