Designing Small Business:
A User-Centered Study of Needs, Resources, and Tools

by
Lynelle Grimes

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of the Requirements for the Degree
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Graduate Supervisory Committee:

John Takamura, Chair
Sidnee Peck
Peter Wolf

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ABSTRACT

Industrial design is the practice of creating solutions by studying people and businesses. Originally centered on development of goods, industrial design uses methods rooted in human behavioral study, human factors, and strategic problem solving. As our economy and professional practice shift away from manufacturing towards a service-dominant landscape, industrial design must align its profession to formally include service design. The small service business setting is a microcosm in which the value of design and branding in business is magnified. This research reinforces design's ties with services marketing and business and is dedicated to finding solutions for the backbone of our economy.

Micro-businesses with fewer than 20 employees often lack the sophisticated management, marketing, and strategies that bring about success. Despite the fact that 70% to 80% of small and micro businesses are service based, little research is dedicated to unique strategies for these small service firms. Research has shown that using strategic business design increases small business success. Given high small business failure rates, it behooves entrepreneurs to use intuitive planning tools that are appropriate for the dynamic startup years. When put within reach and context of small business owners, the tools used in design draw a clear map of insights into the "design" of small businesses. Through a literature review, interviews, and a new workshop method, the needs of small business owners and the challenges they face are used to design and implement an accessible, actionable strategic toolkit for small service businesses.

This simple, interdisciplinary toolkit was designed with the goal of increasing the efficacy and likelihood of ongoing strategic business planning through context-specific, instrumental activities. The tools are shown to help a business owner form pragmatic, iterative problem-solving approaches that allow the business owner to plan in the face of uncertainty and find insights into her own business, brand, and services.
ACKNOWLEDGMENTS

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Chapter 1

INTRODUCTION

1.1 Problem Statement

How does design affect small service businesses? How do design approaches and methods ultimately benefit businesses in overcoming their service challenges? There has been considerable momentum for using design’s creative thinking and organizational behaviors to spark innovation and ignite collaboration. Design has been used to inject business models, consumer research, product development, and corporate organizations with curiosity, opportunism, and renewed sense of purpose. However, in order identify the real impact design can have on business, one must peer through the shiny outer packaging of “design thinking” into the tools for creativity, pattern-finding, and idea construction. As a field, design is defined both by its adaptation of using social science tools to discover consumer insights as well as its transformation of those tools and insights into rapid and effective methods which are appropriate for the accelerated timelines and the constrained budgets of the business world. With the momentum ebbing in the wave of design thinking and the locus of product design shifting to the newly sophisticated offshore manufacturing hubs, design is in need of some identity alignment. The former goods-based economy is now service-dominant and becoming more so, which all leaves the business world to question, “what is the real impact of design on business?”

This study will use the microcosm of small service businesses to reveal and discuss the impact design can have on small business branding, marketing, and services. This research examines the unique qualities, behaviors, and characteristics of small service businesses in order to promote strategic planning that is more effective, widespread, and befitting of small businesses through the use of a new tool kit adapted from service design, industrial design, marketing, and strategic planning. Small businesses have extremely low rates of using business planning, strategic planning, or
brand management in their businesses. The US Small Business Administration (SBA) has made it a priority to promote planning in order to increase small business startups and sustainable small businesses, but though the body of research on small business has grown, it is challenging to create sweeping recommendations that are applicable across this diverse, heterogeneous group. In order to develop better strategies for strong small businesses, new research must focus on breaking the vast small business population into smaller sections by size and industry in order to address their individual characteristics. Small service businesses are the powerful sector in the economy representing roughly 80 percent of total small businesses and providing over 40 million jobs (SBA.gov “Data Tables”, 2011). Of these small service firms, four million are micro service businesses with fewer than 20 employees. They benefit from low entry barriers, low overhead costs, and operational simplicity but they also lack the physical goods, differentiation, and strong organizational structures that create strong brands and strong management. Small service businesses face challenges and opportunities that are unique from other small businesses because of the intangible, heterogeneous, and the perishable nature of services. Services are the fastest growing segment of the economy and small service businesses face intense competition and rapidly changing market and global forces. This thesis employs a growing body of industry- and size-specific small business research that is aimed at devising more specific theories and strategies for small service businesses. This study examines new developments in small service business research and in the emergence of design thinking and service design as strategic tools for business. However, a fundamental issue acknowledged by many authors is the disconnect between academia’s proposed theories and strategies for small businesses and the practices and resources they adopt in the real world.

This study draws on design’s user-centered focus and business-appropriate methods to act as a bridge between small business strategic planning theories and practices. By first discovering the needs of small service business owners and their use
of resources and planning methods, those findings can then act as guide for the resulting strategic toolkit. Using a qualitative approach and grounded theory strategy, this study inquires about methods in industrial design, services marketing, and business, and proposes a new toolkit for managing customer experience, brand, and services in small service businesses. This toolkit pairs the action-oriented, relationship-based, and innovative qualities of small service business owners with an iterative, intuitive set of design tools that can be easily adopted and employed in their small businesses.

1.2 Research Topics and Questions

As grounded theory research, a large range of topics and questions must be used as a basis for theoretical development. This thesis is guided by exploration of the following:

1.2.1 Design Methods and Approaches in Business

- What are the common methods used in design research and practice?
- How do design methods capture, create, and differentiate between products, services, and systems solutions?
- What and how does a design approach contribute to business?

Justification

As design research and a design based thesis, the topic of design is a central theme throughout the study. The internal consensus within design fields and education is that design is a research and systems based field but these topical questions attempt to back that consensus with candid descriptions of design methods, design theories, and the external views of the design field. Finding out how design impacts products, services, and businesses is the key question and goal of this study.

1.2.2 Small Service Businesses

- What are their unique characteristics, strengths, and weaknesses?
- What barriers and challenges do they face in business and strategizing?
• How do small businesses view business planning and strategic planning?

**Justification**

As the target user group of this study, defining the characteristics of the small service business population is paramount to beginning the research into their deeper needs analysis. Comparing observed versus extant views of strategy barriers and business challenges is the basis for finding ways that design can impact their planning behaviors, marketing, and service experiences. Because even the seemingly perfect design solution is not viable if a user group will not adopt it, understanding small business owners’ current views and planning behaviors is a key constraint in posing design methods as a strategic planning solution.

**1.2.3 Planning in Business**

• What types of planning and planning tools exist in business research and how do those theories and tools relate to small businesses?

• To what extent are tools and theories adopted and used in small businesses?

• What business research supports or contradicts evidence of design's impact on business, strategies, and tools?

**Justification**

As the primary problem being explored in this study, this topic is meant to build a foundation of business research and then compare small business owner characteristics and findings to this baseline in order to reveal opportunities for new solutions. Recent impetus in design as an innovative, strategic force in business prompts questions as to what business tools and theories are and how they are different from design. To understand the momentum behind design approaches in business, it is important to understand business’s stance on design and whether design’s approaches for business have been validated or contradicted by the business community.
1.2.4 Services Marketing

- Why is services marketing a unique proposition for a small service business over traditional marketing?
- How can/do small firms market themselves and what challenges do they face?
- What competitive advantages can small businesses leverage through marketing practices that are uniquely appropriate for them?

**Justification**

As a forerunner of the service design field, services marketing provides the baseline for the bulk of research on service design and its ties to the business world. Marketing practices and messages are embedded in the development of services, products, and systems making marketing an important part of any design process.

Services marketing provides a specialized approach to services which uniquely informs the practices and tools which are used to guide and market service experiences. In order for the marketing strategies to be customized for small business, they in turn must be informed by small service business owners needs, challenges, and current practices.

1.2.5 Service Design

- What overarching Services Marketing theoretical constructs guide Service Design as it is defined in that discipline?
- What methods and constructs do service design and design share?
- How can service design tools be used by business owners in small business settings?

**Justification**

Service design is the shared theme and bridge which connects the isolated paradigms of design, services marketing, systems engineering, and business. Because it is innately part of the systems approach used in design but
has not been explicitly defined in design research, service design is examined through services marketing. As the strategic focus and solution provided by this research, service design tools must be examined with respect to design’s philosophy, design’s methods, and small business owners’ needs and capabilities.

1.3 Conceptual Framework

Because business, services marketing, and industrial design each approach the tools and theories of service design in their own way, each field contribute to a comprehensive review of service design tools. Although these three fields may not use the term service design to designate these theories and methods, each field still deals in its own way with customer experience, service innovation, business model innovation, marketing, and branding, and these are all constituents of service design. These various elements of service design were then filtered to fit the needs and qualities of small service business owners through a user-centered study. Finally, a final toolkit was
informed by all of the prior variables and reframed within the context of currently operating small service businesses.

1.4 Scope

The focus on small service business strategies serves two purposes: it targets an under-researched but economically dominant area; and it narrows the scope of the otherwise formidable challenge of discussing parallel theories and methods in three vast disciplines in academia. This research discovers needs, resources, and tools that can be employed in micro and small service businesses from the fields of industrial design, services marketing, strategic planning, and traditional marketing. Parallels between the predominant theories and methods in these academic fields are explored as they pertain to small service businesses. These parallels are explored based on how they act as a springboard for future research in service design and how they apply in practice through small business design and brand consulting.

1.5 Limitations

In studying each of the streams of scholarship included in this research, it is clear that there is significant discourse and ongoing theoretical exploration at the peaks of each field. The aim of this study is to first survey a broad base of the literature to provide a reader with the basic foundation, which is used to form the subsequent study and its insights. It would be nearly impossible given the confines of a graduate career to explore each field objectively and thoroughly. The research is presented through the researcher’s eyes and experience as a designer, researcher, and student. As the research tool, despite the heartiest attempts at objectiveness, the researcher still brings her own lens to the data collection, data analysis, and conclusions of this research.

Design, Services Marketing, Engineering, and Management Science are all mired in overlapping definitions and academic constructs of entrepreneurship, marketing, entrepreneurial marketing, service design, planning science, and services (Jones, 2010; Kimbell, 2011). Analysis of these constructs is beyond the scope of this research. In fact,
the possible depth and complexity of the subjects herein are one of the primary reasons that a practice-based approach and a focus on small service business owners is used as a limiting constraint in the overall approach of this research. This narrow focus is a relevant approach to tying academic inquiry to practical results. Small business owners, regardless of their education and expertise, are resource and time poor, meaning they are always looking for ways to absorb and utilize relevant knowledge and sift through meaningless knowledge in less time. Although business research provides a highly-studied and intellectual position on business strategies, parallel studies of entrepreneurship and service design in the disciplines of design, services marketing, and entrepreneurship should be investigated more collaboratively to advance the body of knowledge within each. At the industry level, collaboration and simplification of these high level topics is crucial if any of the relevant insights from academia are to trickle down to small business practice.

The use of small samples and qualitative methods are advantageous only given the unique dynamics of the salon industry and small business owner characteristics and are an important limitation in this study. While compelling, the results from this study cannot be generalized without further research. The special dynamic between employees, owners, and clients that provides a support and advice network to the business owner is likely to be found in other similar small service businesses but there is no research to explicitly support this. The workshop method is appropriate for the dynamic that was observed in the semi-structured interviews but may not be applicable outside of this industry, business size, or distribution format. The small size of the study limits the extensions of the data’s conclusions outside the scope of this research. It is also important to note that the success of these tools on the continued sustainability of the business is not concluded in this study. For the impact of the techniques herein to be judged on their effect on the long-term success of the business, a very large sample and longitudinal study would be needed.
Although a new method of combining a workshop and focus-group in a co-design setting between owners, employees, and clients as posed, it is only at a primitive stage in development. As in all qualitative studies, the participants selected, the materials provided, and the facilitator weigh heavily on the results gathered. This research was also designed to compose a new tool-kit for small service business owners but not to test its effectiveness. Large sample quantitative studies based on survival rates, case studies, questionnaire-based, and longitudinal studies are the need to generalize the applicability of this tool kit to business owners and other industries.

1.6 Goals

A design research lens is used to investigate business strategy, service design, and entrepreneurship. By taking a qualitative look into small business owners’ successes and struggles, this research seeks unique and surprising insights that can help current and nascent small business owners design more sustainable service businesses. Many prescriptive tools already exist to assist and persuade small business into planning behaviors but the unique contribution of the design research lens is the ability to focus on the real needs and abilities of the small service business population. The designer’s lens also provides a unique way to review the qualities and barriers inherent in the target user group as a metric to compare and calibrate the existing methods in strategic planning, service design, and industrial design. This user-centered approach is the key to redesigning a final tool kit that is actually likely to be adopted into the real world practice of small business owners who do not currently use traditional planning methods in their businesses.

