Sustainable SME Intervention; Leading Systemic Change

Richard Howarth and John Fredericks

School of Social Sciences and Nottingham Business School, Nottingham Trent University, UK

Abstract/Outline

The importance and role of Small and Medium Sized Enterprises (SMEs) to the economy is clear but the sector is often considered a problem when it comes to the environment.

The apparent problem of SMEs and the environment is primarily grounded in:

- the large cumulative impact of the sector on the environment;
- SME responses to this impact, including the nature and level of formality of response(s);

The SME problem as outlined above offers support for address of the sector in both research/theory and practice. However, and although SMEs and the environment have been discussed and their behaviour addressed in the literature, the body of work is not vast and progress made by the sector is not considered as significant. This is despite the importance of SMEs to the UK economy as a result of, for example, their role/function.

This paper initially considers the definition and interpretation of the 'SME problem' and its (re)solution. Then, and through reference to project activity and material as necessary, we (re)consider the landscape of SME-environment related change and the nature and focus of intervention(s) in the context of that landscape.

Keywords: SMEs, Intervention(s), Change, Way-finding

SMEs; Importance in the Economy and 'Problem' Related to the Environment

SMEs account for the majority of businesses around the globe (Storey, 1994) and in the UK, BIS (2010) identify that 99.9% of all businesses are SMEs and:

- 99.3% of those captured by the EU definition of SMEs[1] have fewer than 50 employees (most SMEs by EU definition are, therefore, small or micro SMEs);
- SMEs provide 60% of private sector employment; and
- SMEs contribute 50% of turnover (£1,589 billion in 2009).

SMEs are undoubtedly important to the UK economy (CBI, 2011; Fay, 2000) and their economic impact in the UK has grown since the 1970s (Curran and Stanworth, 1991); despite the predictions of Bolton (1971). Burns (2001, p12) suggests this development, and shift, has resulted from a number of factors, but in particular:

- a move from manufacturing to services and thus a changing market-place and opportunities; and
- downsizing and structural and supply-chain changes leading to contracting out of work/services.

In addition to supporting their economic role, Fay (2000, p9) also notes that SMEs:

> *'also account for their share of pollution, waste and other unsustainable practices'*

SMEs have, however, historically been observed to have a 'head in the sand' attitude and approach when it comes to engaging and addressing their environmental impacts (Netregs, 2003). Such impacts would otherwise appear to demand a change in behaviour (i.e. by SMEs) and/or which may be of concern to customers (i.e. related to their contracting out and associated impacts and/or responsibilities; E.g. related to their environmental policies and/or wider corporate responsibilities). What is seen more recently, though, and despite 91% of SMEs struggling see or acknowledge the environmental impact(s) of their businesses/activities without prompting, is that SMEs are reporting some activity in areas such as waste minimisation and resources efficiency (Netregs, 2009). Netregs (2009) suggest this is primarily as a result of a desire to save money and motivate staff with Netregs (2009) also noting that few SMEs take action in the area in order to address customer requirements or grow. Influences on behaviour (as practice/conduct) thus appear internal rather than external…
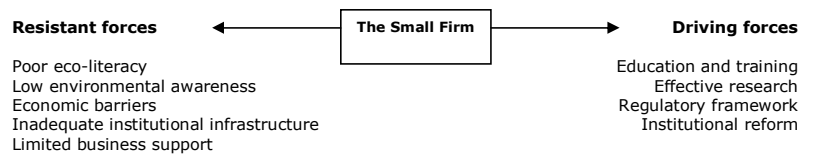
---

[1] The European Union (EC, 2005: 14) defines an SME as a company: which is an independent enterprise (i.e. 25% or more of the capital or voting rights cannot be owned by a large enterprise, with fewer than 250 employees) and has either: an annual turnover not exceeding 50m Euros or an annual balance sheet total not exceeding 43m Euros

SMEs; (Re)Solving and Addressing the SME-Environment Problem

The situation above, and more recent comment related to SME-environment behaviour (E.g.
BERR, 2009; Netregs, 2009), comes despite the time since the 'SME problem' and its
(re)solution was identified (E.g. by Groundwork, 1995; Tilley, 1999; Welford, 1994).
Although Merritt (1998) does suggest that the SME 'problem' may be on of perception as a
result from the approach to managing environmental impacts and not, necessarily, poor
performance per se.

Related to the SME problem, Tilley (1999) offers useful discussion and insight into SME-
environment attitudes and behaviour. In doing so, Tilley (1999, p242) identifies related
driving and resisting forces and an approach to behaviour change which centres on a causal
logic of coordinated minimisation of resisting forces and the strengthening of driving forces:

Figure 1 - Factors Affecting Attitudes and Behaviour in SMEs (after Tilley, 1999)

Resistant forces		**Driving forces**
Poor eco-literacy		Education and training
Low environmental awareness		Effective research
Economic barriers		Regulatory framework
Inadequate institutional infrastructure		Institutional reform
Limited business support		

This overall interpretation of the situation, and address of the SME-environment problem, is
widely supported in literature (E.g. by Revell and Blackburn, 2004; Taylor et al, 2001;
Williamson and Lynch-Wood, 2001; Worthington and Patton, 2005). Although, for example,
Worthington and Paton (2005) do suggest there are limitations with the current literature
and there is a need to alter the focus (i.e. to include internal factors) and consider different
approaches to research in the area.

Whilst noting this, it would, however, appear that the logic of Tilley (1999) above, and the
wider supporting literature, confirms a role for interventionists from support organisations,
through consultants and accountants to customers. The focus here being on, for example,
policies and guidance which lead understanding of 'why act' and 'what action' ('hearts and
minds' and 'body and soul' as Tilley, 1999 and others put it). With the/a specific role for
customers being furthered supported in Tilley's wider discussion of overall 'regimes of
change'. The/a customer role, in general, is also observed due to contracting
out/delegating impact(s), CSR and/or environmental policy (noted earlier).

