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1.2 LIFECYCLE ANALYSIS AT SMALL AND MEDIUM ENTERPRISES – THEORY AND PRACTICE

Summary: Continuous – and sometimes very quick – changes mean an important challenge of our time. Because of these changes, the importance of the assessment of macro environment and the operating activities of enterprises has increased significantly in the past few years. In order to show an economic growth, companies shall pay attention for these changes at different levels – national, regional or global level – and they shall adjust their economic activities to changed circumstances. Small and medium enterprises (SMEs) are more sensitive in this case.

The directions of the economic growth path of enterprises are determined by several factors, for example by the internal conditions of the given company, which may shape the development processes of the company's life. In our research, we used the corporate lifecycle model of Adizes as an analytical method, which was supplemented by corporate medical records, as a useful practical tool. By these medical records, SMEs may easily explore their lifecycle stages, their main features, and the signs of evolution or revolution. These analyses may help in the decision process and may form successful change management tools in establishing new strategy if needed.

Keywords: corporate lifecycle, lifecycle models, small and medium enterprises, strategy, change

1. INTRODUCTION

The main purpose of the literary review is to collect and analyse the most important literature sources connected to this topic, and to determine the theoretical background of our researches. Growth is considered as a key issue in all types of enterprises at each growth stage and it has specific interest and also induces specific challenges in case of SMEs all over the world (Scott and Bruce, 1987; Nieman and Pretorius, 2004). However, it is more essential for the Central Eastern European member states of the EU, where SMEs are a key source of job opportunities and important field of innovative thinking (Ubreziová and Wach, 2010). It is also recognized that growth may bring not only new challenges, but quite often it may cause non-predicted, sudden crises. Demand of companies for economic growth possess the ability to build an adaptive organization (Watson and Everett, 1993; Osborne, 1995; Kuratko and Welsch, 2004) that would improve the capacity to take the required investment and strategic decisions (Nieman and Pretorius, 2004; Hisrich and Peters, 2002). Under present circumstances – i.e. in time of economic crisis – it is very complicated to follow the path of economic growth; therefore, it is a key objective to find those factors and tools, which may help to recognize the different stages of the corporate life. One of the most difficult decisions of enterprises is to modify their strategic plans adjusted to the changes of circumstances. According the opinion of Daróczy (2004) project planning is one of the most successful tool for this problem.

The main purpose of our research was to explore the differences between the different life cycle theories, their positive and negative features and to find an easy-to-use tool for companies to determine their present stage of their life cycle and the most important features of their possible growth path. We should underline, that economic growth is not the only, but one of the most important strategic objectives for enterprises, and its importance became more significant in the years of crises.

2. LIFECYCLE MODELS

Lifecycle models describe the different stages of corporate life. Every company is grown and developed according to a natural lifecycle, facing predictable problems at each stage along their way. All organizations, like all living organisms, have a lifecycle and undergo predictable and repetitive behaviour patterns as they grow and develop. At each new stage of development, an organization is faced with different challenges. How well or poorly can the management answer these challenges, it establishes their future, the success or failure of the organization. (Adizes, 1992)

The life of organizations show a cyclic process, as Szirmai (2002) emphasised; the life of a company or organization is a set of new challenges, which may be solved successfully or unsuccessfully. These answers will determine the growth path of the companies. Life of the enterprises may be considered as a process, a cycle or set of cycles. According to Jávora (1993) it is better to consider lifecycles, because the companies' life is not a permanent developing process but rather a cycle, where the periods of stagnation, increase and decrease change periodically. In our opinion, this aspect is closer to the reality, so we used this theory in our research work. These models may undisputedly help to define the exact place of the enterprises in the lifecycle phases; moreover, these lifecycle models show the different problems of the different stages, which may give practical help to the enterprises by presenting a so-called corporate medical record for the company executives. Chandler (1962) developed one of the early life cycle models of companies. This early work on corporate lifecycles made a base for subsequent researches on linkages between the company's lifecycle and their impacts on strategy, human resources management, operational practices etc. The core of most lifecycle models is that companies have to face different issues during the different stages of their lifecycle. With few exceptions, for example Adizes (1979) organizational lifecycle models do not include the phase of organizational decline and death.

In Table 1 and 2 we summarized and compared selected lifecycle models in order to show their similarities and differences.

