STRATEGIC PLANNING FOR MICRO-COMPANIES IN AN UNCERTAIN BUSINESS ENVIRONMENT USING AI-BASED TECHNOLOGY

By

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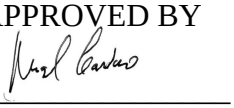

Dissertation chair - Dr. Gualdino Cardoso

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ABSTRACT

STRATEGIC PLANNING FOR MICRO-COMPANIES IN AN UNCERTAIN BUSINESS ENVIRONMENT USING AI-BASED TECHNOLOGY

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This thesis explores how Artificial Intelligence (AI) can enhance strategic planning for micro-companies operating in uncertain business environments. Micro-companies, which constitute the majority of businesses in the Netherlands, often lack the time, financial resources, strategic knowledge, or motivation to engage in formalized strategic planning. Existing strategic frameworks are often too complex or abstract for micro-businesses, particularly owner-managed enterprises (OMEs) whose primary goals may be survival, autonomy, or social value rather than growth. The research draws upon the concept of bounded rationality to argue that micro-entrepreneurs make decisions under severe cognitive and informational constraints. It proposes that AI, when used as a cognitive enabler rather than a decision-maker, can help overcome these limitations by offering

structure, clarity, and analytical support. Using a Design Science Research (DSR) and Action Research methodology, the study develops and tests a customized twelve-step strategic planning process embedded in an AI-supported digital tool. The tool was iteratively designed and evaluated with micro-company owner-managers through surveys and prototype testing using a low-code platform. Findings indicate that participants acknowledged the value of structured planning when presented in a practical, non-intimidating format enabled by AI. The tool significantly improved users' confidence, enhanced strategic planning literacy, and improved their ability to articulate long-term goals. Features associated with Explainable AI (XAI), such as the tool's ability to justify recommendations based on market data and user input, played a crucial role in building trust and enabling learning. The study demonstrates that strategic planning can be democratized for micro-enterprises through intuitive, adaptive, and explainable AI-driven tools. This research contributes to the theory by extending the application of bounded rationality and combining deliberate and emergent strategies in the context of digital tools for strategic planning. Practically, it provides actionable insights for software developers, policymakers, and support organizations seeking to enhance strategic engagement among micro-enterprises. It concludes with recommendations for future research to explore long-term impacts and ethical considerations in AI-supported strategic decision-making.

LIST OF ABBREVIATIONS

AI: Artificial Intelligence

API: Application Programming Interface

DSR: Design Science Research

LLM: Large Language Model

ML: Machine Learning

MSME: Micro, Small, and Medium-Sized Enterprise

OME: Owner-Managed Enterprise or Owner-Managed Entrepreneur

SME: Small and Medium-Sized Enterprise

SP: Strategic Planning

XAI: Explainable Artificial Intelligence

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CHAPTER I - INTRODUCTION

1.1 Introduction

The importance of SMEs in the Dutch business economy is widely acknowledged (Comité voor Ondernemerschap, 2022). Examining the situation in the Netherlands, Small and medium-sized enterprises (SMEs) represent 99% of all companies, employ 70% of the workforce, and contribute 62% to the country's GDP (Comité voor Ondernemerschap, 2022). Micro-companies (with fewer than 10 employees), as part of all SMEs, contribute 30% to the Netherlands' GDP, with 1.5 million companies employing over 50% of the workforce (CBS, 2024).

However, when we assess the present-day business environment, we must conclude that the variables are more capricious than ever (Milewska, 2022). Climate change is creating unknown challenges (WTO, 2022). The COVID pandemic taught us that the certainties we have known for many years, such as sufficient suppliers for purchasing means, global quick deliveries, inexpensive labor, and unrestricted business operations, can cease abruptly (Barua, 2021). Furthermore, unforeseen geopolitical tensions, such as those in Ukraine, Russia, and the Middle East, have led to soaring energy prices and shortages of essential commodities like timber and food products (Arce *et al.*, 2023). This highlights that uncertainty is a persistent challenge that companies must continually address. Strategic Planning (SP) is effective and helpful for navigating this uncertain business environment (Ahmad, 2024). Numerous papers and books have been written discussing the significance of strategic management, with a particular focus on strategic

planning within Small and Medium Enterprises (SMEs) (Chaudhry *et al.*, 2014; Kaplan and Norton, 2000; Kraus *et al.*, 2008; Tapinos *et al.*, 2005). These studies have demonstrated a positive correlation between formal strategic planning and business performance (AlQershi, 2021).

It is also recognized that small and medium-sized enterprises frequently conduct their business without any formal SP or SP processes, primarily due to a lack of knowledge, skills, and resources (Cordeiro, 2013; Skokan *et al.*, 2013; Straková and Talíř, 2020). This often results in comparatively lower performance compared to peer companies that adopt a formalized strategic planning process. Research on formal strategic planning for micro-companies in this area is scarce; for instance, de la Cruz et al. (2023) developed an alternative strategic planning model for the service sector in Mexico, tailored to address the specific challenges and needs of micro-companies. Additionally, many owner-manager entrepreneurs (OMEs) prioritize survival and independence over profit maximization or growth, which further diminishes their motivation to utilize structured strategic frameworks (Wang *et al.*, 2007; Welter *et al.*, 2017).

This research supports the argument that Artificial Intelligence (AI) has the potential to serve as a cognitive and analytical enabler for micro-companies, even when they encounter constraints such as limited knowledge, time, financial resources, or expertise concerning various theoretical strategic models. Based on the concept of bounded rationality (Simon, 1955), which emphasizes decision-making under cognitive and informational constraints, the solutions and evidence derived from this research position AI not as a substitute, but rather as an augmented tool that enables the decision-making

capacity and strategic planning literacy of resource-constrained micro-enterprises (Finkenstadt *et al.*, 2024; Von Krogh and Shrestha, 2021).

1.2 Research Problem

Through the literature review, we distill insights gleaned from these studies, indicating a significant focus on the impact of SP on the performance of small businesses, with a prevalent positive effect observed in recent studies (AlQershi, 2021; Amadi and Edenkwo, 2024; George *et al.*, 2019; Kraus *et al.*, 2008). The predominant factors contributing to the absence of formalized planning in small firms often revolve around resource constraints, notably knowledge of SP processes (Cordeiro, 2013; Málovics and Kraus, 2007; Skokan *et al.*, 2013; Straková and Talíř, 2020; Wang *et al.*, 2007). In summary, evidence suggests that strategic management practices within SMEs lean towards informality, require more structured frameworks, and occur sporadically.

A significant observation regarding most owner-managed enterprises (OMEs) is that their primary motivation is not growth but staying in business and having established that SP, whether formal or informal, is beneficial and aids in enhancing performance or, as desired, attaining the predetermined objectives of micro-enterprises, the subsequent inquiry arises: Which strategic planning process and tools facilitate MSMEs in achieving the desired outcomes? While the deliberate formalized approach (Classical school) may not always be the primary choice, it can be customized for SMEs, particularly micro-businesses, even when the objective is not growth or profit maximization. This adaptation renders it more practical, as SP tools such as PESTEL analysis, 5-Forces model, SWOT

analysis, selection of selection, the Balanced Scorecard, and strategy implementation offer direction in instances where familiarity with the SP process is limited.

Recent research shows that AI can serve as an assistant or enabler instead of a replacement for strategists, enhancing their ability to analyze external and internal factors and support strategic decision-making processes related to external threats, opportunities, internal strengths, weaknesses, and other strategic considerations (Borges *et al.*, 2021; Finkenstadt *et al.*, 2024; Keding, 2021; Kitsios and Kamariotou, 2021; Yigit and Kanbach, 2021). They demonstrate that AI offers a range of appealing functionalities for strategists to employ in managing and coordinating strategic processes. However, it can be concluded that no single solution fits all SMEs, especially micro-businesses, when addressing specific shortcomings and creating a straightforward, comprehensible approach for developing a practical SP framework. Ultimately, MSMEs greatly benefit from participating in SP. Barriers to engagement include a lack of resources such as time, capital, skills, and knowledge (Wang *et al.*, 2007). The observation that most micro-business OMEs lack aspirations for growth or expansion leads them to perceive that strategic planning is unsuitable for their enterprises. The selected strategic process must be customized to meet the specific requirements of MSMEs, including the strategic planning tools employed.

Moreover, the study examines the notion of bounded rationality (Simon, 1955), highlighting that decision-makers function within the constraints of their cognitive capabilities, time, and access to information. Contrary to the assumptions upheld by rational planning models, bounded rationality indicates that business owners tend to satisfice rather than pursue optimal decision-making. Within this context, emerging

technologies such as AI are regarded not as substitutes for human judgment but as tools to enhance cognitive capabilities. They enable micro-business owners to navigate the complexities of their environments, assess alternatives, and execute more emergent strategic trade-offs (Shick *et al.*, 2024).

1.3 Purpose of Research

The objective of this study is to examine the potential of a tailored strategic planning model and an AI-enabled tool specifically designed for micro-businesses. It is imperative for this planning process and tool to be user-friendly, comprehensible, and cost-effective, thereby enhancing the strategic planning capabilities of these businesses, even for individuals with no prior knowledge of strategic models or processes. This model aims to strengthen their operational framework, establish a foundation for long-term objectives, and enhance their preparedness for an unpredictable business environment, thereby increasing their sustainability prospects and supporting them in achieving their objectives. The study aims to:

1. Identify the specific strategic planning needs and challenges of micro-companies in the Netherlands.
2. Develop a customized strategic planning process and tool that utilizes AI to meet these needs.
3. Evaluate how AI can enhance the strategic planning capabilities of micro-companies.
4. Explore strategies for increasing OME engagement in SP activities despite motivational and resource barriers.

1.4 Significance of the Study

Following the cessation of government support for Dutch SMEs after the COVID pandemic in 2022, there has been a notable rise in business closures and bankruptcies due to challenges in adapting to the evolving business landscape (Artradius, 2023). According to Statistics Netherlands, bankruptcies surged by 234% in 2025 compared to 2021, marking the highest figure in eight years (CBS, 2025). This study possesses both practical and theoretical significance. Practically, it provides a cost-effective and user-friendly strategic management process and tool for micro-companies, facilitating their navigation through uncharted waters more effectively and enabling them to achieve their objectives. Theoretically, it serves to bridge the existing gap between research on strategic planning in micro-companies and the evolving domain of AI-enabled management.

1.5 Research Purpose and Questions

This thesis aims to create a practical and straightforward strategic planning approach and tool, enabled with AI, customized for micro-company owners, that they can use without any prior understanding of the strategic planning process, strategic planning models, or terminology.

Research Question 1: What are the specific strategic planning needs and challenges faced by micro-companies in the Netherlands?

Research Question 2: What process can be used to create a customized strategic planning process and planning tool that meets the needs and challenges of micro-companies in the Netherlands?

Research Question 3: How can AI be valuable in enabling Micro-companies with customized strategic planning processes and strategies?

Research Question 4: What strategies can be implemented to encourage OMEs' involvement in SP activities despite challenges related to motivation and resources?

CHAPTER II - REVIEW OF LITERATURE

2.1 Structure of the Literature Review

This literature review is organized as follows. The first paragraph assesses the existing theories, ideas, and concepts of SP within the context of Micro, Small, and Medium Enterprises (MSMEs). The subsequent section provides an overview of the obstacles to strategic planning faced by MSMEs and the role of Owner-Manager Entrepreneurs (OMEs). The third paragraph examines established strategic processes and approaches, focusing on their applicability to micro businesses. The fourth paragraph sheds light on the motivations driving OMEs, aiming to better understand the strategic decisions, or lack thereof, made by micro businesses. After summarizing recognized strategic processes and motivations in the previous paragraphs, the following paragraph raises the question: Which strategic processes and planning tools are helpful for micro businesses? The sixth paragraph outlines how AI could address the shortcomings identified in micro-business strategic planning processes. The concluding section summarizes the findings and highlights the identified research gap.

2.2 Micro, Small, and Medium Enterprises Businesses and Strategic Planning

Since the 60’s, research on SP at small firms can be divided into four major thrusts (Robinson Jr and Pearce, 1984):

1. To confirm empirically the presence or absence of SP practices in SMEs;
2. To provide empirical evidence of the value of SP in small firms;

3. To examine directly or indirectly the appropriateness of specific features of the planning “process” in SMEs;
4. To examine empirically the “content” of strategies in small firms.

More than 40 empirical studies conducted in the 1970s have yielded no conclusive results regarding the positive effect of SP on small business performance (Gibcus and Kemp, 2003; Gibson and Cassar, 2002). Robinson Jr and Pearce (1984) also describe four reasons of Owner-Manager Entrepreneurs (OMEs) for this non-use of SP being: (1) scarcity of time, (2) minimal exposure to knowledge of the planning process, (3) lack of specialized expertise of the planning process, (4) lack of thrust towards employees and outside consultants. Straková and Talíř (2020) also demonstrated the absence of SP in SMEs, highlighting the lack of awareness and knowledge about SP and characterizing it as a deficiency in “managerial literacy.” Mintzberg (1994) is widely recognized for his provocative stance on strategic management, offering a critical examination of SP. According to Mintzberg, the prevalent emphasis on SP often leads to its widespread adoption without considering its limitations. He contends that SP's reductionist approach simplifies the complex and ever-changing business landscape into formulaic plans and forecasts. Moreover, Mintzberg highlights the top-down decision-making process inherent in SP, which tends to disregard the diverse perspectives within an organization. Instead, he advocates for a more inclusive and decentralized strategy-making approach, incorporating deliberate and emergent events. Mintzberg underscores the importance of strategy emerging from experimentation, experiential learning, and adaptation to evolving circumstances. In his 1994 Harvard Business Review article, Mintzberg (1994b) reiterates his perspective, emphasizing the distinction between strategic planning and strategic thinking. He argues that strategic planning often devolves into strategic programming, a

mechanistic process driven by manipulating numbers to devise plans rather than fostering visionary thinking. Mintzberg proposes a transformation in the role of strategic planners within organizations, suggesting they should facilitate the strategy-making process rather than dictating it. This shift aims to prevent the emergence of rigid, inflexible plans devoid of the intuition and creativity inherent in the organization. Later studies have consistently demonstrated a clear connection between strategic planning and corporate success, as highlighted by (Damke Junior *et al.*, 2018; George *et al.*, 2019; Harris *et al.*, 2014; Kraus *et al.*, 2006, 2007a, 2008; Miller and Cardinal, 1994; Sandada *et al.*, 2014; Schwenk and Shrader, 1993). The research conducted by Kraus et al. (2006) aimed to examine the performance implications of SP within smaller enterprises. They found that the formalization of SP had a significantly positive impact on growth performance. This is also acknowledged by Lyles et al. (1993). However, Kraus et al. (2006) did not find evidence supporting the contribution of other aspects of SP, such as time horizon, strategic instruments, and control, to overall performance. Kraus et al. (2006) underscored that small enterprises differ fundamentally from large ones, emphasizing that concepts developed for larger firms may not necessarily apply to small and micro businesses. Consequently, they advocate for the emergence of specially tailored SP concepts for smaller firms. Subsequently, in their later research, Kraus et al. (2008) shifted their focus to investigate the extent and methodologies of SP within smaller firms in Austria, analyzing 248 enterprises of this scale. Through their literature review, Kraus et al. (2008) revealed that 79% of the studies identified a positive correlation between SP and success, while 21% found no or mixed correlation. Additionally, they echoed the findings of Perry (2001), who states that a minimum size threshold exists below which formal written SP is rarely undertaken, particularly by firms with fewer than five employees. Its value is limited,

especially when a business plan is not required to attract investors. Perry recommended that firms with five or more employees should engage in SP as it could enhance their chances of survival and success. Building upon this foundation, George et al. (2019) and O'Regan and Ghobadian (2002) reaffirm that strategic planning significantly enhances organizational performance, spanning both the private and public sectors and transcending national boundaries. They advocate for integrating SP into contemporary managerial practices, emphasizing the pivotal role of formalization in driving organizational progress. Formalization is key to the strategic planning process for organizational progress. However, despite the consensus on the benefits of strategic planning, certain nuances remain unexplored. It is important to emphasize that George et al. (2019) highlight that SP serves as a highly effective tool for organizations to successfully realize their objectives; however, they neglect to acknowledge that the organizations studied (both public and private sectors) were predominantly large entities. This oversight fails to differentiate between large corporations and smaller or micro-sized enterprises. This conclusion is supported by the observation that no meaningful strategic planning can be derived from a process that is inadequately funded. Further insights from Skokan et al. (2013) also challenge the notion that organizational size diminishes the significance of strategic planning, emphasizing its enduring importance across diverse business scales. Cordeiro (2013), meanwhile, acknowledges the informal prevalence of strategic planning in small businesses but advocates for formalization, particularly in light of the complexities inherent in the process. This sentiment is echoed by Suklev and Debarliev (2012), who stress the comprehensive and formalized nature of strategic planning processes, highlighting management involvement and the utilization of illuminates the multifaceted nature of strategic planning, emphasizing its relevance across organizational spectrums and the

imperative of formalization in maximizing its impact. Addressing this gap, Gutterman (2023) and Maříková et al. (2022) observe a dearth of research on the strategic planning dynamics within smaller enterprises, emphasizing its relevance across all business dimensions. They underscore the indispensable nature of strategic planning in navigating the ever-evolving business landscape, countering prevalent misconceptions that relegate it solely to the domain of larger corporations. Ogbechi et al. (2020) conducted a study examining the adoption of SP among SMEs in a developing country, specifically analyzing data from 488 SMEs in Nigeria. Their research underscores the significance of strategic planning, highlighting its pivotal role in enhancing business performance, fostering growth, and ensuring business survival. Moreover, the study advocates for the formalization of strategic planning processes, suggesting that the Nigerian government mandate SP as an integral component of the business plan for SME start-ups, thereby making it a prerequisite for obtaining the mandatory Business License. This recommendation underscores the potential benefits of integrating SP into the foundational framework of SME operations. Additionally, AlQershi (2021) reinforces these findings, noting a positive correlation between business performance and investment in human capital, particularly in training OME and staff on skills and education related to SP and strategic thinking. Such investment in human capital development aligns with the broader objectives of enhancing organizational effectiveness and long-term sustainability. But for the micro firms, several researchers conclude that formal planning mechanisms are often missing due to a lack of resources like time, capital, skills, and knowledge (Cordeiro, 2013; Kraus *et al*., 2007b; Málovics and Kraus, 2007; Skokan *et al*., 2013; Straková and Talíř, 2020; Toku *et al*., 2020; Wang *et al*., 2007). Additional factors are recognized by Charles et al. (2015). Factors such as organizational structure, leadership style, market conditions,

competition, and environmental influences play significant roles in determining the strategic management approach adopted by small businesses. The main abstracted patterns from these studies are that several studies have been conducted on the result of SP on small business performance, where a positive effect prevails in the more recent ones. Two modes for SP in small businesses are recognized in the majority of studies.

1. Formal Strategic Planning
2. Informal Strategic Planning

Certain scholars (Málovics and Kraus, 2007; Mazzarol, 2004; Mazzarol *et al.*, 2009) argue that some types of SP are typically inherent in owner-managed enterprises, whether formalized or solely existing in the minds of the owners. There is also an acknowledgment of a minimum threshold of five employees for implementing formalized, value-adding SP. The prevailing factors contributing to the absence of formalized planning in small firms typically encompass resource constraints, notably a lack of time, financial capital, requisite skills, and knowledge. A brief summary would be that in cases where strategic management is observed within SMEs, research suggests it tends to be informal, lacking in structure, and sporadic. Furthermore, it relies on inadequate and inefficient information, typically sourced informally, and demonstrates a reactive or defensive approach rather than a proactive one (de Souza Mendes *et al.*, 2021). The lack of information hinders not only the ability to foresee situations but also the effectiveness of the response.

2.3 Micro, Small and Medium Enterprises Businesses' Barriers towards Strategic Planning and the Role of the OME

Wang et al. (2007) apply a diagram, as can be seen in Figure 1, which gives an overview of the found barriers to SP in SMEs, as acknowledged earlier, which result in a lack of or low levels of SP in the majority of the SMEs.

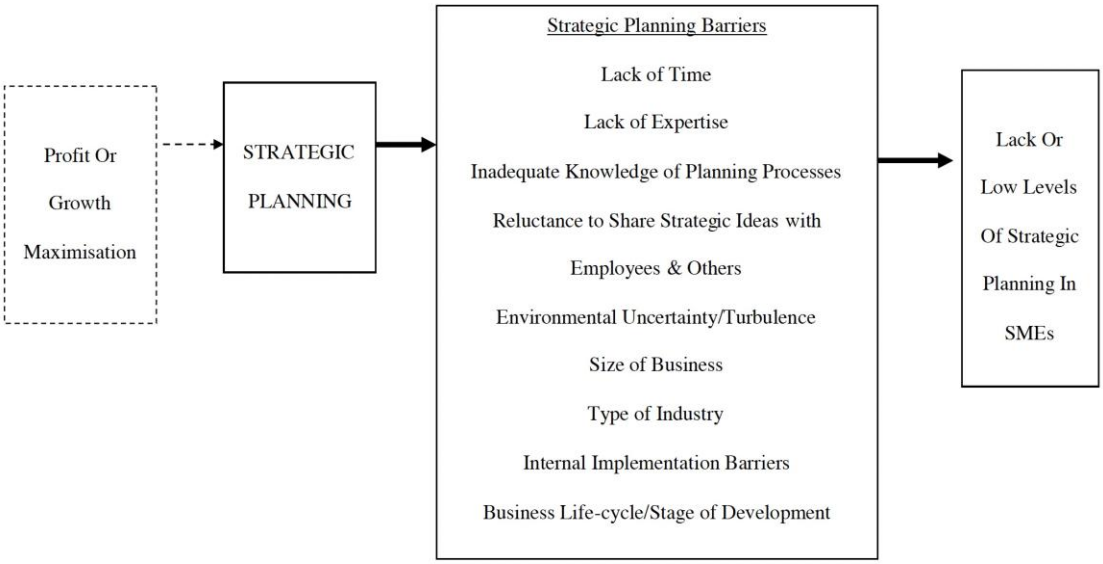

Figure 1
An Existing Approach to Explain Lack or Low Levels of Strategic Planning in SMEs
(Wang *et al*., 2007, p.5)

This overview, however, assumes that all SMEs have a profit or growth-maximizing objective. The question is whether this is the case. Next to the barriers to come to formalized planning, as mentioned before, Wang et al. (2007) point out another dominant issue: ownership motivation. Wang et al. imply that many owner-managers do not want to grow but have non-economic goals such as autonomy and personal satisfaction and actually

"buying" themselves employment. Figure 2 presents the approach of Wang et al. (2007) when the motivations of the OMEs for staying in business is the starting point for investigations into the SP behavior of SMEs. The distinction is made between OMEs with ambitions to grow or pursue profit maximization and OMEs who only pursue personal objectives.

