

The Approach of Small and Medium Sized Enterprises to Process Management

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Abstract: *This investigation of small and medium sized enterprises is based on receiving and evaluating 185 questionnaires reflecting the situation in 2010. Data from questionnaires were evaluated in three different ways: 1) as average values of the whole group. 2) Later, they were sorted according to the number of employees (1-9; 10-24; 25-49; 50-249) and 3) according to six different specialisations. The planning activity is most developed in enterprises with 50-249 employees, where on average 2.6 different plans are used, however, in the category with 10-24 employees only 1.6 plans are made. The same tendency concerns process maps, which are constructed first of all in enterprises with 50-249 employees (67.2 %), whereas, in the category of 10-24 employees this is only 21.7 %. A part of this investigation was focused on four main processes: Marketing, Human relations, Production and Finance. The best evaluation was in respect of Finance, followed by Production, Human relations and Marketing. Detailed analysis was carried out for the process connected with Production. Besides this, the analysis also concerned outsourcing [most outsourced activities were accountancy (24.9 %), maintenance (23.2 %) and transport (26.5 %). As the most competitive advantage there was mentioned assortment (37.8 %), flexibility (21.6 %) and quality of work (35.7 %). The enterprises are worried the most about client's insolvency (39.5 %) and policy of the government (20.5 %).*

Key words: Small and medium sized enterprises · Process management · Production · Competitive advantage · Outsourcing

JEL Classification: L25 · M19

1 Introduction

Process management, together with other new methods generally known as lean manufacturing, are mostly used in large companies. The implementation of a lean manufacturing system at small and medium sized enterprises (SMEs), which outnumber the large companies, seems to be very difficult even though it could bring a competitive advantage. To achieve significant results, the implementation of these new organisational and management methods has to reflect the different situations of SMEs compared to large companies. This study deals with the present condition of process management at 185 small and medium sized enterprises.

2 Literature review

Veber et al. (2003) define a process as a collection of activities consisting of many operations (integration of more employees). Each of these operations can be characterised by the input, output, process costs, time to complete, process owner and internal organisational structure. Veber et al. (2003), further state that the essentials of process management are: 1) process identification, 2) process objectives, 3) process stability assurance and 4) setting the atmosphere for process improvement. This process structure corresponds to other authors' views. Řepa (2006) emphasises the necessity of process improvement, which can be gradual, or radical, called re-engineering. Truneček et al. (1997) highlight the difference between the former (operational, i.e. task-oriented) thinking, where all work is divided into very simple tasks and assigned to specialised workers who usually

master just one or a few tasks, and the newer way of process thinking, which emphasises work integration. He also puts emphasis on client-oriented value production. As soon as the processes are identified, they are to be improved. Complete re-engineering will appear only sporadically, more often gradual, slight improvements, called KAIZEN, will be implemented. Those, however, finally bring dramatic results (Imai, 2005). The method of gradual improvement is also depicted by Santos, Wysk & Torres (2006), where, among others, twenty ways of how to improve the workplace are presented. The theoretical aspects of processes are dwelled upon by Harmon (2007). According to him, process management became popular in the early 90s, with the publication of Hammer (*Reengineering Work: Don't Automate, Obliterate*) and Davenport, Short (*The New Industrial Engineering*). Process management puts a great emphasis on the division of labour among enterprises. One of the ways is outsourcing, which enables enterprises to use their own sources and concentrate on their main activities and that helps them achieve higher competitiveness through providing greater value to their clients (Heizer & Render, 2004). Koráb, Hanzelková & Mihalisko (2008) pay attention to the life cycle phases and strengths and weaknesses of the small and medium sized enterprises. Their strengths are flexibility, stable culture, quick decision-making, local markets in close proximity, effectiveness, quality orientation and social responsibility. Their weaknesses are difficult family relationships in family-owned enterprises (especially between sons and fathers which can affect planning), running the enterprise, management and auditing. Blažková (2007) pays special attention to planning activities and their importance for the enterprise. Planning should correspond to the vision and role of the enterprise, specify its strategy and detail production, sales, finance and marketing.

