



Management of Small and Medium, Scale Enterprises, (SMEs) in the Context of Depression

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ABSTRACT

This paper is an attempt to help those people who are in business and want to succeed and those who are still thinking about starting a business in the context of Depression. It is amazing that people so often go into small & medium business without any training or background in their chosen business, yet they are still willing to risk everything in pursuit of their business dream. In the context of changing scenario & depression the governments, the banks, & the taxation authorities are sometimes criticized for hindering the success of such business & for their failure to recognize the simple fact that small & medium sized business are the lifeblood of most economies around the world. Small business grows into medium-sized business, and often into big business. This paper serves the objectives of analysis of the key issues and challenges that MSMEs are facing.

KEYWORDS: J.D.T.E., Pune, D.T.E. Mumbai, PNS-Bandra (E), SSPN- Bandra (E), AICTE- Mumbai SUK-Kolhapur HRD-Mumbai, UGC

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I. INTRODUCTION

This paper help to will find the contents of this paper useful. This paper is result of secondary data collected and collaborated with experts in their fields to put together useful practical information in the paper in the key areas of Marketing and Human Resources and Finance. Small and medium-sized enterprises (SMEs) or small and medium-sized businesses (SMBs)

are businesses whose personnel numbers fall below certain limits. The abbreviation "SME" is used by international organizations such as the World Bank, the European Union, the United Nations and the World Trade Organization (WTO). In any given national economy, SMEs sometimes outnumber large companies by a wide margin and also employ many more people. Running a small business is not like a job, it takes over your entire life, but it can be rewarding challenging & stimulating experience although it is a dark night.

II. OBJECTIVES

1. To study the impact of depression on management of SMEs.

2. To identify the problems of SMEs in depression.
3. To develop solutions.

III. CHALLENGES

MSMEs, which account for over 90% of enterprises in all countries, are an important source of output and employment. They employ 33% of formal sector workers in low-income countries and 62% of such workers in high-income countries.² Because poor countries have large informal economies, dominated by micro-businesses, the MSME portion of total employment is much higher. In India, for example, 86% of the labour force is employed in the informal sector, including farming. The crisis has not only hit Wall Street and Main Street, but it has affected the side streets, the dirt streets and the markets where many small retailers and producers thrive. The real challenge in SMEs is to succeed despite the fact the odds may be stacked against the business viz; the various challenges, loss of personal assts, changing life style & health issues, Money, Freedom, Banks, Staff problems, Growing Pains, Family Pressures, Fun, Stress It is not like a normal job – SMEs is a vocation, a way of life.

IV. SOLUTIONS

1. A strategy
2. A good product or service
3. Motivation-a passion for what are you doing
4. Determination
5. Luck-lots of it
6. A good bank manger
7. A grate accountant
8. Attitude
9. Single-mindedness
10. An ethic of hard work
11. An understanding partner & family
12. Foresight
13. Management ability
14. Calmness & Pressure
15. Some re-start-up capital

V. CRM FOR MANAGEMENT OF SMALL AND MEDIUM, SCALE ENTERPRISES, (SMEs)

1. Treating the customers, the same way
2. Training the staff
3. Ensuring the entire tam knows the customers service focus of the business
4. Conduct customer surveys for feedback-take action
5. Listing the customers
6. Setting of high standards
7. Rewards or acknowledgement
8. Thanking the customers for their business
9. Identifying the good customers & develops ways o keeping them back year after year
10. Offering something extra that competitors cannot
11. Anticipating the Clients needs & offering them solutions

VI. KEY PERFORMANCE FINANCIAL INDICATORS TO SMEs IN THE CONTEXT OF DEPRESSION

1. Gross profit ratio
2. Net profit-to-sales ratio
3. Contribution margin of product lines- what margin does the product contribute to the business
4. Debtors' turnover- how long it takes to collect accounts receivable
5. Stock turnover
6. Wages-to-sales ratio
7. Average sale value per customer
8. Earnings per employee
9. Working Capital ratio
10. Return on equity

VII. KEY PERFORMANCE NON- FINANCIAL INDICATORS TO SMEs IN THE CONTEXT OF DEPRESSION:

1. How many phone calls does the staff receive from potential customers each day?
2. How many of these potential customers converted into sales?
3. How many of customers are repeat customers?
4. Where do the customers come from?
5. What is the most effective form of advertising for business?
6. How many complains are received?
7. How long does it take to turn around a customer's order?

