

2015

# Small Business Strategies for Company Profitability and Sustainability

Denise Leigh Gandy  
*Walden University*

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# Walden University

College of Management and Technology

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Denise Gandy

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## Review Committee

Dr. Patricia Fusch, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Peter Anthony, Committee Member, Doctor of Business Administration Faculty

Dr. Denise Land, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer  
Eric Riedel, Ph.D.

Walden University  
2015

Abstract

Small Business Strategies for Company Profitability and Sustainability

by

Denise L. Gandy

MBA, Northcentral University, 2008

BS, Radford University, 2001

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2015

## Abstract

Small businesses are critical to the health of the United States economy as they account for approximately 50% of all jobs and 99% of all firms. The purpose for this descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. The sample comprised 4 small business owners who have been profitable by Year 5 of being in business in Denver, Colorado. The conceptual framework for this study was built upon the general systems theory. The data were collected through semistructured interviews and company documents. Transcript review and member checking were completed to strengthen credibility and trustworthiness. Based on the methodological triangulation of the data sources collected, 3 emergent themes were identified after completing the 5 stages of data analysis: seasonality of the business, passion and dedication of the small business owner, and hiring the right employees. The findings from this study may contribute to social change by providing insights and strategies for small business owners in preparing and sustaining profitability. The data from this study may contribute to the prosperity of the small business owners' employees, their families, communities, and the local economy.

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## Dedication

This is dedicated to soul mate, Chase. Thank you for all of your patience, love, support, and encouragement throughout my doctoral journey. I could not have done it without you.

## Acknowledgments

Thank you to my Chair, Dr. Patricia Fusch, for supporting me with extremely fast turnarounds and excellent mentor guidance. I would also like to thank my committee members, Dr. Peter Anthony and Dr. Denise Land for their valued feedback. Thank you to my family, the Miller family, and my boyfriend for their unwavering support. Finally, thank you Dr. Freda Turner for encouraging and inspiring me, I would not be where I am today without you.

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## Section 1: Foundation of the Study

Small businesses are critical to the health of the United States economy as they account for approximately 50% of all jobs and 99% of all firms (Labeledz & Berry, 2011). Monahan, Shah, and Mattare (2011) asserted two-thirds of new firms survive at least 2 years, and about one half survive 4 years. Chow and Dunkelberg (2011) explained small business leaders produce half of all private gross domestic product (GDP) and employ half of the private workforce. The purpose for this qualitative multiunit case study was to explore what strategies small business owners used to be profitable in business by the end of the first 5 years of opening their business in Denver, Colorado.

### **Background of the Problem**

In 2011, 28.2 million small business leaders employed 99% of all employers in the United States (Small Business Administration, 2014). Researchers at the Small Business Administration (SBA) defined a small business as a firm with fewer than 500 employees (SBA, 2014). Small business leaders drive the economy and sustain the technological lead in the global marketplace resulting in one-third of all new patents issued (Cronin-Gilmore, 2012). Small businesses are vital to the fiscal condition of the country, and equally important is the role leadership plays in the health of the local community (Eveleth, Chung, Eveleth, & O'Neill, 2011). Even with the high failure rate, small businesses were often neglected in terms of research (Samujh, 2011).

### **Problem Statement**

Small businesses account for 39% of the United States' gross national product and create two out of every three new jobs in the economy (Yallapragada & Bhuiyan, 2011).

However, only around one-third of new small businesses survive 10 or more years and around half survive 5 years or more (SBA, 2014). Each year, the number of new small business firms that open is nearly equal to the number of closed small business due to failure (Yallapragada & Bhuiyan, 2011). The general business problem is that people embark on small business initiatives without adequate preparation. The specific business problem is that some small business owners lack strategies to achieve profitability by the end of the first 5 years of opening their business.

### **Purpose Statement**

The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. The population comprised small business owners located in Denver, Colorado who have been profitable by Year 5 of being in business. For this research study, business success refers to a business with profitability and longevity of five or more years in business (SBA, 2014). Four small business owners participated in semistructured interviews to explore strategies in becoming profitable by the end of the first 5 years of being in business. The data from this study might affect social change by contributing to small business owners preparing and sustaining profitability and contributing to the prosperity of their employees, their families, communities, and the local economy.

### **Nature of the Study**

There are three types of research methods, qualitative, quantitative, and mixed-method (Clark, 2010). Reducing thoughts, emotions, and behaviors to words results in

qualitative data; reducing them to numbers results in quantitative data (Bernard, 2012). Researchers use qualitative research methods to explore phenomenon, relying on text and image data and open-ended questions (Suri, 2011). Research methods using quantitative methods rely on numeric data using instrument-based questions (Suri, 2011). A mixed-method or hybrid approach includes both qualitative and quantitative methods combined in a single study (Small, 2011). There were no variables to examine or compare; so, quantitative or mixed method approaches were not appropriate. A qualitative methodology was most appropriate for this study.

In qualitative research studies, the following are the main designs (a) ethnography, (b) grounded theory, (c) phenomenology, and (d) case study (Petty, Thomas, & Stew, 2012). Researchers utilize ethnography to explore the beliefs, feelings, and meanings of relationships among people as they interact within their culture (Fields & Kafai, 2009). Not selected was an ethnographic study design because I was not studying a culture or community. I was not researching individual world-views or lived experiences on identifiable issues to develop common themes as discussed by Marshall and Rossman (2011); therefore, I did not select a grounded theory or phenomenological design. Case study designs offer an advantage in studies for which *how* or *why* questions address a contemporary set of events, over which the investigator has little or no control (Amerson, 2011; Yin, 2013). Case study research is a viable means of researching emerging ideas from multiple sources (Trkman, 2010). Yin (2012) noted descriptive case studies illustrate events and their specific context. I selected a descriptive qualitative case study design to gain an understanding of what strategies small business owners used to

achieve profitability by the end of the first 5 years of opening their business.

### **Research Question**

The overarching research question for this study was: What strategies do small business owners use to achieve profitability by the end of the first 5 years of opening their business?

### **Interview Questions**

The following interview questions were written by Schorr (2008) and modified with her permission (Appendix B) for this qualitative descriptive case study. Question 1 was an initial probe question, Questions 2-4 were concept questions, and Question 5 was a wrap-up question.

1. Tell me about your professional and educational background and do you believe your professional and educational background prepared you for ownership of a small business?
2. What strategies have you used to be profitable?
3. What are the key strategies you have used to sustain your business past the first 5 years?
4. What do you believe the profitability of your business has brought to you, your employees, your family, and the community?
5. What else would you like to share about your experiences of becoming a successful small business owner?

### **Conceptual Framework**

In the 1930s, biologist von Bertalanffy coined the term *systems theory*. Von

Bertalanffy (1972) stressed the importance of the external environment on a system or organization, and that organizational leaders respond to, and are influenced by, both specific and general environmental influences. Fox (2011) described the application of systems theory as systems analysis. The conceptual framework for this study is built upon general systems theory. The conceptual framework creates a lens through which to understand the context of the research (Galea, 2012). Wolf et al. (2010) stated qualitative methods are appropriate for system theoretic research because qualitative methods enable researchers to observe the distinctions that are operative in social systems. There are unpredictable challenges that small business owners may encounter; systems theory aligned well because the owners have to integrate many different processes and components in starting up and sustaining their businesses.

### **Operational Definitions**

*Business success:* For this research study, business success refers to a business with profitability and longevity of five or more years in business (SBA, 2014).

*Entrepreneurship:* Entrepreneurship is the practice of starting new businesses or developing new products or services (Parilla, 2013).

*SBA:* The United States (U.S.) Small Business Administration is an independent agency of the federal government that assists, counsels, aids, and protects the interests of small businesses (SBA, 2014).

*Small business:* A small business is a firm with fewer than 500 employees (SBA, 2014).



## **Assumptions, Limitations, and Delimitations**

Assumptions and limitations are factors that are out of my control as the researcher. Assumptions are facts that I assume are true, but cannot prove. Limitations are potential weaknesses of my study. Delimitations are in my control as the researcher and provide bounds for my study.

### **Assumptions**

Assumptions are facts that I assume to be true, but I cannot verify. In order to avoid misrepresentation, researchers must identify and address potential assumptions (Fisher & Stenner, 2011). I assumed that at a sufficient number of small business owners in Denver, Colorado that have been profitable by the end of year 5 would be willing to be participants to reach data saturation. It was also assumed that the participants would be truthful, and not biased with their answers. There was another assumption that the semistructured interview questions and company documents would lead to enough data to fully answer the central research question of the study. I assumed that this study would effect professional and social change by contributing to the prosperity of the small business owner, their employees, their families, communities, and the local economy.

### **Limitations**

Mitchell and Jolley (2010) explained that limitations include potential weaknesses that could affect the study. In this qualitative descriptive case study, the primary limitation was the sample size of participants. The research study was limited due to time constraints. Another limitation was the geographical location of only Denver, Colorado. The final limitation was including only small business owners that have been profitable

by the end of their first 5 years of opening their business.

### **Delimitations**

Delimitations are restrictions or boundaries that researchers impose to focus the scope of the study (Mitchell & Jolley, 2010). A delimitation of the study included the geographical location, which included only small business owners in the Denver, Colorado area. The study only included research on small business owners who have been operating for 5 or more years. Researchers at the Small Business Administration (SBA) defined a small business as a firm with fewer than 500 employees (SBA, 2014). Only including businesses with fewer than 500 employees and not medium or large companies was a delimitation of the study.

### **Significance of the Study**

This study was significant in that I explored strategies that contribute to achieving profitability of small business owners by the end of their first 5 years of being in business in Denver, Colorado. The strategies that contribute to small business owners' achieving profitability in Denver, Colorado were not known. The high failure rate of small business owners is an issue. The economic health and well-being of Colorado is driven by small businesses because they make up such a huge part of the state's economy (SBA, 2014). In Colorado, small businesses represent 97.6% of all employers and employ 49.2% of the private-sector workforce, with 556,586 small businesses in 2011 (SBA, 2014).

### **Contribution to Business Practice**

During 2011, Colorado small business owners employed 962,232 workers, up from 961,394 in 2010 (SBA, 2014). The largest share came from firms with fewer than

100 employees (SBA, 2014). The implications for business practice included the potential to aid small business owners in achieving profitability by the end of the first 5 years of operation.

### **Implications for Positive Social Change**

Implications for positive social change included the potential to provide newly useful insights for small business owners to prepare them for start-ups, profitability, and sustainability. Lahm, Stowe, Carton, and Buck (2011) determined small business owners enhance economic growth by generating between 60% and 80% of new jobs in the United States. Informed small business owners will be able to manage the complexities of start-ups, leading to sustainability, and in turn, contributing to the prosperity of their employees, their families, health of the community, and the local economy. Labeledz and Berry (2011) stated decisions made in early stages may affect the business in its later growth. Small businesses are important for job creation, innovation, competitiveness, and economic growth in the United States (Shukla & Shukla, 2014). Spilling (2011) identified small businesses as the motor of economic development for catalyzing social change.

### **A Review of the Professional and Academic Literature**

The purpose for this qualitative multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. In 2014, U.S. small businesses created 63% of the new jobs and employed 37% of all workers from technological fields (SBA, 2014). The purpose for this professional and academic literature review is to summarize, compare, and contrast various sources that relate to the research topic.

Literature reviews (a) add support to the topic, (b) identify the literature that will make a contribution to the research, (c) build an understanding of the conceptual framework and literature, (d) establish a bibliography of sources, and (e) analyze results (Rowley, 2012). A literature review helps researchers and scholars avoid unintentional duplication of existing research while adding important contributions to the existing literature (Rhoades, 2011). The literature review summarizes the subject field in support of identifying future research questions (Rowley, 2012). The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business in Denver, Colorado.

For this study, sources were mainly obtained from searching business and management databases within the Walden University Online Library. The literature review contains 60 peer-reviewed articles, and 88% of the articles published after 2011. The database I used most frequently to gather peer-reviewed full-text articles was from the ABI/INORM Complete database for this research study. The following databases were also utilized (a) ScienceDirect, (b) Business Source Complete, (c) ProQuest, (d) Emerald Management Journal, (e) Government databases, including the SBA and U.S. Census Bureau, (f) Google Scholar, and (g) SAGE Premier.

Key search words used in these databases included combinations of *small business owner, entrepreneurship, small business success, small business failure, small and medium sized enterprises (SME), small business financing, small business strategy, small business innovation, small business marketing, history of small businesses, types of*

*small businesses, systems theory, small business and the economy, microbusiness, Colorado small business, and small business networking.*

The review of professional and academic literature section of this research study contains seven main subject categories that include: *systems theory, small business, types and sizes of small businesses, small businesses effect on the economy, perceived small business failure factors, perceived small business success strategies, and entrepreneurship.* The small business section contains the sub-sections, *small business owner and small businesses in the state of Colorado.*

### **Systems Theory**

Von Bertalanffy (1972) created the term general systems theory in the 1930s and the concept behind this theory suggested that all parts of an entity contribute to a functioning system. In the 1930s, general systems theory started a new realm of science (von Bertalanffy, 1972). Systems theory has a wide applicability in many different disciplines (von Bertalanffy, 1972). Systems theory is the culmination of components when linked together are equal to or greater than the sum of their parts, and serves well, when there is an understanding of the system as a whole, rather than the behavior of individual components (Kaine & Crown, 2011). General systems theory consists of the scientific explorations of *wholes* and *wholeness* as stated by von Bertalanffy.

Systems thinking is used to examine relationships between different parts of a system, the concept of system thinking derives originally from a computer simulation model for handling management problems (Mehrjerdi, 2011). Systems thinking is a conceptual framework for problem solving in its entirety. This form of problem solving

includes pattern finding to increase understanding of, and responsiveness to, the problem (Mehrjerdi, 2011). The general system theory was selected to ground the conceptual framework of this study in order to focus on strategies of profitable small business owners. Small business owners align with the general systems theory by offering an individual product or service to support the community as a whole as discussed by von Bertalanffy (1972). Drack and Schwarz (2010) explained general systems theory requires numerous factors working together as a whole to ensure success. Systems theory aligned closely in exploring all of the elements that come together for small business owners to achieve profitability by the end of the first 5 years of their business opening.