Heizer & Render (2004) deal with outsourcing, i.e. the decision between doing some tasks (services) in-house and contracting them out to a specialised firm. This idea is also considered in Russel & Taylor (2009). The primary factors which affect the use of outsourcing are costs, capacity of the enterprise, quality, promptness and reliability. Vodáček & Vodáčková (2004) define “the concept of critical success factors” which are the issues the SMEs’ managers should concentrate on. They look upon “processes” and their reengineering as a key factor.

All available authors, who refer to advantages and implementation of process management, mostly deal with large engineering enterprises, especially in the car industry where the process management, promoted by the managers, brings advantages. They ignore small and medium sized enterprises. These enterprises are supposed to use different approaches, which will meet their requirements better, as their internal structure differs. Rolínek et al. (2009) also attract attention to this fact. The authors who are only interested in small and medium sized enterprises focus on their strategy, marketing and life cycle, but they omit process management (e.g. Koráb, Hanzelková & Mihalisko, 2008; Blažková, 2007).

3 Method

The aim of this study is to inform readers about some particular research findings under the grant of the University of South Bohemia: 068/2010/S-Rolínek. “Process management and the possibility of its implementation in small and medium sized enterprises”. First of all, it identifies processes in enterprises and evaluates the process of production in detail. The study includes the approaches of the enterprises to planning, outsourcing and the view of competitiveness and possible threats. Small and medium sized enterprises are defined by their size of 10 – 249 employees. The author concentrated on tendencies of chosen characteristics, their advantages for the enterprises with lower number of employees compared to those with higher number of employees and their consequences to the management. This study is a follow-up to the study of Vaněček and Fára: Some basic characteristics of small and medium sized enterprises, drawn up under the grant mentioned above. In total, 185 complete questionnaires containing data from 2010 were collected from the enterprises of the South Bohemian region and, subsequently, processed. Firstly, the data file was divided into size groups of

1-9; 10-24; 25-49; 50-249 employees. The enterprises with 10-49 employees were further divided into two groups so that the tendencies could be seen more obviously. The next division was done on production specialisation: building firms, engineering production (production of machines, production of metal and non-metal goods), woodwork production (including paper mills and printing works), food processing, retail business and services (including transport). In this way, detailed information could be obtained. The most significant information, concerning the basic characteristics of the enterprises, is depicted in the following sections. Some of the questions had responses from only a few enterprises.

For the particular research project focused on production and logistics, a hypothesis was formulated: Larger enterprises implement more modern methods of production management and logistics than smaller enterprises.

4 Results

1.1 Planning activities

Every complicated activity requires a plan based on the current situation analysis which sets the objectives, reviews available sources and finds the ways which will lead to the successful completion of the objectives. In large companies, plans have become inseparable parts of their activities, but smaller enterprises usually lack professionals capable of producing the necessary plans. A lack of planning can lead managers to misconceptions about how successful their enterprise is. A one-year simple plan, which tracks the most significant activities, should be prepared at every enterprise. The survey investigated the existence of enterprise plans for the main processes such as production, marketing, financial management, sales, personnel management and project management.

Table 1 Completion of plans (in %)

Number of employees	Number of enterprises	Plans						Number of plans per 1 enterprise
		Production	Marketing	Finance	Sales	Personnel	Project	
1-9	20	25.0	30.0	30.0	15.0	10.0	0.0	1.1
10-24	61	49.2	26.2	62.3	0.0	23.0	0.0	1.6
25-49	35	54.3	22.9	62.4	8.6	22.9	0.0	1.7
(10-49)	(96)	(51.0)	(25.0)	(62.5)	(3.1)	(22.9)	(0.0)	(1.6)
50-249	61	63.9	41.0	88.5	8.2	52.5	3.3	2.6
1-249	177	52.0	31.1	67.8	6.2	31.6	1.1	1.89

Source: own research

Planning is closely connected to particular processes. Table 1 shows the number of plans for particular processes. More than 2/3 of all evaluated enterprises make financial plans and one half prepares production plans. Marketing and personnel plans are made in 1/3 of the enterprises. Only a small number of them prepares sales plans (6%) and project plans (1%). The less employees the enterprise has, the less plans it makes. Enterprises with up to 9 employees make 1.1 types of plans, enterprises with 50 – 249 prepare 2.6 plans, which means 3 times as many.

