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Critical Issues in Managing Small and Medium Enterprises: The Nigerian Experience

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Abstract:
There is no gain in saying that Small and Medium Enterprises (SMEs) are widely acknowledged as important organizations that contribute to the socioeconomic growth and development of nations. In developed countries, these enterprises are well managed. However, in Nigeria, managing SMEs is dissected with a number of critical issues that militate against their effectiveness, efficiency, profitable operations and so need urgent attention. The paper reviews the strategies that can best be applied in managing SMEs to make them more effective, efficient and profitable. The works and findings from experts in SMEs: Drucker, Porter, Davida et al., Armstrong, Cummings & Worley and others were used to draw conclusions and advance a case for the Nigerian businessmen and entrepreneurs. Literature findings indicated a number of strategic options that are available to the owners of SMEs in areas of competition, growth, cost containment, customer relationship, change management, attracting, training, and employees, innovation, access to capital and insecurity (Boko Haram, kidnapping, corruption, political upheavals and child trafficking). The paper suggests that if these strategies are effectively implemented, SMEs would be in a better position to compete, grow and innovate, be cost effective, retain and motivate employees, relate better with customers, manage change without much conflict and continue to contribute to the socioeconomic development of Nigeria. Further research can be conducted in comparative analysis of SMEs in the manufacturing and agricultural sectors of the Nigerian economy.

Keywords: *Critical, enterprises, competition, innovation, cost, change, customer, Nigeria*

1. Introduction

The contributions of Small and Medium Enterprises (SMEs) to the socioeconomic growth of developing nations cannot be underestimated. In Nigeria for example, the contributions of SMEs are multidimensional: employment generation, poverty reduction, equitable income distribution, opportunities for livelihood through value addition, base for industrial take-off, support for building up of a systemic positive capabilities and so on. A Survey Report by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) 2012 put the number of SMEs in Nigeria at more than 17m. These enterprises play tremendous roles in reengineering the socioeconomic landscape of the country as they not only represent a stage in industrial transition from traditional to modern technology but they are also spread across the different sectors of the economy: agriculture, mining/quarrying, manufacturing, building/construction, wholesale/retail, real estate/renting, hotels/restaurants, transport/storage, financial intermediation, information/communication, education, health and other social community base services. While 86.43 per cent of these enterprises are owned by male entrepreneurs, only 13.57 per cent are owned by female sole proprietors.

Government in recent time has realized that instead of promoting large enterprises that require for example higher capital outlay, it should promote SMEs. To this end therefore, SMEs are now been incorporated in the country's National Policy on SMEs and are striving to create an enabling and friendly environment in which SMEs would flourish and entrepreneurial mind sets aroused so that the Nigerian entrepreneurs may get maximum output and rewards from their efforts. SMEs are not only the seedbed for wealth creation, employment generation and poverty reduction, they have also been recognized as critical breeding and nurturing grounds for domestic entrepreneurial capabilities, technical skills, technological innovations, creativity and managerial competencies for the development of a vibrant and productive economy. In a study on the effect of SMEs on economic growth and poverty alleviation, Gebremariam, Gebremedhin & Jackson (2004) explained that:

It is now well accepted both among academicians and policy makers that small businesses play a vital role in contributing to the overall economic performance of countries . . . . . They play an important role in community development by enticing private investment back into lagging areas and spread the benefits of economic growth to people and places too often left behind. Through their capital investments, private businesses and micro-enterprises create jobs and new opportunities that promote community-building and social activities.

Therefore, there is a strong link between SMEs and economic growth and poverty alleviation: an increase in percentage share of SME's employment has a positive impact on economic growth and consequently reduced poverty in a country. When a community or nation lacks SMEs, people suffer. The prosperity of nations therefore depends largely on the number of SMEs in the country. In low-income or developing nations, SMEs appear to be 'The Missing Middle' in the sense that there is a gaping hole in low-income nations where SMEs should be.

