



Undertaking the Project

Switzerland's concentration of small and medium-sized enterprises (SMEs)—many of which have achieved niche positions in the global export marketplace—is both remarkable and inspiring. So much so that it seemed high time that they became the subject of a book. *Masterpieces of Swiss Entrepreneurship* spotlights just these SMEs—a critical element of the Swiss economy—while emphasizing, in particular, how these companies arrived at their excellent positions. However, this text is not a cookbook offering simple recipes for success. Instead, the authors feature management practices relevant to practitioners, in addition to offering inputs for academics, policymakers, educators, and the public at large. The book's title was chosen, in part, because the achievements of these companies may also inspire future generations of entrepreneurs. The hope is to impact the managerial practice of existing firms, as well as of companies that are yet to be created.

In Switzerland, SMEs mastering success in exporting, based upon strong global market performance, represent an important part of the economy; their continued success is critical for Swiss society. As a result, these companies have, in the past, attracted considerable attention from academics and practitioners alike. Many of the previous studies, however, have generally suffered from some important weaknesses:

- Attention was often spent on the *present market position* of selected Swiss SMEs, and their strategies, as they are pursued today.
- Research did not offer insights along the *longitudinal development of a firm* and the reasons why certain decisions were taken, nor how the firm got into the position to take advantage of global market opportunities.
- Scant attention was focused on the *environmental context* of a firm, and how SMEs interact with the local *ecosystem*, ranging from economic development, public infrastructures, to educational institutions.

The authors recognized the need for an in-depth and holistic understanding of these companies' sustained success, as well as how this performance was achieved. Discovering these underlying factors, whether external or firm-internal, was viewed as necessary for any multiplication of achievement and for the creation of new firms that could advance along a similar growth path. Such insights cannot be obtained solely by describing present situations, showcasing results and the strategies of winning companies. A much deeper knowledge and understanding is required to fully appreciate this reality, in addition to increasing the chance of multiplying success. It cannot be obtained by simply taking a still shot of the current status of successful SMEs.

Genesis of This Project

The research project that led to this book was characterized by a long incubation period, dating back almost 10 years. For years, Professor Jeannet spent several weeks each year in Switzerland's Emmental region as part of his summer holiday, enjoying the serenity of an old farmhouse and venturing out into this picturesque region. As a business school professor, it was second nature to notice the industrial enterprises dotting the landscape. On closer inspection, it turned out that there were a number of medium-sized firms that had managed to develop export businesses with niche products sold into markets worldwide.

Having stepped down from faculty appointments at IMD Institute and Babson College, Jeannet accepted a chair in 2013 at Zhejiang University School of Management in Hangzhou, China. Given the strong entrepreneurial culture of the Hangzhou region, when asked to give an opening lecture to the faculty on a piece of recent research, Jeannet documented and presented the stories of these firms in the Emmental. The talk entitled "Hidden Champions of the Emmental" was presented to a Chinese audience with the thought that the trajectories of these companies, although a world away, would be of interest.

Chasing a "Big Idea"

The following year, in one of the regular meetings with the leadership of Renaissance Capital,¹ managing partner Christian Waldvogel was curious about Jeannet's recent research agenda. While sharing the Emmental presentation Jeannet had made in China, Waldvogel embraced the idea immediately, suggesting that this subject be studied across all of Switzerland. If such a project was extended to cover the experience of Swiss exporting SMEs that had achieved major success in global markets, their examples might serve as an inspiration to countless other companies,

¹Founded in 1997, Renaissance Capital Foundation (previously Vinci Capital) is located on the campus of École polytechnique fédérale de Lausanne (EPFL).

both existing and emerging. When Jeannet pointed out that such a project was beyond the capacity of a single retired faculty member, Waldvogel offered help with finding additional resources. Intrigued by, and now hooked on this “Big Idea,” Jeannet agreed to pursue the research project on a Swiss scale. From that moment on, it would take the undertaking another 6 years to be concluded.

In order to accomplish the project objectives, a different and yet, for this area, untried *research paradigm* was needed.² The adoption of a *field-based* research approach focused on *longitudinal* documentation of selective firms, followed by clinical case analysis, was deemed to yield superior results, uncovering insights not possible with the typical statistical data-driven approaches favored by many researchers.

