TOWARDS A SYSTEMIC BUSINESS MODEL FOR SMES PROFESSIONAL CONGRESS ORGANIZERS IN MEXICO

Ricardo Tejeida-Padilla, Ana Gabriela Ramírez-Gutiérrez, Jaime Moreno-Escobar
Instituto Politécnico Nacional, México
rtejeidap@ipn.mx, agrgabriela@hotmail.com, jaimemor1979@yahoo.com.mx

ABSTRACT
During the last decades, Tourism has been one of the fastest growing economic sectors across the world, reverting importance by the governments as a key factor in socio-economic progress due to the revenue by the activity, employment and infrastructure investment.

Derived from the phenomenon of globalization and the relevance of the activity, tourism experiences a continuous expansion and diversification, for that reason, and the need of organizations to hold events in which information could be updated for their industries, MICE Tourism emerged in the late 1950s, consisting in the organization of Meetings, Incentive travel, Conferences and Exhibitions. The MICE Tourism highlight very specific characteristics: (a) interdependence between the various stakeholders; (b) extent of the phenomenon; and (c) the event and its inter and multi-disciplinarity, which requires knowledge of the economic, social, cultural and environmental context within a systemic vision.

In Mexico the number of companies engaged in MICE Tourism has increased; however, many have been created as a market opportunity, without reference to the requirements of the segment and a structured business model that allows their long-term growth and generate value for all the stakeholders; in addition, most companies that make up this sector are Small and Medium Enterprises (SMEs), which have many deficiencies generated by various factors, which does not allow them to develop more and in some cases can lead to its demise, reason why their study is relevant, not only to prevent the failure of these enterprises but accelerate growth and level of global competition.

It is for the above explained that this research describes how building a systemic business model can generate value for Professional Congress Organizers. Because of the magnitude and interdisciplinarity that involves the operation of Tourism SMEs, the research develops a holistic view from the systemic approach due to their ability to study the system as a whole and covering its complexity, allowing the study not only of the intern problems of the company, but the external factors that affect it. Specifically in this research, is used the Soft Systems Methodology (SSM) by Peter Checkland.

The diagnostic of the Professional Congress Organizers in Mexico using the SSM and Strategic Management was developed as preliminary results of the research, showing the current situation of these enterprises, their strengths and weaknesses, the elements of the system and the approach of the Business Model according to the diagnostic.

Keywords: MICE Tourism, SSM, Strategic Management, Systemic diagnosis.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

CONTEXT

Tourism studied from the phenomenological approach involves the study of man in society as the center of the object of study as well the relations with other civilizations, cultures and traditions, which creates positive and negative impacts and consequences (Castillo, 2007). It is for this reason that tourism should be regarded as an activity that generates socio-economic progress due to monetization by the activity and the creation of jobs and enterprises, and investment in infrastructure (World Tourism Organization (UNWTO, 2014)), but also as a sensitive and vulnerable activity in the Anthropocene era.

One factor that has had a great influence on the acceleration of the present geological era, as well as tourism development, is globalization, which is characterized by great interaction between countries, facilitating the flow of people, goods, services and capital (Ibañez, 2011). Under this approach, tourism, by its nature, is a vulnerable activity to this factor, because easily capture their positive or negative impacts (AIEST, 1996).

According to the annual report of the UNWTO, in 2014 tourism contributed 9% of world Gross Domestic Product (GDP), with revenues of 1.159 billion dollars, besides generating 1 in 11 jobs worldwide and 1.087 million international tourists’ arrivals (UNWTO, 2015). The UNWTO publishes an annual global ranking destination, based on two variables: international tourist arrivals and receipts. According to the latest publication of Tourism Highlights (2015), Mexico was located at 24th position (13.9 MDD) by receipts, and 10th position (23.7 million) by international tourist arrivals taking place in the Top Ten.