1.2 Processes

Process management has become an indispensable approach to management recently, especially for those enterprises which apply quality standards. Firstly, they should identify the processes and, only then, can they decide how to manage them. Large enterprises lay out process maps of all processes and activities within the enterprise. In smaller enterprises the maps can be based on the experience. Truneček (1997) states that a medium sized or large enterprise usually has 5 – 15 key processes. The process is a collection of interrelated activities which gradually transform inputs into required

outputs. They are, for example, order completions, acceptance and storage of material, production, development of new products, claim settlements, marketing, personnel management, financial management, logistics and so on. Firstly, we concentrated on the existence of process maps in the enterprises.

Table 2 Drawing up process maps

Number of employees	Number of enterprises	Number having process maps (%)
1-9	20	5.0
10-24	69	21.7
25-49	35	37.1
(10-49)	104	26.9
50-249	61	67.2
In total	185	37.8

Source: own research

Table 3 Evaluation of the level of processes according to the size of enterprises (%)

Number of employees	Marketing, Retail		Human resource management		Production		Finance	
	Number of ent.	%	Number	%	Number	%	Number	%
1-9	18	66.9	16	72.5	11	70.0	18	73.3
10-24	68	67.0	68	76.1	61	80.5	68	81.9
25-49	31	75.0	32	78.9	31	82.9	32	86.3
(10-49)	99	66.8	100	77.0	92	81.3	100	83.3
50-249	57	66.4	58	75.0	50	80.4	56	83.4
Max. difference		8.6		6.4		12.6		13.0

Source: own research

Process maps are made in 37.8 % of enterprises - on average, 67.2 % in the largest enterprises and 5.0 % in the smallest ones. This index demonstrates big differences between the size categories. The questionnaire also asked the enterprises to estimate the level of their processes for four main processes: Marketing and Retail, Human resource management, Production and Finance. The level estimated was expressed in percentages, 100 % is the top (table 3).

Table 4 Evaluation of the level of processes according to the production branches (%)

Specialization	Marketing, Retail		Human resource management		Production		Finance	
	Number	%	Number	%	Number	%	Number	%
Building firms	49	70.4	50	76.7	48	79.2	50	82.8
Engineering production	52	64.1	52	77.7	51	80.1	53	82.5
Woodwork production	21	60.0	20	64.0	21	80.0	21	76.4
Food processing	9	71.7	9	74.4	10	89.7	8	76.9
Retail business	23	78.0	23	73.7	12	78.8	23	84.1
Services incl. transport	23	67.8	23	81.4	13	72.2	22	84.5
Max. difference		18.0		17.4		17.5		8.1

Source: own research

The columns “Number“ indicate how many enterprises responded to the question. The highest evaluation of all four processes appeared, surprisingly, in enterprises with 25-49 employees. Such an evaluation was expected to occur in the largest enterprises. However, the large enterprises

seemed to be more critical of themselves than the others. The Marketing and Retail and Human resource management are the worst managed processes. The Production process, however, has better results, except for the enterprises with 1-9 employees. The Finance processes, which are affected by all the other processes, show the best results of all. Table (3) outlines the direction of process management in small and medium sized enterprises. Unfortunately, it is often difficult for the enterprises to appoint a person to follow the processes, which makes the process level lower. However, the enterprises did not require any services from outsourcing to support the two processes at the lowest levels, Marketing and Human resource management (table 10).