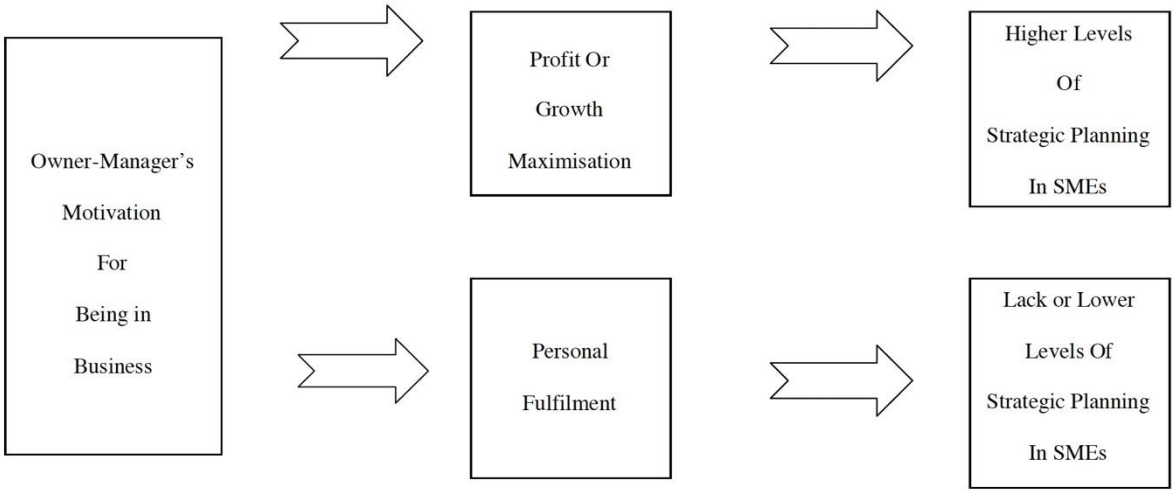

Figure 2

Proposed Approach to Explain Lack or Low Levels of Strategic Planning in SMEs

(Wang *et al*., 2007, p. 6)

This suggests that many owner-managers may prioritize goals such as autonomy and personal satisfaction over economic growth. Carland et al. (1984) already distinguished between entrepreneurs who are profit and growth pursuing individuals who employ strategic management activities and the small business owner who establishes and manages a business to further personal goals. Earlier studies from Gray (2002) indicate that 67% of small and medium-sized enterprises (SMEs) were either averse to growth or engaged in retiring or divesting their business, exhibiting no desire to pursue profit expansion. This

observation is consistent with the findings of Wang et al. (2007). The idea that most OMEs lack aspirations for growth or expansion is further supported by Abosede et al. (2016) and Kirchhoff (1996), who note their focus on personal objectives alongside low levels of innovation and income. These “Necessity Entrepreneurs” are not given the scholarly attention they deserve due to the lack of pursued opportunities (Welter *et al.*, 2017). To gain a deeper understanding of OMEs' motivations, it is essential to consider the findings of other scholars in this field.

Schumpeter (1934) initially proposed that entrepreneurs are primarily driven by economic considerations. However, subsequent studies, as highlighted by Gustafsson (2004), have acknowledged the diverse nature of entrepreneurs, rejecting the notion of a homogeneous group. Gartner (1988) emphasizes the inadequacy of solely focusing on personality traits, advocating for a behavioral approach that views entrepreneurship as a dynamic role undertaken by individuals to establish organizations: “The entrepreneur is not a fixed state of existence, rather entrepreneurship is a role that individuals undertake to create organizations”. Like Welter et al. (2017), the Global Entrepreneurship Monitor (GEM, 2023) underscores the heterogeneous characteristics of entrepreneurs, emphasizing factors such as gender, age, education, location, and financial resources. The report also highlights the fluctuation in income among entrepreneurs in the Netherlands since their startup, with varying levels of increase or decrease. Additionally, the report identifies the motivations for entrepreneurship, with a significant proportion citing the desire to make a positive difference in the world, rather than solely pursuing economic gain. The desire for autonomy was not included, as pre-testing showed that almost all interviewees emphasized this motivation. Carsrud and Brännback (2011) contribute to this discourse by identifying

different types of entrepreneurs based on their motivations. They distinguish between social entrepreneurs primarily seeking social gains and lifestyle entrepreneurs motivated by goals beyond purely economic objectives. Moreover, they acknowledge that individuals such as artists or craftsmen may not necessarily identify as entrepreneurs but are driven by underlying motivations that evolve over time. Factors such as personal satisfaction, achievement, following friends or family, and the need for change may hold greater importance for small enterprise owners and managers than profit or turnover growth, a point also acknowledged by Strielkowski (2012).

Another issue of an SP barrier pointed out by Stefanovska and Soluncevski (2015) is that despite the desire of the OME and other stakeholders to be involved in the formalization of the strategic planning, input in the process is minimal due to the distraction of the day-to-day business. Lack of long-term vision is a characteristic pointed out by Mazzarol (2004) and Mazzarol et al. (2009). OMEs are often noted for their tendency to rely more heavily on decision-making biases and heuristics compared to managers in large organizations. Various factors contribute to this variance, including the inherent risk appetite of entrepreneurs and the dynamic nature of their operating environments. Therefore, grasping these differences is essential for fully understanding the complexities of decision-making in both entrepreneurial and organizational contexts. (Busenitz and Barney, 1997). To understand how OMEs make strategic decisions, five distinct types of OMEs are outlined by Gibcus et al. (2009) based on a number of dimensions: confidence, innovativeness, the perceived risk, the consideration of alternatives, the problematic decision-making process, and the economic situation. Gibcus et al. (2009) derived a taxonomy of five types of small firm decision-makers describing their decision-making

style: Daredevils, Lone Rangers, Doubtful Minds, Informers' Friends, and Busy Bees. Additionally, two cognitive aspects are included: Experience and Education. The Lone Rangers make strategic decisions independently, without consulting others for feedback or input. They do not encounter many problems and seem to prioritize making decisions independently. Additionally, they do not seem to spend much time searching for information or considering different options. Because they tend to make decisions by themselves, they were named the Lone Rangers. The Lone Rangers also distinguish themselves from other types by having the lowest level of education (29% have a primary or high school level) and being the most experienced OMEs, with an average of 16,6 years. 20% of the total population included in this research possesses an educational level below a Bachelor's degree. The findings indicate that those with a higher education level are more inclined to seek information and consult with others. Alade and Ehigbochie (2019) found a similar level of education, with 45% of the OMEs holding an undergraduate degree or higher. Education and skills are also highlighted in the GEM report (GEM, 2023), confirming that among Dutch entrepreneurs, fewer than 50% considered themselves to have the necessary knowledge, skills, and experience to start a business. In conclusion, understanding the motivations and decision-making processes of OMEs to engage in formal or informal SP requires consideration of a range of factors, including individual characteristics, environmental influences, and the evolving nature of entrepreneurial endeavors.

2.4 Which Strategic Processes Are Beneficial to Micro Businesses?

As it is concluded that SP, whether formal or informal, is valuable and contributes to the performance, or as preferred, achieving the set goals of the micro business, the next question is: Which strategic planning processes and tools help micro-enterprises achieve the desired results? Understanding what the strategic management process entails and what subprocesses are included is pivotal to answering that question. A clear and unambiguous answer cannot be provided when reviewing the literature on strategic management. Analyzing the most cited authors leads us to the following overview of different approaches and views on strategic management. As previously described, Mintzberg (1972, 1987) is recognized as the founder of the emergent strategy view. However, he acknowledges the presence of other approaches, which he outlines as a co-author in "Strategy Safari" (Mintzberg *et al.*, 1998). In this work, ten "schools of thought" are depicted, which are eventually compiled into three groupings: Prescriptive, which describes how strategies should be formulated; Descriptive, which examines how strategies are created; and Cognitive, which seeks the insights of cognitive psychology.

According to Johnson et al. (2009), who boiled these three schools of Mintzberg et al. (1998) down to two approaches to Strategic Management:

1. The rational-analytic or deliberate strategy view posits that strategies are developed through a linear process, starting with the analysis of the strategic position, followed by the consideration of options, and subsequent strategic choices. Finally, structures, processes, and procedures for change are established to facilitate effective implementation. Strategy in action emphasizes ensuring that these strategies operate effectively in practice.

Typically, formal strategic planning systems are crucial in analyzing and formulating strategies. From this perspective, strategies are deliberate outcomes resulting from intentional decision-making.

2. The emergent strategy view: From this perspective, strategies often deviate from initial intentions or plans, evolving within organizations through ad hoc, incremental, or sometimes accidental actions. Valuable insights and opportunities frequently arise from practical experiences at lower levels of the organization, rather than solely from top management or formal strategic plans. Even meticulously crafted plans may need to be abandoned as new opportunities arise or the organization learns from marketplace dynamics.

Ansoff's (1965) foundational work on strategy revolves around growth through market and product diversification. He emphasizes the importance of aligning a company's resources and capabilities with the opportunities presented by its external environment. Ansoff categorizes strategies into four quadrants: market penetration, market development, product development, and diversification. Depending on their current market position and objectives, these strategies offer different avenues for businesses to expand and grow. This places Ansoff clearly in the rational-analytic or deliberate strategy school. Granovetter (1985) takes a social embedded approach to the deliberate strategy view, stating that behavior that may seem irrational or inefficient from the perspective of classical strategists could be considered entirely rational and efficient when evaluated through the lens of local criteria and social context. In terms of strategy, the key view is that economic actions are embedded within social structures, meaning that social connections, norms, and institutions influence how economic decisions are made and executed. Therefore, strategies within this

framework must consider not only economic factors but also the social context in which they operate. For companies with no profit-maximizing or non-profit objectives, strategies must consider not only traditional economic metrics of efficiency and profitability, but also their work's social impact and relational aspects. Building and maintaining strong relationships within the community, understanding local norms and values, and navigating institutional contexts effectively are critical components of strategy for non-profit organizations within Granovetter's framework.

While Drucker's (1954) Management by Objectives (MBO) theory does allow for some flexibility in how objectives are achieved, it primarily operates within a framework of planned actions and predetermined goals, which aligns more closely with the deliberate strategy school. Chandler Jr (1969) argues that changes in structure often precede changes in strategy, tracing the evolution from functional to multidivisional structures as companies grew and diversified. He introduces the concept of "strategy follows structure". Chandler's work emphasizes the dynamic relationship between strategy and structure and can be seen as a scholar of the rational-analytical view.

Hamel and Prahalad (1996) underscore the importance of innovation and strategic foresight in maintaining competitive advantage. They advocate for companies to constantly reinvent themselves, set ambitious goals, and cultivate unique strengths to shape their own destinies in the market. They can be placed in the school of emergent strategy. Another approach to emergent strategy is argued by Hannan and Freeman (1989), who state that environmental conditions act as selective pressures, favoring certain organizational forms and strategies over others. Organizations that are better adapted to their environment are

more likely to survive and proliferate. Williamson emphasizes that the most effective strategy within the economy is to focus on relative efficiency. Managers should prioritize minimizing costs, particularly the transaction costs associated with organizing. If a deliberate strategy is ineffective, what matters is an abundance of new initiatives from which the (market) environment can select the best (Williamson, 1991). When considering the previously acknowledged diversity of motivations of OMEs, where non-profit and non-growth objectives (plural) are valid, a second view on business objectives, next to profit maximization, can be added: Plural. This combination of process and objective perspectives can be plotted out as Whittington (2001) did (Figure 3). Whittington provides a practical overview of the four perspectives on strategy: Deliberate, or Classical perspective, Emergent strategy or Processual perspective, Survival of the fittest approach or Evolutionary perspective, and Cognitive or Systemic perspective (Table 1). From traditional to more contemporary perspectives and adding profit-maximizing and other pluralistic objectives to the context.

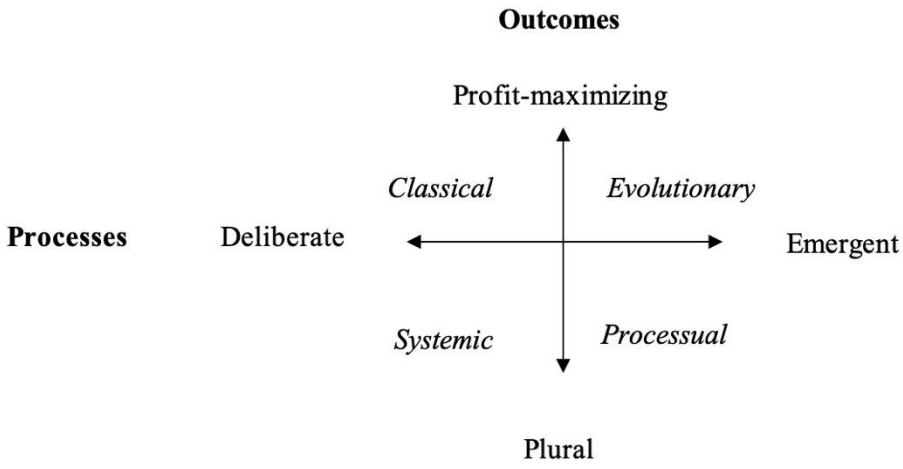

Figure 3

Summary of the implications of the four perspectives on strategy

Adapted from Whittington (2001, p. 10)

Like Whittington argues, it can be concluded that strategy is not a one-size-fits-all concept but something that can evolve within each organization and is open to interpretation. From the ’60s onward, there has been a trend of viewing strategy use in organizations differently. Depending on the profit-maximizing or other objectives, the importance of strategy is a dynamic mix of planned and unplanned elements. What can also be observed is that, due to the profit-maximizing objective, the Classical and Evolutionary approaches are more prevalent in larger (non-SME) organizations, contrary to the Systemic or Processual approaches, which are more commonly found in SMEs. Undergraduate and graduate business studies aim to equip students for roles in larger corporations; thus, the curricula of these programs inherently prioritize the profit-maximizing goals of the Classical school, with strategy planning being a formalized procedure.

	Classic	Processual	Evolutionary	Systemic
Strategy	Formal	Crafted	Efficient	Embedded
Rationale	Profit maximization	Vague	Survival, profit maximization	Local
Focus	Internal (plan)	Internal (politics/cognitions)	External (markets)	External (societies)
Processes	Analytical	Bargaining/learning	Darwinian	Social
Key influence	Economics/military	Psychology	Economics/biology	Sociology
Key authors	Chandler; Ansoff; Porter	Cyert & March: Mintzberg: Pettigrew	Hannan & Freeman: Willliamson	Granovetter; Whitley
Emergence	1960s	1970s	1980s	1990s

Table 1

The four perspectives on strategy

Adapted from Whittington (2001, p. 39)

A review of the different available and widely used textbooks in Business schools gives the following overview of the strategic planning process.

Hill and Jones (2009) describe a structured Strategic Planning process (Figure 4) comprising five interconnected stages:

1. Select the corporate mission and primary corporate goals.
2. Analyze the organization's external competitive environment to identify opportunities and threats.
3. Analyze the organization's internal operating environment to identify the organization's strengths and weaknesses.
4. Select strategies that build on the organization's strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats.
5. Implement the strategies.

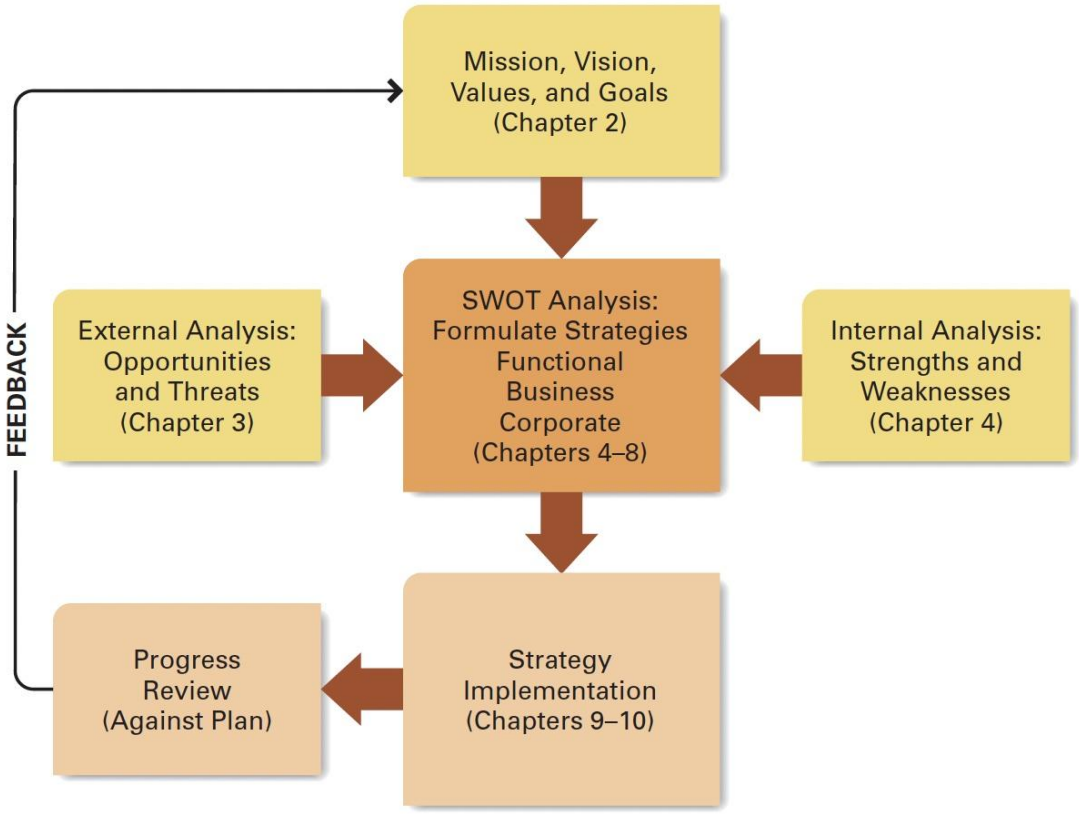

Figure 4
Model of the Strategic Planning Process

(Hill and Jones, 2009, p. 8)

David (2009) comes almost to a comparable process, but he leaves the first step, crafting the organization's mission statement, out of the SP process. The mission statement is seen as the fundamental purpose of the business and reveals what the firm is and does. The formal SP process states how the company will achieve its goals and objectives (Figure 5).

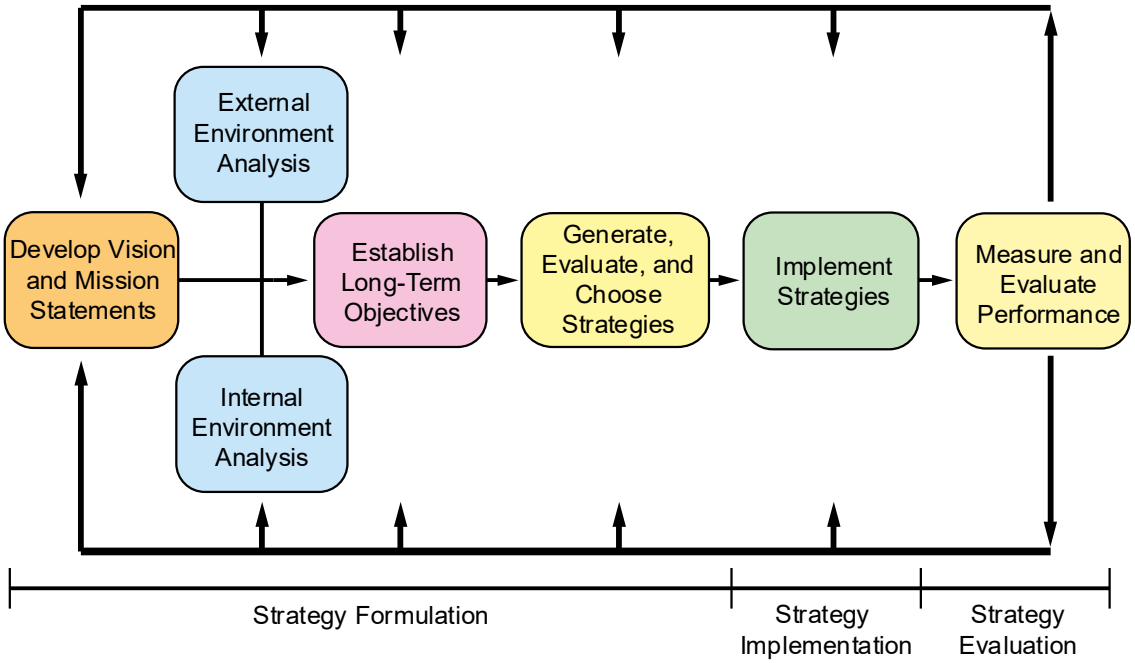

Figure 5

Comprehensive Strategic Management Model

(David, 2009, p.46)

Hunger and Wheelen (2020) state that strategic management encompasses the managerial decisions and actions that shape a corporation's long-term performance. It involves processes such as environmental scanning (both internal and external), strategy formulation, strategy implementation, and the evaluation and control of outcomes (Figure 6). Strategic management focuses on assessing and responding to external opportunities and threats while considering the organization's strengths and weaknesses. This approach aims to develop and execute a new strategic direction for the organization.

