Successful Non-Growing Companies

“I think one of the biggest management problems is going to be to understand how to manage a successful non-growing company — and how to get out of the frame of mind that success is measured only by growth”.

Jay Forrester (Hopkins, 2009, p. 10-11)

1. Introduction

For the largest parts of our recent history western societies judged macroeconomic growth, usually defined as an increase in Gross Domestic Product (GDP) (Alexander, 2011), favourably on all accounts. Today, permanent economic growth proves increasingly hard to realize in western economies. At the same time, traditional political hopes associated with economic growth, such as job creation, are hardly being fulfilled, while environmental problems created by economic growth are becoming more apparent and severe (Elkington, 2012; Seidl & Zahrnt, 2010; Victor, 2008). Still, macroeconomic growth is assumed to be directly linked with the well-being of the population, despite a consensus in academic research that the relationship between perceived quality of life or well-being and additional income decreases sharply in richer countries (Lane, 2000) or does not even exist (Easterlin, 1995).

Embedded in these facts, a critical academic and political debate has been gaining momentum on whether growth of GDP should continue to be the dominant political goal in rich, western societies, when this growth (1) does not serve the additional well-being of the people and (2) is accompanied by an overexploitation of environmental resources (Daly, 2005; Jackson, 2009; Max-Neef, 1995; Seidl & Zahrnt, 2010).

1 We argue in line with e.g. Jackson (2009) and Kallis (2011) that the prevailing approaches for decoupling growth and reducing the over-use of environmental resources, such as efficiency or cradle to cradle, have not yet proven to be effective, as they did not result in an absolute reduction of our environmental footprint. We agree with Stengel (2011) and Palzkil-Vorbeck (2012, p. 2) in that “an interplay of strategies of efficiency (‘doing things in a better way’), consistency (‘doing things differently’) and sufficiency (‘doing fewer things’)” is needed to stay within planetary boundaries.
In Anglo-Saxon countries, these debates fall under umbrella terms such as „Steady State Economy“ (Daly, 1973), „Degrowth“ (Georgescu-Roegen, 1979), „Uneconomic Growth“ (Daly, 2005) or, more recently, “Post-growth economies” (Jackson & Victor, 2011) and „Right-sizing“ (Research and Degrowth, 2010). In Francophone countries, a lively debate occurs under the label „Décroissance“ (Latouche, 2006; Muraca, 2012, 2013). What these concepts have in common is their attempt to find a solution to the “limits-to-growth dilemma”, i.e. the notion that on a planet with finite resources, population and economies cannot grow infinitely (Daly, 1996; Meadows, Randers, & Meadows, 1972). Another common feature is their lack to sufficiently discuss the role and functioning of companies (cf. Reichel & Seeberg, 2011; Schneidewind & Palzkill-Vorbeck, 2011; Seidl & Zahrnt, 2013). The latter is unfortunate given that companies are central to achieving any macroeconomic state – growth or post-growth. Unless it is defined how companies can operate “successfully” in post-growth economies, we see little chance of such economies coming into existence and/or being capable of survival. We posit it will be vital for the transformation to any form of post-growth economy how companies can define their role and success within such a new paradigm.

In this paper, we attempt to exemplarily translate discussions on post-growth economies to the company level. Undoubtedly our take on the topic is far away from the preceding paradigm of “the bigger the better” and “grow or die” prevailing in most parts of our societies, companies and especially management text books, and at this stage more questions than answers are available. Further research is required to, for example, conceptualise different forms of post-growths companies, to determine how these companies should be managed in the light of the fact that certain industries in post-growth economies are needed increasingly while others to a lesser extent, to define under which conditions companies can survive without traditional quantitative growth, and how companies must be managed when such growth is no longer the dominant objective. The latter question has been labelled as the greatest management challenge by Jay Forrester in the introductory quote

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2 We use the term post-growth economy as defined by The Post Growth Institute, i.e. an umbrella term for “building on the existing aspects of our world that are sustainable in order to create resilient futures. This includes strengthening ecologically and socially sustainable practices, while recognizing the physical limits of the earth” (The Post Growth Institute, 2010, para 1).
above. Unfortunately, the founder of systems dynamics left solving that challenge to future
generations of scholars.

Transitioning to any state of post-growth economy will require a paradigm shift and
significant changes in the way which our societies and economies function. With
conceptualising one possible form of a post-growth company in this paper, we aim to open up
the vital discussions on such topics to the so far neglected role of companies. Trying to
conceptualize a post-growth company, it is worth noting that in our current growth-oriented
economies there are small and medium-sized companies (SMEs), some of which have stopped
growing at a certain stage in their development. In this paper, we examine a sample of SMEs
that publicly declare to actively follow a no-growth policy on the company level, and which
do so quite successfully over time. We define such Successful Non-Growing Companies
(SNCs) as companies that are not primarily aiming for a maximisation of traditional
management indicators such as sales, market share, profit or employee numbers, but want
remain roughly constant in “size”. More specifically, in this paper, we generate knowledge on
motivations of CEOs to pursue a non-growth company strategy, key performance indicators
applied to measure success of SNCs and strategies that are followed for achieving the
companies’ goals. To that end, we perform a document analysis of ten SNCs from
German-speaking countries.