Table 5 Detailed evaluation of the level of processes in the group Engineering

Specialization	Marketing. Retail		Human resource management		Production		Finance	
	Number	%	Number	%	Number	%	Number	%
Production of machines	13	71.5	13	79.0	13	84.2	13	85.0
Metal goods production	21	62.6	22	79.8	22	82.0	22	85.0
Non metal goods production	13	60.8	13	72.7	12	76.0	13	75.8
Production of energy	5	60.0	4	67.5	4	78.8	5	82.0

Source: own research

The second aspect divided all enterprises into groups of production specialisation. The highest evaluation of Marketing and Retail appears in Retail businesses as it represents their main activities. Services, including transport, are highly evaluated in Human resource management and Finance, which was also expected. Services need close and high-levelled contact with clients to keep them loyal. The Production process showed best results in Food processing, which could reflect strict quality standards and certification.

Evaluation of the processes, according to the production branches, shows bigger differences between the studied groups, from 8,1 % to 18,0 %. On the other hand, when the enterprises are grouped from the aspect of the number of employees, the differences are smaller, from 6,4 to 13,0 %. Surprisingly, Engineering production (Production of machines, Metal and non-metal goods production) does not excel in any evaluated processes. For this reason, one more detailed classification was carried out, which showed that the subgroups Production of machines and Metal goods production show equal results.

1.3 Production process

The opinion of managers on some process, sub-processes and the evaluation of their levels were studied. Not many respondents answered the questions; possibly meaning they were not competent or they did not have to deal with them seriously in their enterprise. The results are interesting, but not very conclusive, because of there being only a small number of responses (less than 50 %).

The selection of suppliers is considered very important by one third of all enterprises (36.8 %). Omitting the lowest group with a small number of answers, then the larger the enterprise, the lower the index. This could result from the fact that enterprises have quite a stable group of good suppliers and do not see the matter as too important. Less respondents evaluated their suppliers than they did their selection of suppliers. It could mean that not many enterprises are engaged in this activity. The tendency is similar to the previous one, the larger the enterprise, the less they evaluate their suppliers. There is room for improvement for all of the enterprises.

Table 6 Selection of Suppliers (%)

Subprocess	Category/Number of enterprises	1-9	10-24	25-49	(10-49)	50-249	1-245
		20	69	35	(104)	61	185
Selection of suppliers	No answer	65.0	42.0	54.3	(46.2)	55.7	51.4
	Very significant	25.0	46.4	34.3	(42.3)	31.1	36.8
	Rather significant	10.0	8.7	8.6	(8.7)	6.6	8.1
Evaluation of suppliers	No answer	55.0	58.0	62.9	(59.7)	62.3	60.0
	Very significant	35.0	29.0	22.9	(26.9)	13.7	25.4
	Rather significant	10.0	10.1	11.4	(10.6)	9.8	10.3

Source: own research

The process of Production contains subprocesses, the evaluation of which are shown in the tables below. The results are classified according to the size categories and the percentage of answers takes into account all enterprises, despite the fact that not all of them responded. The evaluation of “average“ and “no importance“ are omitted in the tables as only a small number of enterprises used them. Small enterprises up to 9 employees did not answer the questions. They may deal with them in other fashions and not as separate activities. Product costs calculation is understood as very important in enterprises with 25-49 employees while it is unimportant for those enterprises with 50-249 employees. Even though quality is said to be and written about as one of the most significant competitive tools, about 10 % of enterprises do not consider it very significant but only as “rather significant“.

Table 7 Product costs calculation and quality control (%)

Subprocess	Category/Number of enterprises	1-9	10-24	25-49	(10-49)	50-249	1-245
		20	69	35	(104)	61	185
Product costs calculation	No answer	100.0	49.3	45.7	(48.1)	55.7	56.2
	Very significant	0.0	39.1	51.4	(43.3)	39.3	37.3
	Rather significant	0.0	10.1	2.9	(7.7)	1.6	4.9
Quality control	No answer	90.0	66.7	54.3	(62.5)	50.8	61.6
	Very significant	10.0	27.5	34.3	(29.8)	32.8	28.6
	Rather significant	0.0	5.8	11.4	(7.7)	13.1	8.6

Source: own research

The inventory level and other relevant indices are not considered to be very significant in the small and medium sized enterprises. Many of them did not respond to the question. It may be because they have quite a low inventory which is easy to control compared to the large enterprises. In spite of this, the inventory can tie up too much cash. The total inventory value is quite important, but not very important, for the enterprises. However, the enterprises with 1-9 and 10-24 employees see the inventory value as very significant.

