

News

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SMALL AND MEDIUM-SIZED COMPANIES THRIVE - BUT ALSO FACE CHALLENGES

Most of Germany's small- to medium-sized businesses describe their situation as good or very good. Their order books are full, and their equity ratio remains steady at a high level. But this crucial sector also faces obstacles on the path to continuing success.

Several common challenges are putting pressure on the German Mittelstand. According to recent surveys, the major challenge is the shortage of skilled labor (80%). The second major challenge is the digitization of business processes and cyber security. Thirdly, many SMEs are facing growing international competition and the need to introduce innovations to the market.

Demography and the skilled labor shortage

The growth of a business relies on not only recruiting enough people to support that growth, but finding people with the right skills to meet the demands of the business. The pace of technological changes will continue to create demand for new skill sets and job roles. Making sure that you convey your business in the most positive light to potential employees is extremely important. This could include benefits which can be flexed to individual requirements, your overall business culture, how your business communicates with employees, training and development programs as well as innovative working-time concepts.

Digital transformation

Most companies see digital transformation as an opportunity to become more innovative, flexible and agile. But digitization also carries numerous risks, of which small and medium-sized enterprises in particular are well aware. The question is not whether they should engage their business in it. Rather, it's how to unleash the power of digital technology while maintaining a healthy business, leveraging existing IT investments, and innovating without disrupting themselves.

Here are some questions that CEOs should ask before working on their digital strategy:

- How can digitization succeed in practice?
- Which technology and software do we really need?
- Have our key stakeholders bought into the project?
- What talent do we need to successfully execute our digital transformation project?
- What kind of team and resources do we need to sustain this new digital business?

Competition and the need to innovate

Demographic changes, the growing move to online consumerism and evolving technologies will continue to shake up the business scene in 2018. Companies must be aware of new marketplaces that are vertically integrating services that traditionally were untouched. Businesses are constantly faced with the challenge of gaining competitive advantage over competitors. The ability to innovate, to retain operational flexibility and adapt their portfolio mix to rapidly changing market conditions is the best option for small and medium-size enterprises. This requires significant upfront capital investment and the creation of systems and routines to give employees the learning opportunities they seek, accelerate their growth and transform their careers.

Because of their size and simpler structure, SMEs will have a greater capacity to adapt to challenges and changes. The key to competing as a small player is to stay focused on your market. In a crowded marketplace the real trick is finding a gap and having the right product to fill it. At MFB Resultants we are not only helping our clients to prepare for the future, we are helping them to create it.

MFB Resultants – We deliver results.