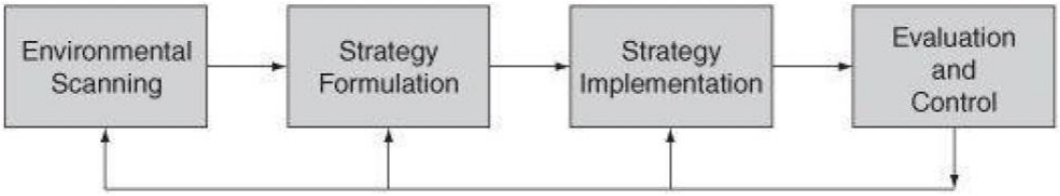

Figure 6
Basic elements of the Strategic Planning process
(Hunger and Wheelen, 2020, p.3)

A simplified model is shown by Johnson et al. (2009) who depict a compressed model (figure 7) consisting of three main elements: The strategic position, strategic choices and strategy in action.

Figure 7
Adapted Model of the elements of strategic management
(Johnson *et al.*, 2008, p.17)

When we examine this model more closely, it consists of the same components as Hill and Jones (2008) and Hunger and Wheelen (2020) at a higher level, with the distinction that Johnson et al. (2009) argue the SP process does not follow a linear sequence because the components are interlinked and provide feedback to each other. These models primarily address the operational frameworks of large corporations, featuring numerous case studies on prominent enterprises, and can be adapted for SMEs and, in particular, micro-businesses (Alade and Ehigbochie, 2019). The comparability of this methodology between non-profit and for-profit enterprises highlights its adaptability. However, it requires tailored adjustments for each sector to suit their unique context and objectives, as illustrated by Hill et al. (2020) and Hill and Jones (2009).

2.5 What drives Micro business Owner-Manager Entrepreneurs?

In a research study conducted by the Dutch Chamber of Commerce (Dutch Chamber of Commerce (KVK), 2019), the motivation for being in business and the value creation of Dutch OMEs were surveyed. 47% of the respondents stated that value creation for the OMEs and staff was the most important motivation, followed by value creation for their customers. The day-to-day focus of the OMEs was on taking care of the company's financial stability (75%), and only 25% focused on growth. When asked about the reasons that imply a barrier to growth, most of the OMEs (54%) mentioned that searching for new customers was the main issue. Sufficient funding and competitive pricing were equally qualified by 24%. When asked for the things “that keep you awake at night”, the main reasons are the financial situation and finding new customers, which are mentioned by

25%. 17% were doubting whether they should take a business risk. It can be concluded that the growth motivation is not the primary motivation, but "staying in business" is. Moreover, the inclination towards risk-taking prompts a significant number of OMEs not to pursue a growth strategy.

2.6 Which Strategic Process and Planning Tools are useful to Micro Businesses

To enhance the understanding of the concept of strategic process and planning tools, the definition provided by Stenfors et al. (2007) is used, who refer to these tools as: "decision aid used methodologically for specific purposes in decision-making or planning activities." In addition to this definition, Pasanen (2011) emphasizes that the goal is to offer companies noteworthy improvements and benefits. Similar to studies by Aldehayyat and Anchor (2008), Stenfors et al. (2007), and Straková and Talíř (2020), Pasanen also observed that the use of tools is more extensive in larger companies than in smaller ones.
To determine which strategic management tools and techniques are appropriate for SMEs, it can be concluded that there is a lack of available research on this subject (Pasanen, 2011; Qehaja *et al.*, 2017; Qehaja and Kutllovci, 2020). In Pasanen's non-comprehensive paper, he recognized the dearth of research regarding the suitability of strategic management tools and techniques for small and medium-sized enterprises, not to mention micro businesses. Fifteen strategic management tools and techniques were selected for this study. He researched the topic and concluded that eight tools ranked above average in usage and satisfaction: Mission & Vision Statements, Strategic Alliances, Business Strategies, Quality System, Outsourcing, Growth Strategies, Customer Satisfaction Measure, and SWOT Analysis. The most popular tools also received high satisfaction ratings. Five

others, including the Balanced Scorecard, Benchmarking, and Scenario Planning, recorded low usage and low satisfaction ratings. Mission & Vision Statements and Business Strategies were utilized by 75% of the respondents. As the definitions of the various strategic management tools are not elaborated, and some are missing (e.g., PESTEL, BCG-matrix), it is difficult to assess this outcome other than to call for future research on the topic, as other scholars stated before (Aldehayyat and Anchor, 2008; Clark, 1997). Williams Jr et al. (2018) emphasized the pivotal role of planning tools. He advocates for employing a combination of tools, citing enhanced outcomes compared to using any single tool in isolation. Additionally, he highlighted the risk of "paralysis by analysis" among small business managers, stemming from their limited education, skills, and experience with strategic planning tools. Using a strategic tool like Porter's 5-forces (Porter, 2008) is particularly relevant for small companies seeking consolidation, as they are more focused on the competitive environment. In contrast, small companies focused on growth prioritize their relationship with funding bodies and may find SWOT analysis a basic tool (Johnson *et al.*, 2008). Qehaja and Kutllovci (2020) researched to link theoretical constructs with empirical evidence regarding the use of strategy tools in a study of 314 enterprises in Kosovo.

2.7 Strategic planning and the development of AI

Research in the intersection of entrepreneurship and AI is relatively scarce, with limited scholarly attention given to this area. However, recent years have witnessed a growing interest in the integration of strategic planning and AI, as evidenced by several notable studies (Acuña *et al.*, 2025; Borges *et al.*, 2021; Finkenstadt *et al.*, 2024; Keding, 2021; Kitsios and Kamariotou, 2021; Yigit and Kanbach, 2021). Finkenstadt *et al*. (2023)

highlight the potential of AI tools such as ChatGPT and Claude in enhancing organizations' scenario planning capabilities, particularly benefiting resource-constrained small companies. Building on this, Miller (2023) underscores AI's role in strategic management, emphasizing its capacity to provide insights, identify growth opportunities, and optimize decision-making processes. However, Miller also stresses the need for further research to fully harness AI's potential in strategic management applications. Similarly, Manuel et al. (2023) emphasize AI's potential to enhance decision-making and confer competitive advantages in strategic planning tools. This sentiment is echoed by Chalmers et al. (2021), who emphasize AI's primary function in aiding decision-making processes. Minasyan (2024) and Patil et al. (2024) showcase the feasibility of using AI in business planning. As businesses integrate these advanced technologies, emerging applications such as AI-driven strategic planning and autonomous decision-making underscore the critical role of generative AI in enhancing organizational resilience and catalyzing innovation. (Parsons, 2023) addresses both the benefits and limitations of AI, acknowledging its ability to free up resources and noting potential drawbacks such as a lack of human ingenuity. Sayyadi and Collina (2024) argue that AI-powered business strategies, leveraging data analysis and digital technology, have significant potential to meet the evolving needs of modern businesses, including applications in scenario planning. Von Krogh and Shrestha (2021) further elaborate on AI's penetration into various areas of strategic analysis, including external factors such as PESTEL analysis and competitor analysis. The advantage of automated (AI) competitor analysis over traditional (manual and discrete) approaches is significant, as algorithms can continuously perform competitor analysis and adapt to dynamic market conditions, optimize resources, and achieve long-term business goals (Yılmaz and Demir, 2023). Concerning the internal analysis, AI may also augment analysis of internal organizational factors, including human, financial, and auxiliary resources, such as supply chains or customer relationships. Von Krogh and Shrestha (2021) emphasize that AI should be viewed as an assistant rather than a replacement for strategists, augmenting

their capacity to assess external and internal factors and facilitate strategic decision-making processes concerning external threats and opportunities, internal strengths and weaknesses, and other strategic issues. They also argue that AI presents numerous appealing functionalities for strategists to utilize in conducting and coordinating strategic processes. It is imperative for strategy scholars to continue investigating how these technologies can support the analysis, formulation, and implementation of strategies. Chowdhury (2024) concludes that the adoption of AI in business marks a new era of innovation and efficiency. By utilizing AI technologies to address the complexities of today's business environment, organizations achieve transformative benefits such as better decision-making, improved customer experiences, and streamlined operations. Integrating AI and Machine Learning (ML) enhances business operations by enabling AI and ML algorithms to analyze reliable data, improving predictive analytics, decision-making, efficiency, and strategic planning. His conclusion is shown in the case study of Narne et al. (2024) at a Fortune 500 retail organization. The adoption of AI-driven decision support systems led to notable improvements in strategic analysis, including a 50% increase in planning cycles and a 558% growth in scenario modeling. Financial performance showed significant gains, with a 23% rise in revenue and a 136% increase in profits post-implementation. User feedback highlighted that 79% experienced enhanced strategic foresight, and 83% reported increased confidence in their decision-making processes (Narne *et al.*, 2024). Transparency and explainability remained challenges, as advanced machine learning models often lacked intuitive clarity. Successful implementation relied on participatory design, thorough testing, and training, emphasizing the importance of human oversight and collaborative integration with AI tools. According to Usman et al. (2024), the integration of AI strategies presents significant opportunities and intricate challenges in the dynamic realm of entrepreneurship; effective AI deployment necessitates a balanced approach that considers technological advancements and critical ethical dimensions such as data privacy and algorithmic fairness. Entrepreneurs must adopt a comprehensive strategy emphasizing

transparency, responsible governance, and adherence to evolving ethical standards to ensure sustainable and inclusive success in the AI-driven business. Acuña et al. (2025) confirm in their computational research that AI techniques enhance strategic planning by addressing information uncertainty more effectively and efficiently. The central insight derived from the literature on AI and Strategic Planning highlights the critical need for more extensive and rigorous research to explore the potential of AI-enabled strategic planning methodologies across a diverse range of organizational contexts, including large enterprises, small and medium-sized enterprises (SMEs), and micro-businesses such as startups. This emphasis underscores the imperative of addressing the existing gap between theoretical advancements and their practical implementation in this domain, as Jorzik et al. (2023).

2.8 Summary

Through the literature review, we can distill insights gleaned from these studies, indicating a significant focus on the impact of SP on the performance of small businesses, with a prevalent positive effect observed in recent studies. The literature recognizes two primary modalities of SP within small enterprises: Formal Strategic Planning and Informal Strategic Planning. A prevailing argument among scholars is that some form of SP is typically intrinsic to OMEs, whether formalized or existing solely within the owners' understanding. The predominant factors contributing to the absence of formalized planning in small firms often revolve around resource constraints, notably including limited time, financial capital, necessary skills, and knowledge of SP processes. In summary, the evidence suggests that strategic management practices within SMEs lean towards informality, lack structured frameworks, and occur sporadically. Moreover, such practices

rely on inadequate and inefficient information, typically obtained informally, and exhibit a reactive rather than proactive orientation. A significant factor to consider is that the primary motivation of most OMEs is not growth; rather, it is centered on "staying in business." Understanding the motivations and decision-making processes of OMEs in embracing formal or informal strategic planning requires considering a range of factors, including individual characteristics, environmental influences, and the changing dynamics of entrepreneurial endeavors.

Having established that SP, whether formal or informal, is beneficial and aids in enhancing performance or, as desired, attaining the predetermined objectives of micro-enterprises, the subsequent inquiry arises: Which strategic planning process and tools facilitate MSMEs in achieving the desired outcomes? The most favorable SP process and tools depend on the combination of the objective being non-growth or profit-maximizing versus the appropriateness of a deliberate or emergent process. While the deliberate formalized approach (Classical school) may not always be the primary choice, it can be customized for SMEs, particularly micro-businesses, even when the objective is not growth or profit-maximizing. This adaptation renders it more practical. SP tools, such as PESTEL analysis, 5-Forces, SWOT analysis, strategy selection, the Balanced Scorecard, and strategy implementation, offer direction in instances where familiarity with the SP process is limited. Recent research indicates that AI can function as an assistant rather than a replacement for strategists, enhancing their capacity to analyze external and internal factors and facilitate strategic decision-making processes regarding external threats, opportunities, internal strengths, weaknesses, and other strategic considerations. They demonstrate that AI offers a range of appealing functionalities for strategists to employ in managing and coordinating strategic processes. Nevertheless, it can be inferred that there is no universally

applicable solution for all SMEs, particularly micro-businesses, to address identified deficiencies and provide an easily applicable, comprehensible method for devising a suitable Strategic Planning framework for these entities. The conclusion is that it is beneficial for MSMEs to engage in Strategic Planning. Barriers to not engaging are a lack of resources like time, capital, skills, and knowledge. Another observation is that a majority of micro-business OMEs lack aspirations for growth or expansion, leading them to perceive that strategic planning is not suitable for their enterprises. The selected strategic process must be customized to meet the specific requirements of MSMEs, including the strategic planning tools employed. The growing body of research and case studies demonstrates the potential of AI to transform strategic planning, making it more adaptive, precise, and forward-thinking. Although prior studies have explored various applications of SP tools in SMEs, including micro-companies (Pasanen, 2011; Qehaja and Kutllovci, 2020; Stenfors *et al.*, 2007) and the expanding role of AI in decision-making (Chowdhury, 2024; Narne *et al.*, 2024), integrating AI into SP poses significant opportunities as well as complex challenges (Usman *et al*., 2024). However, there is no research at the intersection of micro-company strategy and AI-enabled planning.

CHAPTER III: METHODOLOGY

3.1 Overview of the Research Problem

The literature review reveals insights from various studies that highlight a significant emphasis on the effects of SP on small business performance, with research demonstrating a predominantly positive correlation (AlQershi, 2021; Amadi and Edenkwo, 2024; George *et al.*, 2019; Kraus *et al.*, 2006, 2007b). Key reasons for the lack of formalized planning in small firms often relate to resource limitations (Guest *et al.*, 2006), particularly inadequate time, financial resources, essential skills, and knowledge of SP processes (Cordeiro, 2013; Málovics and Kraus, 2007; Skokan *et al.*, 2013; Straková and Talíř, 2020). This also indicates that strategic decision-making by micro-companies linked to existing strategic planning is based on the concept of bounded rationality as formulated by Simon (1955), in which decision-making is seen as a process that occurs under constraints of information, time, and cognitive capacity. OMEs rarely operate in circumstances that allow them to analyze and optimize strategic choices fully. Instead, they make decisions based on satisficing, choosing a solution that satisfies minimal requirements rather than an optimal outcome. This theoretical position directly informs the choice of a practice-oriented, easily applicable strategic planning approach. Whereas classical strategy models often assume rational design and complete information, this study connects to the reality of resource-poor and time-constrained decision makers.

In summary, the evidence indicates that strategic management practices in SMEs tend to be informal, require more structured frameworks, and are implemented sporadically. A notable finding regarding most owner-managed enterprises (OMEs) is that their main focus is not on growth but rather on "staying in business.“ Having established that SP, whether in formal or informal settings, is advantageous and supports performance enhancement or achieving predefined objectives in micro-enterprises, the next question is: Which strategic planning processes and tools can aid MSMEs in reaching their goals? Although the deliberate formalized approach (Classical school) may not always be the preferred option, it can be tailored for SMEs, especially micro-companies, even when growth or profit maximization is not the aim. This adaptability makes it more practical. SP tools such as PESTEL analysis, the 5-Forces model, SWOT analysis, strategy selection, the Balanced Scorecard, and implementation guidance provide support in cases where there is limited familiarity with the SP process.

Recent studies suggest that AI can act as an assistant rather than a substitute for strategists, enhancing their ability to evaluate external and internal factors and improving strategic decision-making regarding external threats, opportunities, internal strengths, weaknesses, and other strategic issues (Borges *et al.*, 2021; Finkenstadt *et al.*, 2024; Keding, 2021; Kitsios and Kamariotou, 2021; Yigit and Kanbach, 2021). This shows that AI provides numerous appealing features for strategists to utilize in managing and coordinating strategic initiatives.

It can be concluded that there is no one-size-fits-all solution for all SMEs, especially micro-companies, to tackle identified weaknesses and provide a straightforward, understandable approach to develop an effective Strategic Planning framework. Therefore, it is evident that engaging in Strategic Planning is advantageous for MSMEs. However, several barriers prevent this engagement, including insufficient resources such as time, capital, skills, and knowledge. Additionally, many micro-businesses lack growth or expansion ambitions, leading them to view strategic planning as irrelevant for their operations (Wang *et al.*, 2007). The strategic approach adopted must be customized to address the unique needs of MSMEs, encompassing the strategic planning tools employed.

3.2 Research Purpose and Questions

This thesis seeks to develop an easy-to-use strategic planning method and tool, enabled with AI, designed explicitly for micro-company owners. It will enable them to engage in strategic planning without requiring prior knowledge of strategic planning, its process, models, or terminology.

This strategic planning process and tool possesses the potential to strengthen their business foundation, establish a framework for long-term objectives, and enhance preparedness for an unpredictable business environment, thereby improving their capacity to achieve their goals. A supportive artificial intelligence-based software prototype has been developed to utilize iterative design principles within the collaborative design tool FlutterFlow (FlutterFlow, 2025). FlutterFlow is a low-code

platform for building mobile and web applications using Google's Flutter framework. The prototype will incorporate features such as analyzing external and internal environments, conducting a comprehensive market analysis, executing SWOT and TOWS analyses, defining long-term objectives, exploring potential strategies, and projecting future scenarios. Employing a combination of these SP tools enhances outcomes compared to using any single tool in isolation, as derived from the literature review (Williams Jr *et al.*, 2018). Additionally, it will establish performance measures and evaluation metrics, all grounded in the existing vision and mission. The overarching principles of strategic planning, alongside the purposes and operational frameworks of various analyses, are presented to enhance understanding of SP. Known constraints for micro-companies in engaging with SP, among others, are time and capital. The FlutterFlow test application has been developed to enable participants in the iterative planning process to modify the input form effortlessly and repeatedly, without incurring any loss of time, costs, as internal, external, or market conditions fluctuate. A new formal SP can be generated within minutes, mitigating these constraints. This segment of the study will be conducted in collaboration with Outline Solutions B.V., which will assume responsibility for the software development component, monitored by the researcher.

The research questions are:

Research Question 1: What are the specific strategic planning needs and challenges faced by micro-companies in the Netherlands?

Research Question 2: What process can be used to create a customized strategic planning process and planning tool that meets the needs of micro-companies?

Research Question 3: Can AI be valuable in enabling micro-companies to develop a formalized strategic plan?

Research Question 4: What strategies can be implemented to encourage OMEs to participate in strategic planning activities?

3.3 Research Design

This research uses a qualitative approach. Considering the goal of this study, which is to investigate the strategic behaviors and organizational dynamics within micro-companies led by single owner-managers, a qualitative research design presents clear advantages over a quantitative approach. Qualitative methods are ideal for situations where complexity, nuance, and contextual awareness are crucial in studying phenomena (Bloomberg, 2022). By their nature, micro-companies are highly distinctive: the values, motivations, decision-making processes, and strategic actions of their owner-managers are embedded in personal histories, localized settings, and unique market conditions. This depth and diversity cannot be fully captured through standardized quantitative measures, which typically abstract and generalize phenomena over larger populations. Moreover, this study is exploratory

and focuses on generating theory rather than testing it. There is limited previous research systematically investigating how micro-company owner-managers in the Netherlands address strategic challenges, necessitating an inductive qualitative approach to reveal new patterns, categories, and insights. Engaging in quantitative research would involve predefined variables and hypotheses, restricting discovery opportunities and reducing the flexibility required to adapt to emerging themes throughout data collection and analysis.

The nature of the population also favors a qualitative methodology. Micro-companies represent a small and heterogeneous group, which is not easily accessible through large-scale surveys. Purposive sampling enables the deliberate selection of participants who can provide rich, diverse, and meaningful data, facilitating a deep rather than broad understanding of the phenomenon. Moreover, qualitative methods permit the exploration of lived experiences, subjective meanings, and informal practices that are often invisible in numerical datasets but are critical for explaining real-world behavior.

Finally, qualitative inquiry offers methodological flexibility. As Miles and Huberman (1994) argue, qualitative sampling and data collection are inherently iterative and adaptive, allowing researchers to refine their sample and focus as new insights emerge. This dynamic responsiveness is essential when studying relatively under-researched contexts like micro-enterprises, where unexpected findings are likely and highly valuable. Thus, in the context of this study, a qualitative approach is demonstrably superior to a quantitative one for reasons related to the complexity

of the subject matter, the exploratory nature of the research questions, the characteristics of the target population, and the need for methodological flexibility.

The study employs a mixed-methodology approach that combines Action Research and Design Science Research (DSR). Action Research is especially appropriate because it emphasizes the actions or cycles of action that members of an organization or community have undertaken, are currently undertaking, or plan to pursue to address a specific problematic situation. (Herr and Anderson, 2014). Meanwhile, Design Science Research (DSR), also known as design-oriented research, will be employed to iteratively develop a generative AI tool that incorporates feedback from the real-world environment. This research methodology emphasizes the creation and assessment of innovative artifacts, such as models, methods, or systems, to address practical issues while generating new knowledge. It bridges theory and practice by systematically blending design with scientific methods. A hallmark of DSR is the iterative cycle of designing, building, and evaluating artifacts, focusing on both practical utility and scientific value. The process typically includes the following steps:

1. Problem identification and motivation: Clearly defining a relevant and significant problem that requires a solution.
2. Solution objectives: Formulate goals that the solution should achieve.
3. Design and Development: Creating an artifact that represents the solution.
4. Evaluation: Testing the effectiveness and efficiency of the artifact in a practical context.
5. Communication: Presenting the Objectives to both academic and practice-oriented audiences.

DSR aims to provide practical solutions to specific challenges and develop generalizable knowledge that strengthens the evidence base. This makes it a valuable approach for professionals in various disciplines, such as information systems, management and engineering, who can apply this knowledge when designing solutions to similar problems (Mulder, 2012). Each cycle involves action (implementation) and reflection (evaluation). Additionally, the action research methodology facilitates collaboration with various micro-companies to test the AI-based software prototype and observe the process. The chosen AI model, also known as a large language model (LLM), is ChatGPT-4 for its widely available OpenAI platform. It is integrated with application programming interfaces (APIs) and extended by Microsoft in tools like Word and Excel.

The basic concept behind ChatGPT can be summarized as follows:

1. Large training dataset: ChatGPT is trained on an extensive collection of texts written by humans, sourced from the internet, books, articles, and more. This dataset provides a broad foundation of human language, styles, and topics.

2. Neural network: A neural network is a type of AI that learns patterns from data and analyzes and understands these patterns. The model knows how words, sentences, and context are connected.