### **Small Business**

Researchers at the SBA defined a small business as a firm with less than 500 employees (SBA, 2014). Other descriptions of firm size categories include very large (more than 500 employees), large (200 to 500 employees), medium (50 to 200), small (fewer than 50 employees), and micro (fewer than 10 employees) according to Jones and Rowley (2009). Small and medium business enterprises often meet the SBA definition of small business and include large organizations that do not meet the definition of a large corporation (Barth, Lin, & Yost, 2011).

Small businesses comprise a growing large proportion of companies in the United States' economy (Yallapragada & Bhuiyan, 2011). Yallapragada and Bhuiyan found small businesses account for 39% of the United States' gross national product and create two out of every three new jobs in the economy. Small businesses have higher employment levels than large businesses for workers over the age 65, disabled, with less

education, and from rural areas (Yallapragada & Bhuiyan, 2011).

In the United States, small businesses are the source of most job creations (SBA, 2014). Furthermore, they have accounted for approximately two-thirds of new net private sector jobs over the past 2 decades (Chow & Dunkelberg, 2011). The small business sector is the fundamental engine of innovation, jobs, and growth (Gale & Brown, 2013). Researchers at the SBA discovered only around half of all new small businesses survive 5 years or more and around one-third survive 10 years or more (SBA, 2014). Considering there is such a high percentage of small business failure, it is important to examine strategies contributing to the profitability by the end of the first 5 years of being in business. For this research study, business success refers to a business with profitability and longevity of 5 or more years in business (SBA, 2014).

In 2011, there were 6,162,058 small business establishments in the United States (U.S. Census Bureau, 2011). Baptista and Preto (2011) stressed that each time a small business venture fails there is a loss of jobs, reduced tax revenue for local and federal governments, and disappointment for stakeholders. Plehn-Dujowich (2010) established that an alarming number of small businesses fail within the first 5 years of being in business, and the high failure rate has the potential to affect unemployment and the national economy.

Shukla and Shukla (2014) expressed the importance of small businesses to innovation, job creation, economic growth, and United States competitiveness. Teng, Bhatia, and Anwar (2011) and Judd and McNeil (2012) acknowledged small firms as key drivers of innovation in the United States. Innovation is the process of creating value

through the implementation of new ideas (Levy, 2012). Conversely, Foreman (2011) noted innovation is the ability to discover a possibility through differentiation. An organization can only survive when it innovates and improves (Bello & Ivanov, 2014; Ivanov, 2013). In the beginning, innovation tends to increase survival chances for a small business, however, chances of failure climax at the growth stage (Peltier & Naidu, 2012).

Small business owners are drivers of innovation that lead to more socially, economically, and environmentally sustainable outcomes (Gagnon, Michael, Elser, & Gyory, 2013). The demand for social responsibility for business leaders is growing and they should incorporate social responsibility into their organizations (Claydon, 2011). Johnson (2012) pointed out because of climate changes and the financial crisis, the concept of sustainability is receiving more attention.

**Small business owner.** Small business owners need to understand the necessity of continuing education in their plans for success (Atamian & VanZante, 2010). Atamian and VanZante (2011) recommended that small business owners continue their education through acquiring knowledge and skills from any resources available, such as SBA, SCORE, Small Business Development Center, trade shows, and degree programs to increase their success chances (Atamian & VanZante, 2011). All of these resources and organizations are in place to help small businesses start-up and sustain; the SBA is a federal agency whose main purpose is to help Americans start, build, and grow businesses according to its mission statement (SBA, 2014). The SBA was founded in 1953 by the federal government to provide low-interest loans to small business borrowers that would not otherwise have access to credit (Yallapragada & Bhuiyan, 2011).



Fahed-Sreih and Morin-Delerm (2012) revealed that the success of owners of small businesses was his/her commitment to attaining the standard of excellence. Stafford, Bhargava, Danes, Haynes, and Brewton (2010) determined the duration of survival is longer when small business owners see their business as a way of life and the more experience the owner has, the longer the duration of the business's survival will be (Stafford et al., 2010). Farrington (2012) argued that many small business owners are unsatisfied with being self-employed because it is not suitable for their particular personality type. When self-employment is not suitable for their personality type, it leads to low levels of job satisfaction and commitment, which eventually often leads to their failure (Farrington, 2012). The three top personality traits found to be most suited for self-employment include (a) conscientiousness, (b) openness to experience, and (c) agreeability (Farrington, 2012). Hunter (2011) found that small business owners need to maintain the direction of the business, stay involved, and have a passion to see the business succeed.

Palmer and Griswold (2011) sought to discover why small business owners choose innovation as a strategy of sustainability. Palmer and Griswold conducted a qualitative study with interviews of seven owners and managers of independently owned and operated restaurants. Palmer and Griswold also studied competition within a market as it relates to sustainability. Palmer and Griswold showed that small business owners adopt many innovations in response to moves by competitors. Conversely, Fadahunsi (2012) noted small business owners that adopt greater levels of technological sophistication grow more quickly than similar firms that do not.

Seleim and Khalil (2011) stressed that knowledge management would enhance competitive advantages resulting in improved resource alignment and small businesses viability. Knowledge management (KM) is the systematic process of capturing, coding, and handling information for improved interaction and replication within a business (Daniel, 2011). Atherton (2012) conducted a qualitative study aimed to explore the dynamics of new venture financing on 20 business start-ups. Atherton noted the overall ability of the founder in terms of their financial literacy, success in negotiating to acquire funding, expertise in planning business start-up, and to launch effectively are the most important factors contributing to the success.

A small business owner operates a business with the personal goal of providing income for their family while an entrepreneur has the goal of growth and achieving profit (Ionitã, 2012). Similarly, Hurst, Pugsley, Haltiwanger, and Looney (2011) discussed most small business owners have little desire to grow large or to innovate, unlike entrepreneurs. Small business owners intend to provide an existing service to an existing market, while entrepreneurs intend to bring a new idea to market or to enter an unserved market (Hurst et al., 2011). Small business owners' main reason for starting a business is usually for non-pecuniary benefits, such as wanting to be their own boss and wanting a flexible schedule and work hours (Hurst et al., 2011).

**Small businesses in the state of Colorado.** Small businesses significantly affect Colorado's economy (SBA, 2014). Small business leaders in Colorado employ 49.2% or 962,232 of the state's private workforce (SBA, 2014). They represent 97.6% of all employers and almost all firms with employees are small (SBA, 2014). In 2011, small

business leaders in Colorado created 19,780 net new jobs, with the smallest firm category of one to four employees having the biggest gain (2014). There were 556,586 small businesses in Colorado in 2011, up from the 549,229 in 2010 (2014).

TEGH-Nef is a database that tracks Small Business Technology Transfer (STTR) awards and Small Business Innovation Research (SBIR) awards (Bruns, 2013). TEGH-Nef revealed that for the years 2010-2013, Colorado was sixth in the nation in combined SBIR and STTR awards, with 312 totaling more than \$102 million (Bruns, 2013). Bruns reported on business opportunities for small and medium-sized enterprises (SME) in the Rocky Mountain States of the United States. Bruns added that companies come to Colorado because the location fits their business model.

The state of Colorado has an Enterprise Zone tax credit program; the program offers an assortment of credits and exemptions to businesses that create jobs in designated zones, including economically distressed rural areas (Bruns, 2013). The state of Colorado also launched a task force in 2012 to identify reforms for review and adoption by the 2013 legislature, in an effort to enhance the program (Bruns, 2013). In 2011, small businesses employed 962,232 workers in the State of Colorado (U.S. Census Bureau, 2011).

### **Types and Sizes of Small Businesses**

A small business that has less than 20 employees defines a microbusiness (Samujh, 2011). There are over 20 million microbusinesses operating in the U.S. and microbusiness jobs represent 16.6% of all private (nonfarm) employment in the United States (Bauer, 2011). Most countries' businesses are microbusinesses; around 95% to

98% are microbusinesses (Samujh, 2011). Microbusinesses comprise more than one-half of all small businesses in the United States (Monahan, Shah, & Mattare, 2011). Samujh posited microbusinesses aid in a more stable and sustainable economic and social community environment.

Technology and telecommunication advances have led to more opportunities for self-employment and microbusinesses (Monahan et al., 2011). Parilla (2013) conducted a study to compare small businesses and microbusinesses. Parilla revealed that microbusiness owners rarely promote their products and services, whereas small business owners and entrepreneurs intensively promote their products and services. The main reason for this is that microbusinesses have minimal capitalization and budget to spend on promotions; rather, they spend their funds on buying of goods to sell (Parilla, 2013).

Samujh (2011) conducted a qualitative study to explore perceptions of microbusiness owners and entrepreneurs about the support they must have to be successful and to survive. Samujh revealed that the interviewees expressed lack of time and lack of psychological support as the most important issues in being self-employed. The leading cause for not being able to take control of their time was the unpredictability and uncertainty of their daily work, such as customer keeping them on the phone for longer periods of time they expected (Samujh, 2011). Their main sources of support can from bankers, family, friends, and accountants; they lacked community support and at times felt isolated (Samujh, 2011).

Samujh (2011) stated that small businesses, particularly microbusinesses are needed to build and maintain the sustainability of the social, environmental, cultural, and

economic development of communities. Microenterprises may hold the key to economic revitalization (Monahan, Shah, & Mattare, 2011). Neumark, Wall, and Junfu (2011) conducted research on various small business sizes and United States job growth. More jobs were created by small businesses with less than 20 employees, than larger manufacturing jobs, despite their job creation and business performance (Neumark et al., 2011). Another classification of business size is SME (small to medium size enterprises); SMEs are defined as firms consisting of between six and 500 employees, according to United States and European classification standards (Kreiser, Marino, Kuratko, & Weaver, 2013). Barth, Lin, and Yost (2011) confirmed SMEs are businesses with 500 or fewer employees, depending upon the industry.

### **Small Businesses Effect on the Economy**

Small businesses can be considered the engine of economic growth (Valadez, 2011). Small business owners enhance economic growth by creating between 60% and 80% of new jobs in the U.S. (Lahm, Stowe, Carton, & Buck, 2011). Small and medium-size enterprises are the backbone of industrial development and important source of economic growth (Tan, 2011). One-third of all new patents issued came from small business technologies (Cronin-Gilmore, 2012). Cronin-Gilmore acknowledged small businesses sustain the technological lead and drive the economy. Chow and Dunkelberg (2011) studied the reasons for small businesses poor performance during recent recoveries. Chow and Dunkelberg explained small firms are important for job creation; therefore, their health essential to economic growth. Rubens, Jackson, and Andrews (2011) stated that more and more states, counties, and cities are seeking ways to increase

job creation, entrepreneurship, and economic development objectives by starting or supporting businesses. With their innovation and creativity, small businesses have the potential to reverse the course for any economy (Monahan, Shah, & Mattare, 2011). Through their closeness to customers and flexibility advantages, small business owners can potentially increase their sales volume in economic downturns (Bumgardner, Buehlmann, Schuler, & Crissey, 2011). Small businesses competitiveness is based more on working close with customers to produce customized products for them (Bumgardner et al., 2011).

Geho and Frakes (2013) explained that in order to have a sustainable positive economic impact on small business growth, stimulus programs must be available. Through various public policies and programs, the federal government supports small businesses, the most notable being the SBA, which acts as a *gap lender* for small businesses (Gale & Brown, 2013). Gale and Brown stated that there are numerous programs that (a) subsidize and facilitate credit for small businesses that would otherwise be incapable of obtaining credit, (b) short-term loans, (c) financing to purchase fixed assets, and (d) private equity financing of small business.

During economic hard times, small firm leaders' ability to partner with other firms and enterprises is an apparent success factor (Eggers & Kraus, 2011). Small businesses are expected to continue to be the primary future business size and to be part of the answer to global sustainability (Samujh, 2011). In terms of entrepreneurship, Parilla (2013) stated that entrepreneurship has become essential to economic growth due to the rapid progression of information technology and increasing importance of

knowledge. As Fornoni, Arribas, and Villa (2012) pointed out, entrepreneurship is a key driver of wealth creation and social and economic development. However, entrepreneurship is a challenging and difficult task, and a majority of new businesses fail (Mushtaq et al., 2011).

### **Perceived Small Business Failure Factors**

Business failure definitions range from narrow, including (a) bankruptcy, to less permissive, including (b) discontinuity of the business, and broad, including (c) discontinuity of ownership definitions (Ucbasaran, Shepherd, Lockett, & Lyon, 2013). Cope (2011) agreed that narrow conceptions of failure include bankruptcy or liquidation. Business closure may not necessary mean business failure (Cope, 2011). The closure of a business may involve the voluntary termination of a firm with explanations such as the pursuit of other entrepreneurial ventures or activities, or retirement (Cope, 2011). Lagging behind on a projected schedule, failure to match expectations, and surpassing the budget, are some other forms in which business failure is defined (Garg & Garg, 2013). Small business failure is common and happens at various ages (Amel & Akkari, 2012). In general, the longer a business has been open, the better the survival rate (Amel & Akkari, 2012). The SBA confirmed that the probability of survival increases with the firms' age (2014) and a firm can obviate or reduce failure by recognizing their strengths and weaknesses (Shirouyehzad, Dabestani, & Badakhshian, 2011).

Yallapragada and Bhuiyan (2011) identified the following as the most frequent causes of failure of small business entrepreneurship: (a) poor work relationships and interpersonal skills, (b) inability to develop teamwork and cooperation, (c) person-job

mismatch, (d) inability to lead and motivate personnel, (e) failure to provide direction and performance expectations, (f) ineffective communication skills and practices, (g) breakdown in delegation and empowerment, (h) lack of personal integrity and trust, (i) failure to break old habits, and (j) poor planning and operational practices. According to Byrd, Ross, and Glackin (2013), access to credit is vital for the survival of small businesses. In the United States, many small business owners indicate that the main obstacle to entry or expansion is the accessibility of sufficient intermediate and long-term capital to support their working capital and fixed-assets requirements (Byrd et al., 2013).