Table 1: Comparison of different lifecycle models in the view of corporate growth (1)

Stages	Model of Adizes	Model of Timmons	Model of Hisrich and Peters	Model of Greiner
Stages of growth	1. Courtship 2. Infancy 3. Go-go	1. Pre-start up (incubation stage) 2. Start up and survival 3. Early growth	→ similarities with Timmons model, but more details in incubation stage	1. Creativity 2. Direction
Rebirth and maturity	4. Adolescence 5. Prime	4. Maturity 5. Stability-Harvest	→ similarities with Timmons model	3. Delegation 4. Coordination 5. Collaboration
Decline	6. Stable 7. Aristocracy 8. Early bureaucracy 9. Bureaucracy 10. Death	--	--	--

Source: own construction based on Zsupanekné (2011)

Lifecycle models show the life stages of the enterprises and organizations as a sequence of different stages, which are absolutely based on each other. These models not only determine the general features of the different stages, but the different operational and managing problems of each stage and the methods that may help the enterprises to handle the transition

periods more easily are also taken into consideration by them. The examined models show many differences in their stages, namely in their main features, their number and their details.

The model of Adizes introduces the different stages of the lifecycle compared to the human life stages. The model's most important feature is that it gives the most serious problems and threats, which may endanger the enterprise of that age. The Adizes model emphasizes that company leaders shall be able to recognize the difference between the conventional problems of a given life cycle phase of the organisation and those unconventional and harmful problems which may lead to a crises or the total fall of the company. According to Adizes, conventional problems may be solved by the internal resources of the organization if these problems may be foreseen, while the solution of unconventional problems or dysfunctions need an external help in every cases. Without this extra help, the organizations may face with irreversible situation. The special character of the model of Adizes is that it also refers to the possible death of the enterprises.

The model of Timmons does not follow the classic life stages and does not give too much details of the lifecycle, his model does not deal with the declining stage or the death of the enterprises. (Timmons, 1990) In the Timmons model not only the different stages of life of the company are introduced, but it also refers to the given year of the company's operation. Hisrich and Peters use the same characteristics as the Timmons-model, but they supplemented the pre-start up stage (i.e. incubation period) with more details. (Hisrich, 1991)

In Greiner's model, there are different stages (like in the Adizes model) but it deals with only the company's growth and omits the declining or death stages. (Greiner, 1998) Greiner posited a largely internal model, in which a growing organization moves through five distinguishable phases: creativity, direction, delegation, coordination, and collaboration. "Each phase is both an effect of the previous phase and the cause for the next phase" (Greiner, 1972, p. 41). Greiner's position was that "the future of an organization may be less determined by outside forces than it is by the organization history" (Greiner, 1972, p. 38). In Greiner's model, corporate lifecycle is depending on the age and the size of companies.

Salamonné (2006) in her study highlighted the correlations between the main features of different size and development phases of companies. Greiner's model puts emphasis on development stages of the organizations and the levels of the used organizational and management tools and systems, while the model of Adizes deals with the governance aspects and the flexibility criteria, which makes useful supplementary information about the organization.

Table 2: Comparison of different lifecycle models in the view of corporate growth (2)

Stages	Model of Jávör	Model of Kocziszky	Model of Szerb	Model of Salamonné
Stages of growth	1. Preparations 2. Formation 3. Obtaining the market	1. Foundation 2. Growing stage	Synthesized models	
Rebirth and maturity	4. Slow growth 5. Preparations for breakaway 6. Accumulation 7. Signs of crisis 8. Consolidation 9. Diversification in profession 10. Diversification of capital 11. Formation of organisational network 12. Formation of political relations or network	3. Differentiation 4. Consolidation	--	--
Decline	--	--	--	--

Source: own construction based on Zsupanekné (2011)

In Table 2, we summarized some applied models of Hungarian authors. The model of Jávör analyses the lifecycle in a very detailed way. The main concept of this model is to determine the as much stages as possible, and to pay attention for the different organizational problems of the different phases, and refers to the different signs of possible crises, which may endanger the growing process of the enterprises. Kocziszky (1994), in his model, call attention to that the length of each stages are influenced both by internal factors – decisions of the managers and owners – and external factors – e.g. macro environment of the companies.

