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ENTREPRENEURS WITH DISABILITIES: THE ROLE OF ASSISTIVE TECHNOLOGY, CURRENT STATUS AND FUTURE OUTLOOK

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ABSTRACT

Small business is a growth industry in the United States. Persons with disabilities are among those who are taking part by starting up businesses, especially home-based businesses.

Assistive technology is a key break through which has enabled people with disabilities to compete as small business owners. Assistive technology includes rehabilitative, adaptive, and assistive devices and the procedure for selecting them. The different types of assistive technology available to a small business owner with learning, hearing, visual, or physical disabilities are discussed.

INTRODUCTION

Small businesses (firms with fewer than 500 employees) dominate the U. S. economy. There were approximately 22.9 million small businesses in the U.S. in 2002 (SBA Office of Advocacy, 2003). A more recent estimate by the U. S. Small Business Administration puts that number at 25.8 million ("Small business effects", 2006). In addition, there were 647,914 new businesses and 565,351 business deaths for the period 2003-2004, a net increase of 82,563 firms (U.S. Census Bureau, n.d.). Estimates by New Business USA for the year 2000 show that more than 900,000 home-based and 600,000 commercial-site businesses were started (Lambing & Kuehl, 2007).

Persons with disabilities are among those who are starting businesses. They are nearly twice as likely as a non-disabled person to be self-employed. A 1995 U.S. Census Bureau report showed that 1.7 million of 9.4 million sole proprietors in the U.S. indicated they had some sort of disability (Nelton, 1998).

The 2002 U.S. Census Bureau indicated that 18 percent (51.2 million) of the U.S. population had a disability (U.S. Census Bureau, 2002). There are no accurate data on the number of self-employed persons with disabilities. Persons with disabilities are nearly twice as likely as non-disabled persons to be self-employed. According to the 1990 Census of Business 12.2 percent of persons with disabilities were self-employed in contrast to 7.8 percent for non-disabled. The Rural Institute of Disability at the University of Montana found that more than 500,000 persons with a disability reported owning their own business (The Abilities Fund, 2007). Also, the Rehabilitation Services Administration (RSA) statistics for 1997 show that 27 percent of 223,668 vocational

rehabilitation clients with successful closures became self-employed or started a small business (Mathis, 2003).

PURPOSE

New research and design in assistive technology are rapidly removing physical barriers and providing significant opportunities for disabled entrepreneurs to pursue their goals of self-employment. This paper examines the latest developments in assistive technology and how they can be used by disabled entrepreneurs in running a business.

DISCUSSION

Assistive technology (AT) is a generic term that includes rehabilitative, adaptive, and assistive devices and the procedure used in selecting and using them (Assistive technology, Wikipedia, n.d.). Assistive technology helps a person with a disability to perform an everyday task. It can be as simple as a jar opener, a remote for a television set or a magnifying glass. For a person with a disability, assistive technology can improve the quality of life for that person as well as perform business functions. Assistive technology as related to disabilities is considered next.

The ability to communicate with others is critical to the operation of a small business. Technology has played an important role in facilitating communication for individuals with hearing loss. Some persons with a hearing loss may need amplification to hear what the caller is saying. Others use a Telecommunication Device for the Deaf (TDD) more commonly known as a Teletypewriter (TTY), to access the telephone. The TTY consists of a keyboard and small screen and connects to a standard telephone. Some TTYs may have the phone built into the unit. Persons using a TTY can communicate directly with others who have a TTY. The two parties take turns typing their conversation as opposed to speaking.

For small business owners who have to communicate with others who do not have a TTY, the relay service can be used. The relay service is a free service provided nationwide. A TTY user calls the relay service and asks the communication assistant to call the person without a TTY. The user types the conversation and the communication assistant tells the hearing party what the user has typed. The hearing party responds and the communication assistant types the response. More recently, the Internet has created greater opportunities for persons who communicate through sign language. The Video Relay Service is similar to the traditional relay service; however, it allows a hearing impaired caller to conduct conversations with a hearing party through a sign language interpreter instead of text on a TTY.

Cell phone technology has made text messaging commonplace. This is very helpful to people with hearing disabilities to communicate anywhere, anytime, without the assistance of a third party. Data and text messaging options can be added to many cell phone plans and are usable on many types of cell phones.

FM amplification systems can enhance an individual who is hard of hearing to participate in meetings, conferences, and one-on-one or small group conversations. Realtime Captioning is a service that allows a transcriptionist to transcribe a lecture or conference for a deaf or hard of

hearing participant. The transcription can be viewed on-screen during the session and can be e-mailed later to the deaf or hard of hearing participant.

Persons with hearing loss can benefit from signaling devices. These devices turn audio cues into visual cues. For example, flashing lights can indicate that a telephone is ringing, that someone is knocking at the door, or that the fire alarm has been set off.

Technology has also played an important role in accessing paper and electronic documents for individuals with vision loss. There are several devices that can assist small business owners with a vision loss to read incoming mail, faxes, and other documents. For persons with low vision, some may benefit from the use of hand-held magnifiers and magnifying lamps. If greater magnification is needed, a closed circuit television (CCTV) or electronic magnification system can be used. The CCTV allows the person to magnify both text and images. Material is placed under a camera that magnifies the image, which is then displayed on a monitor. CCTVs are typically designed as desktop units. Electronic magnification systems are similar to CCTVs in that they consist of a camera and screen; however they are compact and small enough to fit in a pocket or purse. These hand-held electronic magnification devices are often quite versatile in that they are portable, but can have the option of connecting to a larger screen, such as a television.

Another option for reading printed materials is to use an optical scanner and specialized software that turns the computer into a reading machine. This software can enlarge and display the scanned materials or use speech to read the materials. This specialized software makes use of a scanner or digital camera to take a picture of the printed material. The picture is then converted into text using Optical Character Recognition (OCR) technology. The software then uses synthetic speech to read the material aloud.

Small business owners with vision loss can access the computer in several ways. Those with low vision can benefit from larger monitors or changing the operating system's display settings within the computer. If greater magnification is needed, a screen magnification software may be used to enlarge the image that appears on the computer screen. Others may use a screen reading software with synthetic speech to have information from the computer screen spoken aloud. Still others may use refreshable Braille displays to access the information on the computer screen by touch. All of these accommodations assist the small business owner in using standard business software (such as the Microsoft Office), using the Internet, and making use of e-mail.

Assistive technology devices have also enhanced opportunities in the operation of small businesses such as a vending stand. Audio feedback has been added to cash registers, thermometers, scales, and vending machines. Specialized bar code scanners have speech output which helps identify merchandise and maintain inventory. Handheld devices can announce the denomination of paper money or the color of an item.

Many of today's small business owners have mobile offices. Screen magnification and screen reading software can be carried on USB drives to make computers in locations outside of the office accessible. Some cell phone cameras with the addition of specialized OCR software can allow the device to serve as a portable reading machine. Screen magnification and screen reading software are also available to make cell phones and Personal Digital Assistants (PDA) accessible. The addition of Global Positioning System (GPS) software to certain PDAs or cell phones can enhance independent travel by providing auditory information regarding one's current location and a suggested navigation route to a destination.

Technology can also assist the small business owner with limited mobility. Motorized wheelchairs and scooters assist in moving about. Vans can be modified with lifts. The work environment itself can be arranged so that needed files, books, and equipment can be easily accessed from a seated position. Page-turners are available which turn the pages in a book for the person with limited mobility.

There are several ways to accommodate a computer for individuals with conditions that limit the use of their hands such as carpal tunnel syndrome, arthritis, injury to one hand, or quadriplegia. Software programs can modify the computer keyboard for one who cannot press two or more keys simultaneously. Many of the settings for the keyboard can be changed within the operating system of the computer without any additional cost.

Keyboards now come in a variety of styles and sizes. There are left-handed keyboards, one-handed keyboards, ergonomically designed keyboards, keyboards with non-standard key layouts, and keyboards that break into several sections so that they can be arranged for the computer user's convenience. There are oversized keyboards for people that cannot make fine movements with their hands. There are small keyboards for people that cannot move their hands within the range of the standard keyboard layout.

Keyguards are plastic sheets with holes for each key that fit over a keyboard to make selection of a particular key easier. Keyguards can be of significant benefit to people with shaky hand movements or limited strength in their hands and fingers. Keyguards can also be of benefit to those who press unintentional keys by accident. Trackballs and alternative mouse pointing devices help reduce stress in pointing and clicking functions.

Word prediction programs are also helpful in reducing the number of keystrokes required. These programs attempt to predict what the computer user is trying to type and prompts the user to press one keystroke to complete the word.

Voice recognition systems allow the small business person to operate the computer with one's voice. The person may use speech to either enter commands to the computer or type text into the computer.

Small business owners with learning disabilities, attention deficit disorder, or other health concerns can make use of the computer's writing tools. Software programs can assist with reading, grammar, spelling, and composition of documents. Persons with learning disabilities also benefit from technology to that used by those with limited vision, such as screen reading and specialized OCR software that allows text to be read aloud.

CONCLUSION

Entrepreneurship is becoming a most popular employment alternative for persons with disabilities. Business ownership has long appealed to them. Practical considerations are a flexible schedule, independence, and a work environment fitted to their needs, e.g., a home-based business.

Technology has certainly improved things. Today's technology is smaller, faster, portable, and in some cases less expensive than predecessor products. Assistive technology developers are combining specialized software with off-the-shelf cell phones, personal digital assistants, and digital cameras to produce assistive technology for today's business world. The widespread use of the

Internet has made the world a smaller place and has allowed small business owners with disabilities to reach distant markets despite transportation and mobility challenges.

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HEALTH INSURANCE TAX INCENTIVES FOR SMALL BUSINESS OWNERS AND EMPLOYEES

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ABSTRACT

There were 45.8 million uninsured Americans in 2004 (U.S. Census Bureau, 2005). The lack of health insurance is expensive to society. The Institute of Medicine (2004) estimates that poorer health and earlier death associated with uninsured people cost America between \$65 billion and \$130 billion each year.

The majority of Americans with insurance coverage are covered through the companies for which they work (U.S. Census Bureau, 2005) (see Figure 1). Health insurance benefits employers as well as employees (Eisenberg, 2000). Individuals with coverage are insulated from the risk of high medical costs and are more likely to get appropriate medical attention (Eisenberg, 2000). In addition, insured employees have better health and lower mortality rates thereby providing employers with more reliable and productive employees (Eisenberg, 2000). Furthermore, owners generally think health insurance is important to the recruiting, hiring, and retaining of employees (Eisenberg, 2000). If a business does not offer insurance benefits, potential employees may accept employment with firms that do.

There is currently a proposal by the governor of Alabama that allows 1) small business owners to deduct twice the amount they pay for health insurance premiums from their state income taxes and 2) employees to deduct twice the amount they pay for health insurance premiums from their state income tax. This paper investigates whether or not the proposed income tax incentive will actually change the way small business owners and employees make health insurance decisions.

ASSESSING THE ONGOING FEASIBILITY OF SUBPRIME BUSINESS LENDING PROGRAMS TARGETING MINORITY ENTREPRENEURS

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PROCEEDINGS

Reports illustrate that minority groups and women enter into business ownership at a much higher rate than the national average (US Census, 2005). Yet fewer minority-owned firms make it to the established and thriving stage of business, typically identifiable beyond the four-year mark. Select barriers to minority-owned business success are identified in the literature. First, relatively low start-up funding levels appear to be limiting business entry among minorities. Second, relatively disadvantaged family business backgrounds appear to limit entry and success in small business (Fairlie, 2006). One major way to combat this disparity is to ensure that minority entrepreneurs are sufficiently knowledgeable on issues surrounding business planning, strategy, resources and capabilities, industry and market, exit planning, and the overall economy. Recognizing that these factors are all a necessary part of maintaining a healthy and readily-available stream of venture capital is found to be critical to entrepreneurial success (US Census 2005; Hocker, 2005).

For the purpose of this proceeding, we will focus specifically on findings surrounding the experiences of Black entrepreneurs where lending programs and access to lending capital are concerned (US Census, 2005). There were 1.2 million Black-owned businesses in 2002, up 45 percent from 1997 (US Census, 2005). We entered into this project with the intention of identifying behaviors accounting for lasting success among African-American entrepreneurs. Our intention was to identify those practices or behaviors which separated successful and lasting African-American enterprises from those launched by their counterparts whose businesses were failing or had failed.