Recruiting a Team of Like-Minded Researchers³

Recognizing that the scope of such a project was beyond the effort of a single academic, Jeannet put feelers out to several Swiss universities where he had contacts with faculty members and researchers working on issues related to entrepreneurship. Professor Thierry Volery at the University of St. Gallen was eager to join the effort, enthusiastically supporting the project from the outset and willing to look for resources. Through him, Professor Heiko Bergmann was also recruited. At the University of Lucerne, Cornelia Amstutz provided both organized administrative and research support. Contacts with other university research teams did not come to fruition. This small group became the core team, collaborating over the years, putting the project together, piece by piece.

The team was enhanced ad hoc by a number of talented students and independent researchers who actively contributed over the years as part of their academic programs. After first contacting a number of business and government organizations in vain, financial support was eventually obtained in 2016 and 2017 from several Swiss foundations, helping to cover the necessary expenses in order to pull the project off and see it through to publication. After an extended period of planning, the first company interview was conducted in April 2017, the last one in late 2019.

Selecting a Research Design Fit to Purpose

The aim was to take a different approach and target different conclusions. Selecting firms that were already successful would contribute novel insights only if describing success alone was avoided; instead, the spotlight needed to be turned on the managerial practices that made these companies successful. Preferably, firms to be included should have been in existence over longer periods of time. This required

²Yin, R.K. (2009) Case study research: design and methods (4th edn.). Sage, Thousand Oaks, CA.

³For more details of all contributions, see the Acknowledgment section of this book.

unearthing the journeys that these companies have been through, and with a broader perspective than merely their end destinations, which many existing publications have already covered.

Looking at overall business success requires the inclusion of a full range of entrepreneurial and managerial activities beyond exporting and innovating exclusively. Uncovering the entrepreneurial journeys of these firms meant expanding the scope, from statistics to questioning companies directly about the key steps taken, in search of the underlying rationale. Consequently, this unique research approach inspired an intensive and historically oriented review of the firms. The longitudinal and field-based case approach was reinforced by in-depth background research sourced from secondary materials and followed up by face-to-face interviews.

Identifying Firms to Research

With the review of academic literature and similar research publications began an intensive debate about where to draw the line. The aim was for a broad industry spectrum, from technology B2B companies to B2C firms. Member companies of the watch industry were specifically excluded due to the fact that they face a very different competitive environment.⁴ Selecting exporters meant that only manufacturers were included, at the exclusion of service companies. The “All of Switzerland” scope presented the challenge of finding companies from Lac Léman (Lake Geneva) to the Bodensee (Lake Constance), as well as from Basel to Chiasso in the Canton of Ticino.

In terms of company age, firms that demonstrated at least 20 years of continued existence were preferable and, even better, those that have been around much longer. By comparing younger companies with older firms, changes in practice over time can be detected. The youngest firm was founded in 1999 (**Wyon**) and the oldest in 1833 (**Sefar**). As far as the size of companies was concerned, the guideline was a typically used band of CHF 25 million to CHF 250 million in sales, combined with an export ratio of at least 50%. Not wanting to lose the insights that might be gained from companies which started out small, but after some time grew beyond the CHF 250 million limit, the ceiling was first lifted to CHF 500 million and, in the end, included one company that had reached CHF 1 billion in sales. The authors are aware that some of the researched companies have outgrown the official definition of a small and medium-sized enterprise. Still, throughout this book, the term SME is used because all of the companies in the sample, and even the bigger ones, share important SME characteristics and for much of their existence were operating within the typical SME sales band.

⁴Dr. Ernst Thomke, with his broad experience in the watch industry, supported our decision. Interview was conducted on August 17, 2017 in Grenchen.

Establishing a Long List

Much of the early research phase was spent assembling a list of about 100 firms that could fit the research purpose. There was no single, all-inclusive list, of such companies readily available. Over several months, every available publication was scoured in order to build a long list, recording each company with date of foundation, industry, ownership, location, current sales, and number of employees. Business contacts and other academics supplied additional names for consideration. In parallel, companies were identified that might make good targets for further investigation, with special attention paid to spread in terms of industry, geography, and company age.

When making first contact, it became clear that the research team should concentrate on firms where a personal contact existed, or where an introduction could be obtained. Cold calling did not work. The target list was shared with individuals at the Renaissance Foundation and SVC Foundation.⁵ Doors began to open when the authors contacted target firms based upon these recommendations.

Selecting a Convenience Sample

In the end, a convenience sample of 36 companies was assembled. That group agreed to in-depth interviews, mostly on company premises. Because it was preferable to interview one or several company leaders, organizing and scheduling the interviews took considerable time. In total, the interviews took place over the space of two and a half years.