Vecsenyi (2005) introduced another model type, in which he has differentiated four types of enterprises like the animals in a jungle, where gazelles are fast growing SMEs, ants are traditional SMEs, tigers are dynamic, large enterprises and dinosaurs are traditional large enterprises. His model is rather a static one and not a “classic” lifecycle model, but it introduces the development process of companies and there are several analogies between its types and the different stages of the classic growth models (Miskolczi, 2012). Ants, i.e. the small enterprises may be compared to the Creativity phase of the Greiner model, or the Infancy or Go-go stage of Adizes’ model, but these enterprises do not want to grow. Gazelles are similar to companies leaving the Creativity stage and attending Direction stage according to Greiner’s model, while they are in the Adolescence phase of the Adizes model. Gazelles want to grow in a very dynamic way. Tigers are at the top of their growth; this phase is the Prime stage is the Adizes model. Dinosaurs are a very special group of enterprises, which can be found mainly in the Central Eastern European countries. Dinosaurs do not grow anymore; they are usually in the Bureaucracy stage of the Adizes model. Of course, many other authors have dealt with the analysis of corporate lifecycles, but in accordance with the extent and objectives of our research, these models may be considered as sufficient.

3. “CORPORATE MEDICAL RECORDS” AS A MANAGEMENT TOOL

3.1. MEDICAL RECORDS – A GENERAL INTRODUCTION

Medical record is used to describe the systematic documentation of the patients’ medical history and care while staying in the hospital. The very first of the present type of medical record was introduced in the United States, in the beginning of the 20th century at the Mayo Clinic. Medical record has been in use since ancient times, but their format was rather diary-like, showing the data and facts in time-series format.

The format of the medical record is determined by unwritten rules, some of them are general, or generally used in medical professions, other rules are more specialized in accordance with the local traditions of different hospitals or departments. A patient's individual medical record identifies the patient and contains information regarding the patient's case history. The medical record in every case should include the following data:

- the patient’s personal data,
- the patient’s case history,
- the patient’s status according to his/her physical examination,
- the patient’s medical history in chronological order since birth,
- the results of all examinations taken,
- epicrisis, i.e. the summary of the patient’s full case history.

The main objective of our research was to show how to apply the theoretical aspects of Adizes lifecycle model in practice. Therefore, we prepared the corporate medical record of a Hungarian construction enterprise for its different lifecycle stages, in which the most important characteristics and symptoms of the different stages were shown.

As it is well known, all living organisms have lifecycles, their main characteristics, life processes and behaviours may change with time. These features may be predicted, thus, the possible problems and threats may be treated or – in case of business organizations – managed.

During the long history of medical science, several diagnostic methods and therapies were developed for the treatment of living organisms, this processes may be adapted for other organizations. If the organization’s lifecycles and the characteristics of the different stages periodic and/or can be predicted, the management will know what is the present stage of life of the enterprise, thus they can react precisely and make the needed actions for avoiding the problems and the possible threats. According to Storey and Westhead (1994) the knowledge of corporate lifecycle models is not enough, they are sceptic about the practical usefulness of these theoretical models. In our researches, we observed that the entrepreneurs and company leaders need such practical tools, which are easy-to-use, which may be learned in an autodidactic way, without taking part at any courses or reading manuals. According to the Adizes lifecycle model, each stage has the specific features and preferences for behaviour, resource allocation and leadership motives. The specific motives are necessary and inevitable in the given stage, but they may refer to abnormal function in another stage.

In our paper, we wish to show one possible tool, the so-called “medical records”, introducing the different stages and the connected “corporate medical records” of a construction company according to the Adizes model. The general form of a corporate medical record is shown in Table 3.

Table 3: Structure of a “Corporate Medical Record”

NAME:	Name of the company	
AGE:	Name of the stage	
<u>Personal data:</u> The usual attributes of the different stages	<u>Symptoms, complaints:</u> Revolution symptoms	
<u>Immune system:</u> Dominant evolution characters	<u>Missing symptoms:</u> Symptoms which appears in Adizes model, but not typical in the examined company’s life	
<u>Temperature:</u> Symbolical indication to the general status of the company	<u>Therapy:</u> Suggestion how to solve the problems	

Source: own survey

3.2. USE OF ADIZES’ CORPOTATE LIFECYCLE MODEL IN PRACTICE

In the first stage of corporate lifecycles – the zero, or “courtship” stage – the organisation has not been born yet; it is only an idea in the further founders’ mind. The general characters of this stage are summarized in Table 4.