Table 8 Inventory management (%)

Subprocess	Category/Number of enterprises	1-9	10-24	25-49	(10-49)	50-249	1-245
		20	69	35	(104)	61	185
Inventory value	No answer	55.0	63.7	85.7	(71.2)	72.1	69.7
	Very significant	0.0	10.1	2.9	(7.7)	1.6	8.9
	Rather significant	35.0	20.3	8.6	(16.3)	13.1	17.3
Inventory turnover	No answer	80.0	79.7	94.3	(85.6)	77.0	81.6
	Very significant	0.0	7.2	2.9	(5.8)	3.3	4.3
	Rather significant	15.0	8.7	2.9	(6.7)	8.2	8.1

Source: own research

Only 16.2% of enterprises responded to the question of unsellable and obsolete inventory but they think it is quite significant for them (no table). The enterprises with 50-249 employees put higher emphasis on an unsellable inventory than smaller enterprises. Only 15 % of enterprises dealt with the question of unfinished production and they see it either as of average importance or quite significant. This index is preferred by the enterprises with 50-249 employees (no table).

The enterprises evaluated the process of Production quite highly, but a more detailed survey shows that they assess the production output more than the subprocesses which are performing this output. It is closely connected to results and process orientation Imai (2005) states that American society is result- oriented while the Japanese, also, emphasize attitudes and approaches. Therefore, different control criteria are used. The USA and most Western countries use result-oriented criteria (R), Japan also uses process-oriented ones (P). The small and medium sized enterprises are satisfied with the process of Production because they just evaluate present results. If they focused on P-criteria, they would have to notice imperfect relations with suppliers, high inventory, high costs and others which affect the result criteria. There is room for the process approach.

1.4 Outsourcing

Division of labour enabled a rise in labour productivity over the last two centuries. It resulted in some negative features, such as too simplified work, invariable repetition, high staff fluctuation, etc.

Table 9 Outsourcing (%)

Number of employees	Number of enterprises	Outsourcing yes
1-9	20	40.0
10-24	61	42.6
25-49	35	45.7
10-49	96	43.8
50-249	61	77.0
1-249	177	54.8

Source: own research

Table 10 Outsourcing according to the size of enterprises in % (number of enterprises 185)

Activity	Number of employees						
	1-9	10-24	25-49	(10-49)	50-249	In total	
Number of enterprises	20	69	35	104	61	185	100.0
Accountancy	7	19	7	26	13	46	24.9
Maintenance	1	10	10	20	22	43	23.2
Transport	2	12	5	17	30	49	26.5
Marketing	1	5	3	8	14	23	12.4
Taxes	1	1	1	2	3	6	3.2
Work security	0	0	0	0	3	3	1.6
Legal services	0	0	0	0	6	6	3.2
Security	0	0	0	0	3	3	1.6
Research	0	1	0	1	5	6	3.2
Craft	0	3	2	5	1	6	3.2
Cleaning	0	3	0	3	5	8	4.4
Installation	0	1	0	1	2	3	1.6
In total	13	56	29	85	115	213	--
Outsourcing activities/enterprise.	0.65	0.81	0.83	0.82	1.88	1.17	--

Source: own research

The solution lies in new forms of work which cater more for the employees' needs and requirements. If the division of labour appears beyond the bounds of possibility within an enterprise, then there is a possibility of a division of labour between enterprises. Outsourcing is one form of such a division of labour: an enterprise decides to transfer a part of its activities to a specialised firm, which makes them better and cheaper. For example, an enterprise keeps production as its key activity and transfers transport, inventory and accountancy to a specialised firm and buys these activities as a service.