Our results suggest that motivations for adopting a non-growth strategy on the
company level can be numerous – among them organisational structure and related costs,
work-life balance, risk aversion, as well as environmental and social motivations. A common
feature among the companies in our sample is that they distinguish between traditional
quantitative growth, measured e.g. with a growth in sales, and qualitative growth. Not bigger
but better appears to be the dominant management philosophy. Better, and ultimately the way
in which SNCs measure their success, refers to a diverse set of indicators, including product
quality, efficient processes, unused resources, quality of life, working conditions, the social
and environmental value of products or local embeddedness. Interestingly, three of the
producing companies in our sample put a strong strategic focus on the durability and
reparability of their products. They increase value added by services related to their products
in order to reduce the absolute amount of natural resources used. In summary, our case studies
hint that SNCs are highly innovative companies that are managed with particular emphasis on
resource-efficiency and quality, which, in combination with a no-growth in sales strategy on
company level, offers potential to reduce absolute environmental impacts and to prevent the
often discussed rebound effect on the company level (Jevons, 1866).
Given the limited scalability of results, our findings can however only serve as a starting point for research on SNCs. We therefore identify avenues for future research to potentially expand the academic discussion of the role of enterprises in post-growth economies in general and on the feasibility and advantages of non-growth strategies on the company level in particular. Alexander (2013) argues that a cultural shift towards sufficiency is needed for post-growth ethics to be reflected on the macro-level. If academic discussions resulted in making SNC a viable option for entrepreneurs, we see a possibility that this required cultural shift could be accelerated at the company level.

The remainder of this paper is structured as follows: In section 2 we give an overview of related literature. Section 3 introduces our method and sample. In section 4 we summarize the results of our analysis and in section 5 we discuss possible avenues for future research.

2. Overview of related literature

From Macro-level to Micro-level

It often goes unnoticed that the underlying concept of post-growth economies is not a radical new idea. In the 18th century Adam Smith defined the stationary state of an economy as the logical endpoint of an economy striving for profit within the boundaries of its resources and laws (cf. Luks, 2001). Smith (1776) described the effects of this state for companies as being negative, with profits being low and competition intense, while wages are also low. Mill (1888), on the other hand, described the stationary state of an economy as a desirable state that can be chosen voluntarily and that would be “a very considerable improvement on our present condition” (Mill, 1888, book 4, ch. 6 §2). In Mill’s stationary state economy, population is also not growing and society is no longer focussing on money, while dedicating life primarily to other things than work. Despite this early awareness by renowned economists, management literature almost exclusively focusses on managing growing companies in growing economies. Even in the current discussions on post-growth economies, it is often assumed that companies continue business as usual, in the sense that they pursue growth and a maximisation of profits, and that these goals can only be achieved through gains in productivity and eliminating competitors (cf. Spangenberg, 2010). A notable exception in this context are Jackson and Victor (2011), who show alternative paths with regard to productivity. Generally speaking, however, little efforts have been undertaken to translate the concepts of post-growth to the company level with view to business models, strategies or managementnt concepts (Kearins, Collins, & Tregidga, 2010; 2012; Schneidewind &
Nevertheless, there are concepts in mainstream organization studies literature that contain good arguments for non-growth strategies at the company level, such as the optimum production level and diseconomies of scale, which we will briefly examine here.

Concepts of Optimal Firm Size and Diseconomies of Scale

The optimum production level is reached when the cost of producing an additional unit (marginal costs) amount to the revenue gained with another unit (marginal revenue) (Lipsey, 1975). The optimum production level depends on e.g. industry affiliation. For example, in industries where large investments are needed and fixed costs are high, companies can benefit to a large extent from economies of scale, as costs per production unit decrease when fixed costs are distributed over a higher number of production units. In contrast to economies of scale, diseconomies of scale are similar across industries and often neglected in discussions on optimal firm size.

Schwenker and Bötzel (2006) argue that, when contemplating growth, companies should not neglect diseconomies of scale, which can e.g. result from additional administrative structures required when firms grow. There are however also soft factors resulting in diseconomies of scale, which were categorised by Williamson (1975) as follows:

- *Atmospheric consequences*, i.e. growth is accompanied by increased specialisation and may result in less commitment from employees, when employees have “a hard time understanding the purpose of corporate activities, as well as the small contribution each of them makes to the whole” (Canback, Samouel, & Price, 2006, p. 32).
- *Bureaucratic insularity*, i.e. in larger firms “managers are less accountable to the lower ranks of the organisation […] and to shareholders […]” (Canback et al., 2006, p. 32), which may result in managers acting to maximise their own rather than the company’s benefit.
- *Incentive limits of the employment relation*, i.e. in large firms “performance-related bonuses may encourage less-than-optimal employee behaviour” (Canback et al., 2006, p. 32).
- *Communication distortion due to bounded rationality*: When additional hierarchical layers are added “[i]nformation passed between layers inevitably becomes distorted. This reduces the ability of high-level executives to make decisions based on facts and negatively impacts their ability to strategise and respond directly to the market.” (Canback et al., 2006, p. 32).
Williamson (1981) argues that a company can come to a stage where diseconomies of scale consume the benefits of growth and additional growth is no longer economically reasonable. Despite strong empirical support for Williamson’s framework (cf. Canback et al., 2006), in academic literature companies that are not focussing traditional growth are almost exclusively researched in literature on Social Entrepreneurship Organizations (SEO)³.