It is worthy that at the global level, SMEs have been effectively managed with positive results. For instance, effective management of SMEs have yielded positive results on the economic development in the United Kingdom, USA, Korea, Philippines, Japan, Taiwan, India, Brazil, South Africa to mention a few. The resultant effect is that these enterprises have been able to contribute to the GDP of these countries (Udechukwu, 2003, Chinonye, 2013). However, in Nigeria a number of critical issues do militate against the smooth running of SMEs. If these factors are effectively investigated, appropriate solutions are found and relevant strategies are implemented, SMEs would further contribute to the socioeconomic development of many nations including Nigeria.

2. Paper Objective

Based on the preceding, the general objective of this paper is to review critical issues that are salient in managing SMEs in Nigeria and suggest relevant strategies for improvement. This objective is accomplished by referring to relevant literature and models for strategic solutions to the problems militating against the contributions of SMEs in Nigeria and indeed developing economies.

3. The Literature and Conceptual Discourse

SMEs are defined in terms of: number of employees, sales value/volume, financial strength, reliable size, start-up capital, independent ownership, types of industry, geographical scope and so on (Aminu, 2011, Chinonye, 2013, Dalby & Jaska, 2004 and Abende & Wankar, 2012). In Nigeria, the Central Bank (1995) defines a SME as an enterprise whose total cost excluding cost of land but including working capital is above One Million Naira but does not exceed Ten Million Naira. The Enterprises Promotion Decree (1989) defines an SME as any enterprise set up to make the owner self employed and self-reliant for example supermarket, mechanics, business centers etc while The Center for Management Development (CMD) sees an SME as a manufacturing, processing or service industry employing up to fifty full time workers, investing in plant and machinery but excluding land and building not exceeding Fifty Thousand Naira though utilizing power plant and machinery in its operation.

SMEs have a number of characteristics which include: the growing number, no stringent legal requirements, ease of raising capital (owner's savings), high rate of mortality, independent management and control, small share of the total market, little specialization, employees are relatively small in number, owner has little or no education to operate the enterprise and so on. It should be noted that an enterprise that is regarded as small and medium may not necessarily have the same characteristics with one in Japan or Korea. For example, in Japan, an SME is defined as a business enterprise with a paid-up capital of above birr 20,000.00 (USD2,000.00) and not exceeding birr 500,000.00 (USD50,000.00) and excluding high technology, consultancy firms and other high tech establishments. Emphasis is not placed on the number of employees, but on the paid-up capital.

In view of the varying variables in defining SMEs globally, it becomes pertinent to manage these enterprises critically. Critical issues in managing generally are not confined to large establishment alone or are they restricted to developing economies only. In Nigeria, some of the critical issues that confront SMEs and must be addressed urgently are as follow:

3.1. Competition

Today, competition is not only rife but growing more intense day by day. Markets have become so competitive that understanding customers is no longer enough. Entrepreneurs must start paying attention to their competitors (Kotler, 1999). In dealing with competition, a discussion of Porter's Five Forces Model (http://managementstudyguide.com/porters-model-of-competition.htm) becomes appropriate. The model is significant from point of view of strategy formulation. The forces in the model jointly determine the profitability of an enterprise because they shape the prices that can be charged, the costs to be incurred, and the investment required to compete in a particular industry. These five forces are:

a. Risk of entry by potential competitors: Potential competitors are those entrepreneurs that are not currently competing in the industry, but have the potential to do so if they are given a choice. Every new player (entrepreneur) increases the industry capacity and begins a competition for a market share thereby lowering the current costs. The risk of entry by potential competitors is largely a function of the following: economies of scale, brand loyalty, government restrictions, absolute cost advantage, ease in distribution, amount of capital and so on. These factors will lead to frequent price wars, advertisement and new-product introduction that will make it more expensive to compete in the market place.

b. Rivalry among current competitors: This refers to the competitive struggle for wider market share between firms (entrepreneurs) in an industry. If these firms are well established, it may cause a strong threat to profitability. Rivalry among competitors is a function of the following factors: extent of barriers, demand conditions, amount of cost, presence of foreign competitors, absence of switching costs, industrial growth rate and so on. Kotler posits that when entry barriers are low and exit barriers are high, there is chronic overcapacity and depressed earnings for all the businesses.