African-Americans, like all other minority business owners, use a variety of sources of capital to start or acquire businesses (Lowey, 2007). Such specialized lending programs, many of which grew out of federal mandates, were initially created to provide loan guarantees to small businesses that could not historically obtain credit in the conventional lending market. However, recent assessments conducted of these programs reveal the federal government's failure to maintain sufficient tracking of business credit, provide evidence of pre-existing business constraints, if any, and actively examine the types of businesses served through conventional lending vehicles by comparison (US GAO, 2007).

Based on the personal experiences reported by our case subjects, our findings offered new insight into the experiences of these business owners, specifically in the areas comparing traditional lending product offerings, such as those found by banks targeting small business owners, to alternative lending product offerings, such as those found by Subprime lending agencies targeting African-American business owners. In a longer version of this manuscript we highlight more detailed findings surrounding the utilization of Subprime lending programs targeting African-Americans entrepreneurs. The impact of these findings provides an alternative perspective to the ongoing feasibility of lending programs which are in actuality sub-prime lenders targeting minorities and is contrary to decades-long opinions on the subject. Empirical drivers include: 1) Determining whether such specialized programs are, in fact, a help or a hindrance to African-Americans; and, 2) Identifying the root causes for seemingly disparate knowledge on product offerings and borrower qualifications among some minority groups (Broxq, 2007).

The research methodology consisted of widely-accepted corporate project management practices. The project team consisted of a university project principal, graduate students, a corporate supplier diversity professional, and case subjects including the African-American principal of a Subprime business lending institution. A veteran of corporate America, the Subprime lending principal founded the organization from a background rich with years of expertise in financial management and effective business practices, an extensive network of banking and business service professionals, and a personal commitment to the African-American community.

Interviews with the Subprime lending principal revealed the initial purpose of the institution's founding to be a desire to aid African-Americans entrepreneurs in obtaining access to venture capital (Coleman, 2005). During the initial five years of operation, the lending principal found the majority of its early, largely African-American clientele, were in need of services exceeding capital. More specifically, needs surrounded the effective acquisition of business basics such as accounting and legal advice, credit counseling, and the creation of an effective business plan. The lending principal often found the lending agency staff becoming preoccupied with the attempted provision of these resources in an attempt to get these African-American entrepreneurs to a place of lending readiness.

Eighty to ninety percent of these struggling clients' businesses failed within the first year of receiving the lending agent's loan services. These businesses either folded or had been sold, within 1 – 4 years following, despite the agency's provision of additional resources. The result was a sharp decline in the ability of the Subprime lending agency itself to maintain a healthy business. Eventual changes in lending requirements, business practices, and agency guidelines were necessary in order for the lending agency to remain profitable. The lending agency principal provided additional contributions to the research through the allowance of access to some client-entrepreneurs. In light of these findings and the current trend toward reducing or eliminating affirmative action contracting programs, future policies promoting minority entrepreneurship need to be creative (Fairlie, 2006). This information is of interest to business schools, small business lending institutions, corporate and governmental supplier diversity divisions, corporate and governmental small business lending divisions, federal reporting agencies, diversity lending institutions, venture capitalists, and entrepreneurs.

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GUERRILLAS IN OUR MIDST: WHEN SMALL BUSINESSES SHOULD AND SHOULD NOT USE UNCONVENTIONAL MARKETING

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ABSTRACT

Guerrilla marketing techniques are increasingly popular among entrepreneurial startups and small businesses. These low cost, creative and unconventional promotional techniques are becoming more assessable due to rapid technological changes and decreasing costs. Although guerrilla campaigns are frequently successful, all techniques are not equally effective in every organization. In this paper we examine different characteristics of small and entrepreneurial businesses and assess the potential efficacy of specific forms of guerrilla marketing in achieving various marketing goals.

INTRODUCTION

In the 25 years since Jay Conrad Levinson popularized the concept in his 1983 book, 'Guerilla Marketing' has been a consistent presence in the business press. The term originally referred to innovative, inexpensive, flexible approaches used by small companies to maximize marketing effectiveness. Guerrilla marketing is a popular topic in marketing courses and the business sections of bookstores have shelves of books with 'guerrilla' in their titles. It has been adapted to specific industries such as music (Baker, 2007), writing (Levinson, Frishman & Larsen, 2000) and consulting (McLaughlin, 2004), new technologies like the internet (Ruben & Levinson, 1997) and areas other than marketing like finance (Blechman & Levinson, 1992).

Frequently articles in the popular and business press advocate guerrilla promotional techniques for small businesses and entrepreneurial start-ups. The rationales given in these articles are appealing and the examples are innovative, efficient and invariably intriguing. Although the articles are effective in selling guerrilla marketing as an option, they rarely delineate situations where such approaches are not the best choice. In this paper we will examine the four components of the promotion mix – advertising, personal selling, sales promotion and publicity – and identify key considerations for deciding whether to 'go guerrilla' in each of these areas.

PROMOTION AND GUERILLA MARKETING - WHAT WORKS WHEN

Guerrilla marketing concentrates on promotion, one of the classic components of the 'marketing mix' (Borden, 1964) along with pricing, placement and product, also known as the 4 P's (McCarthy, 1960). Promotion itself can be broken into four components – advertising, personal

selling, sales promotion and publicity (Kotler & Lane, 2005). Guerrilla strategies are available for each of these promotion components.

For our purposes we consider guerilla marketing tactics to have two essential characteristics - they have to be innovative and efficient. The basic purposes of guerrilla promotion that we will address are product/service/brand awareness and customer switching. We will further limit our analysis to small and entrepreneurial business start-ups. Our objective is to identify key characteristics that can help determine when guerrilla advertising, personal selling, sales promotion and publicity will and will not be the best approach for a small or entrepreneurial start-up.

Advertising

Advertising is a primary method for communicating information about a product or service. Some have referred to unusual, creative advertising campaigns by major companies as 'guerilla advertising'. Those campaigns are by big companies, expensive and frequently for established products – not conforming to our description of 'guerrilla' approaches. For our purposes we are interested in creative ways of establishing awareness of new products or services for small companies at a minimal cost. Some examples this type of guerrilla advertising are distributing cards or fliers, putting up stickers, or engaging in viral advertising with networks of people.

The key to success in guerrilla advertising is to use it when the message is simple and can be easily conveyed. Introducing a brand name that is easily identified with an understandable product, conveying a minor innovation or new distribution location can all be accomplished in this way. If the brand name does not adequately reflect the product or service, then guerilla advertising may not be adequate. Similarly, when a new, innovative product or service is being introduced, guerrilla marketing techniques won't work. The amount of information that needs to be conveyed is the key limiting factor in guerrilla advertising.

Personal Selling

Personal selling is a relatively expensive form of promotion, therefore guerrilla personal selling needs to focus on efficiency. First, the effort must have a high probability of bringing new customers. As with all promotion, it must create an awareness of the product or service. In order for personal selling to be a superior alternative, the message must be rich enough to justify the cost. Low cost advertising or other promotional means are better suited for simple messages, personal selling would be financial overkill. Furthermore, it is important to be able to effectively identify potential customers. As an expensive alternative, efficiency is possible only if ineffective selling attempts are minimized. Finally, it is ideal if the customer is a potential return customer and in a position to 'spread the word' about the product. Both return sales and word-of-mouth leverage the personal selling effort by increasing the yield.

A currently popular example of a creative and stealthy technique of conducting personal selling is to entice people into conversation under the guise of conducting marketing research. Essentially, this technique works because many people enjoy the feeling of importance and/or opportunity to express their views this technique gives them. However, when the "research" portion of the technique has done its job and the attempt to sell begins, this often creates anger and

resentment toward the company and its products. At that moment, the technique has "backfired" and has done damage to one's overall selling efforts and company image.

Sales Promotion

Some of the primary forms of sales promotion are giving away a product or service (free samples) or differential pricing (coupons, discounts). These are especially effective when the attributes of the product or service are better experienced than described. However, it is not an efficient alternative in some situations. Sales promotion strategies depend on being cost effective in the long run. Products or services that need significant customization or have little potential for either repeat customers or word-of-mouth effects, are not good candidates for sales promotion. Significant customization might make a sales promotion strategy inefficient depending on the amount of time, money and other resources involved. If neither repeat sales nor word-of-mouth are anticipated, then the sales promotion is not creating the customer base to make it cost effective.

Companies sometimes encourage their most gregarious and/or physically attractive employees to implement sales promotional strategies. For example, marketers of products targeted towards college-aged customers such as liquor companies or music promoters might send their employees into places where target customers congregate such as night clubs. While there and engaging in casual conversation with others, these employees distribute free samples of the products (companies) they represent. It is important, however, for the employees to direct the attention away from themselves and towards creating awareness of the product. It is important to carefully consider such techniques because they result in creating moderate to high, non-productive costs.

Publicity

"There is no such thing as bad publicity" is an old adage that is unfortunately not true for small and entrepreneurial start-ups. There is some truth that frequently the negative content and context of the bad publicity fades and the awareness of the product/service/brand remains. In a small company, however, there is too much of a risk that the negative effect of bad publicity will not subside before permanent or even fatal damage is done. Therefore, intentional efforts at publicity must be geared towards positive impressions. Publicity can make the customer base aware of the new product or service at a minimal cost. The key is getting the press interested in the product or service not just in the 'stunt' or method by which the publicity is generated. Keeping that in mind, publicity would be especially useful when a product or service is new and innovative and is highly capable of attracting positive attention from the press and then the customer base.

Since publicity is generally considered to be free (or very low cost) modern entrepreneurs have been keen to utilize it. Modern technology has opened up new avenues for publicity. Companies frequently make use of the internet through user groups, discussion boards, and bloggers to introduce and familiarize potential customers of their offerings. They hope to create a 'buzz' and have internet word-of-mouth (often referred to viral marketing) publicize the product or service. Some companies give in to the temptation of giving false testimonies by either misrepresenting themselves or their products in cyberspace. Such 'astroturfing' (fake grass roots efforts) are usually discovered by skeptical tech-savvy readers. The net community considers these techniques to be

unethical, and if discovered they may alienate the very customers that the company is trying to reach. The risk of such public opinion backlash prescribes against such disingenuous efforts.

SUMMARY AND DISCUSSION

Guerrilla promotion techniques can be effective tools for small businesses and entrepreneurial start-ups. They can make potential new customers aware of, and facilitate switching to, a new product or service. However, promotional techniques are not equally effective in all situations. Some of the key conditions and considerations for a guerrilla promotional effort to be successful are:

- ◆ Advertising - simple message
- ◆ Personal Selling - complex message, identifiable customer, potential repeat customer or word-of-mouth, low risk of backlash
- ◆ Sales Promotion - attributes better experienced than told, long term cost effectiveness, potential repeat customer or word-of-mouth effects
- ◆ Publicity - positive publicity likely, new and innovative

This list can be used as a guideline for determining what techniques are most likely to be effective. The list is insightful but not comprehensive. Future development of this list can increase its value to small businesses and entrepreneurial start-ups. First, specific guerrilla tactics for advertising, personal selling, sale promotion and publicity can be considered. The prescriptions can be revisited, examined and elaborated upon for each tactic. Second, data can be gathered on actual guerrilla promotional campaigns. This data can serve two purposes – it will (1) serve to confirm or refute the prescriptions put forth and (2) provide specific examples that can provide insight to small business owners and entrepreneurs.

(References available on request)

A SURVEY OF SMALL MANUFACTURING FIRMS AND THEIR VIEWS ON THE CURRENT STATE OF THE ECONOMY

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ABSTRACT

In a recent radio address (REFERENCE January 19, 2008), President Bush applauded Wright manufacturing, a Maryland entrepreneurial company. The importance of entrepreneurs such as Wright Manufacturing and their company's creation of jobs and opportunities for the American worker help to keep the economy growing. President Bush indicated that he and his advisors as well as many outside advisors believe that the economy will continue to grow, but most likely at a slow rate and that because of the instability of the housing market, there might also be an economic downturn if something cannot be done to halt such a downturn. Not everyone agrees with the president, however. Recent articles indicate a much less positive opinion of the economy's growth opportunities and some believe that specific actions could aid small business growth in the immediate future.

