A GUIDE FOR ASSESSING SMALL BUSINESSES

By

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DEDICATION

This dissertation is dedicated to:

This dissertation is dedicated to my Lord Jesus Christ who makes all things possible in my life. I thank the Lord for placing me in a position where I can be of service and contribute to the enhancement of the quality of life of those with whom I interact but, more importantly for surrounding me with people who care enough to help me achieve this qualification.

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DECLARATION

I, Sundree Moodley, declare that:

- The work contained in this dissertation is my own;
- all sources used or referred to have been documented and recognized; and
- that this dissertation has not been submitted previously in full or partial fulfillment of the requirements for another degree at any other tertiary institution.

Signed:

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ABSTRACT

It is estimated, that 90% of small businesses in South Africa fail within the first two years of their operation. The South African Government has improved business support services to small businesses. However, it has called on all South Africans to become involved in supporting small businesses and not to leave this responsibility to a single role player. Improving individual entrepreneurial capabilities should therefore be a focus area for all stakeholders involved in the promotion of entrepreneurship in South Africa.

Changes brought on by growth, competition and many other factors, frequently require businesses to quickly identify alternatives, for driving significant improvements in their businesses. Business assessment tools generally provide a framework to assist business leaders to review the operations of their businesses. It was against this background that this research study was undertaken.

The main aim of this research study was to develop a guide which can be used to assess small businesses. This study identified and evaluated six business diagnostic tools currently used nationally and internationally. The information gathered from evaluating these assessment tools were verified through discussions with five expert business practitioners who have relevant experience and knowledge on assessment tools.

A self – assessment can be defined as a comprehensive, systematic and regular review of an organization's activities and results. Of the six assessment tools evaluated, it was found that the Baldrige Quality Programme, best satisfied the research questions, in terms of applicability of content, procedures and effective administration of diagnostic tools. The guide for self - assessments for small businesses was therefore, developed by using the Baldrige Quality Programme as a benchmark.

This research study demonstrated, by means of an exploratory case study methodology, that self - assessment diagnostic tools do have a critical role to play in improving entrepreneurial and organizational performance of small businesses. Through the use of the self - assessment guide, developed in this study, entrepreneurs have an opportunity to take an integrated approach towards the improvement of business leadership, management and general business capabilities.

This self - assessment guide fully involves the small business owner in the planning, implementation and monitoring phases of operating his or her business. There is also an element of skills transfer designed into the administration aspects of the tool, as guidelines are included in the tool, where possible. The researcher strongly feels that the use of this self - assessment tool can contribute to enhancing the success rate of small businesses in South Africa.

TABLE OF CONTENTS

LIST OF APPENDICES

LIST OF TABLES

ABBREVIATIONS, ACRONYMS AND DEFINITIONS

Abbreviations and Acronyms	Details
Baldrige	Baldrige National Quality Programme
CSS	Central Statistic Service
DTI	Department of Trade and Industry
EFQM	European Foundation for Quality Management.
Expert Practitioner	Refers to an individual who has worked with small businesses longer than two years and has knowledge of the use of the respective diagnostic tool being examined as a case study
NIST	National Institute of Standards and Technology
SEDA	Small Enterprise Development Agency
SME	Small and Medium Enterprises
SWOT	Strengths, weaknesses, opportunities and threats

CHAPTER ONE
INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

This research study aims to develop a guide which can be used to assess small businesses. Small business owners can use this guide as a self – assessment tool to evaluate their businesses. Through use of this tool, business owners will be able to establish their performance levels and will be able to identify those areas that need immediate attention. The purpose of this chapter is to provide the background to the topic, outlaying the basic research process and the main reasons which have prompted this study.

1.2 BACKGROUND

South Africa is recognized as a country of growing business opportunities; however, there is a growing shortage of capable entrepreneurs. It is important to improve the skill levels of owners of small businesses, as this will contribute to improving the South African economy and can increase employment levels. The lack of managerial skills has a negative impact on the success of small businesses in South Africa (Radipere and Van Scheers, 2007b:1 - 3).

Improving individual entrepreneurial capabilities, at all levels should be a priority for all stakeholders involved in the promotion of entrepreneurship in South Africa (Herrington and Maas, 2006: 37). Managing a small business, comprises factors such as the creation and exploitation of an opportunity, a sense of enterprise, vision, innovation, commitment, motivation, taking calculated risks, uncertainty, leadership and control. However, starting a business is risky. Suitable skills are, therefore, necessary to sustain businesses in the long term.

According to West Monroe Partners (2008:2), assessments can effectively highlight areas of need allowing entrepreneurs to appropriately respond to the changing market conditions. In this respect, this research study will be of great benefit to entrepreneurs of small businesses because it will provide them with a tool which they can use as guidance for conducting self – assessments. It is

important to support, nurture and encourage the efforts of small businesses because these businesses can positively influence the economy.

1.3   STATEMENT OF THE PROBLEM

The problem or question is the axis around which the whole research effort revolves (Leedy and Ormrod, 2005: 43). It is the difference between the way things should be and the way they are. Research by Central Statistic Service [CSS] (2002), cited in Radipere and Van Scheers (2005a:402), shows a prevalence of high business failure rates in South Africa and that the number of start-up businesses are not sufficient, although such businesses are the new platform for economic growth and development (Herrington and Maas, 2006:7). One possible reason for this prevalence could be that small business owners are not equipped to identify the problem areas within their businesses, due to the lack of necessary skills and tools to do so.

In order to effectively assess small businesses, the business owners require a simple diagnostic assessment tool which is cost effective and easy to use. The researcher found, through a search of over fifty relevant business internet sites and contact with organizations set up to assist small businesses, that no diagnostic tools are available to small business owners which can be self administered at no cost. In most instances, diagnostic tools are administered by a business advisor, a consultant or a business practitioner.

In the past, government has been criticized (Rogerson, 2004:782), for not providing sufficient support to these businesses. Government strategies have since been revised, but have called on all South Africans to become involved in process and not to leave this responsibility to a single role player. Therefore, the purpose of this research is to develop a guide that can be used by the owners of small businesses to undertake self - assessments.

1.4   SIGNIFANCE OF THE STUDY

Research by the Central Statistic Service (2002:7), has found that approximately 90% of businesses fail within the first 10 years of existence, with 40% of the

failures being in the first year of operation. One of the largest risks facing small businesses is the company's delay in taking the necessary steps to control the events that cripple their operations. In general, the reason for this delay is due to the lack of the necessary capacity and resources required to correctly identify and overcome any crisis areas.

Undertaking a self - assessment can assist the owner of the business to clearly discern the business strengths and areas in which improvements can be made. This can culminate in planned improvement actions which can be monitored for progress, therefore, mitigating risks and allowing for the development of strategies for managing anticipated risks. Unfortunately diagnostic assessment tools and assessments by consultants are expensive. These are generally not affordable by small businesses.

Therefore, the guide developed from this research study will be made accessible to entrepreneurs at no cost. This guide will provide small businesses an opportunity to personally evaluate their businesses and to take corrective action where required, thus increasing their chances of surviving.

1.5   AIM OF THE STUDY

The aim of this study is to develop a guide which can be used to assess small businesses operating in the business services sector. The use of this guide should contribute to drive a consistent, integrated approach to the improvement of business leadership, management and general business capabilities.

1.6   OBJECTIVES OF THE STUDY

The aim can be broken down into the following objectives:

- To identify a range of relevant existing diagnostic tools currently used to assess small businesses;

- To critically evaluate these diagnostics tools; and

- To identify suitable expert practitioners who can provide information on the tools being studied and to provide input towards the development of the tool.

1.7 RESEARCH QUESTIONS

The following questions necessitate answers:

- What constitutes the key facets of a simple yet effective diagnostic tool?

- What are the procedures for the application of the diagnostic process?

- Which aspects are integral to the effective administration of the diagnostic tool?

1.8 DELIMITATIONS OF THE STUDY

This study will endeavour to develop a *guide* to undertake assessments and will not provide the complete details of how to completely assess a business. The guide is applicable for use by business owners who are in operation for longer than three months, employing fewer than fifty people and operating in the business services sector.

1.9 METHOD OF THE RESEARCH

This study used mixed methods research, which involved both collecting and analyzing quantitative and qualitative data. Quantitative data includes closed ended information such as that found in attitude and behavior performance instruments. The analysis of the quantitative data consists of analyzing the scores collected to address the research questions.

Qualitative data consists of open ended information which the researcher gathers from interviews with participants. Qualitative data may be collected by observing participants or sites of research and gathering documents from a private or a public source. The analysis of qualitative data follows the path of aggregating the words into categories of information and presenting the diversity of ideas

gathered during the data collection (Clark and Creswell, 2007:6). By mixing the datasets, the researcher provides a better understanding of the problem than if either dataset was used on its own. The mixing of the data can be done as follows:

- The datasets can be merged;

- The datasets can be connected by having one build on the other; and

- The datasets can be embedded, in that the dataset of one type provides a supportive role for the other.

It is not enough to simply collect and analyze quantitative and qualitative data. Data needs to be mixed in some way or the other in order to form a more complete picture of the problem (Clark and Creswell, 2007:7). In this study, the datasets were connected and embedded with each other. The research of this study was largely an exploratory, qualitative study, using the case study methodology.

Exploratory research attempts to clarify why and how there is a relationship between two aspects of a situation or phenomenon (Kumar, 2005: 10) and social phenomena are investigated with minimal prior expectations, in order to develop explanations of identified phenomena. The case studies comprise a range of existing diagnostic tools currently used in assessing small businesses. The diagnostic tools are examined and information is gathered through interviews with expert practitioners. The results are scored in each respective section for each of the diagnostic tools. The best scoring sections of each tool are used as inputs to develop a guide for a self - assessment tool. These results will satisfy the aim of this study.

1.10   REASON FOR THE METHOD EMPLOYED

As previously stated, by mixing the datasets the researcher provides a better understanding of the problem, as if, either dataset was used on its own. Case

study research involves the study of an issue explored through one or more cases within a bound system and it is an ideal methodology when a holistic, in-depth investigation is needed (Creswell, J. W. 2007: 73). The advantages of the case study method are its applicability to real-life, contemporary, human situations and its public - accessibility through written reports. Case study results relate directly to the readers daily experiences and facilitates an understanding of complex real-life situations.

The mixed methods methodology is used because it is most applicable and suitable for the nature of this research study. The findings of any research are deemed reliable, if one can repeat the same research and obtain the same results (Hussey and Hussey, 1997:173). The reliability and validity of this research study is ensured in that the data researched is first identified from the secondary data source, which are the case studies. Moreover, the findings from the examination of the case studies are verified by interviews and discussions with expert field practitioners.

1.11   CONCLUSION

In this chapter, an overview of the research study was provided in terms of the research topic and the main reasons which have prompted this study were discussed. The problem statement was expressed and the aim and objectives were specified. The pertinent research questions, necessitating answers, were established and the research process was presented and justified. The next chapter will undertake a literature review of appropriate information to contribute towards achieving the aim of this study.

CHAPTER TWO
LITERATURE REVIEW

2.1   INTRODUCTION

The purpose of this chapter is to appropriately contextualize this research study. The discussion comprises a literature review of the status of small businesses in South Africa and examines the various aspects of business assessment tools. Questions such as "are small businesses in need of business skills?", "will additional business skills and tools contribute to the survival of small businesses?" and "is there a place for business assessments amongst their needs?" will be addressed in this chapter.

2.2   OVERVIEW OF LITERATURE REVIEW

The promotion of entrepreneurship and small business remains an important priority for the government of South Africa. Success and failure are a normal part of business processes. However, effective networking and developing a sense of good business acumen, coupled with a high degree of business integrity, will contribute towards ensuring that the prevalent environment does not perpetuate a culture of failure. Instead, a winning culture can be inculcated (Department of Trade and Industry [DTI], 1995:3). This introduction sets the foundation for this research study. The outcome of this study will contribute towards improving individual entrepreneurial capabilities on all levels because it aims to develop a guide which will assist entrepreneurs of small businesses to assess their companies and improve their performance.

The Global Entrepreneurship Monitor (GEM) research project is aimed at analyzing entrepreneurial processes across countries, including South Africa. One conclusion was that the promotion and support for entrepreneurship is below standard in South Africa (Herrington and Maas, 2006:22). In comparison to other countries, South Africa's performance is sub-standard for established small businesses aged between 3 to 42 months. Therefore, it was suggested that

focusing on improved individual entrepreneurial capabilities on all levels should be a priority for all stakeholders involved in the promotion of entrepreneurship in South Africa (GEM, 2006:37).

According to Brink and Cant (2003:1), large sums of money are lost on small business ventures. The mistakes and problems incurred on these ventures are avoidable. It is maintained that often the entrepreneurs behind these ideas do not have the underlying knowledge of business fundamentals. Cant and Ligthelm (2002:3 - 7), suggested that the deficiencies in the internal business environment of small businesses are the major cause of their failures. They further found that some of the management actions and behaviours, which are lacking, are the inabilities of the owners of small businesses to effectively set strategic goals, to plan forward and their reluctance to seek advice. A self - assessment diagnostic tool can assist entrepreneurs to effectively plan forward and set strategic goals.

Charlton (2002:50 - 54) suggests that the long - term health of any organization depends on its leadership. This involves facilitating sustained, productive behaviour. Leaders should integrate learning and performance into a continuous cycle. This can involve assessing business performance as it happens and then using the knowledge from this assessment to drive the next round of performance improvement. Therefore, the use of diagnostic tools is essential to measure performance and to plan for improvements.

Jaatinen and Ströh (2001:1) indicates that organizations are going through rapid changes and that the role of strategic management is challenged. Therefore, strategic planning becomes even more important. In many instances, entrepreneurs don't always know exactly what intervention is necessary to deal with various situations. Self - organized systems are capable of changing their own structure in order to adapt themselves to significant changes in their environment.

They are at the top of a hierarchy of systems that arranged according to the degree of control they have upon their actions (Malhotra, 2000:350). In all

matters, success depends on preparation. Without preparation, there is a greater chance of failure. Research has shown that 60% of small businesses fail within their first two years of operation (CSS, 2002:7). Assessing businesses and taking corrective action, where necessary, can reduce this failure rate. The outcomes from holistic diagnostic assessments can contribute towards streamlining the thinking of entrepreneurs.