Nowadays, tourism experiences a continuous expansion and diversification because of the importance that governments, especially in emerging countries, have given to the activity. The most important tourism markets are: Ecotourism, Cultural, Sun and beach, Business, Cruises and Adventure.

As part of Business Tourism and as a result of globalization and the need of organizations to hold events in which information could be updated for their industries, MICE Tourism emerged in the late 1950s, consisting in the organization of Meetings, Incentive travel, Conferences and Exhibitions. (SECTUR, 2013).

According to the UNWTO (2006), some of the main characteristics to denote the relevance of MICE tourism are:

- Reduces the seasonality.
- Improves the hotel occupancy during low season.
- Contributes to raise the average visitor spending.
- Increases the average stay.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

- Revitalizes the regional economy.
- Contributes to the regeneration of destinations.
- Spreads knowledge.

These mentioned characteristics are translated into benefits for society, generating more jobs, more investment and economic receipts as well as the spread of knowledge in the inbound community with specialists and personalities of science and technology from different industries and the regeneration of destinations. Carrizo and Vieira (2009) mention that MICE Tourism highlight very specific characteristics: (a) interdependence between the various stakeholders; (b) extent of the phenomenon; and (c) the event and its inter and multi-disciplinarity, which requires knowledge of the economic, social, cultural and environmental context within a systemic vision.

In Mexico it is estimated that the MICE Tourism generates an annual economic impact of 32.5 billion dollars and more than 783,000 jobs, contributing 1.43% to the national GDP (CESTUR, 2011). According to the International Congress and Convention Association (ICCA), in 2013 Mexico was ranked in 25th position of the world ranking by countries in attracting congresses, and ranked 5th in North America - Latin America area. For the cities, the best ranked are: Mexico City (57), Cancun (88), Puebla (193), Guadalajara (265), Guanajuato (264), Merida (328) and Playa del Carmen (371).

Given this growth in MICE Tourism, has increased the number of companies involved in the organization of conferences and corporate events; however, many have been created as a market opportunity without reference to the requirements of the segment and a structured business model that allows their long-term growth and therefore its creation and development is performed empirically.

It is for the above explained that this research aims to generate a Systemic Business Model for the Small and Medium Enterprises (SME’s) Professional Congress Organisers (PCO’s), to give advantage to these kind of enterprises to work in an harmonic way with a bigger progress, having a viability in the long term.

SYSTEM UNDER STUDY

In Mexico most of the companies that comprise the MICE tourism, as in other economic sectors, are SME’s. According to the National Development Plan (2013), the SME’s constitute over the 90% of all enterprises, generating 73% of jobs and 52% of GDP; these are indisputable reasons to take special interest in develop strategies to increase the growth of these companies. However, data indicate that 8 out of 10 SME’s do not survive more than two years (Morales, 2011), mainly because many of them are family businesses that do not have adequate preparation, low levels of training of human resources, limited levels of innovation and development and restricted access funding sources, leading to its low penetration in the global market and thus their extinction.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

Within the MICE Tourism, the PCO’s have not been outside this situation and have had to seek permanence and growth, competing with national and international companies to attract international events.

It is clear that competition is growing and companies need to be constantly under training and innovation to survive. Actually, there are non-existence certifications or regulation by SECTUR, and even worldwide, for these enterprises, to make possible to have ongoing training in preparing decision making for senior management based on financial data to allow the stay, long-term growth and competitive advantage of companies, even against those international.

Until this time, there was no need of continuous transformation of enterprises to survive; however, nowadays the faster change in technology and business practices, forcing companies to introduce funding programs, technological progression and continuous training, which in most SME’s can not support and tend to their disappearance. Actually it is necessary for enterprises not only have quality products to secure their stay, but with a business model to generate value for the customer, and of course for its shareholders, in order to keep and gain greater participation in their market. A business model allows to know the position of the company, the strategies taken to reach it and the competitive advantage that will make the difference between the company and the market (Ricart, 2009).

