

AROUND THE SIZE OF OUR COMPANIES

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Size is one of the great obsessions of Basque industrial policy. That Basque companies are excessively small and that they have to increase their size is a diagnosis that we repeatedly hear not only from the political class, but also from businessmen and business associations and from many academics. (see for example, [here](#) or the report by the Basque employer ConfeBask “[Reasons for a policy to promote business size in the Basque Country](#)”).

The rule of three used in the diagnosis is simple: large companies have more resources, have better access to financing, are more internationalized, do more R&D, are more productive, more tractors,..., in short, They are better companies. Therefore, if our companies grow they will also be better. And from there to the repeated recommendations or even public programs to facilitate business growth, there is only one step of pure logic, right?

Things, however, are not usually that simple and no matter how much a local restaurant merges or creates an alliance with other similar ones, it does not become a better restaurant, much less a "McDonalds". Because what really differentiates the former from the latter is not the size, but its

business concept and value model.

A company gains in competitiveness if it contributes increasing value to the market in which it operates and this does not necessarily imply growth, but a good adaptation of size and many other variables (investment, technology, type of partners, organization, etc.) to the conditions that the market demands. And in this sense, it is better not to be obsessed with the size, but with the strategy and business models that, although it is much more complicated from the perspective of industrial policy, can avoid serious business destabilization upsets ([rapid growth, along with other reasons, is surely among the causes that explain the crisis process of the Eroski cooperative](#), for example)

This does not mean, of course, that size is not a relevant issue, which it is and a lot since many business development strategies -promoting a new product, entering international markets, advancing in the value chain, etc.) - necessarily force to invest and increase the business size. But let's not confuse the objectives or the destination with the means and get behind the wheel of a Ferrari, when the most appropriate vehicle is a simple bicycle.

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