**New Paradigm of Scaling**

SEOs have a strong social or ecological motivation, which can co-exist with a limited desire for growth (Dees & Anderson, 2003; Harding, 2006). For example, two of the four SEOs examined by Parrish (2010) stated that they “could be most effective environmentally and socially by stopping growth at a certain level, while the other two […] decided they could be most effective by growing their enterprises indefinitely” (Parrish, 2010, p. 519). Rather than striving for organisational growth in the traditional sense, SEOs strive for a maximisation of the positive effect of the organization’s idea or approach on society (Zadek & Thake, 1997). Scaling their social impact has therefore become the key for successful SEOs (McPhedran Waitzer & Paul, 2011). Scaling refers to collaborative ways of developing and disseminating an idea so that the product or service will be accessible by as many people as possible and necessary (Bradach, 2003). The new paradigm of scaling may consequently also be an interesting notion for companies that follow a non-growth strategy on the company level, but want to disseminate their ideas (Gebauer & Ziegler, 2013).

Companies that today would be described as SEOs were defined by Bakker, Loske & Scherhorn (1999) as growth-neutral. Bakker et al. questioned 52 German growth-neutral SMEs, and 51 large German companies on their strategies for company growth. 82 % of SMEs stated that growth is not the primary objective of their business and 83% found a future without growth conceivable. On the other hand, a large majority of companies examined by Bakker et al. (1999) stated they are forced to grow. For large companies as well as for SME, competitive pressures are among the crucial factors forcing them to grow (see Table 1). In personal interviews, several companies explained that to secure the survival of the company,

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³ We use the term Social Entrepreneurship Organizations (SEO) as an umbrella term for social entrepreneurs, ecopreneurs, sustainopreneurs, social businesses, and social enterprises.
investments in delivery capacities and/or product line extensions are required (Bakker et al., 1999). Furthermore, companies frequently mentioned the need to exploit economies of scale. These statements point to the necessity of a certain size albeit not the necessity to grow eternally.

Table 1 around here

**Empirical evidence on Successful Non-Growing Companies**

Two books provide empirical evidence on companies that decide to stop growing. Burlingham (2005) examines twelve privately owned American companies from a wide range of industries which are „willing to forgo revenues or geographic growth, if necessary, in order to achieve other remarkable ends” (Burlingham, 2005, p. xix). Companies in the sample range from two to 1900 employees and Burlingham concludes that these firms have a certain “mojo”. He makes two important contributions: Firstly and foremost, the book sheds light on the fact that there is a choice available to specific companies not to grow. Taking the decision not to grow, as Burlingham (2005, p. 5) notes, will not be encouraged by “your banker, your lawyer, your accountant, or whomever else you turn to for business advice”, as these stakeholders benefit from growing companies as a customer. The second contribution of Burlingham’ book is that he defined seven qualities of such companies, which can be summarised as:

- questioning usual measures of success,
- refusing taking on external capital,
- being deeply connected with their local community,
- having close and long-term relationships with suppliers and customers,
- creating a special work atmosphere,
- having innovative management structures and
- are being run by a person that shows strong identification with the purpose of the company.
While the owners of such businesses want to earn a return, this is neither their only nor, in most cases, their primary goal. They are “interested in being great at what they do, creating a place to work, providing great service to customers, having great relationships with their suppliers, making great contributions to the communities they live and work in, and finding great ways to lead their lives” (Burlingham, 2005, p. xvii).

White and White (2012) interviewed owners of more than 100 SMEs for their book and report that “[m]ore than a few had made a conscious decision not to expand their companies any further” (White & White, 2012, para. 3). The authors report the following motivations for this decision:

- avoidance of risk, e.g. risk associated with investments needed to expand a business
- maintenance of lifestyle, e.g. longer working hours and less family time when a business is expanded
- avoidance of regulation, e.g. laws that become applicable to companies with a certain size
- unwillingness to delegate responsibilities, e.g. unwillingness to transfer decision-making authority.

White and White further exemplarily summarise their experience in working with these owners as follows:

We spoke with a concrete contractor who has revenue of about $2 million per annum. The owner pulls enough cash out of the company each year to make a very nice life for himself and his family. He has time for a wonderful personal life and is able to pursue some hobbies that he loves. As a businessman, he is highly respected in his industry. […] There is little doubt that he could grow the business significantly if he decided to do so. Growing the business would mean buying more equipment, hiring more people, probably working longer hours, and definitely delegating significant decision-making authority to new managers. The owner has decided not to take that path, at least not right now. All things considered, it’s a completely reasonable decision. (White & White, 2012, para. 4-5)
**Performance Indicators**

What is notably absent from the findings of Burlingham (2005) and White and White (2012) is any characteristic or motivation that points to the limitation of negative environmental and social impacts. Consequently, related literature can show that there is not (necessarily) an overlap between SEOs and SNCs. What both organisational forms have in common is however that their success cannot be measured with the usually applied indicators of success. Consequently, alternative indicators for measuring success are required.