Figure 1 show the system under of study in this research, where the black box is the SME PCO in which transformation processes occur. This system can be classified as an open, concrete, living system, with an assigned objective and socio-technical system.

The inputs to the system are presented by now as quantitative and qualitative information, both internally and externally, having as output the organization of events. It is intended that through the design of systemic business model can be obtained as outputs a larger number of customers, the sustainability of the company in a long-term, the customer loyalty and increased the market share, all having as inputs selective information, quantitative and qualitative, internal and external. The feedback on the system let us know whether there is compliance with the stated objective for the system, which in this case refers to the generation of systemic value for the company.

![Figure 1. System under study.](image-url)
Towards a Systemic Business Model for SMEs PCO’s in Mexico

METHODOLOGY

Because of the magnitude and interdisciplinarity that involves the operation of SME’s in the MICE tourism, research develops a holistic view from the Systems approach due to their ability to study the system as a whole and covering its complexity (Gigch, 2006), which will allow the study not only of the problems within the company, but the external factors that affect it, as well as the effects generated by the lack of long-term planning.

Specifically the Soft Systems Methodology (SSM) by Peter Checkland is used because it is a study applied to a resulting phenomenon from human activity and social interaction. In this approach the researcher becomes a participant of the action and the process of change becomes the object of study (Checkland, 2001).

Additionally, this research includes the implementation of Strategic Management Model by David (2003), using their first phase as an auxiliary tool for the diagnosis of the current state of the system under study. Through this model, cross-functional strategies are formulated, implemented and evaluated to enable the organization to achieve its objectives. This involves integrating all subsystems that are part of it for the success of the organization.

DIAGNOSIS

To identify the current situation of SME’s PCO’s, the first two stages of the SSM were applied to determine the elements that constitute these companies and identify the relationships between their elements as well as its environment and define the relations of conflict.

Referring the Strategic Management Model by David (2003), the first step in the realization of diagnosis was used, which integrates the mission of the organization, the identification of the internal weaknesses and strengths of an organization, determining external threats and opportunities of a company, setting objectives and developing alternative strategies aligned to the mission.

The strategic management model is based on the belief that an organization must continuously verify the facts and trends internal and external. Try to implement strategies to obtain benefits from the internal strengths, take advantage of external opportunities that address the internal weaknesses and avoid or lessen the impact of external threats.

The Figure 2 shows according to step 1 of the SSM “The problem situation unstructured”, an approach to the system under study where all internal and external elements involved in the operation of the system are identified, appears but undefined relationships that exist between them.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

Following the SSM, in step two (Figure 3) the relationship of the system elements and situations of conflict and relations with stakeholders system and also conflict situations are shown (Figure 4).

In Figure 3, as part of step 2 of the SSM, is displayed through pictograms the SME PCO as a system under study as well as its elements and the relationships between them and marked in red the relationships representing a conflict for the system.

Meanwhile, Figure 4 shows the relationship of the system with the environment. It is displayed in a first level halo the system under study and its elements within it.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

Figure 3. Rich picture system and its elements

As a second recursive level, stakeholders are presented, on the third level, government regulators involved in the operation of such enterprises and the last level presents those international organizations, although at present it is not given directly influence in those companies. Just as in Figure 3, the relationships between the different agents are expressed and are denoted in red those conflicts.

Figure 4.- Rich picture system and environment

For the formulation of strategies, follow the Strategic Management Model of David (2003), the mission of the organization was declared, which aims to the subsistence and sustainable growth of the organization through the generation of systemic value for all System customers. Once the mission was established, the identification of the internal weaknesses and strengths of the organization as well as external threats and business opportunities must be done. Subsequently, putting together the information, to built the SWOT Matrix which considering the Strengths, Weaknesses, Opportunities and Threats, aligned to the mission and together with the rich insights obtained through the SSM, allowed the generated and integrated strategies that will pattern to the aspects to consider in the business model to achieve the objectives of the Organization.