A secondary goal has also formed for this research throughout the research process. There is a need for service design to be formally introduced into the paradigm and vocabulary of industrial design in order to enhance dialog between the fields which independently practice and inform service design. Research that ties the different threads of service design have begun at the fringe of these fields but it is important for design
education and the design profession to embrace service design and research
collaboration in order to continue to foster the contemporary view of design as a
meaningful, research-based field.

1.7 Definitions
In order to specify the scope and limit the debate of theoretical constructs
between the fields being studied, some general definitions will be used to guide and limit
the research.

1.7.1 Small Business: A Mélange.
A significant limitation of most research regarding small businesses is the lack of
clarity in the definition of a small business across nations, decades, and academic
literature (McCartan-Quinn & Carson, 2003). The bulk of studies regarding small
businesses and specifically the role of brands and marketing in small businesses is
growing. The majority of studies appear to come from Europe and Australia which both,
recognizing the unique challenges and opportunities within small businesses adopted
more specific classifications in 2005 and 2009 respectively for small businesses than the
definition of a small business, though universally based on the number of employees and
annual revenue, greatly varies across the European Union, the United States Small
Business Administration (SBA), and the Australian Bureau of Statistics (ABS). The
European Union Commission’s most recent classification was implemented in 2005 and
is generally used for determining State aid and funding for research and technological
development although academic researchers generally also follow the classifications
offered (EU “Small and medium,” 2012). Because government-defined classification
parameters for small business sizes have changed fairly recently, even studies within the
same country or governing body may use different categorizations; for instance, studies
prior to 1995 in the EU used the term small or medium enterprise (SME) in reference to
businesses with less than 500 employees while some EU member states define their own
parameters.
Before design and strategic planning’s possible impact on business can be examined, the parameters of this group must first be properly defined. The wide difference in small business classification clearly inhibits studies from being broadly generalized and cross-referenced across disciplines. However, a loose definition of small business is accepted in this research because of the qualitative nature of the study and the narrow focus on the challenges in strategic planning that are faced by any small businesses which could be considered less sophisticated organizations or those whose owners’ “omnipresence creates a highly personalised management style” (McCarten-Quinn & Carson, 2003). This research uses the business terms “nascent” and “on-going” to describe pre-start ventures and existing ventures, respectively. The data collection of this study will specifically target micro businesses with 5-25 employees, but because of the literature’s varied categorization of size and industry secondary research will be based on the US SBA’s broader definition of 0-500 employees.
Table 1

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<thead>
<tr>
<th>Locale</th>
<th>Business Size Classification</th>
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<tr>
<td>EU</td>
<td>Microenterprise</td>
<td>1 - 9 Employees and/or &lt; €2 million annual turnover</td>
</tr>
<tr>
<td>EU</td>
<td>Small enterprise</td>
<td>10 - 49 Employees and/or &lt; €10 million annual turnover</td>
</tr>
<tr>
<td>EU</td>
<td>Medium-sized enterprise</td>
<td>50 - 249 Employees and/or &lt; €50 million annual turnover</td>
</tr>
<tr>
<td>ABS</td>
<td>Small Business</td>
<td>5 - 15 people</td>
</tr>
<tr>
<td>ABS</td>
<td>Micro Business</td>
<td>0 - 5 people</td>
</tr>
<tr>
<td>ABS</td>
<td>Medium Business</td>
<td>&lt; 200 people</td>
</tr>
<tr>
<td>US-SBA</td>
<td>Small Business</td>
<td>&lt;500 employees</td>
</tr>
<tr>
<td></td>
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<td>Earning limits vary by industry</td>
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1.7.2 Entrepreneur

Entrepreneur can be equally as nebulous a term. Defined broadly as “one who organizes, manages, and assumes the risks of a business or enterprise,” (“Entrepreneur,” n.d.) the term entrepreneur is irregularly defined. While it is often considered synonymous to ‘small business owner’ its meaning also extends a more aggressive connotation regarding the subset of small business owners who are viewed as pursuing leading technology, starting very high growth or high innovation business, or who are taking initiatives to create value while accepting risk (Hisrich, Peters, & Shepard, 2005). The terminology referring to small business owners within this study is used interchangeably unless otherwise specified. In this research, the reference to small business owners is used in regards to owners who could benefit from strategic planning and may lack formal management education or who have less sophisticated business models. Small
businesses are also often resource poor firms, which Welsh and White (1981) define as small sales, few employees, and smaller assets. This broad definition of small business owner is based on extant consensus that small businesses begin to reveal lower levels of strategic refinement and planning behaviors as the size and complexity of the business decreases (McCarten-Quinn & Carson, 2003).

1.7.3 Industrial Design

Design research regularly participates in the redefinition of the design process away from the stand-alone object and into the integrated system. Designers of all stripes regularly lament that they are seen by the rest of the world as stylists—pseudo-professionals brought in to smooth the edges, improve the palette and make the medicine go down more easily. (Lunenfeld, 2003)

Industrial design has transitioned from a goods-based applied art, to a problem-solving approach, and finally to an enquiry-driven, problem-seeking field. Industrial design long ago moved beyond a field of applied aesthetics to a practice that creates tangible brand extensions and discovers insights into intangible experiences through user-centered research and manipulation of value (Boradkar, 2010). All design disciplines share a user-centered focus and some degree of gravitation toward semiotic principles but industrial design most strongly embraced these principles with the enduring integration of ‘product semantics’ into product design practice. Industrial design likely evolved the more aerial perspective of the value embedded in both tangible and intangible product-user interactions because of sheer the quantity of mass-produced products and our rooted cultural fixation on artifacts (Boradkar, 2010). Most recently, design has appeared as an even loftier strategic systems thinking approach for business and innovation, termed ‘design thinking.’ So lofty is it, in fact, dialectic in the theoretical construct of design’s distinctive strategic approach is unsettled as to whether design thinking is a ‘problem-seeking’ or ‘problem-solving’ approach. The crux of the debate is that the more narrow ‘problem-solving’ approach implies that a problem must be
identified to begin with whereas an enquiry-driven construct can find opportunities where a problem has yet to be defined and thus has even broader application (Wormald, 2011).

While design’s position as either a problem-solving or problem-seeking discipline is under active reform by scholars and practitioners, its particular way of approaching and organizing nebulous queries is catching on in diverse managerial and organizational business applications (Kimbell, 2010).

The contributions of Design Thinking to the field of design and to society at large are immense. By formalizing the tacit values and behaviors of design, Design Thinking was able to move designers and the power of design from a focus on artifact and aesthetics within a narrow consumerist marketplace to the much wider social space of systems and society. (Nussbaum, 2011, para 8)

Herein, the term design will be broadly used in reference to the behaviors which beget creativity, primarily in industrial design but also in fellow design disciplines. This research will define design by its focus and approaches towards strategic thinking, problem solving, and value rather than just its technical capacity for the physical design of products.

1.7.4 Strategic Planning

Strategic planning is a process that uses “a logical and comprehensive approach to preparing intelligently for the future [which] requires completing certain tasks before proceeding” (Van Kirk & Noonan, 1982, p.4). A strategic planning guide is meant to be flexible, adaptable, and useful and may provide a framework for planning years into the future. Van Kirk and Noonan provide eight steps in their strategic planning guide:

1. Establish a clear-cut business definition.

2. Understand the current climate.

3. Set appropriate objectives.

4. Select strategic alternatives.

5. Prepare the strategic plans(s).
6. Execute the plan skillfully.
7. Provide the accurate controls.
8. Provide for contingency planning. (1982, pp. 4-7)

According to these and other strategic planning authors, the written business plan is only one output of the strategic planning process but because the strategic planning process is so intellectually demanding and complex for a small business owner facing significant unknowns, the written business plan often becomes a substitute for more comprehensive strategic planning, if the business plan is ever even written at all (Sexton & Van Auken, 1985). Despite the fact that the internet provides new information and planning tools which can be quickly researched and adopted by business owners, new studies of written planning and strategic planning still find that planning in general is infrequent in small businesses (Perry, 2001; Bewayo, 2010).

1.7.5 Business Planning

“To most business consultants, educators and lending/financing authorities, the business plan is the ultimate in pre-start-up preparations” (Bewayo, 2010, p.15).

According to the U.S. Small Business Administration:

A business plan precisely defines your business, identifies your goals, and serves as your firm’s resume… It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals. (http://SBA.gov, n.d.)

Despite the fact that business plans are loosely interpreted and constructed documents in practice, extant views among business academics support that marketing research, marketing plans, and a general emphasis on marketing is at the heart of even the barest business plan’s goals (Bewayo, 2010). Although many outlines are provided by various resources, including the SBA (see appendix A & B), the content, purpose, and
usefulness of the business are only as good at the strategic planning processes behind it (Bewayo, 2010; McCarten-Quinn & Carson, 2003; Mullins & Komisar, 2010). The same goes for SWOT (strengths, weaknesses, opportunities, threats) analyses. Brinkmann, Dietman, and Kapsa (2010) found that “planning euphoria” around business plan documentation in the U.S. has superseded the value offered by the planning process and that poor business plans can actually mask otherwise obvious solutions and limit the agility of firms whose owners are hesitant to react outside of the business plan’s predetermined script. Mullins and Komisar (2010) claim that the business plan as a written document is outdated and many other authors agree that the written document has become an unfortunate focus of what was intended to be an exercise in deeper, objective thinking (Burke, Fraser, & Greene, 2010).

1.7.6 Service Design

Saco and Goncalves (2008) analyzed the new discipline of service design for Design Management Review saying that it “not only accepts that service is different, but also acts on this premise by employing features that include co-creation, constant reframing, multidisciplinary collaboration, capacity-building, and sustaining change” (pp. 10-11). The authors highlight the disparate terms for the similar academic strains: Service science, service engineering, service design [italics in original] ... although not interchangeable, these are all terms for an emerging discipline that attempts to join the worlds of business, design, change management, and the service economy for a multi-sided approach to the introduction and sustainability of services. Though manufacturing as been the dominant logic in the business world for most of the twentieth century, this panorama is changing quickly as the service sector becomes ever more prevalent, comprising 70 percent to 80 percent of GDP in many developed countries. (Saco & Goncalves, 2008, p. 10)

Much like in product design, strategy, branding, distribution, and marketing are embedded parts of the development process. Perhaps its strongest research base,
service design is part of the services marketing paradigm which considers the unique aspects of marketing as they relate specifically to services. Although many of the tools of service design are the design methods drawn from social science, design is far behind other academic disciplines in embracing and growing its own body of service design research (Saco & Goncalves, 2008).

1.8 Significance

As a practice-based field, industrial design is defined by its composition of iterative, strategic tools and user-centered research methods for experience design but it is absent the over-arching scientific foundation that is found in services marketing, engineering, and business management (Edman, 2009). Although leading product design firms like IDEO and Ziba are recognized professionally for their interdisciplinary approaches and service design, service design is still not embedded lexicon in design disciplines and a deficit persists in the body of service design research generated by design disciplines. Design has long taken a broad systems based approach which does not distinguish between goods and services but with the economy shifting towards services and product design moving closer to overseas manufacturing hubs, it is imperative for the design field to update its academic and professional paradigm to formally to reflect its innate service capabilities.

Small businesses employ almost half of U.S. workers and make up 99.9% of firms, but due to their diversity, little research is dedicated to them. The volatile market conditions and high failure rates of small business make them difficult to track for quantitative and longitudinal studies. Since the 2008 recession, small business startup rates, and thus small business job creation have dipped 12% while small business closures have spiked (Small Business Facts, 2012). Because of the huge number of small businesses and their huge impact on employment, innovation, and the economy, even a slight reduction in the percentage of failure rates can be a boon to local communities and the U.S. economy (Perry, 2001).
Industrial design methods are ideal for aligning complex constraints to highlight solutions. When put within reach of small business owners, these methods can be used to design small businesses. As our economy and profession shift toward a service-dominant landscape, service design must be included in our scope. This study builds service design research in the field of industrial design and targets an under-served area: distinct methods for small service businesses.

1.9 Viewpoint

As a practicing designer, there have been many experiences in which the solution to a product design problem was more closely tied to the brand or business model of a company. It was through the enquiry-based approach of design that the design team was able to identify underlying assumptions and strategies of the business itself which affected the final product and branding solutions. The view a designer must bring to a product development project is that the product design decisions are just small pieces of a bigger puzzle and that every aspect of the business should inform the final solution. It is through dialog with clients and business owners that designers noticed that this holistic viewpoint of the product design process could sometimes identity new insights or innovations in other parts of the business. The methods inherent to development and consulting processes seemed to naturally generate not just products but service and branding solutions as well.