On macro-economic level, there is a lively debate on alternative indicators for measuring the success of a non-growing or more sustainable economy. Many of these indicators rely on the internalization of external effects, thus bringing costs for e.g. the use of environmental resources into the equation (cf. Clifford, Halstead, & Rowe, 1995). Such indicators are partially already operationalised in the concept of Full Cost Accounting (Schaltegger & Burritt, 2000). However, Full Cost Accounting and other approaches rooted in environmental accounting cannot link a company’s resource use with the resource use on macroeconomic level, and consequently do not allow judging whether the amount of resources used by a company is sustainable. We became aware of only one approach aiming to solve that problem, which is the Ecological Allowance of Enterprise conceptualized by Reichel und Seeberg (2011, p. 81), which suggests that “every enterprise ‘owns’ a certain allowable ecological impact. To some extent this is a top-down procedure, moving from globally sustainable ecological impact to the industry and firm level”. The indicator suggested assumes that an industry’s contribution in the creation of GDP determines its ecological allowance, i.e. its right to pollute. Given that an underlying notion of our research is questioning the validity of GDP as a macroeconomic goal, the indicator is not considered useful in our context.

To the best of our knowledge Reichel (2010) is also the first to formulate the concept of right-sizing profits for companies. Arguing that growth in profits is more culturally induced than it is a vital economic necessity, Reichel writes (2010, p. 2) that “[t]he minimum condition for a firm’s economic well-being is its ability to pay off all capital costs including wages, R&D investments and all sorts of calculatory costs like employer’s salary, and thus having an economic profit of zero.” Profit that goes beyond covering these costs is considered excess profit, which is not considered problematic as long as the company’s impact on the natural environment does not surpass its ecological allowance.

In summary, while interesting concepts exist in related literature, we argue that there is a significant gap in knowledge concerning the role of companies in post-growth economies in
general, and SNCs and the management of SNCs in particular. In the remainder of this paper, we aim to help filling this gap.

3. Methodological Execution

Method
We use document analysis, i.e. a systematic procedure that ”entails finding, selecting, appraising (making sense of), and synthesising data contained in documents” (Bowen, 2009, p. 28). As described by Stake (1995), document analysis is particularly useful for case studies in qualitative research to produce insights of a single phenomenon, as in our case SNCs. We formulate three categories of analysis, i.e. motivation, indicators and strategies, based on the following three research questions: What motivates companies to follow a non-growth strategy? What are key performance indicators applied to measure success in SNCs? What strategies do SNCs follow to pursue their companies’ goals?

Our document analysis relies on publicly available material at the time of October 2011, which was originally developed to serve another purpose than our research, and which is thus limited in the detail it can provide. However, by including documents in our analysis that have been generated by the companies themselves as well as various external sources, we ensure that documents included in the analysis have been produced in various contexts, for different target audiences and various purposes. We use document analysis in this paper with the aim to develop a better initial understanding on common patterns among SNCs, build the empirical knowledge on this type of company, and, given the currently underdeveloped stage of research on the role of companies in post-growth economies, generate questions for future research agendas.

Sample
The starting point for the creation of our sample was to identify companies that are not aiming for a maximisation of traditional management indicators such as sales, market share, profit or employee numbers, but want remain roughly constant in “size”. The process of sample creation can be summarised in three steps and was limited to companies from German-speaking countries.
Firstly, to identify SNCs, academic and grey literature, media sources (i.e. popular newspapers, business press, business magazines, internet sources, TV programs), as well as sustainability reports of SMEs were searched for information on companies’ attitudes towards growth. Secondly, companies that stated publicly to not aim for growth regarding indicators such as sales, market share, profit or employee numbers were identified. Companies that stated to aim for growth while not increasing their environmental resource use were also included in this step. 14 companies were identified in this second step. Thirdly, for these 14 companies all documents that discussed a companies’ attitudes towards growth were gathered. These documents included publications by the companies (such as web sites, corporate reports, sustainability reports) as well as sources from outside the companies (such as media reports, articles in business magazines and newspapers, interviews and scripts of TV-interviews). A thematic analysis of the gathered material showed that ten SNCs offered comprehensive material to generate insights with regard to our three categories for analysis, i.e. motivation, indicators and strategies. These companies are displayed in Table 2 and come from a range of industries, include companies selling business-to-business and business-to-consumer, as well as producing and service companies. We show sales and employee numbers to illustrate the diversity of the sample – with company sales ranging from 1.6 million Euros to approx. 100 million Euros; and employee numbers ranging from six to 120 employees.