Table 4: Structure of the corporate medical record in “Courtship” stage

Name:	Age: Courtship	
<u>Personal data:</u> - ideas and concepts - opportunities - commitment	<u>Symptoms, complaints:</u> - excessive risk-taking - lack of commitment - founder’s low motivation	
<u>Immune system:</u> - willingness to risk-taking	<u>Missing symptoms:</u> -----	
<u>Temperature:</u> - high (resulted by high commitment level)	<u>Therapy:</u> - balance between commitment level and risk-taking level - the founder shall lead and manage the organization - commitments for producing added values	

Source: own survey

Courtship stage of the examined company has started as a forced path: at the beginning of the 1990s – resulted by the political and economic transition – the former state-owned company should be privatised. Six former colleagues, who had enough experiences and commitments for the future work founded a new company to follow the work. The specific features of the examined company are shown in the medical record of Fig. 1.

Figure 1: “Courtship” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Courtship (initial year – year zero)	
EVOLUTION	<u>Personal data:</u> - high commitment of the six founders of the company	<u>Symptoms, complaints:</u> -----	REVOLUTION
	<u>Immune system:</u> - willingness towards risk management	<u>Missing symptoms:</u> -----	
	<u>Temperature:</u> - high fever (commitment)	<u>Therapy:</u> - additional risk-taking - company foundation	

Source: own survey

The risk-taking level of the founders was equal and adequate for starting a new business, therefore the company was born and entered into the infancy stage. The general information about the infancy stage of the Adizes model is shown in Table 5.

Table 5: Structure of the corporate medical record in “Infancy” stage

Name:	Age: Infancy
<u>Personal data:</u> - commitment level - no hierarchy - no system working - one-person management	<u>Symptoms, complaints:</u> - lack of capital - haughtiness - lack of supports - problems of delegation
<u>Immune system:</u> - results - sufficient financial coverage	<u>Missing symptoms:</u> -----
<u>Temperature:</u> - commitment level - active operations	<u>Therapy:</u> - stable financing - stability on production and services - stability of suppliers - founder is released from pressure

Source: own survey

The founders were owners and managers in one person; they were very dynamic in their work, because of their former experiences and working morale as well as their very good connections. The only problem was the lack of capital, so almost all the expenditures were financed by credits. Lack of working capital was permanent and the strategic thinking was not typical in the company at that time. The medical record of this stage is illustrated by Fig. 2.

Figure 2: "Infancy" stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Infancy (1993)	
EVOLUTION	<u>Personal data:</u> - staff: 6+25 persons - commitment, enthusiasm	<u>Symptoms, complaints:</u> - "lack of breast milk"– lack of capital - crisis management - lack of strategic thinking	REVOLUTION
	<u>Immune system:</u> - quick decision-making - parental love, commitment - solving the problem of the lack of working capital	<u>Missing symptoms:</u> - infant mortality (founders did not become numb)	
	<u>Temperature:</u> - high fever (commitment, enthusiasm)	<u>Therapy:</u> - stabilization of the financial background - stabilization of activities - building up suppliers' circle	

Source: own survey

Hard work, consciousness and the cooperation with Hungarian banks resulted the financial stabilization of the company, thus it could step further into the go-go stage in 1994. Table 6 summarizes the general features of Go-go stage.

Table 6: Structure of the corporate medical record in "Go-go" stage

Name:		Age: Go-go	
<u>Personal data:</u> - realizing the opportunities - delegating authorities - many priorities	<u>Symptoms, complaints:</u> - overconfidence - crisis induced by the management - incoherence in management - decentralization - founders' trap		
<u>Immune system:</u> - stable financial background - well-operating organization - good market recognition	<u>Missing symptoms:</u> -----		
<u>Temperature:</u> - high	<u>Therapy:</u> - determined growth - formulation of operation networks - planning - professionalism		

Source: own survey

It happened many times in the company, that the founders offered their own properties as a bank guarantee, because the company's revenues and/or assets has already been obligated for other financial services. A well-based consumer circle – in its general meaning – could not develop, but it is typical in the construction industry. During this stage (in 1994), bank financing was permanent, the company's situation was well developed and stable in the market. The founders of the company determined the different responsibilities and tasks according to persons instead of functions. The strength of the linear organizational structure is clearness, but it easily may result the lack of specialization. The circle of suppliers became stable. The company's main features are shown by the medical record of Figure 3.