3. Text generation: The goal is to train the model to generate new text similar to the texts it was trained on. This means the model learns to respond in a way that mimics how humans would write or speak based on the patterns and structures it has learned.

4. Prompt and continuation: When ChatGPT receives a “prompt” (a starting text or question), it uses the knowledge from the training phase to generate relevant and coherent text that logically builds upon the prompt. It essentially imitates how a human would expand on the given text. In summary, ChatGPT learns from a broad base of human texts

and is trained to apply that knowledge by producing meaningful, natural language based on what you input. While the concept seems simple in theory, it involves complex mathematics and powerful computational techniques to work effectively in practice (Wolfram, 2023).

An exploratory survey was carried out to validate the findings from the literature review, gather data, and gain insights into the strategic planning needs and challenges faced by participants, including limited resources such as time, capital, skills, and knowledge. The survey includes 22 questions, incorporating both open-ended and multiple-choice formats. It employs a 5-point Likert scale for measuring participant perceptions, with the following response options: 1 = Poor, 2 = Unsatisfactory, 3 = Good, 4 = Very Good, and 5 = Excellent. This scale evaluates attitudes towards strategic planning processes, the usability of tools, and overall satisfaction with AI-enabled outputs.

3.4 Population and Sample

This study focuses on micro-companies in the Netherlands, specifically those with a single owner-manager and a maximum of ten employees. Participants were recruited through the Prolific online research platform. Of the 100 potential participants invited to complete the survey, 60 provided valid responses. A purposive sampling strategy was employed, deliberately selecting OMEs who could offer diverse and insightful perspectives based on predetermined criteria, including geographical location, company size, and language. This targeted selection effectively addresses the research questions and facilitates the exploration of complexity within a clearly defined subgroup.

In qualitative research, purposive sampling is a critical methodological approach for identifying and selecting information-rich cases that provide profound insights into the phenomenon under investigation. As Miles and Huberman (1994) observe, qualitative sampling is "almost never representative"; instead, it is intentional, criterion-driven, and explicitly designed to illuminate the central research questions by carefully selecting participants, settings, or events. Accordingly, purposive sampling aligns closely with the exploratory, inductive, and theory-building objectives that characterize qualitative inquiry. Moreover, Miles and Huberman emphasize the iterative nature of qualitative sampling: as data collection and analysis progress, researchers may augment their sample to address emerging gaps, challenge preliminary interpretations, or introduce greater variability. This flexibility enables the continuous refinement of conceptual frameworks, enhancing the depth and rigor of the study's findings.

3.5 Participant Selection

Participants were selected from the Prolific online research platform based on the following criteria:

- Individuals must be Owner-Manager Entrepreneurs of micro enterprises.

- The enterprise must employ fewer than ten individuals.

- The organization must be located in the Netherlands.

- The primary language of communication must be Dutch.

100 potential respondents who met the requirements were approached, and 60 respondents completed the survey. Out of the 60 respondents, 10 consented to

participate in the subsequent phase of the research, which involved testing the AI-based strategic planning tool using FlutterFlow. The respondents are active in various sectors: finance, retail, ICT, consulting, advertising, and healthcare. Upon analyzing this sample, it is observed that there is a deficiency in the expected diversity of the participants, which can be attributed to the absence of OMEs with no growth ambition or non-profit motivations for engaging in business activities. The literature review revealed that the absence of growth ambition, as well as the presence of personal non-economic goals, is an essential property of numerous micro-companies (Holmes and Zimmer, 1994; Wang *et al.*, 2007). Consequently, additional OMEs were recruited from a local business network. The requirement for these entrepreneurs to participate in the iterative process of testing the FlutterFlow application is that, in addition to the criteria mentioned above for other participants, they are either not profit-oriented or have no growth ambition and include social entrepreneurs primarily seeking social gains and lifestyle entrepreneurs as mentioned by Carsrud and Brännback (2011). The sample is augmented by including five companies engaged in the retail, music, and arts sectors. This sample still meets the requirement for an adequate sample size for purposive sampling (Guest *et al.*, 2006).

3.6 Instrumentation

A structured survey is utilized to systematically gather data on participants' attitudes toward the presence of strategic planning, mission, vision, use of strategic planning tools, and expectations regarding an AI-based strategic planning solution. The

survey instrument includes Likert scale items and open-ended and multiple-choice questions to ensure comprehensive and nuanced data collection.

The researcher has designed a strategic planning process diagram (see Figure 11), which serves as the conceptual foundation for the web application implemented in Flutterflow. The Flutterflow application facilitates testing the AI-based strategic planning tool through iterative steps.

3.7 Data Collection Procedures

In addition to the survey data, the objectives derived from each action research cycle will be utilized to enhance the AI tool. This procedure entails ongoing learning and adaptation, consistent with the principles of design science and action research. This collaborative methodology facilitates the real-time evaluation of the AI's impact and the execution of iterative enhancements. Such collaboration guarantees that the tool remains practical and effectively addresses real-world challenges.

3.8 Operationalization of Theoretical Constructs

In addressing the second research question, namely, the process that can be developed to create a customized strategic planning process and tool for micro-companies, it is essential to note that this tailored strategic planning process, which arises from the findings of the second research question, is supported by the theoretical framework established by David (1999) and Hunger and Wheelen (2020), who are acknowledged

scholars in the field of Strategic Management. These are illustrated in Figures 5 and 6. The models have been selected due to their demonstrated applicability when tailored to micro-enterprises' requirements (Alade and Ehigbochie, 2019). Parts of the process, such as Mission and Vision, along with SP tools like SWOT, are recognized by a significant segment of the OMEs (Pasanen, 2011). Although the process is grounded in the Classical school (deliberate strategy), which aims to achieve profit-maximizing objectives, it must also apply to non-profit and non-growth-oriented OMEs, incorporating emergent strategies from the processual approach to SP as described by Whittington (2001). The emergent strategy is characterized by its unintended nature, arising from daily activities, adaptations, and responses to the environment. However, as Mintzberg (1987) suggests, in practice, most organizations integrate both deliberate and emergent strategies, culminating in what he terms realized strategy. This implies that strategic planning processes should balance formal plans with space for emergence.

Moreover, this framework lays the foundation for exploring the third research question: how can AI enable micro-companies in their strategic planning endeavors?

3.9 Data Analysis

The survey data is analyzed using thematic analysis (TA) with a deductive approach. TA offers a structured method for examining qualitative data, allowing researchers to apply pre-existing theories while maintaining theoretical consistency. At the same time, openness to unexpected insights is essential for minimizing bias and enhancing the analysis (Braun and Clarke, 2006). Through a systematic coding process, researchers

identify meaningful patterns in the data. These initial codes, small, significant units related to the research question, form the basis for broader themes, each organized around a central concept. These themes structure and convey the researcher's interpretations, aiming not just to summarize but to uncover insights that address the research question. TA is an iterative process; the research question may evolve during the coding and theme development stages. To ensure analytical rigor, the method includes a two-stage review in which themes are assessed against the coded extracts and the entire dataset (Braun and Clarke, 2006; Clarke and Braun, 2017; Pearse, 2019).

A deductive codebook was created to guide the thematic analysis of open-ended survey responses. The initial set of codes was derived from key theoretical constructs identified in the literature, particularly resource-based explanations for the lack of formal strategic planning in small firms. These included categories such as time constraints, financial limitations, lack of strategic skills, and limited knowledge of the strategic planning process. Each code was clearly defined, accompanied by indicators and illustrative examples to ensure consistency during analysis. The coding process was conducted manually using a structured template, with all responses reviewed iteratively. While the approach was primarily deductive, openness was maintained to identify emergent subthemes not captured by the initial framework. This allowed for refinement of the codebook during early coding cycles, ensuring theoretical alignment and data sensitivity. A short excerpt of the codebook is provided in Table 2.

Code Name	**Strategic Intent – Mission, Vision, Goals**
Theme	Mission, Vision, and Goals

Definition	Expressions of clear purpose, long-term vision, or specific goals, whether formally documented or not.
Indicators / Keywords	We have a mission and vision," "long-term objectives," "short-term goals," "increase sales," "start distribution".
Theoretical Link	Informal strategic planning and entrepreneurial orientation in micro firms (Málovics and Kraus, 2007; Mazzarol, 2004; Mazzarol *et al.*, 2009).
Example Quotes	"We have a mission and vision for our company." "This year, we want to increase sales up to 20% and start offering distribution."
Notes / Considerations	Intent may be informal, intuitive, or undocumented but still strategic in nature.

Table 2
Excerpt of the codebook
(Author, 2025)

3.9.1 Thematic Saturation

The study includes a purposive sample of 60 Dutch OMEs, each with fewer than 10 employees. Of these 60, 10 participants agreed to participate in the next phase, which involved iterative testing of the FlutterFlow application. Consequently, the sample is homogeneous, suggesting that thematic saturation could be reached within this small sample size (Hennink and Kaiser, 2022). Thematic saturation was systematically tracked during the deductive thematic analysis based on the principles established by Braun and Clarke (2006), who highlight that thematic analysis does not require achieving saturation in the same manner as grounded theory methods. Instead of concentrating on the moment

when new themes cease to appear, they promote a flexible and reflexive strategy focused on the depth and richness of meaning derived from thorough analysis. In thematic analysis, the researcher's assessment, influenced by the research questions and theoretical framework, establishes when enough data has been examined to create a meaningful and coherent narrative, rather than strict compliance with the concept of saturation.

The initial coding framework was shaped by existing literature on strategic planning in MSMEs and SMEs; however, the analysis process allowed for ongoing refinement and the development of nuanced sub-themes. Saturation was reached when the final 20% of the 60 survey responses produced no new codes or themes, and the defined thematic categories accurately reflected the breadth and depth of the participants' experiences. This evaluation was supported by continuous coding, memo writing, and constant comparisons to maintain analytical rigor and thematic coherence. The relatively uniform nature of the participant group, all being micro-company owners under similar constraints, also facilitated the quicker attainment of saturation compared to more heterogeneous populations.

3.10 Research Design Limitations

Sample bias: Like many qualitative studies, this research's sample may not fully represent the variety of perspectives across different demographic groups, as it is based solely on Dutch companies, organizational size, or industry sectors. This limitation could impact the transferability of the findings, as the insights gathered from the chosen participants may not reflect broader contexts. While efforts were

made to ensure diversity in the sample, the depth and richness of qualitative data do not automatically ensure generalizability across all environments.

Self-Reported Data: This research relies on self-reported data collected through surveys, questionnaires, or interviews. Participants may provide misleading or inaccurate information due to memory recall issues, social desirability bias, or misinterpretation.

This study may be subject to certain limitations concerning the use of AI tools in assessing the feasibility of formal strategic planning. These limitations are multifaceted and may encompass concerns regarding data quality, inherent algorithmic biases, the potential for misinterpreting AI-generated outputs, and challenges associated with effectively integrating such tools into existing strategic planning processes. Given the increasing reliance on AI in decision-making contexts, it becomes essential to recognize these limitations and critically examine how they may influence research outcomes. Therefore, a comprehensive understanding of these tools' potential, biases, and constraints requires a critical and transparent discourse regarding the inherent limitations of the research design. This reflective approach allows researchers to anticipate potential shortcomings and address them proactively. Ultimately, recognizing and systematically addressing these limitations is crucial for enhancing methodological rigor, improving the validity of findings, and ensuring the overall reliability of the research outcomes.

3.11 Ethics related to Human Subject Participation

This research will responsibly utilize AI-based tools, particularly ChatGPT, to support various aspects of language processing. However, acknowledging that such tools function through cloud-based infrastructure owned by third-party providers (e.g., OpenAI), Specific measures will be implemented to mitigate the ethical risks associated with a lack of data control**.**

Cloud-based AI tools may collect metadata (e.g., IP addresses, session identifiers) and potentially retain user inputs depending on the platform and terms of service. This presents a grey area concerning data ownership and confidentiality, particularly when researching personal or sensitive information. To address these concerns, the subsequent safeguards will be instituted:

1. **No Input of Sensitive or Identifiable Data**

Raw research data containing personally identifiable information (PII) or sensitive attributes (e.g., health, ethnicity, political views) will not be input into ChatGPT. All content shared with the AI tool will be anonymized or based on synthetic examples that pose no risk to participant privacy.

2. **Anonymization and Data Minimization**

Where examples are used to test or illustrate concepts, these will be fully anonymized and stripped of any contextual markers that could lead to re-identification. This approach is consistent with GDPR's principle of data minimization (Article 5).

3. **Ethical Transparency and Disclosure**

AI tools will be transparently disclosed within the ethics application and the final research thesis. A concise description will also be included in the participant information materials, ensuring that the AI processes no personal data.

In conclusion, the application of AI tools within this study shall be meticulously restricted, supervised, and organized to guarantee the preservation of participant privacy, data integrity, and adherence to regulatory requirements. It is imperative to emphasize that all participants have provided their consent for their data to be transmitted to or processed by a commercial AI service.

3.12 Conclusion

This chapter outlines the methodological approach used to investigate the strategic planning needs of micro-enterprises and to develop a tailored AI-supported planning tool. A qualitative research design, informed by Action Research and Design Science Research, was adopted to bridge theoretical inquiry with practical application. This dual methodology facilitated iterative engagement with participants and supported the development of a digital prototype that is responsive to the lived realities of micro-companies. Data is collected through a structured survey that includes closed- and open-ended questions. This design facilitated the integration of measurable trends and rich qualitative insights. For the open-ended responses, as. A thematic analysis using a deductive approach was employed. Based on existing literature, a structured codebook guided the identification of key patterns, while receptiveness to emerging themes ensured analytical depth and contextual sensitivity. The methodological choices closely aligned with the study's research questions and theoretical framework, ensuring internal consistency and analytical rigor. Ethical considerations were fully addressed, particularly regarding the responsible use of AI technologies and the protection of participant privacy.

In conclusion, the methodology provided a robust and coherent foundation for achieving the research objectives and generating insights grounded in the strategic planning experiences of micro-company owner-managers.

CHAPTER 4: RESULTS

4.1 Introduction

This chapter outlines the study's results, systematically addressing each of the four research questions. Before diving into the detailed findings, it is essential to mention that thematic saturation was thoroughly monitored and confirmed during the analysis of the survey, as no new codes or themes emerged from the final part of the dataset. This reinforces confidence that the identified themes comprehensively capture the main patterns in the data. The results are thematically structured to correspond with the research questions, supported by relevant excerpts, descriptive statistics, and interpretative insights. When relevant, the findings connect to the conceptual framework and literature in earlier chapters, providing both empirical evidence and analytical depth. For a better understanding of the demographic properties of the population, certain data is highlighted. Figure 8 illustrates the level of education, revealing that the majority (82%) of the respondents hold a bachelor or master degree.

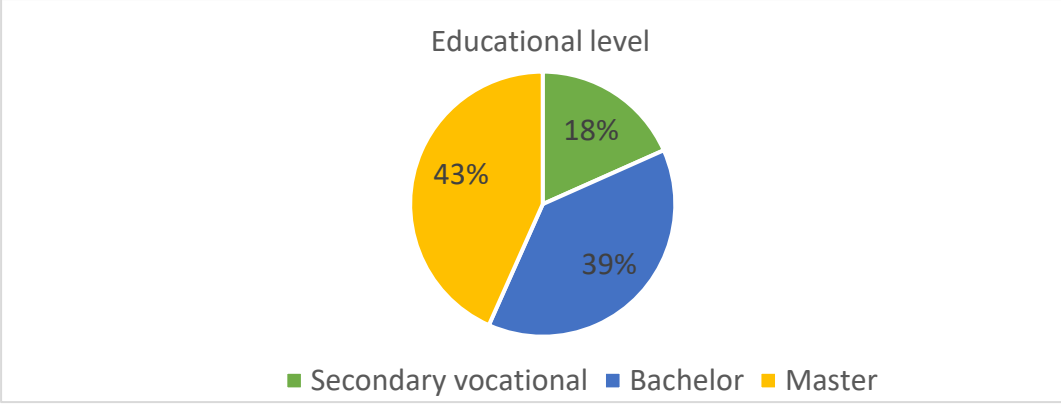

Figure 8
Respondents educational level
(Author, 2025)

This observation also aligns with the findings of Gibcus et al. (2009b), who noted that 20% of OMEs have an educational level below that of a bachelor's degree.

Figure 9 shows the distribution across 22 different business sectors in which the respondents were engaged.

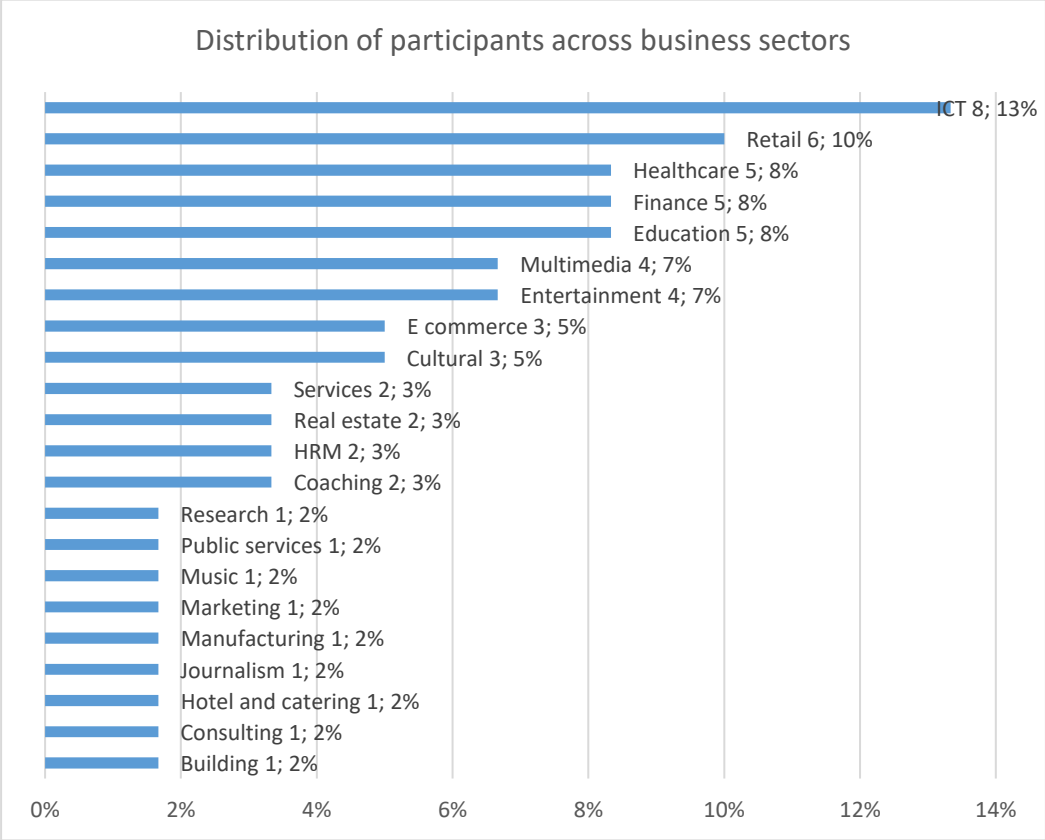

Figure 9
Distribution of participants across business sectors
(Author, 2025)

The number of employees of the OMEs enterprises can be found in Figure 10

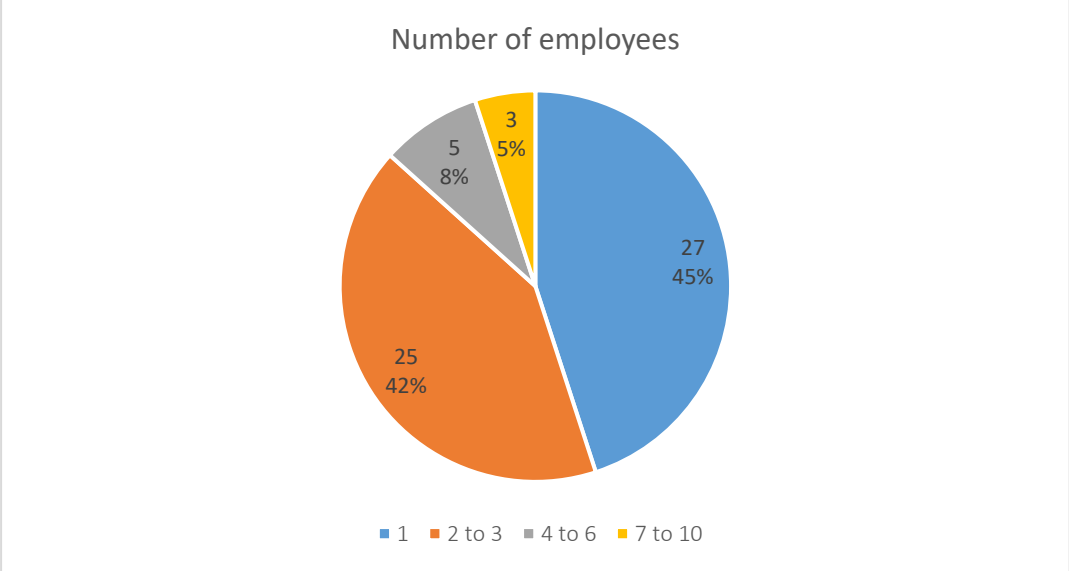

Figure 10
The number of employees of the OME enterprises
(Author, 2025)

The data indicates that 45% of the OMEs are sole proprietorships or freelancers.

The following sections detail findings related to each research question. Section 4.2 focuses on Research Question One, exploring the strategic planning needs and challenges that micro-companies encounter. Each section combines thematic insights, participant perspectives, and pertinent examples to examine the essential issues being studied thoroughly.

4.2 Research Question One

What are the specific strategic planning needs and challenges faced by micro-companies in the Netherlands?

A significant conclusion from the literature review is that SMEs can significantly benefit from implementing a strategic plan. However, considerable challenges exist, such as a lack of time, financial resources, skills, and knowledge, which hinder their engagement in strategic planning. Additionally, many small businesses perceive that they do not require growth or expansion, believing that planning is not pertinent to their operations. The objective of the survey was to substantiate the findings of the literature review and to gather information regarding the gaps and challenges related to strategic planning, including the essential resources that are lacking.