The president's message appeared to be a message to Congress asking that Congress enact legislative plans which should include broad-based and immediate tax relief to business both large and small. President Bush shared his optimism about the American economy and the researchers believed it would be interesting to inquire as to whether small business owners and/or entrepreneurs in the region shared this optimistic viewpoint with President Bush. The Small Business & Entrepreneurship Council (SBE) quickly responded to President Bush's remarks on the economy (SBE Council, January 18, 2008) by indicating their support for the president's "solid set of principles;" however, the SBE reiterated that permanent tax measures would be more important. Previously, the SBE Council suggested several measures to help small business which included 5 specific measures (What can Congress, January 8, 2008). The first measure included tax equity for the self-employed. The SBE suggested a proposal which would adjust a tax inequality that makes health insurance too expensive for entrepreneurs. A second and third measure included the resurrection of the expired R & D Tax Credit and Small Business Expensing (Section 179) on a permanent basis which could aid small business' innovation, productivity and U.S. competitiveness.

A fourth measure noted by the SBE might be to strengthen regulatory protection via allowing small businesses to be involved with regulatory decisions being made which directly affect their business endeavors. A fifth measure included the expiration of "Save our Small and Seasonal Businesses Act" for which the ending of this act adversely affects tourism, hospitality, seafood processing and other related service small business industries.

It appears that confidence in the economy can be shaky at best, but small business' survey results change continuously (Jalili, 2007). A survey conducted by Discover Financial Services noted that its Small Business Watch Index dipped to 92.7 in December, 2007 from 93.2 in November.

The report indicated that 65% of entrepreneurs believed that the economy continued to decline even from the prior month of November (Wade, 2008). A recent survey conducted by SurePayroll Small Business Scorecard (Henricks, M. December 2007 REFERENCE), indicated there appears to be an increase in hiring and payrolls in the United States and that this increase could be due to business owner's confidence in the economy. In the December Report on Salary Surveys, it appeared that more than one half of the owners and managers of small business expressed confidence in a future economic upturn and that 55% expected to show a higher growth rate as compared with 2007 (Small-Business owner, 2007). Bandyk (2008) indicated in a recent article that a January 8, 2008 survey of entrepreneurs by the National Federation of Independent Business noted small businesses did not feel optimistic about the future and found much difficulty obtaining financing. In particular, Victoria Braden, owner of Braden Benefit Strategies, a group health insurance consulting firm, never had difficulties in the last 14 years of business receiving a bank line of credit. When the bank turned down the company's request for a line of credit despite no change in her company's profitability, she hoped it would not be a sign of a Wall Street credit crunch.

Many studies indicate entrepreneurs exhibit optimism and enthusiasm (Min, 1999; Hornaday, 1982, cited in Kuratko & Hodgetts, 2007 p. 123). However, with so many indicators of the current economy heading toward recession, do entrepreneurs continue to feel optimistic and enthusiastic? This study sought to determine small business owners/entrepreneurs current opinions on the state of the economy and how their business decisions might be affected. To gather this information, the researchers developed a short survey which then was sent by email to 590 small manufacturers with less than 500 employees.

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PRINCIPLES OF MANAGEMENT TEXT'S COVERAGE OF ENTREPRENEURSHIP, CREATIVITY/INNOVATION AND TECHNOLOGY

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ABSTRACT

Several years ago AACSB specifically cited that there should be increased coverage of ethics and global issues in the business curriculum. The accrediting association has since expanded the mandate to incorporate even more topics. Most of these topics are now included in Principles of Management classes and texts. This paper examines the extent of coverage of entrepreneurship, creativity/innovation and technology in textbooks used for the beginning course in management.

INTRODUCTION

The content and topical coverage of Management of Principles textbooks has interestingly remained the same in some ways, but has changed in various other ways. For example, many (most) Principles textbooks still adhere to the traditional "Fayolian" approach in discussing the basics—the functions, skills, and roles of management in organizations. The functions of planning, organizing, leading, and controlling provide the basic framework for teaching students about what managers do.

Although the terminology, grouping of topics, examples, etc. may change from text to text, the concepts remain essentially the same. However, over the years, it has become evident that students in a Principles of Management course also need to receive instruction and exposure to more current issues and topics in addition to the traditional management principles. The purpose of this paper is to specifically examine the topics of entrepreneurship, innovation/creativity, and technology and their inclusion in recent editions of Principles of Management texts.

EVOLUTION OF TOPICS

Through the years, although the Fayolian approach to teaching Principles of Management still prevails in universities, management teachers and textbook publishers have recognized the necessity of "up-dating" student instruction to include other important topics of discussion. The American Assembly of Collegiate Schools of Business International (AACSB) has encouraged colleges to deliberately include coverage of specific topics in undergraduate business curricula by revising their standards (AACSB 2007). Specifically cited inclusions in the undergraduate business curriculum include knowledge and skills in these areas: communications, ethics, analytical skills, information technology, multicultural and diversity understanding, and reflective thinking skills. Management curricula, beginning with the Principles of Management course, have typically been

revised to reflect inclusion of these areas. Accordingly, one will rarely see a Principles of Management textbook that does not contain some coverage of these business topics.

Although not yet specifically cited as required/desirable topics to be included in the undergraduate business curricula of an AACAB accredited institution, the authors believe some combination of the topics of entrepreneurship, creativity/innovation, and technology have also become "necessary" inclusions in a business curriculum—especially in management curricula. The Principles of Management course should provide an initial introduction to these very important topics. Since a Principles of Management textbook provides the major source of material for many (most) introductory management courses, it is believed that management texts should be reviewed and considered for adoption in light of their inclusion of these topics as well as the "traditional" and AACSB-recommended topics. With this assumption, current Principles of Management textbooks were examined to determine whether the topics of entrepreneurship, creativity/innovation, and technology were included and to what extent.

Entrepreneurship, innovation/creativity, and technology were chosen as a grouping due to the intuitive relationship they have to one another. Although all AACAB accredited schools (and probably those not accredited as well) will include some type of course related to information technology, it is believed that the topic of technology also has an important place in a Principles of Management course. Technology is often a source of entrepreneurial opportunity, which is the result of the innovative/creative process. Likewise, entrepreneurial thinking sometimes results in technological innovations, and the creative/innovative process can result in both new technology and/or entrepreneurial businesses. Therefore, the examination of principles textbooks included a search for these three topics.

ENTREPRENURSHIP

The 1980s and 90s brought an increased interest in small business management and entrepreneurship in business schools due to a surge in the number and type of small business start-ups in the national and global arena (Gibbs, 1996). As the industry sector in the United States declined, the service sector became more saturated, and opportunities in developing countries surged, the creation of entrepreneurial small businesses provided opportunities for qualified young people and displaced workers in both the manufacturing and service sectors of the economy. According to Gibbs (1996) most business schools were more equipped to provide educational opportunities geared more to managing in large, already established organizations. The need to teach entrepreneurship/small business management in the traditional curriculum presents a challenge to curriculum planners and teachers, requiring a change of emphasis from the traditional functional-oriented instruction to a more "holistic" management approach—what Gibbs (1996) refers to as a change from a "conventional" to an "enterprising" approach to teaching.

An interview with David Birch, noted scholar in the field of entrepreneurship and education, provided some surprising and somewhat scathing remarks concerning his research on entrepreneurial "hot spots" in the United States (Aronsson, 2004). Birch stated that in his opinion, business schools are not teaching the entrepreneurial skills needed by students, and what's more, the wrong people are often doing the teaching. There is a very real difference between being an entrepreneur and working for one. Birch suggests three courses must be an integral part of any

entrepreneurship education program: sales (how do you make a sale?); leadership (how lead people); and creativity (how to create a product or service people need).

Business schools in general and management programs specifically have received criticisms concerning the relevance of programs and curricula in meeting the needs of students and the business environments they are supposedly preparing to enter (see Mintzberg & Gosling, 2002; Pfeffer & Fong, 2001; and Bailey & Ford, 1996). Binks, Starkey, and Mahon (2006) argue that these criticisms create an ideal opportunity for business schools to shift roles and emphases from traditional to entrepreneurial education, as the demand for entrepreneurial skills and talent continues to rise. They suggest a creative problem solving framework as the basis for building a multi-disciplinary entrepreneurial program of study.

Management educators are encouraged to examine the real-world relevance of curriculum and programs for the purpose of preparing students for the next millennium instead of continuing their traditional teaching and research roles centered on "fundamentals." Myrah and Currie (2006) found that typically entrepreneurship education has a rather limited focus in many institutions of higher education. Often found missing from typical entrepreneurship education are topics concerning creativity, risk and uncertainty, opportunity identification, taking initiative, imagination and leadership, and managing growth.

CREATIVITY/INNOVATION

Creativity and the ability to bring innovative ideas to the marketplace can be among the most important factors for competitive success, especially for small to medium-sized companies. Allocca and Kessler (2006) recognized the necessity of and difficulty of small to medium-sized companies in getting innovations to the marketplace in a timely manner.

Identifying and addressing the major challenges and problems associated with product innovation was the major topic addressed at a recent conference in Australia (Cooper, 2007). The directors and managers participating in the conference identified five major themes of concern facing directors and managers of new product development: (1) a lack of understanding and commitment from the top; (2) too many projects, not enough resources; (3) inadequate climate and culture of innovation in the company; (4) no or little voice-of-customer built into projects; and (5) no robust new product idea-to-launch process and/or no discipline to the process. As noted by Cooper, these are basically the same problems faced by North American companies, indicating that there is some measure of universality to the challenges for innovative companies.

Creativity and creative people are sometimes objects of suspect. People often feel threatened by new ways and ideas. Oetinger (2004) declares that most people are afraid of any innovation. He suggests that successful innovations emerge over time and only organizations that create an environment of openness, facilitating the exchange of ideas and concerns, are likely to succeed in launching and implementing innovative change. The most dramatic and innovative changes come from entrepreneurial firms rather than the dominant industry players due to the difficulty larger, established companies have in letting go of existing business models. Apple, Cisco, Lucent, Nortel, and Alcatel are cited as examples of small, entrepreneurial firms succeeding in launching innovative ideas and products instead of the well-established firms in their respective industries.

While the "gift" of creativity was once believed to belong to a small number of talented people, creativity is now recognized as a potential most people have (Meisinger, 2007). As creativity and innovation are among the most important factors in creating and maintaining a competitive advantage, Meisinger (2007) urges human resource professionals to develop strategies aimed at identifying and enhancing individual, team, and organizational creative tendencies. Marken (1992) warns that organizations must be willing to accept risk and consequences associated with creative efforts if they expect creativity to help productivity. It is unrealistic to expect every creative idea to turn into a success story.

Gorgoglione and Garavelli (2006) propose that organizations integrate information technology (IT) with the creative process to create an IT-based Creativity Support System (CSS), increasing the quantity and quality of creative ideas. Current IT applications are sometimes viewed as either inappropriate or unsupportive of the creative process. While information technology is viewed as having the potential to speed the creative process, the cognitive processes associated with creativity are not supported. Group Decision Support Systems (GCSSs) and Analogy Making Systems (AMSs) are the two main categories of IT applications used by creative teams. However, these applications work best when the "right" information in the "right" format is available and are usually applicable to very narrowly defined situations.

Technology

Technology can offer both an opportunity and means for entrepreneurial ventures. Investments in technology can create an opportunity for a new business, a competitive cost advantage in an existing business, and/or the ability to differentiate with a quality or quantity advantage. Desmarteau (2003) sees technology as the common denominator in successful companies in the increasingly global and competitive textile industry, for example. Entrepreneurs typically face threats associated with newness, size, and inexperience, for instance, making them prone to failure. According to a study reported by Lowe and Ziedonis (2006), over-optimism is a key factor in causing entrepreneurs to remain and continue in unsuccessful ventures, especially those involving the development of new technologies. Ironically, new technologies invented and developed by entrepreneurs often begin to achieve acceptable returns only after being acquired by an established firm or after forming a cooperative linkage with one. Therefore, it is suggested that the start-up entrepreneurial organization may serve as a transition to successful commercialization of technology within more stable, established firms.

Burgelman and Siegel (2007) have defined what they call the minimum winning game (MWG) variables for entrepreneurial success. The interaction of three key drivers—business strategy development, product development, and technology development—and the successful management of all three are seen as presenting challenges and opportunities for long-term success. Information Technology (IT) seems to offer a fertile field for entrepreneurs with the ability and perseverance necessary to overcome hurdles necessary to bring an idea to market. (Umeah, Jessup & Huynh, 2007) Teel (2007) describes how trained student interns can gain valuable experience as well as provide valuable services to prospective entrepreneurs by helping them assess the market and marketability of a new technology.