Table 2 around here

4. Results

Motives

Our document analysis suggests that a variety of reasons can serve as a motivation to follow a non-growth strategy on the company level. These motivations can be categorised as organisational structure and related costs, work-life balance, risk aversion and environmental and social motivations. For numerous companies in the sample, motivations from different categories overlap. Our results regarding motivations for pursuing non-growth strategies thus
partially confirm the findings of Burlingham (2005) and White & White (2012) discussed above.

**Organisational Structure and related costs**

For numerous companies in the sample the need for additional hierarchy levels and administrative structures, which is perceived to be aligned with further growth, is a motivation to keep the company at a certain size. While various companies believe that they could generate more sales, they are sceptical about the profitability of such growth. For example, according to the CEO of internet service provider Neuland Bremen, growth in sales would result in the need for additional management levels and even administrative departments and the therewith associated costs. In addition to that, the CEO expects diseconomies of scale and states that⁴: “We could probably work with 80 instead of 40 people here. Question is however if the company with double the number of persons is still as productive and effective” (Manz, 2010, para. 4)⁴.

At other companies, the CEOs highly value their direct contact with employees and customers, which is expected to decrease with growth. For example at the IT-consultancy BRM, the level of sales, the number of customers and the number of employees is kept constant. According to the CEO, the company currently operates at its optimal firm size. He states that growth in the traditional sense could destroy his company’s success, as it depends on the quality of service and efficiency, which is rooted in well-functioning teams of highly motivated individuals – factors which he does not deem feasible in large hierarchical systems. He further states that if the company was to grow, it would have to make a significant jump in size to compensate for the costs of additional administrative structures, and in that case, he states: "I would not be able to personally deal with my customers but had to focus on being the manager. I would not like that” (Schröder, 2010, para. 4)⁴. Another example for a company whose motivation to not grow eternally is rooted in organisational structure is Waldviertler, which wants to preserve its specific company structure. Growth in sales is not a primary objective of the company, but accepted to the degree at which significant changes in company structure become necessary. The CEO summarizes: „We at least try to get off the drug that is growth” (Müller, 17.07.2012, para. 18)⁴.

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⁴ Where direct quotes have been translated to English the original quotation is provided in Appendix I.
**Work life balance**

Keeping work-life balance was another common motivation among companies in the sample. For example, the managing director of valves producer CBA states:

> Of course we, my husband and I, also thought about rapid growth. But: Every expansion comes at a price. It usually requires a higher work load – at the expense of quality of life. And in that aspect we don’t want to lose out on anything. Family and our kids are our highest good. (Schumann, 2006, para. 5)”

On a similar note, the CEO of Neuland Bremen is quoted saying that as an entrepreneur one has to ask oneself: “Do I want to dedicate all my energy to entrepreneurial success, or do I also want to be able to have a private life” (Manz, 2010, para. 6).

**Risk aversion**

Some, but fewer, companies in the sample mentioned risk aversion as a motivation for non-growth. For example, the CEO of CBA states: “We wanted to protect ourselves from the risk of creating a large bubble that, at some point, bursts” (Schumann, 2006, para. 6). The CEO of Neuland Bremen pointed to the increased pressure of generating orders for a growing business: „The more people we employ, the bigger the need for additional orders” (Manz, 2010, para. 4).

**Environmental and social motivation**

For numerous companies in our sample, non-growth is also motivated by environmental and social responsibility, which in some cases is superordinate to financial success. For example, energy supplier EWS kept profits stable over the past years and the CEO states: “We don’t want to shovel in money but to serve the environment” (Peters & Schulze, 2007, para. 21). Interestingly, various companies in the sample refer to features of the macroeconomic discussions on post-growth economies, such as promoting regional economies, shifts toward services and the required changes in consumer behaviour. For example, shoe producer Waldviertler asks customers to send in shoes to be repaired instead of purchasing new ones. Even though buying new ones would increase company profits relatively more, the company prefers customers to not waste resources (Bunjes, 2012). In a similar vein, steel-furniture
producer Richard Henkel does not want to grow in sales, but wants to contribute to sustainable development by focussing its strategy on producing durable and environmentally friendly products that are capable of repair, and promises a live-long repair and renewal service together with its chairs (Richard Henkel GmbH, 2010). The wooden-furniture producer Möbelmacher refer to the promotion of a regional economy especially in the use of wood, and the promotion of awareness for quality, individuality and regionality as one main goal of the company (Die Möbelmacher, 2009). For Neumarkter Lammsbräu, quantitative growth is limited to the amount of ingredients they can source from the region (Dpa, 2012). The printing shop Oktoberdruck serves to summarize various features of the mindset of companies in the sample:

We want to face the challenge to find a way beyond the established path of growth that is liveable for all parties involved. Approaches and maxims that serve as preliminary guidance for our actions are:

- Producing not cheaper and more, but lesser and more valuable
- By reducing our output we can spare resources
- Increase the immaterial benefit of the printing process, e.g. experience quality, focussing on useful printing products
- Distribute profits and provide a reasonable compensation for all employees (Oktoberdruck, 2011, p. xi)

**Key Performance Indicators**

The diverse motives of SNCs result in diverse key indicators for measuring performance and success. Next to financial indicators, such as profit and costs, several non-financial indicators concerning the quality of products and services, efficiency, unused resources, quality of life, working conditions, the social and environmental value of products or local embeddedness are mentioned by several companies in the sample.