SMEs; SME Change Process in the Context of the Supply-Chain

The above would suggest that customers have a role to play in relation to SME-environment behaviour. The role of customers (E.g. as interveners) in much of the literature may, however, be seen as risk and efficiency focussed with change(s) required and driven by customers (i.e. in specifications and supplier policies) at arm's length.

Although, and importantly, Berger et al (2001), Henningsson et al (2004) and Tilley (1999) argue that supply-chain _dialogue_ is key to affecting SME-environment behaviour. Berger et al (2001), Groundwork (1998) and ECOTEC (2000) also clearly identify a potential 'mentor' role for larger businesses and/or customers; Fanshawe (2000) and Tunnessen (2000) agree. Rothenberg and Becker (2004) further support customer intervention(s) and engagement with suppliers to affect behaviour change; here due to the limited use of support (particularly government support) by SMEs. This comes as a result of a lack of awareness of and trust in the quality and providers of support by SMEs (Fanshawe, 2000 and Howarth, 2000 agree). Holt et al (2001) go so far as to suggest SMEs do not willingly look for, or seek, support (i.e. from formal sources) and this situation is likely to be further shaped/underpinned by current SME perceptions of the environment and their related impacts (as noted from Netregs, 2009).

The purpose of this paper is, therefore, to discuss and uncover the nature of support and interventions that are robust and this has implications for policy. This is because, and following project reflections, it is proposed that intervention approaches which are based on the provision of information and recommendations (i.e. for action and conduct) are neither sufficient nor sustainable.

The Project Situation

The reference project, and intervention, used here was a SCEM project within a supply-chain which (like many) contained a number of SMEs. The primary customer company was motivated towards the project as a result of both the commitment of its senior managers and requirements related to its decision to formally implement its own environmental policy through an ISO14001 certified environmental management system.

The initial focus was on the first tier of the primary customer's own-label products, due to the potential to have greater control and/or influence over this element of the chain. The project was a formal collaboration between the organisation (which is in the food distribution sector) and a local academic institution. At the time of his involvement with the project the lead academic was also undertaking a Doctor of Business Administration and the initial work formed part of his thesis; the work here comments on the initial work and as a result of post project and thesis reflection(s).
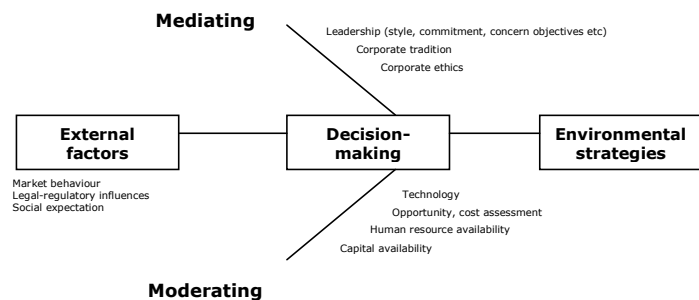
The broad theoretical background to the situation and the project has been outlined above. The guiding change model followed in this intervention was the 'force-field' approach indicated by Tilley (1999), and supported others, with underpinning processes of and for decision/sense-making as initially indicated in Figure 2 which follows.

What now follows is a further discussion of the theory background and basis related to such interventions and the role/focus of interventionist before moving on to consider the insights into and outcomes of the process of post project reflection.

A View of the intervention 'Process'

Although not originally developed in the SME context, but supported by the SME literature
(E.g. ECOTEC, 2000; ETBPP, 1998; Groundwork, 1995 and 1998; Hillary, 1999 and 2000;
Merritt, 1998; Petts et al, 1998 and 1999) and the outline above, Figure 2 below offers an
overview of some of the key interactions in SME-environment decision-making.   What is
important is that it is, and should be, the decision/sense-making that is the target of an
intervention/interventionist here.   Although, it is noted that much of the current SME
literature and many SME interventions focus on the type and/or content of strategies and
external factors lead action; little attention appears (as noted by Worthington and Patton,
2005) to focus on internal factors in the mediation and decision/sense-making process(es).

Figure 2 – Factors Affecting Decision-Making (from Ghobadian et al, 1998, p17)

Mediating

Leadership (style, commitment, concern objectives etc)
Corporate tradition
Corporate ethics

| **External factors** | **Decision-making** | **Environmental strategies** |

Market behaviour
Legal-regulatory influences
Social expectation

Technology
Opportunity, cost assessment
Human resource availability
Capital availability

Moderating

The market and other external factors (E.g. 'support' for SMEs) are considered prime inputs
to the decision making process here.   Their impact/influence ultimately being mediated
through leadership, tradition and ethics (what should be done) and moderated by
technology, human resources, capital availability and related cost/effort-benefit analysis.
The proposal here, and for SMEs, being that mediation (i.e. of 'concerns/requirements') is
also affected by, and based, on current awareness and understanding of the issue(s).

This view of decision/sense-making suggests (and again confirms?) an important role for
customers in stimulating attention to (and awareness of) environmental issues and also in
impacting the mediating processes – related to 'why act' and 'what action' is necessary or
beneficial.   Interventions here are, thus, primarily focussed on giving information and, as
necessary, exerting pressure for change (i.e. through the introduction of 'requirements').