c. Bargaining power of buyers: Bargaining power of buyers is the potential to bargain down the prices charged by the SME in the industry or to increase the firms cost in the industry by demanding better quality and service of a product. When bargaining is strong, buyers can extract profits out of an industry by lowering the prices and increasing the costs especially when they purchase in large quantities, have full information about the products and the market, emphasize quality products and so on. Their actions also affect backward integration and are regarded as threats.

d. Bargaining power of suppliers: Suppliers are individuals or firms that provide inputs (raw materials, information, labour, services, energy, etc) to the industry. Their bargaining power refers to the potential of the suppliers to increase the prices of inputs or the costs of industry. Strong suppliers can extract profits out of an industry by increasing costs of firms in the industry. Supplier's products have few substitutes and may be unique with high switching cost. The supplier's product is a very important input to the buyer's product.

e. Threat of substitute products: These are products that have the ability of satisfying customer's needs effectively. Porter further state that when the number of close substitutes a product has, the greater is the opportunity for the firms in the industry to raise their product prices and earn greater profits all things being equal.

It must be noted that these five forces, though alien to the Nigerian business environment and appears to be more applicable to big SMEs, they are important in the sense that they influence the profitability of the business: they affect the prices, costs and the capital invested in the business and the competitive strategy as well as the structure. Porter's model is appropriate in identifying competitive forces which affect business in any given environment including SMEs. SMEs must also make an in-depth analysis in terms of nature, strategy, strength and weakness and operation pattern. To deal with competition therefore, SMEs need to design an intelligence system to gather information. The data generated has to be analysed and sent to the business owner to act upon as fast as possible.

3.2. Growth

In real terms, all SMEs in Nigeria have plans to grow, increase sales and profits. However, they must follow certain methods for implementing a growth strategy. The method to be adopted is contingent upon the financial position, competition and other external environmental factors. Suttle (http://www.smallbusiness.chron.com/growth-strategies-business-4510.html), Drucker (2003), Dahl (http://www.inc.com/guides/small-business-growth-strategies.htmi), and http://www.morebusiness.com/business-development-strategies and many other business specialists and entrepreneurs agree on some of the common methods for implementing SMEs growth strategies. These growth strategies include:

a. Market Penetration: This involves increasing the market share by 'penetrating' the market with existing products it has been marketing. Market share is the percent of unit and Naira (Dollar) sales a SME holds within a certain market versus all other competitors. To penetrate the market may require reducing (lowering) prices for the product(s).

b. Market Expansion: Also known as market development, this method entails selling current products in a new market. A number of reasons are advanced for choosing this method – to avoid stiff competition, to increase sales/profits, to serve new users better and so on.

c. Product Expansion: This entails expanding product line or adding new features to a product to increase sales/profits. By using product expansion (product development) strategy, a SME may continue selling within the existing market especially as technology changes and older products become obsolete or outmoded.

d. Diversification: This involves selling new products to new markets. The strategy is risky for SMEs and requires effective planning coupled with a sound marketing research to determine if consumers in the new market will potentially need the new products.

e. Acquisition: If a SME business growth strategy is far too big for a single owner, it might be helpful to find one or more other businesses. Acquisition (the purchase of a SME by another SME in order to expand its operations) is one of such options. This strategy is also known as 'growing a SME by buying another SME'. A SME may use this type of strategy to expand its product line and enter new markets if it has the required capital. Reasons for choosing this strategy may include an already established product and market but has to be careful because of the significant investment required for implementation of the strategy. At the global level, GE used this strategy effectively. In Nigeria, this strategy is rarely considered viable these days because it is fraught with risk and risk-associated problems.

f. Enhancing Productivity: To enhance productivity, additional financial capital may be required to meet up with the cost of implementing strategies. A small business owner may look for business loans, grants and other investors who can contribute capital to help acquire additional materials, equipment, spare parts, space, staff and vehicles and so on. Enhancing productivity also entails having a solid marketing plan which is a function of creativity, expertise, willingness to work on an action plan for growth and so on.

g. Alternative Channels: This growth strategy involves pursuing customers in a different way. For example, selling products online (using internet as a means for the customers to access products or services) is said to be an alternative channel for a growth strategy. This is most applicable to those who are conversant with the computer.