**Financial Indicators**

As mentioned above, growth in sales is not a primary goal for companies in the sample. To the contrary, increases in sales are seen as critical and unwanted by numerous companies. For
example, the CEO of Richard Henkel states that sales “were much too high last year“ (Bunjes, 2012, para. 4). Instead of pursuing growth in sales, companies in the sample put a strong focus on cost reductions and finding innovative ways to achieving them. For example, Richard Henkel uses an innovative design for the storage room, which utilizes night chill and makes air conditioning obsolete, thus reducing energy costs by almost 50% (Böcking, 2012). At BRM, sales have been constant for years, but the CEO states that profit has been increasing every year, as the company constantly looks at new ways how to cut costs (Schröder, 2010).

Growth in profits is regarded as a goal by some companies, but not by others. A certain level of profits, and by some companies a certain growth in profits, is however deemed important. At Waldviertler, not generating a profit in some years is not regarded as failure. The CEO states that „a zero on the record is OK, because it means we were able to pay what had to be paid“ (Wirtschaftsblatt, 2012, para. 3).

**Non-financial indicators**

Quality of products and quality of work and life, instead of quantities produced and sold, is a common feature in measuring success among the companies in our sample. The CEO of BRM states for example: “I claim that we do grow. But we don’t use the traditional terminology for growth with saying we generate more revenues, we do more, more, more. Instead we say, we do better, better, better” (Mikich & Otto, 2010, p. 4). For the producing companies, quality is also related to the aspired long life span of their products, which is also expected to make a contribution to lower levels of resource use. The CEO of Richard Henkel states for example: „We increase quality and value added, but not production and resource use“ (Schuhmann, 2010, para. 3).

Improving environmental performance within the company, in sense of increased efficiency, and/or reducing absolute resource use, is regarded an important performance indicator by various companies in the sample. For some companies, reducing the ecological impact of their products is mentioned as an important measure for success. For example EWS measures success with the amount of clean energy supplied to customers, while at the same time aiming to reduce the energy used per customer. Other companies “measure” success qualitatively with the environmental benefit coming from supporting a regional economy and their local embeddedness. Indicators related to the quality of work and life are another often mentioned
measure for success for the companies in the sample. For example Neumarkter Lammsbräu, which rejects pure quantitative growth, measures its qualitative growth with „the personal development and health of our employees and the beneficial effects of our company for the region“ (Neumarkter Lammsbräu, 2011, p. 16) xiv. Similarly, Oktoberdruck puts a focus on inner growth. The company states:

If it is true that people do not only seek money and power, as often presumed, but actually strive for successful relationships, than Oktoberdruck should be a room for practise and experience. With that we aim at inner growth, which at least does not consume scarce resources. (Oktoberdruck, 2011, p. ix)xv

Strategic Approaches
To reach the individual company objectives and ensure their continued existence, companies in the sample rely on different strategic approaches. Some of these approaches are market-related, such as positioning themselves in market niches and reducing dependencies on customers, while others refer to internal company processes, such as cost-cutting and conducting phases for stability.

Market-related strategies
Several of the companies in the sample position themselves in niche markets with the aim to reduce competitive pressure. For example Neumarkter Lammsbräu produces organic drinks and states: “We are aware that with our strategy we operate in a niche market. This niche is a precondition for our survival in market that is characterised by merciless competition and seemingly endless growth” (Neumarkter Lammsbräu, 2011, p. 16) xvi. Positioning themselves in niche markets ideally allows these companies to maintain their prices and profit margins. In this context, the CEO of CBA recalls: “We, too, were urged to reduce our prices by 5 to 10%. That was what purchasers demanded. But we didn’t do it. We held on to our quality-price-ratio” (Schumann, 2006, para. 6)xvii. This strong position is strategically enabled at CBA by the prevention of dependencies on specific customers. The CEO states: „No customer should amount to more than 10% of our sales over a longer time period, i.e. two or three years. Anything else would create dependencies” (Schumann, 2006, para. 7)xviii.
Some companies in the sample also refer to regionality and local embeddedness as a strategy. Neumarkter Lammsbräu positions itself as a producer of locally produced organic drinks (Dpa, 2012). BRM only accepts orders from the region and consequently does not need a car pool (Mikich & Otto, 2010), as all business trips are carried out with public transport. Another common feature among the producing companies is a strategic focus on durability and reparability of their products. This product strategy is achieved via high quality demands and complemented with offering repair services (cf. Möbelmacher, Waldviertler, Richard Henkel). By shifting value creation from production to services the total amount of resources used can be reduced. At Richard Henkel, for example, customers are guaranteed to have their furniture renewed and repaired even decades later. With this strategy, the company managed to remain financially successful during the financial crisis, when the share of Richard Henkel’s business coming from service more than doubled, which resulted in constant profits for the company despite a decrease in production and sales (Böcking, 2012).