Information and computer technologies can be keys to potential success or failure in businesses today. Today's changing environment demands new technology and new technologies demand change. Barba-Sanchez, Martinez-Ruiz, and Jimenez-Zarco (2007) see the successful development and use of technology as especially important to small and medium sized businesses seeking to develop and compete in new markets. The integration of technology, organizational structure, organizational resources and capabilities, administrative policies and procedures and integrating mechanisms is necessary for firms to realistically reap benefits of technological advances. Successful introduction, adoption and diffusion of technology in an organization involves a three-pronged approach: (1) a gradual introduction of information/computer technology; (2) providing adequate training and support; and (3) developing a full awareness of the benefits and uses of the technology (Barba-Sanchez, Martinez-Ruez, & Jimenez-Zarco, 2007).

IMPLICATIONS

It becomes obvious that all three topics—entrepreneurship, technology, and creativity/innovation—have been the topic of much discussion and research. It also seems obvious that higher education does and should play a role in educating graduates about these three topics. The where, how, and extent of this educational endeavor varies from school to school. Some schools have a full-blown entrepreneurship program that encompasses all aspects of entrepreneurial management. Other schools teach selected courses on any or all of the entrepreneur-related topics. Still others incorporate bits and pieces of the topics into a wide variety of existing courses.

The assumption of the authors is that a Principles of Management course is an ideal place to expose students to the topics of entrepreneurship, creativity/innovation and technology and that management textbooks should make a concerted effort to include coverage of these topics. Therefore, an examination of various management principles texts currently in print was conducted to determine existing coverage of the topics ranging from an entire section to no coverage at all. The results of this examination are reported in Table 1.

Our sample indicates that there is coverage of all three topics in all textbooks except three. In these three cases, entrepreneurship received no coverage. On the other hand, one of the texts devotes an entire chapter to entrepreneurship. The most extensive coverage seems to be directed towards creativity /innovation. Because of the small sample, no significant conclusions should be drawn about the relative coverage of the three topics. However, it is fair to say that Principles of Management textbooks are providing coverage of these three topics-- some of them significantly so. The authors intend to increase the sample size to include more current texts and older editions of texts to determine the diffusion of and adoption of these topics over time.

REFERENCES (references will be furnished upon request)

Table 1: Coverage of Entrepreneurship, Innovation/Creativity and Technology					
Text/Author/Year	Major Section	Entire Chapter	Major Heading in Chapter	Paragraph(s)	None
Fundamentals of Management/Griffin/2006		E,C		T	
Managing Now!/Dessler & Phillips/2008	E		C,T		
Management/Daft/2008		C,T		E	
Management Concepts & Practices /Hannagan/2005				C,T	E
Management/Robbins & Coulter/2007		C,T		E	
Management/Hitt, Black, Porter/2005					E,C
Modern Management/Certo & Certo/2006		C,T		E	
Management/Mejia, Balkin, Cardy/2008		E,C	T		
Essentials of Contemporary Management/Jones & George 2007		E,C,T			
Management/Kinicki & Williams/2008		C	E	T	
Management: Skills & Applications/Rue & Byers/2007				E,C,T	
Management/Kreitner/2007			T	E,C	
Management: The New Competitive Landscape /Bateman & Snell/2004		C,T		E	
Management/Williams/2007		C		E,T	
Contemporary Management/Jones & George/2008		E,T	C		
Management Fundamentals/Lussier/2006		E,C,T			
Principles of Management/Hill & McShane/2008		C		T	E
Management/Schermerhorn/2008		E,C		T	
Where: E=Entrepreneurship, C=Creativity/Innovation, and T=Technology					

EXPORT CONTROLS AND THEIR EFFECT ON BUSINESS OPERATIONS

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ABSTRACT

Federal laws restricting exports of goods and technology have been in existence for decades. These export control laws and regulations are designed to restrict exports of goods and technology that could contribute to the military potential of U.S. adversaries, prevent proliferation of weapons of mass destruction, and protect the U.S. economy by promoting trade goals. In the wake of 9/11, attention to export controls has significantly increased due to heightened concerns about national security, including concerns about terrorism and leaks of technology both to economic competitors and enemies of the United States. Export controls present unique challenges to employers and businesses because they require that particular care be taken with respect to the dissemination of information abroad, as well as to foreign nationals working in the United States. Compliance risk assessment is critical for businesses, as the potential penalties for violations are substantial. The purpose of this paper is to provide some basic information to identify how and when export control issues may arise, and to assist in understanding how these laws may affect normal business activities.

ATTENTION ENTREPRENEURIAL SMALL BUSINESS OWNER (ESBO): AUDITING FOR SUCCESS-FOLLOW THE MONEY!

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ABSTRACT

When advising an entrepreneur small business owner (ESBO) most consultants soon realize that most small businesses don't have anyone internally to "audit" the business. Typically these areas, entrepreneurship and auditing, are studied independently to the point that few entrepreneurial families appreciate the skills an internal auditor can offer. Can a "good" ESBO become more effective by adding auditing skills into their art and embrace the goals, functions, and skills of the audit profession? This commentary explores that question by identifying the issues and differences between the entrepreneur-small business and the auditing function. Where the management function typically emphasizes conceptual skills, human skills, and technical skills, this paper suggests the addition of an auditing focus on the economy, efficiency, and effectiveness of the business would greatly enhance many entrepreneurial small businesses in their quest to improve both themselves and their enterprise. The small business owner's management function could become much more effective if owners would "crossover" and adopt certain goals, skills, and functions of the audit profession. ESBOs should not resist this cross-pollination application as these commonalities could be developed and applied at all levels of their organization. If cross-pollination across small businesses and the auditing function could occur, failure rates for ESBOs might significantly decline so that external auditors may seldom be needed. Instead of "show me the money," most ESBOs should be "following the money." As such, this paper concludes with proven solutions on how to use audit information to improve business operations.

LONG TERM SURVIVAL AND QUALITY INFORMATION SYSTEMS: A LONGITUDINAL CASE STUDY

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ABSTRACT

Harris, in 1988, studied four high-tech companies to determine whether their cost accounting systems had an impact on the success of the organizations. Nearly twenty years later, this longitudinal study was launched to determine whether the quality of the information systems and its uses had an impact on management decision making and long term survival. Only one of the original companies studied has remained in business and thrived. Thus, two questions arise. Did the cost accounting system of the surviving company contribute to the implementation of its successful strategies that enable this company to thrive? How were the systems and strategies of the surviving company different from the other three companies? The purpose of this study is to provide some answers to the above questions, using a longitudinal case study approach.

CASE STUDY: TRANSFORMING FROM A SERVICE-BASED TO A PRODUCTS-BASED BUSINESS

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ABSTRACT

This paper describes how a family-owned, portable sawmill business transformed from a services-only business to a products-based business, moving from a focused differentiation strategy to a differentiation strategy to support profitability growth. The business, Run of the Mill (RTM) began in 2001 as a services sawmill specializing in on-site, small to medium-sized sawmilling jobs. Through the use of a portable sawmill, the original business model was to pull the sawmill to a customer's site and cut the customers logs into custom-sized lumber to be dried. For RTM the advantages of this model were profitability, ease of operations and planning, and flexibility to the needs of the owner. The advantages for the customer were the elimination of the need to move heavy logs, reuse of logs that would have otherwise been wasted, and access to custom sized lumber at costs far lower than typical retail rates.

Between July 2006 and February 2007 the RTM owner transformed the business from a services-orientation to a products-based business. While the company still provides onsite milling services, the company primarily focuses now on milling, drying, finishing and selling environmentally-friendly hardwood lumber and finished wood products. We investigate the motivations for this change, RTM's strategies that allow it to be successful when competing in an aggressive market against much larger manufacturers, and the process involved in transforming this business. Also discussed are the personal implications of this change to the owners of this business.

INTRODUCTION

According to Michael Porter, businesses must have a competitive strategy, that is, a plan to compete in a particular market or industry. His framework for competitive strategies is well accepted, that is, that firms compete on cost, differentiation, or a focused model of either cost or differentiation. Small business owners are no different. They too must decide how they plan to compete in a particular industry or market segment, and how the selected competitive strategy will contribute to a competitive advantage leading to profitability growth. (Dessler and Phillips, 2008; Allen, 2007)

This paper describes the decision making process for the owners of Run of the Mill, LLC (RTM) to move from a focused differentiation strategy to a differentiation strategy to promote profitability growth. The purpose of the change was not to grow in size but to benefit more from the value earned by the customer. In the previous model of the business, the cost savings (value added)

to the customer was a selection of lumber at a fraction of the price the owner would have paid to a lumber yard. The owners wanted a business process that did not require a change in the core competencies of the business and diversified product offerings while keeping more of the cost savings from the business process for the business itself rather than passing all the cost savings to the customer.

COMPANY OVERVIEW

Run Of The Mill, LLC (RTM) is a family-owned, portable sawmill business located in Southern Minnesota specializing in on-site, small to medium-sized sawmilling jobs and hardwood lumber sales. The company was formed in 2001 in response to a perceived need for small scale, boutique sawmill services to the private individual. The stated goal of RTM is to

"...convert your logs to valuable lumber where the trees once stood. Our milling is environmentally friendly and lawn safe.... We are environmentally sensitive. We do not use heavy equipment that can damage your landscaping or compact the earth. Keep your trees from the landfill. Recycle the wood. Save money and the environment..." (RTM 2008)

RTM's original business model was to provide an environmentally-friendly and economically attractive option to disposing of unwanted or damaged/dying hardwood trees.

ORIGINAL BUSINESS MODEL

For the first several years of RTM's operation, only a services model was pursued. "All of our work is completed on site starting from the fallen tree. The sawmill is pulled to the job site and quickly setup... After the log is placed on the mill and squared to a cant, the lumber production begins. The rough sawn lumber is then stacked for drying; after the lumber is dried a single pass through a surface planer is usually enough to finish the wood." (RTM 2008)

This services model has several significant advantages. The first is ease of starting and maintaining the business. After a startup phase, the majority of effort was spent in directly billable activity. Overhead activities such as maintaining the equipment, and advertising were relatively small investments of time and money. Most of the effort and expense with the services-based model coincide with revenue generation. This coordination between revenue and expense made managing the business relatively easy. After the startup phase the business naturally cash flowed itself because the structural, fixed costs were relatively small.

The portable sawmill service business model is dramatically different when compared to the traditional sawmill business model. Compared to a traditional sawmilling operation the fixed costs tend to be much lower with the portable sawmilling business. These differences make the portable sawmill services business model more sustainable, flexible and less exposed to the natural fluctuations of the hardwood commodity markets.

Unfortunately the services model is not without its challenges. The primary challenge is scalability of the model. Operating a portable sawmill is a physically demanding, dangerous

occupation. Extra vigilance towards safety must be maintained to reduce the likelihood of injury. Obviously there are a limited number of hours an individual can operate the sawmill in a given period of time. To scale the services model the business owner is faced either with purchasing additional, more efficient equipment to speed production or the owner must hire and train additional employees.

Another challenge associated with the services model is the nature of the sales. Most of the transactions are with private individuals since few business's have access to a small quantity of logs.

In a short period of time the sawmill can produce a large quantity of material; the volume of material can fill the needs of a typical customer for months/years. This creates a situation where even though customer satisfaction is high, the likelihood of repeat business from a given customer is low. With the services model reoccurring revenue is severely lacking. Future revenue requires that the business generate a constant, new stream of customers.

CONVERTING TO THE PRODUCT-BASED BUSINESS

To grow the business without dramatically increasing the employee base, product sales would need to be carefully added to RTM's operations, while still maintaining some of the service-based business model. The motivation for this decision was driven by the desire to obtain better marginal returns for the resources expended. The owner explains:

"When we saw and dry a hardwood log for a customer, the customer gets tremendous value for their money. If all of the customer's costs are added together, their total out of pocket for our services usually hover slightly under \$1 per boardfoot.... Depending on the species, the retail value for that board is dramatically higher than that. For example if we are cutting walnut or cherry for a customer the retail price can be \$9 per boardfoot or higher. My goal with adding the product sales was to capture more of this difference for myself. If I sell that same board as a finished product for \$6/boardfoot, the retail customer gets a great deal and I increase my revenue six-fold while still doing approximately the same amount of work."

Essentially, the owner added environmentally based harvesting into the business in addition to the onsite sawmilling with most of the raw materials coming from recycled resources such as storm damaged trees, urban timber from tree services, standing dead timber, etc.. It was not reasonable to expect that RTM could directly compete with the well established, multinational manufacturers of commodity wood products. But the type of equipment in which RTM invested allowed them to harvest smaller jobs environmentally safer than larger companies, at a fraction of the cost. The ability to harvest in an environmentally friendly, sustainable manner was consistent with the Minnesota State Forests Certified Sustainable initiative (<http://www.ens-newswire.com/ens/jan2006/2006-01-11-06.asp>). The type of equipment and the available timber combined to provide RTM its competitive advantage over the larger companies. In addition to the green manufacturing part of the strategy, RTM also chose to vertically integrate their operation in an attempt to capture more stages of the value chain. According to RTM's owner:

"We wanted to be a full services shop. I wanted to be able to start at the log as my raw material and finish at the finished hardwood board, wide plank, tongue and groove flooring, crown molding, etc. I can attract more customers and charge a premium for my product. I can then sell to not only the hobbyist but also to other small businesses which allows me to attract repeat business."