Further, Drucker suggested four entrepreneurial strategies that are essential for growth. These strategies are important to all SMEs. In summary, these strategies are: 'being fustest with the modest' (trying to become the unchallenged leader in an economic field by aiming at creating something truly new, something truly different), creative imitation/hit them where they ain't (trying to exploit the potential opportunities of an innovation someone else has made, but was not able to profit from it so far), entrepreneurial judo (trying to prevail in a market others created or would be fit to supply much better, but simply do not care about it) and finding/occupying a specialized 'ecological niche' (trying to obtain a practical monopoly in a small area - offering a product that is essential, but nevertheless offers no incentive for others to compete).

3.3. Cost Containment

Cost containment (cost cutting) is a business practice of maintaining expense levels to prevent unnecessary spending or thoughtfully reducing expenses to improve profitability without long-term damage to the SME. In other words, it is the process of reducing organizational costs within a specialized budget, restraining expenditures to meet organizational or project financial targets, Ashe-Edmunds (www.bostonstrategies.com) and Sue (http://hubpages.com/hub/cost-containment-for-businesses). Both internal and external environmental forces may require business owners to contain their cost of operations. All organizations are unique in their ways. What is valued and vital to one SME may not be in the next. One SME's strength for example, may be another's weakness. Therefore, determining which cost containment initiatives are best requires a thoughtful analysis and consideration of the SMEs current structure, mission, employees, customers, goals and function.

A first step in cost containment exercise is to analyze the SME: its current functioning, level of waste, fund utilization on suppliers, employees, materials, information and so on. The best area would be where the SME is actually inefficient. It is believed that cost containment would lead to more profits by eliminating unnecessary materials, positions and general operating procedures. A number of cost containment strategies are therefore open to decision makers in SMEs. These are:

a. Reducing travel expenses (business trips, conventions, seminars, meetings, fuel reimbursement, meal expenses, hotel accommodation, long distance travels,).
b. Reducing salaries (payroll costs including overtime)
c. Reducing year-end bonuses
d. Reducing 'perks'
e. Holiday party cancellations
f. Layoffs
g. Hiring instead of outright full employment
h. Using telecommuting
i. Reducing the number of work days.

It must be noted that each of this strategy has it merits and demerits and a SME may implement a number of options at the same time depending on the level of declining profits.

Successful businesses that weather the storm and flourish in future consider their cost containment efforts as not just a short-term way to improve cash flow but to protect and improve future operation. Business owners must communicate cost containments to employees well in advance as well as being open and emphasizing the fairness of the changes while presenting the news in the most positive way possible, Fisher & Phillip (http://www.laborlawyers.com)

3.4. Customer Relationship

Poor customer relationship that has made organizations ineffective has compelled managers to think of their relationship with customers - giving attention to existing customers in order to keep businesses thriving. The secret to repeat business is following up a customer in a way that has positive effect on him. Put differently, the ways in which a SME communicates and deals with existing customers has a profound impact on the business. Good customer service starts with meeting customer needs and end up with anticipating and meeting their desires. In a marketplace where too many products and services are chasing too little demand, businesses face challenge - to do everything possible to attract and retain customers. Commanding customer loyalty required to survive and succeed entails SMEs to focus on the customer experience with the organization or business.