Even the most uncertain business environments contain strategically relevant information. There are factors that are unknown but are knowable, if the right analysis is done. Such examples are performance attributes for current technologies and elasticities of demand for certain products and services (Courtney et al, 1999:5). Diagnostic tools can assist entrepreneurs to identify factors that are hindering the performance of their businesses.

Professional evaluation is defined as the systematic determination of the quality or the value of something (Davidson, 2005: 1). Findings and recommendations of various business activities should adequately account for understanding what is affecting performance. It is important for entrepreneurs to know how to improve what they are doing and what is it that they should really be doing.

As the world becomes more integrated, more complex and faster, the challenge is to understand how things fit together. Business and other human endeavours are bound by invisible fabrics of interrelated actions. Since one is part of that lacework, it is hard to see the whole pattern. According to Morecroft and Sterna (1994:177), one tends to focus on snapshots of isolated parts of the system, and wonder why one's deepest problems never seem to get solved. Kane and Trochim (2007: 173) suggest that, in order to know something properly, one must measure and evaluate the results. Here again, undertaking holistic business assessments, can assist one to understand how everything in a business fits together, and greatly assists one to measure and highlight areas for necessary interventions.

It is often questionable whether organizations have the ability to gather

themselves together into an effective identity and to act as a unified whole to do what they say that they will do. The problem often is that all of this is like a jig - saw puzzle that needs to be put together to form the big picture. Holistic assessments can certainly assist to solve this jig - saw puzzle.

Any form of planning should ideally involve contributions of those involved with the implementation of what is being planned. Commitment generally stems from involvement in developing the plan (Narducci, 2004:2). Often, business assessments are undertaken by consultants, external to the organization. Not many entrepreneurs accept the outcomes of the assessment and, in many instances; they do not implement the recommendations made. Apart from the fact of lack of commitment, there is also the difficulty in assessing the effectiveness of the services by external consultants as suggested by King and Anderson (2002:12).

The proposed assessment tool aims to fully involve small business owners in the planning, implementation and monitoring phases of operating their businesses. Hence, there will be a high element of skills transfer designed into the administration aspects of the tool. This transfer can contribute to enhancing the success rate of small businesses in South Africa.

2.3   BUSINESS ASSESSMENT TOOLS

2.3.1 The need for Business Assessment Tools

Changes brought on by growth, competition and many other factors, frequently require businesses to identify alternatives for driving significant improvements to turn around their businesses (Amper, Politziner and Mattia Accountants, 2008:1). Today's marketplace requires that small businesses be in a state of continual improvement if they wish to be competitive in their ongoing efforts to secure the desired results. However, finding those gaps between good and excellent is an ongoing challenge. Answering the question of, "Do we know if our resources are being utilized both efficiently and effectively?" becomes central to determining

how the resources of the organization are being allocated, especially when looking at change management (Boyer, 2008:1).

Business assessment tools generally provide a framework to assist business leaders to review the operations of their businesses. According to the European Foundation for Quality Management (EFQM) as cited by Gadd (1995:66), self - assessments have been defined as, "a comprehensive, systematic and regular review of an organization's activities and results referenced against a model of business excellence. The self - assessment process can allow the business owner an opportunity to discern clearly the organization's strengths and areas of improvements which can culminate in planned improvement actions".

As discussed in this literature review the failure rate of small businesses during the first two years of being operational is high. In order to decrease this failure rate, there is an urgent need for higher levels of productivity, return on investment and other measures of performance. This need for improved productivity can often create increasingly complex demands for decision making, offering a high number of choices, which often involves risks. In order to navigate the search for appropriate solutions to questions, businesses could turn to the use of assessment tools.

According to the EFQM (195: 1), assessment tools provide the foundation upon which effective change can be executed, allowing one the opportunity to effect change with a focused intervention strategy to improve productivity and mitigate risk.

2.3.2 Aspects of Business Assessments

It is generally perceived that being focused in what one wants to achieve is the key to increasing the chances of being successful in that specific aspect. With respect to business assessments, that kind of focus can come from using a sound approach to evaluation, which requires using a formal approach to designing the plans for evaluation, as well.

The following key questions reflected in Table 2.1 should be considered when designing evaluations or assessments:

Table 2.1: Designing Successful Business Assessments

Source: Adapted from the Field Guide to Consulting and Organizational Development. (McNamara, C. 2005: 2)

Question	Comments
Who are the primary audiences and what are the primary purposes of the evaluation?	These are individuals who may need to make specific decisions about the project and may require the information to be organized in a certain manner for usefulness. Some management questions that the evaluation may have to answer may be how to address problems and improve the project? How to measure if the project is achieving its goals? and how to clarify and verify what the potential benefits are?
What questions must be answered and what types of information are needed?	Depends on the nature of the project. Examples of a few questions are, What are the strengths and weaknesses of the approach in the organization? Is the organization achieving its goals and if not, why not? This depends on the nature of the evaluation. Some types of information could be employees, customers, inventory control, financial, processes etc.
From what sources should the information be collected?	This can be primary or secondary or both sources. One can obtain these from employees, historic documentation or through direct observations.
What are the best methods to collect the information?	Can one get the best information from reviewing documentation, using questionnaires or conducting interviews? Are there assessment instruments that you can use? Should you use an instrument that has already been developed or should you develop your own? Is it best to use a mix of these methods?
What context-sensitive considerations must be made?	Each organization has unique features, such as its culture, nature of leadership, rate of change in its environment, nature of products and services, and size. How do these features influence how you will gather your information?
What is the best timing for getting the information?	Do you need to provide a report by a certain date? Are there problems that need to be addressed right away? How often can you get access to the sources of the information that you need? How long will it take to collect this information?
Who should collect the information and how will you analyze the information?	It is important to select personnel who can conduct the evaluation in a manner as objective as possible and ensure that the project operations are designed to automatically generate information that will be useful in evaluating the project. Analysis off the information depends on the focus of the evaluation questions and on the nature of the information.
How will you make interpretations and conclusions?	Some frame of reference is necessary to make judgments about the information such as performance indicators, best practices, theories or standards of performance.
Should you test your evaluation and assessment plans and how will reporting be done?	Depending on the complexity of the plans, one might benefit from field testing them first. This depends on the nature of the audience and the decisions that are required going forward. Formal reports with action plans are generally the norm.
What ethical considerations must be made?	Consider the confidentiality aspects. Do you want to report any information unique to any of the participants and are the participants aware of this?

2.3.3 Benefits and Common myths of Business Assessments

According to West Monroe Partners LLC (2008:1), a business assessment will identify opportunities and assist entrepreneurs address issues in order of priority and can provide valuable insight to guide a variety of scenarios such as:

- Assisting established entrepreneurs to take a fresh look at operations with an eye toward identifying improvements that may not have been obvious;

- Assisting struggling entrepreneurs to identify priorities for returning to competitiveness;

- Assisting a new entrepreneur to decide which changes to pursue first;

- Assisting an entrepreneur to decide if it is the right time to divest an asset; and

- Assisting entrepreneurs in all situations to appropriately respond to changes in market conditions, competition, or technologies.

Work by Narducci (2004:2), supports the above benefits because he found that by undertaking assessments effectively one can improve performance, discover hidden opportunities as well as critical issues, define a baseline for benchmarking activities, establish optimal performances of each input asset in the relationship and allow for effective planning across the business.

However, common myths such as, an assessment is an extraneous activity that generates lots of boring data with useless conclusions. An assessment is about proving the success or failure of a programme and it is a complex process that occurs at a certain time in a certain way and almost always includes the use of external experts (McNamara, 2005:1-2). Myths of this nature can deter organizations from undertaking assessments. Organizations need to be aware of the fact that they can dictate the simplicity levels of the assessments they want to undertake and that success involves being open to continuous feedback which can be obtained from assessments.

2.4 METHODS FOR DIAGNOSTIC ASSESSMENTS

2.4.1 Diagnostic Assessment Methods

An assessment process in itself, is a strategic initiative. Therefore, it has to be designed and implemented carefully to achieve the organization's strategic objectives. The two methods for diagnostic assessments are external auditing and self - assessments. In evaluating each approach, one can think about the process along four key dimensions of, method, data integrity, consensus and action planning (Vallely, 2004:31).

The *method* largely involves the procedure which can be adopted in auditing and in self - assessments. The user has an opportunity to learn more and to improve on the procedure for future use in self - assessments. *Data integrity* can be maintained in both approaches. However, in self - assessments, the user can use common knowledge in lieu of new data collection, allowing blind spots to remain blind spots. In the case of an external auditor, the chances are that there is a stronger inclination to consistently follow the process, hence, translating into data consistency, ensuring integrity. The flip side to this is that the auditor is dependent on the organization for the provision of the data. In instances where the data provided is inaccurate or misunderstood then the data integrity is diluted.

In terms of *consensus,* it is extremely important to obtain buy - in from the relevant stakeholders. In the case of the external auditor often the voice from outside gets more buy - in as this is seen as a neutral party. However, in either case, consensus largely is dependent on the credibility of the person undertaking the assessment. In terms of *action planning*, the danger in self - assessments lies in the probability that the user may be set in his or her ways.

In the case of the external auditor, a new mindset can be brought into the company allowing a quicker opportunity for new ideas and growth (Vallely, 2004:32). The ideal situation would be for the coupling of both a self - assessment with expertise being drawn from a specialist external auditor.

According to Narducci (2004:6-7), a **good assessment methodology** should have the following traits:

- A champion who will lead the assessment process from start to finish;

- The assessment process must be simple and efficient to implement;

- It must include an effective implementation framework that highlights the direction the business is taking;

- It must focus on evaluating the appropriate information in order to answer specific questions like:

  - What are the critical issues?

  - What should be on one's worry list?

  - What strategies will work, if implemented?

  - Is the organization's vision and mission on target?

  - What is known and unknown to the entire organization?

  - How can the organization be different? and

  - What does one need to change?

- The people in the organization at all levels must be involved in identifying the strengths, weaknesses, threats and opportunities;

- The questions asked should encourage the participants to excel at collaboration and critical thinking collection of participants' comments;

- Methodology implementation should take into account, for example, time, people availability, and geographic constraints;

- The evaluation must be objective and the results must be easy to interpret and must be supported with appropriate statistics and visual aids, leading to the root causes of the problems; and

- Assessments, ideally, should follow distinct steps such as setup, evaluation, analysis, initiative development, planning, and initiative implementation.

2.4.2 Business Assessment Techniques

Research of over fifty internet sights revealed that diagnostic tools come in all shapes and sizes. The search also revealed that assessments may be implemented on a stand-alone basis to address specific issues, or they may be implemented holistically to assess all aspects within a business. Some assessment tools are simply web based whilst others are administered by trained professionals. The internet search also found that business diagnostic tools are traditionally commercially administered by independent specialist organizations.

Research on diagnostic tools, undertaken by Vallely (2004:21 - 25), found that the following assessment techniques were more popularly used:

- **Benchmarking -** Benchmarking is when any activity which is examined, analyzed and measured is compared to something similar, which is the norm for that activity. The aim is to improve the situation in comparison to the norm;

- **Model Based Tools -** A model based approach is a scorecard, whereby each identified key performance indicator has an established framework against which it is measured. Model based tools have originated from Total Quality Management (TQM) and examines the current status, how one got to this status?, the direction in which the company is heading and the most appropriate route of action to achieve the destination; and

- **Specialized Tools -** Many independent organizations have developed a range of assessment tools which are used for holistic assessments as well as for specific sections. The specialized tools can be used to measure specific sections within an organization. These tools are sector and industry specific.

2.4.3 Existing Research on Assessment of Diagnostic Tools

Various searches on the internet, in libraries and with various organizations revealed research in this respective field to be extremely limited. The reason for this limitation is unknown. Jones and Ronalds (2005: i) undertook an assessment

of diagnostic tools for Project Collaboration and the Ministry of Economic Development in New Zealand. This project undertook an independent assessment of a number of business capability diagnostic tools that can assess business capability across all New Zealand firms at all stages of the business life-cycle.

The purpose of their research was to use the outcomes to make a recommendation to develop a suite of tools to cover the needs of New Zealand businesses, matching their size, their position in the business life-cycle, and their level of Business Improvement capability.

An initial pass-fail evaluation was made against critical criteria and the evaluation reduced the assessment from 43 possible tools to 6 qualifying tools (Jones and Ronalds, 2005: iii). The findings from their research revealed that four tools met the requirements of their needs. These tools were QFitness, QExcellence, QWorldClass Mini and QWorldClass. Table 2.2 detailed below reflects information on these tools:

Table 2.2: Assessment of Business Diagnostic Tools
Sourced and adapted from Jones and Ronalds. (2005. 10 - 11)

Assessment Tool	Description of Tool
QWorldClass	The QWorldClass tool is supplied by Quantel International Ltd (Quantel), based in Auckland New Zealand. This is questionnaire based and assesses organizations against the entire Baldrige Criteria for Performance Excellence (Baldrige) which is the world's most recognized and well regarded quality award programme based upon best practices. The QWorldClass tool has open-ended questions that make detailed inquiry into the management systems of the organization. Ratings are nearly aligned to Baldrige, requiring consensus agreements for each of the 239 questions against an 11-point scale (Baldrige changed from an 11 point scale to a 21 point scale in 2004). Due to the depth of inquiry into practices, it is targeted at mature and large organizations. For each question, the facilitator identifies strengths and opportunities for improvement relative to the best practice embodied in the question. The score indicates the degree to which best practices are embedded in the organization.