Following reflections, it is considered and proposed that there is a difficulty with Ghobadian et al's form of analysis when applied in an SME context despite the grounding of the view/process in SME literature. For example, the firm/SME is treated as a single entity, as an isolated system, albeit with a permeable boundary through which information can flow. The information is acted upon (decision/sense-making) to create environmental strategies *in isolation.* There is no recognition here that the system SME sits in a context, the SME is represented as part of a world of configurable matter and that the firm/SME can be manipulated in isolation (see, for example, discussion of representation in Chia and Holt, 2011, p66-67). As a consequence, the mental image and constructs of the owner or manager (the active agent) are not dealt with.   More importantly the systemic interconnectedness of this business with other businesses is not dealt with either, except for the notion that the customer has power over the supplier…

Theory in the Practice of Intervention

The intervention approach in the reference project, in its original conception and execution, took a similar stance. Namely, the approach outlined and described (i.e. to understanding SME strategy, strategy development and behaviour change) was led by a rational, logical and narrow view of the 'situation', phenomenon and SME. As such, it could have been seen to fail to embrace the complexity of the situation, including SME situation/behaviour, and thus it tended towards prescriptions of 'how to act' and policy and/or 'expert' led (top-down) approaches to, and logic for, behaviour change and intervention(s). In this sense it was an outsider's view of 'the problem' and prescription of action from that position; the 'problem' is posed as if the SME is a thinking entity that has a rational means-ends logic and a predictable nature.

The approach taken (and the theory, therefore) has two potential flaws from the perspective of an intervener. The first is that the SME/firm is treated as an object amenable to external influences; with the latter presented (E.g. by Tilley) as 'forces for stability' and 'forces for change' (one may picture here a ball floating/moving on the tide). The second is that these metaphorical forces are premised on a particular reading and interpretation of Lewin's (1935, 1936, 1938) force field model; rather than a dynamic interpretation of the psychological field as originally proposed (E.g. see Cronshaw and McCullock, 2008). That is to say, the experience and understanding (and sense made) by the SME owner/manager (who is the agent, not the SME itself) was not effectively taken into account.

In the context of Figure 2, and as noted, the importance of internal factors (specifically the views/sense of the SME owner/manager) are placed secondary to external factors and it fails to acknowledge action (and specifically) innovation led from within the SME. Or (and alternatively?) the view fails to embrace any appreciation or understanding of how SME managers and owners engage in sense-making (Weick, 1995) and form views about why, and why not, (and how) they might, or might not, (re)configure their enterprise.

It was a growing sense of unease about the perspectives and practices that stimulated more reflection and reconsideration. Following the project and reflections, we see and argue that from the point of view of intervention there is a need for a change in perspective of 'the problem' and a move to place interventionists 'alongside' SME managers.
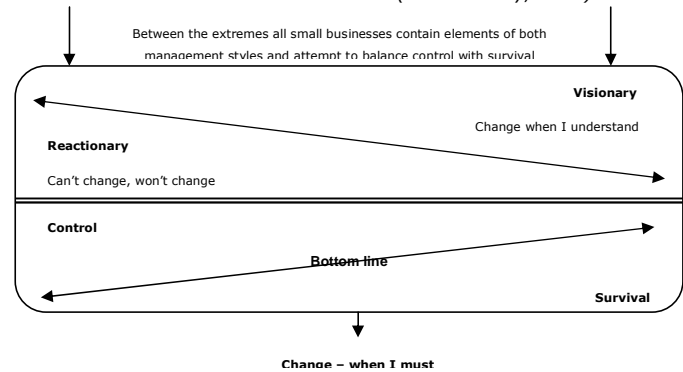
This 'shift' is necessary to understand the wider landscape of change (discussed shortly) and importantly, and as a result of engagement, to understand how SME owners/managers needs are derived and played out as they act within a complex of nested systems (systems in context).   Without this, we argue that interventions will not, be sustainable and an interventionist's success (in a wider landscape of change) will also be limited.

Illuminating the Problem; A View of SME Owner/Managers Sensemaking

With this in mind, and when investigating the sense actually made by SME owners/managers of their situation, what they do and what to do, it is noted that Whalley (2000, p121), for example, suggests that SME decision-making and behaviour is, unlike that of larger organisations, more readily affected by a double bottom line:

Figure 3 - SME Business Model: The Double Bottom Line (after Whalley, 2000)

What Whalley (2000) suggests here, for example, is that if SMEs are of a visionary orientation then change will occur **when they understand**.   In any change, and intervention, here, SMEs (and specifically their owners/managers) will need to be convinced that any extra pressures will not affect their control, increase the management load or affect finances/performance. Whalley (2000) proposes that reactionary SMEs are unlikely to change and, ultimately, most SMEs are oriented somewhere in the middle and will change when they must. Jarvis et al (2000) agree in so far as they identify the primacy of stability and survival in SME performance self-assessments. SMEs may, however, still not change due to the views of their owners/managers; although some studies see SMEs as fluid and capable of rapid change (E.g. Ghobadian and Gallear, 1997; Hannan and Freeman, 1984).

The key above, however, during and in post project reflections is what is meant, what do we mean, by **understanding**. During the project the focus was very much on raising awareness of the importance of action and effective engagement in supporting environmental management. Coaching was necessary to build understanding of what action was considered important (and why) and how to take action ('hearts and minds' and 'body and soul' and design elements from Zott and Amit, 2010); with the key in the case being understanding the varying needs of different supplier SMEs, if they were to meet the (taken for granted) demands of the client in terms of environmental performance.

Once again, the project, nestled as it was within the 'needs' of a client system, was oriented towards an object and isolated view of the SME.   Despite close working and deep discussions about the problem, a systemic understanding of the SME leader and their 'landscape' image of the business in its context (environment; and change here) was not built up. There was a sense of re-building the SME business at a process/procedural level rather than engaging in the SME leader's world and understanding their dwelling – the business in which they dwelt and engaged in the world from[2].
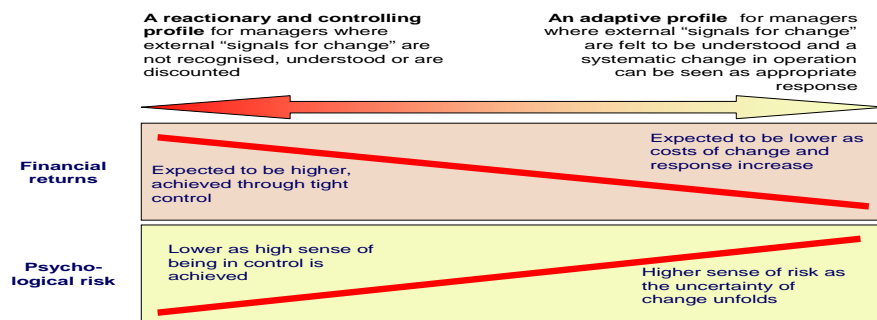
---