External Audit

Two key terms for the study of strategic management are the external opportunities and threats. These terms refer to social, cultural, demographic, environmental, political, legal, governmental, technological, competitive and economic facts and trends that could significantly benefit or harm to the organization in the future and that are beyond their control.

External forces were considered in the External Factors Evaluation (EFE) Matrix, to which weight ranges from 0.01 to 1.0 were assigned, according to the importance that it represents for the system and a rating of between 1 and 4 to each key external to indicate how effectively the firm’s current strategies respond to the factor.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

At the end, multiply each factor weight by its rating to determinate a weighted scored. Sum the weighted scores for each variable to determinate the total weight score for the organization.

Internal Audit

The internal strengths and weaknesses are the activities controlled by the organization and evaluated in the way that it works. Activities in all subsystems of the organization, give rise to strengths and weaknesses. The process of identification and evaluation of strengths and weaknesses of the organization is known as internal audit.

As in the External Audit, Internal Factors Evaluation (EFI) Matrix is constructed, in which weight ranges from 0.01 to 1.0 were assigned, according to relative importance of the factors to being successful in the firm’s industry and a rating of between 1 and 4 to each factor to indicate whether that factor represents a major weakness (rating 1) or major strength (rating 4).

At the end, multiply each factor weight by its rating to determinate a weighted scored. Sum the weighted scores for each variable to determinate the total weight score for the organization.

SWOT Matrix

The Matrix of threats, opportunities, strengths and weaknesses (SWOT) is according to David (2003), an important tool that helps managers to create four types of strategies: strategies taking strengths and opportunities (SO), strategies with weaknesses and opportunities (WO), strategies of strengths and threats (ST) and strategies of weaknesses and threats (WT). The Strategies SO used the internal strengths of a company to take advantage of external opportunities. The WO strategies aimed to improve internal weaknesses to take advantage of external opportunities. Meanwhile, the ST strategies use the strengths of a company to avoid or reduce the impact of external threats and WT strategies are defensive tactics that are intended to reduce internal weaknesses and avoid external threats.

For this research, it was conducted the SWOT matrix in which was obtained eleven strategies, and then was integrated in seven; Finally, these seven strategies were classified according to the feasibility of implementation of strategies for short, medium and long term.

RESULTS

As a result of the diagnosis applied to such organizations, was finding in consistency across both methodologies different situations of conflict between the internal elements of the system that does not allow the proper working of the system, the most representative are:
Towards a Systemic Business Model for SMEs PCO’s in Mexico

• Lack of formal operating procedures.

• Duplication of activities.

• Lack of planning in the allocation of resources.

• Poor interdepartmental communication which has repercussions on the optimization of time and resources and timely response to customers.

As context, conflict situations were also found to be the most noteworthy:

• Poor communication and joint work with the Convention & Visitors Bureaus and the government authorities, to bid more international events.

• Lack of relationship with the World Tourism Organization, the lead agency in the activity, and a lack of legislation covering MICE tourism.

Embodied in the EFE and EFI Strategic Management Model David matrices, the results of the evaluation of the matrices were the result weighted EFE total 2.68 which shows that the environment for these firms provides opportunities, but the strategies used today for those organizations do not take advantage of it, coupled with no mitigating of threats. As for the result of the EFI matrix weight in this study is 2.61, indicating that it is a company that has greater internal strengths, but requires planning strategies that leverage these strengths and further to offset their weaknesses.