Table 2.2 : Assessment of Business Diagnostic Tools(continued)

Assessment Tool	Description of Tool
QWorldClass Mini	QWorldClass Mini is another tool supplied from Quantel International Ltd. It also assesses against the Baldrige Criteria for Performance Excellence however, it drops out some of the more advanced requirements, and scores to a simpler scale. It has open-ended questions that make detailed inquiry into the management systems of the organization. Ratings are aligned to Baldrige, requiring consensus agreements for each of 175 questions. Scores are against a 7 point scale. Due to the reduced depth of inquiry into practices, it is targeted towards medium to large developing and mature organizations. The feedback report is very similar to that of QWorldClass. It requires the same level of facilitator knowledge as QWorldClass.
QExcellence	Quantel International's QExcellence promotes best practices, but not to a world-class standard. It assesses organizations against a simplified version of the Baldrige Criteria for Performance Excellence. It has open ended questions that enquire into the fundamental management systems of the organization. It makes less detailed inquiry into the management systems than QWorldClass Mini. Ratings are aligned to Baldrige, requiring consensus agreements for each of 150 questions. Scores are against a 7 point scale. Due to its simplification of Baldrige, it is targeted at developing organizations that want to implement best practices. For each question, the facilitator identifies strengths and opportunities for improvement relative to the best practice embodied in the question. Given the simplified criteria, a less qualified facilitator can deliver the assessment. Percentage scores provided by sub-section indicate the degree to which fundamental best practices are embedded in the organization.
QFitness	QFitness is also supplied by Quantel International. It assesses organizations against standard business practices rather than against best practices. Assessment against these standard practices is designed to identify business risks. It has closed questions that require either 'yes' or 'no' responses. Less judgement of degree of conformance is required, so consensus agreements are less necessary. Therefore a single respondent, rather than a team, can be sufficient. There are 255 questions. It is targeted to less mature and smaller organizations. For each question, the facilitator identifies strengths and opportunities for improvement relative to the standard practice embodied in the question. To optimise the use of this tool the supplier advises the provision of facilitator training. Scores indicate the degree to which standard practices are embedded in the organization.
Core Questionnaire	The Core questionnaire is one tool within the Benchmark Index suite of tools. It is supplied by Winning Moves Ltd in the UK. It is called the Core questionnaire because it is used for every firm, regardless of industry, sector, or size. It has two components, a qualitative section and a quantitative section. The qualitative section assesses an organization's practices, and is based on the European Framework for Quality Management criteria. Only 36 questions are asked. The quantitative section gathers hard data on the current performance of the organization against key business metrics. For example: Sales revenue, Number of orders received, Number of employees. The tool provides feedback of relative numerical performance against other organizations within its database. It does not provide any qualitative feedback that would assist an organization to understand its strengths or opportunities for improvement relative to best practices. To ensure integrity of the data collected, the supplier requires that only an authorised facilitator conducts the assessment.
Micro Business Review	Micro Business Review is supplied by Comparison International Limited, based in the UK. It has been developed to complement the PROBE suite of tools. It assesses organizations against very basic business practices. Assessment is designed to identify gaps in practices. It has statements that require responses indicating the degree of agreement on a 5-point scale. There are 66 questions. The supplier recommends a team be formed to gain the best response. It is targeted to Micro Businesses as defined in the UK, which means less than 20 full-time equivalent staff. Less mature and small organizations are more likely to benefit from the use of this tool. Feedback includes charts that position the organization's responses against sector averages of others in a database. Weakest and strongest elements of practice are summarized. The supplier requires that facilitators are accredited in the use of their tool.

Based on the findings of the research of Jones and Ronalds (2005: 10 – 11), where most of the tools selected used Baldrige as a foundation, the researcher explored this as an option for this research.

2.4.4 The Baldrige Quality Programme

According to Jones and Ronalds (2005: 4-5), the Baldrige National Quality Programme, was established in the United States in 1987 and it is the worlds most recognized quality award programme. This programme is regarded as the most successful approach based upon best practices.

The Baldrige Programme is a product of the U.S. Malcolm Baldrige National Quality Improvement Act of 1987. The Baldrige Programme emphasizes the importance of strategic planning from start to completion of a project. It also states that an improved understanding of the business and employee processes can lead to dramatic overall organizational improvement. It establishes that quality improvement is equally applicable to all firms, and that such improvements must be management - led and customer - oriented. This business excellence framework allows businesses to assess their current status with the view of implementing improvements (Baldrige, 2006:1).

The Baldrige Framework is holistic, in that it assesses all management and business practices critical to performance and the practices are assessed against standards of excellence. It is results - focused and is non - prescriptive regarding how best practices are achieved. Whilst the criteria of the model are in generic terms, applicable in the small company context, barriers to implementation have been identified in relation to management capability, resource and cost. However, it can be used as a foundation upon which simpler user friendly tools can be developed to assess small businesses (Jones and Ronalds, 2005: 2).

2.4.5 Self - assessments

The Baldrige Quality Framework Model (NIST, 2003:1), encourages organizations to conduct regular self - assessments against the categories of criteria that embody best practices.

According to the Baldrige National Quality Programme (NIST, 2003:3), a self - assessment against the Baldrige framework provides both qualitative and quantitative information to an organization. The qualitative information from the assessments identifies strengths and opportunities for improvement relative to the criteria requirements. The quantitative information provides an overall score, out of 1000 points, as well as scores by each of the seven categories. These scores can be used for benchmarking performance against world-class organizations. Organizations scoring in excess of 650 points out of 1000 points are considered as world-class organizations (NIST, 2003:3).

Research indicates that the Baldrige Programme is the world's most recognized and most successful approach to undertaking assessments (NIST, 2003:3). The Baldrige Programme encourages organizations to conduct regular self - assessments.

The focus areas for these assessments are as listed below:
- Leadership;
- Strategic Planning;
- Customer and Market Focus;
- Measurement, Analysis and Knowledge Management;
- Human Resource Focus;
- Process management; and
- Business Results.

A strong relationship exists amongst these criteria. In this research study, a guide for self - assessments using a similar approach to the Baldrige Programme was

developed. One major difference was that the Baldrige Programme benchmarks performance against world-class organizations whereas the assessment tool, developed in this research study, is based on standard practice and not on best practices.

2.4.6 Availability and cost of Diagnostic Tools

As previously indicated, there are a number of diagnostic tools available electronically on the internet or through organizations operating in the business services sector. Unfortunately, in South Africa, consulting services are expensive, more especially for small businesses. There are, however, organizations that are set up through donor funding or through government grants to assist small businesses available in South Africa. Through such organizations, diagnostics can be much more affordable to small businesses. One such organization is SEDA.

2.5 CONCLUSION

In this chapter, a study of the literature review was presented. It was found that small businesses are an important contributor to the economy of South Africa and that entrepreneurs owning small businesses face enormous challenges. It was established that there is definitely a need for self - assessments so that owners of small businesses can identify areas for improvements and opportunities. It was further verified that the guide to self – assessments will enhance the much needed skill levels of entrepreneurs. The literature research on previous studies undertaken in this field found that five of the six diagnostic tools selected for potential use across businesses in New Zealand were based on the Baldrige model. Based on this information, the researcher will further explore the Baldrige model as one of the potential tools upon which a guide for self - assessments can be developed to satisfy the requirements of this study.

The next chapter will describe the design phase and the structure of the research study.

CHAPTER THREE
RESEARCH DESIGN

3.1 INTRODUCTION

The purpose of this chapter is to provide a description of the method followed in this study. Research design is the structure of the study. It is, in essence, the "glue" that holds all of the elements in a research project together. In this chapter the research design, data collection methods, and the procedures followed will be discussed.

3.2 TYPE OF RESEARCH METHOD

Leedy, cited in Perumal (1999:83), views research as attempting to solve problems systematically in order to repel human ignorance, or corroborating the validity of the solutions to problems, other individuals have apparently solved. Research is an infinite process (Giarelli and Chambliss, 1994:101).

According to Henricks (2003:1), the best way of commencing research is for the researcher to establish what the end is at the beginning, and then to work towards getting that result. There are no good or bad methods, but merely those deemed appropriate to achieve set objectives (Orora, 1994:465). This research study used mixed methods research, which involved both collecting and analyzing quantitative and qualitative data. The datasets were connected and embedded with each other to form a clearer picture of the subject matter under study.

An exploratory qualitative study, using the case study methodology was used to examine and understand the identified diagnostic tools. Exploration should be non intrusive for the participants. The main purpose of such studies is to describe what is prevalent with respect to the issue under study. It should also include opportunities for current reflection, providing adequate information on the phenomena under scrutiny so that reasonable conclusions can be drawn (Kumar, 2005: 10).

The approaches for collecting qualitative data are less structured and formal than the techniques used for quantitative data. However, the approach must meet the aim of collecting qualitative data in order to develop an in depth understanding of the views and behaviors of the subject under study (Moore, 2000: 130).

Qualitative research typically relies on participation in the setting, direct observation, interviewing and analyzing documents, to gather data (Marshall and Rossman, 1999: 105). Interviewing techniques were used in this study. During the interviewing process, a systematic effort to really listen and to understand what is being said is essential (Rubin and Rubin, 1995: 17). Face - to - face and telephonic, semi - structured interviews were held with the expert practitioners. It is essential to have an interview protocol which lists the questions, allows space to answer the questions and allows for the recording of the date, place and time of the interview (Clark and Creswell, 2007:115). In line with this protocol, a questionnaire was used for this purpose (Refer to appendix 3).

Data is reference to known facts or things used as a basis for inference or reckoning (Hussey and Hussey, 1997:147). There are two major data sources for gathering information about a situation, person, problem or phenomenon. These sources can be categorized as secondary data which emanates from secondary sources and primary data which emanates from a primary source. Both sources of data were used in this study.

The selected diagnostic tools were used as case studies. Yin, cited in Soy (1997:1), defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. In this study, the information gathered from the interviews with expert practitioners about the case studies was analyzed and the results contributed to the development of a guide for a self - assessment tool.

3.3 POPULATION AND UNIT OF ANALYSIS

3.3.1 Population

The population is the entire set of objects under study, about which, the researcher wants to determine some characteristics (Bless and Higson – Smith, 1995:85). The population for this study is the range of available diagnostic tools currently being used by reputable organizations to assess small businesses. According to the National Small Business Act of 1996 (DTI, 1996:1), a small business in the business services sector employs less than fifty people.

3.3.2 Subset of the Population

Access to information from the population is extremely difficult in South Africa. The reason for this difficulty is that organizations are very protective over their products and services. This aspect is understandable as these organizations are operating in a very competitive market. Organizations are also resistant to divulge information about products in which they have invested a fair sum of money. For the purpose of this study, the population includes a range of diagnostic tools currently being used by reputable organizations that were willing to share the relevant information.

3.3.3 Unit of Analysis

The unit of analysis is the major entity that is being analyzed in the study. It is the 'what' or 'whom' that is being studied. For this study, the unit of analysis is the diagnostic assessment tools used to assess small businesses. These assessment tools are used as case studies in this research.

3.4 STEPS FOLLOWED IN RESEARCH

Step 1 – Select organizations which use diagnostic tools to assess small businesses against set criteria for participation (Refer to appendix 1).

Step 2 – Select the appropriate diagnostic tools from these identified organizations against set criteria and use as case studies (Refer to appendix 2).

Step 3 – Select expert practitioners who work with small businesses and who have knowledge of the respective diagnostic tools against set criteria for participation in this study.

Step 4 – Source information on the diagnostic tools from the expert practitioners using a questionnaire as a guideline (Refer to appendix 3).

Step 5 – Extrapolate pertinent data by reviewing the case studies and from information obtained from discussions with the expert practitioners.

Step 6 – Analyze the results from step five and establish the highest scoring areas in the respective tools under study.

Step 7 – Use the results from step 6 to develop a guide to assess small businesses to achieve the objective of this research study.

3.5   SAMPLING

3.5.1   Sample Method

The specific purpose of research significantly affects the nature of the sampling process (Bearden et al, 1995:171). A sample is drawn from a population and is merely a part of the entire population that is selected for investigation. Responses from a well selected, representative sample can make possible accurate generalizations of the population in that we can assume that what we observe in the sample of subjects would also be observed in any other groups of subjects from the population (Delport, Fouché and Strydom. 2003: 198). Judgmental sampling was used for the purpose of this study. Therefore, the selection of the sample was based on the strength of the personal experience of the phenomenon under study (Hussey and Hussey, 1997:147).

3.5.2   Description of the Sample

Sampling included the following stages:

- The selection of available organizations using diagnostics tools for small businesses (Refer to appendix 1);
- The selection of appropriate diagnostic tools from these organizations. The tools were used as case studies (Refer to appendix 2); and

- The selection of expert practitioners who participated in the collection of information on the tools and in contributing towards the development of the guide.

3.5.3   Selection of Samples

The procedures and measures used during the sampling for each of the stages are described below.

Selection of Organizations Using Diagnostics Tools

There are various non - profit organizations in South Africa that have been established to assist small businesses with business support. Some of these organizations offer diagnostic assessments as part of their support service offerings.

The criteria used to select the organizations to participate in this study were as follows:

- The organizations had to be credible and reputable in the marketplace;
- The organizations had to be in operation for longer than two years;
- The organizations must work with small businesses; and
- The organizations must be willing to assist with this study.

Based on the set criteria, the organizations below were selected (Refer to appendix 1).

- Small Enterprise Development Agency (SEDA);
- Enablis SA; and
- Sanlam Cobalt.

Selection of Diagnostic Tools as Case Studies

The criteria used to select the five diagnostic tools were as follows:

- The tools had to be holistic in nature and they had to have the capability to assess all management practices critical to performance;
- The tools were currently in use in the market place; and
- The tools were used for assessing small businesses.

Based on the set criteria, the following diagnostic tools were selected (Refer to appendix 2).

- A to Z Business Assessment from Enablis SA;
- Business Fitness Analysis from Sanlam Cobalt;
- The Assessment of Company Operations (ACO) Tool from SEDA;
- The Entrepreneurial Diagnostic Tool from SEDA;
- The Pre - Start up Tool from SEDA; and
- The Baldrige Framework Model (Foundation for the Malcolm Baldrige National Quality).

Selection of Expert Practitioners

The expert practitioners were selected on the basis that they have worked with small businesses for a period longer than two years and that they have knowledge of the use of the respective diagnostic tools. Five expert business practitioners were selected to participate in this research study. All of the selected expert business practitioners are currently actively involved with working with small businesses. For the purpose of this study each of these practitioners will be referred to as expert practitioner 1, expert practitioner 2, expert practitioner 3, expert practitioner 4, and expert practitioner 5. Detailed below in Table 3.1 is a description of the expert practitioners who will participate in this research study.