[2] For a discussion of the distinction between building and dwelling, in a way which is relevant to business strategy, see Chia and Holt (2011 pp 133-158)

Illuminating the Theory Problem; An Experiential View of and Use of Sense-Making

So reflecting on the project experience invoked a period of making sense; and here Weick (1995) contributes two important ideas to our understanding of managers' thinking. The first is that understanding comes from sense-making; making sense of what is going on. The second is that sense-making is based on dialogue and language after action (with a SME focus on 'craft' rather than 'theory' too; Culkin and Smith, 2000). That is to say from an SME view, _we_ talk the walk to be sure _we_ are walking the right way.

A third insight from Weick (1995) is that the sense we (and SMEs here) make of a situation is based on our (their) identity and what we (they) identify around us (them). That is to say, the state of a business and the 'pressures' around a business (and SMEs) are seen and understood (leading understanding) in relation to the way we/they see our/themselves. There is an important point here. An interventionist must come to understand the way in which the manager makes sense of the systems they act within. But that sense made may **not** be well formed, that is they too might be guilty of 'de-contextualised thinking' (Chia and Holt, 2011, p73) and/or also guilty of 'the fallacy of misplaced concreteness' (Chia and Holt, 2011, p64-67). With this in mind, it is possible to remodel Figure 3:

Figure 4 – Experiential View of SME Manager Sense-Making when Facing "Forced Change"
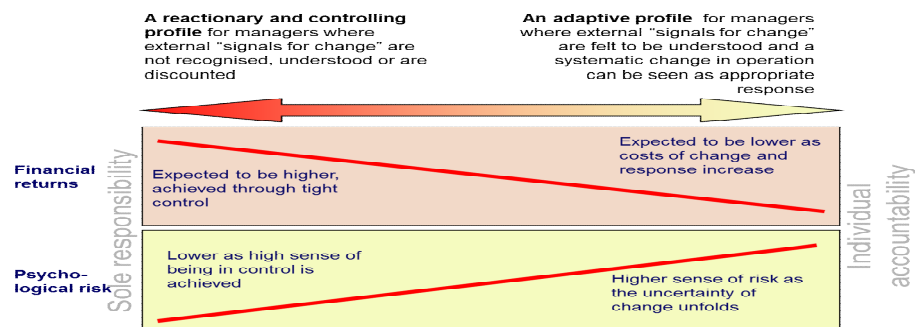

Essentially, the above interpretation is premised on the idea that we (and SME owner/managers) carry mental models. From these we make inferences (E.g. Senge, 1990) and describe what is going on; E.g. by creating an image of the SME's strategic position (e.g. in a SWOT analysis).

Following Jarvis et al's (2000) note of needs for stability and survival, and Whalley's (2000)
view of this situation and management styles, SME managers mental models may be
described as beliefs held and two are suggested here:

1. *'new customer requirements mean a change in our operation and that increases cost and/or
    burdens, they are a threat'*, and/or
2. *'at the end of the day, I carry the can and so I have to know what is going on and that it's done
    properly, so we (I) do not lose control and stability can be maintained'.* [3]

In this way of thinking, systematic change comes through conformance and power and we
see here:

Figure 5 – Systematic Change through Conformance and Power

In light of the above, and following Watson (2006) and initial engagement, a rational-
managerial approach is to be anticipated where the benefits of a controlled change are seen
to be greater than the cost of change. In this view, and related approaches to intervention,
the organisation/SME is seen in a more structural form: reporting relationships and
procedural arrangements (and thus who acts and 'governance'; a further design element
from Zott and Amit, 2010) are seen as paramount.

---

[3] Note how both of these beliefs are couched in a language which suggests (1) misplaced concreteness and (2) de-contextualised thinking – all things are
seen as subject to the manager's control

As 'change' is engaged with here, there is a likely shift (from left to right in Figure 5) from a sole sense of responsibility (on the part of the owner/manager) to a distinct (individual) accountability for parts of the change process and outcome; although this, potentially, also brings a movement towards a/the blame culture. These insights fit a more bureaucratic frame of mind and rationality, which, it might be argued, are embedded in environmental *management* systems and supply chain *management* prescriptions.
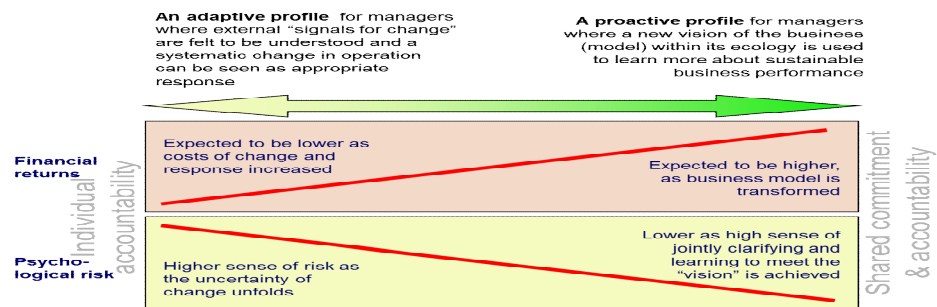
In such a situation/situations, we can imagine/see discourse (conversations) between senior members of the SME running in these terms; with a sense of control of the business (and stability) and understanding (i.e. of what activities should be performed, how activities are linked/sequenced and who should perform them and when; as seen in Table 1 from Zott and Amit, 2010) being key. Accordingly, standards are defined (as variables or procedures and ways of interpreting) and adverse variances (from a/the positing of stability and knowing) are reduced.