The goal of vertical integration is itself fraught with challenges. In the wood business vertical integration would typically translate to long process times, large capitalization, large facilities for raw material, in process, and finished goods inventory, and materials handling equipment and employees to run that equipment.

To avoid the added size, complexity, and risk, the owner adopted a modified supply chain model. Traditionally the longest stage in the processing lumber is kiln drying. With the usual technology this stage requires 6 to 10 weeks to complete for one inch thick boards. During this drying only one type and thickness of lumber can be dried at a time. Because of this delay, most operations then need to process large quantities of a particular species and thickness combination with which each run which in turn causes the need for large inventories sited above. To avoid this delay and to more closely emulate a supply chain, RTM chose to different wood drying technology that reduces the drying times down to 5 to 7 days. While this technology is more expensive to purchase and to operate, it allows RTM to avoid carrying significant in process and finished good inventories. Also there is no need for RTM have to guess at what the market demands; instead RTM process strategy allows RTM to respond to those shifts automatically without risking large quantities of unsellable inventory.

IMPLICATIONS OF THE SHIFT

RTM's shift from the services-only to product-focused model has been in effect for approximately one year. Many advantages and disadvantages already are apparent from the shift. On the advantage side, the hoped-for increased revenue opportunity has materialized. The customer base for RTM has expanded and word of mouth advertising has increased dramatically. Within 6 months of the shift the business was able to completely payoff the increased fixed costs of the change. The marketability of the green movement along with small, carbon footprinting and local sources creates is a sustainable real advantage for the company.

Unfortunately the shift has not been without disadvantages. The complexity and stress level associated with the business as increased. The product-based, supply chain business model is dramatically more involved; it requires a continual supply of raw materials, additional inventory holding space for both raw materials and finished goods, a process for waste removal, more involved bookkeeping and reporting, and a process for handling product returns. Further the raw materials are dependent on weather, disease and other local, or other natural phenomenon to provide the timber for harvesting. Without these external factors imply the need for raw materials inventory. Also this dependency on already damaged or downed trees creates a necessary change in alliance strategy. The owner has proactively sought to develop business relationships with local tree services and others with access to the resource.

Because of the product based approach, more emphasis is now placed on the repeat customer. This requires customer follow-up and customer service training for the other employee not only for the customer purchasing the finished product but also the supplier or potential suppliers of the raw materials.

IMPACTS ON THE OWNER

The product based model offers greater potential for growth. This assumption is consistent with traditional business models when a company has a consistent product to offer, it can increase its profit margins. However, the potential for growth is limited to the restrictions logging opportunities and the shelf life of the sawn lumber. If fewer trees die, fall or are affected by nature, then supply has to turn to non-damaged trees. How would such a process fit into the larger, environmentally safe harvesting? The raw material factor plus the limited inventory holding space creates additional challenges. The owner must carefully balance of maintaining a small inventory for convenience vs. carrying product that cannot be sold.

LESSONS LEARNED AND CONCLUSIONS

After surviving the difficulty of starting a business, many small business owners face the question of next stages of development for a new business. Does the business easily scale? What is the best way to grow the business? Many business owners choose to invest heavily in capital equipment and/or to hire many addition employees. In doing so, the owners dramatically increase their fixed costs and risk their current success for the promise of future gain. RTM chose a different path. By modifying their offering to produce specialty products in what would seem to be a commodities market and by shortening the production cycle and adopting a supply chain mentality, RTM has found a way to have both grow the business and increase market reach while simultaneously limiting the assumed risk of this growth.

Even with strong business plans and feasibility, actual sales and actual processing gives the owner insight into what can be accomplished which frequently resulting in interesting refinements of the original business idea. Without explicitly stating it, the owner of RTM essentially reiterates the importance of conducting a SWOT analysis of the business even in the very early stages of operations. As illustrated with RTM, conditions change even from the perspective of the owner. While time must pass to determine if the chosen path of environmentally safe harvesting is the correct, sustainable path to grow profitability, the owner must continue to adapt his business model and expectation to meet the demands of a dynamically shifting market.

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THE CREOLE SKILLET RESTAURANT: A POST KATRINA START UP

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ABSTRACT

This paper illustrates the steps followed and the obstacles faced by Ms. Anne Kiefer to open a full service fine dining restaurant in the City of New Orleans in the aftermath of Hurricane Katrina. The idea to start the restaurant came about on April 3, 2007. The Creole Skillet opened 9 months later, January 19, 2008.

The sequence of steps did not follow the textbook model of a start up. Decisions were made with little information or analysis. The decision process reflects the entrepreneur's lack of business experience and her sense of urgency.

Serendipity played an important role throughout the process. The phenomenon reflects in part Ms. Kiefer's many years of experience in New Orleans working in the nonprofit sector. The founder went to familiar sources for referrals, help or information. Elected officials or government administrators were used to get help in cutting through local and state government state agencies

Ms. Kiefer's lack of experience in the restaurant industry was balanced by her nephew and his wife who had a formal education in restaurant operations and years of restaurant experience. On the other hand, Ms. Kiefer's most valuable role was providing the investment funds and especially knowing people who could help solve problems.

Hurricane Katrina had an impact on this process. The Warehouse District where The Creole Skillet is located suffered no flood or wind damage. Citywide damage, however, put a premium on getting skilled tradesmen for renovation work and getting proper permits, etc. through overworked City offices. Last, the convention business has been hurt, however, long-term prospects for the City, Warehouse District and The Creole Skillet are most optimistic.

A SEX-BASED ANALYSIS OF SELF-EMPLOYMENT EARNINGS

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ABSTRACT

Small business owners represent an important segment of our economy. Previous research has shown that self-employed men have higher earnings than women. An analysis of income data shows that the majority of self-employed women are positioned in lower income brackets. In contrast, self-employed men are represented at a greater frequency within higher income levels, although that may be due, in part, to the larger portion of men in the categories studied. A further breakdown of data illustrates that self-employment earnings are strongest in metropolitan areas.

LOOKING BEFORE LEAPING: THE EFFECT OF OWNER DECISIVENESS ON SMALL BUSINESS PERFORMANCE

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ABSTRACT

This study assesses the relationship between an owner's decisiveness characteristics and the performance of his or her business in a sample of small business owners who started new childcare ventures. Decisiveness was found to be positively related to performance. However, this result was contrary to expectations of a negative relationship based the presumption that decisiveness would be negatively related to a normative model of logic-based decision-making that includes appropriate amounts of information gathering and analysis.

THE ROLE OF SMALL BUSINESS DEVELOPMENT IN TRANSITIONAL ECONOMIES

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ABSTRACT

Economic growth requires an attractive business climate and a competitive investment environment. While the creativity and commitment of all individuals and agents involved will result in increasing entrepreneurial activities and facilitating small business development (SBD), the conditions that enable this process to occur are affected by the social, economic, and institutional contexts. SBD in the transition economies takes a variety of forms that reflect the challenge faced by private entrepreneurs.

Therefore, this study investigates the role of small business development (SBD) in transitional economies of Commonwealth Independent States (CIS) and makes economic and financial recommendations for international policymakers. A range of current SBD research that examined entrepreneurship from an economic perspective was reviewed. An economic research paradigm was developed to provide a macro view of CIS countries and then it was applied to Kazakhstan in Central Asia. Overall, factors that enhance SBD include improving institutional environments, increasing credit availability and promoting competition. A survey of entrepreneurs and small business owners was conducted to determine how SBD creates markets and how it transforms lives in Kazakhstan. Selected policy and practical implications are identified which facilitate SBD through initial investment funds that create capital formation and credits.

ARE ENTREPRENEURS OPTIMISTIC, REALISTIC, BOTH OR FUZZY? RELATIONSHIP BETWEEN ENTREPRENEURIAL TRAITS AND ENTREPRENEURIAL LEARNING

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ABSTRACT

This article presents a novel approach to measure entrepreneurial optimism and realism and their relationship to individual demographics, entrepreneurial characteristics, and learning reflections on new venture formation. Measures of optimism from psychology and a measure of realism developed by the authors were used to determine if entrepreneurs are optimistic and/or realistic, a majority are. Many entrepreneurs were both optimistic and realistic. Interesting tendencies were also identified between those characteristics and other entrepreneurial characteristics and behaviors. Most of the entrepreneurs would start again. Changes that entrepreneurs would make if they were going to start again tended to be in finance, marketing, seeking more counseling and training.

EXTENDED ABSTRACT

This paper adds three new dimensions to the study of entrepreneurs — realism, mixed optimism/realism, and fuzzy. Little has been done in these areas. Since no specific realism measure could be found, the authors designed, tested and validated a realism test. Optimism has been studied, but largely outside entrepreneurship. The authors have measured entrepreneurial optimism for the first time and have discovered that while most entrepreneurs are optimistic, they are also realistic. These findings push entrepreneurship research into a new frontier. Many new research topics could be developed such as how venture decisions are derived and concluded, how entrepreneurs assess risks or accept risks, if entrepreneurs behave differently given different set of parameters in optimism and/or realism, and if specific traits influence learning and expectations. Further study on these concepts may lead to additional insights into the nature of entrepreneurs and entrepreneurship.

Since entrepreneurs are both optimistic and realistic, practitioners and entrepreneurial advisor can tailor their advising practices to this new understanding. Strictly optimistic entrepreneurs can be expected to react differently to consulting than those who are realistic or realistic/optimistic. Based on the findings of this study, advisors could expect to gain wider acceptance for their counseling among clientele. In addition, based on the responses, more attention should be given to finance and marketing training and assistance.

An understanding of entrepreneurs can lead loan officers and other service providers to a better understanding of their clients and their client's needs. From this additional insight, officers can provide direct counseling to their clients or refer them to agencies that can provide the needed assistance.

Is it better to be optimistic or realistic? A realistic outlook should improve the odds to avoid unnecessary loss, while an optimistic outlook emphasizes more on positive feelings. There does not seem to be a clearly defined boundary between optimism and realism from the psychological perspective. There also exist different forms of optimism that interact with realism, such as realistic optimism and conditional optimism. The purposes of this research were to determine if entrepreneurs were realistic or optimistic using one established measure and one measure designed by the research team. For the first time, as far as we can tell, a tool has been designed and tested to capture both optimism and realism in the entrepreneurship studies.

We have demonstrated that entrepreneurs are more realistic than optimistic. We discovered a significant proportion of respondents in this study were mixed optimistic/realistic. Furthermore, another group we have called fuzzy entrepreneurs also exists. This is a new finding in the entrepreneurship field that has not been analyzed. Perhaps this finding represents a situation where more realistic entrepreneurs have survived and some optimistic entrepreneurs have survived or entrepreneurs become more realistic as they are in business. Additional research involving comparisons of nascent entrepreneurs and in-business entrepreneurs may shed light on this issue. Much of the entrepreneurial literature seems to assume that entrepreneurs are optimistic without much research evidence and there has been no research on realism among entrepreneurs that we could find. Entrepreneurs who are realistic could be expected to assess risks different than optimistic ones. Perhaps those who are more realistic are the true survivors in the competitive world of new venture creation. It is also possible that learning experiences have changed entrepreneurs' perceptions on their own assessment of the new venture opportunities, and entrepreneurs have learned to be more realistic.

There were no significant differences among the different groups of entrepreneurs studied related to demographics. There were some interesting tendencies. Females tended to be more realistic and males tended to be more optimistic. Majority entrepreneurs tended to be more optimistic and mixed realistic/optimistic. Single entrepreneurs tended to be more realistic, while married entrepreneurs seemed to be more optimistic. Single entrepreneurs might need to be more cautious about their future investment and challenges, while married entrepreneurs might hold more optimistic expectations for their future. Younger entrepreneurs tended to be more optimistic than older entrepreneurs who tended to be more realistic. Younger entrepreneurs probably look at the life span differently from older ones – younger people usually assume that they have a longer time frame to work with, so as to hold more optimistic outlook for the future.