Table 3.1 – Profiles of the Expert Practitioners

Reference of Expert Practitioner	Name of Employer	Designation	Number of years working with small businesses.	Number of years of experience on the use of diagnostic tools
Expert Practitioner 1	Sanlam Cobalt	Manager	14 years	8 years
Expert Practitioner 2	Enablis SA	Chapter Manager	5 years	3 years
Expert Practitioner 3	SEDA	Provincial Operations Specialist	10 years	8 years
Expert Practitioner 4	SEDA	Manager	15 years	8 years
Expert Practitioner 5	SEDA	Business Advisor	5 years	5 years

3.6   INSTRUMENTATION

Instrumentation largely covers the instruments that were used to conduct the research and the procedures followed.

3.6.1 Data Analysis Procedures

Research suggests that every investigation should have a general analytical strategy, so as to guide the decision regarding what and how the data will be analyzed. Data analysis procedures must be selected in the design phase before the data is collected (Graziano and Raulin, 2004:44). The analysis of this study involved the following:

- **Data reduction**

   Data reduction involves the gleaning of information throughout the study. This included within-case analysis and explanation building. The strengths and shortfalls of each case study were identified. Each act of reduction reduces the masses of data into manageable proportions which makes it more workable and easier to comprehend.

- **Data display**

   Data display took a narrative form. The researcher sought to explore what is known and unknown about the phenomenon. This issue was verified with the expert practitioners and incorporated into the data analysis.

- **Data conclusion and verification**

   Data conclusion and verification involved the final analysis stage of the study, whereby the outcomes were verified for their soundness with the expert practitioners.

3.6.2 Instruments used to conduct the Research

The following instruments were used to conduct this research:
- Six diagnostic tools;
- A questionnaire to conduct interviews with the expert practitioners about the diagnostic tools (Refer to appendix 3);

- A scorecard to assess the level of performance of the diagnostic tools against identified criteria; and
- A scorecard reflecting highest scoring areas in the respective tools.

3.7 ASSESSMENT OF THE DIAGNOSTIC TOOLS

3.7.1 Criteria to Assess the Diagnostic tools

The task at hand was to assess a range of identified diagnostic tools with the view of obtaining knowledge of the applicability, capability and user friendliness of these tools. These diagnostic tools were examined against the following criteria (Jones and Ronalds, 2005:6):

- Review;
- Measure;
- Analyze; and
- Report.

3.7.2 Review

The information made available on the tools was reviewed. The expert practitioners were interviewed in person or telephonically in order to obtain an in-depth understanding of each tool. A questionnaire was developed and used to gather information about the tool during this interview (Refer to appendix 3). The review process largely involved clarifying the following criteria about the tools under assessment:

- Alignment of the tool to the size of the business;
- Alignment of the tool to the stage of the business;
- User friendliness of the tool in terms of:
  - Complexity;
  - Time factors; and
  - Restrictions of the tool.
- Functionality of the tool to collect, capture and analyze data;
- Value obtained by a business from using the tool; and

- Degree of alignment to a framework model that will be used to develop the self - assessment tool against the following criteria:
  - Leadership and Strategic Planning;
  - Customer and market focus;
  - Measurement, analysis and knowledge management;
  - Human Resource Focus;
  - Process management; and
  - Business Results.

3.7.3 Measure

Each of the above assessment criteria was consistently applied to each of the respective tools under study. This application resulted in a qualitative assessment of each of the tools. The qualitative assessment was then supported by an assigned quantitative score on selected criteria. These scores were assigned using a five point scale for each criterion as illustrated below in Table 3.2.

Table 3.2: Alignment Scale against Suitability Criteria

Excellent	Good	Fair	Poor	Unacceptable
5	*4*	*3*	*2*	*1*

The lowest level of acceptance being 1 and the highest level being 5.

3.8 ANALYSIS

3.8.1 Analysis during Interviews

Chetty (2004:1) and Maharaj (2002:84) maintain that where a questionnaire being employed as an instrument, no particular method exists to ascertain the questionnaire's reliability. It is not feasible to engage in, for example, the test - retest method to establish the questionnaire's reliability. To overcome this issue, the researcher included a summary sheet at the end of the questionnaire where

some questionnaires already asked were rephrased and repeated, so that any ambiguities could be rectified immediately during the interview stages.

Throughout the interview process, the researcher was extremely sensitive to the fact that the diagnostic tools under review were developed in house, in the respective organizations and, therefore, there was huge loyalty towards the credibility of the tools. This sensitivity, critical listening and questioning skills as well as the ongoing encouraging of the interviewees enhanced the flow of the discussion. Where possible, responses were interpreted, summarized and clarified with the interviewee during the interviews. This technique added value to the discussion and created great rapport during the discussions.

3.8.2 Analysis after the Interviews

This stage mainly involved structuring, categorizing, clarifying and condensing all data collected. The data was then analyzed and examined to identify any clustering, patterns, themes, contrasts and similarities emerging from the data collected. Thereafter, the data, which resulted in revealing stronger patterns, were noted for use in the development of the new tool.

3.8.3 Scores

Each criterion was rated using the five point scale discussed earlier in this study. A score card was then completed for each of the criteria. The total score indicated to what extent the tool met the required scenario. A summary was prepared with section totals and overall totals. These scores provided an indication as to which of the tools or subsections of tools were most suitable to contribute towards the development of a guide for a self - assessment tool.

3.8.4 Report from the Interviews with the Expert Practitioner

A summary report was written to encapsulate the overall findings. This report contributed towards developing the guide to assess small businesses. Responses were recorded on the questionnaire during the interview. A high level of sensitivity was displayed when interacting with the expert practitioners. The researcher ensured that neither approval nor disapproval was displayed when

responses were given. The discussion operated on a basis of collaboration with the view to obtain optimal solutions to develop a guide of a self diagnostic - tool. At the end of the interview, the respondent was provided an opportunity to give further details about anything or ask any questions about the research. Interviews were undertaken by appointments. Due to the nature of the data collected, the researcher had to re-confirm the purpose of the interview and had to assure confidentiality as well as specify what will happen to the data from the interview.

3.9   CONCLUSION

This chapter comprised the planning of the exploratory research, thereby forming the link between the literature review in chapter two and the exploratory evaluation in chapter four. The design process of the research and the data collection procedures were discussed. The diagnostic tools that will be used as case studies were detailed. A questionnaire was developed as the one of the research instruments for exploring the case studies and gathering information during he interviews with the expert practitioners.

CHAPTER FOUR
PRESENTATION OF THE RESULTS AND FINDINGS

4.1   INTRODUCTION

In the data analysis phase, the researcher processes the information gathered and makes sense of the data (Graziano and Raulin, 2004:44). The discussion in this chapter focuses mainly on data gleaned from reviewing the diagnostic tools, information from the interviews held with the expert practitioners and the presentation of the results. Some of the techniques, such as condensation and categorization, were applied to the treatment of documentary evidence, in this instance, the case studies.

4.2.   THE DIAGNOSTIC TOOLS UNDER STUDY

A questionnaire was first developed (refer to appendix 3) and was used during the interview process with the expert consultants. The questionnaire contained a series of pertinent questions around aspects of the various business assessment tools. The interviews covered information about the following diagnostic tools which were used as case studies in this research study:

4.2.1   The A to Z Assessment Tool from Enablis SA

This diagnostic tool is used to evaluate a broad range of business management areas ranging from production, sales, marketing, human resources, finance and technology. This is a questionnaire - based tool whereby an entrepreneur answers a series of questions relating to the specific business management disciplines. The assessment is administered by a practitioner of Enablis. Through perusal of the responses from the entrepreneur and from discussions with the entrepreneur, an action plan is developed. The entrepreneur can use this action plan to embark on a productivity improvement process (Enablis, 2001:1).

The benefits of undertaking an A to Z Assessment are that it is it is simple, quick to use and an opportunity is provided to compile and implement an improvement plan. The areas that are assessed include the following:

- Production;
- Sales and Marketing;
- Human Resources and Finance;
- Technology; and
- Personal Aspects.

The assessment process typically is as follows:
- The owner the organization is engaged and information is gathered through the completion of a questionnaire;
- Findings are developed through discussions with the entrepreneur; and
- An action plan is developed through discussions with the entrepreneur.

4.2.2 The Business Fitness Analysis Tool from Sanlam

The Business Fitness Analysis (BFA), culminating in the Business Fitness Report (BFR), assists the Small to Medium sized Enterprise (SME) business owners to identify their own high level business needs. The Business Fitness Analysis is a questionnaire based. Each question mainly requires yes or no answers. The interview process with the entrepreneur takes approximately twenty minutes from start to finish and this session is done telephonically by a Cobalt business advisor. The tool covers the following areas of business:
- Financing / Finances;
- Business Continuity;
- Business Management;
- Wealth Creation;
- Employee Benefits; and
- Information Technology.

The benefits of undertaking a Business Fitness Assessment are that it is simple, quick to use and an opportunity is provided to compile and implement an improvement plan (Sanlam, 2008:1).

The assessment process typically is as follows:

- The owner of the organization is engaged in the assessment process;
- Information and data is gathered through the completion and submission of a questionnaire or through completion of the questionnaire telephonically with a Cobalt advisor;
- A report is automatically generated with findings and recommendations once all the answers to the questions have been captured; and
- An action plan is generated together with the assessment report.

4.2.3 The Assessment of Company Operations (ACO) Tool from SEDA

SEDA has a number of electronic diagnostic tools that are used by their business advisors to assess small businesses. In terms of using these tools, a business advisor from SEDA undertakes the assessment of the business with the business owner. The interview should preferably be undertaken on the business premises of the entrepreneur where most of the information can easily be accessed to ensure effective application of the tool. The business advisor ensures that all of the relevant data is captured. The outcome of the analysis is fully discussed with the same person interviewed. Once the analysis has been completed, improvements and interventions are discussed with the person interviewed. Once full consensus is reached on the assessment report the necessary interventions are planned for potential implementation (SEDA. 2001: 2).

This ACO tool is used to evaluate a broad range of success factors for manufacturing companies. It specifically identifies areas for possible improvement, and assists the business owner to formulate potential interventions. It also predicts the expected outcomes if the interventions were successfully implemented. In the second instance, it is also used very effectively after a period of time to do an impact assessment. The assessment establishes exactly what the impact of the intervention of SEDA was, on various factors in the enterprise. The benefits of undertaking an ACO are that it is it is simple, quick to use and an opportunity is provided to compile and implement an improvement plan.

The areas that are assessed include the following:

- Sales and Marketing;
- Human Resources
- Finance;
- Operations; and
- Information Technology.

The assessment process typically is as follows:
- The owner of the organization is engaged and information is gathered through the completion of a questionnaire;
- A report is automatically generated once all the answers to the questions have been captured; and
- Findings are developed through discussions with the entrepreneur; and
- An action plan is developed through discussions with the entrepreneur.

4.2.4 The Entrepreneurial Diagnostic Tool from SEDA

This tool is used to identify the personal entrepreneurial strengths and areas for improvements of an entrepreneur. This assessment is questionnaire based. The business advisor interviews the entrepreneur and completes the questionnaire. The interview should preferably be undertaken on the business premises of the entrepreneur where most of the information can easily be accessed to ensure effective application of the tool. The report is printed immediately after completion of the interview. The business advisor uses this report to discuss potential actions of improvements with the entrepreneur. If these actions are implemented it will improve the entrepreneur's potential for success (SEDA, 2001:3).

The benefits of undertaking an Entrepreneurial Diagnostic Assessment are that it is it is simple, quick to use and an opportunity is provided to compile and implement an improvement plan. The areas that are assessed include the following:
- Managerial capabilities;
- Sales and Marketing;
- Human Resources; and Finance.

The assessment process typically is as follows:

- The owner of the organization is engaged and information is gathered through the completion of a questionnaire;
- A report is automatically generated once all the answers to the questions have been captured; and
- Share and discuss the findings with the entrepreneur and develop an action plan.

4.2.5 The Start - Up Tool from SEDA

This is a paper-based tool that assists the business advisor in doing an assessment of entrepreneurs who are interested in starting up a business. The tool assesses the skills of the entrepreneur and largely concentrates on the potential markets for the proposed product or service. The main objective of this tool is to assist the entrepreneur to focus his or her attention on the critical aspects of the business idea. On completion of the assessment, a report is generated highlighting the areas which the entrepreneur needs to pay immediate attention. The outcome of this assessment provides strategic direction for the entrepreneur. A business advisor undertakes the assessment with the entrepreneur. This assessment is a very interactive process between the business advisor and the entrepreneur. The benefits of undertaking a Start Up assessment are that it is simple, quick to use and the entrepreneur is offered more focus and direction (SEDA, 2001:1).

The areas that are assessed include the following:

- Managerial capabilities;
- Sales and Marketing; and
- Finance.

The assessment process typically is as follows:

- Engage the owner of the organization;
- Gather data through the completion of a questionnaire;

- A report is automatically generated once all the answers to the questions have been captured; and
- Share and discuss the findings with the entrepreneur and develop an action plan.

4.2.6 The Baldrige Quality Programme

An assessment based on the Baldrige methodology is a fairly comprehensive and objective appraisal of how an organization is managed. The benefits of undertaking Baldrige assessments are that the process is reliable and can be consistently repeated. It allows one to identify the critical areas for improvement and there is an opportunity to compile and implement an improvement plan. The areas that are assessed include the following:

- The manner in which the organization is led;
- How appropriate information is gathered and used to plan for the future.
- Customers needs and how these needs are met;
- The performance levels of customers, the marketplace, employee morale and involvement, productivity, efficiency, and finances;
- Measurement, Analysis and Knowledge Management;
- Human Resource Aspects; and
- The organization of the flow of work is organized with the view to eliminate waste and error, and, hence, improve products, services and business results.

The assessment process typically is as follows:

- The executives of the organization are engaged and information is gathered through the completion of a questionnaire;
- This is submitted to a group of business experts; and
- An action improvement plan is developed for implementation.

