

Women-Owned Small Businesses in the Service Industry in Southern New Hampshire

Susan Losapio, PhD

s.losapio@snhu.edu

Overview

- The problem
- Why this study is important to the researcher
- Conceptual framework
- Research design
- Results by research question
- Interpretations
- Recommendations for action
- Recommendations for future study
- Significance of study
- Conclusion

Problem Statement

According to the Small Business Administration's Office of Advocacy (2009), seven out of 10 new companies last about 2 years, and about half survive less than 5 years. Research is needed to understand some of the factors that contribute to a higher failure rate for women-owned small businesses. The National Foundation for Women Business Owners (2008) showed that the number of women-owned small businesses rose by 103% from 1987 to 1999. Upon further review, failure rates are higher for women-owned small businesses than for men-owned small businesses by 8.6% (Office of Advocacy, 2006).

Therefore, the research looked at the management, marketing, sales and cashflow analysis skills of women-owned small businesses to understand the differences between successful women-owned business and unsuccessful women-owned small businesses.

Personal Reasons for Study

- I have been a mentor for many WOSB
- I currently run a WOSB
- I have seen many WOSBs fail throughout the years, therefore, I wanted to know what makes WOSBs succeed

Research Design

- Qualitative Phenomenological Study – This is a study that explores the lived experience of the participants of the study
- Face to face Interviews – Each participant was asked the same interview questions to provide consistency.
- Participants selection via the New Hampshire Chapters of SCORE & the former WBC (now the Center for Women’s Business Advancement) & the personal sphere of influence of the researcher
- Pilot Study – 3 women-owned small businesses were interviewed to provide feedback on the interview questions
- Revisions made to interview questions
- 10 successful women-owned small businesses and 9 closed women-owned small businesses
- Each participant was re-interviewed approximately 1 month after the first interview to further clarify the statements made in the first interview.

Criteria For The Study

The criteria for the study were as follows:

1. The woman business owner must have started a business after 2000 but before 2005.
2. The business must be/have been registered with the State of New Hampshire as a recognized business entity.
3. The woman business owner must have started, owned, and operated a business in the service industry.
4. The business must be/have been owned and operated in one of the New Hampshire towns located to the south of Concord, east of Keene, and west of Rye.
5. The business must employ or have employed no more than 20 employees.

Conceptual Framework

The conceptual framework used for this study was the organizational life cycle (OLC) as researched by Dodge and Robbins (1992). In order to grow and succeed, a business follows “a predictable pattern that is characterized by discrete stages of development” (Dodge, Fullerton, & Robbins, 1994, p. 122). The stages determined by Dodge and Robbins were formation, early growth, later growth, and stability. Each stage of the OLC requires the owner to develop and use different skills.

To move through the first two stages of the OLC it is said to “be about four to eight years in length” (Hillstrom, K, Hillstrom, L.C., & Cengage, G., 2006, p. 1).

Conceptual Framework (continued)

Churchill and Lewis, Greiner, Dodge and Robbins, Miller and Friesen, Quinn and Cameron, and Scott and Bruce also agreed that moving from the first stage to the second stage is when most small businesses either succeed or fail, as these stages typically occur within the first 5 years of operation. In this study, I used the OLC as described by Dodge and Robbins because they identified the skills necessary for a small-business owner to survive the first stage and move into the second stage of the OLC.

The skills identified were management, marketing, sales, and cashflow analysis

The following research questions
guided the study

Research Question #1

How do the management skills utilized by a woman whose small business is located in Southern New Hampshire, is in the service industry, and whose business survives more than 5 years differ from those of a woman whose small service industry business in Southern New Hampshire did not survive the first 5 years?

Results

Research Question 1 Management

- Successful group used:
 - Organizational skills and strategic thinking
 - Goal setting and listening skills were used most
- Closed group used:
 - Time management and organizational skills
 - Delegation was not helpful

Research Question #2

How do the marketing skills utilized by a woman whose small business is located in Southern New Hampshire, is in the service industry, and whose business survives more than 5 years differ from those of a woman whose small service industry business in Southern New Hampshire did not survive the first 5 years of operation?

Results

Research Question #2 Marketing

- Successful group used:
 - Developing a website, social media, and networking
 - Developing a website was most beneficial
- Closed group used:
 - Traditional marketing
 - Social media and developing a website were used least often

Research Question #3

How do the sales skills utilized by a woman whose small business is located in Southern New Hampshire, is in the service industry, and whose business survives more than 5 years differ from those of a woman whose small service industry business in Southern New Hampshire did not survive the first 5 years of operation?

Results

Research Question #3 Sales

- Successful group used:
 - Presentations, seminars, and closing the deal
 - Weakest area
- Closed group used:
 - Presentations, referrals, and networking
 - Closing the deal was used least

Research Question #4

How do the cashflow analysis skills utilized by a woman whose small business is located in Southern New Hampshire, is in the service industry, and whose business survives more than 5 years differ from those of a woman whose small service industry business in Southern New Hampshire did not survive the first 5 years?

Results

Research Question #4 Cashflow Analysis

- Successful participants used:
 - QuickBooks, budgeting, and kept overhead low
 - Function was outsourced
- Closed group used:
 - Projections, reviewing P & L, and were conservative
 - Function was outsourced

Interpretations: Successful vs. Closed

- Research Question 1
 - Strategic thinking vs. day-to-day focus
- Research Question 2
 - Social media vs. traditional marketing
- Research Question 3
 - Sales skills – closing, negotiation, discussing fees vs. Networking/word-of-mouth
- Research Question 4
 - Cashflow analysis weakest area for both groups – outsourced the most
- Reasons for success/closure/merger
 - Passion for business idea, persistence vs. loss of interest, not wanting to operate business

Recommendations for Action

- Organizations that serve WOSBs
 - Design courses and programs
 - Strategic thinking
 - Cashflow analysis
 - Sales skills
 - Social media
 - Mentor and coach in these areas

Recommendations for Future Study

- Continued Passion for Business Idea – measurement instrument
- Cashflow Analysis Skills and Women
- Social Media – how it contributes to success
- Sales Skills – comfort with asking for money
- Networking – how to rapidly increase SOI

Significance of The Study

- Small businesses
 - Half of the innovation that takes place within the United States economy,
 - Are credited with the majority of exportation
 - Create jobs at a higher rate than larger businesses (Barringer, 2007).
- This study is significant
 - Contribute to the body of knowledge about skills needed by women-small business owners to run a successful small business.

Significance of The Study (cont.)

- Beneficiaries:
 - Many women who own, or want to own, a small business.
 - The agencies that serve current and potential women-owned small businesses, such as the SBDC, SCORE, WBC, and the SBA.
- Contribution to Positive Social Change
 - Suggests the management, marketing, sales, and cashflow analysis skills needed for a woman-owned small business to succeed.