One of the most substantial contributors to failure of a small business relates to the acquisition of adequate capital (Yallapragada & Bhuiyan, 2011). One key challenge in maintaining profitability is health insurance costs according to 65% of small business entrepreneurs, as stated by Blavin, Blumberg, Buettgens, Holahan, and McMorrow (2012). Furthermore, Kovacevich (2014) indicated small business failure is due to increased health care and other cost, excessive regulation, and higher taxes.

Wilson (2012) studied the difficulties of financing and structuring of start-ups and noticed (a) labor cost management, (b) promotion of an unfamiliar brand name, (c) production management, and (d) destructive partner conflict were the most common reported difficulties of small business start-ups. Conversely, Fadahunsi (2012) found that a major issue for most business owners involves the decision to seek external finance that may open up financial resources, but dilute ownership.

Hormiga, Batista-Canino, and Sanchez-Medina (2011) conducted a quantitative study to examine the impact of relational capital on the success of start-ups. The



reputation that a start-up company can create for itself in the first few years of business had a great impact on its short-term success (Hormiga et al., 2011). In addition, customer loyalty, the support an entrepreneur receives, and the location of the new venture had a positive impact on the success of the new organization (Hormiga et al., 2011). Besser and Miller (2013) found that during economic hardships, metropolitan areas experience a higher rate of business start-ups, and rural businesses tend not to thrive as well in comparison to those in more densely populated areas. In a similar study, Siemens (2010) conducted a qualitative study to examine challenges, responses, and available resources for rural small business owners. Rural small business owners face different challenges that they have to navigate to be successful (Siemens, 2010). Siemens found their main challenges included market size, labor availability, access to urban centers, infrastructure gaps, and considerable time demands. These challenges are their key factors that can lead to business failure if not tackled (Siemens, 2010).

Miller, Besser, and Weber (2010) also suggested that scarcity of resources often challenge the sustainability of small and medium size businesses. An additional insight from Eggers and Kraus (2011), confirmed young SMEs face a scarcity of resources, which are vital in achieving growth and exploiting opportunities. Rural community well-being is connected to health of locally owned family small businesses because they provide civic leadership, create income for employees, and make financial and human capital contributions to communities, particularly those in more economically vulnerable locations (Stafford et al., 2010).

Miller et al. (2010) concluded through examining the practices of numerous small

community small businesses, several critical phases to network development include the creation, retention, extension, and leverage. Participating in business networks improves connectivity and collaboration with the marketplace (Miller et al., 2010). Lewrick et al. (2010) posited it is very important to write a business plan, but more important to teach how to sustain business success, raise companies' survival rate, and educate entrepreneurs about the challenge of the going from a start-up phase to a mature phase of business. Similarly, Diehl, Toombs, and Maniam (2013) suggested the most common challenges that affect small businesses include (a) lack of finance, (b) managerial capabilities, (c) purchasing and using the right technologies, and (d) low productivity.

Strategies are actions that provide guidance for attainment of organizational goals (Gupta & Muita, 2013). A business strategy is a planned approach to secure a favorable position in the marketplace (van Gelderen, Thurik, & Patel, 2011). Frequent changes in business strategy led to small business failure (Rompho, 2011). Van Gelderen et al. posited 95% of small business failure is due to lack of proper business planning. Conversely, Steyn and Niemann (2013) suggested that small business owners need to rethink business strategies to incorporate new ideas and principles to adapt to societal and stakeholder expectations.

Box (2011) conducted a study on small business success and business strategy. Box focused on the correlation between the two and indicated that sound strategies and tactics must be in place for success. Box posited that having a competitive advantage over competitors hinged on having a strong strategy. Cordeiro (2013) studied strategic planning of small businesses that succeeded and others that failed. Cordeiro discovered

that small business owners and managers often plan poorly. Small business owners and managers claim that the daily demands of running their businesses reduces their time available for effective strategic planning (Cordeiro, 2013). Chwolka and Raith (2012) explained business planning starts with the development of a business opportunity, where the goal is to enhance the small business owners' performance in terms of monetary outcome and the likelihood of survival.

Alsaaty (2012) studied the deaths and births of U.S. employer microbusinesses. Microbusinesses are enterprises that employ 20 or fewer individuals (SBA, 2014). Alsaaty emphasized that despite ample chances for success, data shows that the annual rate of small firms' survival is lower than the annual rate of their creation. Alsaaty discovered that most microbusinesses fail due to their owners' misidentification of opportunities, mismanagement, and misallocation of resources. In contrast, Monahan, Shah, and Mattare (2011) studied critical factors of microbusiness success and indicated the biggest challenges for a microbusiness are the economy, finding new customers, tax burdens, and regulation. Economic downturns contributed the most to venture failure (Song, Song, & Parry, 2010). Song et al. studied 539 new ventures utilizing VENSURV (a database that tracks the failure and success of ventures founded since 1998) and shared that less than half the 539 businesses survived two years. In addition, first-product success was highly correlated to new venture success (Song et al., 2010). The most successful first products were created based on ideas that reflect both an analysis of customer needs and technology development (Song et al., 2010).

Campbell, Heriot, Jauregui, and Mitchell (2012) explored the relationship

between business closures and public policy in the 50 United States. Campbell et al. found that business closure was significantly related to elements of economic freedom and that increases in state policy lead to more closures. Franco and Haase (2010) conducted a study to identify factors of failure faced by eight small and medium-sized enterprises in the country of Portugal. Franco and Haase attributed the key failure factors as (a) poor market conditions, (b) limited access to finance, (c) inadequate staff, (d) poor market conditions, and (e) lack of institutional support, networking, and co-operation. A similar study was conducted by Hussain, Si, Xie, and Wang in 2010 on SMEs in Pakistan to determine their critical failure factors (CFFs). The CFFs were lack of management skill, excessive taxation, and the economic downturns (Hussain et al., 2010). Government policies and political involvement are also identified as critically important to SME failure (Hussain et al., 2010).

### **Perceived Small Business Success Strategies**

The definition of business success varies (Philip, 2011). Nonfinancial and financial performance measures are used for measuring entrepreneurial success (Gupta & Mui, 2013). Gorgievski, Ascalon, and Stephan (2011) revealed personal satisfaction, profitability, and satisfied stakeholders ranked as the highest criteria to determine success. Geneste and Weber (2011) conducted a quantitative study on small business owner's intention to grow their business and their self-perception of success. Growth of the firm, turnovers, and profits are the most commonly used measures of success by small business researchers (Geneste & Weber, 2011). Others included market share, total assets, profitability, and employee numbers (Geneste & Weber, 2011). Business success

often refers to a firm's financial performance (Philip, 2011). However, there are other forms, including (a) survival, (b) return on investment, (c) profit, (d) happiness, (e) number of employed, (f) reputation, and (g) sales growth (Philip, 2011). In contrast, Bauer (2011) found that entrepreneurs thought about success in terms of happy clients, enjoying what they do, and good customer service. There are many different ways to interpret business success (Jasra et al., 2011). For this research study, business success refers to a business with profitability and longevity of five or more years in business (SBA, 2014).

In the U.S., only about half of all new small businesses survive after four years (Cader & Leatherman, 2011). Abou-Moghli and Al-Kasasbeh (2012) studied the success of small business start-ups and the impact of social network usage. Abou-Moghli and Al-Kasasbeh found building relationships are fundamental factors in determining the success of a business. In addition to entrepreneur network relationships with others, new product offerings, and pro-growth strategies promote success of a business (Abou-Moghli & Al-Kasasbeh, 2012). A small businesses ability to develop business relationships in their market leads to their failure or success (Awuah & Reintert, 2012). Awuah and Reintert suggested being flexible and responding and adapting quickly to customers changing needs is vital with small businesses. Conversely, Box and Miller (2011) claimed the most successful basic strategy for small firms is focused differentiation. Differentiation is demonstrated through the act of offering something other than what can be obtained by the competition (Box & Miller, 2011).

Philip (2011) studied success factors of SMEs and shared that the most important

factors are management knowledge, products and services, external environment, and the way of doing business. Another significant factor in the success of an entrepreneurial venture is leadership capability (Philip, 2011). Teng et al. (2011) studied the success versus failure prediction model on small businesses in Singapore. Teng et al. found the most important factors that contribute to success of SMEs include (a) employment, training, and the retention of high-quality staff members; (b) prevalence of good products, services, and optimum timing in introducing these in the marketplace; (c) excellent relationships with customers; and (d) availability of top managers with good leadership qualities.

Leadership is critical to the success of a small business (Valdiserri & Wilson, 2010). Phipps (2012) explained one way to reduce small business failure is to assist small business owners through the development of a business model underlining the development of leadership skills. Valdiserri and Wilson (2010) sought to determine how leadership qualities of small business owners affect success and profitability. Lack of leadership and neglect were primary factors in the failure of a small business (Valdiserri & Wilson, 2010). Furthermore, it is the duty of organizational leaders to empower employees and strive to achieve organizational goals (Valdiserri & Wilson, 2010). Abbasi, Siddiqi, and Azim (2011) stated leadership education is a process supported with good communication and used in enhancing the skills of future entrepreneurs. Regardless of the age or size of a business, well-developed and adaptable leadership skills are vital to achieve incremental success and avoid business failure (Buchan, 2011). A factor of the success of projects and businesses is tied to leadership (Nixon, Harrington, & Parker,

2012).

Mirocha, Bents, LaBrosse, and Rietow (2013) studied the most successful leadership development strategies that SMEs utilize and found that having a leadership development plan and business strategy are highly relevant. Bring into line leadership development strategies with company values and culture; distinguish the top performing firms from the others (Mirocha et al., 2013). The top performing firms develop an integrated and disciplined approach to developing leaders in their business, long term and short term (Mirocha et al., 2013). In a similar study, Waldman (2011) recommended that measuring or evaluating leadership should include an analysis of mindsets, beliefs, and philosophies, not just the leaders characteristic or traits.

Parilla (2013) conducted a study on small businesses and indicated entrepreneurial competencies, personal characteristics of business owners, and management practices were the main contributing success factors. Mitchelmore and Rowley (2013) suggested that the performance, growth, and success of an SME is heavily dependent on the competencies of the owner or entrepreneur. Personal characteristics of an entrepreneur, such as strong internal locus of control and need for achievement contribute to having a successful business (Hansen, Shrader, & Monllor, 2011).

Fadahnsi (2012) examined small business growth to discover key factors that influence small business growth. Fadahnsi reported (a) the founder's growth motivation, (b) the entrepreneurs' characteristics, (c) willingness to team up and work with other entrepreneurs, (d) previous experience with management or business ownership, and (e) level of education as the key factors that influence small business growth. Small

businesses can focus their efforts towards a strategic growth strategy to counter their disadvantages (Golovko & Valentini, 2011). Sinfield, Calder, McConnell, and Colson (2012) clarified growth strategies often occur through (a) new and improved product development, (b) acquisition strategies, (c) investments in capital equipment to increase efficiencies, and (d) marketing strategies aimed toward consumer insights that respond to the customers' needs.

Financing is important for any small business, but even more critical for start-ups (SBA, 2014). Financial resources are the most important factor in the success of a business (Jasra, Khan, Hunjra, Rehman, & Azam, 2011). Access to capital, along with effective management, was identified by Arthur and Hisrich (2011) as barriers to success for new ventures. Fadahunsi (2012) also agreed that access to and use of financial resources were critical factors affecting the capability to implement growth opportunities for small businesses in the United States. Yallapragada and Bhuiyan (2011) studied essential prerequisites for operating a small business successfully. They discovered the following: (a) adequate financing, (b) efficient operations and production, (c) customer service, (d) information management and administration, (e) marketing and sales, and (f) qualified personnel. Ling and Jaw (2011) discussed that the success of a small business is contingent on investment in human capital and training for sustainability.

Jasra et al. (2011) found other success factors including technological resources, government support, marketing strategies, and entrepreneurial skills have positive and significant impact on business success as well. The federal government supports small businesses through many programs, public policies, and exemptions from numerous



federal laws and regulations (Gale & Brown, 2013). Federal laws and regulations that small businesses are exempt from include:

- Small businesses with 15 or fewer employees are exempt from Title I of the Americans with Disabilities Act (prohibiting employment discrimination against individuals with disabilities);
- Small businesses with 20 or fewer employees are exempt from the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964 (prohibiting discrimination by sex, race, religion, and color);
- Small businesses with 50 or fewer employees are exempt from the Family and Medical Leave Act (regulate unpaid leave) and the Patient Protection and Affordable Care Act of 2010 (Gale & Brown, 2013).

Lacho and Mitchell (2010) conducted a study to determine how the Better Business Bureau (BBB) can help accredited small business members. Lacho and Mitchell emphasized the value and importance of being a member of the BBB on success. They found that BBB may aid in the likelihood of small business success because they provide reports on prospective vendors, arbitration with consumers, and help with complaint analysis to improve operations (Lacho & Mitchell, 2010). Furthermore, Lacho and Mitchell claimed the accreditation status provides a greater likelihood that consumers will buy from that business and that businesses should use the BBB Accredited logo to gain more customers. Lacho and Mitchell discovered seven in ten consumers indicated that knowing a firm is a BBB Accredited business makes them more likely to do business with them.

Cronin-Gilmore (2012) conducted a qualitative case study to understand the actions and decisions a small business owner takes when creating marketing strategy. Interviews with 20 small business owners discovered five findings: marketing, formulating strategy, strengths, values, and needs (Cronin-Gilmore, 2012). The theme of marketing was the most important and the least important was needs (Cronin-Gilmore, 2012). O'Donnell (2011) conducted a qualitative study on 30 small firms to comprehend how they market their goods and services through their marketing activities. O'Donnell found nine key themes in their marketing activities, including: marketing planning, managing limited resources, keeping existing customers, acquiring new customers, gathering information about customers, gathering information about competitors, managing the product offering, managing pricing, and managing delivery.

El-Gohary (2010) stressed that in implementing E-Marketing by small businesses, it changes both the shape and nature of its business all over the world. Even if a business has a great product or service to offer, customers have to be motivated to buy; marketing energies them to make that decision to purchase (El-Gohary, 2010). The increasing use of the Internet and other E-Marketing tools, such as e-mail and mobile phones, in electronic transactions may create many opportunists for small businesses, as well as reduce threats (El-Gohary, 2010). In online marketing, a successful website should also be mobile friendly because many customers use their cell phones to view company websites (Mariotti, 2014). The availability of online shopping allows the consumer to make purchases without the need to go to a store during specific hours; therefore many consumers are purchasing products and services via the web (Alijani, Mancuso, Kwun, &

Topcuoglu, 2014). Even if one does not sell their product or service online, they must be discoverable when their customers try to search for them online (Mariotti, 2014).