Such a system (and model of business) is a convergent control system based on negative feedback (see Bateson, 1972; Senge, 1990, Argyris & Schon, 1978). While the system is controlled towards achieving a set or minimal standard of performance, there is little incentive and reward for innovation and the sustainability of such a system (and the approach; i.e. to intervention in this context) is ultimately, following subsequent reflections, questioned. Therefore, and whilst the initial project was successful, what follows now is an opening of the landscape and potential intervention(s), in search of a more robust approach.

Illuminating the Theory Problem; Creation and Empowering not Control and Power

Considering a different logic (and perspective of the landscape of change and intervention), and based on the idea that organisations unfold in an emergent way, as actors in the organisation (with the support of interventionists for SMEs) have the space, and ability, to discuss and think about possibilities and actions through conversations (Ford 1999). In this view, new possibilities are created and acted out as a result (talking the walk and then walking the talk and re talking what we walked). We see here the/an act of creation and not control (essentially control is non-creative; it only reduces variance/risk) and there is a move toward a perspective of dwelling and jointly exploring how owner/managers engage with their world too; engaging with their habitus and exploring new possibilities arising:

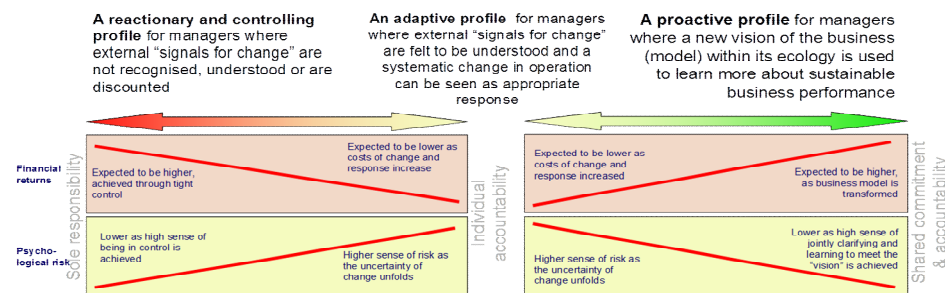*Figure 6 – Systemic Change through Learning by Engagement and Visioning*

In this sense we can vision (and see) the wider landscape of change, a different view of design themes within the/a business model and thus needs for/approaches to intervention. Here we move beyond individual accountability and a management/managerial focus on reduction of risk and variance (although this can/may be seen as a Phase 1-2 position; see comment above and further discussion of these Phases below) to a more collaborative position where commitment and accountability are shared. Movement to this position recognises the importance of trust in, and between, all parties and shared, and wider, benefits too. This position/situation is likely to be Phase 2-3 (again see later) and will require new ways of doing things (for interveners and SMEs) but also new ways of thinking about, and talking about, dwelling for all.

Describing the Landscape and the Communication-Learning Dimension

The overall wider view of the landscape of sustainable change is proposed below:

Figure 7 – Widening the Landscape; From Reaction to Conformance to Performance

What we see here, and key to and in the process, is engagement and two-way communication(s) and the visioning and supporting of a/the movement from left to right; a progression akin to the movement from single-loop to double-loop learning. This is a significant personal journey for managers in SMEs, those who intervene (including customers). Accordingly, the working schema in Figure 7 indicates a movement from self-reliance to clear delegation and trust of colleagues, plus (perhaps the hardest part) giving colleagues headroom to think and act on behalf of the organisation. Doing this without inadvertently creating a blame culture as problems, if any, emerge. Then there is another difficult transition towards double-loop learning (Argyris and Schon, 1978).

Double-loop learning in this context involves recognition of dominant (but hidden) values and beliefs and learning how they impact on the running of the business and as a consequence on the environmental conduct. Argyris and Schon (1978) draw upon a psychological perspective and wrestle with a notion of how collectives or networks of individuals might be brought to engage with confronting and changing their taken for granted values, which govern and lead their behaviour at a systemic level. The sociological concept of 'habitus' poses a similar concern; deep rooted change(s) at the level of taken for granted things and changes in the pattern of doing and being in the world. Both views carry a sense of participating in broader systems of action. The key to the prospects of change here depend on our interpretation of agency within the implied systems and our earlier stance (and the stance held in the literature discussed) assumes strong individual agency.

The extreme 'opposite' stance would be a sense that owners/managers are trapped in their beliefs and practices and as a consequence the prospect of solving the SME problem is very limited!

There is an argument for (Chia and Holt, 2011, p111):

> *'a weakened methodological individualism that acknowledges the socially constructed nature of human agency, and that revives our understanding of self-interested action along the lines of an embedded concern for being 'amongst' significant others, begins to offer us an opportunity for seeing that, by being thoroughly immersed in the ongoing activity of self-cultivation through action, we unwittingly help to create successful strategic outcomes for ourselves and our wider community that are often beyond our own immediate concerns and preoccupations'*

The implications being that anyone seeking to influence the business has to be 'a significant other', has to also be seen as immersed in on-going activity through action and their activity has to be felt as connected to the SME owner/managers' self-interests.[4]   The SME owner manager has to engage and exercise their agency, that is they choose to act…..

---

[4] This is not a narrow and selfish individual interest. Rather we view this as a pattern of beneficial outcomes *believed* to flow towards the communities of constituencies engaged with the SME – in that sense they are shared. The significance is that 'self-interest' is shared (not a win/lose) and it is constructed through a state of knowledge; the basis of the belief about benefits arising (see Chia and Holt, 2011, p99 and p102-2).

Beginning the (Re)Visioning the/a Sustained/Sustainable Intervention

As noted much of the SME literature formulates the 'SME problem' in a particular way. That formulation implies an intent, which is to change attitudes and conduct with respect to the environment, amongst SMEs. Interventions into the SME sector, it is argued, can be led by a demanding customer. It has also been suggested that government agencies should and can provide advice and guidance. The discussions in this paper see this approach as problematic. Driven change is likely to be contested and information and guidance may not be seen as necessary or credible (a view shared in some of the literature).