All categories of enterprises use outsourcing. An outstanding rise is only registered within the group of 50-249 employees; smaller enterprises use outsourcing less. The category up to 9 employees has less than one activity ensured by outsourcing (0.65 %, table 10), the enterprises with 50-249 employees have 1.88 activities. Outsourcing is mostly used in transport, accountancy and maintenance (about 25 %) followed by marketing (12.4 %). Other activities do not exceed 5%.

1.5 Competitive advantage

There are many small and medium sized enterprises in the market and all of them try to compete with the others and avoid stagnation and bankruptcy. The survey focused on activities which the enterprises assume to be their competitive advantage.

Table 11 Competitive advantage according to the size of enterprises (in %)

Number of employees	1-9	10-24	25-49	(10-49)	50-249	In total
Number of enterprises	20	69	35	104	61	185
Assortment	45.0	42.0	42.9	42.3	27.9	37.8
Flexibility	35.0	29.0	17.1	25.0	11.5	21.6
Quality of work	5.0	44.9	40.0	43.3	32.8	35.7
Know-how	15.0	15.9	8.6	13.5	19.7	15.7
Good name of the firm	0.0	8.7	8.6	8.7	13.1	9.2
Personal approach	5.0	5.8	8.6	6.7	13.1	8.6
Quality of employees	20.0	2.9	5.7	3.9	11.5	8.1
Reliability	10.0	10.1	2.9	7.7	3.3	6.5
Completeness	5.0	5.8	2.9	4.8	4.9	4.9
Background of the firm	0.0	2.9	0.0	1.9	9.8	4.3
Clients satisfaction	15.0	1.5	2.9	1.9	1.6	3.2
Lower price	0.0	7.3	5.7	6.7	1.6	4.9

Source: own research

Three factors are the most significant competitive advantage for all categories: 1.offer of an assortment, 2. flexibility and 3. quality of work. Next are know-how (15.7%), personal attitude (8.6) and quality of employees (8.1). Even though quality of work belongs to outstanding competitive advantage, the enterprises pay only low attention to quality control (table 7).

1.6 Threats

The environment the enterprises operate in is changeable. Some changes are gradual and the enterprise, if it recognises and analysis them in time, can prepare and get used to them for example, the shortage of qualified employees or changes in customer demand. Radical changes usually cause many difficulties and can result in the enterprise's bankruptcy. Such changes appear at the time of a global financial crisis. Clients become insolvent, the state is unable to help and costs grow rapidly. The following table presents the biggest threats for enterprises from their point of view. The biggest threats are seen in clients' insolvency and government economic policy. The enterprises with the smallest and highest number of employees are especially afraid of cost growth, while those with 10-24 employees are afraid of competitors. The percentages of the smallest group are highly affected by few respondents. In general, no significant differences among particular groups appear.

Table 12 Threats – according to the size of enterprises (%)

Number of employees	1-9	10-24	25-49	(10-49)	50-249	In total
Number of enterprises	20	69	35	104	61	185
Insolvency of clients	75.0	43.5	34.3	40.4	26.2	39.5
Sales decline	45.0	18.8	14.3	17.4	32.8	25.4
Government policy	15.0	21.7	20.0	21.2	21.3	20.5
Increasing costs	30.0	15.9	17.1	16.3	23.0	20.5
Competition	15.0	13.0	28.6	18.3	19.7	18.4
Decline of demand	10.0	17.4	11.4	15.4	4.9	11.4
Economic crisis	5.0	7.2	14.3	9.6	3.3	7.0
Shortage of qualified workers	0.0	8.7	2.9	6.7	8.2	6.5
Low flexibility	5.0	1.4	0.0	1.0	1.6	1.6
Strong course of CZK	0.0	0.0	2.9	1.0	3.3	1.6
Bad knowledge of languages	0.0	1.4	0.0	1.0	0.0	0.5
Stagnation	0.0	0.0	0.0	0.0	1.6	0.5
Low innovations	0.0	0.0	0.0	0.0	1.6	2.2
In total	40	103	51	154	90	287