In design education, product, service, and brand design often flow together but despite this internal consensus on the profession’s capabilities, industrial design is still widely misunderstood by academics and professionals alike. I believe design professions still have miles to go in persuading the business world of their potential and building interdisciplinary collaboration at the academic level. Service design is currently housed not in design’s silo but in services marketing and it has very few ties to architecture, interior design, visual communication, experience design and product design. With the economy’s continued shift toward services, sustainability, and offshore manufacturing,
the industrial design field in particular needs to be proactive in managing its external image to better align with its internal priorities. Embracing service design at an academic level is one way to begin to align design’s place in business. Academic collaboration between these fields must begin to mirror what is already forming in leading “service” design firms like Ideo, frogdesign, Ziba. A small pool of researchers from business and marketing are already attempting to link and expand this connection, but there is still much work to be done within design itself. As an indicator of this growing momentum, the first Service Design Conference for Nordic Design was held in Norway in 2009 by the IXDA (interaction design association) and featured leading collaborative research in design and services marketing. My thesis builds on this and similar collaborative design studies to further promote and enrich the connection of industrial design and service design. This study aims to examine how the tools designers use to devise solutions to complex problems may help small service business owners solve the “wicked problems” of their own: defining, prioritizing, and delivering rich services and customer experiences.

1.10 Contributions

This research devises a new research method which uses a co-design workshop as a data collection tool. Influenced by co-creation in services marketing and co-design in design practice, data is generated and observed as a result of dialog and interaction between three distinct shareholders: a business owner, an employee, and a client. This research also spotlights the new developments in the field of design, design’s ties to services, and design’s place in business.
Chapter 2
LITERATURE REVIEW

2.0 Introduction

The topics covered in this literature review are formed around three domains of scholarship: industrial design, service design, and strategic planning. The breadth of information available within each of these sections is vast, the latter two being large concentrations within even broader disciplines. Each of these fields contains entirely independent theoretical constructs and research paradigms but they also happen to share streams of study in innovation, strategic thinking, and designing customer experiences. Despite the overlap of these fields, there is little research in the parallel theories and methods belonging to each field. This literature review will use the unifying theme of small service businesses to explore these parallel themes. This focus on service design and small business will act as the vehicle for this literature review to assess the broad array of methods and theories in industrial design, strategic planning, and service marketing while narrowing the scope to the needs, capabilities, and opportunities available to entrepreneurs.

This is not an exhaustive review of theoretical constructs but rather one that focuses on the parallel customer-centric methods from each domain that enhance services, evaluate customer experiences, and act as simple applied strategies in ongoing business planning.

This literature review will first present a contemporary snapshot of industrial design as an interdisciplinary pursuit. Then industrial design topics are covered including brand design, design methods and tools, problem-solving techniques, and user-centered research. Finally, the systems approach to organizing amidst complexity and uncertainty is explored beyond the buzz word "design thinking" and into its real influence on business and entrepreneurship.
As the target ‘user group’ for this study, small business owners are defined as is customary in design practice. The characteristics, challenges, and competitive advantages of this group are explored and the parameters of this user population are loosely defined. Then, the unique role of the owner as a nucleus of a small business organization is explored including extant literatures perspectives on the benefits and drawbacks of a business identity which is so strongly personified by its owner. Emerging theories around business’ shift from ‘strategic planning’ to ‘strategic thinking’ are explained. The strategic planning characteristics of small businesses are reviewed which reveals their particular compatibility with this shift. Then, the competitive advantages inherent to small businesses and owners are summarized. Included in the strategic planning section are topics on decision making, strategic management, and small business startup and ongoing operation, the merits of small business planning, planning tendencies, and small business owners’ barriers to planning and brand management behaviors.

The exploration of literature will then continue to service design in order to examine this emerging field, its roots in services research, and the overlaps with industrial design. Service design, itself, cannot be considered without reviewing the overarching discipline of Services Marketing. Services marketing, the science of services, includes research priorities such as enhancing service design, enhancing service experience through co-creation, and measuring and optimizing the value of service (Ostrom, Bitner, Brown, Burkhard, Goul, Smith-Daniels, Demirkan, & Rabinovich, 2010). In this section, strategies for small business are explored with an emphasis on the principles and methods of service design as it is defined by services marketing. Service design and services marketing topics will include strategic planning, brand management, entrepreneurial marketing, integrated marketing, relationship marketing, and service design methods as they apply in a small service business setting.
Finally, the combination of methods from industrial design, service marketing, and strategic planning are explored as a new ‘tool kit’ for service design and ongoing strategic planning. The proposed tool kit attempts to respond to business owners’ strategic business needs as well as their barriers to traditional planning, as identified by the literature review, by providing an alternative set of tools for using strategy to guide the business along the more salient lines of brand and experience design. The literature review then provides the basis for the subsequent research design involving the service design ‘tool kit.’

Figure 2. Literature Review Conceptual Framework

2.1 Industrial Design

Industrial design has many parallel competencies and applications to other fields, such as innovating, building brands, and “making products and services understandable and good-looking” (Conley, 2004, p. 46). But designers bring a unique skill set as well, and this skill set is what builds the case for design thinking in business. Designers can frame problems in insightful ways, work at levels of abstraction, model and visualize
solutions to only loosely defined problems, approach problem solving iteratively and actively while simultaneously creating and evaluating prototypes (Conley, 2004, p. 46).

2.1.1 Design Theory: Solving or Seeking

Design has been described as narrowly as decoration and as broadly as any activity which transforms a given situation into a more desirable situation (Kimbell, 2011; Simon, 1969). Design has long held that the customer experience and user needs are at the heart of design’s strategic value and goals but it is only more recently that the design has shifted from an end application process to a central role in business as a facilitator in transforming the user experience into designed tangible and intangible components (Kimbell, 2009). The most contemporary view of the design process might be described as “an exploratory enquiry during which understanding of an issue or problem emerges” (Buchanan, 1992; Dorst & Cross, 2001; as cited in Kimbell, 2011, p. 43). This last definition alludes to the techniques and models used at what is sometimes referred to as the ‘Fuzzy Front End’ of the design process (Cagan & Vogel, 2002). It is in the front end phase where design can promote innovation and reveal new insights into product or service consumer interactions and this has largely to do with designer’s unique abilities to take both wide views and zoom in on minute details (Clark & Smith, 2008).

In the designer’s world, objects and technologies are necessarily contingent; they don’t have to be that way. Someone has designed them a particular way, for some reason. It may not be a good reason, but for designers, objects offer information about the purposes of their designers, manufacturers and users. (Kimbell, 2010, p. 4)

This enquiry-driven, contingent perspective in design is what facilitates user-centered research, design thinking, and innovation.

The ‘fuzzy front end’ of a problem area, where product or service development processes often start, is where, “businesses go through the process of discovering what
to make, deciding whom to make it for, understanding why to make it, and defining the attributes for success” (Rhea, 2003, p. 145).

The fact that the business community uses the term “fuzzy front end” to describe how corporate strategy for development is generated is quite revealing. Management perceives the process as ill-defined, random and mysterious; the impetus for new products often comes from a wide array of sources, and the way these products get manifested is not considered predictable. (Rhea, 2003, p. 145)

While the innovations aroused by design are not all lucky breaks, smoke and mirrors, or fruits of a lone genius, we can forgive the world of business for thinking of it this way because, according to Rhea, “our profession has not done a good job of presenting a coherent frame-work to describe how design research can actually drive an organization’s innovation strategy” (2003, p. 145). Design research uses “design thinking, design processes and creative design expression as a means to discover new, effective ways to compete” (Rhea, 2003, p. 146) but a more distinct, transparent view of the design research framework and its methods is needed in order to translate into the minds of managers and the core of business operations. The design research framework Rhea describes establishes the skeleton of the design process while retaining the enquiry-driven, deep thinking phase essential for innovation. This framework breaks the design process into distinct steps within to primary phases: divergent thinking and convergent thinking. Divergent thinking “emphasizes broader, deeper, more original exploration than typical development” (Rhea, 2003, p. 149). The purpose in divergent thinking is to first identify many new problems and opportunities and expand the perspective of the problem solving team. Convergent thinking then “prioritizes opportunities and emphasizes customer needs and desires” (Rhea, 2003, p. 149) paring down the possible solutions into probable ones. The designer’s process must start with the “expanded scope of inquiry” and “necessitates that the designer avoid marginalizing any aspect of the
elements that make up [the customer’s] world” (Donahue, 2003, p. 166). In other words, the designer’s approach broadens the scope of problem-solving so that instead of solving the surface-level customer problem, deeper problems that may offer more viable or surprising solutions are identified and solved instead.

2.1.2 Design Thinking

Tim Brown (2008) formally engrained the notion and definition of “design thinking” into the heart of the business world when his article featuring the pull quote, “thinking like a designer can transform the way you develop products, services, processes – and even strategy” (p. 85) in the esteemed Harvard Business Review. The primary difference between traditional thinking, as defined by Brown, is the disparity between taking a tactical versus strategic approach, respectively. This shift from tactical to strategic design approaches is explained by Brown:

Rather than asking designers to make an already developed idea more attractive to consumers, companies are asking them to create ideas that better meet consumers; needs and designs. The former role is tactical, and results in limited value creation; the latter is strategic, and leads to dramatic new forms of value. (2008, p. 86)

Design thinking is learned process comprised of techniques which can be presented in collaborative workshops with designers and non-designers. These techniques are touted as having particular clout in services industries as well as an increasingly pivotal role in future business strategies because it contains this broader viewpoint on problem solving and allows for surprising, innovative solutions (Brown, 2008). Brown’s ideas are primarily considered in the context of large and complex corporations as method of reducing complexity and increasing innovation and agility in bureaucratic organizations. However, Design thinking’s central capacity is its efficacy in identifying and unifying goals so that existing practices or behaviors can be transformed into new insights or solutions, which implies a much broader field of potential utility.
Moreover, an individual’s or company’s aptitude for design thinking can be boiled down to a series of characteristics which are identified as empathy, integrative thinking, optimism, experimentalism, and collaboration (Brown, 2008). Design thinking is also an inherently an iterative process which promotes continuous improvement and learning making it more of a broad evidence-based stance guiding the business strategy and less an obligatory fixture, like Six Sigma or Total Quality Management (Brown, 2008). Design thinking is a ongoing pursuit but it is also simple and intuitive enough to be adopted by everyone from corporate executives to non-designers, nurses to retail salespeople, and from doctors to hospital administrators (Brown, 2008; Fraser, 2007) and thus surely has potential for small businesses and entrepreneurs as well.

Using iterative design problem-solving techniques in business strategy is neither a singular nor a unique pursuit. In fact, bringing design strategies into new phases and levels of business has growing impetus (Cagan & Vogel, 2001; Clark & Smith, 2008; Fraser 2007; Kimbell, 2008, 2009; Martin, 2009; Ward, Runcie, & Morris, 2009). In “The practice of breakthrough strategies by design,” Heather Fraser (2007) writes, “by broadening the definition of “design” and expanding the application of design methodologies and mindsets to business, enterprises can move beyond mere survival and incremental change, and open up new possibilities for breakthrough growth strategies and organizational transformation” (p. 66).

According to Roger Martin (2009), the Dean of the Rotman School of Management and respected business author, “design thinking is the form of thought that enables movement along the knowledge funnel” (p. 8) from mystery to heuristic to algorithm. Martin believes tools of design thinking, which “balance analytical mastery and intuitive originality in a dynamic interplay” (p. 6) can be cultivated and absorbed by business executives. “The key tools of design thinkers are observation, imagination, and configuration” (Martin, 2009, p. 160). Where logic traditionally falls into inductive or deductive reasoning, design is actually ‘abductive reasoning.’ Martin proposes that the
abductive reasoning best captures designers’ sense of wonderment about exploring possibilities; whereas traditional processes of induction or deduction create a narrower viewpoint and set of possibilities. Martin explains that to adapt an abductive frame and, “become a design thinker, you must develop the stance, tools, and experiences that facilitate design thinking” (2009, p. 30). Everyone has a natural vantage, or ‘stance,’ which forms from personal knowledge and experience but this stance can be consciously honed through the adoption of organizational, analytical, or heuristic frameworks—the tools. The process of proactively cultivating these frameworks helps a fledgling design thinker develop professional ‘sensitivities’ or increasingly refined abilities to recognize and connect relevant information. Through this increased awareness, “design thinkers user their experiences to deepen their mastery of the current knowledge domain and exercise originality in moving knowledge forward to the next stage” (Martin, 2009, p. 30). The combination of experience and analytical perspective is an iterative process through which new experiences and tools for analysis are continuously accumulated (Martin, 2009). Martin extends this a step further proposing that the frameworks of design thinking can allow shortcuts and reveal opportunities in futuristic planning without having to actually prototype or carry through the action. In other words, design thinking provides the ability to manage uncertainty and nebulous problems with refined analytical frameworks. The same tools and approaches that make designers adept at managing large projects with small details can be utilized by other fields outside of design.