4.3 PRESENTATION OF THE RESULTS

4.3.1 Analysis of the Information Gathered

In the data analysis phase of this study the information gathered was analyzed in order to draw conclusions for the way forward. A scorecard was developed to evaluate the various assessment criteria contained in the diagnostic tools as reflected in Table 4.1. The assessment criteria for the scorecard were established to meet the aim and overall objectives of this research study. The scorecard measured the degree of fit, of the assessment criteria with the relevant content in the various diagnostic tools. Quantitative scores were assigned to each of the criterion using a five point scale. A numeric value was allocated to respective levels of fit, the lowest level of fit being 1 and the highest level being 5, as previously illustrated in Table 3.2. The information for this scorecard was extrapolated from the questionnaire that was completed during the interviews with the expert practitioners.

Detailed below, in Table 4.1, is the scorecard reflecting the scores of the degree of fit of the various diagnostic tools against the following assessment criteria:

- Demand factors of tool in line with the profile of a business;
- Ability and functionality of the tool to collect and capture information;
- Functionality of the tool to analyze data;
- Degree of alignment to criteria that will be used to develop the self - assessment tool; and
- Support provided by the supplier of the existing tool.

Table 4.1: Scorecard reflecting the Degree of Fit of the Diagnostic Tools under study against the following criteria (Template used in the table is sourced from Jones and Ronalds (2005: 16-17)

Assessment Criteria	Assessment Tools used as Case Studies					
	A to Z Business Assessment	Business Fitness Analysis	The Assessment of Company Operations (ACO) Tool	The Entrepreneurial Diagnostic Tool	The Pre Start up Tool	The Baldrige Quality Programme
1. Demand factors in line with the profile of a business (Totals)	**22**	**24**	**22**	**24**	**15**	**27**
• The tool can be applied to the business services sector	4	4	3	4	4	4
• The tool suits the needs of small businesses. (<20)	4	3	4	4	4	4
• The tool suits the needs of a firm in the Early Growth/Development stage	3	4	4	4	1	5
• The tool suits the needs of a firm in the Growth/Expansion stage	4	4	4	4	1	5
• The tool suits the needs of a firm in the Maturity/Diversification stage	4	4	4	4	1	5
• The tool has been used in a large number of firms	3	5	3	4	4	4
2. Ability and functionality to collect and capture data (Totals)	**15**	**20**	**15**	**19**	**16**	**25**
• The tool is user friendly and simple to collect data.	4	4	4	4	4	4
• The tool is not time intensive. (Intensive is defined as more than 1 day for a firm less than 20 staff)	4	5	4	5	5	4
• The requirement for facilitation on the use of the tool is optional.	1	1	1	1	1	4
• The tool includes capability for prioritizing recommendations	1	4	1	1	1	4
• Quantitative data is collected on business metrics	2	3	3	4	1	4
• The tool is structured / integrated to allow easy extraction of data	3	3	2	4	4	5

Table 4.1: (continued) - Scorecard reflecting the Degree of Fit of the Diagnostic Tools under study against the following criteria (Template used in the table is sourced from Jones and Ronalds (2005: 16-17)

Assessment Criteria	Assessment Tools used as Case Studies					
	A to Z Business Assessment	Business Fitness Analysis	The Assessment of Company Operations (ACO) Tool	The Entrepreneurial Diagnostic Tool	The Pre Start up Tool	The Baldrige Quality Programme
3. Functionality to analyze data (Totals)	**18**	**23**	**22**	**22**	**15**	**29**
• The assessment criteria are based on standard practices (a practice that is widely recognized because of its excellence)	1	3	3	3	1	3
• The assessment criteria are based on best practices.(a best practice is a technique that, through experience has proven to reliably lead to a desired result)	1	4	1	3	1	4
• It is holistic in that it assesses all management and business practices critical to performance.	4	3	4	4	2	5
• The tool is results focused.	3	3	4	4	4	5
• The tool is non-prescriptive regarding how best practices are achieved	3	4	3	3	3	3
• The tool assesses business capability (i.e. processes and practices within the firm e.g. marketing, employee practices etc)?	3	3	4	1	1	5
• The tool assesses management capability (i.e. individual skills and attributes e.g. strategic thinking, relationships)?	3	3	3	4	3	4

Table 4.1: (continued) - Scorecard reflecting the Degree of Fit of the Diagnostic Tools under study against the following criteria (Template used in the table is sourced from Jones and Ronalds (2005: 16-17)

Assessment Criteria	Assessment Tools used as Case Studies					
	A to Z Business Assessment	Business Fitness Analysis	The Assessment of Company Operations (ACO) Tool	The Entrepreneurial Diagnostic Tool	The Pre Start up Tool	The Baldrige Quality Programme
4. Degree of alignment to criteria that will be used to develop the self - assessment tool. (Totals)	**33**	**25**	**31**	**23**	**20**	**41**
• The tool assesses leadership aspects.	3	3	1	3	2	4
• The tool assesses strategic planning aspects.	2	3	1	3	1	4
• The tool assesses human resource aspects.	4	3	4	3	1	4
• The tool assesses customer focus aspects.	4	3	4	3	4	5
• The tool assesses market aspects.	4	2	4	3	4	5
• The tool assesses knowledge management aspects.	2	2	2	1	1	4
• The tool assesses process management aspects.	3	1	4	2	1	4
• The tool assesses measurement aspects.	4	3	4	1	1	4
• The tool assesses business results.	4	3	4	1	2	4
• The tool assesses the value obtained by a business from using the tool	3	2	3	3	3	3
5. Support provided by the supplier of tool (Totals)	**7**	**11**	**12**	**12**	**12**	**11**
• Supplier is easily accessible.	4	4	4	4	4	4
• Facilitator training to use the tool is readily available	2	3	4	4	4	3
• There is 'backend' support for operating the database of the tool.	1	4	4	4	4	4

4.3.2 Summary of Scorecard of Analysis of Diagnostic Tools

Detailed below in Table 4.2, is a summary of the information extrapolated from Table 4.1.

Table 4.2: Summary of Scorecard of Analysis of Diagnostic Tools

Assessment Criteria	Assessment Tools used as Case Studies					
	A to Z Business Assessment	Business Fitness Analysis	The Assessment of Company Operations (ACO) Tool	The Entrepreneurial Diagnostic Tool	The Pre Start up Tool	The Baldrige Quality Programme
1. Demand factors in line with the profile of a business	22	24	22	24	15	27
2. Ability and functionality to collect and capture data	15	20	15	19	16	25
3. Functionality to analyze data	18	23	22	22	15	29
4. Degree of alignment to criteria that will be used to develop the self - assessment tool	33	25	31	23	20	41
5. Support provided by the supplier of tool	7	11	12	12	12	11
FINAL SCORES	95	103	102	100	78	133

The analysis detailed in Table 4.2 consolidated all the information and ratings sourced from the interviews with the expert practitioners, on the respective diagnostic tools under study. These scores were tallied for each of the diagnostic tools and it was concluded that the Baldrige Quality Programme scored the highest points, which was 133 out of a potential score of 160 points. The Business Fitness Analysis scored the second highest points which were 103 and The Assessment of Company Operations Tool scored the third highest points which were 102. The presentation of thee results concluded that the Baldrige Quality Programme contained the best degree of fit for the requirements for the assessment tool required for small businesses in terms of the criteria of demand factors of the tool in line with the profile of a business, the ability and functionality of the tool to collect and capture information, the functionality of the tool to analyze data and the degree of alignment to the criteria that will be used to develop the self - assessment tool.

4.4 FINDINGS

The findings from this research study are listed below:

- It was found that the use of business assessment tools can provide an appropriate framework to review the operations of businesses and can highlight areas of immediate need especially as this is much needed because small businesses are at a high risk of failure during the earlier periods of their establishment. This was confirmed by the fact that there is a prevalence of high business failure rates of small businesses in South Africa (CSS, 2002) and that economic changes require businesses to quickly identify alternatives for driving significant improvements in order to survive (Amper, Politziner and Mattia Accountants, 2008:1);

- It was found that the owners of small businesses do not verify the assessments undertaken for them by external consultants and do not really know if the recommendations made are true due to the lack of knowledge of undertaking assessments as well as availability of self – assessment tools. The literature review concurred that there are numerous consultants available who administer business assessment tools, however, there is difficulty in evaluating the effectiveness of the services by external consultants (King and Anderson, 2002:12);

- It was found that there is a large dependence on the use of a business facilitator for the administration of most of the commercially available diagnostic tools. This methodology does not enhance the development of the owners of small businesses because much of the deep thinking about issues within the business is naturally influenced by the external business facilitator. The self – assessment methodology developed in this study overcomes this issue as there is a continual process of guidelines built into the assessment process;

- There was lack of sufficient evidence regarding the availability of local research on diagnostic assessments. A similar situation was apparent internationally, despite the fact that there is a wide range of commercially available diagnostic tools (Jones and Ronalds, 2005: iii);

- The researcher evaluated six diagnostic tools in South Africa and found that most of the tools researched were questionnaire based, there was a requirement for the use of a facilitator for 90% of the tools, the tools were easy to use and understand and the outputs of all the tools resulted in the generation of a report and a formal action plan. The same was found in a comprehensive research study done internationally on a wide range of diagnostic tools (Jones and Ronalds, 2005: 10 – 13);

- It was found that the local - assessment tools researched in this study did not compete with each other but instead complemented each other. The key observation of this international study was that the same in that the diagnostic tools researched did not compete directly with each other, rather they complemented each other. Their differing intents led to complementary aims and methods. (Jones and Ronalds, 2005: 14);

- Of the six assessment tools evaluated, the Baldrige Quality Programme best satisfied the research questions of this study regarding applicability of content, procedures and effective administration of diagnostic tools. The Baldrige Programme, therefore, was used as the foundation upon which to develop the guide for assessing small businesses The same was found on a research study done internationally where the Baldrige National Quality Programme was regarded as the most successful approach of undertaking business assessments as it assesses all management and business practices critical to the performance of the business (Jones and Ronalds, 2005: 4-5). The research study done internationally also found similar results, on the evaluation of their diagnostic tools and the Baldrige Programme, in that the Baldrige Programme best satisfied their research questions (Jones and Ronalds, 2005: 10 – 12);

- It was perceived that small businesses do not have suitable enough infrastructure to benchmark their performance against world class standards. Therefore, the guide developed to assess small businesses was based on standard practice and not on best practices. The same was found of the Baldrige Programme internationally as there are barriers to implementation of the Baldrige Programme in terms of the relationship

between management capabilities, resource, and cost. However, the Baldrige Programme can be used as a foundation upon which friendly tools can be developed to assess small businesses (Jones and Ronalds, 2005, 2). The Baldrige Programme, benchmarks performance against world-class organizations and there are barriers to implementing the Baldrige Programme in small businesses. (NIST, 2006:1); and

- This research study found, that access to self - diagnostic tools for owners of small businesses remains a huge challenge in South Africa. Most of the available diagnostic tools operate on a commercial basis and largely require the assistance of an external facilitator to administer the tool. As a result of this finding, the guide developed for assessing small businesses will be made readily available to the non - profit organizations as well as to small businesses at no cost.

4.5   CONCLUSION

In this chapter the data was analyzed, the results were interpreted and the key findings were reported. Techniques, such as condensation and categorization, were applied to the treatment of documentary evidence, in this instance, the case studies. These findings concluded that the Baldrige Quality Programme scored the highest points in terms of meeting the criteria of functionality to capture and analyze information, therefore, the development of the self - assessment tool will be based on the Baldrige Programme and will be discussed in the next chapter.

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CHAPTER FIVE
DEVELOPMENT OF A GUIDE TO ASSESS SMALL BUSINESSES

5.1 INTRODUCTION

This chapter is the final analytical stage of the research study and it largely uses data reconstruction. This chapter involves the integration of the findings, concepts, conclusions and connections to the literature review and case studies. This will achieve the aim of this research study which was to develop a guide to assess small businesses in a manner which promotes a consistent approach for self - assessments by owners of small enterprises. This chapter entails the development of the guide to assess small businesses. As per the requirements of the objectives of this research study, the use of this guide should contribute to drive a consistent, integrated approach, to the improvement of business leadership, management and general business capabilities.

5.2 OVERVIEW OF THE GUIDE FOR ASSESSING SMALL BUSINESSES

According to the National Institute of Standards and Technology (NIST), (2006:1), the Baldrige Quality Programme, is the most widely deployed business excellence framework which is used by 76 nations. A Baldrige-style organizational assessment is a very comprehensive, factual and objective appraisal of how organizations are managed.

Research on Baldrige has shown that simplified versions of this tool can be used as a foundation upon which simpler assessment tools can be developed. Basic practices are not in place in every small business; therefore, the assessment tool being developed should compare the business to standard practices, before measuring against best practices (NIST, 2006:1). The Baldrige Programme encourages organizations to conduct regular self - assessments against the categories of leadership, strategic planning, customer focus, market focus, measurements, analysis, knowledge management, human resource focus, process management and business results as a strong relationship exists amongst these business management areas.

47

A self - assessment against the Baldrige Framework, provides both qualitative and quantitative information about an organization. Assessments undertaken in line with the Baldrige Framework are known to be to be holistic because it assesses all management and business practices critical to performance. The practices are assessed against standards of excellence and are non-prescriptive regarding how best practices are achieved (NIST, 2003:1).

From the analysis of the data collected from the various diagnostic tools researched in this study and from other research it was found that, generally, it was important to examine the following aspects in an organization during assessments (Hutton and Associates, 2008:1):

- Determine how the organization is led?
- Determine whether there is provision for vision and direction to lead the organization to an improved level of performance?
- Determine how the organization determines exactly what its customers need and how it sets out to meet these needs?
- Determine how the organization is performing, from various perspectives of customers, markets, employee morale and involvement, productivity, efficiency, and financial performance?
- Determine how people's talents are developed and harnessed?
- Determine how the flow of work is organized, to eliminate waste and error, and, hence, improve products and services?
- Determine how appropriate information is gathered and used to plan for the future?

All of the above requirements are in line with the findings from the evaluation of the Baldrige Model and will be incorporated into the purpose of this study. A self – assessment has been defined by the European Foundation for Quality Management (EFQM), (1995:1) as, "A comprehensive, systematic and regular review of an organization's activities and results referenced against a model of business excellence. The self - assessment process allows the organization to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions which are then monitored for

progress".

Based on the findings of this study, which concluded that the Baldrige Quality Programme will be the main point of reference to develop the guide for self – assessments.

