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Economical success factors of small-scale enterprises in the wood products industry

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Abstract

A study was made of the economical success factors of small-scale enterprises in the wood products industry. The study was based on financial statements made during 2002-2004. The study surveyed the core parameters determining the cost-effectiveness of trade describes the small-scale enterprises and their operations and analyses the special features of the most successful companies. The research looked at 40 financial statements of small-scale enterprises, and 22 entrepreneurs were interviewed. On the basis of the financial statement analysis, the enterprises were divided into those which were the most successful economically and others.

The economical success of the 40 enterprises studied was on average at least satisfactory during 2002-2004. Profitability was good or satisfactory when measured by net result. Solvency and liquidity were also at a good level.

The turnover of the most successful enterprises was bigger than the others. More than half of their total turnover came from manufacturing furniture for public function rooms and other special furniture. The least successful enterprises were in manufacturing components and sub-contracting.

The majority of the most successful enterprises focused only on one line of business.

In both groups, other small-scale enterprises were considered as significant competitors. Approximately half of the enterprises considered quality as a competitive tool. Other significant competitive tools were price, reliability of deliveries and customer orientation.

Entrepreneurs were realistic when they estimated the economical success of their enterprise. In most cases successful enterprises considered their profitability, liquidity and solvency to be at a good level, while about half of the other enterprises estimated their profitability, solvency and liquidity as being average.

Key words: small-scale enterprises, wood products, industry