In table 1, the SWOT matrix is shown with the critical success factors that were selected and justified for this study, as well the strategies obtained, which are integrated and prioritized according to their feasibility and together with that obtained in the SSM Rich picture formed the basis for the generation of Conceptual Model.
Towards a Systemic Business Model for SMEs PCO’s in Mexico
Table 1. SWOT Matrix for a PCO

<table>
<thead>
<tr>
<th>OPERATIONAL (O)</th>
<th>STRATEGIES SO</th>
<th>OPERATIONAL (O)</th>
<th>STRATEGIES WO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Allocation of budget for business events.</td>
<td>1. Participation of strategic personnel to specialized fairs IMEX and IBTM in order to: (i) update staff knowledge concerning the industry; (ii) attract new international customers (S6, O7, O8)</td>
<td>5. Achieve interdepartmental integration to attract greater number of events, through a supply chain model. (W2, W7, O2)</td>
<td>1. Operation processes.</td>
</tr>
<tr>
<td>2. Demand for professional services in organizing conferences.</td>
<td>2. Harnessing the facilities granted for the government to participate in international fairs, as a catalyst for the internationalization of the company. (S2, S6, O7)</td>
<td>6. Recognize the loyalty and work of the staff through incentives, training and competitive salaries. (W3, W4, O2)</td>
<td>2. Interdepartmental integration to achieve goals.</td>
</tr>
<tr>
<td>3. Receipt of MICE tourist against average tourist.</td>
<td>3. Membership association with PCMA and MPI to potentiate greater industry participation in the domestic market. (S8, O9)</td>
<td>7. Develop and implement operational processes to define the departmental and individual activities within the company, in order to avoid recurring activities, waste of resources, planning of activities, costs and, therefore, better customer service. (O2, W1, W2, W6)</td>
<td>3. Training staff.</td>
</tr>
<tr>
<td>4. Mexico as a stable economy.</td>
<td>4. Work more closely with key industry associations to increase the domestic market share and penetrate international markets America. (S2, S6, O9)</td>
<td></td>
<td>4. Earnings and benefits for employees.</td>
</tr>
<tr>
<td>5. Tourist Attractions to attract business events.</td>
<td></td>
<td></td>
<td>5. Resource Management.</td>
</tr>
<tr>
<td>7. Promotion by government in specialized fairs and state visits.</td>
<td></td>
<td></td>
<td>7. Absence of a supply chain model.</td>
</tr>
<tr>
<td>8. Support of tourism service providers to specialized fairs.</td>
<td></td>
<td></td>
<td>8. Inefficient exploitation of CRM due to lack of staff training.</td>
</tr>
<tr>
<td>9. Existence of several associations specializing in the MICE tourism globally recognized, interested in promoting the growth and sustainability of the activity.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THREATS (T)</th>
<th>STRATEGIES ST</th>
<th>THREATS (T)</th>
<th>STRATEGIES WT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Poor contribution of MICE Tourism to GDP.</td>
<td>8. Take advantage of tax exemptions in the organization of congresses and transportation to organize international events at competitive prices. (S2, S3, S6, T2, T3)</td>
<td>10. Strengthen staff training and encourage interdepartmental collaboration to make the company more competitive and hence attract more domestic and international customers, in order to minimize the impact of government support through waivers taxes granted to MICE industry. (W2, W3, T2, T3).</td>
<td>1. Operation processes.</td>
</tr>
<tr>
<td>2. Elimination of VAT exemption in conferences and conventions.</td>
<td>9. Generate qualitative and quantitative records on the performance of MICE industry, through joint working with Chambers and Associations of the sector, to support the importance of this industry in the national economic activity and thereby obtain greater support. (S2, S3, S6, T2, T3)</td>
<td>11. Establishing minimum aspects to be covered by the security firm contracted at an event, to ensure the safety of the organizing staff and attendees. (W1, T4)</td>
<td>2. Interdepartmental integration to achieve goals.</td>
</tr>
<tr>
<td>3. Elimination of VAT exemption to land and air transportation of passengers.</td>
<td></td>
<td></td>
<td>3. Training staff.</td>
</tr>
<tr>
<td>5. Regulation of SECTUR to PCO’s.</td>
<td></td>
<td></td>
<td>5. Resource Management.</td>
</tr>
<tr>
<td>6. MICE tourism as a priority for the federal government.</td>
<td></td>
<td></td>
<td>6. Establishing formal objectives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STRATEGIES WO</th>
<th>STRATEGIES WT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Operation processes.</td>
<td>10. Strengthen staff training and encourage interdepartmental collaboration to make the company more competitive and hence attract more domestic and international customers, in order to minimize the impact of government support through waivers taxes granted to MICE industry. (W2, W3, T2, T3).</td>
</tr>
<tr>
<td>2. Interdepartmental integration to achieve goals.</td>
<td>11. Establishing minimum aspects to be covered by the security firm contracted at an event, to ensure the safety of the organizing staff and attendees. (W1, T4)</td>
</tr>
<tr>
<td>7. Follow-on development of MICE tourism.</td>
<td>government support. (S2, T5, T6, T7)</td>
</tr>
</tbody>
</table>
Towards a Systemic Business Model