Based on the preceding, a number of strategies for attracting and retaining customers are hereby put forward (http://www.informationweek.com/8-strategies-for-first-rate-customer-service/d/d-id/1057877).

a. Commit to knowing your customer
b. Create a customer experience roadmap
c. Remove barriers to information, connectivity and collaboration
d. Converge your networks
e. Utilize Internet Protocol (IP) communication tools
f. Deploy a Customer Relationship Management (CRM) Solution
g. Integrate IP with CRM
h. Continually modify strategies

3.5. Managing Change

It has been observed that what is constant in the world is change. In today's globalized world, innovations, creativity, project-based working, technological improvements, taking competitive advantage are only some of the issues that come together to drive ongoing changes to the workplace. Whether a SME is considering a small change to one or two of its processes, or a system-wide change to the organization, 'change is change' and normal for stakeholders to feel uneasy and intimidated by the scale of the challenge associated with change. To implement change effectively, a number of strategic steps as put forward by Kotter (http://www.mindtools.com/pages/article/newPPM_82.htm), Heller (2002), Carter & Jones-Evans, (2006), Nwachukwu (2007), Armstrong (2003), Woodward & Hendry (2004) and Cummings & Worley (2005) are hereby suggested:

a. Clearly establish the objectives of the proposed strategic change and ensure that there is a good reason for it. This entails developing a sense of urgency around the need for change. This may help to trigger the initial motivation to get things moving bringing out clearly the advantages for change. What the business owner need to do at this stage is to identify potential threats, develop scenarios, examine opportunities, commence honest discussions and request support from customers and other stakeholders so they can buy into the change idea. This step requires significant time and energy for preparation to avoid a 'bumpy ride'.

b. Collect facts/figures about the change and form a powerful coalition. At this stage it is important for the business owner to convince people that change is necessary. It takes strong leadership and visible support from key people within business.

Change agents within the SME can serve as sources (job title, status, expertise, political and religious importance) for leading change. The coalition need to work as a formidable team to continue to build momentum around the need for change.

Here, the entrepreneur has to identify the true leaders in the SME, request them for emotional commitment, work on team building, check the team for weak areas and ensure that there is a good mix of people from different departments or sections and at different levels.

c. Create a vision for change. This would enable the owner to predict the problems and possible benefits of the planned change. Employees are likely to raise questions about change initiatives as it relates to their job. They may perceive that change may threaten their job security, prestige, power, position, professional competence and so on, (Dugguh, 2007). A clear vision can help understand why change is inevitable. When employees and other stakeholders see for themselves what the owner is trying to achieve, it becomes easier to introduce change in the organization. What the manager need is to determine the values that are critical to the growth of the business, develop a vision statement, create a strategy to execute the vision, ensure that the change team understand the vision and put the vision into practice.

d. Communicate the planned change to all stakeholders if possible, individually. How a vision is communicated is a function of the success of change. Communicating change must be carried out powerfully, constantly and embedded within everything that is done in the SME. Use the vision daily to make decisions and solve problems. It is important to 'walk the talk'. What managers should do include practising what they say (leading by example), talking often about change vision, addressing peoples' concerns and anxieties and applying vision to all aspects of the business operations.

e. Remove obstacles by ensuring that everyone understands his role in the change process and structures. Structures for change must be put in place and continually check for barriers to it. Removing these barriers to employees' role can empower them and support the manager to execute the planned change in the organization more effectively. In addition, the manager need to identify and hire change agents to lead the change, redefine the structures, job descriptions/performance and compensation systems to ensure they are in line with the vision, recognize and reward people for making change possible, identify people resisting change and support them and take quick actions to remove barriers (human or otherwise).

f. Create short-term wins for the SME considering the fact that nothing motivates more than success. Giving the organization a taste of success within a short frame (a month, a year, depending on the type of change) can be motivating otherwise critics and negative thinkers may scuffle the progress of change. This can be made possible by creating short-term achievable targets. What managers need is to search for sure-fire projects that can be implemented with minimum criticisms, select early targets that are not expensive, analyse the cost-benefits of each target and reward people who assist in meeting targets.