### **Entrepreneurship**

For the purpose for this study, small business owners and entrepreneurs are used synonymously. An entrepreneur is one who organizes and manages a business undertaking, assuming the risk for the sake of profit (SBA, 2014). According to Oncioiu (2012) an entrepreneur is a creative person, with innovative ideas in business, who contributes to a company's profitability and growth (Oncioiu, 2012). Entrepreneurs are not necessarily innovators or inventors, but people that initiate a business, assume the risks, and have the drive of gaining profit (Oncioiu, 2012). Entrepreneurship is a process of creating value for business and social communities by bringing together resources for economic, social, or cultural opportunities in an environment of change (Filis & Rentschler, 2010). In contrast, Parilla (2013) explained entrepreneurship as the practice of developing new products or services or starting a new business. Zahra and Wright (2011) agreed, entrepreneurship involves seeking opportunities, creating a new business, incorporating the assumption of risk, and developing an idea from inception to reality. In short, entrepreneurs see an opportunity, make a plan, start a business, manage the business, and receive the profits (Arthur & Hisrich, 2011).

Entrepreneurship has developed over the last couple of decades as the strongest economic world force that exists (Mushtaq, Niazi, Hunjra, & Ur-Rehman, 2011). Unfortunately, failure rates amongst new ventures and start-ups can amount up to 60% within the first 5 years (Carree & Verheul, 2012). Samujh (2011) stated in the face of an

uncertain and complex global business environment a growing number of people are feeling the need to create their own employment opportunities. Entrepreneurship has changed during the 20th century as one who works for personal gain. Entrepreneurs are recognizing business opportunities and act fast to capitalize on them (Arthur & Hisrich, 2011).

Passion resides deeply in the practice of entrepreneurship (Cardon, Stevens, & Potter, 2011). The more passionate an entrepreneur is to their business, the more sentimental they are to their entrepreneurial goals (Tasnim, Yahya, & Zainuddin, 2014). Relatedly, Binder and Coad (2013) conducted a study on the relationship between self-employment and life satisfaction; they found that the self-employed achieved satisfaction from being their own boss and leading an independent lifestyle. Self-employed individuals are more satisfied with their jobs largely because of (a) greater autonomy, (b) skill utilization, (c) greater flexibility, (d) and to some degree, perceived higher job security (Binder & Coad, 2013; Hundley, 2011). Carree and Verheul (2012) agreed, discovering that job performance and flexibility are the main factors that influenced satisfaction levels of newly established entrepreneurs. Millán, Hessels, Thurik, and Aguado (2013) posited there is a direct and an indirect link between organizational performance and job satisfaction. Job satisfaction is linked to organizational effectiveness; therefore, it can be considered an important part in improving and maintaining a firm (Millán et al., 2013). There is a positive connection between organizational commitment with overall employee performance and job satisfaction (Gupta & Muita, 2013; Qureshi, Hayat, Mehwish, & Sarway, 2011). Small business

entrepreneurs are courageous, tenacious, risk-taking people, and independent; contributing significantly to the total United States economy (Yallapragada & Bhuiyan, 2011). Entrepreneurial characteristics historically have included heroism and individual uniqueness (Larty & Hamilton, 2012).

A study by Cardon, Stevens, and Potter (2011) aimed to discover the cause of entrepreneurial failure. Entrepreneurial failure occurs when the business venture is no longer in operation (Cardon et al., 2011). Cardon et al. determined failure occurred because of mistakes made by the entrepreneur and misfortunes that were out of the control of the entrepreneur. The geographical area chosen was another cause of failure (Cardon et al., 2011). However, Askim-Lovseth and Feinberg (2012) noted that a failure can be a crossroads that can lead to future success of their next venture. Entrepreneurs can learn from their previous losses as well as from other's business misfortunes (Askim-Lovseth & Feinberg, 2012). Cope (2011) agreed that failure for an entrepreneur is one of the most difficult, but valuable learning experience for them. Cope conducted a qualitative phenomenological study to explore eight entrepreneurs that had failed to discover what they had learned from their entrepreneurial failure. Cope suggested that the lessons of failure are beneficial for the entrepreneur and can give them a broader more refined knowledge base. Cope concluded entrepreneurs that have experienced failure are better prepared for the trials and tribulations of entrepreneurship than those that have only experienced success or potential entrepreneurs with no experience. Venture failure is a way for entrepreneurs to learn what works and does not work (Sarasvathy, Menon, & Kuechle, 2013).

Fillis and Rentschler (2010) aimed to discover the role of creativity in entrepreneurship. Fillis and Rentschler described creativity influences motivation and identified three main dimensions of entrepreneurship (a) risk-taking, (b) pro-activeness, and (c) innovation. Furthermore, due to advances in technology and globalization, more opportunities exist for entrepreneurs (Fillis & Rentschler, 2010). However, as opportunities increase, so does competition, resulting in the need for creative solutions to improve sustainability and profitability (Fillis & Rentschler, 2010).

Audet and Couteret (2012) conducted a case study to explore the effectiveness of coaching as a support measure for entrepreneurs. Coaching an entrepreneur, rather than consulting, encourage entrepreneurs to put their own strategic vision into action (Audet & Couteret, 2012). Furthermore, Zhang (2011) suggested previous founding experience is very valuable for an entrepreneur in later ventures. Prior firm-founding experience helps an entrepreneur obtain and improve needed skills to be successful (Zhang, 2011).

Makhbul and Hasun (2011) conducted a study to explore the relationship between entrepreneurial factors and entrepreneurial success. The study included random sampling questionnaire surveys of 163 entrepreneurs that had been in business for three or more years (Makhbul & Hasun, 2011). Communication skills and strong will of the entrepreneurs are key factors in the success as well as the ability of entrepreneurs to access information, their leadership styles, and their support from others (Makhbul & Hasun, 2011). Makhbul and Hasun concluded that the religious duty and honesty factor was perceived as the most significant factor affecting entrepreneurial success and that it suggests that entrepreneurs believe that they can succeed if they run their businesses

ethically.

It is important to write a business plan, but more important to teach how to sustain business success, raise companies' survival rate, and educate entrepreneurs about the challenge of the going from a start-up phase to a mature stage of business (Lewrick, Omar, Raeside, & Sailer, 2010). Shukla and Shukla (2014) advise taking advantage of resources available, such as the Small Business and Entrepreneurship Council (SBE Council). The SBE Council as one of the most active and powerful organizations devoted to promoting entrepreneurship and protecting small businesses (Shukla & Shukla, 2014). The SBE Council is an advocacy, research, training, and networking organization (Shukla & Shukla, 2014). The number of young firms in the U.S. has declined by almost 30% over the last 30 years; the trend suggests that incentives for entrepreneurs to start new firms have diminished over time (Decker, Haltiwanger, Jarmin, & Miranda, 2014).

Elmuti, Khoury, and Omran (2012) described entrepreneurial education and training as being outstanding factors for success and have significant essential value to any entrepreneurship venture. Wen-Long, Wen Guu, and Chiang (2014) conducted a study on the relationship between entrepreneurship courses and identifying opportunities. Wen-Long et al. showed that entrepreneurs that participated in entrepreneurship courses were better able to identify opportunities. The courses aided in developing their business related problem-solving skills and enhanced their ability to recognize opportunity (Wen-Long et al., 2014). Education helps entrepreneurs understand and exploit information technology towards success (Monahan, Shah, & Mattare, 2011).

Entrepreneurs must have team building skills, according to Makhoulf (2011).

Makhlouf explained entrepreneurs may start their ventures based on a discovered opportunity or idea, but acting alone in the beginning will have to give way to gaining and working with a team to be successful. Entrepreneurs will need to build relationships with not only hired employees, but other firms as well (Makhlouf, 2011). Similarly, Wen-Long et al. (2014) suggested that starting new ventures, developing new products, and discovering new opportunities involve more than one person's knowledge and effort. Entrepreneurs are knowledgeable about the business, but not so knowledgeable about potential investors; identifying investors who can provide long-term funds is crucial for success (Gartner, Frid, & Alexander, 2012). Gartner et al. found that the primary source of funding for venture development comes from the personal contributions of the entrepreneurs themselves and that family and friends, as a source of capital, play a minor role in funding new ventures.

The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. The review of professional and academic literature contains scholarly articles and government documents. The literature review summarizes, compares, and contrasts all of the sources that relate to my research topic. Based on the research and review of literature, the profitability and sustainability of small business owners may be crucial in contributing to the prosperity of their employees, their families, communities, and the local economy.

### **Transition**

Section 1 contained the problem statement and purpose statement, as well as the



nature of the study that justified my using a qualitative method and descriptive multiunit case study design. Section 1 also included the (a) interview questions (Appendix C), in addition to the (b) conceptual framework, (c) assumptions, (d) limitations, and (e) delimitations of the study. Section 1 concluded with the significance of the study and a review of professional and academic literature. The literature review included a focus on previous literature relating to the following sections and subsections (a) systems theory, (b) small business, including subsections small business owner and small businesses in Colorado, (c) types and sizes of small businesses, (d) small businesses effect on the economy, (e) perceived small business failure factors and success strategies, and (f) entrepreneurship.

Section 2 contains (a) the business project purpose, (b) the role of the researcher, (c) the selected participants, (d) a detailed description of the research methodology and design, (e) the population and sampling, (f) ethical research, (g) data collection instruments and technique, (h) data organization technique, (i) data analysis, and (j) reliability and validity. Section 3 begins with an introduction including the purpose statement, research question, and findings. Section 3 includes application to professional practice, implications for social change/behaviors, recommendations for action and further study, and concludes with researcher reflections.

## Section 2: The Project

In the United States, small businesses sustain the technological lead in the global marketplace and drive the economy (Cronin-Gilmore, 2012). It is paramount for small business owners to be made aware of the success strategies for small businesses that have survived 5 years and longer, so they can better prepare and become more likely to sustain their businesses with this knowledge. Section 2 includes the purpose statement, the role of the researcher, participants, and the selected research method and design.

### **Purpose Statement**

The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. The population comprised small business owners located in Denver, Colorado who have been profitable by year 5 of being in business. Four small business owners participated in semistructured interviews to explore strategies in becoming profitable by the end of the first 5 years of being in business. The data from this study might affect social change by contributing to small business owners preparing and sustaining profitability and contributing to the prosperity of their employees, their families, communities, and the local economy.

### **Role of the Researcher**

In a qualitative study design, I was the data collection instrument (Suri, 2011). My role as the researcher of the study was to select the appropriate research methodology and design, recruit potential participants, and collect and analyze the data. The data collection process involved conducting semistructured interviews and collecting company

documents from profitable small businesses owners.

I utilized Schorr's (2008) semistructured interview questions for one-on-one, face-to-face interviews. Reliability refers to the stability that the results of qualitative research are comparable over time (Barusch, Gringeri, & George, 2011). One-on-one interviews can allow deeper exploration of subjective or sensitive topics (Kisely, & Kendall, 2011). The interview questions are in Appendix C. Turner (2010) stated interviews provide in-depth information pertaining to participants' experiences and viewpoints of a particular topic. Semistructured interviews involve preparing questions in advance that lead the conversations direction, but allow the participants to answer openly (Turner, 2010). Semistructured interviews can have a variety of different forms to accommodate the interviewee; including varying numbers of questions and varying degrees of adaptation of questions (Rowley, 2012). I was able to further investigate based on the participants' particular response. I ended each of the interviews with a follow-up question.

The interviews were face-to-face, one-on-one interviews. To ensure accuracy, interviews should be audio taped and fully transcribed for analysis (Kisely & Kendall, 2011). The interviews with the participants were audio recorded and transcribed. One central question with several semistructured, open-ended, interview questions (Erlingsson & Brysiewicz, 2013) guided this research. Rowley (2012) described interviews as face-to-face verbal exchanges in which the interviewer, the researcher, attempts to obtain information from and gain an understanding of the interviewee, the participant. Interviews provide a useful way for researchers to learn about the world of others (Qu &

Dumay, 2011).

Document review included yearly profit and loss and monthly cash flow statements for my company document analysis. I noted information such as the date, time, and demographics. Qualitative researchers have great freedom in their methods, the way they conduct interviews, and the techniques they use to analyze data (Bansal & Corley, 2012).

I am not a small business owner and I have not worked for a small business in Colorado. I do know small business owners and entrepreneurs in the area, because I live in Denver, Colorado, so this topic was of particular interest to me. I plan to open a small business in the future. I shop at small businesses in Denver, Colorado often. I have always had a passion for, and interest in small businesses in the community and entrepreneurship.

The Belmont Report (1979) summarized the ethical principles and guidelines for the protection of humans, which was originally written by The National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research Subjects of Research. The Belmont Report includes a distinction between research and practice, the three basic ethical principles, and the application of these principles. I followed the three basic ethics of research involving human subjects in my study. These included (a) the principles of respect of persons, (b) beneficence, and (c) justice.

Qualitative researchers attempt to minimize error and researcher bias (Leedy & Ormrod, 2013). To mitigate potential bias the researcher should engage in epoche to bracket judgments about the study phenomena (Moustakas, 1994). I mitigated bias and

preconceived notions I may have had. I was in a state of epoche during the interviews. I controlled reactions to the interview responses to mitigate bias. I also did not personally know the small business owners to mitigate personal bias during the interviews. An interview protocol (see Appendix C) was essential in ensuring that I, in my role as the researcher, followed the same protocol with each participant. Following the interview protocol better ensured that I did not miss or skip any important steps. Foley and O’Conner (2013) posited qualitative researchers rely on interview protocols as a tool to achieve commonality and add to the consistency and reliability.

### **Participants**

I used a purposive sample of participants until saturation was achieved as discussed by Kisely and Kendall (2011). Saturation was attained when the interviews did not add any additional information (Walker, 2012). The criteria for selecting participants included (a) the participant was the owner of the small business; (b) the small business was profitable by the end of the first for 5 years of being in business; (c) the small business was located in Denver, Colorado; and (d) the participant was at least 18 years of age. To ensure I followed proper ethical procedures and avoided human rights violations, I gained approval from the Walden Institutional Review Board (IRB). The approval number for this study is 01-28-15-0246512.