Derived from the results of the diagnosis and referring step 4 of the SSM, the proposal of a conceptual model, which, given the nature of the problem of study, is based on the Viable Systems Model (VSM) by Beer (1994), which help to redesign these organizations to ensure their best performance in a sustainable manner, with a long-term vision, making fulfill the objectives and strategies in the diagnosis and thus generate systemic value for all customers System using appropriate tools with the needed degree of complexity that environmental changes require.

The model distinguishes five subsystems, which are in continuous interaction in order to keep the system in a state of homeostatic balance. The regulatory process seeks to ensure survival in the short and long term system, through processes of learning, adaptation, and evolution.

In Figure 5 is presented the VSM adapted to the SMEPCO. For this system, the subsystems are called:

- **System 1. Operating units**: It is represented by those systems responsible for the generation of services that these businesses are dedicated. To facilitate processing and coordination of operational activities, four subsystems are proposed, which can vary, depending the size and focus of the organization, these systems are:
  1) Congress and Conventions
  2) Corporate Events
  3) Exhibitions
  4) Incentive Travel

Each of these systems, according to Beer (1994), should be viable on its own, so each has its environment, operations, coordination unit and management unit, which will provide information about performance and operational problems presented in the units to Management Systems Organization (Systems 3 and 4, in case where required, also to the system 5) units.

- **System 2. Coordination**: This system, as its name implies, is responsible for coordinating the harmonic work of the operating units (S1), for which it receives information from the local systems of each operating unit. This system is designed jointly by those responsible for management of each operating unit, along with support of System 3. This system is a control unit in the system. This system consists of: Information systems (CRM, ERP), production schedules, task scheduling, and team coordination procedures.

- **System 3. Operational Management System**: This system includes both kind of activities, those from operational area and also management activities. For the activities of the operational area, is in charge of the correct functioning of the operating units. The system has an overview of System 1, which receives information concerning the work of operations; compliance with the objectives also performs resource allocation for each of the units and transmits instructions.
Towards a Systemic Business Model for SMEs PCO’s in Mexico

and objectives given in the Strategic Management System (4) or the General Management (System 5).

As for activities in the area of Management, this system works in conjunction with the System 4 to implement the necessary changes in the system 1 to ensure the functioning of the organization. The homeostat shown in Figure 4, is the regulator channel between the system 3 and 4, which through information, internal and external, past, present and future make decisions and implement in time and form the needed changes to be made in the System 1.

According to the model of strategic management, this system is responsible for identifying IFE Matrix. This system includes activities of Marketing, Sales, Human Resources Management, Quality, Operations Management, Finance, and Engineering.

- System 3*. Audit: Like other systems, it is of utmost importance as it has the function of capturing and processing information that System 2 or 3 System can not provide and that is relevant to the overall system performance. The system 3* should to be sure of capture the complete and accurate information going in 1 to 3 Systems, which performs through quality audits, financial audits, special studies and informal mechanisms for capturing information. This system contributes to the generation of SWOT matrix.

- System 4. Strategic Management System: It is responsible for providing information to the organization's present and future environment. The information obtained will make it executable action through the System 3 for System 1 under the mission, vision and objectives set by the System 5.