In “Unleashing the Power of Design Thinking,” Clark and Smith (2008) argue for the role of design thinking and designers in business because of their inherent ability to both scrutinize details and also zoom out to “see how those details support a larger idea” (p. 10). Clark and Smith (2008) advocate expanding the use of design thinking, which they describe saying:

Design methods are orderly. Design methods are inclusive. Design methods are innovative. Taking advantage of design thinking can help business leaders make
their intentions real—[sic] by clearly defining goals, deeply understanding customers, and getting their internal teams aligned to deliver results. (p. 9)

While industrial design, itself, is a learned profession which includes technical knowledge and skills, design thinking can be extracted and cultivated as a set of intelligences and analytical skills by executives, business owners, or anyone in any profession outside of design (Clark & Smith, 2008).

Wormald (2011) outlines the basic steps that define the new product development process at what is often referred to as the ‘fuzzy front end’ or the stage in the design process before a specific design brief has actually been issued. Poised at the intersection of research and innovation, this phase encompasses “users, experiences and brand, followed by exploitation of the findings” (Wormald, 2011, p. 425). Wormald (2011) models the basic design processes that define the ‘problem solving’ approach in contrast to the tools and methods used in ‘problem finding.’ The former strategy relies on searching for opportunities in the real world experience scenarios by examining them holistically and first investigating the existing brand, then conducting user research, and finally developing personas or archetypal representatives of the primary target user groups. Experience mapping is conducted to create a visual network of the customer journey and this map is what is used to realize opportunities and insights (Wormald, 2011). Problem solving and problem seeking approaches both innovate what can either be simply a refinement or expansion of existing systems, service, or products, or it can involve the creation of entirely new products and solutions.

2.1.3 User-Centered Research

William Reese (2002) describes the introduction and evolution of anthropologists into the world of design over the last 50 years. Human factors research gained ground after World War II and into the 1970’s when projects from the NYSE, NASA, and other leading technology companies began moving design and architecture to the front of the product development process (Reese, 2002). From there, social scientists began
infiltrating the product design consultancies and bringing with them the tools of qualitative research. While still ill-defined and met with mixed reviews in the product design world, ethnographic methods generated new insights into consumer experience forged unmistakable paths into innovation and design's current, more holistic approach to designing products. Contemplating the integration of social science into design, Reese writes:

Business decision makers are becoming increasingly aware that the experiences consumers undergo with their products are multiple. These experiences concern not only physical products, but also retail spaces, brands, company histories, and identities. The experiences arise constantly, not just when the product is purchased or used. And those experiences require interpretation from these multiple points of view. (2002, p.42)

2.1.4 Design Methods

“We can use the simplicity and immediacy of pictures to discover and clarify our own ideas, and use those same pictures to clarify our ideas for other people” (Roam, 2008, p. 11).

In order to assess what design tools might have relevance in strategic business planning, some of the tools of the design process must first be reviewed. While design borrows heavily in its research methodologies from social science, its visual and practice based nature induces some adaptation of social science’s methods to make them more rapid and appropriate to timelines of business and product development (Barr, 1990). It has also generated methods that are somewhat unique to the design world.

2.1.4.1 Non-Hierarchical Mind Mapping

Comparing the formalization of the design process between novice and expert designers, Kokotovich (2007) suggests that some basic strategies and tools in ‘problem structuring’ can help novice and less experienced design thinkers become more proficient at creating expert design thinking frameworks. In a rare empirical investigation of design
method effectiveness and design thinking, Kokotovich (2007) finds evidence that ‘non-hierarchical mind mapping,’ leads to more and better solutions, a more complete understanding of the problems and opportunities, and a more refined, expert framework of design thinking. Non-hierarchical mind mapping is a free thinking, graphical process of linking disparate ideas and issues within complex or ill-defined scenarios. Kokotovich suggests that this visual process creates an observable map of the issues and associations as well as a memory aid for reviewing or returning to the design process later. In essence, this study reveals that ruminating via a visual mapping process and delaying solution finding results in better documentation of the problems and solutions as well as all around stronger, more reasoned, and more objective solutions. The benefits of this and similar processes may extend beyond the world of designers as well. In a previous empirical study, Kokotovich (2002) found that both designers and non-designers generated higher creative output when they were drawn through mental idea development and forced to delay the final conclusions. This author’s empirical evidence suggests that an even slightly more formalized processes of brainstorming and problem structuring can lead to more and better solutions even in novices in such design approaches.

2.1.4.2 Pictures and Sketching

Dan Roam, author of “The Back of the Napkin: Solving problems and selling ideas with pictures” (2008) presents corporate case studies from his own experience in consulting using visual thinking techniques. More importantly, Roam finds that people that would not identify themselves as visual people or claim they cannot draw are still perfectly capable of using visual techniques as tools for communication and personal clarity. Visual mapping techniques help people quickly and simply portray hierarchies of information, show relationships of ideas, and internally and externally clarify pieces of disparate or seemingly unrelated information into clear, visible networks.
When time is limited (and in business, time is always limited), pictures always make for better comparisons than verbal descriptions. Comparative portraits can be as simple as a series of smiley faces. Adding even that thin a visual aspect brings objects to life and makes them memorable. (Roam, 2008, p. 145)

Roam describes one visual technique to solve a “who/what” problem giving the common example in business, “who are our customers?” (Roam, 2008, p. 143). Using a portrait framework, this qualitative framework uses crude sketches, lists, and coordinate systems to describe the business, the people that make up the business, the products or services, the customer, and the customer’s needs and expectations.

The purpose of creating a business portrait is to trigger the unexpected qualitative ideas that emerge when the hands and the mind’s eye work together. Visually representing someone or something (regardless of actual likeness or detail) always triggers insights that writing a list alone cannot achieve. (Roam, 2008, p. 145).

Starting with a map of all the different customers and all of the different business’s internal teams, the product or service attributes desired by each individual group is listed. This technique shows the variable, and possibly contradictory, qualities requested by different customers and by different people in the business. This map can then be used to prioritize needs or design the brand or service to try meet all of the individual criteria offered by different types of customers and employees (Roam, 2008, p. 152).

According to Ronald Taylor, former faculty of Commerce and Business Administration, in “Psychological Aspects of Planning” (1976) people are naturally visual and have evolved to sort information and find patterns regardless whether they have been trained in visual these techniques. This makes this framework ideal for interdisciplinary teams—from Taylor’s perspective, even highly analytical business
people who don’t consider decision making to be a visual pursuit (see Literature Review 2.5.1 Cognitive Barriers).

2.1.4.3 Three Gear Method

Fraser (2007) describes a practical method by which to incorporate design strategy into the world of business using a “three gear” model: user understanding, concept visualization, and strategic business design. Fraser suggests that the first gear reframes the business goals from a user’s viewpoint saying:

Companies are so often consumed by their current development initiatives, business challenges, budgets, deadlines and quarterly plan delivery that they find it difficult to really turn the telescope around and view their business entirely through the eyes of their end-user in a holistic manner. (2007, p. 68)

Small business owners are prime examples of this hyper-focused behavior (see section 2.2 Defining the User) and while small business owners are surely striving for mere survival at the very least, using “design as a catalyst for growth” (Fraser, 2007) may be beneficial for small businesses and the communities that rely on them. In the first gear, businesses are encouraged to examine the business itself as well as the complete customer journey. After this step to gain a new objective view outside the confines of daily challenges, new service offerings or product solutions are innovated based on the new, deeper understanding of the business operations and the customer needs. Finally, the ideas are placed into the framework or map of operational procedures in order to visualize the strategic steps necessary for implementing the service enhancements.

2.1.4.4 Brainstorming

Another visual way to achieve aggregate multiple points of view is through brainstorming and focus groups. Group brainstorming is an important technique in product design and innovation and much research as been conducted to review the actual benefits, drawbacks, and effectiveness of brainstorming. Both group brainstorming and focus group results are controversial because of the powerful influence of group
dynamics, among other things, but nominal group brainstorming is one way to better manage group participation (Dugosh, Paulus, Roland, & Yang, 2000; Sutton & Hargadon, 1996). The nominal group technique, in which participants work as individuals within a group setting has been shown to outperform group brainstorming for a number of reasons including that social learning raises the overall group knowledge and increases the variety of solutions offered (Dugosh, et al., 2000; Sutton & Hargadon, 1996). The nominal group technique balances the strengths and weaknesses of group brainstorming against the limitations of individual brainstorming by providing a structure with which to manage group power dynamics but maintain individual contribution. A subset of the foremost method, the nominal group technique maintains the benefits of a broad spectrum of ideas from diversely experienced participants.

2.1.4.5 Focus Groups

Focus Groups, according to Christopher Ireland (2003), former CEO of the innovation consulting firm, Cheskin, are pervasive throughout design and marketing research and have many adaptations that incorporate different techniques and group dynamics to draw out user perspectives. She describes Dyads and Triads from her experience. Dyads, in which two friends are interviewed as a pair, result in exploratory discussions which tend to be “animated, insightful, and very candid (people usually feel uncomfortable telling lies in the presence of a friend)” (Ireland, 2003, p. 25). Triads use “three people who are either similar to each other or are different in a specific way” (p. 25) to create generative dialog (Ireland, 2003). Ireland finds that these arrangements “tend to be more appropriate and cost-effective for business-related topics” (2003, p. 25). In her experience, the best focus group results were the result of responsive moderation in which the facilitator probed participants individually and asked “realistic, ad hoc “what if” questions” (Ireland, 2003, p. 24) instead of following a traditional outline. While she cautions that focus groups are susceptible to the influence of the moderator she also
states her personal view is that the design researcher should be an active moderator in research process.

2.1.4.6 Card Sorting

Variations of the Card Sort Analysis Technique are used regularly in marketing research, service design, and, most prominently, in user experience design in the context of interactive architecture (Spencer & Warfel, 2004). This method is used to analyze respondents’ perceptions of value, hierarchies, or emotional responses to terms, images, or phrases that represent a user experience (Rousi, Saariluoma, & Leikas, 2011; Rugg & McGeorge, 2005). Traditionally, the technique uses index cards with words on them which are grouped into categories which are created by the study participant. One variation is the closed-sort technique in which the categories are provided to the respondent who must sort a selection of available cards into those predetermined groupings (Spencer & Warfel, 2004). The picture sort variation uses images instead of word cards in studies relating to brand impressions and product impressions (Rugg & McGeorge, 2005) and considered a more holistic and salient approach because of people’s visual nature and the extensions to Personal Construct Theory (Rousi et al., 2011). Personal Construct theory holds that, “people mentally register phenomena through constructs that they themselves create by means of mental information content” which is “shaped by social, environmental, cultural, and psychological factors” (Rousi et al., 2011, p. 29). Rousi et al. summarize saying, “via interaction with design, environments and other people we are constantly constructing and reformulating mental images of the phenomena we encounter” (2011, p. 29). While the data analysis of this technique is somewhat limited by the same free association of the images which allows the personal, interpretive nature of the picture sorting, it is useful in organizing patterns of visual information and helping researchers engage in a narrative with the study participants about the user experience (Rousi et al., 2011).
2.1.4.7 A(x4) Framework

Analyzing qualitative design data also requires a unique set of tools to in order to reveal product, service, and brand insights. The a(x4) framework contains four key coding typologies around which to understand, explore, and design experiences: actors, activities, artifacts, and atmosphere (Anderson & Rothstein, 2004). Anderson & Rothstein describe this framework as a combination of techniques from marketing, ethnography, and the world of design, which creates an interdisciplinary method that goes beyond goods and artifacts to help researchers visualize and develop speculations about future customer experiences. During the first step, all of the salient impressions or information are sorted by participants into actors, activities, artifacts, and atmosphere. Then, using intuition and imagination, Snapshots are created to communicate the key patterns found in the coding through various visual techniques. Finally, speculative visual images and then prescriptive scenarios are developed using outputs such as storyboards and text narratives to identify possible innovations in experiences (Anderson & Rothstein, 2004). These prescriptive scenarios allow designers to explore and refine the steps and touchstones of the customer experience by narrating hypothetical stories. The specific psychological benefits of this particular narrative technique are discussed later (see 2.6.1.4 Scenario Planning).

2.1.5 Design Methods in Small Business

Ward, Runcie, and Morris (2009) review specific instances of design principles’ incorporation into small business strategy through a UK program targeted towards helping small businesses develop vision, strategies, products, services, brands and identities, and craft user experiences and an innovative internal culture. The authors admit that while MBA graduates do not find incorporating design thinking into strategy new, the traditionally less educated small business owners and managers welcome the opportunities to learn new techniques that help them navigate their challenges (Ward, et
In assessing what design thinking can offer companies, Ward et al. (2009) say:

If design thinking can help companies put the strategy into their vision, it can also help them put the vision, or more explicitly, the visual, into their strategy. All designers use visualisation to aid understanding – expressing not just colour and form, but also complex ideas and relationships using sketches, drawings and maps. These tools are invaluable in helping companies to articulate and communicate their business’s ambitions through action plans and roadmaps. Design associates help business owners to use tried and tested visual framework tools including matrices to analyse risk, for example, or mapping techniques to plot the relative positions of stakeholders and customers. (p. 80, para 2-3)

In sum, these scholars in design thinking share a belief that taking steps to visually and mentally plot and define goals and ideas can help the businesses not only visualize the business in a more streamlined way themselves but also communicate the vision and identity of the business more clearly to customers and employees. Being able to visualize the business strategy or goals through visual mapping techniques produces almost unavoidable physical evidence that can act as a reminder to the business owner and as a service roadmap with which employees can see the company vision and relate to their part in it (Ward, et al., 2009).