In the previous section we suggested a schema for exploring the mental landscape for the SME owner/manager and tried to show that interventions have to facilitate learning in an SME. Alternatively, there might be a course of action which appears more straight forward. We might suggest changing the business model with the role of the interventionist being to facilitate change to the business model; Zott and Amit (2010) describe this from an 'activity systems' perspective. Here, they emphasise a system level design (rather than partial optimisation around key decisions) and they suggest the design covers:

Table 1 – Activity System Business Model (Based on Zott & Amit, 2010)

Design Elements:	
Content	**What** activities should be performed by the business?
Structure	**How** should these activities be linked and sequenced?
Governance	**Who** should perform them and **where**?
Design Themes	
Novelty	Adopt innovative content, structure or governance
Lock in	Build in elements to retain business model stakeholders, eg customers
Efficiency/efficacy	Reorganise activities to reduce (system) transaction costs / enhance value

This schema immediately suggests a domain of purposeful action. The design elements of the business model can be clearly articulated. Activities can be specified and can be sequenced and interlinked as procedures or protocols. Who should perform them and where they should be performed seems to flow as a matter of common sense. The difficulty is that the very formulation and articulation of these questions elevate and isolate the *idea of a system of action* (the description of things we do together) in a way which is different from being immersed in doing it.

And here, and for example, a description of preparing a loved one's tea and toast in the morning in terms of content (what is to be done – do you clear the kitchen as you go, afterwards or leave it as an 'externalised activity' for loved one to deal with later?), structure and sequence (to make toast you wait for the bread in the toaster to start to burn and then subtract half a minute, and the timing has to be coordinated with the tea to achieve the proper water temperature and tea strength) and for governance (do you go to the kitchen or has loved one sanctioned capital spend for a tea-maker and toaster in the bedroom?), is always going to raise as many issues as it appears to resolve within its describing what you do.

Why might we engage in making tea and toast anyway? Is this a loved one's duty or some kind of exchange bargain? Who does it, the more loving or the less loved? These concerns are not captured in Zott and Amit's (2010) schema. They may be hidden in the 'design themes', but the language used is purposeful, instrumental and partial; partial in the sense that the broader systems and context that the business (model) is located in are ignored (or at least externalised and beyond our self-interested concern). The language stimulates our thinking about things to do or arrangements to make – to build.

In this sense, it is noted that SMEs tend to be entrepreneurial organisations. They are the expression of values and beliefs. SMEs are a complex of inter-relationships that result from the way in which colleagues, co-owners and maybe even family members are relating. The SME is a source of renewed identity – key actors 'renew' and confirm their identity through their engagement and on going activity and accomplishments within the SME. It is a source of wealth and security for key players and other stakeholders, whether the stake is emotional, financial or a more transactional 'strategic exchange' (Watson 1994 pp25-28).

In this view we need to see the SME in less transactional terms and more as a complex system which emerges out of the expression of values, but at the same time is a locale, a place of action, in which values are re-affirmed and on going *relating* contributes to actors senses of stable relationships (and through this to their identity). Making tea and toast for a loved one is an example of activity arising as an expression and affirmation of feeling or values. The activity is not governed by a specification and instrumental calculation: it is conducted 'thoughtlessly' (in the sense of the reason for doing it), it is done to express something of self-interest.

Table 2 – Re-considering the Design Themes in an Activity System Business Model

Design themes		
	Zott and Amit (2010) descriptors of 'purposeful' activity	**Revised themes: descriptors of the business model as a site of purposive, phronetic activity**
Novelty	Adopt innovative content, structure or governance	Governance emerges out of enlightened self interest as key actors struggle to shape patterns of relating (through activity) which expresses and re-affirms their relationships and identity. Governance is the framing (through declaration and activity) which re-affirms who we are, who others are and they way in which they inter-relate. The novelty is in the way in which uniqueness and distinctiveness arise, for the actors, or for the self interest of the key constituencies involved
Lock in	Build in elements to retain business model stakeholders, eg customers	Lock in is the outcome – a continuing state of affairs, because of the commitment to on going engaging together and shared activity. It is a product of governance and the beliefs and values which are expressed as well as seen/felt in shaping the way actors are doing things together
Efficacy and efficiency	Reorganise activities to reduce (system) transaction costs / enhance value	**Efficacy** is seen in the way that the business model comes to function for the internal and external participants. This must be understood in a nested systems way. Values must be expressed and experienced, or key players will withdraw their contribution – the system must work for them.
		Efficiency on the other hand is to do with the distribution of costs through the nested systems. They cannot be 'externalised', only moved to more remote systems of action (eg future generations will be burdened by…..)

'Purposive action is phronetic action emanating from the internalised tendencies and disposition of an individual as
a thoroughly engaged human being; a modus operandi acquired through a process of socialisation and maturation.
[……] in acting purposively one cannot help doing what one does in the way that one does it, since doing otherwise
runs contrary to our cultivated tendencies and hence creates a dissonance that threatens the very fabric of our
identity and selfhood' (Chia and Holt, 2011 pp109)

In light of the above, what was initially envisaged in the project, was engagement with the SME owner/managers in a frame of re-thinking the business model (elements and design themes) to adjust and/or redress the relationships between (and power of) suppliers and customers and the environment.   The project client (the customer in this case) commissioned one of the authors to work with supplier SMEs on behalf of the environment.

The 'intervention', as noted, needed to be more than this, as the engagement did not necessitate and stimulate learning by doing, reflection and further innovation and/or change(s). A single drastic 're-think of the model' was not envisaged, and was not likely to occur, but rather a set of prescribed projects was initiated to meet a new regime of compliance, with mixed rates of success with the set of SMEs involved.