To analyze the survey data, a thematic analysis using a deductive approach was employed. This methodology is common in fields like social sciences and business. It allows for extracting meaning from various qualitative sources, including interviews and reports. Essentially, this approach relies on specific concepts or theories as a guiding framework. Consequently, the researcher is not merely generating themes independently but is applying an established framework to systematically organize the data.

4.2.1 Themes

Theme 1: Mission, Vision, and Goals

Many micro-business owners demonstrate strong intrinsic motivation and direction, even if their strategies are not formally documented. Their missions, vision, and goals are well understood and actively used to guide day-to-day and long-term decisions. For some, the mission stems from individual values or community commitment. Many participants

express a clear sense of strategic intentions, supported by well-defined missions (84%), vision (15%), and goals (79%) that guide their business operations. Participants often express their missions in personal and value-oriented terms, emphasizing the significance of purpose and service. Indicators include: "We have a mission and vision for our company," "We have established long-term objectives," "We have outlined short-term goals," “This year, we want to increase sales up to 20% and start offering distribution.” These insights suggest that micro-firms often operate with strategic intentions, even if they do not adhere to a formal planning framework (Málovics and Kraus, 2007; Mazzarol, 2004; Mazzarol *et al.*, 2009).

Theme 2: The significance and role of strategic planning

Despite the operational challenges reported by many micro-business owners, most respondents (66%) acknowledged the value and importance of strategic planning. Although SP was often not formally implemented, it was frequently described as a desirable, even essential, activity, particularly for growth, stability, and long-term decision-making. Statements indicating the acknowledgment of these SPs as significant include: “If you have a strategic plan, you make better choices with the goals in mind. It gives direction to everything: I can foresee future errors,” Strategic planning is important to our business success,” and “We don’t have a formal strategy yet, but we need one. You can’t grow without thinking long-term.” “Our current focus is mainly short-term & operational; thus, our strategic planning is more informal. I’m expecting to be able to invest more active focus into a formal approach in a year’s time to take us to the next level.” “I only have an informal strategic plan.” This theme highlights a crucial point: strategic planning is widely recognized as a valuable business practice, even if it is not actively pursued. The concept is often linked with professionalism, legitimacy, and forward-looking behavior. However, its implementation is frequently delayed due to competing short-term pressures. The

findings suggest that micro-firms do not reject strategic planning but often defer it. This supports prior literature indicating that micro-business owners are strategically aware but may lack the structure or resources to formalize planning processes (Damke Junior *et al.*, 2018; George *et al.*, 2019; Harris *et al.*, 2014; Kraus *et al.*, 2006, 2008; Miller and Cardinal, 1994; Sandada *et al.*, 2014; Schwenk and Shrader, 1993).

Theme 3: Strategic Planning Tools

Micro-enterprises engaged in some form of strategic planning widely use formal tools and models. Most participants preferred straightforward, practical frameworks over complex strategic models. The practiced strategic models are:

–PESTEL analysis (external analysis)

–SWOT analysis (internal analysis)

–TOWS matrix

–5 - Forces model

–Strategic choice of competitive advantage

–Ansoff matrix (growth strategy)

–BCG - matrix (product portfolio)

–SPACE - matrix (Strategic Position and Action Evaluation)

–PDCA cycle (plan, do, check, act)

–QSPM- matrix (quantitative strategic planning matrix)

–Scenario planning

One or more participants apply at least one of the strategic planning tools mentioned in the survey. Their choices were influenced by usability, familiarity, and relevance to the immediate business context. A SWOT analysis was reported as the most commonly used tool by 47% of business owners: “We use a simple SWOT every year. It helps us reflect on where we stand.” Twenty percent of others referred to informal adaptations of planning

methods, such as the Plan-Do-Check-Act (PDCA) cycle or an external analysis tool like the PESTEL analysis (or DESTEP analysis): “We regularly use a PDCA cycle.” However, comments like “I’ve never heard of these things” are also observed.

Overall, the data suggest that while 92% of respondents widely adopt strategic planning tools, micro-firms utilize lightweight, customized versions of these methods to address their immediate needs. Their approach is pragmatic, flexible, and often driven by personal experience rather than formal education. This aligns with existing research (Pasanen, 2011; Qehaja and Kutllovci, 2020; Stonehouse and Pemberton, 2002), which indicates that micro-firms favor accessible, low-complexity tools that can be easily integrated into daily operations without requiring significant resources.

Theme 4: Constraints

Prominent challenges reported by micro firm owners included the constant pressure of day-to-day operations, which left little time for strategic reflection and a lack of capital, skills, and knowledge. This aligns with the literature suggesting that these constraints are significant barriers to formalized planning in small enterprises. Statements indicating that these constraints hinder strategic planning include: “We lack time, financial capital, and trust from other stakeholders, " “We lack skills and knowledge“, “Our week is filled with normal work and administration,” and “We experience a lack of skills.” Statements suggesting ways to lift barriers include: “the presence of a clear entry document that helps you get started more quickly.” “Access to someone knowledgeable about the different models.” “A compact course with a strong price-quality ratio would be desirable. In short, more than a few books from the library, as many courses or guidance packages tend to be mostly blah blah.” “Yes, especially support in the financial and knowledge areas.” These responses illustrate not only the significant limitations faced by micro-enterprises but also how these constraints are directly associated with firm size and owner dependency,

emphasizing the importance of resource-based limitations in the strategic capacity of small firms. This theme echoes prior literature (Cordeiro, 2013; Málovics and Kraus, 2007; Skokan *et al*., 2013; Straková and Talíř, 2020).

4.2.2 Exploratory findings

Although it was not incorporated into the data coding, a survey question was included to evaluate the educational levels of the respondents. None of the respondents possessing secondary vocational education had a formal written strategic plan. Among those holding a bachelor's or master's degree, only one-fourth lacked a formal written strategic plan.

After examining the strategic planning needs and challenges of micro-companies, the following section addresses Research Question Two. This part emphasizes creating a tailored strategic planning process and tool designed to meet the specific requirements of these enterprises.

4.3 Research Question Two

What process can be used to create a customized strategic planning process and planning tool that meets the needs and challenges of micro-companies in the Netherlands?

As concluded from the literature review, the deliberate and formalized strategic approach associated with the Classical school is not always the preferred choice, but it can be adapted for micro-enterprises, even in contexts where growth or profit maximization is not the primary objective. Such contextualization enhances its applicability, as established strategic planning tools, such as PESTEL analysis, Porter's Five Forces, SWOT analysis, strategic option evaluation, the Balanced Scorecard, and implementation frameworks, can

provide structured guidance in environments where organizational familiarity with formal strategic planning processes is limited. Following (Williams Jr *et al.*, 2018), who advocate employing a combination of tools, citing enhanced outcomes compared to using any single tool in isolation, the deliberate theoretical framework established by David (1999) and Hunger and Wheelen (2020) regarding the strategic planning process, as illustrated in Figures 5 and 6, serves as the foundation for developing a customized strategic planning process specifically tailored to the needs and familiarity with strategic planning tools among micro-enterprises, as noted in research question one, theme three. In this research, the strategic planning process is broken down into twelve manageable steps, making it easy to follow and understand. The purpose is to develop a comprehensive strategic plan specifically for micro-companies. This approach aligns with the constraints related to a lack of knowledge or skills concerning strategic planning.

The process begins with a summary of the organization's mission and vision, followed by identifying overarching financial or non-financial objectives. This systematic and forward-thinking strategy enables a micro-company to utilize its mission and vision to define strategic goals and specific actions that generate long-term value and a competitive edge. The strategic plan encompasses both internal and external analysis, serving as a roadmap for informed decision-making, effective resource management, and comprehensive performance evaluation across various timeframes. A strategic plan's primary purpose is to connect an organization's internal strengths with external opportunities and challenges, facilitating more effective management of development, innovation, and organizational or personal goals. Furthermore, the resulting strategic plan helps monitor and adjust the strategic direction based on measurable results. This process consists of twelve distinct steps:

Step 1: Determine mission and vision.

Mission: Outlines the organization's purpose. Who are we, what do we do, and for whom?

Vision: Describes the desired future scenario. Where do we aspire to go as an organization?

Objective: A clear direction and identity that serve as the foundation for all strategic decisions.

Step 2: Determine objectives

This is where the specific goals the organization aims to achieve are identified. These can be financial (e.g., revenue growth or profitability) or non-financial (e.g., sustainability or customer satisfaction).

Objective: A specific set of measurable goals that clarify the strategic direction.

Step 3: Analyze the external environment

The analysis examines the macro-environmental factors that influence the organization:

Objective: Gain insight into external opportunities and threats.

Step 4: Analyze the internal environment

This exploration examines the organization's strengths and weaknesses, focusing on its resources and capabilities (e.g., human capital, technology, finance), core competencies (unique skills or processes), and operations (e.g., efficiency, cost structure).

Objective: To understand the internal strengths and weaknesses that influence the organization.

Step 5: Confrontation of strengths, weaknesses, opportunities and threats

Combines the objectives of internal and external analyses: Strengths, Weaknesses, Opportunities, and Threats.

Objective: To provide a strategic overview of the organization's current position and identify potential opportunities and risks.

Step 6: Define possible strategic options

Translates the outcome of the confrontation of strengths, weaknesses, opportunities and threats into strategic options:

SO strategies: How can strengths be leveraged to exploit opportunities?

WO strategies: How can weaknesses be improved to seize opportunities?

ST strategies: How can strengths be used to mitigate threats?

WT strategies: How can weaknesses be minimized to reduce risks?

Objective: Concretely formulated strategic options.

Step 7: Analyze the competitive dynamics of an industry

- Threat of new entrants
- Bargaining power of suppliers
- Bargaining power of buyers
- Threat of substitutes
- Internal rivalry within the sector

Objective: Insight into competitive forces and how the organization can strengthen its position.

Step 8: Determine your competitive strategy

The organization determines its competitive position by analyzing the competitive dynamics within an industry. Options are:

Cost leadership: Lower costs than competitors to achieve a price advantage.

Differentiation (Premium Pricing): Create unique value that makes customers willing to pay more.

Focus/Niche: Serve a specific market segment with a focused strategy.

Objective: A clear competitive strategy to gain market share.

Step 9: Create a high-level budget

This is where the strategy's financial feasibility, including investments, costs, and expected returns on outcomes, is assessed.

Objective: A financial framework that supports the strategy.

Step 10: Determine short, medium, and long-term objectives

Short term (0-1 years): Operational improvements and quick wins.

Medium-term (1-3 years): Growth, innovation, and market expansion.

Long-term (3+ years): Sustainable competitive advantages and market leadership.

Objective: A timeline for the implementation strategy.

Step 11: Monitor Objectives

Monitors performance relative to the established objectives.

Objective: Ongoing monitoring of performance and adjustment where necessary.

Step 12: Develop future scenarios and risk-mitigating optional actions

By creating scenarios and risk-mitigating optional actions for different future possibilities (e.g., technological disruption and economic fluctuations), the organization remains agile and prepared for uncertainties.

Objective: Strategic resilience and flexibility in the event of unexpected developments.

A process diagram was created to illustrate this procedure (Figure 11).

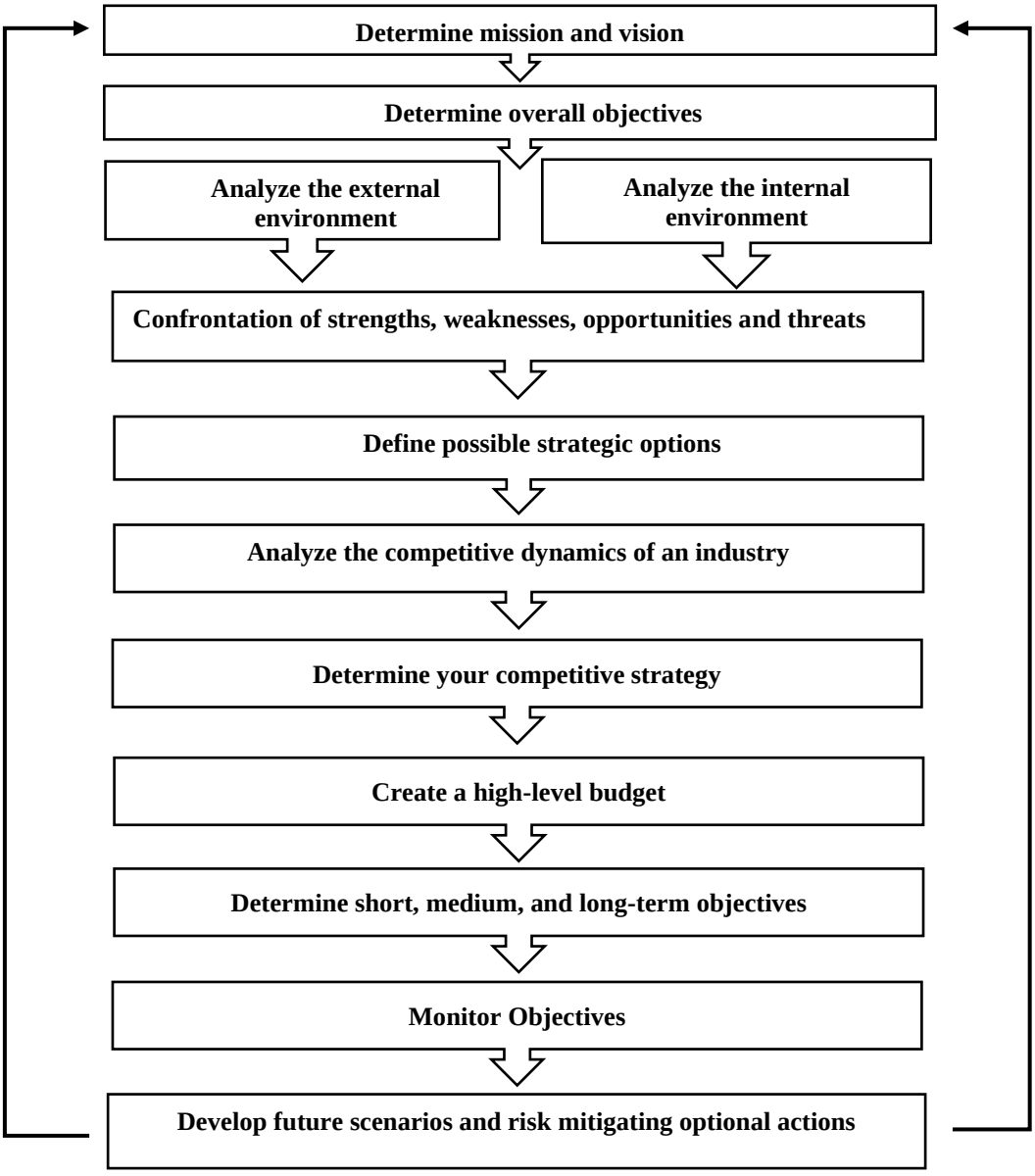

Figure 11
Adapted Strategic Planning Process
(Author, 2025)

Building upon the tailored planning framework, Section 4.4 explores Research Question Three, investigating how AI can enable strategic planning for micro-companies and facilitate more efficient decision-making.

4.4 Research Question Three

How can AI be valuable in enabling micro-companies with customized strategic planning processes and strategies?

The methodological approach to this aspect is based on a combination of the principles of Action Research and bounded rationality (Simon, 1955). The starting point of bounded rationality acknowledges that micro-entrepreneurs make strategic decisions within the constraints of time, information, resources, and cognitive capacity. In contrast to the rational-analytical ideal from traditional strategy models, these entrepreneurs act according to the satisficing principle: they choose solutions that are "good enough" within the context of uncertainty and limited resources. This reality requires an approach that does not start from optimization, but from practical usability and simplicity. At the same time, this research ties in with the action research tradition, in which researchers work together with partners in the field to understand and improve a specific situation. This study means that the strategic planning model is developed in co-creation with micro-entrepreneurs and tested iteratively. Through this participatory approach, the model is not only theoretically substantiated but also empirically validated in real contexts, which significantly increases its relevance and applicability.

The role of AI in this process serves as a means of cognitive enhancement. AI tools enable micro-entrepreneurs by organizing external market signals, evaluating internal capabilities, and offering insights into strategic choices. They are not intended to replace human judgment but to enhance strategic actions, aligning with the strategy-as-practice

perspective. The methodology is thus characterized by iterative development, context-specific adaptation, and continuous reflection in collaboration with end users. This approach aims to contribute to the literature on strategic management in micro-enterprises and develop a tangible, applicable instrument that makes strategic thinking accessible to this target group.

To address research question 3, it was essential to create an LLM input framework based on the twelve stages of the SP process outlined in Figure 11. The LLM framework developed in FlutterFlow was selected to facilitate the generation of multiple iterative actions by the participants based on the outcomes of each cycle. These actions require minimal time and resources, thus allowing for efficient, low-cost model improvement.

These twelve stages are linked to recognized SP tools utilized by the LLM and understood by a significant portion of the participating OMEs in this study. The core foundation of the information is the company details that the OMEs are already familiar with. The OMEs are requested to respond to the following inquiries related to the SP tool used to compile the necessary information for initiating the planning process:

Questions	**Connecting Strategic tool**
What kind of company are you?	Mission statement
What is your company's ideal future state?	Vision statement
What goals do you have?	Goal setting
Where are you located?	PESTEL analysis
What is your organization doing well right now? What sets you apart from your competitors? What is your greatest strength? What is your organization not doing well?	SWOT Analysis (Strengths)
What are you currently lacking (a product, resource, or process)? What are your competitors doing better than you? What limitations, if any, are holding your organization back? What processes or products need improvement?	SWOT Analysis (Weaknesses)
What opportunities does your organization have? How can you leverage your unique strengths as a company? Are there trends that you can take advantage of? Is there an emerging need for your product or service?	SWOT Analysis (Opportunities)
What emerging competitors should you watch? Are there weaknesses that expose your organization to risk?	SWOT Analysis (Threats)
How is your annual budget allocated across key areas?	Mid-term Budget setting

Table 3

OME questions

(Author, 2025)

This generates an input document that serves as the foundation for the LLM's analysis. This document must include the company details, mission, and vision, collected from the questions outlined in Table 3. An example of the input document is provided in Appendix D. This approach has resulted in a well-organized and coherent formulation of a formal strategic plan. The steps taken and the strategic planning tools utilized by the LLM are as follows:

1. The provided company information serves as an initial reference point.
2. An external analysis of the macro environment leads to a PESTEL analysis.
3. An internal assessment of the company's strengths and weaknesses,
4. The internal analysis, combined with the PESTEL analysis, results in a SWOT analysis.
5. The SWOT analysis results lead to strategic options, which are then organized into a TOWS matrix containing potential strategic actions.
6. A 5-forces analysis identifies and understands the forces among competitors, suppliers, and the industry and market.
7. Porter's competitive analysis suggests a competitive advantage, which may include cost leadership, differentiation, or a focus strategy.
8. A proposed budget covers three years based on the existing annual budget.
9. Short-term, medium-term, and long-term strategic goals are proposed.
10. A Balanced Scorecard is outlined with 4 KPIs per quadrant.
11. Three scenarios with optional actions are considered: Most Probable Case, Worst Case, and Best Case.
12. Concise strategic guidance is developed.

The company-specific information is organized into an input document and uploaded to the LLM, initiating an iterative process where the formal SP is progressively refined after

each revision of the input document. Figure 12 outlines this process along with the AI prompts that facilitate AI-enabled strategic planning generated by the test application.

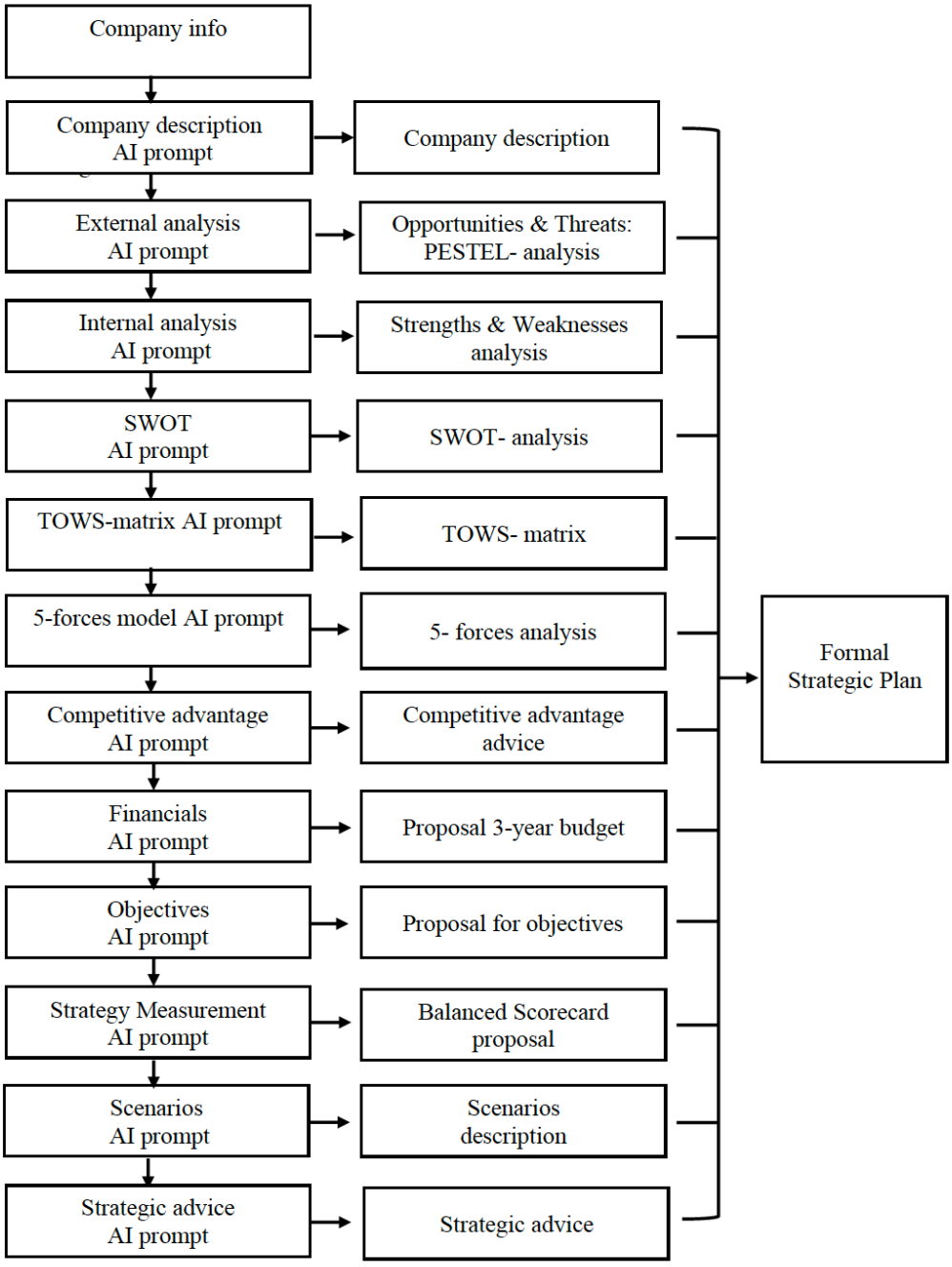

Figure 12
LLM strategic planning process
(Author, 2025)

System Role

LLMs utilize a system role to regulate the structure of conversations and the generation of responses. Grasping this role aids developers using the FlutterFlow API and researchers examining the model's behavior in diverse contexts.