Figure 3: “Go-go” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Go-go (1994)	
EVOLUTION	<u>Personal data:</u> - linear organizational structure - positioning on real needs - 24 hours stand-by mode of operation	<u>Symptoms, complaints:</u> - founders’ trap - crisis management - lack of strategic thinking	REVOLUTION
	<u>Immune system:</u> - stable financial background - good reputation - solving the problem of the lack of working capital	<u>Missing symptoms:</u> - many mistakes	
	<u>Temperature:</u> - high fever (commitment)	<u>Therapy:</u> - more efficient management style - improving professionalism	

Source: own survey

Although the results of the company were realizable, the management wanted to be more efficient and professional. These efforts have led to a new direction: the company has been transformed into a new organizational form, and started to operate as a holding. By this transformation they turned into a new stage of their lifecycle – the Adolescence stage. This phase of the corporate lifecycle actually means a rebirth. The organization is reborn independently of its founder; therefore, the main features of this stage are conflicts and incoherence. General features of the adolescence stage are summarized in Table 7.

Table 7: Structure of the corporate medical record in “Adolescence” stage

Name:	Age: Adolescence
<u>Personal data:</u> - incoherence - specialization - additional delegating of authorities - new management - expansion	<u>Symptoms, complaints:</u> - leaving colleagues - conflicts - increased importance of administrative tasks - lack of entrepreneurial spirit - decreasing confidence
<u>Immune system:</u> - organizational development - internal fights - incoherence	<u>Missing symptoms:</u> -----
<u>Temperature:</u> - high	<u>Therapy:</u> - balance of administrative management and organizational integration - creativity

Source: own survey

In order to increase revenues and to operate more efficiently, the owners created a holding to be more competitive in the construction industry. The works were distributed into separate divisions, but the management tasks were taken by the central body. The organizational structure was changed: it was transformed into a linear-functional structure. The suppliers and the consumers were satisfied. The investment projects needed increased amounts of cash; therefore, cash management was a general problem for the company, which could be solved by proper cash-flow planning and well-developed management of financial assets. Although the decisions were taken by the chief executive, the colleagues were satisfied and conflicts did

not appeared. Division of labour as well as decision-making tasks and responsibility was also determined according to the different functions. Fig. 4 shows the specific features of Adolescence stage of the examined company.

Figure 4: “Adolescence” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Adolescence (1995-1996)	
EVOLUTION	<u>Personal data:</u> - formation of a holding - linear-functional organizational structure - vertical expansion	<u>Symptoms, complaints:</u> - problems of capital distribution - centralized decisions	REVOLUTION
	<u>Immune system:</u> - increased productivity - rapid growth of revenues	<u>Missing symptoms:</u> - conflicts - personal changes in the management - decrease of sales	
	<u>Temperature:</u> - high fever (many orders)	<u>Therapy:</u> - new organizational structure - delegation of authorities	

Source: own survey

According to Adizes (1992), Prime stage is the most successful and favourable phase of the corporate lifecycle, when an organization is in its equilibrium position both in self-control and flexibility. In prime stage, organizational vitality is at its maximum. (see Table 8.).

Table 8: Structure of the corporate medical record in “Prime” stage

Name:		Age: Prime	
<u>Personal data:</u> - organizational structure - functional systems - successful performance - planning - growing business - separation of new organizations (at infancy stage) from the enterprise	<u>Symptoms, complaints:</u> - lack of well-trained professionals - internal conflicts - self-complacency		
<u>Immune system:</u> - permanent growing - excellent performance	<u>Missing symptoms:</u> -----		
<u>Temperature:</u> - dynamic operation	<u>Therapy:</u> - rules and for encouraging activities - decentralization - encouraging entrepreneurship		

Source: own survey

The examined construction company spent the longest period of its life in the Prime stage. An incentive system was introduced, quality management certificates were obtained during this stage, As a result of the professional knowledge, experiences and motivation of the leaders, the company could successfully react the changes of the market, thus both their revenue and market share increased. The power and responsibility became well balanced and the organizational structure was corrected. The number of employees increased to 300 persons, which was essential for the realization of the investments projects they applied successfully in those times. The lack of capital has not occurred, as the company had good connections and working relationship with different banks. The company had got ISO 9001

and ISO 9002 certificates, which certifies the permanent good quality of work and technology and, in addition, it could improve the competitiveness of the company. The internal decisions also stimulated the growing process. An incentive system was introduced for the project managers. The leadership style was conscious; the brainstorming and ad-hoc decisions were not typical. The company could expand in the construction sector. The medical record of this stage is shown by Fig. 5.