The following key focus areas were included in the guide for self - assessments:

- Snapshot overview of the organization;

- Effective leadership and strategic planning;

- Customers and market focus;

- Performance management;

- Knowledge management and Information technology;

- Human resources;

- Process management;

- Key business metrics; and

- Way forward with action plans.

The general format of the assessment will include the objective of the respective section and guidelines on how to assess the respective focus area.

5.3 A GUIDE FOR ASSESSING SMALL BUSINESSES

5.3.1 Section 1 - Snapshot overview of the organization

Objective

The objective of this section is to acquire an overview of the company. This snapshot overview is critically important as a starting point for self - assessments because it highlights the following information:

- A bird's eye view of the entire organization identifying potential needs;

- Key performance results reflecting areas of successes and challenges; and

- Point leaders to focus on strategic inventions for productivity improvements.

The snapshot overview profile should include the following:

- General details of the organization;

- Description of who the organization is and what it does;

- Description of the key organizational relationships, successes and challenges; and

- Description of key performance indicators.

Table 5.1: General Information about the Organization

Name of organization	:	
Legal identity	:	
Date business is operational	:	
Fiscal Period		
Physical address	:	
Contact numbers	:	
Website address	:	
Business sector	:	
Person administrating the assessment	:	
Designation of the assessor	:	
Assessors ownership in the business	:	
Contact number of assessor	:	
Number of employees		
Other information	:	

Who are you?

Guide: This should provide the culture of the organization. The vision, mission and the values must be examined. Examine where the company is going and how it is going to get there. Obtain a clear understanding of why the company exits.

- Describe the organization's vision (reason to be)_____

- Describe the organization's mission (what you want to be)_____

- Describe the organization's values_____

What do you do?

- Describe the nature of the business_____

What are your Key Products and Services?

Table 5.2: Key Products and Services

List the Products / Services	Percentage representation of total turnover	Percentage contribution to net profit

Guide: Examination of the above, allows one to be aware of the low contributing products and services that either can be improved or eliminated.

Critically evaluate how the organization views technology. Is it viewed as?

- As an asset_____

- As an expense or_____

- As a necessary evil? _____

What technologies do you use to enhance the productivity aspects of the business? _____

Key Relationships - Draw an organogram of the organization depicting:

- Leadership positions;
- Stakeholders;
- Employees; and
- Any other relevant positions.

Key Successes

List all of the competitive advantages of your organization_____

Describe and evaluate the **strategy to sustain** each of the above competitive advantages_____

_____

_____

_____

_____

List and critically evaluate all key performance indicators

Table 5.3: Key Performance Indicators

Key Performance Indicators	Current	Year 2	Year 1
Number of employees			
Turnover			
Profit after tax			
Loss			
Expand the list to suit needs of the company			

Guide: Critically evaluate the above performance indicators. Highlight areas of concern and establish a plan to overcome these challenges.

Critically evaluate the key challenges/constraints facing the organization.

Critically evaluate the overall strengths, weaknesses, opportunities and threats of the organization.

Table 5.4: Key Challenges / Constraints Facing the Organization.

Describe the biggest challenge and constraint in the key areas	Describe your strategy to overcome this specific challenge in the respective area.
Leadership -	
Strategic planning -	
Operations -	
Products and services -	
Sales	
Marketing	
Finance	

Guide: Include timelines and resources required in the intervention strategies.

5.3.2 Section 2 – Effective Leadership and Strategic Planning

Objective

The objective of this section is to examine how the organization sets its' strategic directions. One must also examine how leaders provide guidance in all aspects of the organization. Evaluate how leadership establishes key action plans and evaluate how these plans are deployed, measured, monitored and adapted to suit any changes warranted.

***Guide –** A business cannot survive without an adequate and focused strategic plan to beat its competitors. In order for a company to be successful it must first decide where it wants to stake its claim in the marketplace and what kind of value it wants to offer its customers.*

Critically evaluate how the actions of leadership reflect a commitment to the organization's values._____

Critically evaluate how leaders create an environment to achieve the strategic objectives._____

Critically evaluate how leaders create an environment for organizational and employee learning._____

Critically evaluate how leaders handle communication with:

- Staff_____

- Customers_____

- Suppliers _____

- Stakeholders _____

- Others_____

Critically evaluate how leaders plan for succession planning._____

Critically evaluate how leaders create an environment for performance improvement._____ _____

Critically evaluate the organization's governance system._____

Critically evaluate how the organization addresses fiscal accountability._____

Critically evaluate the key legal compliance requirements.___ _____

List and **critically evaluate** the organization's strategic goals and objectives including timelines._____

Table 5.5: Major Challenges

List the major challenges in the following areas and indicate plan to overcome these.		
Strategic Item	**List major challenge**	**Plan of action to address challenge**
Weaknesses		
Threats		
Shifts in technology		
Shifts in markets.		
Shifts in regulatory environment		
Sustainability		
Ability to execute the strategic plan		

Critically evaluate the key performance measures for tracking progress on the strategic plan._____

Critically evaluate the strengths, weaknesses, opportunities and threats of leadership and strategic planning within the organization._____

5.3.3 Section 3 – Customer and Market Focus

Objective

The objective of this section is to examine how the organization determines requirements and expectations of customers and markets; builds relationships with customers; and acquires, satisfies, and retains customers as well as creates business expansion and sustainability.

__Guide:__ Customer and Market Focus (How do you obtain and use customer and market knowledge? Critically evaluate how the organization determines requirements, needs, expectations, and preferences of customers and markets to ensure the continuing relevance of your products and services and to develop new business opportunities.)

Customer and Market Knowledge

Critically evaluate how customers and market segments are identified._____

Critically evaluate how the following are established:

- Customer requirements_____
- Customer needs_____
- Customers changing expectations_____
- Customer satisfaction_____

Critically evaluate what information is acquired from above and what is implemented, based on the information acquired.

- Customer requirements_____
- Customer needs_____
- Customer's changing expectations_____
- Customer satisfaction_____

Critically evaluate how customers are acquired._____

Critically evaluate how customer expectations are met._____

Critically evaluate how customer loyalty, repeat business and positive referrals are increased._____

Critically evaluate how customer complaints are resolved effectively_____
_____

*Guide: **Critically evaluate** if the following statements pose an issue:*

- Marketing of products and services;
- Meeting of customer's quality standards;
- Securing sufficient sales;
- Level of profit margins;
- Acquiring new products and services;
- Meeting customer delivery terms;
- Accessing new markets; and
- Losing existing markets.

Guide: Apart from assessing all of the criteria as above, also peruse the criteria from the list below, select and assess accordingly.

- Do you have a sales plan?
- Do you have sufficient and effective sales staff?
- Do you check their performance with customers?
- Do you monitor your competitor's performance?
- Are your sales increasing at the same level as your competitors?
- Do you have a Customer Relations Management System?
- Do you have a marketing plan?
- Do you know the market size?
- How do you advertise?
- Are you branded?
- Do you have a website?

Guide: If it is found that there are many negative answers to the above two sections, then this indicates significant shortcomings in the marketing plan and marketing strategy. If the organization continues to remain in this state, it will not succeed. This section has to be given top priority above the others.

Critically evaluate the strengths, weaknesses, opportunities and threats of customer and market focus within the organization.

*Guide: Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis is a well-known method for describing a business or business propositions in terms of those factors that can have the maximum impact. The Strengths and Weaknesses of the business are considered to be the internal aspects of a business, such as the quality of the product or the managerial skills. Whereas the Opportunities and Threats are the external factors, like the development of a completely new market or the arrival of new competitors.*_____

_____

_____

_____

_____

_____

_____

5.3.4 Section 4 – Performance Management

Objective

The objective of this section is to examine how the organization measures, analyzes and reviews organizational performance.

Critically evaluate the key organizational performance measures in line with the strategic objectives_____

Critically evaluate how the performance measurement system is kept current with the business needs_____

Critically evaluate how organizational performance capabilities are reviewed_____

Critically evaluate how these reviews contribute to:

- Organizational Success_____
- Competitive Performance_____
- Progress elative to strategic objectives_____
- Action plans_____

Critically evaluate how the findings from the organizational performance reviews are translated into priorities for continuous improvement. List these per key performance indicator._____

_____

_____

Critically evaluate the strengths, weaknesses, opportunities and threats of performance management within the organization. _____

_____

_____

5.3.5 Section 5 – Knowledge Management and Information Technology

The objective of this section is to critically evaluate how the organization sources information, manages its knowledge and uses appropriate information technology.

Knowledge and Information Management

Critically evaluate how the required data and information is made available.____

_____

Critically evaluate how organizational knowledge is managed to accomplish**:**

- The collection and transfer of employee knowledge_____

- The transfer of relevant knowledge from and to customers, suppliers, partners, and collaborators_____

- The rapid identification, sharing, and implementation of best practices within the organization_____

Critically evaluate how the following properties of the data, information and organizational knowledge are ensured:

- The accuracy_____

- The integrity and reliability_____

- The timeliness_____

- The security and confidentiality_____

Information Technology

Critically evaluate how the organization ensures that the hardware and software are reliable, secure, and user-friendly._____

Critically evaluate the competency of the information technological and all other technical resources._____

Critically evaluate the organizations ability and infrastructure to source technical support._____

Critically evaluate the competency of key staff in computer literacy skills and applications._____

Critically evaluate the most cost effective and efficient manner of internet connectivity._____
Guide - examine local area networks, wide area networks and dial-up options.

Critically evaluate the benefits of a having a website._____

Critically evaluate whether the most effective and efficient operating systems are being used._____

Critically evaluate the effectiveness and efficiency of the following:

- Accounting system being used_____
- Payroll human resource systems used_____
- Business intelligence tools used_____
- Comprehensive backup programme_____
- Off-site backups_____
- Standby power systems_____
- Firewall and antivirus programmes_____

Critically evaluate the value of E-commerce for the organization_____
_____

Critically evaluate the strengths, weaknesses, opportunities and threats of knowledge management and information and technology within the organization._____
_____
_____
_____

5.3.6 Section 6 – Human Resource Focus

Objective

The objective of this section is to examine and understand the organization's management structure and its attitude and practices toward its staff. One should also examine the work system to ascertain whether thee are suitable to achieve the organization's objectives, strategy and action plans. Examine the organization's efforts to create a work environment that is conducive to performance excellence and growth.

Examine if any one person is wearing too many hats for the company's size and indicate how to overcome this._____

Critically evaluate whether leaders, managers and staff have the appropriate experience for their jobs._____

Critically evaluate how the organization enables employees to accomplish high performance._____

Critically evaluate how your work systems capitalize on the diverse ideas, cultures, and thinking of your employees and the customers._____

Critically evaluate how effective communication and skills sharing across work units, jobs, and locations are achieved._____

Critically evaluate how the employee performance management system supports:

- An employee focus_____
- A customer focus_____
- A business focus_____

Critically evaluate recruitment, retention and effective succession planning for leadership and management positions are accomplished._____

_____

Critically evaluate how employee education and training contributes to the achievement of the action plans._____

Critically evaluate how formal and informal delivery approaches, including mentoring and other appropriate approaches, are used._____

Critically evaluate how employees are motivated to develop and utilize their full potential_____

Critically evaluate what is done to:

- Retain employees_____
- Reduce absenteeism_____
- To improve employee satisfaction_____
- To improve staff safety_____

Guide - Apart from assessing all of the criteria as above, also peruse the criteria from the list below, select and assess accordingly.

- **Critically evaluate** whether there is full compliance with the employment legislation._____
- **Critically evaluate** whether the monthly returns are up to date in terms of value added tax (VAT) payments, payment to the unemployment fund, payment to the sector education training authority etc._____
- **Critically evaluate** whether being compliant in terms of Black Economic Empowerment (BEE) is beneficial._____
- **Critically evaluate** whether implementing a BEE programme adds value._____
- **Critically evaluate** whether the organization is in compliance with the regulatory requirements of the respective industry._____

Critically evaluate the strengths, weaknesses, opportunities and threats of human resources focus within the organization._____

5.3.7 Section 7 – Financial Management

Objective

The objective of this section is to examine, quantify and verify and understand the financial status of the organization in terms of profitability and to identify opportunities to improve the financial sphere. This section provides an overview of the financial management tools and system that are in place in the organization. It will indicate how much attention is paid to financial management.

Guide – When critically investigating the financial areas establish the following:

- Ratios and trends (increasing or decreasing);
- Cash flow management; and
- Accounting system methodologies.

Financial Management Systems

Critically evaluate the status of the organization's financial management system._____

*Guide: **Critically evaluate** if the following are generated or practised in order to determine the organization's health in terms of its financial system:*

- Income and expenditure statements;
- Cash flow statements;
- Balance sheet;
- Monitoring of burrowed funds;
- Product and service costing;
- Variance analysis;
- Financial ratios; and
- Break even analysis.

Guide: If it is found that there are many negative answers to the above questions, then this indicates significant shortcomings in the financial information system. If the company only finds out it is succeeding or failing when the accountant prepares the annual statement, it is often too late to make any adjustments.

Critically evaluate the quality of financial records._____

Critically evaluate the timely availability of financial information_____

Critically evaluate debt collection methodology and status of debtors' and creditors' age analysis._____

Financial Status
Critically evaluate the financial liquidity of the organization._____

Critically evaluate the profitability over the past three years and examine any trends._____

Financial Needs
Critically evaluate if there is a need for and availability of the following:

- Equity capital_____
- Access funding streams for improved cash flow_____
- Trade credit_____
- Critically evaluate if products and services are effectively priced_____

Critically evaluate the strengths, weaknesses, opportunities and threats of financial management focus within the organization_____

_____
_____
_____
_____

5.3.8 Section 8 – Process Management

Objective

The objective of this section to examine:

- *How key* processes *are designed, managed, and improved?*
- *How key* delivery *processes are designed, managed, and improved?*
- *How key* support *processes are designed, managed, and improved?*

Value Creation Processes

Critically evaluate how key processes are identified and managed?