We believe there needs to be a significant shift in our policy and practice for intervention in the SME problem. Dealing with the SME problem implies purposeful activity and also implies that something must be done to the SME. We view the situation somewhat differently. We suggest that interventions designed to influence through the 'external' and 'moderating' factors (Figure 2) will not be successful, even less so if such interventions are described as impacting on (and dealing with) the content, structure and governance elements of the SME's business model (Zott and Amit, 2010).

Interventions need to be based upon a much more sophisticated understanding of SMEs, their key actors, and what the SME system **is**. Such a recognition involves dealing with the key players in an SME as human beings, with individual identities which are tied to, tied up in and expressed through the actions and activities of the SME.

In our quest, we are starting with the design themes of the business model. We propose that the interventionist is equipped with a number of key questions through which they can stimulate dialogue. Action which flows from the dialogue at the 'design theme' level will impact on the design elements and there may be emergent projects at the element level to adjust internal procedure or external exchange relations.

We have found it useful to elicit stories about SME businesses. Stories are powerful in communicating deeper systems of action and meaning. As Weick (1995:61) points out:

'a good story holds disparate elements together long enough to energise and guide action, plausibly enough to allow people to make retrospective sense of whatever happens, and engagingly enough that others will contribute their own inputs in the interests of sense-making.'

We are particular in asking questions that prompt stories around 4 themes (Mission, Identity, Values and 'theory of the business' (Drucker, 1997)) and involving two distinct sets of characters: clients/customers and the 'broader community'.

Stories communicate values, purpose, character (purposiveness) and sequences or processes. They have a story line and a sense of journey in some context. In Chia and Holt's (2011) language they have a sense of place and history and express something of way-finding, rather than the characteristincs of a map or abstract intent that statements hold. We present the themes as:

Community (and environment)		Customers/clients
Stories exploring why we deserve to exist, what difference we make in the Universe	**'Mission'**	Our longer term purposes in engaging with clients
Who we are, what we represent, what is distinctive about us as individuals and as a collective in the sense of our way of being and acting in the world. How we are relating to things around us	**'Identity'**	Who we are, what we represent and what is distinctive about us as individuals and as a collective to deal with
What we move towards, what we move away from and what we hold dear. A sense of the principles or commitments that we organise our 'doings' around	**Values**	Our style, our conduct, what you might expect
How we structure our world and act within it, how we understand the world of our clients/customers (and our suppliers) and how we operate within these self interest groups and our community	**Our 'methodology', more clearly "our theory of the business and its place in society**	Our working beliefs and practices and the way that we relate to clients and their concerns
Recognising and valuing our existence through others and our engaging with them	**Value proposition**	**The very real short and long term benefits of engaging together as we participate in our ongoing actions**

Our proposed questions are:

Design themes		
	Revised themes: descriptors of the business model as a site of purposive, phronetic activity	**Key story themes which are questioned:**
Efficacy and efficiency	**Efficacy** is seen in the way that the business model comes to function for the internal and external participants. This must be understood in a nested systems way. Values must be expressed and experienced, or key players will withdraw their contribution – the system must work for them. **Efficiency** on the other hand is to do with the distribution of costs through the nested systems. They cannot be 'externalised', only moved to more remote systems of action (e.g. future generations will be burdened by…..)	Value proposition: an overview of identity, mission, values and 'theory of the business'. Efficiency is derived from identity and values
Lock in	Lock in is the outcome – a continuing state of affairs, because of the commitment to on going engaging together and shared activity. It is a product of governance and the beliefs and values which are expressed as well as seen/felt in shaping the way actors are doing things together	Lock in with clients is derived from the 'customer column'. Broader lock in with other constituencies and stakeholders is captured through 'mission', 'identity' and 'theory of the business' in the 'community' column
Novelty	Governance emerges out of enlightened self interest as key actors struggle to shape patterns of relating (through activity) which expresses and re-affirms their relationships and identity. Governance is the framing (through declaration and activity) which re-affirms who we are, who others are and they way in which they inter-relate. The novelty is in the way in which uniqueness and distinctiveness arise, for the actors, or for the self interest of the key constituencies involved	Identity

In the original project, and concerning Figure 2, the role of the intervention (and interventionist), focused on information brokerage (i.e. to affect understanding) and not, and important in the wider landscape of engagement. The latter would embrace the wider landscape of (potential) change(s) and perspective(s) on the practices and 'way of being in the world' of the key players and the SME.

Project experience, and subsequent reflections, suggests a different 'way forward' is, however, necessary with two roles proposed for interventions and interventionists.   The project had the interventionist as the information broker, network facilitator and informer; a sponsor of dialogue with people outside the SME, across the SME boundary. This in itself is a potential change in view and mind-set for the interventionist and is an/the initial attempt to 'widen the landscape' (with a focus here on understanding and the discourse).

Our post-project reflections suggest a second and more complex role, which is potentially more challenging to embrace for interventionists and for those who support and/or sponsor interventions. This role seeks for interventionists to engage with the managers and people within an SME, and the customer base as necessary, to facilitate a change in being in the world and a sense of being of the world.

References:

Argyris, C. and Schon, D. (1978) **Organizational Learning: A Theory of Action Perspective** Reading, MA: Addison Wesley

Bateson, G. (1972) *'Social Planning and the Concept of Deutero-Learning'* in **Steps to an Ecology of Mind.** New York: Ballantine Books. pp159-176

Berger, G., Flynn, A., Hines, F. and Johns, R. (2001) **Ecological Modernization as a Basis for Environmental Policy: Current Environmental Discourse and Policy and the Implications on Environmental Supply Chain Management** *Innovation*. Vol. 14 No.1.