VIII. A NEW BUSINESS PLAN WITH RENEWING FOCUS & SERVICING CUSTOMER NEEDS: A APPROACH OF 4R's

As Michael Gerber the famous author says, you need to spend more of your time working "on the business" as distinct from working "in the business."

SMEs do not have a separate strategic planning department or a board of directors setting the direction of his business-those responsibilities are all up to the owner. In this context of depression, the new business plan with renewing focus & servicing customer's need & regular innovation will ensure to face the challenge of depression as on long term basis.

IX. HUMAN RESOURCES FOR MANAGEMENT OF SMALL AND MEDIUM, SCALE ENTERPRISES, (SMEs)

Is there a magic or secrete to finding & keeping good staff in SMEs in the context of depression? Because SMEs does not have the recruitment & public relations budget of larger organizations, it is often a case of growing the own talent of SMEs. This means finding people with the right attitude & willingness to learn, then training them. As a result, the two most important parts of managing Human Resources in SMEs in the context f depression are keeping the staff motivated & training them:

(A) Motivating the staff of SMEs:

1) Threats & Fear

It may get you what the business want there & then, but their residual effect will be anger & resentment, & lack of enthusiasm & commitment.

2) Acknowledgement

It needs to create a work environment that provides employees with the opportunity to achieve their goals & experience what they value most in their working lives. To do this SMEs need communicate in an open & honest manner,

implement ongoing training for performance improvements & encourage creative problem solving. It is also need to provide sincere expressions of recognitions, appreciation & acknowledgement to nourish the employees feeling in the context of depression of self-worth.

3) Lead by Examples

Nobody is motivated by a “do as I say, not as I do” boss. Rather, modeling the behavior you want from the employees is the most effective way to change their behavior.

4) Work Environment

The work place should be a fun place. Laughter is good for the body, mind & soul. A fun workplace engenders productivity. So, SMEs need to come up with ways to bring enjoyment into the workplace. A fun workplace will reduce stress & provide opportunities for employees to build rapport with each other, an essential ingredient for successful teamwork.

5) Look on the Bright Side

We are what we think. So, if SMEs are constantly thinking about how lacking in motivation your employees are, you will find more & more examples of it. If, on the other hand, you are always thinking of ways to motivate them & create an atmosphere that fosters & focuses on staff motivation, you'll find more examples of motivated employees in the workplace.

X. FINANCE FOR MANAGEMENT OF SMALL AND MEDIUM, SCALE ENTERPRISES, (SMEs)

Finance Access to finance and low demand are the chief factors affecting small businesses in the current downturn. Governments have responded by loosening monetary policy, strengthening banks, encouraging lending and providing demand stimulus through fiscal policies. It is too early to tell which policies will be effective in supporting recovery. This section sets out the various financial constraints faced by small businesses and the measures being taken by policymakers. Examples are provided from both developed and developing countries. Credit has tightened in most countries and not only where banks held mortgage-backed securities (MBS) and collateralized debt obligations (CDO) linked to the U.S. housing market. Most governments have cut interest rates, lowered reserve ratios and urged lenders to pass on lower rates to their customers. As few countries set the rates that are charged by commercial banks, lower rates in the inter-bank markets are not automatically passed on to commercial customers. In add

(B) Incentive Schemes for SMEs in the context of Depression:

In his book, *The Great Game of Business*, Jack straw observes: To survive, a business must do two things: (1) make money; and (2) generate cash. Everything else is a means to that end.”

XI. CONCLUSION

Many analysts expect the first signs of economic recovery to appear in 2009 with a more robust upturn in the following year. Certain countries and sectors may recover more quickly than others. In the interim, many jobs and enterprises will be at risk. As the examples in this booklet have shown, governments have demonstrated a commitment to supporting small enterprises and the employment they provide. We should not, however, view the current situation as merely a crisis to be survived. It also presents opportunities, on three fronts. One, the recent efforts to support MSMEs may provide an opportunity for policy experiments. Reduced regulation for start-ups, better access to finance and improved methods for monitoring and sustaining decent work can be developed during the crisis and continued when growth revives. We may recall that important aspects of Western social security systems were initiated during the last great crisis: the depression of the 1930s. Two, even in a downturn, true entrepreneurs will arise, finding profitable opportunities to fulfill consumer wants either by innovating new products and services or by devising ways to produce existing products or deliver existing services more cheaply. And three, demand stimulus packages present important opportunities for small businesses to build infrastructure and supply goods and services to governments.

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