I selected nine participants from a public list provided by the SBA Colorado district and the Colorado Small Business Development Center Network (SBDC). Next, I sent a letter of invitation to the prospective participants selected through e-mail. The letter of invitation explained the intent for the study and included the participant consent

form (see Appendix A) for the participant to review and sign electronically by replying *I Consent* to the e-mail. I selected the first four participants who responded and signed consent by replying to my e-mail. I had to acquire participants who were willing to honestly and openly share information and tell their story (Turner, 2010). I then contacted the four participants via telephone call to schedule interview times and dates that worked best for them and to advise participants that their participation in the study was voluntary, and they could withdraw from the study at any time. One strategy for establishing a working relationship with my participants was through trust. Researchers should establish trust and be honest with the participants on the intended purpose and outcome of the study (Rubin & Rubin, 2012). The use of the participant consent form and reassuring their confidentiality and anonymity strengthened our working relationship.

### **Research Method**

I selected a qualitative research method for this study. Qualitative, quantitative, and mixed-method or hybrids makeup the three types of research methods (Clark, 2010). Qualitative research requires subjective analysis of the meaning of experiences and words rather than an objective measurement of phenomena (Harrits, 2011). Qualitative researchers offer detailed accounts of data sources and analysis (Leedy & Ormrod, 2013). Reducing emotions, thoughts, and behaviors to words results in qualitative data, while reducing them to numbers results in quantitative data (Bernard, 2012). Qualitative researchers cannot simply reference well-known data sets and statistical tests as quantitative researchers can (Bansal & Corley, 2012). The study included open-ended semistructured interview questions with participants and exploring company documents

as means of gathering research data. Qualitative researchers collect data by observing behaviors, exploring documents, and interviewing participants to record their perceptions (Denzin & Lincoln, 2011). Although qualitative research allows for many ways in conducting investigational research, interview design has remained one of the most popular forms of analysis (Turner, 2010). Qualitative researchers explore essentially all problems and social situations (Yin, 2011).

A mixed-methods or hybrid approach includes both qualitative and quantitative techniques in a single study (Clark, 2010). This study did not require evaluating or comparing variables, so a quantitative or mixed methods approach was not appropriate. Qualitative researchers focus on a small number of participants, gaining in-depth insights into their perceptions and lived experiences (Denzin & Lincoln, 2011). A qualitative methodology was most appropriate for this study in exploring strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business in Denver, Colorado.

### **Research Design**

I selected a descriptive multiunit case study design for this qualitative research study. Research design refers to a plan that involves exploring research questions and drawing conclusions for a study to prepare a model or report (Leedy & Ormrod, 2013). Petty, Thomas, and Stew (2012) stated that ethnography, grounded theory, phenomenology, and case study make up the main designs for qualitative research studies.

In an ethnographic study, a researcher explores daily lives, behaviors, and

activities of a culture or community (Pritchard, 2011). I was not studying a culture or community over time; therefore, an ethnographic study design was not selected. Smythe (2012) concluded that a grounded theory design would enable the development of a general, more abstract theory of the process, action, or interaction. Grounded theory is not appropriate for this study and was not selected because I was not developing a new theory. Grounded theory researchers seek to develop theories that can fit the phenomenon (Smythe, 2012). Englander (2012) described the phenomenological design as appropriate when the researcher seeks to interpret lived experiences from the perspective of others. The researcher is interested in gaining an understanding of and insights into experiences, behaviors, attitudes, processes, and opinions (Rowley, 2012). Although I was exploring the lived experiences of the participants through interviews, I also utilized company documents. I would have had difficulties reaching data saturation in a phenomenological study of small business owners in Denver, Colorado because of only obtaining interviewing data and not being able to collect and use other data sources. Therefore, I did not choose a phenomenological design.

A case study design includes an in-depth exploration of a small number of cases or a single case (Verner & Abdullah, 2012). Case studies offer an advantage in cases of when *how* or *why* questions are asked about a contemporary set of events, over which the investigator has little or no control (Trkman, 2010; Yin, 2011). Case study design is useful when the researcher must take into account the contextual conditions of the phenomenon being studied (Amerson, 2011). Researchers often utilize a case study design in researching emerging ideas from multiple sources (Trkman, 2010). I gathered



data using methodological triangulation of interview questions with the participants and company documents. Methodological triangulation of different sources increases the assurance of validity of the case study findings (Verner & Abdullah, 2012; Yin, 2011). One source can corroborate the evidence from another source; this reduces the risk that any single interpretation of data will shape the results (Verner & Abdullah). A descriptive multiunit case study design aligns with qualitative research and was appropriate for this study. Methodological triangulation provides one with a more comprehensive picture than one type of data can do alone (Heale & Forbes, 2013).

A case study design is the preferred method when (a) a researcher has little or no control over behavioral events; (b) the main research questions are *how* or *why* questions; and (c) the focus of study is a current, not historical phenomenon (Yin, 2014). There are three types of case study research, (a) descriptive, (b) explanatory, and (c) exploratory (Yin, 2014). Descriptive case studies are appropriate for illustrating events and their specific context. Explanatory case studies are appropriate for investigating causality and intend to link an event with its effects (Yin, 2014). Exploratory case study researchers seek to define research questions and hypotheses (Yin, 2012). A multiunit descriptive case study design was expected to enable me to explore success strategies through interview data and company documents from small business owners.

### **Population and Sampling**

The population selected for this qualitative study included a purposive sample size of four profitable small business owners. Purposeful sampling allows a researcher to obtain participants who will be rich in information providing in-depth knowledge of the

phenomenon (Abrams, 2011). Leedy and Ormrod (2013) described that in purposeful sampling, researchers use their judgment to select participants based on the study criteria.

An important part of the design of both, analytic and descriptive studies is determining the appropriate sample size for the study (Rao, 2012). The goal of sample size planning is to estimate an appropriate number of participants for the study design selected (Rao, 2012). The sample size should reach the number of participants sufficient to meet data saturation standards, in which the datum becomes repetitive (Dworkin, 2012). A sample size of four participants, while utilizing methodological triangulation with member checking facilitated reaching saturation for this study. Saturation can be a tool used for ensuring that quality and adequate data is collected to support the study (Walker, 2012).

The criteria for selecting participants included, over the age of 18, small business owners in Denver, Colorado, and who have been profitable in business by the end of their first 5 years of being open. The interviews took place where the participants decided as being convenient to them, at their business location in a private room with the door closed. Turner (2010) noted that it is easier to conduct interviews with participants in a comfortable environment, where the participants are not likely to be distracted and can share information.

### **Ethical Research**

I conducted this study after receiving approval from the IRB at Walden University with approval number 01-28-15-0246512. I followed the three basic ethics of research involving human subjects (a) the principles of respect of persons, (b) beneficence, and (c)

justice (Belmont Report, 1979). The participants received a letter of invitation through e-mail that explained the intent for the study. The e-mail included a Participant Consent Form (Appendix A) for the participant to review and sign electronically by replying to the e-mail *I consent*. The Participant Consent Form included a sample of the interview questions and explained that I would audio record the interviews. It also advised the participants that I would collect company documents. The Participant Consent Form also clarified that their participation in the study was voluntary, and they could withdraw at any time without penalty. In addition, that there was no compensation or incentives for their participation in the study and they would have access to the results; I would e-mail the results and findings to them. The participants were then contacted via telephone call to schedule the interview dates and times.

Ethical issues are necessary to consider when conducting interviews (Qu & Dumay, 2011). Taking utmost care at all times during data gathering, data storage, and data analysis is paramount in protecting the rights of the participants and preserving their privacy (Yin, 2012). I stored the data electronically on a personal, password-protected, external hard drive and will delete the data after 5 years. I stored all of the written data and findings in a locked cabinet drawer; it will be shredded to protect the right of the participants after 5 years. I ensured the participants knew the purpose of the study and guaranteed confidentiality of both the participants' and their organizations'. The participants were labeled *Participant 1* through *Participant 4*.

### **Data Collection Instruments**

In this qualitative multiunit case study, I was the data collection instrument. When

the researcher is the main research instrument; their knowledge, sensitivity, and skills are essential to the quality of the knowledge produced (Kvale & Brinkmann, 2008; Rowley, 2012). Data for case studies have six origins and must be collected from at least two of the following six available sources; (a) archival records, (b) direct observations, (c) documentation, (d) interviews, (e) participant-observation (i.e. site visits), or (f) physical artifacts (Yin, 2012). I collected data from open-ended semistructured interview questions, yearly profit and loss documents, and monthly cash flow statement documents.

Qualitative researchers are often referred to as *the instrument*. However, researchers can create other data collection instruments if desired (Leedy & Ormrod, 2013). In-depth, face-to-face semistructured interviews and company document review were the two primary sources for data collection for this qualitative descriptive case study. The semistructured interview involves prepared questioning guided by identified themes in a consistent and systematic manner interposed with probes designed to elicit more elaborate responses (Qu & Dumay, 2011). I developed and followed the interview protocol (Appendix C). The interview questions are available in Appendix C. I followed a case study protocol. A case study protocol is key for a multiunit case study design and aided me in keeping focus on my topic and assist in reliability (Yin, 2014). A case study protocol consists of (a) an overview of the case study, (b) data collection procedures, (c) the data collection questions, and (d) a guide for the case study report (Yin, 2014). Along with semistructured interviews, I collected company document data.

It is important to complete member checking in a qualitative study, as it enhances the reliability of the research (Stake, 2010). Member checking is a participant validation

technique for improving the accuracy and credibility of the study (Mero-Jaffe, 2011). To complete transcript review, I asked the participants to review the transcript to look for any errors or missing information. There were no scores to calculate or variables in the study because it was a qualitative case study. Data cleansing served to address threats to validity in addition to member checking. This process included detecting and removing data that did not conform to the search criteria. Data cleansing includes removing all irrelevant data (Terjesen & Sullivan, 2011). After the data cleansing was complete, I entered the verified interview transcript data into the computer assisted qualitative data analysis software (CAQDAS), called NVivo for Mac. Nvivo aided me with coding, word frequencies, emerging themes, and data interpretation.

### **Data Collection Technique**

The research question for this study was: What strategies do small business owners use to achieve profitability by the end of the first 5 years of opening their business? The data collection techniques for this study were interviews and company documents. I conducted face-to-face, semistructured interviews in accordance with the interview protocol (Appendix C). During a semistructured interview, a researcher may introduce additional questions in addition to a fixed set of questions to further explore the phenomenon (Cachia & Millward, 2011). Semistructured interviews are the best way to address lived experience because participants are able to fully express their viewpoints and experiences (Turner, 2010).

For this study, I used a modified version of Schorr's (2008) semistructured interview questions. There was a need to modify Schorr's prior interview questions

because of the differences in details being measured. The interview questions (Appendix C) were altered slightly to gain more knowledge on success strategies as understood by the small business owners experience and insights. Appendix B contains a copy of the permission to use the interview questions.

A convenient time and place for the participant to meet for the interview was be set up via telephone call. I allocated a longer time slot than scheduled with the participants, to allow for unforeseen events, such as interruptions or lateness of the participant to the interview. I called to confirm the interview date, time, and location the day before the scheduled interviews. Once I arrived to the interview location, the date, the time, demographics, surroundings, and participant interactions with others were noted and hand written in a small notepad of paper. I handed each participant a copy of their electronically signed Participant Consent Form (Appendix A) to review again before I started the interview questions. To build rapport and make the participant feel comfortable, I began with small talk prior to asking the first interview question (Leedy & Ormrod, 2013). I audio recorded the open-ended face-to-face interviews in a private room with only the participant present. The data reached saturation when the interview data and documents review became repetitive and no additional information was added (Walker, 2012) as applicable for a case study design.

The interviews did not last longer than 30 minutes. Immediately following the interview, I collected company documents in the form of one year of profit and loss and cash flow statements from the participants. After transcribing the recorded interview answers, I e-mailed and asked the participants to perform transcript review for accuracy. I

showed the participants the transcripts for their review of errors or discrepancies to enhance reliability as pointed out by Stake (2010). All of the participants agreed with the transcribed interview data. None of the participants requested changes or edits. After I completed data analysis, I returned to the participants and conducted member checking to capture the meaning of what was said. All of the participants found the results accurate.

### **Data Organization Technique**

The participant interviews were recorded using QuickTime Player audio record option on my MacBook Air laptop during the interviews. I also had a hand held Sony audio recorder for back up. Both devices were tested prior to meeting the participants to ensure they worked properly, and the audio was loud and clear for me to transcribe later. I utilized a pen and small notepad of paper to record the day, time, and location of the interview. I collected company document data. I performed data cleansing by removing all irrelevant data that did not align with the search criteria. After data cleansing, I entered the data sources into Nvivo software for coding and analyzing. The collection and storage of all data are in alignment with IRB requirements. I am the only person who has exclusive access to all the data. I stored electronic data on a personal, password-protected, external hard drive and will be deleted after 5 years. I stored all of the raw data in a locked cabinet drawer and will be shredded after 5 years.

### **Data Analysis**

I used the following modified semistructured interview questions from Schorr (2008) as one part of the methodological triangulation for this qualitative descriptive multiunit case study.

1. Tell me about your professional and educational background and do you believe your professional and educational background prepared you for ownership of a small business?
2. What strategies have you used to be profitable?
3. What are the key strategies you have used to sustain your business past the first 5 years?
4. What do you believe the profitability of your business has brought to you, your employees, your family, and the community?
5. What else would you like to share about your experiences of becoming a successful small business owner?

In order to determine profitability strategies of small business owners in Denver, Colorado, the interview questions addressed the central research question. I also collected company documents in the form of yearly profit and loss statements and monthly cash flow statements. Methodological triangulation provides the researcher with a more comprehensive picture than one type of data can do alone (Heale & Forbes, 2013).