BIS (2010) **Small and Medium Enterprise (SME) Statistics for the UK 2009**. Statistical News Release London: BIS

Bolton, J. (1971) **Report of the Committee of Inquiry of Small Firms (Bolton Report)**   Cmnd 4811. London: HMSO

Burns, P. (2001) **Entrepreneurship and Small Business**. Basingstoke: Palgrave

Chia R and Holt R (2011) **Strategy without design: the silent efficacy of indirect action** Cambridge, Cambridge University Press

Cronshaw, S. and McCulloch, A. (2008) **Reinstating the Lewinian Vision: From Force-Field Analysis to Organization Field Assessment.** *Organization Development Journal*. Vol. 26. No. 4. Winter 2008

Curran, J. and Stanforth, J. (1991) **The Small Firm in Britain – Past Present and Future**. *European Small Business Journal* Vol 1. No. 1. pp16-25

Drucker, P (1997) **The Theory of the Business** *The Antidote Issue 4*

ECOTEC. (2000) **Report on SMEs and the Environment**. London: ECOTEC

ETBPP 1998. **Attitudes & Barriers to Improved Environmental Performance 1998** Faversham House Group Ltd

Fanshawe, T. (2000)   **The Interrelationship Between Environmental Regulators, SMEs and Environmental Help Organisations**. In Hillary (2000)

Fay, C. (2000) *Foreword*. In Hillary (2000)

Ghobadian,   A. and Gallear,   D.   (1997**)   TQM and Organizational Size** *International Journal of Operations & Production Management* Vol. 17. No. 2. pp121-163

Groundwork (1995) **Small Firms and the Environment**. Groundwork, UK

Groundwork (1998) **Small Firms and the Environment**. Groundwork, UK

Hannan, M. and Freeman, J. (1984) **Structural Inertia & Organizational Change** *American Sociological Review* Vol. 49. No. 2. pp149-164

Henningsson, S., Hyde, K., Smith, A. and Campbell, M. (2004) **The Value of Resource Efficiency in the Food Industry: A Waste Minimisation Project in East Anglia, UK**. *Journal of Cleaner Production*. Vol. 12. pp505-512

Hillary, R. (Ed) (2000)   **Small and Medium-Sized Enterprises and the Environment: Business Imperatives.** Sheffield Greenleaf Publishing.

Holt, D., Anthony, S. and Viney, H. (2001) **Supporting Environmental Improvements in Small and Medium-Sized Enterprises in the UK.** *Green Management International*. Issue 30 September 2001

Howarth, R. (2000) *Marketing Funded Environmental Business Support to Engineering SMEs in Greater Nottingham. Field of Dreams?* MSc Dissertation. The Nottingham Trent University. November 2000

Jarvis, R., Curran, J., Kitching, J. and Lightfoot, G. (2000) **The Use of Quantative and Qualitative Criteria in the Measurement of Performance in Small Firms** *Journal of Small Business & Enterprise Development* Vol 7 No 2 pp123-134

Lewin, K. (1935) **Dynamic Theory of Personality**. New York: McGraw-Hill.

Lewin, K. (1936) **Principles of Topological Psychology**. New York: McGraw-Hill

Lewin, K. (1938) **The Conceptual Representation and the Measurement of Psychological Forces**. Durham, NC: Duke University Press.

Merritt, J. (1998) **EM into SME Won't Go? Attitudes, Awareness and Practices in the London Borough of Croydon** *Business Strategy and the Environment*. Vol. 7. pp90-100.

NetRegs. (2003) **SME-Environment 2003: A Survey to Assess Environmental Behaviours Among Smaller UK Businesses**. www.netregs.gov.uk

NetRegs. (2005) **SME-Environment 2005: UK Summary**. www.netregs.gov.uk

Petts, J., Herd, A., Gerrard, S. and Horne, C. (1999) **The Climate and Culture of Environmental Compliance within SMEs** *Business Strategy and the Environment*. Vol. 8. pp14-30

Petts, J., Herd, A. and O'Heocha, M. (1998) **Environmental Responsiveness, Individuals and Organisational Learning: SME Experience.** *Journal of Environmental Planning and Management*. Vol. 41. No. 6. pp711-730

Revell,   A. and Blackburn, R. (2004) **SMEs and Their Response to Environmental Issues in the UK**. Small Business Research Centre, Kingston University. July 2004

Senge, P. (1990) **The Fifth Discipline: The Art and Practice of the Learning Organization** New York: Doubleday

Storey, D. (1994) **Understanding the Small Business Sector**. London: Routledge

Taylor, N., Barker, K. and Simpson, M. (2001) **Achieving 'Sustainable Business': A Study of the Perceptions of SMEs to 'Environmental Best Practice' in South Yorkshire**   *Marketing and Logistics Internet Register.*   Available at http://www.mcbup.com/Researchregisters/mkt.asp

Tilley, F. (1999)   **The Gap Between the Environmental Attitudes and the Environmental Behaviour of Small Firms** *Business Strategy and the Environment*. Vol. 8. pp238-248

Tunnessen, W. (2000) *The Mentoring of Small and Medium-sized Enterprises: Insights from Experiences in the United States* In Hillary (2000)

Watson, T (1994) **In search of management: culture chaos & control in managerial work** London, Routledge

Watson, T. (2006) **Organising and Managing Work** Harlow: Financial Times/Prentice Hall

Weick, K. (1995) **Sensemaking in Organizations**. California: Sage Publications Inc

Welford, R. (1994) **Cases in Environmental Management and Business Strategy**. London: Pitman Publishing

Whalley, S. (2000) *What Are 'Appropriate' Systems For Assessing Environmental Risks And Performance In Small Businesses?* In Hillary Ed (2000)

Williamson, D. and Lynch-Wood, G. (2001) **A New Paradigm for SME Environmental Practice**. *The TQM Magazine*. Vol. 13. No. 6. pp424-432

Worthington, I. and Patten, D. (2005) **Strategic Intent in the Management of the Green Environment within SMEs: An Analysis of the UK Screen-printing Sector**. *Long Range Planning*. Vol. 38. pp 197-212

Zott, C. and Amit, R. (2010) **Business Model Design: An Activity System Perspective** *Long Range Planning.* Vol. 43. pp 216-226