g. Build on the change instead of declaring victory at the early stage of the planned change. Short-term wins are only the beginning of what needs to be done to achieve long-term change. Real change runs deep and has far reaching positive effects. Each success provides another opportunity to build on what went right and to identify other areas for improvement. What the manager needs here is to analyze after every win what went right and what needs improvement, set goals to continue building on the momentum, consider continuous improvement. The Japanese Kaizen (a philosophy of gradual improvement involving a series of small, sometimes imperceptible changes in personal and work life) system is important, DuBrin (1995) and Burnes (2004).

h. Anchor the changes in organizational culture ie change should be part of the core of the organization. Corporate culture determines what gets done and must be shown in day-to-day work. According to Lewin (http://www.consultpivotal.com/lewin's.htm), and Burke & Litwin (http://www.brighthubpm.com/change-management/86867-explaining-the-burke-litwin-change-model/), assert that continuous efforts are made to ensure that change is seen in every aspect of the organization. It is also important that SME owners continue to support change. What need to be done is to talk about the progress made all the time, incorporate change ideals and values when employing new employees, publicly recognize key members of the original change coalition, create plans to replace key leaders of change as they move on and make constant evaluation of change process.

3.6. Attraction, Training and Retention of Employees

Research indicates that employees leave an organization for several reasons: the workplace is not what they expected, mismatch between job and person, little mentoring/feedback, too few growth and advancement opportunities, devaluing and not recognizing employees, loss of trust and confidence in senior leaders etc. Turnover is costly. It then becomes imperative to business owners to develop plans to attract, train and retain employees in the organization. Dugguh, (2007, 2008, 2010), Dugguh and Galadanchi, (2014), Yazinski (2009, https://hr.blr.com/whitepapers/Staffing-Training/Employee-Turnover/Strategies-for-Retaining-Employees-and-Minimizing)

Some of the effective strategies employers utilize in order to keep employees happy and willing to stay with the organization can be summarized as follow:

a. Training and development
b. Mentoring
c. Instilling positive culture
d. Communication to build credibility
e. Showing appreciation by compensation and other benefits
f. Encouraging referrals and recruiting from within
g. Coaching and receiving feedback
h. Providing growth opportunities
i. Making employees feel valued
j. Reducing stress and creating work/life balance
k. Fostering trust and confidence in senior leaders

In addition to the above approaches to the management of SMEs, Heartfield (http://humanresources.about.com/od/managementtips/qt/four_factors_b4.htm) outlined five factors that must be present to make employees happy and motivated at work. These factors are briefly explained below.

a. Treating employees with respect (praise and feedback)
b. Having access to information (regarding them as members of the in-crowd)
c. Opportunity to learn/acquire new skills (develop their capacities, grow their knowledge and careers),
d. Opportunity to participate in decision making (empowerment and use of discretionary energy for the business).
e. Effective leadership (sense of being at the right track, being part of something bigger than themselves, having a trustworthy person in charge).

It is believed that if all the factors mentioned above existed in the SME, performance, productivity, motivation, job satisfaction and happiness would increase and the business would prosper and become more profitable, Dugguh & Ayaga (2014).

3.7. Innovation

Innovation is critical to the success of SMEs in Nigeria. As Drucker (1985) stated, innovation is the specific tool of businessmen and entrepreneurs, the means by which they exploit change as an opportunity for different business or service. An innovative business is one which lives and breathes 'outside the box'. Innovation is not simply good ideas; it is a combination of good ideas, motivated staff, and instinctive understanding of what customers of the business want and need and involves the application of better solutions that meet new requirements, inarticulate needs or existing market needs, Branson (1998), Davida et al., (http://www.slideshare.net/flevydocs/measuring-for-innovation-a-guide-for-innovative-teams and Kuratko et al. (2011).SMEs cannot grow through cost containment, attraction and retention, change management, customer retention and access to capital only. Innovation therefore provides aggressive top line growth and increases bottom line results. It is a process of growing ideas into practical use in such a way to complete the development and exploitation aspects of new knowledge, not just invention. Research from a variety of perspectives indicates that innovation is necessary for growth and survival of SMEs. SMEs that shy away from innovation are liable to 'die young'.