The collection of information is through sensors installed in the main environmental variables that affect the system. The activities of this system are: Market Research, Innovation and Development, Foresight studies and strategic planning.

Following the strategic management process, this system is responsible for identifying the EFE Matrix and proceeds to collaborate on the development of the SWOT Matrix and the generation of strategies, which will be evaluated and selected by the system 5.

- System 5. General Management: This system contains decision makers within the SME PCO, which in most cases, by its nature, the system owner is the same person as having responsible for the direction of it. For correct operation this system includes: Mission (customers, market products and / or services), vision, strategic objectives, geographic area and Communication Channels, which are generated based on the information obtained in the SWOT matrix, which is generated by the systems 3 and 4 as well as information provided by the System 3*.

Also they are represented various elements that are required for interaction and proper functioning of the system, these elements are:
Towards a Systemic Business Model for SMEs PCO’s in Mexico

• Algedonic Channel. This channel is responsible for transmitting critical information to the System 5 if the gravity of the situation require it. In this channel sensors must be located in the environment, in order to monitoring relevant variables for the operation of the organization.

• Homeostat. This regulator is between 3 and 4 systems, its function is to facilitate communication between these two systems, that is, the "here and now" of the organization with the "outside and future."

• Amplifier. Allow to amplify the ability of the organization to deploy more capacity from the environment or the ability of managers of the company's own organization.

• Attenuator. Selected from the existing variety in the environment, only that information which is relevant to the organization.

Figure 5.- Viable System Model for a SME PCO
Towards a Systemic Business Model for SMEs PCO’s in Mexico

The five subsystems are related to their environment and can not be isolated from each other as they form a whole in constant interaction. Because the objective of the total system is to be viable, this is be able to maintain the identity of the organization allowing its survival, each of the systems in different recursive levels must have the basic elements to be viable, that is: operations, management and environment.

CONCLUSIONS

The application of SSM in this research allowed adapting to the characteristics of the system under study; agreeing first to identify all elements involved in the operation of the system and the relationships between them and detect those relationships of conflict. Such systemic diagnosis was complemented with Strategic Management tool, enriching further the diagnosis because this mentioned tool allowed to deep in the diagnosis of the environment of the system, detecting not only the relations of conflict, but those inner strengths and external opportunities to use it as advantages for the system.

To enrich the diagnosis of the current situation, the SWOT matrix was constructed to generate strategies that would reduce conflicts between the various actors of the system and the environment on the one hand and to be in a position to fulfill the mission and objectives established for the system, on the other.

Considering the generated and prioritized strategies, the Systemic Business Model for PCO’s was designed applying the VSM by Beer. This corresponds to step 4 of SSM. This business model is robust because it establishes what should be the relationships between actors and subsystems of SME’s PCO’s in order to avoid the conflicts described in the diagnosis and leverage internal strengths and external opportunities of the environment. This in order to ensure the viability of the system object of study, that is, ensuring their survival in a sustainable way in the long term. That is why it is considered that the conceptual model developed in this work will allow the SMEs PCO’s survive in the market in the first instance because it will allow them to develop clearer processes that are aligned with the strategy and mission of the organization.

The step number five on the SSM is the contrast of the conceptual model to reality, to which we will work on the validation of this model to evaluate the feasible and wanted changes and be able to implement the changes within an iterative process that will give systemic value to these organizations.

REFERENCES

Towards a Systemic Business Model for SMEs PCO’s in Mexico

http://www.redalyc.org/articulo.oa?id=39811874002
Convention Industry Council (2011). The Economic Significance of Meetings to the U.S. Economy. CIC, USA.
http://www.ordenjuridico.gob.mx/Federal/PE/APF/APC/SECTUR/Acuerdos/24112005(1).pdf
Towards a Systemic Business Model for SMEs PCO’s in Mexico

Visit Denmark (2012). *The Economic Contribution of Meeting Activity in Denmark*. Visit Denmark, Denmark.