Due to the fact that there was a reliance on companies whose management teams were willing to be interviewed, and ready to divulge a considerable number of internal events and data, the sample was likely skewed toward more successful companies. The intention of working with long-running companies has not posed any obstacles. The inclusion of failed firms as a control group was not found to be workable since those firms, or their previous leaders, were difficult, if not impossible, to reach.⁶

Creating a Company Specific Database

Each target company was documented in detail, based upon publicly available data. Using internet resources and databases, material going back to the founding date of the companies was collected and checked. Additional information was obtained from the companies' own internet sites. The material was then cataloged by

⁵SVC Entrepreneurship Foundation, Thun.

⁶The research team was aware of the writing by Rosenzweig, R. (2008) *The halo effect: how managers let themselves be deceived*. Simon & Schuster UK, London.

company, identified by the provenance of information and dated, all along a standardized schema.

That database included a large number of documents, some PDF documents of newspaper extracts, journals, and even patent filings, as well as any information released by the companies. The data format was linked interactively to the original content, allowing the team to access all data when further researching the company.

In a final step, every piece of company information was organized along a timeline affording a clear overview of all major events, developments, performance, and reports over the entire life of the firm. For companies founded more recently, internet-based research was quite complete. This was not the case for all of the companies with beginnings in the pre-internet era, yielding more limited data points.

The timeline was a listing of abbreviated actions, summarizing the key content of each data point. In printed format, this timeline document was typically 10–20 pages for each company and proved to be an excellent base for preparing for the interviews.

Conducting and Documenting Interviews

Prior to starting the interview phase, a long list of topics was established for the purpose of clarification. These subjects covered the full range of company actions from early start-up to a full set of company functions and processes. It was recognized that a data set covering every issue from every firm interviewed would not be obtained.

The interviews concentrated on finding out the rationale behind actions documented in the timeline. Any information, or answers, readily available in the public domain were avoided in an effort not to waste executive time. Some interviewers taped the conversations for later transcription, while others took extensive notes. Each interview followed a semi-structured format, combining a series of pre-determined and open questions. There was enough free flow to allow for conversations to pursue previously undocumented events. Initially, the interview language was English but later interviews were also conducted in German.

A detailed interview protocol was written following each interview and ran from 10 to 20 pages. They were filed in English since it was important to have critical technical and industry terminology in English for the company profiles and the ensuing book text. A considerable amount of time was invested in transcribing both notes and texts. These protocols were kept confidential, shared neither with the companies nor anyone beyond the research team.

Compiling Company Profiles

The next substantial phase was writing a profile of each company, each one similar in length and detail, as well as in terms of organization and style. The role models for these profiles were Harvard Business School and IMD Institute teaching cases, two institutions with a long tradition of case writing. While the language and style format

were adopted, including keeping the text in the past tense, there are still considerable differences between the company profiles in this book and the more typical teaching cases.

Company profiles in *Masterpieces of Swiss Entrepreneurship* have been written as stories to keep the reader engaged. They recount key events at the companies, the main players, include background about the related industry and, above all, provide access to the key practices that eventually led to the firms' successful niche strategies. Any conceptualization, analysis, or evaluative comments were excluded from these profiles, reserving that content for the analysis section of the book (Chaps. 2–23).

Each profile was edited a number of times so that the reader can enjoy the stories, which are often unknown to the public. Wherever possible, interviewee quotes are included in the profiles and a number of them are also used as illustrations for the analysis in the chapters.

Requesting Fact Checks

Although the database, timelines, and interview protocols were not shared with the firms, the profiles were shared in order to undergo a fact check. The research team wanted to be sure that the data, facts, names, and key events were accurate.

The profiles were written by the research team in their own language and terminology. Companies were not required to sign a formal release regarding the content as they would with regular teaching case studies. Each company was also invited to supply a visual of its product line for inclusion in the book. Most companies participated in both the fact-checking and the supplying of visuals.

Performing Pattern Analysis

The analysis of the accumulated company profiles was approached without any preconceived notions: there were no hypotheses to test and no theories to be confirmed, only an open mind to results. The analysis was inductive, following the subjective interpretation of text data through a systematic classification process of identifying themes or patterns. At the center of attention were company practices and not cross-company comparisons. The practice patterns found were then grouped around managerial themes (Chaps. 3–22) with a strong focus on business practices, resulting in more than 100 individual practice elements.

Following the themes of business practices, the goal was to achieve a realistic description of those practices that have governed these companies over the long haul, while at the same time offering insights to current SME managers. To make the analysis tangible and useful to the management community, it was necessary to illustrate the practices in considerable detail. For each broad practice area, the 36 company profiles were reviewed for detailed examples, then grouped and categorized.