The ability to innovate is therefore critical to all businesses. For an innovation proven to be effective, it demands a well designed organizational structure that stringers creativity and accommodates failure. This is because the business and entrepreneurial environment in Nigeria is turbulent as well as fierce nature of competition that makes it more difficult to fuel business growth, Ernest & Young (2010). In the face of competition (global) from all nooks of crannies, now it is the time to focus on innovation processes and strategies in order to direct the organization where it wants to be in future. The giant strides recorded in the health care industry could be replicated in order sectors of the economy with positive results.

To achieve this objective effectively, it is important to consider Baumgarther's (http://www.jpb.com/creative/innovationprocess.php-baumgarther.) widely quoted innovation process which are also relevant to SMEs. The process is as set out below:

a. Begin with a problem or goal: If a business does not achieve its goal, this may be considered a problem. All businesses have problems in terms of sales, products, processes and costs. This is where innovation process begins.

b. Convert the problem into a challenge: Once a problem is identified, it needs to be converted into a challenge. Baumgarther sees a challenge as a short, terse question that invites creative solutions. This requires funding to improve a particular product or service, how to reduce wastages in the manufacturing process etc. Formulating a challenge that addresses a problem is critical to the innovation process.

c. Challenge colleagues to suggest creative solutions: An innovation challenge calls for communication with organizational colleagues, business partners, customers and members of the public so they can generate ideas.

d. Collaborative idea generation: In this step, the idea generation might be in the form of a brainstorming activity or real idea management software or a team. It must be noted that diverse teams generate more creative ideas than individuals. Collaboration is essential in this stage.

e. Combine and evaluate ideas: The diverse ideas generated are combined into idea clusters. Each big idea can be processed as a single idea to facilitate the process in the next step. Here too ideas are evaluated and the most promising are compared to relevant business criteria. Ideas with the highest evaluation scores are taken to the next step.

f. Develop ideas: This depends on the innovation challenge. For example, new product ideas might be developed into prototypes, process efficiency ideas may be modelled, marketing ideas may be evaluated in consumer survey etc. Ideas are also tested in the business environment in this stage.

g. Implement ideas: At the final stage, ideas are implemented - manufacturing a new product, restructuring the processes, or doing whatever is necessary to turn the evaluated and developed ideas into implementation that generate value or profit for the organization. Here, creative ideas grow to become innovations.

Although there are many other innovation processes, Baumgerther's structured process appears to be more result-oriented. Another critical management issue is access to capital.

3.8. Access to Capital

Funding has always been an important and critical issue in managing in SMEs in developing economies like Nigeria, Kenya, Ethiopia, South Africa, Uganda, Togo, Ghana and many other African countries. Sandwiched between the richest and poorest nations of the world and with very high level of corruption, it becomes imperative for Nigeria to strategically stimulate economic growth and development. One such strategy is to look inward and encourage the growth and development of entrepreneurship. Further, considering the prevailing rate of unemployment, poverty, the desire to create wealth and achieve the country's Vision 20-2020 and the Millennium Development Goals (MDGs), successive governments since independence in 1960, have embarked on various strategies to stimulate the growth of SMEs and development of entrepreneurship in order to reduce poverty, create wealth and provide employment opportunities for the teeming youth who are ''job seekers'' instead of ''job doers''. Some of the strategies according to the National MSMEs Collaborator Survey (2010) include Funding Entrepreneurial Activities. As noted earlier, funding has been one of the major problems militating against the rapid growth and development of SMEs and entrepreneurship in Nigeria.

At an African Diaspora Marketplace (ADM) Investment Summit organized by Tony Elumelu Foundation (TEF) in conjunction with Western Union and the United States Agency for International Development (USAID) in Lagos few months ago, it was observed that the growth of small business/enterprises was a catalyst for private sector-led growth. The summit further noted that Nigeria and indeed other African countries would need to commit $80 billion (N12.4 trillion) to their equity and debt financing in order to drive entrepreneurship development. This would further create wealth, through employment opportunities, investment and poverty reduction.