Entrepreneurial characteristics studied indicated that independence was more closely related to realistic, control was more related to realistic/optimistic, and risk acceptance was more related to realistic. Both realistic and realistic/optimistic entrepreneurs considered themselves more creative than either optimistic or fuzzy entrepreneurs, statistically significant difference exists. This is new finding that has not been explored before. Previous entrepreneurship studies only discussed a variety of entrepreneurial characteristics and traits, yet failed to examine any cross-effects or linkage between different characteristics or traits. Given the sample responses, we discovered that optimism

or realism do not necessarily relate to other entrepreneurial characteristics. Further research is needed.

Entrepreneurship literature rarely discusses any relationship between work experiences and personal traits. Our study presented some new findings. Experience in the line of business was present in almost 2/3 of realistic and optimistic entrepreneurs. Over 30 percent of the entrepreneurs had no operations experience before starting, but optimistic entrepreneurs had the most operations experience. Managerial experience seemed to exist among all groups of entrepreneurs, but realistic and optimistic entrepreneurs tended to have more. Over 2/3 of the entrepreneurs studied had had management experience before starting their businesses. Whether people have had any experience does seem to relate to their personal traits – respondents who had no operation or management experience were more likely to be realistic or fuzzy, versus those who had some experiences and tended to be more optimistic.

Clearly a majority of all respondents would start a new venture again given what they have experienced. But realistic and mixed realistic/optimistic entrepreneurs were more inclined to do so. More entrepreneurs would change finances and marketing and would avail themselves of counseling and training than other changes in starting again. Being optimistic or realistic did not seem to relate to what entrepreneurs had learned in the new venture creation process. Most of the entrepreneurs would like to change something in the way to start another new venture, regardless what their personal traits are.

CONTRIBUTIONS TO RESEARCH

The results of this study, although not representing the entire population of entrepreneurs, provide additional insights into entrepreneurs and entrepreneurship that have not been investigated and understood before.

We are among the first to utilize a psychological method to actually measure optimism and realism among entrepreneurs, and conclude that a majority entrepreneurs in our sample are optimistic and realistic.

Entrepreneurs can be optimists and realists at the same time. The nature of the world means that to be realistic we must normally be optimistic. Optimists display certain attitudes, not detached estimates of the objective probability of good and bad events in the future, to make personal commitments to certain modes of thinking and behaving. It is a way of thinking, generated by optimistic attitudes, that makes entrepreneurs unique.

From a research perspective, this study demonstrates that psychological methods can provide valuable tools for entrepreneurship research. These tools should be particularly useful in entrepreneurial behavioral research, a widening field of study.

INTERNET MARKETING, E-BAY, AND ENTREPRENEURSHIP IN CHINA, LITHUANIA, THE NETHERLANDS, THAILAND, & THE USA: ETHICAL AND LEGAL ISSUES

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ABSTRACT

The objective of this empirical research paper is to examine Internet Marketing and cross cultural entrepreneurship across countries. An IPA Bellwether survey was conducted recently that shows increasing growth in this internet marketing business field with a promising future. The growth rate so far was remarkably 76% and this is only 3% of total marketing expenditures. We examined over 1100 transactions from E-bay in order to examine the degree to which unethical – and potentially illegal – behaviors were occurring among Internet entrepreneurs. Interestingly the highest rates of fraud were occurring in the USA and the Netherlands. In the USA much of the fraud was due to lack of knowledge among the sellers [and buyers] while from the Netherlands the fraud appears to have been intentional and much more difficult to detect. As E-bay and Internet marketing grows there is an increased need to police the goods and services available on the Internet.

HEALTH INSURANCE COVERAGE AMONG THE SELF-EMPLOYED

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ABSTRACT

According to NFIB National Small Business Polls, the cost of health insurance is the leading problem faced by small business owners in the United States. As a result, many self-employed people may forego coverage. This, in turn, could lead to a poorer state of health if the cost of medical care influences the uninsured person to decline to seek medical attention when needed. This study examines the proportions of self-employed people who do and do not have health insurance. Not surprisingly, the results show that the self-employed whose businesses are unincorporated are the least likely to be insured.

INTRODUCTION

"If you don't have your health, you don't have anything."

The United States is the only industrialized country that does not guarantee access to health care through socialized medicine, a single-payer insurance system, or other similar program (Battista & McCabe, 1999; Gladwell, 2005; Vladeck, 2003). Between 2005 and 2006, the overall percentage of uninsured people rose to 15.8% from 15.3%, representing a rise from 44.8 million to 47.0 million people (US Census Bureau, 2008).

At the same time, the number of insured people increased by 100,000 from 249.0 million in 2005 to 249.8 million in 2006, of which 201.7 million had private health insurance. Overall, employer-sponsored health insurance covered 59.7% of people in 2006, down from 60.2% in 2005. The percentage covered by Medicaid was 12.9% (38.2 million people) in 2006, statistically unchanged from 2005.

A lack of health insurance is important to both individuals and society as people without coverage are less likely to obtain needed medical care, ultimately leading to more expensive treatment when the ailments are eventually treated (Battista & McCabe, 1999; Gladwell, 2005; Hadley, 2007; Sack, 2007). This problem is especially felt among small business owners and their employees as they are most likely to be among the uninsured (Holahan & Cook, 2008; Sutton-Bell & Fields, 1991; Wilcox, 1992). The following study investigates this important issue by comparing the proportions of self-employed or privately employed (as determined by their "class of worker" classification) who do and do not have health insurance and examines respondents' self-reported state of health.

HEALTH INSURANCE COVERAGE AMONG SMALL BUSINESSES

The rapidly increasing cost of health insurance has been repeatedly named the primary problem among small business owners, as health care costs have seen double-digit increases in the past few years (Phillips, 2004). As a result, fewer and fewer small business owners are offering employees health insurance. Thus, the self-employed and small business owners are the most likely to feel the effects of high health insurance premiums. One result is that they and their employees are less likely than other workers to have employer-sponsored insurance and more likely to be uninsured, especially in companies with fewer than five employees (Holahan & Cook, 2008; Sutton-Bell & Fields, 1991; Wilcox, 1992). A small business poll conducted by the NFIB found that less than half (48%) of the smallest firms now offer insurance compared to 56-58% in previous years (Phillips, 2004, p. 7).

In a study of small firms employing 1 to 249 workers, several factors were found to be related to whether employees were offered health insurance (Morrisey, 2003). While 91% of the business owners in this survey had health insurance, this did not necessarily translate into benefits for employees as approximately half offered insurance. Practically none of those owners who lacked insurance offered health benefits to employees. Breaking the data down by size of firm, Morrisey found that among business owners with 20 or more employees 98% had their own insurance coverage. Of these, 78% then offered insurance to their employees, compared to 41% of companies with fewer than 10 workers.

The age of the business was also an important factor in that only 35% of businesses less than 2 years old offered employees insurance, while this percentage rose to 45% among those aged 2-5, and to 52% for firms 11 years old or older (Morrisey, 2003). There was a slight dip to 41% among companies in business between 6 and 10 years. Similarly, the average wage played a role with insurance coverage decreasing as the proportion of low-wage (earning less than \$20 per hour) employees increased. Among companies in which at least three-quarters of employees were low-wage, 42% offered health insurance. However, among those in which at least three-quarters earned more than \$20, 70% offered this benefit. This is consistent with other studies that have found that in firms with lower average wages, health insurance benefits comprise an increasingly larger portion of the compensation package, making it less likely that such coverage will be offered (Formisano, Schwartz, Neale, Galanter, Grossman, & Geis; Hirschberg, 2001; Holahan & Cook, 2008; Wilcox, 1992).

The primary reason health insurance is not offered is usually cost (Holahan & Cook, 2008; Kathawal, Elmuti & Roszkowski, 1993; Morrisey, 2003). A study of small firms in Illinois found that the high cost of insurance, often related to a lack of group coverage availability, combined with insufficient company profits, were the major reasons given for not offering health insurance (Kathawala et al., 1993). Similarly, a survey of Florida small business owners without insurance found that over 60% of employers who did not offer health insurance as a benefit believed they would have difficulty accessing a group rate plan because they did not have enough employees (Holahan & Cook, 2008). This may, however, be a moot point as nearly 20% believed that providing a group plan would present too large of an administrative burden.

In a study in which Mulkey and Yegian (2001) hoped to find that small business owners over-estimated the cost of offering employees health insurance, it was shown that small business

owners actually underestimated the cost by a significant margin, meaning that even if employers sought insurance, they would be unlikely to subscribe to these plans. They were also disappointed that they were unable to find a link between offering health insurance and improved business outcomes (increased productivity, reduced employee turnover, lower absenteeism, less workers' compensation cost).

Despite these findings, 63% of small business owners who believe that this benefit is useful for recruiting and the 48% who believe it reduces turnover (Morrissey, 2003, p. 8). Increasing employee productivity, responding to competitors' benefits, sheltering income from taxes, providing for sick employees and their dependents, and obtaining personal coverage as a part of the plan were reported to be major reasons for offering insurance. However, a majority (78%) of these small employers who offered health insurance did so "because it's the right thing to do." The idea that there is moral correctness in offering employees health insurance is indeed defensible when the negative effects on health associated with a lack of insurance are examined.

METHODOLOGY, RESULTS, AND ANALYSIS

Data regarding health insurance coverage, class of worker, and demographic variables were gathered from the March 2007 Supplement to the Current Population Survey (CPS) via DataFerrett. These data represent a point-in-time estimate for the previous year, 2006 (Holahan & Cook, 2008). This study focuses not on the number of companies that provide health insurance, but on the reported coverage of individuals since many self-employed people do not employ any paid workers.

The variable class of worker (A_CLSWKR) was chosen to indicate whether respondents were privately employed, self-employed in an incorporated business, or self-employed in an unincorporated business. This study was limited to these three classifications as government workers, those who work without pay, and all others not fitting the three categories of interest were omitted. The two health insurance variables selected were HI, health insurance coverage through a current/former employer/union, and HI_YN, health insurance private coverage. Both are dichotomous yes/no variables. As shown in Table 1, those who answered "no" to HI form the population for HI_YN. The "combined" variable was created by adding the number of people with employer-related insurance to the number with private insurance. The percentages of people in each category are shown in Table 2, which presents the data broken down by relevant demographic variables. Further analysis was completed by determining the number of people who were in the "no" category of the combined variable (no employer-related or private insurance) but were covered by Medicaid. This did not change the results and were therefore excluded from the study.

	Total	Yes	No
HI (Employer-Sponsored)	107,776,846	54,522,437	53,254,409
HI_YN (Private)	53,254,409	25,660,324	27,594,085
Combined	107,776,846	80,182,761	27,594,085

	HI		HI_YN		Combined	
	Yes	No	Yes	No	Yes	No
Total	51	49	48	51.8	74.4	25.6
Private	54	46	45	54.8	75	25
Self-employed Inc	41	59	71.7	28.3	83.3	16.7
Self-employed Uninc	17.4	82.6	55.9	44.1	63.5	36.5

Chi-square tests were performed to examine the associations between health insurance status and class of worker. Each test resulted in a statistically significant difference ($p < .001$) even when percentage differences did not appear to be very large. This could be partially due to the very large numbers of people (107,776,846) in the study. Analysis of the data shows that while the majority of workers possess some form of health insurance coverage, some groups are much more likely to have this benefit.

In regard to the analysis of data by class of worker, grouping the self-employed together in one category would have yielded different results. While the self-employed as a single category (not shown: yes=70.4% and no=29.6%) would have had coverage at a rate very similar to the privately employed's 75% coverage, it is clear from the break-down that the incorporated are much more likely to have insurance and the unincorporated are much less likely to be covered. This is due in part to the high rate of private insurance coverage among incorporated self-employed people in addition to a fairly high employer-sponsored coverage rate. The unincorporated self-employed had much lower rates of being insured by either means. As a result, over one-third of the unincorporated self-employed were uninsured, compared to one-quarter of private workers, and only one-sixth of the incorporated self-employed.

CONCLUSION

The results of this study confirm those of previous ones (Holahan & Cook, 2008; Sutton-Bell & Fields, 1991) in which owners and employees of small businesses were found to be less likely to have employer-sponsored insurance and more likely than other workers to be uninsured. The lower percentages of insured people among the unincorporated self-employed is consistent with Morrissey's (2003) findings that smaller businesses were less likely to offer insurance because most of these business are likely to be have fewer than 10 workers. However, as shown by this research, the self-employed category is not homogenous. The self-employed whose businesses are incorporated tend to have both a high rate of insurance coverage and better self-reported health status evaluations than either the unincorporated self-employed or the privately employed.