Figure 5: “Prime” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Prime (1997-2003)	
EVOLUTION	<u>Personal data:</u> - equilibrium status (control: flexibility) - successful performance - growing business - increasing revenues	<u>Symptoms, complaints:</u> - problems in distribution of available capital - centralized decision-making - 2004: market saturation	REVOLUTION
	<u>Immune system:</u> - permanent growth (market expansion) - incentives system for project managers - introduction of quality assurance systems (ISO 9001, ISO 9002)	<u>Missing symptoms:</u> - separation of new from the enterprise - no complaints on the lack of cash (resulted by the high activity of the company)	
	<u>Temperature:</u> - mild fever/fever (“golden age”)	<u>Therapy:</u> - coordination of works undertaken, current assets and suppliers - conservation, staying in the same stage	

Source: own survey

In 2004, the supports of the housing programmes was cut by a governmental decision, which caused a turning point of the company’s growth, as it caused a significant decrease of the company’s revenues. As a result of this breakpoint, new objectives and new strategy had to be determined to survive the oversupply in the housing market. The most important challenge of this stage was to stay in this stage as long as possible and to maintain the stability of the organization. Nevertheless, the rate of growth has decreased, and the company made a step into the next phase, to the Stable stage in 2004.

Stable stage is positioned at the top of the lifecycle curve, but it is not the place to be, as companies that are in the Stable phase have started to lose their vitality and are aging.

Table 9: Structure of the corporate medical record in “Stable” stage

Name:	Age: Stable
<u>Personal data:</u> - intention for positive economic results - well-organized operations - sense of safety - conservative operating methods	<u>Symptoms, complaints:</u> - decrease of growing process - focusing on former success and results - uncertainty with changes - strict instructions
<u>Immune system:</u> - obtaining new markets - less risks	<u>Missing symptoms:</u> -----
<u>Temperature:</u> - normal	<u>Therapy:</u> - obtaining new markets - satisfying consumers’ needs - creativity - entrepreneurial spirit

Source: own survey

The Stable stage is summarized in general by Table 9, while the specific features of the examined company are shown by Fig.6. One of the most important barriers of a company’s growth is the market saturation and the decreased demand. It leads to the loss of revenues, which may cause redundancies in order to decrease costs. The management should adjust their strategy and to find market niches. This intention was successful and the company could take part in very dynamic new projects: the construction of water theme parks. They could not make greater changes in the strategy, for example, they did not want to obtain foreign markets. It predicted the vision of slow decline, which could not be stopped, thus the company entered into the aristocracy stage.

Figure 6: “Stable” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Stable (2004-2006)	
EVOLUTION	<u>Personal data:</u> - sense of safety - number of employees reduced to 240 - adequate ratio of customers and suppliers	<u>Symptoms, complaints:</u> - decline in revenues (reduced demand, market saturation in the construction industry)	REVOLUTION
	<u>Immune system:</u> - new market niche (water theme parks)	<u>Missing symptoms:</u> - unwillingness to open new markets	
	<u>Temperature:</u> - normal	<u>Therapy:</u> - instead of self-preservation, to find and to open new markets is suggested	

Source: own survey

In Aristocracy stage, the effects of declining flexibility start to become more obvious. The company's focus becomes increasingly short-term; their goals are mainly financially oriented and low-risk. The most important aim is to maintain the status quo, what counts in the organization is not what people do, but how they behave (Table 10).

Table 10: Structure of the corporate medical record in “Aristocracy” stage

Name:	Age: Aristocracy
<u>Personal data:</u> - formalities became most important - more emphasis on how things are done, than what was done - formalism - little interest on new targets - employees are worrying about future	<u>Symptoms, complaints:</u> - loss of markets - decrease of revenues - increasing profit without reducing costs - acquiring the enterprise
<u>Immune system:</u> - elegance, quality, values - focus on past achievements, the goodwill	<u>Missing symptoms:</u> -----
<u>Temperature:</u> - normal	<u>Therapy:</u> - improving commitment - to be faced with reality - development instead of routine operations - entrepreneurial spirit

Source: own survey

As it is general in the Aristocracy stage, the company preferred formalities. The main offices of the company was modernized, a fleet of premium category cars was bought, and everything showed the high quality and elegance. In 2008, the company started a new project on their own, which preparations needed a huge amount of money and financial commitments. Aristocracy stage of the examined company is summarized in Fig. 7.