The resulting level of specificity was driven beyond the obvious, such as *focusing* or *innovation*. The goal was to come much closer to answering questions such as: “How does a company find its focus?”; “How does a company implement a focus?”; “How can an SME drive innovation?”; and, “What are the sources for new ideas?”—all queries that were gleaned from the stories of the company profiles.

No singular pattern emerged. For each of the broad practice areas, different approaches to implementation were identified. The sample companies adopted at least one practice per given practice area, while some adopted several. This applied to the areas of focus, marketing, product, and production, as well as innovation. Differences were more notable for the areas of governance, management, and financing.

Analyzing Management Practices

In order to convey the observed patterns in significant detail, it became necessary not to offer just the conclusions by themselves without supporting evidence. Therefore, every piece of evidence was coupled with excerpts from the relevant company profile, placed right in the text. This way, the reader can avoid constantly turning to the company profiles for further details; the analytic text became a freestanding part of the book.

Visually, company names from the profiles appear in bold; the profile parts cited are also set apart so that a reader can quickly scan them and spot practices associated with certain firms. The frequent references are designed to indicate from which company the particular conclusions, or described practices, originated.

Adding to the understanding of the large number of practice elements, overview charts appear in book sections or chapters, as well as a list of the companies and a related scoring, illustrating the extent to which given practices were adopted by the companies. This scoring, expressed in symbols, reflects a judgment on the part of the authors.

Compiling Company Profiles

Citing the relevant company excerpts in the analytic text should not be construed as undue duplication between the book’s analysis and the company profiles included in the back. All profile excerpts in the analysis were referenced in the form of *adapted from*, indicating that the cited text portions were edited, sometimes shortened, and rewritten to emphasize the particular practice on which the authors wished to focus.

For a full understanding of the entire company history and journey, only the entire profile can give the reader a complete overview. At the same time, readers who wish to read only the profiles might find it difficult to get an insight applicable beyond a specific context, such as a firm or an industry. Both the company profiles and the analytic text are independent elements of the book and each plays its own role.

Why then include the complete profiles in the book? In addition to allowing a reader to read a company profile in its entirety without analytic comments, the purpose was also to provide transparency regarding the research process. The analysis, unless so mentioned, and that only in rare cases, was based entirely on the company profiles included in the book. Any reader or researcher, staying within the same boundaries offered here, is invited to perform additional analysis or extract findings beyond those articulated by the research team.

Clustering Growth Trajectories

While the bulk of the analysis is focused on individual practices, when grouping all firms, it was clear that there was a need to reflect comparatively on the experience across all documented companies. Thus, a chart was created to depict all the firms in terms of length of operation (age in years) and growth (sales), resulting in six different clusters subjected to further analysis (Chap. 23).

After reflecting on the different growth patterns exhibited by these clusters, they were named for specific Olympic track and field running disciplines: *Long Distance*, *Middle Distance*, *Sprinters*, and *Steeplechasers*. The principal forces that accounted for growth over time, and the dynamics that accounted for longevity, have also been included. These forces and dynamics were composed of bundles of the practices described earlier. While the longevity of all firms was closely related to the adoption of the practice patterns, also described earlier, the speed of growth in sales was more closely related to the governance, management, and financing choices made. Again, the allocation of the sample companies to a given cluster represented a judgment call on the part of the authors.

Reflecting on Impact of Swiss Entrepreneurship Ecosystem

While working on this project, a number of visitors, and authors, from outside of Switzerland frequently inquired as to why Switzerland enjoyed such a density of export-oriented and prosperous SMEs. To answer these questions, both historic and recent writings of international observers with contact to Switzerland were reviewed. The authors decided to offer their views on whether such SMEs were unique to Switzerland, or whether such companies, relying on the practices described in this book, might also flourish elsewhere.

Adding to these reflections, the authors have collected their own thoughts stemming from the conclusion of this research effort—for the business community, economic policy, education, and public policy. These comments are offered as a list, not in full prose, and reflect the combined learning of the authors from undertaking this project.

How to Read This Book

Recognizing that few readers will go through the book, page by page and front to back, the material is presented in such a way that it should be rather convenient to find the parts of greatest interest to a particular reader. The analysis part of the book can be entered at any point of interest, with the relevant company information provided then and there. Placing the company profiles in a bloc, at the end of the book, should enable readers with a particular affinity to a given company to readily locate that profile and read it uninterrupted, in its entirety. Then again, other readers may well find that the company profiles are of interest on their own and worth reading, because each represents a unique, fascinating and complete journey, often unknown to professionals, practitioners, and the public at large.

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