Guide: Describe how the organization identifies and manages its key value creation processes for delivering customer value and achieving organizational success and growth. _____

_____

_____

_____

Critically evaluate what are the organization's key products, services, and business processes for adding value._____

_____

_____

Critically evaluate how these processes contribute to:

- Profitability_____
- Sustainability_____
- Organizational success_____

Critically evaluate how the value creation processes are improved to:

- To achieve better performance_____
- To reduce variability to processes_____
- To improve products and services_____
- To keep the processes current with business needs_____

Support Processes and Operational Planning

The objective of this section is to determine how one identifies and manages the support processes and accomplishes operational planning? Describe how your organization manages its key processes that support the value creation processes. Describe the processes for financial management and continuity of operations in an emergency. Also examine the quality assurance programmes or methods that are used in your company.

Support Processes

Critically evaluate how the organization determines its key support processes._____

Critically evaluate the key processes supporting the value creation processes._____

Critically evaluate how this incorporates input from staff, customers, suppliers, partners and collaborators to determine the key support process requirements._____

_____

Critically evaluate the key requirements for these processes._____

Critically evaluate the key performance measures used for the control and improvement of the support processes _____

Critically evaluate how one improves the support processes to achieve better performance, to reduce variability and to keep the processes current with business needs and directions_____

Critically evaluate the strengths, weaknesses, opportunities and threats of the support processes within the organization_____

_____

Operations

Critically evaluate how the organization ensures adequate financial resources are available to support its operations._____

Critically evaluate how one determines what resources are needed to meet current financial obligations._____

Critically evaluate how adequate resources, to support major new business investments, are ensured._____

Critically evaluate how the financial risks associated with the current operations and major new business investments are assessed._____

_____

Critically evaluate how continuity of operations, in the event of an emergency, is ensured._____

Critically evaluate the value of acquiring ISO 9000 certification (standardization and uniformity of application of processes)._____

Critically evaluate the organization's waste management process_____

Critically evaluate whether the organization conforms to Health and Safety regulations._____

Critically evaluate how products and services and priced._____

Critically evaluate where, amongst the products and services, it is perceived there is the highest potential for improvements and indicate why? _____

Critically evaluate if the following techniques are practised:

- Work Measurement;
- Method Improvement;
- Product and service value analysis;
- Product and service value engineering;
- Quality Control;
- Small group activities; and
- Other.

Guide: If it is found that there are many negative answers to the above questions, then this indicates significant shortcomings in its value adding processes.

Critically evaluate the strengths, weaknesses, opportunities and threats of operations within the organization._____

Networks with Various Organizations

Objective

The objective is to assess how well connected the company is with expertise and other assistance available outside the company. This question will give an overview of the company's knowledge of and interaction with technical, business, and government support organizations. It will indicate how receptive the company is to outside assistance. Not aware, aware of but not used and informal use all could be indications of problems.

Critically evaluate interactions with:

- Information technology organizations._____
- Respective industry or sector specific organizations._____
- Organizations offering support services._____
- Financial institutes._____
- Critically evaluate knowledge of government support programmes._____
- Sector education training authorities._____

Critically evaluate the strengths, weaknesses, opportunities and threats of networks with various organizations._____

5.3.9 Section 9 - Key Business Metrics

Objective

The objective of this section is to examine the organization's performance and improvements in its key business areas. The performance levels can be examined relative to the previous year's performance, to that of its competitors or to that which is available and meaningful. All of the results displayed in this section must be compared to the organization's strategic plans. Performance measurements need to focus on key results. Results should be used to create and balance value for the key stakeholders, customers, employees, suppliers and partners.

Products and Services

Critically evaluate the organization's key product and service performance results. Segment the results by products and service types and groups, customer groups, and market segments. Include relevant data and information_____

_____

Guide: The following is an example of what can be displayed in this section.

Table 5.6: Performance Indicators – Products and Services

Performance Indicators	Current Results	Year 2	Year 1
Percentage new products/ services introduced.			
Percentage of products/ services taken off the market.			
Include more indicators in line with set strategic items from action plan.			

Customer Satisfaction

Critically evaluate the organization's key customers' focused results, including customer satisfaction and perceived values. Segment the results by product and service types and groups, customer groups, and market segments. Include appropriate comparative information.

Guide: The following is an example of what can be displayed in this section.

Table 5.7: Performance Indicators – Customer Satisfaction

Performance Indicators	Current Results	Year 2	Year 1
Overall customer satisfaction level.			
Percentage increase in acquiring new customers.			
Percentage decrease in customer base.			
Percentage of customer retention.			
Percentage of new customer referrals.			
Include more indicators in line with set strategic items from the action plan.			

Financial Performance

Critically evaluate the organization's key financial performance results as set out in the strategic plans. Include appropriate data and information.

Guide: The following is an example of what can be reviewed in this section.

Table 5.8: Performance Indicators – Financial Performance

Performance Indicators	Current Results	Year 2	Year 1
Turnover			
Net Profit			
Expenditure against budget			
Include more indicators in line with set strategic items from the action plan.			

Market Performance

Critically evaluate the organization's market results. Summarize your organization's key marketplace performance results by customer segments. Include appropriate data and information.

Guide: The following is an example of what can be reviewed in this section.

Table 5.9: Performance Indicators – Market Performance

Performance Indicators	Current Results	Year 2	Year 1
Increase in market share			
Decrease in market share			
Percentage new markets entered.			
Include more indicators in line with set strategic items from the action plan.			

Human Resource Results

Critically evaluate the organization's key human resource results, including work systems performance and employee learning, development, well-being, and satisfaction. Segment the results to address the diversity of the workforce and the different types and categories of employees. Include appropriate data and information.

Guide: The following is an example of what can be reviewed in this section.

Table 5.10: Performance Indicators – Human Resources Performance

Performance Indicators	Current Results	Year 2	Year 1
Increase in overall employee learning and development			
Staff satisfaction results			
Include more indicators in line with set strategic items from the action plan.			

Organizational Effectiveness

Critically evaluate the organization's key operational performance results that contribute to the improvement of organizational effectiveness. Segment the results by types of products and services and by market segments. Include appropriate data and information.

Guide: The following is an example of what can be displayed in this section.

- Operational performance of your key value creation processes;
- Productivity levels;
- Cycle times;
- Supplier performance; and
- Other appropriate measures of effectiveness and efficiency.

Table 5.11: Performance Indicators – Organizational Effectiveness

Performance Indicators	Current Results	Year 2	Year 1
Operational performance of your key value creation processes			
Productivity levels			
Cycle times			
Supplier performance			
Include more indicators in line with set strategic items from the action plan.			

Leadership and Governance Aspects

Critically evaluate the organization's key governance and leadership results, including evidence of fiscal accountability and legal compliance.

Guide: the following is an example of what can be displayed in this section.

- **Critically evaluate** the current levels and trends in key measures of accomplishment of your organizational strategy and action plans;
- **Critically evaluate** the results in terms of the corporate governance issues;
- **Critically evaluate** what current findings and trends in key measures of fiscal accountability, both internal and external; and
- **Critically evaluate** your results for issues relating to legal compliance.

Table 5.12: Performance Indicators – Leadership and Governance Aspects

Performance Indicators	Current Results	Year 2	Year 1
Include indicators from guide above as well as include more indicators in line with set strategic items from the action plan.			

5.3.10 Section 10 – Conclusion and Way forward

Objective

The objective of this section is to identify what the company needs the most. One is encouraged to consider all areas of ones business. A prioritized action plan is formulated for addressing the largest challenges and opportunities facing the company. At this stage of the assessment the assessor will be in an excellent position to identify the organization's key strengths opportunities for improvement (OFIs).

Guidelines as follows:

What do you consider as the most important thing that can be done to improve the companys operations? _____

What is the greatest obstacle or barrier to success for the company? _____

5.3.10.1 Action Plan

The assessor is in an excellent position to compile an action plan, after undertaking the self - assessment. The organization's key constraints, strengths and key opportunities for improvement (OFIs) can also be identified.

The action plan is most crucial to the success of any improvement programme. Start off by identifying a few constraints, strengths and opportunities for improvement for all keys areas. Establish a goal and a plan of action with timelines and persons responsible for identified actions.

Detailed below is an example, of a template of an action plan sourced and adapted from the Baldrige Quality Programme. A new criterion for "constraints" was included in the criteria category section. Organizations can customize an action plan to suit their needs. Action plans should ideally contain information such as:

- Date and name of person compiling the plan;
- Criteria such as constraints, strengths and other key areas;
- Opportunities for improvement, nature of intervention action, and persons responsible with time - lines.

Table 5.13: Action Plan

(Sourced and adapted from the Baldrige Quality Programme. NIST [2006] FQA)

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 1 - Effective Leadership					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			**Date of Plan:**		
Plan Compiled by :					
		For High-Importance Areas			
Criteria Category	**Importance** High, Medium, Low	**Goals** **Constraints – overcome challenges** **Strengths - enhance trength.** **Opportunity for Improvement**	**Nature of action planned**	**Completion due date of planned action**	**Person responsible for planned action**
Category 2 - Strategic Planning					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	**For High-Importance Areas**			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 1 - Effective Leadership					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			**Date of Plan:**		
Plan Compiled by :					
Criteria Category	**Importance** High, Medium, Low	**For High-Importance Areas**			
		Goals **Constraints – overcome challenges** **Strengths - enhance trength.** **Opportunity for Improvement**	**Nature of action planned**	**Completion due date of planned action**	**Person responsible for planned action**
Category 2 - Strategic Planning					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

			For High-Importance Areas		
PRIORITISED ACTION PLAN					
Name of company :			**Date of Plan:**		
Plan Compiled by :					
Criteria Category	**Importance** High, Medium, Low	**Goals** **Constraints – overcome challenges** **Strengths - enhance trength.** **Opportunity for Improvement**	**Nature of action planned**	**Completion due date of planned action**	**Person responsible for planned action**
Category 3 - Customer and Market Focus					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 4 – Performance Management					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	**For High-Importance Areas**			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 5 – Knowledge Management and Information Technology					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 6 - Human Resource Focus					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 7 – Process Management					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			Date of Plan:		
Plan Compiled by :					
Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Goals Constraints – overcome challenges Strengths - enhance trength. Opportunity for Improvement	Nature of action planned	Completion due date of planned action	Person responsible for planned action
Category 8 - Key Business Metrics					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

Table 5.13: Action Plan (sourced from the Baldrige quality programme) - continued

PRIORITISED ACTION PLAN					
Name of company :			**Date of Plan:**		
Plan Compiled by :					
Criteria Category	**Importance** High, Medium, Low	**For High-Importance Areas**			
		Goals **Constraints – overcome challenges** **Strengths - enhance trength.** **Opportunity for Improvement**	**Nature of action planned**	**Completion due date of planned action**	**Person responsible for planned action**
Category 9 – Overall key opportunities for improvements					
Constraints					
1.					
2.					
Strengths					
1.					
2.					
Opportunities for improvement					
1.					
2.					

5.4 THE SELF - ASSESSMENT REPORT

Once information for the self - assessment has been collected, the data needs to be analyzed and collated into a report. This report needs to be easily understood and must be constructed in a manner that makes communication to the relevant people simple. Often this is where many coalitions fail, because they are not able to get to the root of the cause of the issue and describe this clearly so that communication and implementation of key actions is simple.

As a guide one can compile the report using the same headings and sequence of key business areas as provided in the self - assessment guide in this chapter. Once all of the data has been compiled, one needs to narrow down the issues into specific core action items within the respective subject headings. One can narrow these issues by simply categorizing the issues in terms of their levels of urgency and importance. The action plan template, as depicted in Table 5.13, can be used for this purpose. The action plan is the key deliverable of the self - assessment report.

5.5 CONCLUSION

This chapter has developed a self - assessment guide for small businesses, largely using data reconstruction, which involved the integration of the findings, concepts, conclusions and connections to the literature review and case studies as discussed in chapter four. The framework of the self - assessment tool was developed to include the core business management areas of key business areas such as organizational information, strategy, leadership, customer and market focus, performance management, knowledge management and information management, human resources, process management, and key business metrics. Every assessment should culminate in an action plan for future improvements. The self - assessment tool included a template of an action plan that could be used as a strategic tool for implementing integrated productivity improvement actions.

CHAPTER SIX
CONCLUSIONS AND RECOMMENDATIONS

6.1   INTRODUCTION

In the previous chapter, the empirical data, which was collected from the interviews with the expert practitioners on the various case studies on diagnostic tools, was used to develop a guide for self - assessments for small businesses. The diagnostic guide is intended to provide a structured approach to the assessment of the current position of the business under assessment and to highlight areas of the business which need to be addressed. In the final chapter, the aim of this research is reiterated for the appropriate contextualization of the entire study.

In order to achieve this aim, the researcher was required to identify the constituents of a good, simple and effective, diagnostic tool. The aim and objectives were accomplished in the previous five chapters. This chapter reports on the key recommendations and concluding remarks.

6.2   REITERATION OF THE AIM AND OBJECTIVES OF THE STUDY

From the literature review of this study, it was found that there is a prevalence of high business failure rates in South Africa amongst small businesses (Maas & Herrington, 2006:7). It was established that a possible reason for this, could be that small business owners are not equipped to identify the problem areas within their businesses. The researcher strongly felt that one contributing reason for this could be due to the fact that entrepreneurs of small businesses lack the necessary managerial skills (GEM, 2006:37). It was also concluded that self – assessment diagnostic tool could positively contribute to enhancing the managerial skills of entrepreneurs as well as increase their chances of surviving.

Therefore, the aim of this study which was to develop a guide for assessing small businesses. There was also a requirement, to develop the procedures for the

application of the diagnostic process, incorporating aspects which are integral to the effective administration of self diagnostic tools and to provide relevant guidance where possible, on how to use the diagnostic tool.

6.3   RECOMMENDATIONS

The use of the guide for self - assessments developed in chapter five should contribute to drive a consistent, integrated approach to the improvement of business leadership, management and general business capabilities of entrepreneurs.

When undertaking these self – assessments, one should consider the following recommendations:

- The self – assessment tool, developed in this research study encourages an ethos of continuous process improvement. It is, therefore, suggested that the owners of the organizations take the lead in driving the assessment process forward. The assessment process must have a champion leading this process;

- This self - assessment takes an organization - wide view of the business. By focusing on business results and customer satisfaction, it takes a strategic perspective. Policy and strategy is an important element of this self - assessment model and it is linked to all the other organizational enablers, including processes. Therefore, it is recommended that this self - assessment guide should be used as a strategic tool to shape the businesses processes. The self - assessment outputs, should become the key input for the strategic planning process of the organization;

- This tool provides a means of monitoring how the organization's processes, reflect the strategic direction of the organization and how they are impacting on the organization's results across the spectrum of employee and customer satisfaction, impact and business results.