Soon after the interviews, I transcribed the interview recordings and e-mailed them to each participant for their review. In addition to transcript review with the participants, I completed member checking. Member checking ensures that one has captured the accurate meaning and word choice (Houghton, Casey, Shaw, & Murphy, 2013). The participants confirmed all of the data was accurate and I uploaded the audio recordings into the computer assisted qualitative data analysis software (CAQDAS) tool, NVivo for Mac. I listened to and transcribed the audio recordings using NVivo's



transcribing feature. I was able to replay the recordings in slower motion, enabling me to type participant responses word for word. I removed all irrelevant data that did not conform to the search criteria; this process is known as data cleansing (Terjesen & Sullivan, 2011). Next, the remaining interview data were coded and analyzed in NVivo. I created codes for the participants and the interview data. I coded the participants *Participant 1* through *Participant 4*. In a separate document, I listed the participants' actual name and their assigned participant number. The documentation collected was labeled *Document 1* through *Document 4*. The software program NVivo assisted me to identify word frequencies themes from the data. I created Nodes that allowed me to see coding stripes. Rowley (2012) suggested the following steps (a) organize the data set; (b) get acquainted with the data; (c) classify, code, and interpret the data, and finally; (d) present and write up the data.

Software may allow a researcher to interpret and code the text, perform keyword searches, and organize the text (Rowley, 2012). The data displayed the key strategies that contribute to small business owner profitability in Denver, Colorado. Yin (2011) identified five stages of data analysis (a) collecting the data, (b) separating the data into groupings, (c) regrouping the data into themes, (d) assessing the information, and (e) developing conclusions. The interpretation and data analysis process began with my reviewing the transcribed interviews recorded and documents related to the research question. I then interpreted the data and developed conclusions. The conceptual framework that grounded this study was the general systems theory. General systems theory is the scientific exploration of wholes and wholeness (von Bertalanffy, 1972). I

explored the small business owners' multiple strategies they use, as a whole to become profitable. After revealing the profitability strategies, I compared the strategies to prior literature findings.

### **Reliability and Validity**

Street and Ward (2012) explained reliability and validity are two widely agreed upon terms related to the accuracy and precision of research. Foley and O'Conner (2013) noted that reliability and validity do not have the same meanings in qualitative research as in quantitative research, but instead rely on such tools as semistructured interview protocols to attain commonality and strengthen the validity, consistency, and reliability. The concepts of reliability and internal validity in quantitative research are equivalent with the ideas of dependability and credibility in qualitative research (Munn, Porritt, Lockwood, Aromataris, & Pearson, 2014). There are different criteria utilized to assess the rigor of qualitative research, the most common including: (a) dependability, (b) credibility, (c) confirmability, and (d) transferability (Houghton, Casey, Shaw, & Murphy, 2013).

#### **Reliability**

The quality of qualitative studies is related to dependability (Onwuegbuzie et al., 2012). I followed the interview protocol (Appendix C) for each interview with participants and collected company documents. After the interview, the participants reviewed the transcripts to look for discrepancies or errors, which is known as *transcript review*. I also conducted member checking with the participants. Transcript review and member checking enhanced the dependability of my study results. Furthermore, the

dependability of the data results were demonstrated by utilizing NVivo, a qualitative data analysis software tool.

### **Validity**

Credibility is pertinent to qualitative research (Onwuegbuzie et al., 2012). The concept of dependability is aligned with that of reliability (Munn et al., 2014). Different from quantitative validity, qualitative validity involves credibility, authenticity, and trustworthiness (Leedy & Ormrod, 2013). In addition to the interview data, I collected company documents. The methodological triangulation of these two data sources enhanced the credibility of the study results. In addition to transcript review with the participants, I completed member checking. Mero-Jaffe (2011) posited member checking is a participant validation technique utilized to improve the accuracy, validity, reliability, and credibility of a qualitative study. Credibility assesses whether there is a *match* between the original source data and the researchers interpretation (Munn et al., 2014). I was the data collection instrument in this qualitative study; therefore, the credibility of the study was based on my protocols, procedures applied, and my self-awareness during the research process (Houghton et al., 2013).

Validity includes areas of dependability, trustworthiness, credibility, and transferability (Mayer & Boness, 2011). Examining the degree to which qualitative findings can be transferred to other contexts or settings assesses transferability (Onwuegbuzie et al., 2012). Transferability refers to whether or not particular findings can be transferred to another comparable situation or context, whilst preserving the meanings found (Houghton et al., 2013). For the purpose of enhancing the transferability

of my study, I provided the reader with a rich and detailed presentation of findings that includes direct quotes from the participants. Houghton et al explained confirmability is similar to dependability in that the processes for establishing both are alike.

Confirmability refers to the neutrality and accuracy of the data (Houghton et al., 2013). The confirmability of the data was established by running frequencies of words and themes within NVivo for accurate analysis.

An ample amount of participants were interviewed until data saturation was reached (Walker, 2012). I determined data saturation was reached once the data became repetitive and no new information appeared (Dworkin, 2012) as applicable for a case study design. A sample size of four participants, while utilizing methodological triangulation, transcript review, and member checking facilitated reaching saturation and improved the credibility for the study results.

### **Transition and Summary**

In Section 2, I stated the purpose statement of my research study, addressed the role of the researcher, discussed the selected participants, and detailed the research methodology and design. Next, I described the (a) population and sampling method; (b) ethical research; (c) data collection instruments, technique, and organization; and (d) data analysis techniques. Section 2 concluded with a discussion on the methods and techniques for assuring the reliability and validity of my study.

Section 3 begins with an introduction including the purpose statement and the research question. Next is the presentation of findings. Section 3 further includes (a) application to professional practice, (b) implications for social change, (c)

recommendations for action, (d) recommendations for further research, (e) researcher reflections, and (f) a conclusion.

### Section 3: Application to Professional Practice and Implications for Change

Section 3 begins with an introduction of the study that addresses the purpose of the study, the research question, and a brief summary of the findings. Section 3 continues with (a) a detailed presentation of findings, (b) application to professional practice, (c) implications for social change, (d) recommendations for action, (e) recommendations for further research, (f) reflections, and (g) a conclusion.

#### **Introduction**

The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. Small businesses are the source of most job creations in the United States (SBA, 2014) and can be considered the engine of economic growth (Valadez, 2011). However, small firms have a very high job destruction rate; after 5 years, about 47% of the jobs initially created are eliminated due to failure (Haltiwanger, Jarmin, & Miranda, 2013).

I conducted semistructured interviews with four profitable small business owners in Denver, Colorado. Semistructured interview questions led the participants and allowed for an exchange of their perceptions and relevant experiences (Bjerregaard, 2011). Methodological triangulating of the data sources included the comparison of the transcribed interview data with the company documentation (Oleinik, 2011). I did not use actual names of the participants. Once data saturation was reached, the data were entered into the qualitative analysis software tool, Nvivo to aid me in discovering key strategies to answer the overarching research question. Based on the methodological triangulation

of the interview data and company document data, the following emergent themes were identified: seasonality, passion and dedication, and hiring the right employees.

### **Presentation of the Findings**

I used participant interviews and company documents, including profit and loss statements and cash flow statements to complete my methodological triangulation of data for this study. The data were collected to answer the following overarching research question: What strategies do small business owners use to achieve profitability by the end of the first 5 years of opening their business?

Of the two data sources collected, the largest amount of data were gained from the participant interviews. The data reached saturation when the interview data and documents review became repetitive and no additional information was added as discussed by Walker (2012). I entered the interview data and company documents into Nvivo, a qualitative data organization software tool. The following three main themes emerged: (a) understanding the seasonality of their business, (b) passion and dedication of the owner, and (c) hiring the right employees.

The first theme that emerged involved the importance of knowing, understanding, and preparing for the seasonality of their small business. The second emergent theme included the small business owners' passion and dedication to their small business. The third emergent theme revealed the importance of hiring the right employees. These emergent themes align with my conceptual frameworks used for the study, the general systems theory.

## **Participants and their Small Businesses**

The participants in this study included small business owners who comprised of (a) a bar and restaurant owner, (b) a daycare center owner, (c) a junk removal company owner, and (d) a construction company owner. Researchers at the SBA noted that small firms dominate the construction industry; 86% of firms in the construction industry are considered small (SBA, 2014). Small business owners align with the general systems theory by offering an individual product or service to support the community as a whole (von Bertalanffy, 1972). Each individual strategy that the small business owners use, come together as a whole to determine their strategies for profitability.

All of the participants' small businesses were located in Denver, Colorado. The interviews took place in a private room at each of the businesses. I asked each of the participant's five semistructured open-ended interview questions using the interview protocol (Appendix C) as a guide. All four of the participants responded to all five of the interview questions. Concluding the interview, I collected their company profit and loss statements and cash flow statements. In closing, I thanked them for their participation in my research study. I then conducted member checking with the participants. To ensure that one has captured meaning and word choice, the use of member checking is critical (Houghton, Casey, Shaw, & Murphy, 2013).

The bar and restaurant owner took over an establishment that has been there for 40 years (Participant 1). A firm may be small but long established (Audretsch, 2012). The owner has successfully owned the bar and restaurant lounge for 6 years (Participant 1). The daycare center owner previously ran a home daycare that operated out of her own



house for a short period of time before purchasing the building and opening her own daycare center in 2007 (Participant 2). The junk removal business owner moved to a large warehouse in 2015, prior they were in a small office and needed room to expand because of company growth (Participant 3). The small business started in 2008 with only the owner and her mother as employees; currently in 2015, they have 17 employees. The business started as a company that specialized solely in hoarding cleanup seven years ago. The business since has grown to include (a) residential cleaning service, (b) yard cleanup, (c) office clean out service, (d) appliance and electronic recycling, and (e) household junk removal (Participant 3). The business gives back to the community by donating the items to churches, the Denver Rescue Mission, and the Salvation Army (Participant 3). The construction company owner had previously owned a snow removal business that operated for 4 years. The construction company owner started the business in 2004 and has been successful and profitable (Participant 4).

### **Participants Educational and Professional Backgrounds**

The first interview question revealed one of the four participants had no college education, two had some college education, and one participant had completed their college education with a Bachelor's degree (see Table 1). All four participants were high school graduates. Three out of the four had either some college courses or completed their degree, which supports Farrington, Gray, and Sharp's (2011) statement that university studies benefit students in having a clear idea of expectations and understanding what having their own business would entail. Furthermore, academic programs in the field of small business ownership could help to improve the knowledge

of future small business owners (Nasr & Boujelbene, 2014). The participants that had some college courses or completed their degrees, all had business courses while in college. The data aligned with Fadahunsi (2012) findings that the founder's level of education is a key factor that influences small business growth.

Table 1

*Educational Background of the Participants*

Participant Answers	Number	Percentage of Total
High School Graduate	4	100.0%
No College	1	25.0%
Some College	2	50.0%
Completed College	1	25.0%

The first interview question also unveiled that one out of the four participants had prior business owning experience. Two participants had business backgrounds, but not business ownership experience, and one participant did not have a business background (see Table 2). Participant 2 previously ran a babysitting center out of her house before opening her daycare business. The data aligned with Alasadi and Sabbagh's (2015) findings that many people start their own business due to previous experience in a particular business field. Participant 4 explained that her previous business failed in its third year of being in business (Participant 4). Failure can be a crossroads that can lead to future success of their next venture (Askim-Lovseth & Feinberg, 2012). In further support, Cope (2011) added experiencing failure better prepares one for the trials and

tribulations of business owning.

Table 2

*Professional Background of the Participants*

Participant Answers	Number	Percentage of Total
Previously Owned a Small Business	1	25.0%
Business Background	2	50.0%
No Business Background	1	25.0%

The final data gained from the first interview question was that all but one participant, Participant 2, felt their background prepared them or somewhat prepared them for ownership of a small business (see Table 3). This is supported by the existing body of knowledge which indicates that the more experience the owner has, the longer the duration of the business will survive (Stafford et al., 2010). Zhang (2011) suggested previous experience with management or business ownership can influence the survival of a company. In contrast, Jalbert, Furumo, and Jalbert (2011) explained that there was little evidence to suggest that the owners' background affects firm performance.

Table 3

*Did their Background Prepare Them for Ownership of a Small Business?*

Participant Answers	Number	Percentage of total
Yes	2	50.0%
Somewhat	1	25.0%
No	1	25.0%

### **Emergent Theme 1: Seasonality**

The first theme to emerge was the importance of knowing, understanding, and preparing for the seasonality of their small business from interview question 2 and interview question 5 (see Table 4). All four of the participants mentioned *preparing for seasonality* as a strategy used for profitability. The emergent theme *Preparing for Seasonality* will be discussed in detail, including tables, following a discussion of the other three strategies used for profitability mentioned by the participants, (a) customer satisfaction, (b) cutting costs, and (c) focusing on a niche.

**Customer satisfaction.** Half of the participants mentioned *customer satisfaction* and keeping the customers happy as another strategy used for profitability (Participant 1 & Participant 2). Making sure the customers, and mainly the regular customers feel welcome and making sure they come back is essential to remain profitable (Participant 1). A small firm's owner has the advantage of being able to become close to customers (Anderson & Ullah, 2014). Participant 1 shared that she asks her customers what they would like her to sell, offering certain beverages, and having certain games and activities

available for entertainment (Participant 1). Listening to consumer insights and responding to the customers' needs is essential (Sinfield, Calder, McConnell, & Colson, 2012) is supported by the existing body of knowledge. One of the most important strategies is to keep the customers happy; if the customers are happy, word of mouth brings in more customers (Participant 2). Smaller firms are commonly regarded as able to have better customer service; it is considered as a principal means by which small firms retain customers (O'Donnell, 2011).

**Cutting costs.** Half of the participants mentioned *cutting cost* as another strategy. Cutting costs during the low season can be achieved by decreasing employee hours, working shifts herself, and purchasing her own supplies at Costco (Participant 1). Participant 1 response aligned with the existing body of knowledge that common cost management strategies that are used when business sales decline, is to decrease employee's hours and inventory purchases (Shields & Shelleman, 2013). Participant 2 indicated she cut costs by doing snow removal herself, purchasing supplies from thrift stores, doing her own maintenance, and working shifts herself (Participant 2). Small business owners are often confronted with a variety of tasks, it is a matter of where their available time is allocated (Patten & Patten, 2014). Participant 2 also explained that she printed her own cards and bought a mailing list to mail out cards and she posted on Craigslist to obtain employees. She stated she did everything she could that did not cost money, or little money, to make sure the business did well (Participant 2).