Source: own research

The specialisation of enterprises (no table) affects the understanding of threat as follows: Building firms and Food processing do not worry about increasing costs. Food producers do not expect sales decline and insolvency of clients; food processing is always needed. On the contrary, Retail business is seriously afraid of clients' insolvency and competition. Services understand all threats as equal, only clients' insolvency seems to be a threat for almost half of the enterprises. All enterprises, despite their specialisation, are mostly afraid of increasing costs, insolvency and government policy. The economic policy is what could be solved easily and shortly. Surprisingly, not the economic crisis but only some of its impacts were mentioned. A shortage of qualified workers and low innovations were not problematic. Most enterprises understand threats as an external matter, not a problem of their operation and control.

5 Conclusion

The questionnaire survey of small and medium sized enterprises helps to examine the researched problems from three different aspects:

- According to the average values of all 185 enterprises
- According to four size groups of enterprises
- According to the specialisation of the enterprises. They were divided into six groups: Building firms, Engineering production, Woodwork production, Food processing, Retail business, Services and transport. These divisions helped find the causes of some of the total results.

First, the enterprises evaluated the level of four significant processes in percentages. They assessed Finance as the best (83.4 %) followed by Production (80.4 %). Five percent less was given to Human Resource Management; while Marketing and Retail finished as the last (66.4 %). This ranking was set by all size categories, with just a small exception. The evaluation differs in the groups according to their specialisation: Woodwork production and Food processing are evaluated in the production process better than for Finance. Yet Finance seems to be most stabilised in the ranking. A surprisingly low evaluation is for Marketing, which should reflect market changes in advance and, thus, affect all the other activities. Small and medium sized enterprises rely on a permanent repeating of market situations and underestimate the power of marketing. The Production process was evaluated in detail as a set of particular subprocesses, but the number of respondents was very

low. Many enterprises do not consider these subprocesses very significant and do not pay them much attention. The selection of suppliers is significant for 36.8 % of enterprises, and, surprisingly, larger enterprises underestimate this activity more often than the small ones. They may have long-term suppliers. The evaluation of suppliers is very similar. Only 15-20 % of enterprises responded to the questions about inventory management, unsellable goods or unfinished production, which proves them to be uninterested in these processes. Outsourcing is a commonly used arrangement - the larger the enterprises, the more they use it. On average, each enterprise uses outsourcing for 1.17 % of activities, mostly for transport, accountancy and maintenance. All enterprises see their competitive advantage in the product range, quality of work and flexibility and followed by, know-how, personal attitude and quality of employees. Only small changes appear in classification according to their specialisation. In particular, food processing and retail business put the accent on the good name of the enterprise.

The most significant threat is seen in clients' insolvency and government economic policy. Most enterprises feel threatened by external causes more than internal, such as a shortage of qualified workers, slow response to clients' demand, low innovations, bad knowledge of languages or low level of some processes. The enterprises are less critical of their own problems.

This study of process management in small and medium sized enterprises discovered that the enterprises realise the importance of process management, especially under some circumstances – see the processes of Finance and Production. The subprocesses are not paid such close attention. The process levels can be increased through the improvement of subprocesses. Many of the small and medium sized enterprises are not managed well, which results in a weak position on the market. Our study proved that the enterprises often underestimate marketing, which should indicate the market changes and they are, subsequently, found to be unprepared. All marketing information should be incorporated into the plans and, first of all, in the production ones. These plans should be helpful in the controlling of all strategic, tactic and operational activities. The study showed that most of the enterprises did not respond to the more detailed questions. The problems of costs, inventory value and relations to suppliers are not a matter of great concern to the managers. There are considerable areas for improvement and implementation of new management techniques.

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