Purpose: Establishes the AI's initial behavior and tone.
Controls: Guidelines on how the assistant should respond, what knowledge it should concentrate on, or whether it should be formal or informal.
Example:
"You are a research assistant providing detailed, academic responses in the field of human resource management".
Effect: Shapes the assistant's persona and style throughout the conversation.

The chosen system role for the FlutterFlow application is set to:
"You are a business consultant specializing in advising micro businesses. You provide tailored insights for establishing clear objectives, optimizing operations, understanding niche market trends, and enhancing organizational structure. Your guidance is practical and easy to grasp for entrepreneurs who may not be familiar with strategic theories. Respond only in Dutch."

AI prompts

Sequentially, thematically organized AI prompts align with each step. They are integrated within a prototype model developed in FlutterFlow for research purposes. Several iterative steps were taken to create a collection of AI prompts that enhance effective strategic planning for micro-companies. A repeated number of uploads into the FlutterFlow application was necessary to process the results of the previous iteration and achieve an SP for micro-companies that meets the following criteria:

–Describes the company with a concise outline of its mission, vision, and goals.

–Explains the purpose of the process and the functions of the model.

–Provides a brief summary and purpose of each analysis.

–Presents a formal strategic plan outlined in sequential steps, accompanied by clear and concise strategic advice. Ensures that the outcomes are understandable and appropriate for the educational levels of the participants: secondary vocational, bachelor's, or master's.

4.4.1 Methods for Iterative Development and Evaluation

For eight weeks, the FlutterFlow application for strategic planning, enabled with AI, was assessed. The iterative process involved five testing cycles. Fifteen OMEs active in various business sectors, such as ICT, retail, service, and finance, as well as non-profit maximizing or non-growth oriented OMEs, participated in these cycles, providing real-world company descriptions according to the input form (Table 3). After each iterative cycle, participants submitted feedback through a feedback section that encompassed both quantitative and qualitative aspects. The quantitative feedback on overall usability was measured via a 5-point Likert scale. The qualitative feedback took the form of an open-ended section, allowing for evaluative commentary on the relevance of the proposed strategies. The quality of the application output was evaluated by participants during the iteration process.

The AI prompts that were ultimately developed at the conclusion of the iterative cycles of the process are as follows:

Company summary prompt:
“Provide a summary of this company, including its mission, vision, and goals, in eight sentences.”

PESTEL analysis prompt:
“Conduct a PESTEL analysis for this company based on the past year, detailing up to four aspects for each factor to distill opportunities and threats. Additionally, provide a brief description of the purpose of this analysis.”

Internal analysis prompt:
“Conduct an internal analysis of this company and provide its strengths and weaknesses and a brief description of its purpose.”

SWOT analysis prompt:
“Conduct a SWOT analysis for this company, identifying four potential actions for each quadrant. Organize each quadrant into separate paragraphs and succinctly explain the purpose of this analysis.”

TOWS matrix prompt:
“Develop a TOWS matrix for this company, detailing four potential actions for each strategy. Present each quadrant in its own paragraph and succinctly explain the purpose of this analysis.”

5-forces analysis prompt:

“Conduct a 5-forces analysis for this company and provide a brief description of its purpose.”

Competitive advantage prompt:

“Develop a proposal for a competitive advantage strategy for this company based on Porter’s concept of competitive advantage. Additionally, provide a brief description of the purpose of this analysis. “

Budget prompt:

“Develop a budget for years 2, 3, and 4 for this company and present it in a table format. Include a summary of the net profit.”

Goals prompt:

“Define this company’s potential short-term, medium-term, and long-term objectives. Start each term in a new paragraph.”

Balanced Scorecard prompt:

“List four Key Performance Indicators for this company, starting each KPI in a new paragraph. For each KPI, include four objectives, the measurement frequency, and an explanation. Additionally, describe the purpose of the Balanced Scorecard.”

Scenario prompt:

“Present this company’s best-case, most likely, and worst-case scenarios over the next seven years. Explain each scenario in a separate paragraph. Outline four potential actions

for the company for each scenario and briefly describe the purpose of this scenario analysis."

Strategic recommendations prompt:
"Offer strategic recommendations for this company in no more than ten sentences."
The method used to tailor the formal SP to address the needs of the OME involves the OME's educational level in the FlutterFlow test application to ensure that the outcome is tailored to the appropriate educational level or to eliminate academic jargon."

Other experiences and observations gained from this process are:

1. Utilizing advanced LLM models, such as ChatGPT-4 or its superior versions, is essential because earlier versions yield suboptimal results that do not satisfy the specified requirements.
2. A clearly defined system role for the LLM is essential for optimizing and effectively guiding the LLM to generate meaningful and valuable output.
3. A significant advantage of using an LLM is the absence of constraints related to financial resources, time, or accessibility for leveraging the LLM. Furthermore, additional information regarding modifications within the organization or environment can be promptly uploaded to create a revised version of the SP.
4. Prompts must be executed sequentially to ensure that the result of the preceding prompt serves as supplementary information for the subsequent prompt because the LLM is "feeding data forward." When all the analytical questions are included in the prompt at once, the outcome tends to be significantly suboptimal (Wolfram, 2023).

5. A specification of its length must limit the outcome to avoid an overly extensive result that may obscure the essence of the analysis. This is especially true for participants with an educational level below a bachelor's degree or those pursuing fields without any business administrative education, such as music and arts, as the formal strategic plan becomes incomprehensible.

Thematic analysis is conducted on responses to identify common challenges faced by the sample group. The most frequently mentioned themes included the use of a broad range of planning tools, difficulties in differentiating between strategic and operational planning, and cognitive overload caused by overly comprehensive AI-generated content. Following each testing cycle, revisions were made to the prototype, which involved fine-tuning the prompts, adding concise educational explanations for each step in the process and each strategic planning tool used, condensing outputs, and reordering planning steps to enhance logical flow. The participants were encouraged to provide additional information and details in the input form (Table 3) that they had previously submitted in the application before commencing a new cycle, thereby enabling the LLM to elaborate further on this enhanced information. The usability ratings monitored throughout the iterations showed an upward trend in user satisfaction and comprehension after each alteration of the prompt set. In the final testing cycle, all participants provided positive feedback about the presented formal SP generated by the test application, with 53% rating it as "Good" (3 on the 5-point scale) and 47% rating it as "Very Good" (4 on the scale). Significantly, no participants chose "Unsatisfactory" or "Poor." The combination of improved usability scores and encouraging qualitative feedback confirmed the successful completion of the iterative refinement process.

4.4.1 Bounded Rationality as a Cognitive Barrier to Strategic Engagement

Feedback from the iterative process indicated that many participants faced cognitive and contextual challenges. Notably, participants with an educational background below the bachelor's level or those pursuing fields without any business administrative education, such as music and arts, struggled to understand the usefulness and necessity of strategic planning. These observations were also noted, albeit in lesser numbers, among certain participants holding a bachelor's or master's degree. It was observed that the concept of strategic planning was confused with a business plan or a more tactical financial or marketing plan. These include detailed sections on products or services, marketing, financial projections, organizational structure, and operational procedures. Some participants suggested changing the test application from generating a formal Strategic Plan to developing a Business Plan. This distinction is likely blurred in small firms, particularly micro-companies, as owners may focus on short-term operational or financial issues and conflate strategic planning with writing a business or marketing plan. Stefanovska and Soluncevski (2015) already described this phenomenon.

The effectiveness of the participatory strategic planning tool depends on users' prior understanding of the concept, purpose, and logic of a strategic plan. When participants lack strategic literacy, bounded rationality, as discussed by Simon (1955), limits their ability to engage meaningfully with the tool. In situations of limited time, knowledge, and cognitive capacity, decision-makers simplify complex tasks, which can lead to the merging or misunderstanding of distinct planning concepts, particularly the concept of strategic planning. This phenomenon is observed by the majority of participants.

Furthermore, participants' perceptions of the relevance of strategic planning shape the relationship between their strategic understanding and their level of engagement with the planning process. Several participants believed that a strategic planning tool, such as a PESTEL or SWOT analysis, represented the comprehensive formal Strategic Plan. An example of feedback during a participant's iterative process was: "Why so many different strategic models? Are one or two not sufficient?" Hussey (2007) noted this confusion already much earlier in larger organizations, stating that planning tools and techniques alone do not create a strategy; rather, the responsibility for an overall comprehensive plan lies with the manager or OME. Another aspect that was observed is that when the initial data provided on the input form (Table 3) was summarily, the LLM possessed limited information to formulate a detailed SP. Although a comprehensive formal SP was generated, the level of detail was low. For instance, in situations where budget information was absent from the input form and only cost data was available, the LLM recommended a three-year budget with minimal income to offset the expenses.

Understanding the reasons behind AI's proposed actions or outcomes can help OMEs make informed decisions. For example, in predicting market trends, an AI application may correctly identify possible downward trends, alerting the business; however, it doesn't suggest a solution. Explainable AI (XAI) can clarify this decision-making process and reveal the underlying causes. In contrast to "black-box" models, which produce outcomes with no clear reasoning, explainable AI (XAI) aims to clarify the reasoning and processes driving specific AI recommendations or outputs. This transparency is crucial in strategic management, where decisions can have long-term impacts and necessitate justification to both internal and external stakeholders. The

collaboration between human thought and machine logic is essential for implementing AI in micro-business strategy development in an ethically sound, context-sensitive, and practically effective manner. With this information, companies can create a tailored, goal-oriented strategy (Dwivedi *et al*., 2023).

The need for scaffolding strategic literacy becomes more pronounced when users have had limited exposure to formal strategic processes in the past. Design elements that support users' strategic understanding, such as an explanatory introduction to a strategic plan and an explanation of how it is constructed with building blocks (SP tools), mitigate the adverse effects of bounded rationality on engagement.

To address this issue, a concise, AI-generated explanation or XAI of the purpose and structure of a formal strategic plan, as well as the function of the strategic planning tools used, was integrated into the tool, following the recommendations of Shick et al. (2024). Subsequently, this AI-generated explanation was incorporated into the formal strategic plan developed by the application. This intervention narrowed the knowledge gap related to strategic planning, resulting in improved user comprehension and increased engagement in the strategic planning process.

The growing appreciation is evident in the feedback from the participants regarding the outcomes of the formal SP generated by the FlutterFlow application.

The iteration process ceased when the usability ratings provided by all participants for the presented formal SP or their respective companies from the test application received

positive usability feedback, being at least “Good” on a 5-point Likert scale. Analysis of the usability ratings revealed that 100% of participants assessed the AI-enabled strategic planning tool positively, with 53% assigning a 'Good' rating (3 on a 5-point Likert scale) and 47% assigning a 'Very Good' rating (4 on the scale). The absence of negative evaluations highlights the tool's acceptability among micro-entrepreneurs with varying educational backgrounds. Furthermore, the experience was characterized as “positive” and “rewarding.”

Appendix E presents an example of the final iteration’s outcome derived from the FlutterFlow test application.

Finally, Section 4.5 addresses Research Question Four, identifying strategies and interventions to encourage micro-company OMEs to engage more actively in strategic planning activities.

4.5 Research Question Four

What strategies can be implemented to encourage OMEs’ involvement in SP activities despite challenges related to motivation and resources?

Theme 5: Support to arrive at a Strategic Plan

When deploying a thematic analysis using a deductive approach on the answers to the survey question “What are the specific needs for support to arrive at strategic planning?” It is learned that the major constraints to participating in SP are:

1. Lack of time: This was mentioned by 71% of the survey respondents.

2. Lack of knowledge: 33% of the survey respondents mention this constraint.

3. Lack of capital: 29% of the survey respondents mention this as a constraint.

Example quotes indicating possible means of support: “Examples and templates for similar companies in the industry. Most examples of strategic planning are often drawn up based on large companies with dissimilar goals or resources. The recognisability is hard to find.” And “a clear entry-level document that helps you get started faster.” “Yes, a step-by-step plan is nice.” “An educational resource specifically dealing with strategic planning and optimization for micro businesses would be quite helpful.”

From Theme 3, we learn that most participants prefer straightforward, practical SP tools over complex strategic models. By concentrating on these practices, they shape a “strategic" position, as they underpin an organization’s success or survival. This is evident in routines and planning that foster a competitive advantage (Salvato, 2003).

This indicates a need for easily accessible, low-complexity SP means that can be easily integrated into daily operations without significant resource demands.

Feedback from participants regarding the FlutterFlow application suggests that the input form, combined with the 12-step process and AI-enabled SP, facilitates a user-friendly SP that allows for rapid edits and seamless integration of new data, without resource constraints. One participant noted: “The plan corresponds to important points with my ideas and plans that existed only in my head. Furthermore, it provides an interesting insight and clarification into the various strategic models.” Through consistent repetition, these practices develop into action patterns, creating emergent strategies in the Mintzbergian framework.

This summary compiles the primary findings from all research questions, emphasizing significant patterns, challenges, and insights that surfaced during the analysis.

4.6 Summary of Findings

This paragraph presents the findings from a qualitative study that explored how micro-companies in the Netherlands engage with strategic planning and the role of AI in enhancing this process. The results reveal that micro-enterprises demonstrate significant strategic intent, defined by a clear understanding of their missions, visions, and goals, even in the absence of formal planning. Although strategic planning is acknowledged as vital, its formal implementation is often obstructed by operational pressures, limited time, inadequate financial resources, and gaps in strategic management knowledge. Four research questions guided the research.

First, the study confirms that micro-companies face significant barriers to formal strategic planning, including a lack of time, financial resources, strategic knowledge, and motivation**,** particularly among owner-managed entrepreneurs who prioritize autonomy and business continuity over growth. This addresses research question 1: What are the specific strategic planning needs and challenges faced by micro-companies in the Netherlands?

Second, to answer research question 2: What process can be used to create a customized strategic planning process and planning tool that meets the needs and challenges of micro-companies in the Netherlands? To address these needs, a tailored strategic planning process was developed, grounded in classical strategic models yet adapted for simplicity, accessibility, and minimal resource requirements. This process is based on classical strategic management frameworks but simplifies them for easier

understanding. Integrating AI through a FlutterFlow-based prototype assists micro-entrepreneurs by breaking down strategic thinking into digestible steps. AI enhances cognitive engagement by organizing both external and internal analyses, recommending strategic actions, and continuously refining strategic plans based on user feedback.

Third, the results demonstrated that AI can play a crucial enabling role, particularly by automating analyses (such as SWOT and PESTEL), generating scenarios, and formulating strategies. Micro-entrepreneurs prefer agile, adaptable strategic tools like SWOT and PESTEL analyses, using them flexibly to meet their specific needs. The limitations of strategic planning are closely related to existing research on SMEs, especially the findings (Pasanen, 2011; Stonehouse and Pemberton, 2002; Straková and Talíř, 2020), which highlight the restricted use of formal strategic tools and a focus on short-term outcomes. Participants recognized the advantages of the AI tool in lowering barriers to participation in strategic planning, particularly for those with limited prior experience. This addresses research question 3: How can AI be valuable in enabling micro-companies with tailored strategic planning processes and strategies?

Fourth, in conclusion, the study discovered various strategies to boost OME engagement. These strategies involve integrating the planning process into user-friendly digital interfaces and simplifying perceived barriers. The main constraints to strategic engagement were confirmed to be a lack of time, knowledge, and financial resources. Participants preferred accessible, practical tools over complex theoretical models and demonstrated an increased willingness to engage when strategic planning was framed in a simple, actionable manner. Research Question 4: What strategies can be implemented to encourage OMEs' involvement in SP activities despite challenges related to motivation and resources? This question was answered positively. The input form, in conjunction with the 12-step process and AI-enabled strategic planning, facilitates a user-centric strategic

planning framework that allows for swift modifications and seamless incorporation of new data, regardless of resource constraints. In summary, the findings indicate that an AI-enabled strategic planning process, tailored to the realities of micro-companies, can enhance planning engagement and support long-term decision-making in uncertain conditions. Iterative user feedback revealed that AI-generated strategic plans received positive ratings from participants, although cognitive barriers like bounded rationality due to low strategic literacy initially hindered engagement. Providing scaffolding for knowledge of Strategic Planning, such as incorporating concise explanations of tools (XAI) and concepts within the planning model, improved participant understanding and usability outcomes.

4.7 Conclusion

This research makes a significant contribution to the field of strategic management for micro-companies by demonstrating that strategic planning can be both accessible and valuable when tailored to the specific needs of micro-entrepreneurs. Despite a general acknowledgment of its importance, formal engagement with strategic planning remains limited, primarily due to constraints in resources, cognitive capacity, and strategic literacy.

To address these challenges, the study introduced a customized twelve-step strategic planning process, enhanced through AI-supported prompting and structured decision-making guidance. The integration of AI did not replace human judgment, but rather functioned as a cognitive enabler, supporting strategic thinking and assisting participants in navigating the limitations associated with bounded rationality due to unfamiliarity with strategic planning frameworks.

The effectiveness of such an approach, however, depends on the extent to which initial knowledge gaps are addressed. User-friendly, intuitive tools are essential,

particularly for first-time users or those with limited prior exposure to strategic models. Therefore, incorporating educational elements within future applications is recommended to establish a foundation of strategic literacy that empowers micro-business owners to engage more confidently and effectively in planning activities.

Furthermore, enhancing participation in strategic planning among micro-companies necessitates strategies that emphasize flexibility, simplicity, and contextual relevance. By framing strategic planning tools as practical aids, rather than abstract or burdensome theoretical exercises, micro-entrepreneurs are more likely to perceive them as supportive resources rather than constraints. This aligns with the broader imperative of cultivating strategic literacy within the micro-enterprise sector and underscores AI's emerging role as a facilitator of accessible and inclusive strategic management.

Looking ahead, future research should examine the long-term effects of AI-enabled strategic planning on business performance. Additionally, exploring how effective reasoning can complement formal strategic frameworks may yield deeper insights into how entrepreneurs make decisions in resource-constrained environments. Such studies would further enhance our understanding of how technology and tailored methodologies can support sustainable strategic development for micro-companies.

CHAPTER V: DISCUSSION

1.1 Introduction

This chapter examines and analyzes the major findings from Chapter IV, linking them to the research questions, theoretical framework, and relevant literature. It explores the implications of the study for both academic theory and business practice, highlights its contributions, and discusses the limitations encountered during the research process. The chapter wraps up by suggesting avenues for future research. The primary goal is to contextualize how a tailored, AI-driven strategic planning approach can empower micro-companies operating in resource-limited environments.

5.2 Interpretation of Key Findings

The findings suggest that micro-companies face substantial challenges in formal strategic planning. Participants noted obstacles such as time constraints, financial limitations, inadequate strategic knowledge, and low motivation, particularly when their primary objective is to maintain business operations rather than to pursue growth. These observations align with the theory of bounded rationality (Simon, 1955), which posits that cognitive limitations and restricted resources influence decision-making. Micro-entrepreneurs generally satisfice rather than optimize, relying on instinctive judgments rather than systematic methodologies. Existing literature corroborates that these challenges are prevalent among OMEs, as strategic planning is often perceived as complex, time-consuming, or irrelevant to their immediate operational requirements.

5.2.2 Development of a Customized Process and Tool (RQ2)

To address these challenges, the study developed a twelve-step strategic planning process specifically designed for micro-companies. This process is clear, intuitive, and compatible with both deliberate and emergent strategy models. This dual approach recognizes that while some micro-entrepreneurs pursue methodical planning, many also adopt adaptive strategies shaped by daily experiences. The iterative creation and testing of the AI-supported planning tool demonstrated its usability and relevance. Participants reported that the tool was user-friendly and appreciated the structured guidance it provided, which aided them in organizing their thoughts and formalizing their goals. This evidence supports the idea that for strategic planning frameworks to be effective in micro-business settings, they need to be practical, flexible, and adaptable to the context, being sensitive to the specific needs of these environments.

5.2.3 AI as a Strategic Enabler (RQ3)

The use of AI has proven to be a valuable asset in the strategic planning process. Instead of replacing human decision-making, AI acts as a cognitive enabler, enhancing users' capacity to perform analyses, evaluate options, and formulate strategies. This is consistent with recent studies that regard AI as a means to augment managerial cognition and decision-making (Finkenstadt *et al*., 2024; Von Krogh & Shrestha, 2021). Participants noted that the AI interface reduced the cognitive load typically associated with strategic planning, rendering the process less daunting and more interactive. Importantly, AI aided users in mitigating certain aspects of bounded rationality by offering structure and

encouraging deeper reflection on strategic decisions. These results underscore the significance of AI in lowering entry barriers and making strategic thinking more accessible.

5.2.4 Explainable AI in Strategic Planning Contexts

Explainable AI (XAI) encompasses various methods and principles aimed at making the mechanisms and decision-making processes of AI systems comprehensible to human users. Unlike "black-box" models, which produce outcomes with no clear reasoning, XAI seeks to clarify the rationale and processes behind specific AI recommendations or outputs. This transparency is particularly essential in strategic management, where decisions often have lasting ramifications and require justification to both internal and external stakeholders. This synergy between human thinking and machine logic is vital for implementing AI in micro-business strategy development in an ethically sound, context-sensitive, and practically effective manner.