Decreasing coverage costs is probably the most effective way to improve the proportion of business owners and their employees who are covered by insurance because the price of insurance is the number one reason the uninsured choose not to buy into it and was the primary problem facing small business owners (Holahan & Cook, 2008; Kathawal et al., 1993; Morrisey, 2003; Phillips, 2004). Socialized medicine or a single-payer system are also more radical options that would provide health care to the entire population regardless of their employment (Battista & McCabe, 1999). Future research should compare US small business with those in countries where residents do not have to choose whether to buy health insurance coverage, as the cost of health insurance would assumedly not be a significant problem to small businesses in such nations. This could, in turn, lead to a higher rate of small business establishment and job creation.

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The Effective Use of Simulations in Business Courses

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ABSTRACT

The Effective Use of Simulations in Business Courses

One of the primary purposes of capstone and other functional courses is to help the student apply conceptual knowledge learned in earlier courses to particular situations in the business environment. AACSB, the business school accreditation body, has warned that the gap between the knowledge the students gain in business programs and the ability to apply that knowledge has widened and therefore, new and improved teaching methodologies and learning environments must be found to quickly narrow this gap.

In times past, many heated discussions have occurred and several lines have been drawn in the sand relating to the most effective methodology for the teaching of these courses. There seems to be a very distinct delineation between the case and the simulation methodologist, each of which feel they can offer undisputable evidence that their methodology is the most effective. This paper attempts to take a middle-of-the-road perspective in functional course teaching methodologies.

Bloom's (1956) taxonomy of educational objectives states that these objectives will progress through the following stages: comprehension, application, analysis, synthesis, and finally, evaluation. The earlier stages consist of acquiring basic knowledge which is consistent with the early basic or principles courses a student will encounter. Bloom's final stages consist of a higher level of critical thinking skills, which are supposedly designed into the functional courses.

To provide the student with the best preparation for the critical thinking skills needed in the professional business environment, the teaching methodology must consider both the content and the context surrounding this critical thinking. The content is the knowledge and the ability to apply that knowledge to practical business situations. The context considers the environment in which this critical thinking occurs and the forces surrounding that environment.

Simulations offer some very important elements to the content and contextual perspective. From a content perspective, simulations add a degree of authenticity, require functional integration, and empower the students to take charge of their particular situation. Considering the contextual perspective, simulations create a stressful environment and introduce the complexity of team dynamics.

While a lot of the simulations used today in business courses are very effective in helping the student transition from the academic environment to the professional environment, a realistic evaluation of these simulations will conclude that no simulation is 100% complete in preparing the student. Using the simulation as a stand-alone methodology will deny the student important information, which may be available in other methodologies such, as lecture materials, cases, etc.

Ethical management, international perspectives, and implementation techniques are just a few of the elements that are often absent when using exclusively a simulation methodology.

A successful instructor must carefully identify and evaluate all of the needed elements of the functional course. The instructor can use a simulation to fulfill the need for particular elements provided by this methodology and then supplement those simulations with lectures and/or case methodology that will eliminate the void left by any of the methods when used singularly.

UNLOCKING ACADEMIC ENTREPRENEURSHIP: THE ROLE OF TECHNOLOGY MATURATION

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INTRODUCTION

Academic entrepreneurship has emerged as a growing focus of intellectual inquiry. Within the past six years, at least four leading technology and innovation management (TIM) journals have dedicated special issues the subject (Management Science, 2002; Journal of Business Venturing, 2005; Research Policy, 2005; IEEE Transactions on Engineering Management, 2008). The ensuing literature contains a perspective of university technology transfer with a desired outcome to increase the understanding of both technology licensing strategies and new venture creation. It's most central issues address the commercialization of university-developed technology.

The present discussion views academic entrepreneurship as the progressive conversion of knowledge emanating from university research into commercially-viable products, processes, or services. To the degree conversion is successful, academic entrepreneurship is effective in meeting its objectives. The discussion views academic entrepreneurship, technology transfer, and academic innovation as interchangeable terms that have similar functions in the contexts of corporate or government research and development. The corporate sector, it proposes, has benefited from more sophisticated, rational, and competitively-motivated processes than its academic or government counterparts. For that reason, the authors believe there may be significant lessons to learn from the corporate sector relevant to academic (and government) entrepreneurship.

Established TIM literature constitutes a rich source of theory and empirical evidence on the transfer of corporate technology through various phases of research, development, and commercialization (Utterback, 1971; Damanpour, 1991). Throughout the literature, these phases have been modeled in different configurations, but a consistent theme depicts technology as transitioning through incremental stages of technical and commercial feasibility. The present discussion suggests that a similar transitioning may reveal appropriate antecedents for effective academic entrepreneurship. It also notes that literature lacks consistent characterization of an equivalent transition in the academic sector. Therefore this anomaly represents a significant opportunity for a scholarly research inquiry.

MATURATION ENVIRONMENT

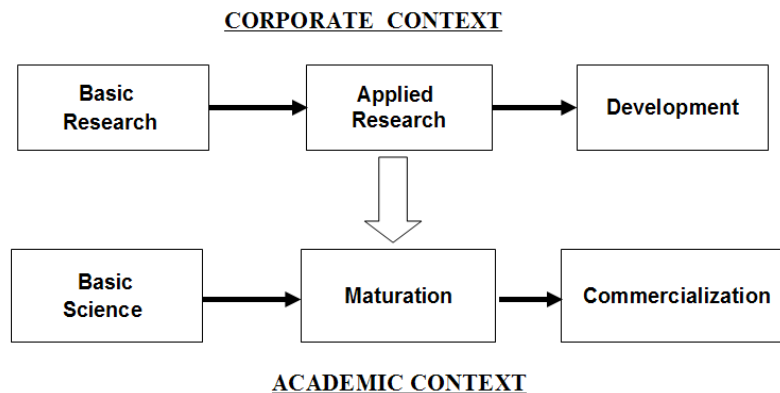
Academic innovation cycles begin with science-based technology that, as best-case scenarios, mature into viable intellectual properties out-licensed to a separate organization or spun off as a new venture. Value must be consistently added to the technology during this maturation

process. In the corporate context, the intermediate value-added phase is generally termed "applied research", which is often associated with the speed and effectiveness of product commercialization (Carbonell & Rodriguez, 2006). We term the academic counterpart of applied research as "maturation", a technology transfer stage that may well represent significant enhancement for the university innovation cycle.

The authors define as "a resource management process to usher an academic technology from basic science toward marketability through ongoing enhancement of its technical and commercial feasibility". This definition assumes that maturation is managed as an internal function of the university or managed jointly through strategic alliance with external partners. Maturation embodies a progression of learning and continuous interactions among creators, appropriators and consumers of technology that can accelerate the richness and reach of knowledge and discoveries toward its goal of commercialization (Markman et al, 2005).

A condition of this definition specifies that the maturation phase terminates when a technology is either a) terminated as an unviable project, or b) licensed for utilization by an arm's-length licensee or by a spin-off new venture (Shane, 2004). Non-viability is obviously unsuccessful maturation, and the latter successful. Similar in function to applied research; effective maturation should render technology more marketable as a commodity and be better positioned for commercialization either as a license or a start-up venture.

Figure 1



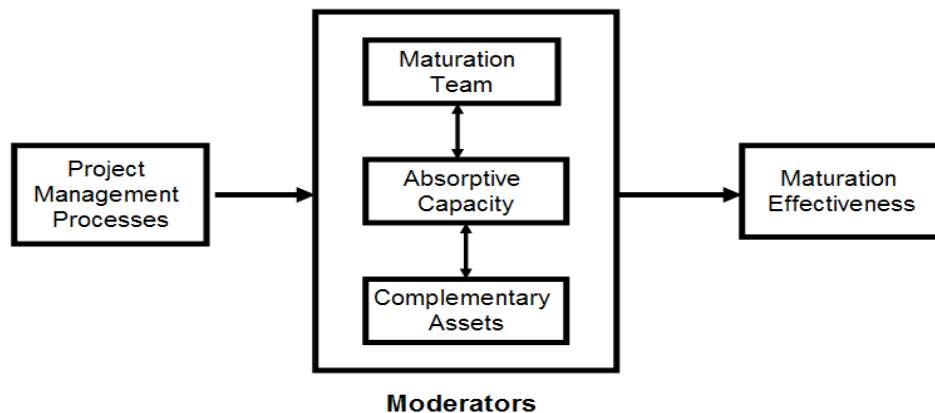
The remainder of this discussion begins with a theoretical context for the topic. It concludes with specification of a hypothetical framework to guide analysis of maturation resource management. Much of discussion attempts to translate the knowledge of corporate entrepreneurship to the perspective of its academic counterpart. Figure 1 demonstrates parallel processes of corporate and academic entrepreneurship, implying an opportunity for lessons to be learned one from the other.

THEORETICAL FRAMEWORK

A popular and persistent explanation of organizational effectiveness addresses the ability to appropriately acquire and manage resources. Prior literature incorporates various resource-oriented theories applied to a wide range of organizational settings (Penrose, 1959; Barney, 1991; Teece et al, 1997), including specific academic entrepreneurship settings (Rothaermel & Thursby, 2005, Lockett & Wright, 2005). In either context, decision makers accumulate and deploy resources to achieve the capabilities necessary for sustaining their mission-critical functions. Resources may embody a broad range of inputs including raw materials, relationships, intellectual capital, and specific routines or processes. This observation is consistent with Penrose (1959), who recognized not only the value of individual resources but more importantly, the services (capabilities) enabled by their deployment within various productive combinations. In the present perspective, technology maturation is viewed as managing both resources and the capabilities they facilitate.

Technological capabilities draw from unique knowledge-based resources that may be difficult to identify and embody (Burgelman & Maidique, 1988). The capabilities may also evolve dynamically over time (Teece et al, 1997). We propose four factors of resource capabilities to model the innovative performance of academic entrepreneurship. Theoretical justification of these factors is sourced primarily from the corporate innovation literature with the intent to extrapolate academic-relevant outcomes. Proposed relationships among the factors are expected to explain substantive variance in performance criteria that are germane to academic innovation. Figure 2 demonstrates proposed relationships between technological capabilities that are then discussed as the foundations of specific propositions.

Figure 2



Corporate managers typically structure the applied research phase as development projects that are allocated specific resources to be managed within the projects' operational lifecycle (Keller, 1986; Cooper, 2001). Typical projects are assigned an authorized manager and cross-functional team to accomplish planned goals and objectives (Ancona and Caldwell, 1992). Development work advances through its project lifecycle to progressively reduce associated technical and commercial

uncertainty (Tushman, 1979). We conjecture that the effective management of academic maturation projects within time, cost and quality constraints represents a potent capability for university organizations seeking to transfer raw technologies toward commercialization.

"Project management processes" constitutes the model's independent factor. Project management is a professional discipline that incorporates a set of processes for planning, organizing, and managing resources to enhance the successful completion of specific project goals and objectives (PMBOK, 2007). Projects are defined as finite endeavors--having specific start and completion objectives --undertaken to create unique products, services, or advanced technologies for commercialization. PMBOK comprises American National Standard # 99-001-2004, and identifies a distinct set of capabilities for managing projects of many types including those typical of product development. An effective project management capability orchestrates resources for the purpose of reducing uncertainty that is characteristic of product or service development.

Scope management, for example, is a set of project management processes to ensure that the project includes all necessary work, yet only the required work to successfully complete the project. Scope promotes focus through carefully articulated objectives and a viable change management system (Kerzner, 2006). Goal setting and control are cornerstones of a rational approach to organizational management (Thompson 1967, Hofer and Schendel 1978), with specific application in the realm of technology and innovation management (Burgelman and Maidique, 1988). Other facets of project management include processes related to cost, time, quality, integration, communication, risk, human resources, and procurement of outside resources. As reflected in the following propositions, we propose several project management processes as viable capabilities for the managing the maturation phase of academic entrepreneurship.

P1: Greater specificity of scope definition within a work breakdown structure will be positively associated with maturation project success.

P2: Greater specificity of a change management system will be positively associated with maturation project success.

P3: Greater alignment between scheduling and a clearly-defined WBS will be associated with maturation project success.

P4: Greater integration of budgeting and financial control with a clearly-defined WBS will be positively associated with maturation project success.

P5: Formulation and execution of a proactive risk management plan is positively associated with maturation project success.

P6: Clear definition of a proactive quality management system is positively associated with maturation project success.

P7: Formulation and execution of a robust communication plan are positively associated with maturation project success.