**Internal company processes**

A common notion of companies in the sample is the emphasis of efficiency and cost-cutting. When sales do not grow, gaining efficiency becomes an important strategy to maintain or increase profits. As described above, companies in the sample find innovative ways to cut costs. The CEO of Richard Henkel states that with regard to efficiency the company has “become almost a bit addicted” (Henkel, 2010, p. 12)\textsuperscript{xx}. The company now sees “efficiency – of any sort – as an enormous chance to unlock untapped potential, an enormous fun factor in our daily work, and as securing the location of our production site with a good conscience for climate and people” (Henkel, 2010, p. 15)\textsuperscript{xx}.

Two companies in the sample limit wage costs by putting a limit on wage differences within the company. For example at Waldviertler, the highest wages can only amount to double of the lowest wage. Another two companies in the sample refer to consciously undertaking phases for more stability. For example, at Moormann the company actively decided to not market any new products in its year of deceleration, but to focus on examining and assorting the existing portfolio. According to the CEO this resulted in less press coverage and at the same time astonishing processes: “We gained power and distance, became more efficient and precise” (Wirtschaft – Das IHK-Magazin für München und Oberbayern, 2009, para. 3)\textsuperscript{xxi}.  

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5. Conclusion and Avenues for Future Research

Our results suggest that when different approaches towards qualitative growth are given preference over traditional quantitative growth, several characteristics follow, which are advantageous for the transition to a post-growth economy. For example, several companies in the sample do not want to become bigger, e.g. in terms of sales, but better at what they do. Quality of products and quality of work and life, instead of quantities produced and sold, is a common feature in measuring success among the companies in our sample. Furthermore, our findings suggest that SNCs put a particular emphasis on increasing efficiency. If increases in resource-efficiency are coupled with a no-growth sales strategy on the company level, a rebound effect on the company level is prevented. Thus, SNCs could make a contribution to reducing the absolute amount of resource use. It is furthermore interesting from a post-growth perspective that three of the producing companies in the sample increased the value-added from repair services. This strategy can be linked to the required shift from production to service economy, which is an often mentioned feature in the literature on post-growth economies. At the same time, companies in our sample appear to be highly innovative, i.e. the notion that non-growth on the company level might equal a standstill in the development of a company appears to be wrong.

The scalability of our results is limited, and we suggest avenues for future research to encourage research into the topic, and to generalise or contradict the results found. More conceptual and empirical knowledge is required on the number and types of companies that (can) follow a non-growth strategy. Confusion exists concerning this point even among SNCs: The CEO of a service-company in our sample is convinced that a non-growth strategy cannot be pursued by producing companies (Manz, 2010). Yet, there are producing companies in the sample that successfully do so. Further research is required to determine what exactly within companies must grow, and what must not, and under which market conditions the respective strategy of non-growth might be suitable, and in which industry sectors it would be beneficial for the aimed at transition to a post-growth economy.

Future research could also shed light on the organisational forms suitable for non-growth strategies. While a majority of the businesses in our sample are managed by their owners, one company has more than 650 shareholders. It appears that more important than organisational form is a homogenous interest among shareholders in the company’s goal. In our example, there is a homogenous interest in producing nuclear-free energy, which goes beyond generating profits that can be paid out as dividends. If however shareholders are
mainly interested in financial returns, publicly held companies need to grow (cf. Scherhorn, 2010). Further research is required to determine which organisational forms – or which underlying concepts of these organisational forms – are suitable for an SNC.

Our document analysis gives initial evidence that SNCs, which do not rely on growth in sales to increase or maintain profits, are more motivated to pursue increases in efficiency. German companies are known to postpone investments in efficiency due to e.g. long amortisation times (cf. Mandel, 2013). Our document analysis suggests that, in the absence of alternative options to increase profits and the alternative definition of success, this is not or to a lesser extent the case for SNCs. Again, future research is required to validate or reject this claim in a large empirical study.

Our analysis furthermore revealed that producing companies in our sample increasingly focus on repair-services. Further research should validate whether this shift to additional value-add from services is a common theme in SNCs. If so, SNCs could be aligned with a solution to the “productivity trap” on the macro level identified by Jackson and Victor (2011).

Finally, our research suggests that indicators used to communicate the success of SNCs are various and related to the individual motivations of SNCs. We would invite future research to identify indicators that make the success of SNCs, as well as the advantages of becoming an SNC, measurable and communicable in an easy manner. Identifying such indicators in a reliable manner could increase the transferability and attractiveness of becoming or managing an SNC to other managers and entrepreneurs. As stated above, we believe it will be central to the success of any change to the current macroeconomic system how companies can define their success within the new paradigm. If becoming a SNC turned into a more viable option for managers and entrepreneurs, we see a possibility that the required cultural shift towards sufficiency needed for post-growth ethics to be reflected on the macro-level (Alexander, 2013) could be accelerated on the company level.
References