2.2 Defining the User: Small Business Characteristics

Small business owners are a diverse and heterogeneous group which provides an enormous breadth of products and services within a huge range of company sizes, organization styles, and earnings categories. Despite the wealth of small business data collected and managed by the U.S. Census Bureau and the U.S. Small Business Administration’s Office of Advocacy, the multifarious nature of this group can make it difficult to design generalizable studies, interpret data (Cader & Leatherman, 2011), and create sweeping theories or business solutions in response to their individual traits and
needs. Regardless, the highly studied and economically potent small business owner
group does have many similarities both in the characteristics of owners and in the
precariousness of their businesses (McCartan-Quinn & Carson, 2003).

Small service and retail businesses represent over 50 percent of all small firms
and are attractive to nascent entrepreneurs because they have few entry barriers, low
start-up costs, and often permit a flexible work schedule and the ability to work at least
party from home (Brush & Chaganti, 1998). For example, “one can start a small
accounting or landscape service, or open a secondhand sporting goods shop with
comparatively few assets, minimal financial investment, a small technology base, and few
employees” (Brush & Chaganti, 1998). Small service businesses in particular “are
intensely competitive and notorious for their high business failure rate” (Brush &
Chaganti, 1998,p. 235). They also face comparatively even competition and simplicity of
operations, and thus, lack the high profit margins and rapid innovation that drives the
success of similar sized entrepreneurial ventures in fast growth technology or new
product development (Brush & Chaganti, 1998).

The US Bureau of Labor Statistics and the US Department of Commerce report
that 49 percent of small businesses survive 5 or more years, 70 percent of employee
organizations survived at least 2 years, and only 33 percent survive at least 10 years
(Small Business Administration, FAQ), but the reasons and research behind this high rate
of small business failure are less clear. Firm survival studies are notoriously challenging
to conduct empirically due to the difficulty in contacting firms that are no longer in
business and the variances in data and documentation regarding launch dates, failure
dates, or changes in ownership (Perry, 2001; Wu & Young, 2002). Survivor bias, where
only surviving firms are researched due to the obvious difficulty of conducting studies on
business that no longer exist, remains a thorny issue in small business research (Cader
& Leatherman, 2011). Also, business owners’ recollections and perceptions of the
reasons behind failure vary in accuracy and detail (Huang & Brown, 1999). Regardless,
consistent findings across the varying sizes and industries of small businesses offer overwhelming evidence to support the correlation between small business planning and success (Liao & Gartner, 2007; Perry, 2001).

2.2.1 Planning as a Predictor of Success

Planning has a significant dedicated body of research in small business studies. In Perry’s 2001 study titled “The Relationship between Written Business Plans and the Failure of Small Businesses in the U.S.,” formal planning in small businesses is found to be significantly linked to the success of small businesses, yet Perry discovers that very few small businesses engage in planning activities. To break down the written plan into strategic planning elements, Perry devised five extent-of-planning questions which were posed to paired samples of small failed and non-failed firms:

1. Does/Did your business prepare a written sales forecast?
2. Does/Did your business prepare a written staffing forecast?
3. Does/Did your business prepare a written forecast of cash requirements for at least 12 months into the future?
4. Does/Did your business prepare a written pro forma capital expenditure forecast?
5. Does/Did your business analyze its competition and prepare a written identification of strategies and measurable goals which extend/extended three or more years into the future? (Perry, 2001, p. 203)

Perry (2001) found that over 60 percent of failed and non-failed businesses did not utilize any extent of business planning and that they also exhibited slower growth. As indicated in the extent-of-planning questions, ongoing strategic planning is considered as a key provision of the traditional written business plan even though in Perry’s study of small businesses, only a small percent of small business owners appear to use plans this way (McCarten-Quinn & Carson, 2003). Perry also found that few business owners fell in the middle ground of planning. Instead, results showed that small businesses owners
either extensively planned or did not plan at all, to which the author gives two explanations: 1) there are simply planners and non-planners, and 2) beginning strategic planning activities logically leads to more planning activities (Perry, 2001).

Sexton and Van Auken (1985) found in a longitudinal study of small business strategic planning that strategic planning, not just a written business plan, was scarce in the small business environment. These authors found a correlation not just in written business plans and success rates but in strategic planning behaviors and small business success rates. Similar to Perry (2001), Sexton and Van Auken (1985) defined strategy levels as indicators of the level of strategic planning in small businesses:

- **SL0**: no knowledge of the next year’s sales, profitability, or profit implementation
- **SL1**: knowledge only of next year’s sales, but no knowledge of industry sales, company profit, or profit implementation plans.
- **SL2**: knowledge of next year’s company and industry sales, but no knowledge of company profit or profit implementation plans
- **SL3**: knowledge of company and industry sales and anticipated profit, but no profit implementation plans
- **SL4**: knowledge of next years’ company and industry sales, anticipated company profits, and profit implementation plans (p. 8)

Sexton and Van Auken (1985) found across industries that not only did few small businesses engage in true strategic planning (18%), but that two years later, the firms that had reported the lowest levels of planning remained at the lowest levels of planning. This study also indicates that non-planners are likely to remain non-planners. However, Sexton and Van Auken (1985) found that 20 percent of the firms which reported SL0- no planning whatsoever failed compared to only 8 percent of firms who reported SL4 failed (p. 15).

Sexton and Van Auken (1985) and Perry’s (2001) studies could have strong implications for the likelihood of small business owners to adopt strategic planning.
activities regardless of the types of tools available to them. It also may lend credibility to the idea that providing a basis for strategic planning could draw owners down a path of continued strategic planning. For this reason, a deeper dive into research surrounding effects of planning and barriers to planning is needed.

2.2.2 Effects of Planning

Liao and Gartner (2007) prepared their study on the influence of pre-venture planning for the U.S. Small Business Administration, The U.S. Small Business Administration Office of Advocacy, and also in a report to the President as appraisal of the value of planning efforts. The authors conclude from their review of small business research that there is robust support for planning as beneficial and supportive to small businesses. The authors find that even informal planning increases the likelihood of entrepreneurial action and eventual business startup. They also find that increased planning formality correlated to an increased probability of starting a sustainable business (Liao & Gartner, 2007). This evidence supports the impetus behind planning in the Small Business Administration (SBA) and other business development venues on business planning as a way to increase new business startups but it does not provide conclusions regarding ongoing planning for existing businesses.

Planning is widely assumed to provide the benefits of making an entrepreneur mindful of their beliefs regarding the business, organizing the actions and resources needed over time, and communicating their vision to customers and investors (Liao & Gartner, 2007). With all of the widely acknowledged benefits of business plans, the authors review extant views around potential barriers to planning which they find include that planning is seen by small business owners as a distraction, that the business is so innovative that a plan cannot begin to convey the uncertainties, and that small business owners prefer to act first so as to base planning off of more concrete realities.

In other words, some small business owners prefer taking action to planning action. Small business owners may lack the tools to plan effectively for the future amidst
unknowns or they may feel planning is a waste of time and resources in the face of more pressing daily operational challenges.

The daily functions of a small business owner require a wide ability to both learn and problem solve while taking on a variety of different roles (Wu & Young, 2002). According to Carson and Cromie, “the owner of a small firm needs to be, or become, his own “expert” in many areas because, unlike the manager in a large company, he is not usually in a position to employ experts” (1989, p 7). While strategic planning and organizational skills have always been considered a crucial component of business success, lack of capital was often viewed as the primary barrier in small businesses by extant literature because of small businesses' acknowledged resource poverty (Wu & Young, 2002); however, more recent research which considers other key factors does not corroborate this (Huang & Brown, 1999).

Brudel, Preisendorfer, and Zeigler (1992) found that small business survival is closely linked not just to the available capital but also to the size of a firm and the level of education and professional experience of the business owner. Carter and Van Auken (2006) studied the most commonly attributed small business challenges as independent variables in relationship to small firm bankruptcy. The 5 variables tested were capital availability, firm size and age, industry, deteriorated market conditions, and sophistication/education of the owner and found that of all the variables, the relationship to the education or sophistication of the owner was the most robust variable as a cause of firm bankruptcy (Carter & Van Auken, 2006).

Gibson and Cassar (2002) also found that tertiary education directly and significantly correlated to the undertaking and sophistication of planning activities which are consistently shown to correlate with more successful and profitable businesses (Burke, Fraser, & Greene, 2010; Gibson & Cassar, 2005; Ibrahim, Angelidis, & Parsa, 2004). While business schools universally hold strategic planning as a necessity for business success, the perceived benefits and obligations of the planning process seem
to dissolve as the firm size and highest level of education or experience level attained by
the business owner decline (Gibson & Cassar, 2002; Perry, 2001). It is in the best
interest of small business owners and researchers to further explore the correlation not
just with planning and success, but between more clearly defined phases and techniques
in planning.

Edward Bewayo (2010) delves into these different phases and techniques of
planning through surveys of small business owners and concurred with other authors that
a low percentage of small business owners write business plans. According to Bewayo’s
research, some small business owners assumed that business plans were only important
when pursuing outside financing, and many small business owners tended to be action-
oriented, preferring to accomplish tasks rather than think or write about them. Bewayo
also cites Wally “Famous” Amos (1999) who “argued that formal business plans take too
much time and require too much skill. Moreover, the analysis that goes into business
plans may predict negative outcomes [which] could prevent the would-be entrepreneur
from actually being one” (2010, p. 10, para 2). Bewayo’s study is particularly relevant to
this research because he digs deeper into the intuitive planning actions the business
owners took and two thirds of his study is comprised of service businesses with 0-5
employees and 1-3 years in business. Bewayo found that most business owners referred
to their prior experience as a key preparatory step in their startups and that as innately
intelligent individuals, they had a tendency to mitigate risk by informally researching
location, competition, and basic industry related market research (2010, pp. 13-14).
Rather than written planning, business owners were relying on what Bewayo calls
‘intuitive planning’ which is an opposite mindset entirely of formal, objective, analytical
planning. Bewayo also found that service-related businesses were found to conduct the
fewest strategic planning and marketing research behaviors, even at the most informal
levels. Bewayo concludes:
only a rare person would venture into a new business without any kind of planning. But most start-up entrepreneurs stop short of a written business plans. The study found three major reasons for not writing business plans: there is no need to write business plans, business plans inconvenience the start-up entrepreneur, and business plans require both knowledge and skill to write them. By far the most frequent reason cited for skipping the business plan was the belief that they were not needed.

Small businesses face a variety of other challenges which may impact strategic planning behaviors and it is useful to examine some of those challenges as well as the underlying factors from which they stem. It has become apparent to some researchers that strategic planning through classical business and management approaches may lack applicability to small businesses because of their small organization size and relative simplicity of operations (McCarten-Quinn & Carson, 2003). As opposed to large firms, small firm owners perceive a reduced need for planning because they often require less complex procedures to run the business and use a more informal organizational structure. Because of this greater simplicity, small business owners tend to rely on intuitive rather than strategic planning and decision making (McCarten-Quinn & Carson, 2003). These authors suggests that a significant predictor of small firm success is not in the pre-venture planning but in small business owner’s ability to transcend the autocratic, intuitive planning approach and begin to plan strategically. In other words, despite researchers’ findings that non-planners stay non-planners and intuitive planners are inherently in opposition to analytical frameworks, many businesses eventually encounter the need to adopt a new framework in the face of failure or growth, whether they recognize it or not.

2.2.2.1 Transitioning to Formality

Adopting ongoing strategic planning over intuitive planning can help the small business owner recognize and face the inevitable challenges in management, growth,
finances, or organization that arise and can blindside an owner who is buried in the daily stress and responsibilities of running the business (Cader & Leatherman, 2011; Carter & Van Auken, 2006; Ibrahim, Angelidis, & Parsa, 2004; Liao & Gartner, 2008; McCarten-Quinn & Carson, 2003; Perry 2001, Wu & Young, 2002).

Cader and Leatherman (2011) suggest that business growth, increased operational sophistication, and longevity of the business can result in increased pressure for the owner to transition out of a ‘doing’ role and towards a strategic management role. This pressure arises as either growth or avoidance of failure requires the owner’s increased oversight of resources and operations. In order to sustain or grow a business, an owner must learn to delegate responsibilities to employees but this separates the owner from the operational and customer service information which often results from the daily performance on these duties. The owner must instead transition to a more structured organization and establish communication and decision making procedures for the employees, which, if not successfully planned or implemented, can result in diffusion of the owner’s vision or business goals (O’Gorman & Doran, 1999).