Integrating AI into the strategic planning tool emerged as a highly useful support system, especially in addressing cognitive and motivational obstacles to formal planning. Instead of substituting human decision-making, the AI acted as a cognitive facilitator, assisting participants at each planning stage, encouraging reflection, and providing suggestions informed by both internal and external contexts. Users valued the organization that the tool offered and expressed feeling more equipped to engage with strategic topics than they had thought possible before.

A remark from participant feedback was the request for transparency and understanding of AI-generated suggestions. Many users expressed trust in the tool's ability to explain the rationale behind specific strategic recommendations. For instance, one participant noted, “It helped that it told me the strategy was based on, by myself, already recognizable market trends, and strategic actions envisaged in my head; it didn’t feel random.” This level of transparency aligns with the principles of Explainable AI (XAI), which aims not only to produce outputs but also to clarify the reasoning behind them for end-users.

Explainability played a crucial role in building user confidence, especially among owner-managed entrepreneurs unfamiliar with strategic frameworks. By surfacing the rationale behind AI outputs, such as showing that a diversification strategy was recommended because of high external volatility combined with stable internal capacity, the system helped users link strategic outcomes to their own business realities. This feature minimized the risk of blind reliance on the tool and instead positioned the AI as a collaborative partner in strategic thinking. In cases where the reasoning was unclear or insufficiently explained, users expressed hesitation or disengagement, reinforcing the importance of XAI features for trust, learning, and informed judgment.

Thus, the findings suggest that the degree of explainability embedded in AI systems is not a technical detail but a core component of usability and ethical alignment. For micro-companies with limited planning experience, explainable outputs not only support better decisions but also serve an educational function, enhancing strategic literacy over time. As AI tools become more widespread in entrepreneurial contexts, integrating clear, human-

understandable explanations into the user interface will be essential for responsible and effective adoption.

5.2.5 Strategies to Encourage OME Engagement (RQ4)

The study also examined methods for enhancing participation in strategic planning among OMEs. A significant discovery was that framing strategic planning as a practical, results-oriented endeavor, rather than an abstract theory, was crucial. Participants responded positively to tools that were visually clear, easy to use, and provided immediate benefits. Furthermore, incorporating educational components in the tool, such as concise explanations, empowered users and improved their understanding. These findings highlight the usefulness and necessity of designing planning interventions that are technically effective and psychologically encouraging. Notably, participants showed greater openness to engage with strategic planning when they felt it resonated with their personal ambitions and business contexts.

5.3 Connection to Literature

This study's findings support and expand on several existing studies. Firstly, the resource constraints and formality of the SP are recognized. The predominant factors contributing to the absence of formalized planning within small enterprises generally include resource limitations, specifically a deficiency in time, financial capital, necessary skills, and knowledge, as previously observed (Toku *et al*., 2020; Skokan *et al*., 2013; Cordeiro, 2013; Wang *et al*., 2011; Málovics and Kraus, 2007). In summary, when strategic

management is evident among small and medium-sized enterprises (SMEs), research indicates that it often manifests in an informal manner, lacking proper structure and occurring intermittently. Moreover, it relies on insufficient and inefficient information, typically obtained through informal channels, and reflects a reactive or defensive stance rather than a proactive approach (de Souza Mendes *et al.*, 2021). Insufficient information not only hampers the ability to foresee situations but also reduces the effectiveness of the response.

Second, earlier studies emphasized that strategic planning benefits SMEs and micro-companies when the approach is customized to their unique context (Kraus *et al*., 2006; Pasanen, 2011). The research validates the importance of a combination of deliberate and emergent planning practices, especially in environments with scarce resources and rapid change (Mintzberg, 1994; Whittington, 2001). Thirdly, it contributes to the growing research on AI in strategic management by providing empirical evidence that AI can effectively support planning activities within small businesses (Borges *et al*., 2021; Yigit & Kanbach, 2021). By integrating these elements, the study underscores how AI-enabled planning tools can connect informal entrepreneurial actions with structured strategic thoughts and formal planning.

5.4 Theoretical Implications

This research makes several key theoretical contributions. It broadens the application of bounded rationality theory within AI-enabled strategic planning, demonstrating how cognitive tools can mitigate limitations in decision-making.

Additionally, it introduces a unique blend of deliberate and emergent strategy perspectives, indicating that a hybrid planning approach can support various entrepreneurial styles, such as low-growth and profit-maximizing as well as non-profit-maximizing MSME goals. The proposed framework positions AI not just as a technological tool but also as a provider of cognitive support for micro-entrepreneurs. This perspective challenges conventional beliefs about the lack of access to formal strategy tools for micro-businesses and advocates for a re-evaluation of strategic management models to incorporate AI as a central element.

5.5 Practical Implications

Practically, the study provides actionable insights for multiple stakeholders. For software developers and platform designers, it emphasizes the importance of intuitive interfaces, contextual guidance, and iterative usability testing. It is advisable to create a cost-effective and easily accessible web application specifically for SMEs and micro-companies. Therefore, the implementation of AI in developing micro-business strategies should be carried out in an ethically sound, context-sensitive, and practically effective manner. For policymakers and SME support organizations, the research suggests that strategic planning interventions should include educational components and consider the motivational profile of OMEs. In the Netherlands, there are no minimum educational or certification requirements, such as mandatory business licenses, to start a business. This contrasts with the previously required Middenstandsdiploma, a middle-level vocational diploma in commerce and entrepreneurship, which served as a business permit for independent small business owners and was abolished by the Dutch government at the end of 2000. Based on the findings, it is evident that attention is required on this subject,

especially for individuals with education levels below a bachelor's degree or those pursuing fields without any business administrative education, such as music and the arts, to address the lack of strategic literacy. One example could be integrating SP into the secondary vocational studies curriculum, where fields of study such as retail and entrepreneurship are already available. Another proposal is to incorporate this subject into low-cost courses, such as the starter program for aspiring entrepreneurs provided by the Dutch Chamber of Commerce (KVK, 2024). Business advisors and incubators can adopt AI-enabled planning tools as entry points for strategic capacity building. Overall, the findings advocate for a shift in how strategic planning is introduced and supported in micro-enterprises, with AI serving as a bridge between theory and practice.

5.6 Limitations

Similar to all research endeavors, this study has limitations. The sample was restricted to micro-companies located in the Netherlands, which may influence the generalizability of the findings. Although efforts were undertaken to ensure diversity, the small sample size and purposive selection method may have excluded certain perspectives. Furthermore, the study primarily concentrated on short-term interactions with the AI tool, thereby limiting the capacity to evaluate long-term outcomes or behavioral changes. The effectiveness of the tool across various cultural, economic, or regulatory contexts remains to be thoroughly investigated.

5.7 Conclusion

In summary, this study shows that strategic planning can be accessible, relevant, and actionable for micro-companies when supported by AI-enabled tools and grounded in a contextual understanding of entrepreneurial behavior. By addressing barriers such as bounded rationality, limited resources, and planning literacy, the proposed framework empowers micro-entrepreneurs to confidently engage in strategy development. The findings highlight that AI, when designed and deployed thoughtfully, has the potential to democratize strategic management and cultivate more resilient, reflective, and proactive micro-enterprises.

CHAPTER VI: SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Summary

This study aimed to investigate how micro-companies, particularly those operating in resource-constrained environments, can effectively engage in strategic planning with the support of artificial intelligence. Recognizing the well-documented barriers that prevent micro-entrepreneurs from utilizing formal strategic planning methods, including limited time, capital, and strategic literacy, the research aimed to develop, test, and evaluate an AI-enabled planning framework tailored specifically to this business context. Four research questions guided the inquiry, focusing on strategic planning needs, the design of a usable planning tool, the role of AI in enabling strategic thinking, and strategies to increase owner-manager engagement.

A qualitative methodology, supported by a Design Science Research (DSR) approach, was adopted to develop and iteratively refine a twelve-step strategic planning process. The process was operationalized in an AI-supported prototype and tested with a purposive sample of micro-entrepreneurs in the Netherlands. Findings showed that the tool significantly reduced cognitive load, improved user engagement, and supported the formation of structured strategic insights, even among participants with no prior planning experience. The results also indicated that AI acted as a cognitive enabler, rather than a decision-making substitute, and helped overcome key limitations associated with bounded rationality. Collectively, the findings validate the

potential of AI-enabled planning to democratize access to strategic management practices for micro-companies.

6.2 Implications

This study's results have significant implications for both theory and practice. Theoretically, it contributes to bounded rationality literature by demonstrating how AI can enhance the cognitive abilities of decision-makers facing constraints. Additionally, it enriches strategic management discussions by introducing a hybrid planning model that combines both deliberate and emergent strategies. This model is especially pertinent to micro-businesses, where planning often remains informal and intuitive. By integrating AI into strategic planning frameworks, this research offers a fresh perspective on how digital tools can improve human judgment and decision-making in entrepreneurial environments. From a practical perspective, this study presents valuable insights for software developers, business consultants, and policy-makers. It emphasizes for developers the need for intuitive design, contextual adaptability, and iterative feedback in creating effective AI planning tools. For practitioners and organizations supporting entrepreneurs, the tool serves as a guide for training, mentoring, and assisting micro-business owners in their strategic planning efforts. Additionally, policy-makers might see the advantages of promoting AI-enabled tools as part of wider initiatives to boost the competitiveness and resilience of SMEs. Notably, the research shows that even non-growth-oriented micro-enterprises can gain from structured planning when the tools are presented in a friendly, accessible, and relevant way.

6.3 Recommendations for Future Research

This study provides a foundational understanding of AI-enabled strategic planning in micro-companies and highlights several opportunities for further research. First, it is essential to conduct longitudinal studies to evaluate the long-term effects of AI-enabled planning on key business outcomes, such as resilience, adaptability, and performance. These studies can offer valuable insights into whether initial use of AI tools fosters ongoing strategic behavior. Second, conducting comparative research across various cultural and economic settings could clarify how broadly applicable the findings are and reveal any specific adaptations to different contexts. Third, merging models of effectual reasoning with formal planning frameworks might enhance our understanding of hybrid decision-making among entrepreneurs. Since many micro-businesses operate in an exploratory and satisficing manner, future tools could blend predictive and adaptive features within a single planning platform.

Ethical Boundaries and Risks of Using AI in Strategic Tools

While AI-powered tools offer significant opportunities to broaden access to strategic planning, they also raise various ethical concerns that warrant careful consideration. A key issue is algorithmic opacity, meaning that the decision-making processes of AI systems can be unclear or difficult to understand for users, especially those lacking technical knowledge. This absence of transparency can erode trust and

accountability, complicating users' ability to evaluate the legitimacy of AI-generated recommendations. For micro-entrepreneurs, who often depend on intuition and experience, excessive reliance on unclear AI systems may undermine essential human judgment. Furthermore, there are worries about data privacy and consent. Typically, AI tools need access to sensitive business data to provide strategic insights, and mishandling this information can lead to vulnerabilities or exploitation. This danger is particularly significant for micro-companies that may not have the legal frameworks or knowledge necessary for effective data governance.

An important ethical consideration is bias and fairness. If AI models are trained on data that embodies systemic biases, like gender or industry-specific underrepresentation, the tool might unintentionally generate biased or discriminatory outcomes. For instance, AI recommendations could favor strategies that support historically dominant sectors or growth-driven business models, sidelining lifestyle entrepreneurs or those pursuing social missions. Additionally, the transfer of strategic decision-making to AI raises critical issues around accountability: who is responsible if a decision made using AI guidance results in adverse consequences? This concern intensifies as AI transitions from a mere support tool to an influential entity in shaping business decisions. To address these ethical dilemmas, future iterations of AI-driven strategic tools need to integrate explainable AI (XAI) features that help users comprehend the decision-making process.

Additionally, they must embrace privacy-by-design principles, ensuring data is anonymized, secured, and used with clear user consent. Ethical implementation requires a thoughtfully balanced design that enhances human agency rather than replacing it,

establishing explicit boundaries on what the AI can and cannot accomplish. It is essential to educate users about the strengths, limitations, and underlying assumptions of the AI model to promote informed usage and ethical practices. These precautions are necessary to safeguard user autonomy and mitigate unintended consequences, particularly in vulnerable or low-capacity micro-enterprise environments.

In addition, ethical considerations require more thorough investigation. With AI increasingly involved in strategic decision-making, aspects like data privacy, algorithm transparency, and trust are becoming paramount. Future studies should focus on creating AI systems that excel in performance while upholding ethical standards and satisfying user needs. Additionally, improved interdisciplinary collaboration is crucial for connecting entrepreneurship, strategic management, and human-computer interaction, especially regarding micro-enterprises.

6.4 Conclusion

In summary, this study shows that strategic planning can be more accessible and impactful for micro-companies by thoughtfully integrating AI-enabled tools. By customizing the strategic planning process to align with the specific characteristics and limitations of micro-enterprises and utilizing AI as a cognitive partner instead of merely a directive force, the research makes a strong argument for innovation in entrepreneurial support systems. The twelve-step planning model, backed by an AI-driven prototype, not only overcomes typical obstacles to strategic engagement but also enables users to think more clearly, plan more effectively, and act more purposefully.

This study underscores how technology can democratize strategic management and stresses the importance of designing tools with contextual awareness. The results suggest a future where micro-entrepreneurs, regardless of their background or experience, can actively engage in determining their strategic paths. As the business landscape grows more uncertain and complex, the ability to plan strategically, enhanced by intuitive, intelligent tools, will be crucial for micro-companies striving to thrive. The study wraps up by emphasizing the need to integrate technology, education, and behavioral insights to foster a more inclusive and effective approach to strategic planning for micro-enterprises.

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APPENDIX A: SURVEY COVER LETTER

Cover letter invitation to participate in survey

Strategic planning is crucial for larger companies to be successful. Especially in the current uncertain times with rapid technological change, wars, rising energy prices and climate change, strategic planning is more important than ever. Smaller companies (micro companies up to 10 employees) often make little or no use of models such as PESTEL/SWOT or the 5-forces model. This while these companies contribute 30% to the GDP and 50% to total employment in the Netherlands. A problem for these companies is often a lack of resources such as time, money, skills and knowledge. The owners also often do not have the ambition to grow and set other priorities. As part of a DBA for the Swiss School of Business and Management, Chris Terpelle wants to conduct research among these smaller SME companies.

This survey is about how strategic planning has a place in micro-companies and takes about 10 minutes.

Cover letter invitation to participate in testing the FlutterFlow tool

Strategic planning is crucial for larger companies to be successful. Especially in the current uncertain times with rapid technological change, wars, rising energy prices and climate change, strategic planning is more important than ever. Smaller companies (micro companies with max. 10 employees) often do not have a formal strategic plan and make little use of models such as PESTEL, SWOT or the 5 forces model. This while these companies contribute 30% to the GDP and 50% to total employment in the Netherlands. A

problem for these smaller companies is often a lack of resources such as time, money, skills and knowledge. The owners also sometimes do not have the ambition to grow or they set other priorities. As part of a study for the Swiss School of Business and Management, we want to conduct this research among these smaller SME companies. As part of this, the researcher wants to develop a custom app to investigate to what extent AI models (LLMs) such as ChatGTP can help to use the strategic models quickly and easily to arrive at a formal and above all practically usable strategic plan. When filling in the data in the application, traceable data such as company name and location are requested. Here, for privacy reasons, a fictitious name can be entered if required, which has no further influence on the results. Financial data is also requested. This serves as the basis for a proposal for a multi-year budget. Fictitious data can be entered here or left blank. This of course has consequences for the outcome of the proposed strategic plan. After receiving the data and feedback, adjustments are made to the model and later offered for assessment in a new session (the iterative process). This is expected to be necessary three times.

APPENDIX B: INFORMED CONSENT

Declaration of consent

I, the participant, agree to participate in the research project entitled "Strategic planning in micro-companies," conducted by C.J.H. Terpelle. I have read the information and had sufficient time to do so and ask questions. My questions have been answered adequately, and I had enough time to decide on my participation. I understand that participation is voluntary and that I can withdraw my consent at any time during the research without providing a reason. I am aware that if I withdraw, my data can be used until that point unless I also request the deletion of the already collected data. I give permission for the collection, storage, and use of my data to address the research question in this study. I also give permission for the reuse of my data for future research in this field, which is not yet defined. I understand that only select individuals may access my collected data to verify the scientific integrity of the research. I can review my data and have full visibility into how my data is processed and stored.

APPENDIX C: SURVEY QUESTIONS

Survey “Strategic planning in micro-businesses”

Participant Verification

1. Are you located in the Netherlands?

   Mark only one oval.

   0 Yes

   0 No Go to section 7 (Section 7: Inconsistent screening responses)

2. Are you an entrepreneur?

   Mark only one oval.

   0 Yes

   0 No Go to section 6 (Section 6: Inconsistent screening responses)

3. How many employees do you have, including yourself?

   □ 1

   □ 2-3

   □ 4-6

   □ > 10

□ 7-10

4. In which industry are you active?

5. Describe your company in 1 sentence.

6. What is your highest level of education?

   □ Master degree

   □ Bachelor degree

   □ Secondary vocational education level

   □ Preparatory vocational education level

7. When was your company founded?

8. Do you have a mission and vision for your company?

   Mark only one oval.

   0 Yes

   0 No

9. Do you have strategic goals and/or objectives (e.g., growth, stability, innovation)?

   Mark only one oval.

   0 Yes

   0 No

10.Have you set long-term (5 years) and/or short-term (1 year) goals? *

0 No

0 Yes, short-term (1 year)

0 Yes, long term (2 to 5 years)

11. What is your attitude towards strategic planning for your company?

unimportant □ □ □ □ □ very important

12.If a strategic plan is important, what is your view on formal versus informal strategic planning?

(Formal planning means having a strategic plan worked out "on paper." An informal strategic plan exists only in your head.)

13.Is strategic planning important to your business success? (This can be financial as well as intangible)

unimportant □ □ □ □ □ very important

14.What advantages and disadvantages of strategic planning do you see?

15.Is strategic planning important to your business success? (This can be financial as well as intangible)

unimportant □ □ □ □ □ very important

16.Does your company have formal strategic planning processes such as a business plan?

Mark only one oval.

0 Yes

0 No

If so, which one?

□ Strategic Plan

□ Business plan

□ Operational planning

□ Marketing planning

□ Production planning

□ Financial planning

□ Otherwise:

17. If so, how often are the strategic planning activities updated?

Mark only one oval.

0 Never

0 Once a year

0 Once every 2 to 3 years

0 Once every 4 to 5 years

18. If so, what is the involvement of employees and stakeholders (shareholders, partners) in strategic planning?

Mark only one oval.

 No involvement

 Staff is involved

 Staff and stakeholders are involved

19. What tools or methods are currently used for strategic planning?

Check all applicable options.

 SWOT analysis (internal analysis)

 BCG - matrix (product portfolio)

 PDCA cycle (plan, do, check, act)

 PESTEL analysis (external analysis)

 Ansoff - matrix (growth strategy)

 SPACE - matrix (Strategic Position and

 Determining a mission

 TOWS - matrix

 QSPM matrix (quantitative Strategic Planning Matrix)) planning

 Scenario planning

□ 5 - Forces model

□ Action Evaluation)

□ Establishing a vision

□ Strategic choice of competitive advantage

□ Strategic model/tool

□ Otherwise

20. What obstacles do you experience when developing and implementing strategic plans?

21. Are there specific needs or support needed to arrive at strategic planning?

22. If there is no strategic planning (formal or informal), what factors are getting in the way?

23. In which area is external assistance most needed (e.g., finance, external analysis, marketing, product portfolio)?

24. Do you have any expectations of an AI-based strategic planning tool available to you?

Mark only one oval.

Low expectation □ □ □ □ □ High expectations

25. Would you like to participate in an iterative user study (a cycle of iterative work a team creates to quickly prototype their product and get feedback) that evaluates a prototype of an AI-driven strategic planning process for micro-businesses?

□ No

□ Yes

□ Maybe

End of the survey

APPENDIX D: LLM INPUT FORM

Questions	**Answer**
What kind of company are you?	
What is your company's ideal future state?	
What goals do you have?	
Where are you located?	
What is your organization doing well right now? What sets you apart from your competitors? What is your greatest strength? What is your organization not doing well?	
What are you currently lacking (a product, resource, or process)? What are your competitors doing better than you? What limitations, if any, are holding your organization back? What processes or products need improvement?	
What opportunities does your organization have? How can you leverage your unique strengths as a company? Are there trends that you can take advantage of? Is there an emerging need for your product or service?	
What emerging competitors should you watch? Are there weaknesses that expose your organization to risk?	
How is your annual budget allocated across key areas?	

APPENDIX E: EXAMPLE OUTPUT FROM FLUTTERFLOW TEST APPLICATION

Strategic Plan

E-bike Shop is a small, specialized business based in Deventer, the Netherlands, serving both Dutch and Belgian customers with high-end e-bike sales, repairs, modifications, and maintenance. The company operates with a team of four employees and emphasizes quality, customization, and technical expertise. Its mission is to deliver reliable, sustainable, and customer-focused e-bike services that enhance the riding experience while promoting a healthier, greener lifestyle. E-bike Shop is committed to offering a stress-free experience for both customers and employees, fostering a positive and motivated work environment. The company's vision is to operate without a profit goal, focusing instead on breaking even while becoming a leading specialist in innovative and sustainable e-bike solutions. E-bike Shop aims to be known for its expertise, eco-friendly practices, and strong customer relationships. Its short-term objective is to achieve a minimum turnover of €750,000 or more to meet its break-even point. In the long term, the company plans to introduce alternative products and services to maintain financial sustainability and support its mission-driven approach.

PESTEL Analysis for E-bike Shop

Purpose: A PESTEL analysis helps businesses understand the **external macro-environmental factors** that influence their operations. By examining **Political, Economic, Social, Technological, Environmental, and Legal** factors, E-bike Shop can

identify **opportunities to leverage** and **threats to mitigate**, aligning its strategy with current market dynamics.