Our framework suggests that relationships between project management and maturation effectiveness will be moderated by three factors. "Maturation team" is the first of the three moderating factors. Applied corporate research relies on cross-functional teams that are structured to execute development projects. We expect similar attributes to apply in maturation teams as well. Corporate innovation benefits from processes that foster such attributes as team diversity,

cohesiveness, and conflict management (Keller 1986, Ancona & Caldwell 1992). Cross-functional teams are drawn from diverse pools of human resources to infuse the project with varied skills, expertise, and experiences. For corporate projects, resources may represent various functional departments or commercially-motivated sources external to the firm. Team members may work full-time, part-time, or only periodically on the project depending on its distinctive work requirements. In maturation environments, we propose that successful maturation projects benefit both from a diversified set of intellectual/social resources and also effective teambuilding and leadership processes. Capabilities in both team composition and process are expected to moderate maturation project performance.

P8: Team diversity will moderate the relationship between project management and maturation effectiveness.

P9: Increased priority on team building will strengthen the relationship between project management and maturation effectiveness.

"Absorptive capacity" is the second of three proposed moderators. It is defined as the ability to value, assimilate, and apply new knowledge within the innovation cycle, its antecedents including prior knowledge stocks, knowledge flows, and communication (Cohen & Leventhal, 1989). This notion adds to R&D information processing and communication paradigms (Allen, 1966; Tushman, 1979) by inferring a specific knowledge-creating or learning capability of technology-receiving units (Adams et al, 1998). The present discussion argues that absorptive capacity is also a vital function of a technology-transferring intermediary such as the maturation team. It recognizes that knowledge must be proactively assimilated not only from upstream and horizontal technical sources, but also from the downstream market or potential user base (Lynn et al, 2000, Narver et al, 2004). Academic entrepreneurship is viewed as a knowledge creation cycle within the convergence of technology and market information (Rothermal & Thursby, 2005). Successful maturation projects possess capabilities for processing robust sources of multi-directional information and effectively coveting it to useable knowledge.

P10: Increased absorptive capacity will positively moderate the relationship between project management and maturation effectiveness.

"Complementary assets" comprise the third moderating factor. Consistent with Teece (1998), complementary assets are defined as external resources contributing to maturation success from its network of arms-length relationships. Lee et al (2005) discusses the valuable assets associated with R&D's peripheral resource network. Evidence increasingly reveals a linkage between the external network of strategic alliances and both the speed or effectiveness of organizational entrepreneurship (Eisenhardt & Schoonhoven, 1996). We argue that universities ought to conscientiously engage its network of complimentary assets during the pre-commercialization period of maturation. Complementary assets should buffer the risk and lubricate the execution of commercialization when that phase becomes active in the technology transfer cycle.

P11: Improved engagement of complementary assets will positively moderates the relationship between project management and maturation effectiveness.

CONCLUSION

The authors propose that maturation capabilities may explain significant variance of pre-commercialization performance in the academic entrepreneurship cycle. By effectively deploying appropriate maturation capabilities, universities can add value to their intellectual property stock by reducing risk and adding both to its technical and commercial feasibility. Creating and maintaining such capabilities should require management of resources that are typical of corporate innovation such as project management, cross-functional teams, absorptive capacity, and complementary assets.

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BUSINESS PLAN DEVELOPMENT FOR SERVICE VENTURES: INTEGRATING CUSTOMER EXPERIENCE MANAGEMENT

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ABSTRACT

This paper introduces customer experience management to the traditional services plan model. It provides a framework entrepreneurs can use to develop plans that incorporates three types of clues that influence customers' thoughts, feelings and behaviors. These clues are: (1) functional – the technical performance of the service; (2) mechanic - tangibles associated with the service; and (3) humanic - the behavior and appearance of service providers. These clues play an important role in creating the customer's service experience, influencing both rational and emotional perceptions of service quality. By including these clues into the business plan for a services venture, entrepreneurs have a better opportunity of "getting off on the right foot", thus ensuring firm survival and prosperity.

INTRODUCTION

A business plan is a basic model and description of a new venture. It is used internally to provide parameters for the firm's owners and employees and to solidify its goals. It is also used externally to attract investors and other potential stakeholders such as customers. It should provide a clear picture of all the important aspects of the proposed venture. Because services ventures are different from goods ventures, however, the traditional business plan model is incomplete. A business plan for a service organization should provide a model as well as a clear description of how the business intends to make an emotional connection with customers and systematically manage their experiences with the organization. However, traditional business plan outlines do not provide a section, nor do they integrate customer experience management throughout the different sections of the plan. The business plan model we propose in this paper takes them beyond the commodity of the service offering, engaging customers at both the rational and emotional levels, thus increasing customer commitment to the business and creating a total customer experience.

LITERATURE REVIEW

Services are performances rather than objects – the customer doesn't have something to pick up and inspect prior to purchase, nor does he own a tangible asset after the exchange. Customers therefore look for clues that are available to them before and during the service performance that they can evaluate. Numerous clues of varying importance are embedded in these performances, and

customers rely on them to choose services and evaluate service experiences. Customers form overall perceptions of experiences based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanic clues), and the behavior and appearance of service providers (humanic clues). Functional, mechanic, and humanic clues play specific roles in creating the customer's service experience, influencing both rational and emotional perceptions of service quality. By definition, a good customer experience is good customer service; the experience is the service. As a result, consistent design and orchestration of these clues is a critical responsibility of the business owner.

The distinction among functional, mechanic, and humanic clues can be subtle. For example, a retail salesperson who answers a customer's question about when an out-of-stock item will be available is producing both functional and humanic clues. The accuracy of the information is a functional clue. The salesperson's choice of words and body language are humanic clues. One salesperson may answer the question disinterestedly, and another may answer enthusiastically. A customer's emotional response to the differing humanic clues is likely to be quite different even if the information is accurate in both cases. Consequently, this same customer's overall impression of the service is likely to be different.

Conceptual Basis for Experience Clues

Clues create the service experience by influencing customers' thoughts, feelings and behavior. The important influence of affect or feelings is well documented in behavioral sciences research. This research shows that affect or mood influences how people think and act (Poon, 2001). Research shows, for example, that positive mood seems to help people recall positive material from memory. This is because when people are in a particular feeling state, they try to maintain that state. Consequently, memories that are congruent with that feeling are more accessible and more likely to come to mind (Isen, 1987). This pattern does not hold for negative moods, however. It is thought that people try to improve a negative mood by avoiding recall of negative memories (Poon, 2001). Mood also influences people's evaluations. For example, one study found that cartoons were rated as funnier by subjects who were smiling than subjects who were frowning (Laird, 1974).

One opportunity to do this is with the tangible elements of the service experience – mechanic clues. Environmental psychology and marketing research confirms the influence of mechanic clues on customers. At its foundation, environmental psychology draws from the stimulus-organism-response (SOR) paradigm in psychology (Spangenberg, Crowley & Henderson, 1996). In an environmental psychology context, the physical environment or stimulus (S) (i.e., mechanic clues) causes an evaluation by a person or organism (O), which results in a response (R). Consequently, environmental psychologists have examined the physical environment's influence on people's thoughts, feelings, and behaviors, and they have found the three to be complex and interrelated. In a widely studied model, Mehrabian and Russell (1974) proposed that the three basic emotional states of pleasure, arousal and dominance or control mediate behavior in an environment. Pleasure refers to the degree to which a person feels good, happy, or satisfied in the situation; arousal refers to the degree to which a person feels excited or stimulated; and dominance refers to the extent to which the individual feels in control of the situation. These emotions are associated with behavioral responses, which are categorized as either approach or avoidance behaviors.

Approach behaviors are positive behaviors directed at a particular place, such as a desire to stay, explore or affiliate. Avoidance behaviors reflect the opposite. Thus, the environment can trigger feelings that either encourage someone to stay in an environment or to leave it.

Research in marketing confirms the influence of the environment on customers. Donovan and Rossiter (1982), for example, tested the Mehrabian-Russell model in a retail setting and found that the pleasure and arousal dimensions of the model are strong predictors of in-store behavioral intentions, such as lingering in the store or purchase. In this study, pleasure was a determinant of desire to stay and explore in the store, while arousal was also found to increase customer time spent in the store as well as willingness to interact with sales associates. Researchers in marketing have also focused on the effects of specific ambient factors or clues, such as lighting, music, or scent. For example, in studies of the effects of music in retail and restaurant environments, Milliman (1986) found that slow music tempo encouraged restaurant customers to stay at their tables longer and spend more and also encouraged grocery shoppers to spend more.

Clues Play Different Roles

Functional, mechanic, and humanic clues play specific roles in creating the customer's service experience. Functional clues primarily influence customers' cognitive or calculative perceptions of service quality. Mechanic and humanic clues primarily influence customers' emotional or affective perceptions. Thus technical competence in service performance is not enough if they aspire to build a reputation for superior service and build preference for their company. How the service is performed is important to customers, too, because it influences the emotional perceptions of quality. For example, a restaurant that provides a quality meal, but has slow table service and a shoddy environment is not likely to survive against competitors who deliver not only good food, but do so courteously and efficiently in a clean, quality environment

INTEGRATING CUSTOMER EXPERIENCE MANAGEMENT INTO A SERVICES BUSINESS PLAN

This section of the paper identifies how service clues fit into the business plan for a services venture. Entrepreneurs do not have to abandon the traditional business plan model. Instead, they can take a more comprehensive approach to initiate their ventures. The idea is to "get off on the right foot" and eliminate common problems before they have a chance to emerge in the business. Clue planning is integrated into the traditional business plan model. The functional clue plan is integrated into the services plan, the humanic clues are addressed in the management plan, and the mechanic clues are included in the operations plan. An example of a small services start-up venture and how these clues can be included in the appropriate sections of the business plan is applied to a small personal training studio called Body Evolution. They are utilizing this very approach for venture planning by offering multidimensional programs to meet clients' fitness needs such as strength training, circuit training, plyometrics, sport-specific training, and functional training. They also offer complete nutritional programming and counseling based on clients' unique needs and lifestyles. The facility is 1,500 square feet and fully equipped for personal and group training classes. The owner of Body Evolution understands the importance of providing exceptional

customer service at every level to attract and retain clients. She has identified all the key "clues" for each of the areas: functional, humanic and mechanic. Table 1 illustrates all of the clues identified, and Body Evolution has a plan in place to address each one to ensure the highest level of customer service is being delivered the very first day of operation.

DISCUSSION & CONCLUSIONS

This paper has presented a more comprehensive way for entrepreneurs to plan their services ventures in order to "get off on the right foot". The integration of customer experience management is imperative in today's competitive environment. Three types of clues are essential to address for any services business. They include functional clues, humanic clues, and mechanic clues.

It is important to remember that services are performances rather than objects, and customers experience intangibles. This forces them to look for clues before and during the service performance that they can evaluate. Customers form overall perceptions of experiences based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanic clues), and the behavior and appearance of service providers (humanic clues). The evaluation of these three clues creates the rational and emotional perceptions of service quality. By definition, a good customer experience is good customer service; the experience is the service. As a result, it is inherently crucial to design and orchestration of these clues as a part of the business plan model.

The value of integrating customer experience management into services plans for new ventures is highly significant. It allows the entrepreneur to solve common customer service issues before they even arise. This means the business can attract and subsequently retain customers from the first day of operation. Generating repeat business is crucial for the survival and prosperity of any small, young business. Developing a plan that integrates customer experience management helps ensure positive customers perceptions, resulting in repeat business and ultimately firm survival.

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Table 1: Clue Plan Focal Points for Body Evolution		
FUNCTIONAL CLUES <i>The Service Itself</i>	MECHANIC CLUES <i>The Presentation of the Service</i>	HUMANIC CLUES <i>The Service Provider(s)</i>
Productive training sessions	Accessible location to target market	Friendly trainers
Availability of training sessions	Cleanliness - smell and look	Approachability of trainers
Dependability of trainers at sessions	Spacious and not overcrowded	Motivating attitude of trainers
Experienced progression towards goals	Music played during workouts	Personal appearance of trainers
Adequate and functional equipment	Extras available on equipment (TV)	Perceived availability of trainers any time
Appropriate nutritional counseling	Displays of client testimonials	Response time of trainers outside sessions
Clear instructions on exercise & nutrition	Displays of trainer certifications	Attentiveness of trainers during sessions
	Appearance of equipment	
	Availability of showers, changing rooms	
	Attractive and informative business logo	
	Visible signage	
	Informative Website	
	Attractive advertisements	