2.2.3 Small Service Businesses: A Distinct Group

Although many studies revolve around the utilization (or not) and the level of sophistication of business plans, only recently does the research of small business planning begin to focus on unique methods for small businesses based on their unique qualities and challenges in different industries (Lynn, Maltz, Jurkat, & Hammer, 1999).

Although Ibrahim et al. (2004) actually found a sophisticated degree of strategic long range planning in small manufacturing businesses, different authors’ studies specifically of service-based firms find much less sophisticated planning (Brush & Chaganti, 1998). Approximately half of the small manufacturing firms studied by Ibrahim et al. (2004), exported goods or had international operations which all indicate a high level of organizational, operational, and financial sophistication. Goods manufacturing requires labor, quality checks, safety protocol, and environmental standards, large
facilities, and expensive tooling. However, service-based firms do not as often require the expensive equipment, OSHA standards, environmental monitoring, or supply-chain logistics associated with manufacturing (Brush & Chaganti, 1998). For this reason, it is important that small service businesses are considered separately in regards to planning and challenges and that industry nonspecific small business studies are considered in context.

2.3 Extant View of Challenges

Van Kirk and Noonan (1982) define factors in strategic planning by first summarizing the characteristics of small businesses which can cause them to fail. These authors' study reveals that 11,000 small businesses failed in 1980 “leaving behind $4.64 billion in liabilities (Van Kirk & Noonan, 1982, p. 2). They found that failure characteristics included:

- *Excessive optimism*: viewing the future in a way that facts do not support.
- *Inadequate board of directors*: lack of competent outside advice.
- *Inability to recognize change*: markets and buyer needs often change rapidly, and businesses must define themselves accordingly.
- *Doing as they please*: most small business managers like to be involved in day-to-day activities and neglect planning.
- *Lack of balanced growth*: small businesses either grow too fast for their capital or too slow to survive. Planned strategic growth is needed.
- *Failure to monitor results against well-defined performance standards*: in today's rapidly changing environment, control is essential to survival.
- *Inadequate understanding of cash flow*: an entrepreneur cannot finance a $5,000,000 strategy with a $2,000,000 pocketbook; many small businesses are chronic cash welfare cases. (Van Kirk & Noonan, 1982, p. 2)
2.3.1 Competition

In “Competitive Dynamics and New Business Models for SMEs in the Virtual Marketplace” Kleindl (2000) highlights some of the specific strategic challenges inherent to small businesses. “SMEs have traditionally been able to gain the advantages of larger competitors by developing personalized relationships with customers, customizing their offerings, and efficiently targeting niche markets (White, 1998 in Kleindl, 2000, p. 73). However virtual competition and marketing over the internet have changed the small firm large firm playing field, particularly for service businesses. One such challenge is that small businesses face market encroachment by larger industries that use the internet to target what would otherwise be the small business’s unique local target market. Additionally, the internet allows consumers the ability to comparison shop outside of traditional brick and mortar businesses. This puts pressure on small businesses to meet the lower prices of large firms for whom economies of scale and wide customer bases allow lowering and spreading of costs and lean virtual business models can reduce staff, location, and operations costs. Small firms and new firms with limited financial, operational, and human resources are less able to achieve economies of scale internally or diffuse the costs of adopting new technology and services, like that needed to launch a virtual business model and distribution network, over their comparatively narrower markets (Brush & Changanti, 1998). Kleindl reveals that small businesses’ pressure to perform and market effectively online is growing as many small firms face more competition from both large firms and other small businesses.

According to Fraser (2007), customers’ expectations have also changed. Small businesses’ competitive pressure is fueled by consumers who have grown accustomed to sophisticated customized offerings (Fraser, 2007) (e.g. free instant shipping, online transactions, rewards programs) that large firms may be better equipped to offer.
2.3.2 Resource Poverty

Limited resources are a critical operational and management constraint in small businesses. Resource poverty in small business settings often results in little money being left over for marketing and little or no marketing staff to whom marketing and brand management can be delegated (Carson & Cromie, 1989; McCartan-Quinn & Carson, 2003). According Lynn et al. (2009) large firm resource availability plays a big role in competitive advantage where higher budgets, dedicated staff, and better metrics for market research mean larger and more effective campaigns.

2.3.3 Marketing

Huang and Brown (1997) analyzed problems listed by managers and owners in 973 small firms and classified them in order to grow the body of academic small business research and further policy decisions for small business assistance programs in Australia. With examples such as human resource management (e.g. recruitment, turnover), general management (e.g. planning, lack of experience, leading), regulatory environment (e.g. taxes, licensing, insurance), and obtaining financing, area categories were used to classify specific problems (Huang & Brown, 1997). The authors’ study of average performing small firms measured business owners’ perceptions of problems and found that sales and marketing was reported with the significantly highest frequency out of a list of 11 ‘area’ categories devised by the authors. Marketing represented the highest area of coded problem occurrences at 40.2 percent with advertising being the highest frequency problem within the area. The next highest area was human resource management at 15.3%, specifically training. Closely following human resource management was the general management category at 14.3%, within which planning was reported with the highest reported problem (Huang & Brown, 1997). The authors also classified the results respective to industry and business size. Results of problem classifications remained consistent between different business sizes suggesting that both micro-businesses and small and medium sized businesses still face the same challenges. In the services
category, the sales/marketing area was the most frequent compared to other industries. Although this study was undertaken in Australia, it supports studies in Europe and the United States finding that marketing and planning are among the top challenges faced by small businesses in general and specifically by service businesses (Gabrielli & Balboni, 2009; Wu & Young, 2002).

A study by Wu and Young in 2002 also found that marketing represents the biggest challenge to small businesses. A further breakdown of small business problems by industry in Wu and Young’s study finds that the services industry appears to have the most severe marketing problems followed by manufacturing and retail. Wu and Young’s study based on self-reports from entrepreneurs found that planning was only the 7th most commonly reported problems out of the study’s 22 listed problems but the study’s sample was comprised of entrepreneurs applying for SBA loans who sought business consulting services primarily in the form of a business plan review. The SBA requires a business plan for loan applications; this is assuredly part of the reason business planning problems were reported as lower in this study than in similar studies (Wu & Young, 2002). Small service business owners are more often self-financed and less likely to seek outside capital making them less likely to complete a business plan specifically to seek financing (Brush & Chaganti, 2007). Regardless, Wu and Young (2002) conclude that even entrepreneurs who have sought planning assistance appear to be most lacking not in technical skills, but in marketing, organizational, and financial management skills, all competencies at which most strategic business planning processes are aimed.

To better understand why small businesses and small service business owners in particular may struggle with marketing and why even entrepreneurs that undertake business planning to seek financial capital report marketing problems, a deeper look at marketing management theories and frameworks for small business is needed.
2.4 Marketing in Small Businesses

Many small business owners lack formal marketing or management education, brand management knowledge, and marketing staff and thus operate on a constant learning curve based on their customer, supplier, and competitor relationships (Carter & Van Aucken, 2006; Carson & Cromie, 1989; Horan, O’Dwyer, & Tiernan, 2011; Zontanos & Anderson, 2004). Although small service businesses in particular may require less capital or formalization of their business, they also lack tangible goods upon which to base their brand, interface with and market to customers, and differentiate themselves from competitors (Barker & Martin, 1982). There are many researchers that propose that the combination of distinctive needs, lack of formal training, and unique customer relationships inspire innovative marketing in small businesses.

O’Dwyer, Gilmore, & Carson (2009) study in-practice innovative marketing behaviors in SMEs by comparing SME marketing characteristics and SME innovative marketing variables as they are described in cross-disciplinary literature. Describing the characteristics of small firm marketing, O’Dwyer et al. say that rather that focusing on the 4 P’s of marketing (product, price, promotion, and place) or the 7 P’s (product, price, promotion, place, participants, physical evidence, process) of services marketing, entrepreneurs more closely, although often unknowingly, follow the 4 I’s: Information, Identification, Innovation, and Interaction (Stokes, 2000). O’Dwyer, Gilmore, and Carson found when “facing the challenges posed by limited growth conditions, and larger resource-rich competitors, SMEs compete using a combination of invention and pioneering, in addition to adapting flexible business structures, strategies, and culture” (2009, p. 55). The authors form a conceptual model of innovative marketing, as it takes place in the small business setting, defined by the following six components: marketing variables, integrated marketing, customer focus, market focus, modification, and unique proposition. Each of these categories then represents a corresponding small business marketing characteristics. The important SME marketing behaviors, which correspond
respectively to these components, are: responsiveness to the market; continual change and action-oriented behavior; emphasis on personal customer relationships; flexible goal-oriented marketing strategies; and novel and unconventional solution-seeking. These components, which are implemented with “incessant supplemental adjustments to current activities and practices” (O’Dwyer et al., 2009, p. 56) make up the descriptive model of SME marketing innovation.

Abimbola and Kocak (2007) echo the idea that planning and managing the business identity and brand should be an iterative and adaptable process as is implied by O’Dwyer et al.’s SME Innovative Marketing Framework.

It is important to emphasise that, coherent brand and reputation building strategies must be based on an interactive process in concert with innovative development of new offerings rather than rigid adherence to a tired brand incapable of fulfilling its promised value propositions. (Abimbola & Kocak, 2007).

Abimbola and Kocak recommend that small business focus on organizational identity which enables owners to “synchronise their entrepreneurial activities such as creativity, innovativeness and opportunity with that of brand management and reputation which provides them the opportunity to integrate brand and reputation leadership” (2007 p. 424).

Extant views of marketing in small business research reveal that, similar to large firms, branding and marketing are inextricably embedded in strategic business planning; however, the business owner and the unique qualities of a small organization require a different set of theoretical and applied practices in order to study marketing practices (Abimbola & Kocak, 2007).

Case in point, O’Dwyer et al., 2009 are quick to note the difference between descriptive theoretical development and real world SME marketing practices. The volatile nature of small business holds embedded risk and strategic planning and brand management can mitigate only some of this risk. O’Dwyer et al. point out that managing
customer service quality, supporting continuous innovation, and embracing entrepreneurial networking can be just as significant to small business’s success as fortuitous customer relationships, lucky breaks, and organizational flexibility. While this is true for all business, it is particularly true of the unstable entrepreneurial domain. This view that risk can only be partially managed by strategic planning and thus may be useful only up to a certain extent in small businesses has led some researchers to focus more on how indigenous small businesses marketing practices can be tailored for efficacy than on developing completely new theories and practices for small businesses.

McCartan-Quinn & Carson (2003) support this stance on small business marketing practices and present a more even-handed picture of the assets and barriers that face a small business in developing marketing activities. McCartan-Quinn & Carson find that small firms are much more creative and innovative in their marketing strategies but that it is misleading to infer they are doing this intentionally or strategically (O’Dwyer, Gilmore, & Carson, 2009; Gabrielli & Balboni, 2009). McCartan-Quinn & Carson instead suggest that the innovative small business marketing behavior they observed is more due to limited resources and reactionary behaviors than it is to strategic endeavors. In contrast to extant research, the authors find that despite their greater potential agility, small businesses actually tend to react more slowly to market changes than large organizations because of their inability to plan strategic marketing initiatives or recognize and predict market conditions. The authors conclude that although marketing is clearly perceived as important by small business owners, actual marketing practices should be studied in parallel with owners’ beliefs in order to better focus on the contradictions between their theoretical and applied marketing tactics. This lack of sophistication in marketing development and methods by small business owners is a primary reason that small businesses require both a different theoretical research framework as well as unique strategies and education that are divergent from large-firm marketing (McCartan-Quinn & Carson, 2003).
Carson & Cromie (1989) explore the constructs and variables of traditional large firm research in small business marketing management. The study is based on a survey of 68 small firms and includes poignant narratives of the true small business behaviors in price setting, marketing, and organization. Carson and Cromie find that the intuitive nature of entrepreneurial marketing practices can cause trouble for small businesses because an owner’s ability to interpret and react to market conditions and the ability to effectively run a business varies by entrepreneur. The authors affirm that in order to be effective, a marketing theory should be constructed uniquely for small businesses outside the large firm paradigm in order to better conform to the needs and practices of entrepreneurs (Carson & Cromie, 1989).