Organizations should consider establishing some form of internal norm or standard of excellence against which they would like to compare themselves on an ongoing basis. This comparison will allow them to establish trends of growth or decline;

- Undertaking self – assessments will requires infrastructure. It is suggested that the necessary infrastructure is clearly identified and forms part of the strategic plan for improvements. This is often overlooked by many businesses;

- Generally deficiencies in the internal microenvironment are the major cause of small business failures. It is perceived that one major cause for this failure is mainly due to the lack of managerial skills, good leadership skills and financial knowledge. In an effort to promote participation of these businesses to exploit economic opportunities, it is recommended that a support structure should be designed to address these shortcomings. Such support structures should be as comprehensive as possible, including many business management areas. One should identify, link and network with non - profit organizations, which provide assistance for small businesses;

- In instances where there are designated managers, across various functions, it is recommended that an integrated management team is established, prior to undertaking the self – assessment, in order to optimize the effectiveness of the holistic assessment;

- It is recommended that in order to be more effective, needs assessments should be conducted to determine the level of management skills that small business owners possess prior to any intervention. The results of these skills assessments should be addressed prior to conducting the self - assessments;

- During the early stages of using the self – assessment tool, it is suggested that the self - assessor verify his or her findings with an expert business practitioner, in order to enhance the assessor's personal assessment skills;

- Once the self - assessment is undertaken it is suggested that the organization identifies institutions that can provide assistance to resolve some of the key findings listed in their respective action plans;

- When compiling the self - assessment report it is recommended that the following points are taken into consideration;

  - Include an executive summary of the self - assessment;

  - Include a brief introduction in each of the respective sections;

  - State the key requirements of each of the sections;

  - State the options for all of the areas of concern and select the options for implementation. Indicate the reason for the choice;

  - Include a summary table of the key data in the respective sections;

  - Identify the route causes of the symptomatic areas and implement actions to eradicate these;

  - Include a conclusion section where the key points are summarised; and

  - Include recommendations and briefly mention the key factors influencing the recommendation. Generally the focus is always on process improvement, cost reduction and revenue generation within ones unique business environment.

- It is recommended that, rather than presenting a detailed technical solution, the report should depict an action plan which is flexible enough to help one refine one's strategy and make necessary new decisions on an ongoing basis;

- Undertaking self - assessments in some instances can be risky, particularly if done in an area one knows too little or nothing about. It is also possible to take decisions that will worsen the problem. Therefore, it is recommended that one needs to undertake one's research well, on areas of this nature and take reasonable, well-supported decisions around such areas;

- It is suggested that self – assessments should be undertaken at minimum annually;

- While carrying out the self - assessment, one should ensure that any disruptions to one's business are kept to a minimum. The level of effort required to carry out the assessment will depend on the size and complexity of the business; and

- It is recommended that entrepreneurs embarking on doing self - assessments on an ongoing basis should find themselves a mentor. Mentoring is whereby a person (a mentee) can learn from the experience of others and develop self - confidence and networking infrastructure to minimize the feelings of isolation that many small business owners experience (Gay & Stephenson 1998:43). To ensure the success of a mentorship programme, it should be implemented in accordance with an agreed framework and planned procedure (Barrett 2006:624).

6.4   SHORTCOMINGS OF THE STUDY

The following limitations, which emanate from this study, must be considered in any future research:

- Lack of evidence regarding local research on diagnostic assessments which could be used to extract pertinent information;

- Lack of securing a wide range of organizations that are willing to share their diagnostic tools for this research study. Some organizations could not share the information on their diagnostic tools due to intellectual property rights restrictions;

- The guide for self - assessments will be suitable for use by business owners who are in operation for longer than three months, employing fewer than fifty people and operating in the business services sectors; and

- Lack of feedback from the entrepreneurs whose businesses were assessed by using the diagnostic tools used as case studies.

While considering these limitations and shortcomings of this study, the researcher, nevertheless, maintains that this study still provides a reasonable basis for future research.

6.5 SCOPE FOR FURTHER RESEARCH

Further research can be conducted by verifying the applicability of this self - assessment tool for small businesses operating in business sectors, other than the business services sector. Further research can also be conducted to ascertain what skills are required by small business owners to enhance their expertise in undertaking self - assessments. Research can also be undertaken to establish the impact of the use of this self - assessment tool.

6.6 CONCLUDING REMARKS

This research study showed, by means of an exploratory case study methodology, that self - assessment diagnostic tools do have a critical role to play in improving entrepreneurial and organization performance of small businesses. The profile of various diagnostic tools, both nationally and internationally, were researched and evaluated. Expert business - practitioners were consulted and used in the evaluation of the tools used in South Africa. The significant findings were established and discussed in chapter four. In so doing the aim of this research study was achieved. The potential exists for entrepreneurs to make use of this framework in the development of their business management skills and provides them an opportunity to effectively assess their businesses.

Through the use of the self - assessment guide, an integrated approach to the improvement of business leadership, management and general business capabilities which fully involves the small business owners in the planning, implementation and monitoring phases of operating their businesses can be achieved. There is also an element of skills transfer designed into the administration aspects of the tool, as guidelines are provided in the self - assessment tool where possible.

While the model provides a common framework for businesses to measure themselves, it is the self - assessment process itself that provides the learning opportunities. The positive outcomes identified by this study, include the fact that South African entrepreneurs operating small businesses, have a critical role to play in contributing to the growth of the economy. The most important thing is that the business owner must have the knowledge and the tools to be able to personally identify the status of the business so that the chance of perpetuating a culture of success is increased. This research study provides this framework, in the form of a guide of a self – assessment tool which small businesses can use to achieve this culture of success.

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Appendix 1
Selection of Organizations Using Diagnostics Tools

There are a number of non - profit organizations in South Africa that have been set up to assist small businesses with business support. For the purpose of this study the organizations that use diagnostics tools for small businesses had to satisfy the following criteria in order to participate.

- These organizations are credible and reputable in the marketplace.
- These organizations are in operation for longer than two years.
- These organizations work with small businesses.

Required Alignment Criteria	Enablis SA	Small Development Agency (SEDA)	Sanlam	Baldrige National Quality Programme
Credible and reputable in the marketplace	Enablis SA is a Canadian based organization and is in operation for over 5 years. It supports small businesses through business support, networking and access to loan finance. It has reputable partners such as Accenture, Hp, Microsoft, FNB, Khula and Telesystems	SEDA has been in operation for over three years. It promotes, develops, and supports small enterprises to enhance their growth and sustainability through the provision of business development services. SEDA is well recognized by small businesses and is funded by national government.	Sanlam was established in 1918. It is a leading financial services group in South Africa. Sanlam Cobalt has evolved as an entrepreneurial initiative from within Sanlam. It is a packaged financial solution for owners of small and medium enterprises. The solution is facilitated by accredited financial advisors.	The criteria are used by thousands of organizations for self - assessments and to improve performance and business processes. .Baldrige integrates all the key drivers of performance management within one holistic framework, allowing you to manage your organization as a system instead of a collection of individual parts.
In operation for longer than two years.	Organization is in operation for a period of five years.	Organization is in operation for a period of three years.	Organization is in operation with small businesses for a period of eight years.	Several million copies have been distributed since the first edition in 1988.
Works with small businesses.	Majority of their members are micro and very small businesses.	Majority of their members are micro and very small businesses.	Majority of their members are micro and very small businesses.	Organizations of all sizes have used these tools and approaches.
These organizations were willing to assist with this study.	Yes, manager of the Cape Town Member network chapter participated in this research study.	Yes, the business advisors were used as expert consultants in this research study.	Yes the person who managed the Sanlam diagnostic section participated in this research study	This tool is available on internet for organization that want to enter for the Baldrige quality awards
Overall comments	There was a common passion amongst all of the participating organizations and the expert consultants in that each one had a quest for the enhancement of small businesses			

Appendix 2
Selection of Diagnostic Tools as Case Studies

There are a number of diagnostic tools used in the marketplace. For the purpose of this study the diagnostics tools were selected from the organizations identified in sample one (refer to appendix 1) using the following criteria:

- The tools are holistic in nature in that they covered most aspects of business management.
- The tools are currently in use in the market place.
- The tools are used by micro and very small businesses.

Diagnostic Assessment Tools	Required Alignment Criteria		
	Holistic in nature in that the tools covered most aspects of business management.	**The tools are currently in use in the market place.**	The tools are used by small businesses.
A to Z Business Assessment Tool by Enablis SA	Yes, it does to a large degree	Yes the tools are currently in use in the market place.	The tools are used by small businesses.
Business Fitness Analysis by Sanlam Cobalt	Yes, it does to a large degree	Yes the tools are currently in use in the market place.	The tools are used by small businesses.
The Assessment of company Operations(ACO) Tool	Yes, it does to a large degree	Yes the tools are currently in use in the market place.	The tools are used by small businesses.
The Entrepreneurial Diagnostic Tool	Yes, however it focuses primarily on the entrepreneur's attributes and skills within the different management disciplines.	Yes the tools are currently in use in the market place.	The tools are used by small businesses.
The Pre Start Up Tool	It covers the aspects for the purpose of start up businesses.	Yes the tools are currently in use in the market place.	The tools are used by small businesses.
Baldrige National Quality Programme	Yes, it covers all aspects of business management.	Yes the tools are currently in use in the market place.	The tools are used by small businesses.

Appendix 3

INTERVIEW QUESTIONNAIRE ON DIAGNOSTIC TOOLS

Interviewer: Sally Moodley

Personal Information about Expert Practitioner

Name	:	
Designation	:	
Telephone Number	:	
Mobile Number	:	
Email Address	:	
Employer	:	
Number of years working with small businesses	:	
Number of entrepreneurs that have used this tool.	:	
Name of Diagnostic Tool is assessed?	:	
Do you have knowledge of the tool?	:	
Date	:	
Place of Interview	:	

Information on organization which administers the Diagnostic Tool.

Name of organization	:	
Telephone Number	:	
Number of years working with small businesses	:	
Is this tool holistic in nature in that it covers most aspects of business management?	:	
Is the tool currently in use in the market place?	:	
Brief description of organization.	:	

SECTION A

1.   Name of diagnostic tool -

Draw a Flow Process chart of the tool.

2.   Who are the primary users of this tool in terms of:
- Size of the business
- Stage of the business

3.   What is the primary purpose of the tool?

4.   What value does a business obtain from using this tool?

5.   Comment on the user friendliness of the tool in terms of?
- Complexity
- Time factors

6.   What are the restrictions of this tool?

7.   Describe the functionality of the tool in terms of the ability of the tool to:
- Collect information.
- Capture information.
- Analyze data.

8   What business management areas are covered?
- Sales
- Marketing
- Human Resources
- Finance
- Operations
- Information Technology

- List any other Areas

9.   **What key questions must be answered?**

10.   **What types of information are required?**

11.   **From what sources should the information be collected?**

12.   **What methods are used to collect the information?**

- Reviewing documentation

- Using questionnaires

- Conducting interviews

- Internet based

- List any other source

13.   **Is there any sensitive consideration that must be made regarding information gathered?**

14.   **Who collects the information?**

15.   **How long does it take to collect the information?**

16.   **How is the information analyzed?**

17.   **How will you make interpretations and conclusions? (**What frame of reference is used to make judgments about the information, a few examples of these are performance indicators, best practices, benchmarks etc)

18.   **How is the information reported?**

19.   **How long does it take from start of process to completion of report?**

20.   **What happens after the report is completed?**

21.   **General Comments**

SECTION B

Extent to which, the tool meets the identified respective criteria.
The lowest level of acceptance being 1 and the highest level being 5.

1. **Rate the consistency of the tool**.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

*List any comments:*_____

2. **Rate the approach in terms of being integrated.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

3. **Rate the level to which business leadership is enhanced.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

4. **Rate the extent to which management capability is assessed.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

5. **Rate the enhancement of general business capabilities.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

6. **Rate the alignment of this tool for micro businesses.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

7. **Rate the alignment of this tool for small businesses.**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

8. **Rate the user friendliness in terms of complexity**

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

9.   Rate the user friendliness in terms of time factors.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

10.   Rate the extent to which the Sales factor is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

11.   Rate the extent to which the Marketing factor is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

12.   Rate the extent to which the Human Resources factor is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

13. Rate the extent to which the Finance is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	*4*	*3*	*2*	*1*		

List any comments:

_____

14. Rate the extent to which the Operations are assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	*4*	*3*	*2*	*1*		

List any comments:

_____

15. Rate the extent to which the Information Technology is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	*4*	*3*	*2*	*1*		

List any comments:

_____

16. Rate the extent to which the other business management factors are assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List the other business management factors.

List any comments:

_____

17. Rate the extent to which Strategic Planning is assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

18. Rate the extent to Customer / Markets are assessed.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

19. Rate the degree of restrictions.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

20. Rate the functionality to collect data.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

21. Rate the functionality to capture data.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

22. Rate the functionality to analyze data.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

23. Rate the accuracy of the interpretation of the findings.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

_____

24. Rate the accuracy of the recommendations made.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

25. Rate the value obtained by a business from using the tool.

Excellent	Good	Fair	Poor	Unacceptable		Score
5	4	3	2	1		

List any comments:

Section C

Degree of alignment to a framework of identified criteria

FRAMEWORK CRITERIA	Excellent	Good	Fair	Poor	Unacceptable	SCORE
	5	**4**	**3**	**2**	**1**	
1. Rate extent to which leadership aspects are assessed.						
2. Rate extent to which management capabilities are assessed						
3. Rate extent to which strategic planning aspects are assessed.						
4. Rate extent to which human resource aspects are assessed.						
5. Rate extent to which customer focus aspects are assessed.						
6. Rate extent to which market aspects are assessed.						
7. Rate extent to which knowledge management is handled						
8. Rate extent to which process management is assessed.						
9. Rate extent to which the measurement aspects are assessed						
10. Rate level of how the analysis aspects are handled						
11. Rate extent to which the business results are assessed.						