**Focusing on a niche.** The final strategy used for profitability discovered was *focusing on a niche*, as mentioned by one of the participants (Participant 3). Finding a

niche is important and contributes to profitability and success (Participant 3). This is supported by the existing body of knowledge which indicates small business owners can find great success in attacking niche markets; the majority of niche firms are often smaller organizations (Parnell, Lester, Zhang, & Mehmet, 2012). The junk removal company started as a company that only cleaned out houses that had hoarding problems, so in the beginning it was narrowing their client base as stated by Participant 3.

Participant 3 further explained that providing that niche and focusing only on hoarding made them profitable because a lot people did not do what they did and eventually, the other jobs came, the junk removal, residential cleaning services, etc. (Participant 3). For most small businesses, focusing on a niche market and differentiating from competitors will lead to success (Parnell et al., 2012). Box (2011) also found identifying a market niche and differentiating options for services is appealing to customers, which is supported by the existing body of knowledge.

Table 4

*Strategies used for Profitability*

Participant Mentioned	Number	Percentage of total
Cutting Cost	2	50.0%
Focusing on a Niche	1	25.0%
Customer Satisfaction	2	50.0%
Preparing for Seasonality	4	100.0%

**Preparing for the seasonality of the business.** Seasonality was mentioned by all

four of the participants at different frequencies involving interview question 2 and interview question 5 (see Table 5). Through member checking the participants specified the causes of imbalanced sales linked with seasonality included (a) low temperatures, (b) snowfall, (c) holidays, and (d) the school year. The ups and downs that the participants were exposed to became clear after the monthly cash flows statements were examined (Company Documents 1, January 30, 2015; Company Documents 2, January 31, 2015; Company Documents 3, February 3, 2015; Company Documents 4, February 5, 2015). Three out of the four of the participant's monthly cash flow statements showed negative in the winter season (Company Documents 2, January 31, 2015; Company Documents 3, February 3, 2015; Company Documents 4, February 5, 2015). The negative cash flow highlights the importance of the participants' preparation and knowledge of the seasonality of their small business. Participant 2 stated that due to the winter holidays, Christmas and New Year's, business is slow in the winter season (Participant 2). Participant 3 explained that during the winter months, with frigid temperature and snow, most people do not call on a junk removal service; they wait until the grounds are not covered in snow and the weather is warmer (Participant 3). The very low temperatures and heavy snowfall greatly affect business because people tend to stay home and want to avoid driving on the unsafe roads (Participant 4).

Having and reviewing cash flow statements and profit and loss statements help every year in determining if there will be enough cash to cover expenses during a predictable low season (Participant 4). It is important to maximize your time during the low season by investing in marketing and planning for the high season (Participant 2).

Participant 3 pointed out that it is key to be financially disciplined and not to spend too much money during the high season simply because more money is coming in at that time (Participant 3). Finally, Participant 1 explained the strategy of saving up during the peak season and remaining strict with expenses (Participant 1). In contrast, one participant stated that business during the holiday season; Christmas and New Years is the most profitable months for her bar and restaurant business (Participant 1).

Table 5

*Frequency of Seasons Mentioned*

Source	Reference	Percentage
Participant 1, Interview Question 2	2	44.66%
Participant 2, Interview Question 2	1	27.87%
Participant 2, Interview Question 5	2	9.62%
Participant 3, Interview Question 2	2	52.84%
Participant 4, Interview Question 2	4	28.14%
Participant 4, Interview Question 5	1	3.14%

The interviews and company documents revealed the highest and least profitable months and seasons for each of the small business owners (see Table 6). The monthly cash flow data unveiled that for 75% of the small business owners, three out of four had the highest sales occur during the warm temperature months (Company Documents 2, January 31, 2015; Company Documents 3, February 3, 2015; Company Documents 4, February 5, 2015). And, for those with the highest sales in the warm temperature months,



the lowest sales were in the cold temperature months, the winter season. In analyzing the monthly cash flow statements, only one small business, the Bar and Restaurant business made a profit in the winter season (Company Documents 1, January 30, 2015). The junk removal company and the construction company both had low sales during the winter season due to the low temperatures and snowfall (Company Documents 2, January 31, 2015; Company Documents 3, February 3, 2015; Company Documents 4, February 5, 2015). The daycare center showed low profit in the winter as well, but due to the winter holidays, customers not needing daycare services for their children because many parents were off work or had family in town to watch the children (Participant 2; Company Document 2, January 31, 2015). Each of the participants expressed knowledge about their highest and least profitable months in relation to the seasons in Colorado.

Table 6

*Highest and Least Profitable Seasons According to Cash Flow Documents*

Company Type	Highest	Least
Bar and Restaurant	Fall & Winter	Spring
Daycare Center	Spring & Fall	Summer & Winter
Junk Removal	Summer & Fall	Winter
Construction	Fall	Winter

This study was built upon the general systems theory (von Bertalanffy, 1972). The emergent theme *seasonality*, was consistent with Schwartz and Chandler's (2012) finding that knowing the seasonality factors is necessary to obtain an understanding of the

business and its environment. Knowing all of the seasonality factors as a whole aligns with the general systems theory that suggests understanding of the system as a whole, rather than individual components (Kaine & Crown, 2011). All of the participants expressed an awareness and understanding of their businesses seasonality, based on highest and least profitable months and seasons, this is supported by the existing body of knowledge which indicates seasonality is frequently tied to the seasons of the year found in nature (spring, summer, fall, and winter) (Shields & Shelleman, 2013). The participants discussed the weather in Colorado directly affecting their business. The impact of weather has serious consequences for small businesses (Shields & Shelleman, 2013).

Besides sustaining through the low season, another challenge small business owners have to be prepared for is having to be able to meet the demand for services at peak demand times (Schwartz & Chandler, 2012). Three out of four of the participants have to prepare their employees and supplies for the change from low to high season. Schwartz and Chandler clarified *seasonality risk* is the risk resulting from a product or service that experiences seasonal demand. Seasonal cycles of demand present major problems for small business management (Shields & Shelleman, 2013). One of the participants discussed their strategy in planning for the seasonality of their business by remaining financially discipline during the high season and saving money for the low season (Participant 3) while another participant suggested investing in marketing during the low season (Participant 2). The participant responses are supported by the existing body of knowledge that suggests during the low season, the focus should be on planning,

retaining employees, and preparing in other ways for the high season (Shields & Shelleman, 2013). Proper business planning is vital to survival, the strength of the small business sector, and our economy (Box, 2013).

### **Emergent Theme 2: Passion and Dedication**

The second emergent theme revealed in strategies in sustaining their business beyond 5 years was the *passion and dedication* the participant had to their small business. In addition, (a) leadership, (b) networking, and (c) marketing were mentioned (see Table 7). All four of the participants mentioned their passion and dedication to their small business. The emergent theme *passion and dedication* of the owner will be discussed in detail, including tables, following a discussion on the other three strategies in sustaining their business beyond 5 years mentioned by the participants, which were (a) leadership skills (b) use of networking, and (c) marketing.

**Having good leadership skills.** Leadership skills were mentioned by one participant, as a strategy in sustaining her business beyond 5 years. Continuous encouragement and inspiring her employees make them stay focused, enjoy the job, and work harder (Participant 1). The existing body of knowledge that suggests great leaders inspire and enlist others and they empower others to take action supports this. Furthermore, effective leaders share their power and information to strengthen others (Westcott, 2014). With small businesses, limited delays between problem recognition and action and the short chains of command enable successful managing tactics (Bumgardner et al., 2011). Adaptable and well-developed leadership skills are essential to achieve business success (Buchan, 2011).

**Networking.** Half of the participants mentioned networking as a strategy for success and sustaining their business beyond 5 years (Participant 2 & Participant 4). Participant 2 stated that she always attends local small business meetings and events to meet many new people (Participant 2). Participant 4 utilizes face to face and online networking opportunities and said that she has gained many customers from referrals (Participant 4). The participant responses aligned with the existing body of knowledge, which implies that participating in business networks increases connectivity and collaboration with the marketplace (Miller et al., 2010) and lack of networking attribute to business failure (Franco & Haase, 2010). Furthermore, networking can lead to strong ties that can be used to recruit potential employees, which provides commitment and price advantages (Martinez & Aldrich, 2011).

**Marketing.** Also mentioned was marketing by half of the participants as a strategy in sustaining their business beyond 5 years (Participant 2 & Participant 3). Participant 2 stated she marketed her small business by buying a list and sending out cards to potential customers and handing out business cards at local community events (Participant 2). Another participant markets her small business on different social media sites and was featured on the news, and in the Denver Post newspaper. She also said they donate free services and offer a monthly \$50 gift card drawing for those customers that write an online review on Yelp or the company website (Participant 3). The participants' responses related to Yallapragada and Bhuiyan (2011) that posited marketing and sales are essential for a small business and Jasra et al. (2011) that found marketing strategies was a key success factor.

Table 7

*Strategies in Sustaining Beyond 5 Years*

Participant Mentioned	Number	Percentage of total
Leadership	1	25.0%
Passion and Dedication	4	100.0%
Networking	2	50.0%
Marketing	2	50.0%

**Passion and dedication of the owner.** All four of the participants mentioned passion and dedication, in interview questions 3, 4, and 5; the frequency use varied (see Table 8). Participant 1 explained she is highly dedicated to her small business because she enjoys what she does and cannot imagine not being able to make her own decisions or being managed by someone else (Participant 1). Confirmed by Degeorge and Fayolle (2011) that posited small business owners enjoy the autonomy of choice they have, the decisional freedom. Participant 2 stressed how dedicated she was because her and her husband used their personal money, some of her husband's 401k to start the business (Participant 2). A small business owner has to be optimistic and passionate about their business and if there is any ounce of doubt, it really does get in the way (Participant 3). Participant 4 described dedication through the amount of hours devoted to working at the business each week and that she is passionate about her business growing (Participant 4).

Table 8

*Frequency of Passion and Dedication Mentioned*

Source	Reference	Frequency
Participant 1, Interview Question 3	2	81.05%
Participant 1, Interview Question 4	2	31.09%
Participant 1, Interview Question 5	2	24.66%
Participant 2, Interview Question 3	1	16.50%
Participant 2, Interview Question 4	2	2.05%
Participant 3, Interview Question 3	1	23.89%
Participant 3, Interview Question 4	1	22.62%
Participant 4, Interview Question 3	2	11.18%

The emergent theme of *passion and dedication* of the small business owner is supported by the existing body of knowledge, which indicates that the more passionate one is to their business, the more sentimental they are to their business goals (Tasnim, Yahya, & Zainuddin, 2014). Previous research is consistent that establish small business owners need to maintain the direction of the business, stay involved, and have a passion to see the business succeed (Hunter, 2011). Mangal (2013) explained systems theory is a group of parts arranged in a certain manner that interact with one another to function as a whole. In applying the general systems theory, the small business owners' individual passion and dedication contributing to sustaining as a business, as a whole, aligns with the theory that suggests all parts of an entity contribute to a functioning system (von

Bertalanffy, 1972).

### **Emergent Theme 3: Hiring the Right Employees**

The third theme to emerge was the importance of hiring the right employees to be successful. Two other thoughts the participants shared on being successful included receiving coaching and mentoring when possible (Participant 3), and researching as much as you can before opening a small business (Participant 2 & Participant 3). All four of the participants mentioned obtaining and *hiring the right employees* as a strategy for success. The emergent theme *hiring the right employees* will be discussed in detail, including tables, following a discussion on the other two strategies in being successful as mentioned by the participants, which were receiving coaching and mentoring and conducting research.

**Receiving coaching and mentoring.** One participant decided receiving coaching and mentoring aided in their success (Participant 3). Finding a group of people that are similar is probably one of the most important things that one can do (Participant 3). Mentorship, someone who has done it before you is extremely valuable (Participant 3). Furthermore, Participant 3 discussed that proven to be helpful is getting coaching and consulting, it helps build the business when you have outside eyes looking in to help you figure out what you might need to do (Participant 3).

**Conducting research.** Half of the participants expressed the importance of conducting research prior to opening the business (Participant 2 & Participant 4). Through member checking a participant explained she learned a lot through trial and error and researching and asking questions (Participant 2). Participant 2 gained

knowledge from the previous owner and a friend that owned a daycare center in another state. She emphasized the need to do your homework prior (Participant 2). Researching and reading other peoples' stories; how they do it is important (Participant 4). There are tons of helpful material and sources available, either on the Internet or in books (Participant 4).

Table 9

*Participants' Final Thoughts on Being Successful*

Participant Mentioned	Number	Percentage of total
Receiving Coaching/Mentoring	1	25.0%
Conducting Research Prior	2	50.0%
Hire the Right Employees	4	100.0%

**Hiring the right employees.** Interview question 4 and interview question 5 revealed a high frequency of hiring the right employees (see table 10). Participant 1 stated she often hires family members because they are always a good fit and are comfortable to work with (Participant 1). Participant 2 stated she hired employees from word of mouth, networking, and utilizing Craigslist to search for qualified staff and that she employs a diverse range of employees; and it works well (Participant 2). As pointed out by Martinez and Aldrich (2011) a suitable strategy for a small business that may have problems attracting talent is to use networks to recruit employees.

Through member checking a participant stated hiring and training, and hiring the right fit are big factors in business growth (Participant 3). Hiring for culture is also



important; the small business is successful because they communicate effectively (Participant 3). They meet weekly to discuss goals in terms of revenue and expenses (Participant 3). Participant 4 explained she takes her time when hiring and interviews many potential employees before making a decision, because she only wants to hire like-minded employees (Participant 4). Furthermore, participant 4 believed their success is contributed to every employee working well as a team together and having the same goals (Participant 4).