2.4.1 Brand Management

Studies showed that because of economies of scale in goods and manufacturing, small businesses are more adept at competing at customer service quality and relationship building than with large firm tactics like low prices and promotions (Zontanos & Anderson, 2004; O’Dwyer, Gilmore, & Carson, 2009). Zontanos and Anderson (2004) suggest that the close relationships and authentic customer orientation upon which small firms marketing is based is much more difficult to embed in larger firms. Because small businesses often operate with limited resources and fewer clients, they are much more dependant on the quality of client relationships as well as with the resources provided by each transaction. As recognized through the 7 Ps expanded marketing mix for services (see 2.7.1.2 Marketing Mix), the potential for value in such rich customer relationship and brand experience settings appear to place a small business on more even ground with large firms (O’Loughlin, Szmigin, & Turnbull, 2004; Rafiq & Ahmed, 1995). As an example, small firms which are regionally specific may be able to utilize local networks or develop brands that are strongly influenced by their local environments creating much more salient branding than an “outsider” large firm (Spence & Hamzaoui Essoussi, 2008).
The owner may also engage in entrepreneurial marketing to form stronger relationships with suppliers, service providers, and customers (Spence & Hamzaoui Essoussi). Spence & Hamzaoui Essoussi (2008) say that despite literature that shows that branding is not a priority for entrepreneurs, the personal character of the entrepreneur is both essential and inevitable due to an entrepreneur’s dominant influence on internal organization and networking. The authors contrast the large firm and small firm brand management finding that branding is often included as a continuance of the entrepreneur’s vision. Spence & Hamzaoui Essoussi conclude that unlike large firms, small firm marketing management is often not based on ideal positioning, which corroborates O’Dwyer, Gilmore, & Carson’s (2009) SME innovative marketing characteristics. However, large firms often base branding on artificial brand personality associations but the small business is able to develop brands based more on actual customer relationships, customer experiences, or on the personality of the entrepreneur (Spence & Hamzaoui Essoussi, 2008). Brush and Chaganti point out that the strong leadership and service delivery role of the owner can be a boon in a small firm because, “the advantages leading to performance variation in these firms may lie in the unique firm capabilities or individual entrepreneur’s competencies for service delivery” (1998, p. 235).

The personal relationship with customers and the shorter path of communication between the customers and the firm can create higher customer loyalty and satisfaction (Carson, 1985; Jones & Rowley, 2011). In other words, having the entrepreneur as a central visionary in a small business can provide point of unification or differentiation for a small business because customers can form relationships directly with the owner and allowing the business to react quickly and flexibly to create customized services. Conversely, the lack of clarity of an entrepreneur’s vision for the business or the entrepreneur’s personality can create vague branding, inconsistent service quality, and haphazard marketing which can ultimately lose meaning, relevance, or appeal to customers (Spence & Hamzaoui Essoussi, 2008).
Small service and retail businesses are particularly susceptible to market conditions because they operate in saturated conditions and “lack the “glamour” of the high growth, high innovation businesses and operate at the “end” of the value chain where the fortunes of the business often rise or fall depending on the direct influence of the owner-founder. (Brush & Chaganti, 1998, p. 235).

2.4.2 Examining the Central Role of the Owner

Krake (2005) depicts small firms as more flexible, agile, and adaptive to market conditions and opportunities than are large firms. This is in part because the size of the company and lack of complex hierarchical organizational structures often allow many or most of the employees in the company to take on increased firm responsibilities and to directly impact service quality through front-line contact with the customer (Krake, 2005; McCartan-Quinn & Carson, 2003, p 202). Krake’s observations are that small business advantages include flexibility and fast decision making; however, the study also finds that although brand management and marketing plays a significant role in the success of small businesses, most business owners do not recognize branding beyond the idea of basic logo design (Krake, 2005). In recommending new guidelines for brand management in small business Krake (2005) emphasizes the central role of the business owner in brand management saying:

The study showed clearly how great the role of the entrepreneur is to the creation of brand recognition: as a source of inspiration and organization within the company but, principally, as the personification of the brand. As entrepreneur, you are the brand and you should embody it in everything you do to deliver the message as clearly as is possible. Because it is so real and authentic, not even a multinational’s multi-million dollar campaign can deliver as much impact or conviction. (p. 232)

The same flexibility and shift of responsibility to employees can also create challenges in brand management. The brand is interpreted and disseminated through
employees and other customers without the more image strategic management or
damage control used by large firms (Krake, 2005). With the close integration of the brand
identity with the personal self-identity of the business owner an “attack on the brand is
often seen as an attack on him” (Krake, 2005, p. 233) making critique by employees or
customers difficult to perceive objectively or use constructively.

In other words, it is important for small business to use relationship marketing as
a strength and competitive advantage but to wield it strategically to avoid brand
confusion, disorganization, or alienation of the owner.

2.4.3 Forms of Marketing

There are a variety of forms of marketing that are appropriate or inherent in small
businesses and particularly in small service businesses because of the personal nature
of the service and the human interaction that occurs through the service delivery.

2.4.3.1 Entrepreneurial Marketing

Jones and Rowley (2011) define ‘entrepreneurial marketing’ as:

A distinctive style characterized by a range of factors that included an inherently
informal, simple and haphazard approach. This approach is a result of various
factors including: small size; business and marketing limitations; the influence of
the entrepreneur; and, the lack of formal organizational structures or formal
systems of communication with sometimes no systems at all when it comes to
marketing. This form of marketing tends to be responsive and reactive to com-
petition and opportunistic in nature. (p. 27)

Because of the ingrained and inextricable characteristics of entrepreneurial
oriented marketing in small business the authors note, “in small businesses, it is
impossible and not fruitful to seek to differentiate between marketing, innovation,
entrepreneurship, and customer engagement” (Jones & Rowley, 2011, p 29).

In other words, the co-created nature of customer orientation, market orientation,
innovation orientation, and entrepreneurial orientation are most useful when considered
holistically. Functionally, this seems to parallel with the extant view of management and marketing goals for small businesses (Abimbola & Kocak, 2007) in that both theoretically and realistically, the brand, owner, vision, and customer experience are so intertwined that they must be conceived of and considered as different facets of the same goal.

Jones (2010) humbly invokes this holistic message saying:

Entrepreneurial marketing is an emergent and evolving academic subject area, is part of the business start-up process and is integral to the success of small business management. But more than this entrepreneurial marketing is the very essence of being human for it is about building and creating a better world. It can be used to help us imagine and construct a better society in which we not only live but also flourish as citizens, consumers and, amongst other things as entrepreneurs and small business owners. (p. 144)

### 2.4.3.2 Integrated Marketing

According to Jones (2010) integrated marketing is almost inherent but Gabrielli & Balboni (2009) ask, “are SMEs able to implement an IMC [integrated marketing communications] aligning goals, messages, activities, and organizational process?”(p. 279). Integrative marketing strategy refers to a strategic approach to supply different existing and potential customer bases with a consistent series of messages that are also reflected in the brand of the company and its products. These messages can be based on unique comparisons to competitors, consumer needs, and internal company objectives or goals (Gabrielli & Balboni, 2009). Integrated marketing is meant to coordinate a business’s marketing activities and service delivery around a single consistent and continuous goal (Gabrielli & Balboni, 2009). This is not only a more direct way to embrace and convey a brand message but also a way that is ideal, and to some extent inherent, in a small business setting that centers on the leadership and personality of an entrepreneur (Jones, 2010; Spence & Hamzou Essoussi, 2008). However, like Spence and Hamzou Essoussi, Gabrielli and Balboni (2009) warn that the volatile,
personal nature of entrepreneurial led marketing can result in fragmented, disorganized, and less effective marketing. The authors’ survey of 201 manufacturing SMEs reveals that despite self-reported integrated brand management strategies, the small business tended towards disorganization in the branding that was being portrayed. This contradiction reveals misalignment between the internal perceptions and theories of integrated marketing and the actual marketing activities being practices by the businesses (Gabrielli & Balboni, 2009). Although the firms used a variety of communication tools from charity sponsorships to trade shows to packaging there was a functional disconnect preventing a continuous or consistent overall brand message according to the authors’ brand assessments.

The ability of large firms to offer complex competitive services, e.g. text messages coupons, smart phone apps, and online rewards systems, is a potential disadvantage for small firms (Lynn et al., 1999) but as technology becomes cheaper and more accessible, small businesses may be able to begin integrating these more complex service offerings. The accompanying danger for small businesses wielding this integrated technology without a marketing division or consumer research department is an overall lack of strategy guiding these different communication venues (Gabrielli & Balboni, 2009). The tendency of small businesses to use ill-constructed, haphazard marketing has drawbacks beyond just miscommunication of the business identity. Improper strategies and reactive adoption of technology under pressure to compete with large firms can lead rapid misuse of resources and capital (Jones, 2011). In a virtual keeping-up-with-the-Joneses issue for small businesses, unplanned growth from integrated marketing and a drive to compete can actually overwhelm the business or result in customer service reputations that are hard to shed (Kleindl, 2000). As technology allows an even broader array of marketing tools to be available within limited small business budgets, it is even more crucial that the business brand and services are managed by a strategic integrated marketing plan (Gabrielli & Balboni, 2009).
2.4.3.3 Social Media

According to Jones (2010), web and social media bring benefits and dangers. “Small businesses can use the tools of social media to improve their reputation, strengthen their brand, and preempt or respond to customer, supplier, or other stakeholder feedback” (Jones, 2010, p. 145) but with this inclusion of the customer as a shareholder in branding and reputation management it also means the business owner is no longer the sole director of the brand. Social media, internet searches, and reviewing have “given the general public the tools to become citizen journalists, to report news and to record and publish information” (Jones, 2010, p. 144). While this consumer generated input can contribute to co-creation of the brand, services, and loyal communities, reviews can also destroy reputations much more rapidly than in the past (Jones, 2010). The linked nature of web content also means that business owners can leverage or suffer from a more holistic view of the business (Jones, 2010). For instance, businesses can network with communities and volunteer groups to attract customers around shared social, environmental, or ideological goals but at the same time, the readily available personal information, political beliefs, or history can detract from the business image or harm customer impressions. There is little separation of personal identity and business identity on the web and little control of how personal information is managed or shared once uploaded (Jones, 2010). This makes it even more important that small business owners are considering integrated marketing from a comprehensive, strategic approach.

2.4.4.4 Market Research

Another challenge is that although consumer data practically collects itself through reviews, it still leaves small businesses to their own devices for sorting and interpreting the data and selecting their strategies moving forward (Lynn et al., 1999). While large firms typically have the financial and human resources to conduct market research on data and roll out streamlined branding campaigns (Lynn et al., 1999),
research clearly shows that small business owners are not utilizing strategic brand management tactics.

Small firms may have the opportunity through newly affordable and sophisticated media technologies to level the playing field with large firms but the firms need to recognize and be organized to utilize media properly (Lynn et al., 1999). Website hit tracking and mass market research by companies like Google and Facebook allow small organizations to conduct small scale customer research without a huge investment of time and resources. In sum, pressure from large competitors and discriminating consumers may lead to knee-jerk adoptions of affordable technology, but without sophisticated ways of sifting real customer demands out of abundant Google reviews, Yelp reviews, and pay-per-click ad data, these may be unproductive wild goose chases in terms of ad dollars spent and precious resources consumed.

2.5 Small Business Barriers to Planning

Dogonova and Eyquem-Renault (2009) expands the definition of the business plan beyond that of a descriptive written tool that entrepreneurs quickly deviate from and instead as performances or “scale models” of the business operations that can easily be communicated to the public and to employees. The view of the business plan as a prototype process which should be developed and designed iteratively relates directly to the methods used in the product and service design fields.

2.5.1 Cognitive Factors

An important question in business planning and business decision making is the ability of small business owners to make objective decisions and recognize incidents realistically in order to avoid or learn from them. A study by Rogoff, Lee, and Suh (2004) examines the prominence of actor-observer attribution bias by small business entrepreneurs concluding that entrepreneurs tend to attribute their successes or business positives to their own efforts, talent, and dedication and tend to attribute failures or business short-comings to external factors like economic or political climates and
competition. While a self-serving and actor-observer attribution biases are not a particularly surprising finding (Rogoff et al., 2004) they do not offer an entrepreneur the opportunity to effectively or objectively assess business failures or success and may limit their ability to plan strategically, seek appropriate assistance, or avoid repeated failures (Carter & Van Auken, 2006). Carter and Van Auken (2006) and Perry (2001) found that poor management skills, lack of strategic planning, poor information or poor processing and interpretation of information correlated to higher rates of bankruptcy in small businesses. Business owners who are consumed with the stress of operating the business may not take time to properly research or attribute information, a situation which is compounded by not having a planning strategy or cognitive map already in place prior to a distressing decision (Carter & Van Auken, 2006).

Ronald Taylor (1975) explores some of the psychological aspects of planning including barriers in motivation, cognitive ability, and value judgments. Lending academic credit to Dwight D. Eisenhower’s old battle adage, “plans are useless, but planning is indispensable,” Taylor poses that planning is just one output of the greater category of problem solving and decision making and that though planning is just one possible implementation of decision making (1975, para. 4). Thus, the decision making process and mental models behind the planning are the most important to improve in the planner and to study for cognitive barriers.