Table 1: External factors forcing growth (based on Bakker et al., 1999)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Growth-orientated (Large companies)</th>
<th>Growth-neutral (SMEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International competition</td>
<td>68 %</td>
<td>–</td>
</tr>
<tr>
<td>Competitive pressures</td>
<td>34 %</td>
<td>39 %</td>
</tr>
<tr>
<td>Shareholders / Banks</td>
<td>32 %</td>
<td>20 %</td>
</tr>
<tr>
<td>Customer expectations</td>
<td>25 %</td>
<td>35 %</td>
</tr>
<tr>
<td>Government</td>
<td>5 %</td>
<td>20 %</td>
</tr>
<tr>
<td>Employees</td>
<td>15 %</td>
<td>–</td>
</tr>
<tr>
<td>Name</td>
<td>Country of Origin</td>
<td>Year established</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>b.r.m. Technologie- und Managementberatung, Inhaber Harald Rossol e.K. (BRM)</td>
<td>GER</td>
<td>1991</td>
</tr>
</tbody>
</table>
Appendix I
Wir könnten hier vermutlich auch mit 80 statt 40 Leuten arbeiten, aber die Frage ist doch, ob die Firma mit doppelt so viel Person immer noch so produktiv und effektiv bleibt.

können ich mich nicht mehr um meine Kunden kümmern, sondern wäre nur noch der Geschäftsführer. Und das würde mir nicht gefallen.

Wir versuchen zumindest, von der Droge Wachstum wegzukommen.


Will ich meine ganze Energie dem unternehmerischen Erfolg widmen, oder möchte ich auch noch ein privates Leben führen können. 'Zu meinen persönlichen Unternehmenszielen gehört es auch, dass mir das Ganze Spaß macht.'

Vor der Gefahr, eine große Luftblase steigen zu lassen, die irgendwann platzt, wollten wir uns schützen

Je mehr Leute wir beschäftigen, desto größer ist auch der Bedarf an weiteren Aufträgen

Wir wollen kein Geld scheffeln, sondern der Umwelt dienen. „Bei zehn Prozent Wachstum im Jahr ist das Ende für uns erreicht, weil die Landwirtschaft einfach nicht schneller wachsen kann.“

Wir möchten uns dieser Herausforderung stellen und einen für alle Beteiligten erträglichen Weg jenseits des gängigen Wachstumspfades einschlagen. Ansätze und Maximen, die uns als vorläufige Leitplanken dienen, sind: – nicht billiger und mehr, sondern weniger und wertiger produzieren, – durch einen verringerten Output können wir Ressourcen schonen,
– den immateriellen Nutzen beim Drucken ausbauen, z.B. Qualität erleben und erfahren, Konzentration auf sinnvolle Druckprodukte,
– den Ertrag verteilen und einen angemessenen Lebensunterhalt für alle Mitarbeiter bereitstellen.“

x Er [der Umsatz] war im Jahr davor viel zu hoch«

xi "Auch ein Nuller in der Bilanz passt, weil es bedeutet, dass man zahlen konnte, was zu zahlen war."

xii „Ich behaupte schon, dass wir wachsen. Nur, wir nehmen nicht den klassischen Begriff zum Wachstum, indem wir sagen, wir machen mehr Umsatz, wir machen mehr, mehr, mehr. Sondern wir sagen, wir machen besser, besser, besser"

xiii „Bei uns wachsen die Qualität und damit die Wertschöpfung, aber nicht Produktion und Rohstoffverbrauch“

xiv „die persönliche Weiterentwicklung und die Gesundheit unserer Mitarbeiter und der Nutzen, der von unserem Unternehmen für unsere Heimatregion ausgeht“

xv „Wenn es so ist, dass Menschen nicht wie vermutet nur nach Geld und Macht streben, sondern eigentlich nach gelungenen Beziehungen, dann sollte Oktoberdruck ein Raum für Übung und Erfahrung sein. Damit streben wir inneres Wachstum an und das verbraucht auf jeden Fall keine knappen Ressourcen.“

xvi „Uns ist bewusst, dass wir uns mit dieser Strategie in einer Nische bewegen. Diese Nische ist die Voraussetzung, dass wir in einem von gnadenloser Verdrängung und scheinbar grenzenlosem Wachstum geprägten Markt überleben können."

xvii „Auch wir sollten unsere Preise um 5 bis 10 % senken. So die Forderung der Einkäufer. Das taten wir jedoch nicht. Wir hielten konsequent an unserem Preis-/Leistungsverhältnis fest“
„Kein Kunde darf über eine längere Zeit, d. h. über 2 oder 3 Jahre hinweg, mehr als 10% Anteil an unserem Umsatz haben. Alles andere macht uns abhängig“

„fast ein bissle süchtig geworden“

„Effizienz - in jedweder Weise - als enorme Chance, schlummerndes Potential zu heben, als enormen Spaßfaktor an unserer täglichen Aufgabe selbst und als Sicherung unseres Standortes mit gutem Gewissen für Klima und Mensch.“

„Wir haben Kraft und Distanz gewonnen, sind effizienter und präziser geworden“