Table 10

*Frequency of Hiring the Right Employees Mentioned*

Source	Reference	Frequency
Participant 1, Interview Question 4	1	31.09%
Participant 1, Interview Question 5	1	26.74%
Participant 2, Interview Question 4	2	12.05%
Participant 2, Interview Question 5	4	27.87%
Participant 3, Interview Question 4	1	22.62%
Participant 3, Interview Question 5	1	23.89%
Participant 4, Interview Question 5	1	18.91%

In other studies on small business owners, researchers found that hiring family members, hiring diverse employees, (Martinez & Aldrich, 2011) and investing in employee training (Alasadi & Sabbagh, 2015) are strategies for profitability and success. Participant 1 hired family members for her business to be successful, this is supported by

the existing body of knowledge which indicates that family members typically have higher levels of commitment to a business and often fairly knowledgeable of the industry (Martinez & Aldrich, 2011). Participant 2 pointed out the importance of hiring a diverse group. Diverse employees with a variety of experiences can better help businesses build (Martinez & Aldrich, 2011). Participant 3 response related to the existing body of knowledge that confirms it is important for small business owners to recognize that investment in training and development of employees can benefit small firms to make the organizational changes essential to expand and grow (Alasadi & Sabbagh, 2015).

The findings indicate that if small business owners can adhere to three strategies (a) knowing the seasonality of the business, (b) being passionate and dedicated to the business, and (c) hiring the right employees they may be able to achieve profitability by the end of the first 5 years of opening their business. The conceptual framework for this study was general systems theory. By using a systems approach, I identified and prioritized the strategies that might contribute to small business owners achieving profitability by the end of the first 5 years of opening their business. The findings indicate that one strategy alone is not enough for small business owners in achieving profitability by the end of year 5 of being in business, which aligns with general systems theory, because general systems theory requires numerous factors working together as a whole to ensure success (Drack & Schwarz, 2010). The three emergent themes that were discussed were the seasonality of a small business, the passion and dedication of the owner to their small business, and hiring the right employees. Understanding of common themes and patterns leads to solutions from a better understanding of the problem as a whole

(Mehrjerdi, 2011).

### **Applications to Professional Practice**

The seasonality of a small business, the passion and dedication of the owner to their small business, and hiring the right employees findings are relevant to the professional small business practice. Small firms are significant in job creation; however, they are inherently unstable and have a high exit rate (Haltiwanger et al., 2013). The data from the participant interviews and company documents revealed strategies for profitability that have the potential to aid small business owners in numerous ways. The findings revealed in the study were added to and built upon existing literature. The findings acquired from the study have the potential to improve business practice by educating future and current small business owners on profitability strategies. Small business owners may review (a) the seasonality of a small business, (b) the passion and dedication of the owner, and (c) hiring the right employees and implement strategies to follow these emergent themes to be profitable by year 5 of business. Small business owners in Colorado employ 49.2% or 962,232 of the state's private workforce (SBA, 2014).

Small business owners that remain dedicated and passionate about their business and hire the appropriate employees might sustain beyond 5 years and be profitable. Furthermore, small business owners that recognize the importance and need to understand the seasonality of their business might have an advantage in being profitable and sustaining beyond their first 5 years of being in business. Comprehending the seasonality of their future or current small business might aid in timing inventories,

staffing, and other decisions that correspond with the expected seasonality (Shields & Shelleman, 2013) as demonstrated in the findings with participant interviews and company documents. In turn, (a) the owners and their families benefit from the income of the business, (b) the employees keep their jobs, and (c) the community and the economy improve. Small businesses significantly affect Colorado's economy (SBA, 2014).

### **Implications for Social Change**

In the United States, small businesses are the source of most job creations (SBA, 2014). The small business sector is the fundamental engine of innovation, jobs, and growth (Gale & Brown, 2013). The SBA discovered only around half of all new small businesses survive 5 years or more and about one-third survive 10 years or more (SBA, 2014). Results of this study (a) knowing the seasonality of the business, (b) being passionate and dedicated to the business, and (c) hiring the right employees offer small business owners a glimpse of current strategies taken by other small business owners to achieve profitability by the end of the first 5 years of opening their business.

Many start-ups fail in the first years following entry, about 47% of the jobs created by start-ups are eliminated in the first five years (Haltiwanger et al., 2013). Small businesses are critical to the health of the United States economy as they account for approximately 50% of all jobs and 99% of all firms (Labeledz & Berry, 2011). Small business failure results in loss of income and employment for the owner, the employees, and their families. The finding may effect social change if a small business owner may review the findings from this study and implement strategies for sustaining seasonality, remaining dedicated and passionate, and ensuring they hire the right employees to sustain

and be profitable. If the small business owner sustains and becomes profitable it will contribute to the prosperity of their employees, their families, communities, and the local economy.

### **Recommendations for Action**

The purpose of this qualitative descriptive multiunit case study was to explore and reveal what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. Small businesses make up about half of private sector output, employ more than half of private sector workers, and produce a large share of new jobs (Byrd, Ross, & Glackin, 2013). Potential future and current small business owners should pay attention to the results because they can benefit from the finding of the importance of knowing the seasonality of your business, remaining dedicated and passionate about your small business, and hiring the right employees. In addition, I recommend the Colorado Small Business Development Center Network (SBDC) and the SBA Colorado district branch should pay attention to the results and share the results with potential future and current small business owners. I will provide the participants with an overview of the results and findings. I will advise the participants that the complete doctoral research study will be published if it is of interest to them to read. My final recommendation is not only for local small business owners in Denver, Colorado, but small business owners in other states in the United States to pay attention to the results and findings.

### **Recommendations for Further Research**

In this qualitative descriptive case study, the primary limitation was the sample

size of participants. Recommendations for further study include a study involving a larger sample size of participants. Data saturation was achieved after interviewing four participants in this study. Data saturation involves continually adding new participants into the study until the data set is complete, as indicated by redundancy or data replication (Marshall, Cardon, Poddar, & Fontenot, 2013). A study based in a different geographical location, other than Denver, Colorado is recommended. Researchers should also study a specific industry of small business owners. Also, a study conducted over a more extensive period of time is recommended. I further suggest studies regarding the seasonality of organizations. This study was limited to small businesses in one state in the northwestern U.S. where weather ranges from very cold to hot throughout the calendar year. Additional insights could be gained by studying small business seasonality issues in a demographic with a warmer year-round climate. This study was based on a qualitative research method with a case study design; other methodologies and designs should be considered for further research on small business profitability strategies.

### **Reflections**

My experience within the DBA Doctoral Study process was a great learning experience. I have gained great knowledge about small businesses in the United States and specifically small businesses in Denver, Colorado. As the researcher, I did all I could to minimize error and researcher bias (Leedy & Ormrod, 2013). I followed the interview protocol (Appendix C) and I mitigated any bias and preconceived notions I may have had before the interviews. I facilitated a state of epoche during the interviews. I also did not personally know the small business owners to mitigate personal bias and I controlled

reactions to the interview responses to mitigate bias.

In interviewing and communicating with the participants of this study, I have changed my way of thinking somewhat about small business owners. I never realized the amount of effort, time, and energy they put into their small business. Their strong passion and dedication was inspiring. I am also more inclined to shop at small businesses after conducting this study, therefore supporting the owner, their employees, their families, giving back to the community, and improving the economy.

### **Summary and Study Conclusions**

The purpose for this qualitative descriptive multiunit case study was to explore what strategies small business owners used to achieve profitability by the end of the first 5 years of opening their business. I collected data using methodological triangulation of two data sources. Semistructured interviews with four small business owners was conducted to obtain the first set of data. The secondary data consisted of company profit and loss statements and yearly cash flow documents that pertain to profitability. Saturation was reached when the data became repetitive and no additional information was added (Walker, 2012).

After I coded and analyzed the data, three main themes were revealed. I linked the analysis of each emergent theme back to the literature, the existing body of knowledge, and general systems theory. My findings of the study were clear in suggesting that (a) knowing the seasonality of a business, (b) being passionate and dedicated to a business, and (c) hiring the appropriate employees may be critical to the success and profitability of small businesses sustaining beyond 5 years of being in business.

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## Appendix A: Participant Consent Form

You are invited to take part in a research study on successful small business owners in Denver, Colorado to determine what strategies small business owners use to achieve profitability by the end of the first 5 years of opening their business. The researcher is inviting small business owners that have sustained and been profitable for 5 years or longer in Denver, Colorado. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

A researcher named Denise Gandy, who is a doctoral student and faculty member at Walden University, is conducting this study.

### **Background Information:**

The purpose of this study is to explore what key factors contribute to small business owners achieving profitability by the end of the first 5 years of being in business.

### **Procedures:**

If you agree to be in this study, you will be asked to participate in one, approximately 25 minute audio recorded interview, supply company documentations (profit & loss and cash flow statements) for collection, and perform member checking of the results. You will be provided the results and findings via e-mail.

Here are some sample interview questions:

- What strategies have you used to be profitable?
- What are the key strategies you have used to sustain your business past the first 5 years?
- What has the profitability of your business brought to you, your employees, your family, and the community?
- What else would you like to share about your experiences of becoming a successful small business owner?

### **Voluntary Nature of the Study:**

This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. No one at Walden University will treat you differently if you decide not to be in the study. If you decide to join the study now, you can still change your mind later. You may stop at any time.

### **Risks and Benefits of Being in the Study:**

Being in this type of study will not involve any risks of discomforts. Being in this study would not pose risk to your safety or well-being.

Potential benefits of this study include providing new insights and better preparing small business owners in starting and achieving profitability of their small business past the first 5 years.

**Payment:**

There is no compensation or gifts associated with participating in this voluntary study.

**Privacy:**

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name, organizations name, or anything else that could identify you in the study reports. Written data will be kept secure in a locked cabinet drawer and electronic data will be kept secure on a personal, password-protected, external hard drive. Data will be kept for a period of at least, but no longer than 5 years, as required by the university.

**Contacts and Questions:**

You may ask any questions you have now. Or if you have questions later, you may contact the researcher via e-mail at Denise.Gandy@WaldenU.edu. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 612-312-1210. Walden University's approval number for this study is **01-28-15-0246512** and it expires on **January 27, 2016**.

Please print or save this consent form for your records.

**Statement of Consent:**

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By replying to this email with the words, "I consent", I understand that I am agreeing to the terms described above.

## Appendix B: Permission to Utilize Interview Questions

From **Frauke Schorr, PhD** (frauke@centered-leadership.com)  
Sent: Tue 6/17/14 9:21 AM  
To: Denise Gandy (gandydenise@hotmail.com)

Hi Denise -

Sure, have my permission to use the interview questions. Are you using Moustakas' transcendental phenomenological approach or are you selecting another one?

Let me know when you can share findings. I am very interested in your insights!

Frauke

Frauke Schorr, Ph.D.

Centered Leadership Institute™  
W: +1 650.539.5553 | C: +1 650.430.1332 |  
[www.centeredleadershipinstitute.com](http://www.centeredleadershipinstitute.com)

From: **Denise Gandy** (gandydenise@hotmail.com)  
Sent: Tue 6/17/14 7:48 AM  
To: Frauke Schorr, PhD (frauke@centered-leadership.com)

Hi Frauke,

Nice to meet you as well! Thanks for your quick response. I am conducting a qualitative phenomenological study, in which I will complete interviews with small business entrepreneurs and wanted to ask permission to use your instrument (interview questions) for my doctoral research study from your dissertation (2008) titled: *Becoming A Successful Entrepreneur - A Phenomenological Study*. Your interview questions align with my proposed study and central research question.

I am exploring key success factors that contribute to small business

entrepreneurs sustaining beyond their first 5 years of being in business in Central Colorado.

Regards,

Denise Gandy, MBA; DBA Candidate  
[Denise.gandy@waldenu.edu](mailto:Denise.gandy@waldenu.edu)

From: **Frauke Schorr, PhD** (frauke@centered-leadership.com)  
Sent: Mon 6/16/14 8:42 AM  
To: gandydenise@hotmail.com; gandydenise@gmail.com

Hi Denise -

Nice to (virtually) meet you. Always exciting to meet a fellow entrepreneurship researcher! Would love to hear more about your research focus and approach.

To clarify: The research instrument I used is by Clark Moustakas. I did adjust the frame a bit - is that what you are seeking permission for? Or are you interested in using the questionnaire? I did develop that myself.

Thanks,  
Frauke

Frauke Schorr, Ph.D.

Centered Leadership Institute™  
W: +1 650.539.5553 | C: +1 650.430.1332 |  
[www.centeredleadershipinstitute.com](http://www.centeredleadershipinstitute.com)

From: **LinkedIn Connections** (connections@linkedin.com)  
Sent: Fri 6/13/14 3:44 PM  
To: Denise Gandy, MBA, DBA Candidate (gandydenise@hotmail.com)

Hello Dr. Schorr,

I've read your dissertation on entrepreneurship, excellent! I'm currently working on my doctorate and my proposed research study topic involves small business entrepreneurs in Central Colorado. I wanted to send you an official e-mail asking your permission to use your instrument. I noted your [fschorr@yahoo.com](mailto:fschorr@yahoo.com) e-mail

in the dissertation, but know that is from 2008 and may not be your preferred e-mail now. Would you kindly provide me with your e-mail address you would like me to write you for permission to use your instrument and I can tell you a little more about my topic!

Thanks,  
Denise Gandy, MBA, DBA Candidate  
[gandydenise@gmail.com](mailto:gandydenise@gmail.com)



### Appendix C: Interview Protocol and Questions

- I. Introduce self to participant(s).
- II. Present consent form, go over contents, answer questions and concerns of participant(s).
- III. Give participant copy of consent form.
- IV. Turn on recording device.
- V. Follow procedure to introduce participant(s) with pseudonym/coded identification; note the date and time.
- VI. Begin interview with question #1; follow through to final question.
- VII. Follow up with additional questions.
- VIII. End interview sequence; discuss member-checking with participant(s).
- IX. Thank the participant(s) for their part in the study. Reiterate contact numbers for follow up questions and concerns from participants.
- X. End protocol.

#### Interview Questions

The following interview questions by Schorr (2008) were modified with permission (Appendix B) for this descriptive qualitative case study. Question 1 was an initial probe question, Questions 2-4 were concept questions, and Question 5 was a wrap-up question.

1. Tell me about your professional and educational background and do you believe your professional and educational background prepared you for ownership of a small business?
2. What strategies have you used to be profitable?
3. What are the key strategies you have used to sustain your business past the first 5 years?
4. What do you believe the profitability of your business has brought to you, your employees, your family, and the community?
5. What else would you like to share about your experiences of becoming a successful small business owner?