In addition, the National Economic Reconstruction Fund (NERFUND), an organization with the objective of catalyzing the development of MSMEs and providing both short and long term loans to participating commercial banks for on-lending to small and medium scale enterprises for the promotion and acceleration of productive activities, has set aside over N300m to finance small businesses and enterprises. NERFUND is jointly funded from local, bilateral and multilateral sources including Federal Ministry of Finance, Central Bank of Nigeria (CBN), African Development Bank (ADB) and so on. This organization has assisted in creating jobs and has contributed to the country's Gross Domestic Product (GDP).

Again, the United States government has invested $26 billion in developing small and medium enterprises and the agricultural sector in Nigeria through the Nigeria-American Chamber of Commerce. Further, Ghana's leading non-bank financial SME-UT Financial Service- has been supporting micro small and medium-scale business in Nigeria since 2009. It has provided financial support for SMEs and entrepreneurship in various sectors through funding of local purchase orders and provision of a wide range of financial services. The SME's philosophy of loving people and adding value to them has further helped in creating wealth and reducing poverty in Nigeria to a large extent.

There are many other funding opportunities including banks and local financial institutions where business owners would solicit for loans to further their businesses. However, the issue of high interest rate in the face of global financial problems is a serious threat to business owners. Other critical issues in managing like insecurity, regulatory agencies, and political instability are other areas for further research and so are not fully discussed in this paper.

4. Methodological Approach

The paper is a theoretical in nature. References are made to professionals and survey reports in areas of competition (Kotler, 1999, Porter's Five Forces Model), business growth, (Drucker, 2003), change management (Kotler, Heller, 2002, Armstrong, 2003, Cummings & Worley, 2005), cost containment, (Sue), innovation, (Davida et al., 2000, Drucker, 1985, Buamgartner, 2009, Dugguh, 2015), and so for findings. These researches provided insights into the various strategies that should be adopted by business owners to succeed especially in the face of national and global challenges militating against SMEs in Nigeria.

5. Literature Findings

Literature findings indicate that SMEs contribute immensely to the growth, development and industrialization of the Nigerian economy. However, they are faced with critical issues of managing like competition, growth, innovation, cost containment, customer relationship, access to capital etc that may prevent them from operating at the maximum. In addition they are faced with numerous government regulations that are often subjected to constant changes at times without notice. Further the issue of boko haram, kidnapping child trafficking and corruption constitute even more critical issues in managing SMEs. However, if the strategies put forward by various experts are carefully implemented, SMEs are bound to succeed and would continue to contribute positively to the socioeconomic growth and development of Nigeria. One striking finding was that SMEs must make an in-depth analysis in terms of the nature, strategy, strength and weakness and plan of their operations in order to deal with competition which has become more intense than ever before.

Another useful finding was that the implementation of the growth strategies proposed by Drucker for example would also strengthen and make these enterprises more successful. Of interest are the issues involved in innovation. In this respect, Baumgarther's process of innovation which begins with identifying a problem (goal setting) and end with implementation of ideas becomes very relevant and strategic. The implication is simple: no matter how effective businesses respond to other critical issues confronting them, if they do not innovate, they are bound to fail at infancy.

6. Way Forward

Based on the preceding, operators of SMEs in Nigeria and indeed other developing countries should imbibe the strategies for effective and healthy competition, business growth, customer relationship, attraction, training and retention of employees, change management, access to funding, cost containment, waging war against corruption, dealing with insurgency by government and so on in order to earn more revenue, increase more profit and contribute better to the socioeconomic growth and development.

Since the economy is in the midst of global small and medium enterprises and entrepreneurship revolution, virtually in every developing nation and market, SMEs are challenging the basic assumptions and are strategising to add value in many novel ways. The formulation, implementation as well as enhancement of new structured strategies in the face of this revolution will surely add to the growth of GDP of Nigeria.

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