Figure 7: “Aristocracy” stage of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Aristocracy (2007-2008. III rd quarter)	
EVOLUTION	<u>Personal data:</u> - modernization of the company’s main offices - buying out co-owners	<u>Symptoms, complaints:</u> - decreasing revenues (reduced demand, market saturation) - high proportion of short-term liabilities	REVOLUTION
	<u>Immune system:</u> - goodwill - supporting the local region	<u>Missing symptoms:</u> - stale atmosphere - employees worry about future	
	<u>Temperature:</u> - normal	<u>Therapy:</u> - commitment should be improved instead of relying on goodwill - warning signs should be noticed	

Source: own survey

In the second half of 2008, the economic crises had significant impacts on the financial sector, which resulted that the company entered to the next stage: early bureaucracy. According to Adizes (2004), early bureaucracy stage appears when the company staying in the aristocracy stage is unable to reverse its downward spiral. Organizational performance continues its decline, and the paranoia intensifies. Internal fights increase, and colleagues who are objects of fear and distrust, either are fired or leave (Table 11). This is the situation continues until the company ends up bankrupt or enters the stage of Bureaucracy.

Table 11: Structure of the corporate medical record in “Early bureaucracy” stage

Name:	Age: Early bureaucracy
<u>Personal data:</u> - paranoia - total lack of creativity - internal fights	<u>Symptoms, complaints:</u> - conflicts
<u>Immune system:</u> - seeking for possible solutions - fight against competitors	<u>Missing symptoms:</u> -----
<u>Temperature:</u> - fever	<u>Therapy:</u> - solutions for financing problems - problem communication - creativity

Source: own survey

Because of the financial problems and the lack of new projects, redundancy became unavoidable. The financial situation became more serious as the crisis deepened. The company entered into the early bureaucracy stage, and shortly after this, it became bankrupted. The only therapy would be to find new financial support either by prolongation of

former financial constructions or by new credits, but banks did not support these opportunities, they closed the current account balances, and finally the further operation of the company became impossible. The medical record of this stage is illustrated by Fig. 8.

Figure 8: “Early bureaucracy” age of the examined company

CORPORATE MEDICAL RECORD			
NAME: Construction company		AGE: Early bureaucracy (2008. IV th quarter)	
EVOLUTION	<u>Personal data:</u> - number of employees reduced to 150 - employees worry about future	<u>Symptoms, complaints:</u> - decrease of revenues and market share - tense atmosphere	REVOLUTION
	<u>Immune system:</u> - the management continuously try to find solution for the problems - commitment of the CEO	<u>Missing symptoms:</u> - paranoia (no suspicion)	
	<u>Temperature:</u> - fever	<u>Therapy:</u> - solving financial problems - future problems should be indicated to the suppliers	

Source: own survey

Summarizing the medical records of the different lifecycle stages, in our opinion, they may have a significant importance for company leaders, as the evolution and revolution features of the different stages could be well recognized by them. While the features of evolution may help the company to remain in the given stage or to step into the next developmental stage, the so-called revolutionary features may bring turbulent changes with negative impacts. The management of the revolutionary stages will principally determine the further development process of the company.

4. CONCLUSIONS

In this paper – through the example of the examined construction company – we identified the evolution and revolution stages of its corporate lifecycle. The results of our examinations showed that the different development stages could not be separated sharply, because a transition period may be observed in every cases, as some of the features of the former stage will survive as a residuum in the new stage. The structure and functions of the organization could only be established gradually. In the given case, the leaders of the company did not give up their power easily, so the centralised decisions were typical even in the Prime stage.

Unfortunately, the company declared bankruptcy by 2009, which came into force in July 2009. In our opinion, by the help of corporate lifecycle analysis the examined enterprise could have recognized the warning signs, and the liquidization process could have been avoided by establishing a new, appropriate strategy.

As it was mentioned earlier, it is very complex problem to recognize the particular lifecycle stage of an enterprise, as the differences between stages in most cases are not separated by sharp lines. Thus, the management of the enterprise shall pay attention for the warning signs of the expected changes. The “corporate medical record”, we introduced in our paper, may be a useful tool for determining the most important and most specific features of the different lifecycle stages, as the key characteristics, processes and threats may be recognized by this method, as well as the possible therapies, which may give a solution for the problems. The method is still under further development, in order to improve it by an assessment with grade scales instead of the present subjective evaluation process.

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