Political Factors

1. **Government subsidies for e-mobility**: Dutch and EU-level incentives for green transport support demand for e-bikes — **opportunity**.
2. **Cross-border trade within the EU**: Simplified regulation for selling to Belgium lowers barriers — **opportunity**.
3. **Local infrastructure investments**: Government investments in bike lanes and e-mobility infrastructure enhance usability — **opportunity**.
4. **Changing import/export regulations** (post-pandemic): May impact parts or e-bike availability from non-EU suppliers — **threat**.

Economic Factors

1. **Inflation and cost-of-living concerns**: May reduce consumer willingness to invest in high-end e-bikes — **threat**.
2. **Increased energy and transport costs**: Push consumers toward e-bikes over cars — **opportunity**.
3. **Interest rate hikes**: Affect consumer financing options and increase business financing costs — **threat**.
4. **Resilient niche spending**: High-income customers remain willing to spend on premium, sustainable products — **opportunity**.

Social Factors

1. **Rising health consciousness**: More people seek active, low-impact transportation like e-bikes — **opportunity**.
2. **Urbanization**: Increases demand for compact, personal transport — **opportunity**.
3. **Shifting lifestyle values**: Consumers prioritize sustainability and experience over ownership — **opportunity**.
4. **Perception of e-bikes as luxury items**: Could limit access for budget-conscious consumers — **threat**.

Technological Factors

1. **Advances in battery tech and smart features**: Raise customer expectations and offer innovation potential — **opportunity**.
2. **Rapid tech cycles**: Require frequent upskilling and inventory updates — **threat**.
3. **Growth of online repair/service platforms**: Potential competition, or partnership opportunity — both.
4. **Digitalization of customer service**: Expectation for online booking and support tools — **opportunity**.

Environmental Factors

1. **Increased focus on reducing carbon footprints**: Boosts appeal of e-bikes — **opportunity**.
2. **Scrutiny over battery recycling and material sourcing**: Could lead to regulatory pressure — **threat**.
3. **Weather patterns**: Milder winters support year-round e-bike use — **opportunity**.

4. **Eco-conscious branding**: Customers favor businesses that match their environmental values — **opportunity**.

Legal Factors

1. **EU safety and compliance regulations for e-bikes**: Require strict adherence — **threat if ignored**, but creates **trust if met**.
2. **Data protection laws (e.g., GDPR)**: Relevant for customer data if digital services grow — **threat**.
3. **Employment laws**: Influence flexibility and workplace environment goals — **ongoing compliance needed**.
4. **Consumer rights protections**: Shape return/warranty policies and service standards — **opportunity to stand out**.

Summary

Opportunities	**Threats**
Subsidies, urbanization, eco-conscious consumers	Inflation, import issues, tech turnover
Battery innovation, digital service options	Regulatory compliance, cost sensitivity
Health & lifestyle trends, premium niche loyalty	Competitive pressure from online platforms

Internal Analysis for E-bike Shop

Purpose:

An internal analysis evaluates the **resources, capabilities, and internal processes** of a company to identify what it does well (**strengths**) and where it needs improvement (**weaknesses**). This helps guide strategic decisions, such as where to invest, how to position the brand, and what operational risks to address.

Strengths

1. **Technical Expertise and Customization**

   The company specializes in high-end, tailored e-bike solutions, giving it a strong competitive edge in service quality.
2. **Customer-Centric Mission**

   A strong focus on providing a stress-free, satisfaction-driven experience strengthens customer loyalty and trust.
3. **Sustainability-Driven Identity**

   Its mission aligns with growing consumer demand for environmentally responsible businesses.
4. **Cross-Border Reach**

   Serving both Dutch and Belgian customers increases market potential without needing significant expansion.
5. **Motivated Team Culture**

   The company's emphasis on employee happiness contributes to better service quality and retention.

Weaknesses

1. **Limited Team Size (4 employees)**

   May restrict the company's ability to scale services, manage peak demand, or take on large projects.

2. **No Profit Orientation**

   While noble, aiming only to break even may limit reserves for innovation, emergencies, or growth opportunities.

3. **High Cost Base (e.g., €450K COGS, €140K wages)**

   Fixed and variable costs are substantial, requiring a stable and high turnover just to maintain operations.

4. **Underutilized Marketing**

   With only €24K allocated to marketing, visibility may be limited in a competitive and growing market.

5. **Limited Diversification (currently only e-bike services)**

   Depending on a single product category may increase vulnerability to shifts in tech trends or customer behavior.

SWOT Analysis for E-bike Shop

Purpose:

A SWOT analysis evaluates **internal strengths and weaknesses** alongside **external opportunities and threats**. It helps businesses align their strategy with their unique position in the market, guiding decisions about growth, innovation, risk mitigation, and operational improvements. For **E-bike Shop**, this analysis supports achieving break-even goals while staying true to its mission-driven, customer-focused identity.

Strengths – Internal Advantages to Leverage

E-bike Shop's technical expertise, customer-focused service, and sustainability mission give it a unique edge in the e-bike market.

Potential Actions:

1. Develop premium maintenance plans to monetize expertise and create recurring revenue.
2. Promote its eco-conscious identity in marketing to attract values-aligned customers.
3. Highlight employee-centered culture in recruitment to attract top technical talent.
4. Launch referral programs using strong customer relationships to grow the client base.

Weaknesses – Internal Challenges to Address

The shop's small team, high fixed costs, and break-even mindset can restrict growth and flexibility.

Potential Actions:

1. Explore part-time or freelance technician support during peak periods.
2. Reassess cost structure and pricing to build a modest profit buffer.
3. Invest in staff training to reduce dependency on any single employee's expertise.
4. Boost marketing investment to improve visibility and attract higher-paying clients.

Opportunities – External Trends to Exploit

The growing e-mobility trend, urbanization, and demand for healthy, sustainable transport create a favorable environment.

Potential Actions:

1. Offer services to corporate or government fleet customers seeking green transport options.
2. Introduce new accessories or e-bike-related products to diversify revenue.
3. Develop subscription-based service or care packages for ongoing maintenance.
4. Partner with eco-conscious brands to create bundled offerings or cross-promotions.

Threats – External Risks to Prepare For

Economic uncertainty, rapid tech shifts, and regulatory demands could challenge stability.

Potential Actions:

1. Secure relationships with multiple suppliers to reduce parts shortages risk.
2. Stay ahead of tech trends through continuous learning and pilot projects.
3. Monitor regulation updates to ensure full compliance and avoid penalties.
4. Create a small emergency fund or buffer in financial planning despite the break-even model.

TOWS Matrix for E-bike Shop

Purpose:

The **TOWS matrix** builds on the SWOT analysis by connecting internal factors (**Strengths & Weaknesses**) with external ones (**Opportunities & Threats**) to generate **concrete strategic actions**. It helps the business create growth, defensive, and operational strategies by asking:

- How can strengths be used to seize opportunities (SO)?
- How can strengths be used to minimize threats (ST)?
- How can weaknesses be improved to seize opportunities (WO)?
- How can weaknesses be protected from external threats (WT)?

SO – Strengths & Opportunities: Use strengths to take advantage of opportunities

E-bike Shop's technical expertise, sustainability focus, and high customer satisfaction can be used to exploit the booming e-mobility trend and the demand for quality green transport.

Actions:

1. Develop and promote a premium **sustainable service bundle** highlighting long-term durability and eco-impact.
2. Launch a **"green commuter" program** targeted at urban professionals wanting reliable daily transport.
3. Collaborate with **local governments or eco-organizations** on public awareness campaigns around sustainable mobility.
4. Create an **e-bike knowledge hub** (online) showcasing expertise, increasing reach and visibility.

ST – Strengths & Threats: Use strengths to reduce or avoid threats

E-bike Shop can apply its customization and customer service strengths to manage rising competition, tech shifts, and regulatory pressures.

Actions:

1. Offer **extended warranties and compliance guarantees** to build customer trust in a shifting legal landscape.
2. Develop in-house **battery recycling or upgrade services** to meet future environmental regulations.
3. Introduce **tech compatibility audits** to help clients keep up with fast-changing software or hardware.
4. Position the brand as the **"safe, stable choice"** in a market where tech and quality are inconsistent.

WO – Weaknesses & Opportunities: Improve weaknesses by leveraging opportunities

To address its small team, cost structure, and limited marketing, the company can leverage growing demand, sustainability trends, and digital tools.

Actions:

1. **Automate appointment scheduling and customer communication** to free up team time.
2. Offer **digital diagnostics or remote service support** to reach more customers with limited staff.

3. Launch a **social media campaign** tied to urban sustainability to attract a broader base.
4. Form **strategic partnerships with eco-retailers** to share marketing costs and access new segments.

WT – Weaknesses & Threats: Minimize weaknesses and avoid threats

To shield itself from rising costs, talent gaps, and tech dependency, E-bike Shop needs to reinforce its internal structure while building resilience.

Actions:

1. Introduce **cross-training** to prevent operational bottlenecks during staff absence.
2. Regularly **review cost-efficiency** of services and suppliers to stay competitive.
3. Establish **standard operating procedures (SOPs)** for service and customer care to ensure consistency.
4. Build a **financial contingency plan** despite its break-even orientation, to manage sudden disruptions.

Porter's Five Forces Analysis for E-bike Shop

Purpose:

Porter's Five Forces helps assess the **competitive pressure** in an industry by analyzing five key forces. This framework enables E-bike Shop to understand where power lies, **evaluate market attractiveness**, and make informed strategic decisions about positioning, pricing, partnerships, and growth.

1. Competitive Rivalry – HIGH

The e-bike market is growing rapidly, with both **specialist retailers** and **large chain stores** competing on price, selection, and convenience.

- E-bike Shop faces pressure from **low-cost providers** and online players.
- Its niche focus on **high-end customization and service** helps reduce direct rivalry.
- However, customers may still compare on **price and speed**, especially for repairs.
- Local competitors and tech-savvy startups entering the market increase rivalry.

Response: Emphasize specialization, eco-values, and personalized service.

2. Threat of New Entrants – MODERATE to HIGH

Barriers to entry are relatively low for basic e-bike sales or repair shops.

- Low capital requirements and growing market demand attract new entrants.
- However, E-bike Shop's **technical expertise** and **loyal customer base** act as defensive moats.
- Brand differentiation and trust are critical in this space.

Response: Build customer loyalty through service excellence and community engagement.

3. Threat of Substitutes – MODERATE

Alternative transport options like **public transport**, **cars**, **regular bikes**, or **e-scooters** may draw away potential e-bike users.

- E-bikes remain a strong alternative due to sustainability and mobility convenience.
- Substitutes become more relevant during **economic downturns** or in regions with strong public transport infrastructure.
- DIY repair kits or online tutorials can also substitute the need for professional service.

Response: Reinforce the **value of expert care**, longevity, and customization benefits.

4. Bargaining Power of Suppliers – MODERATE

Suppliers of e-bike parts, batteries, and components can influence pricing and availability.

- E-bike Shop may face supply chain pressure if reliant on a few suppliers, especially for **high-end parts**.
- However, being in the EU and close to multiple suppliers helps reduce this risk.
- Shortages (e.g. post-COVID) highlight the vulnerability of tight supply chains.

Response: Diversify suppliers and build long-term relationships to ensure reliability.

5. Bargaining Power of Customers – HIGH

E-bike buyers are informed, tech-savvy, and increasingly price-sensitive.

- Customers compare products and services online, and many seek **value and transparency**.
- High switching power exists unless strong loyalty or service contracts are in place.
- Online reviews and word-of-mouth heavily influence reputation.

Response: Offer consistent quality, loyalty rewards, and proactive customer communication.

Competitive Advantage Strategy Proposal for E-bike Shop

Based on Porter's Competitive Advantage Framework

Purpose: Michael Porter's concept of competitive advantage identifies two core strategies to outperform competitors: **cost leadership** and **differentiation**. A third approach is **focus**, which applies either strategy within a niche market. This analysis helps E-bike Shop **define its unique market position**, attract ideal customers, and build a long-term, defensible advantage.

Recommended Strategy: Focused Differentiation

E-bike Shop should adopt a *Focused Differentiation* strategy — delivering highly customized, premium-quality e-bike services to a niche segment of quality-conscious, sustainability-oriented consumers in the Netherlands and Belgium. This aligns with the company's current identity and customer base and avoids the pitfalls of price-based competition.

Key Strategic Pillars

1. **Customization & Technical Expertise**
    - Position the shop as the *go-to destination* for tailored e-bike builds and high-performance upgrades.
    - Offer tiered service packages (e.g., performance, comfort, or commuter packages) to address different lifestyle needs.
    - Train staff to become specialists in specific e-bike systems or brands.
2. **Sustainability as a Value Driver**
    - Emphasize eco-friendly practices (e.g., battery recycling, reusing components, energy-efficient operations).
    - Partner with local green initiatives or climate campaigns to increase visibility and alignment.
    - Offer a "Green E-bike Certification" for bikes that meet certain service and longevity standards.
3. **Premium Service Experience**
    - Deliver a seamless, stress-free process: online scheduling, service tracking, pick-up/drop-off options.
    - Build a VIP membership or subscription program with perks like yearly maintenance, emergency repairs, and free consultations.
    - Invest in customer relationship management (CRM) to personalize recommendations and track service history.
4. **Niche Marketing and Brand Loyalty**
    - Focus messaging on *"expertise you can trust"* and *"mobility with a mission."*
    - Run referral programs to reward loyal customers and build community.

- Host community rides, workshops, or green mobility talks to strengthen brand connection.

Strategic Benefits

- **Customer loyalty** through value-added services and emotional alignment with eco-goals
- **Reduced price sensitivity** due to perceived value and specialization
- **Defensible niche** less exposed to mass-market competitors
- **Higher margins per customer** by bundling premium services and products

Based on the financial data from Year 1 (Turnover: €1,000,000; Total Costs: €759,500) and assuming **consistent cost structure** and **modest growth in revenue**, here's a **3-year forward-looking budget** for **E-bike Shop**:

Projected Budget: Years 2–4

Category (€)	**Year 2**	**Year 3**	**Year 4**
Turnover	1,050,000	1,102,500	1,157,625
Cost of Goods Sold (COGS)	472,500	495,125	519,881
Wage Costs	147,000	154,350	162,068
Rent/Mortgage	12,000	12,000	12,000
Marketing	25,200	26,460	27,783
Admin & General Costs	26,250	27,563	28,941

Category (€)	Year 2	Year 3	Year 4
Depreciation	30,000	30,000	30,000
Other Costs	78,750	82,688	86,822
Financing (Interest)	3,500	3,500	3,500
Total Costs	**795,700**	**831,685**	**870,996**
Net Profit	**254,300**	**270,815**	**286,629**

Assumptions

- Revenue grows by **5% annually**
- COGS and most expenses also grow by **~5% annually**, except rent and depreciation (fixed)
- No additional financing or capital investment is assumed

Summary of Net Profit

- **Year 2:** €254,300
- **Year 3:** €270,815
- **Year 4:** €286,629

E-bike Shop maintains a **healthy profit margin** while staying mission-driven. These profits could be reinvested into staff, innovation, or expanded services — even if the primary goal remains break-even.

Short-Term Objectives (0–12 months)

In the short term, E-bike Shop should focus on **stabilizing operations and ensuring financial health** by reaching or exceeding its break-even point of €750,000 in revenue. This includes optimizing internal workflows, improving scheduling systems, and increasing marketing visibility to attract more high-end clients. Building a strong local brand through word-of-mouth, referral incentives, and showcasing sustainability commitments can also help boost sales. Additionally, the company should refine its service packages and strengthen customer retention with loyalty or maintenance programs.

Medium-Term Objectives (1–3 years)

Over the medium term, E-bike Shop can expand its offerings and deepen its market presence. This includes introducing **alternative products or services**, such as e-bike subscriptions, accessories, or corporate fleet services. It should also invest in digital tools like a booking platform or a CRM system to personalize customer experiences and support scalability. At this stage, strengthening partnerships with suppliers, eco-conscious organizations, or complementary businesses can help the shop extend its reach and reputation while still maintaining operational simplicity.

Long-Term Objectives (3–5+ years)

In the long term, the company should aim to become a **recognized leader in sustainable and customized e-bike solutions** across the Dutch and Belgian markets. This could involve opening a second location, launching an online advisory or parts shop, or

developing in-house technical innovations related to e-bike maintenance or battery life. Importantly, E-bike Shop should continue fostering a **happy, purpose-driven work environment**, reinvesting profits into employee development, and advancing its mission to promote healthier lifestyles and environmentally friendly mobility — while remaining financially self-sustaining without profit pressure.

Balanced Scorecard

Purpose:

The **Balanced Scorecard** is a strategic management tool that helps organizations translate their vision and mission into clear, measurable goals across four key perspectives or key performance indicators (KPIs): **Financial**, **Customer**, **Internal Processes**, and **Learning & Growth**. For E-bike Shop, it ensures the business does not only focus on financial outcomes, but also on service quality, operational efficiency, employee engagement, and long-term sustainability — all aligned with its mission of delivering high-quality, eco-conscious, and customer-focused e-bike solutions.

KPI 1: Customer Satisfaction Score (CSAT)

Perspective: Customer

Objectives:

- Maintain a minimum 90% satisfaction rating
- Reduce service-related complaints by 20% annually
- Improve online review ratings (e.g. Google, Trustpilot) to 4.7+

- Increase return customer rate by 10% per year

  Measurement Frequency: Quarterly

  Explanation: This KPI reflects how well E-bike Shop meets customer expectations in service quality, communication, and overall experience. High satisfaction leads to loyalty and positive word-of-mouth, key drivers in a niche, trust-based market.

KPI 2: Break-Even Revenue Achievement

Perspective: Financial

Objectives:

- Reach €750,000 in revenue by end of fiscal year
- Achieve monthly revenue targets with no more than 10% variance
- Maintain gross margin above 50%
- Allocate at least 5% of revenue to reinvest in quality and sustainability improvements

  Measurement Frequency: Monthly

  Explanation: Since E-bike Shop aims for financial sustainability rather than profit, meeting or exceeding the break-even point is a primary financial health indicator. This ensures the company can cover its costs while reinvesting in its mission.

KPI 3: Service Efficiency Rate

Perspective: Internal Processes

Objectives:

- Complete 90% of repair and service requests within the agreed timeline
- Reduce average turnaround time by 15% over 12 months
- Increase appointment slot utilization to 85%
- Minimize rescheduling or delays due to inventory issues

  Measurement Frequency: Monthly

  Explanation: This KPI tracks how efficiently the team delivers services. With only four staff members, operational effectiveness is crucial to manage demand, maintain quality, and keep the customer experience stress-free.

KPI 4: Employee Engagement Score

Perspective: Learning & Growth

Objectives:

- Conduct biannual engagement surveys with at least 80% participation
- Maintain employee satisfaction above 85%
- Offer at least two training or upskilling opportunities per employee annually
- Track and reduce workplace stress indicators or feedback flags by 20%

  Measurement Frequency: Semi-annually

Explanation: As E-bike Shop values a positive, low-stress work environment, tracking employee engagement helps ensure staff are motivated, feel supported, and contribute to service quality. Happy employees reinforce the brand's customer experience and sustainability mission.

Purpose of Scenario Analysis

Scenario analysis is a strategic tool used to explore how different future environments may affect a business. For **E-bike Shop**, it helps anticipate change, **reduce uncertainty**, and prepare flexible responses based on how internal and external conditions may evolve. This approach ensures long-term resilience while staying aligned with the shop's mission of sustainability, customer service, and employee well-being.

Best-Case Scenario (2025–2032): Expansion & Leadership in Sustainable E-Mobility

E-bike Shop becomes a **leading brand in premium e-bike services**, expanding its customer base across the Netherlands and Belgium. Government support for green transport continues, urban mobility demand increases, and the company opens a second location. Employee retention is strong, brand reputation grows, and the shop maintains financial stability while staying true to its break-even, purpose-driven mission.

Actions:

1. Open a **second service location** or mobile repair unit in a nearby city.
2. Develop an **e-bike maintenance training academy** to grow internal talent and offer public courses.
3. Launch a **premium membership program** with bundled maintenance, upgrades, and sustainability perks.
4. Expand into **corporate and fleet services** for eco-minded organizations.

Most Likely Scenario (2025–2032): Steady Growth with Focused Niche Positioning

The company maintains a **stable market share** and continues operating from its core location in Deventer. Revenue steadily increases (5–7% annually), with moderate innovation and a loyal customer base. It strengthens digital tools, builds a subscription model, and adds limited new offerings. Costs rise moderately, but are manageable due to disciplined budgeting and efficient processes.

Actions:

1. Introduce a **subscription-based maintenance model** to create recurring income.
2. Invest in **CRM and digital scheduling tools** to improve customer experience.
3. Strengthen supplier relationships to manage cost fluctuations and parts availability.
4. Continue **lean operations training** to improve service speed and reliability.

Worst-Case Scenario (2025–2032): Market Pressure and Operational Strain

External pressures—like a recession, lower e-bike demand, new competition, or parts shortages—reduce sales and strain operations. The shop struggles to maintain its break-even goal, staff turnover increases, and customer satisfaction declines due to service delays or cost-cutting. Without adapting, its niche position becomes vulnerable.

Actions:

1. Reassess the business model and **reduce fixed costs** (e.g., downsize workspace, share infrastructure).
2. Diversify into **lower-cost services** like basic tune-ups or DIY workshops to appeal to broader segments.

3. Seek **government sustainability grants or local partnerships** to offset financial pressures.
4. Strengthen online visibility and **focus on high-margin service bundles** to maximize revenue per client.

Strategic Recommendations

E-bike Shop should solidify its position through a focused differentiation strategy, emphasizing technical expertise, customization, and sustainability. It should introduce a tiered service or membership model to generate recurring revenue and deepen customer relationships. Strengthening digital tools—like an online booking platform and CRM—will improve efficiency and client experience. The company should expand its marketing presence, especially in eco-conscious and urban commuter segments. Building strategic partnerships with green transport initiatives or local governments can boost visibility and align with its mission. Investing in employee development will sustain high service quality and maintain a stress-free work culture. Cost management is essential—reviewing supplier contracts and optimizing operations will help uphold the break-even model. Over time, the company could diversify into complementary services such as fleet maintenance or mobile repairs. Creating standard operating procedures will help scale operations without compromising quality. Lastly, maintaining flexibility through scenario planning ensures resilience amid market or economic shifts.