One such cognitive barrier is the limit of short term memory in decision making and problem solving. It is commonly known that humans can only retain about seven chunks of information at a time and that these chunks are subject to one’s intelligence, practice at memory, and the inherent biases created during the brain’s attempt to compact information for more efficiency. Taylor discusses the brain’s ability to recognize patterns and compress incoming information into chunks saying, “because humans have a limited ability to process information, they typically use a few broad concepts to classify information, even when such broad categorization suppresses important information”
(1975, p. 70). This can make complex problem solving more difficult and more subject to interpretive biases. Another limitation, according to Taylor, is the phenomenon of ‘bounded rationality,’ when “decision makers act rationally only within the boundaries of their perception of the problem—and these boundaries generally have been found to be quite narrow” (p. 69). Creative problem solving is also inhibited by what Taylor calls ‘functional fixedness’ where a person is so accustomed to the ordinary use or meaning of an object or idea, they are unable to think of it in any other way. Taylor’s cited example, which happens to be the actual origin of the phrase “think outside the box,” is from Samuel Glucksberg’s study in 1962 where participants posed with a problem solving task in which they must mount a cardboard box, which was either filled with assorted adhesive materials or empty but accompanied by the same materials, to a wall in order to hold a candle. It turned out that subjects who were presented with the full box of adhesive supplies frequently overlooked the very simple conclusion that the box must first be emptied of the supplies in order to attach the box to the wall. In other words, the complexity of a problem may either exceed the decision maker’s cognitive ability to process information, or the decision maker’s knowledge and experience may create overly limited constraints causing them to overlook what ought to be obvious conclusions.

2.6 Strategic Planning and Business Planning Tools

To overcome these cognitive limitations, Taylor (1975) suggests some decision making methods which compensate for the natural limitations of the human brain. First, our innate ability to recognize patterns, even when they are false interpretations of truly random data, belies our evolutionary reliance on vision and visual problem solving. Second, our ability to develop elaborate hypothetical constructs allows us to approach problems from different, and possibly less biased, vantages. Finally, our social nature lets us build on the knowledge of others and motivates us to be successful and engaged. Techniques that make use of these traits include visualization, decision making metaphors, fantasy scenarios, and brainstorming (Taylor, 1975).
2.6.1 From Strategic Planning to Strategic Thinking

According to Liedtka (1998), what all business needs is a shift to strategic thinking instead of strategic planning. If business owners’ perceptions of traditional plans are that they are outdated, too rigid, or require too much intellect and formalization, many business experts agree (Liedtka, 1998; Long, 2000). Referencing “influential theorists” Henry Mintzberg and Gary Hamel, Liedtka (1998) describes strategic thinking as, “creative, disruptive, future-focused, and experimental in nature” (p.31), and suggests that because strategic thinking is formulated in response to one’s own intent, opportunities, hypotheses, and reality, it is inherently appropriate to the level of sophistication of the person using it.

In “Innovate or Evaporate: Creative Techniques for Strategists” Higgens (1996) emphasizes that establishing a culture of creativity is the first step to innovation. Higgens suggests that creative thinking in teams subtly but eventually spreads the knowledge and the creative capacity of the group not just during the meetings but throughout day-to-day culture. Conversely, traditional planning runs the risk of becoming focused specifically on the creation of the document and ‘filling in the blanks,’ strategic thinking focuses on the process, making it potentially more relevant and appropriate for planners who are put off by the constraints of the document (Liedtka, 1998) in much the way that brainstorming is stunted by overly narrow up-front constraints (Higgens, 1996; Long, 2000; Taylor, 1975).

Carl Long (2000) suggests that entrepreneurs can actually gain advantage in not developing a strategic plan and instead focusing on strategic thinking and the “see what works” approach of experimentation and refinement. Taking a different tack, Long focuses on how many businesses that did not use a written plan have been wildly successful and that even large firms that do use methodical plans find them difficult to implement. Instead, basing the business goals off of strong personal values, beliefs, and capabilities and then being able to view those goals from a flexible, objective perspective can widen a target market or reveal insights that would have been screened out early in
the strategic planning or business planning process (Long, 2000). Long suggests using a biaxial map, or quadrant model to compare existing to new capabilities with existing to new opportunities.

**2.6.1.1 Evidence Based Design & the Business Dashboard**

New business research is latching on to idea of evidence-based design and iterative, dynamic business planning and away from the one traditional written plan approach (Mullins & Komisar, 2010). Continuing the common reference of business start-ups as journeys and planning strategies as maps, Mullins and Komisar (2010) propose using a “dashboard” to visually note assumptions, observations, decisions, which results in a strategic communication tool for employees or managers as well as a visually dramatic, systematic, and unbiased way to contradict one’s often incorrect first guesses. While this model is based on a quantitative approach for a large business with more sophisticated methods of researching and tracking finances, it represents yet another example of creating a strategic, adaptable business map as an alternative to the “straightjacket of today’s business planning practices” (Mullins & Komisar, 2010, p. 5). Indeed, some studies reveal questions as to whether the traditional business plan is as useful as many claim or whether it is “anything more than a mimetic device that, at best, service to legitimate [sic] the new venture” (Burke, Fraser, & Greene, 2010, p. 391).

While creating a firm written plan may help an entrepreneur formalize ideas and hypothesis, the risk in creating too rigid a plan is when high levels of uncertainty render a plan virtually useless but the entrepreneur either becomes reluctant to deviate from such a well-thought-out document to which they had previously been strongly committed, or they may abandon the plan altogether and forge blindly ahead without reworking or developing any strategy at all because of time, money, or management pressures (O’Gorman & Doran, 1999; McKay & Chung, 2005; Mullins & Komisar, 2010).

Decision making as organized anarchy in small startups is a key problem cited in McKay and Chung (2005). Although these authors are focusing specifically or innovative
entrepreneurial activities, the organizational management characteristics still resemble the broader category of small businesses. Given lack of a clear management hierarchy, volatile market and organization conditions, and ill-defined preferences and procedures, a flexible business plan that allows the business to evolve (McKay & Chung, 2005) and either grow or shrink to stay afloat is critical.

2.6.1.2 Micro-Strategies

Dave Logan and Halee Fischer-Wright (2009) examine the inherent micro-strategies adopted by successful small businesses that underlie what can appear to be intuitive planning or a lack of planning altogether. The authors find that the model of micro-strategies they provide, which relates to abductive approaches to reasoning, results in the business owner “develop[ing] a different view of themselves, their business, and entire industries” (Logan & Fischer-Wright, 2009, p. 47). Moreover, these strategies have the same compelling, confidence-building effect found in intuitive planning (Bewayo, 2010) but still allow an objective, analytical basis in reality for those assumptions. The micro-strategy model is based on three components, actions, assets, and outcomes, and three accompanying questions: “what do we want?”, “what do we have?”, and “what will we do?” (Logan & Fischer-Wright, 2009, p. 46). The guide they provide is instituted as a list of questions that take the place of a business plan, according to the case study of the successful small service business in the article:

1. Leaders ask: What do we value? Answering this question can require deep reflection and clear thinking.

2. Leaders ask: What do we want? They work until the answer is specific, with a due date, making sure that the goals are specific extensions of their values. This discussion results in defining the outcomes.

3. Leaders ask: What do we have? Here, they pool the collective wisdom of everyone involved to make a long list, resulting in their inventory of assets. As a habit, leaders and strategists add to their assets on a regular basis.
4. Leaders ask: Do we have enough assets for the outcomes?
5. If the answer is no, the leaders adjust the outcomes or develop an interim strategy to build the assets they need, or both.
6. If the answer is yes, they ask: What will we do? The result is a list of actions.
7. Leaders ask: Will the actions accomplish the outcomes?
8. If the answer is no, they add more actions, paying special attention to how assets can be translated into actions. (Logan & Fischer-Wright, 2009, pp. 46-47)

Logan and Fischer-Wright's model takes into account some of the key characteristics found in other tools from design and which appear to be important to solution seeking and planning. The model uses abductive reasoning and asks what-if questions, it converges the answers into specific actions, and it draws on and incorporates feedback from the community, the customers, and the friends and family of the owner starting the business.

2.6.1.3 Benchmarking

One suggested method is benchmarking, which involves researching successful businesses and modeling the business and metrics of the emergent business after them (McKay & Chung, 2005). Both the inexperience in accurate planning and budgeting and the volatile nature of business can make detailed strategic planning daunting and ineffective but benchmarking offers a way of salad-picking individual metrics and procedures on a limited, comparative basis that saves a business owner time and offers a more clear but adaptable vision of the business goals (McKay & Chung, 2005). Additionally, the collaborative, effort-driven approach to absorbing best practices can motivate a culture of employee commitment as well as a culture of learning (McKay & Chung, 2005). Once again, levels of refinement appear to have less significance than conscious effort to learn, adapt, and track decisions in a way that is compatible with the erratic nature of small business.
Lending more credibility to the suggestion of using benchmarking, Payne, Kennedy, and Davis (2009) focus specifically on competitive dynamics in service-based small businesses finding that face-to-face, service intensive small businesses are fundamentally linked to the interaction of environmental munificence, rivalry intensity, and firm specialization because they lack the locus of tangible goods upon which to differentiate themselves. Benchmarking can impact the business strategy by allowing important comparison between more service offerings and higher resulting costs and increased service specialization and lower costs but lower sales (Payne et al., 2009). Benchmarking provides an easy and rapidly ascertained set of reference points in the decision whether to create a full-service salon or a quick turnover barber shop or whether the cost of adopting new services is worth the resulting increase in sales. It is important that a firm realizes where it is positioned in the market, particularly when the diversity of the services offered are limited and the quality of the service performance is the most prominent factor in differentiating the business.

2.6.1.4 Scenario Planning

The pursuit of service innovation is encapsulated in several planning methods employed in business and marketing. Scenario planning, in which environmental assessments are used to develop narratives, engages a business owner in experiential learning while he informally rehearses possible business scenarios (Johnston, Gilmore, & Carson, 2008). A similar method in managerial decision making is described in the prospective hindsight technique (Russo & Schoemaker, 2002). Many of the same factors that present challenges to a small business can also be used as a competitive advantage if the business owner can recognize and leverage them (Johnston, Gilmore, & Carson, 2008; Krake, 2005).

SMEs are characteristically well equipped to respond quickly to changing market conditions (Johnston et al., 2008) but other research (McCarten-Quinn & Carson, 2003) finds that despite this inherent potential agility, few small businesses are poised to
leverage it. While the general climate of uncertainty and unknowns can be prohibitive to completing strategic planning, particularly in small businesses, Johnston et al. (2008) find there are ways of using dynamic, adaptable methods that contrast traditional planning approaches to improve relevance and compatibility of planning to the small business owner. In a climate of uncertainty, Johnston et al. (2008) proposes that rather then relying on rigid plans or decision trees which may quickly lose value once uncharted territory is encountered, creating dynamic, decision making frameworks or cognitive maps which are easily compiled and adapted is more functional and appropriate. With a looser mental model in place and an iterative approach to the strategic planning process, a business owner is able to more easily recognize opportunities, sense and interpret changes in trends and the external environment, and implement contingency plans or new business opportunities in response to trigger events (Johnston et al., 2008). Scenario planning, one such mental modeling method, is proposed as a way of dealing with uncertainty in business and allowing a business owner to ‘rehearse’ possible outcomes and challenge their own plans against potential outcomes such that part of the decision path is already cognitively laid when a scenario is actually encountered (Johnston et al., 2008). Referring back to section 2.4 Marketing in Small Businesses, the ability to recognize and plan for market conditions was a significant drawback in small business that lacked strategic marketing management. Here, as it applies to strategic planning, not only does scenario planning provide a cost-effective, informal way to deal with the many unknowns of running a small business, it also gives the business owner a method of challenging his expectations, developing and sensing decision points, and making decisions with more confidence when a rehearsed scenario is encountered.

2.6.1.5 Prospective Hindsight

In the vein of scenario planning, prospective hindsight is a technique in which one possible outcome is visualized and then the decision maker mentally backtracks into the reasons behind that outcome and the steps that led up to it (Russo & Schoemaker,
2002). Prospective hindsight works to increase the number and specificity of the reasons generated by increasing the perceived certainty of the event. What matters most is not the time perspective, looking back versus looking forward, but the certainty of the event. People work more effectively to generate reasons for an event when it is certain compared to when it is uncertain.

In addition to having empirical research as backing (Mitchell, Russo, & Pennington, 1989) Russo and Schoemaker (2002) relay practice-based evidence in their own consulting and educational experience. In one instance of Russo and Schoemaker practicing this technique with managers and MBA students, after developing hypothetical scenario “vignettes” prospective hindsight not only improved the quantity but the depth and quality of the possible lead up to the proposed event.

Image boards, or vision boards as they are referred to by inspirational disciplines, are collections of images that allow the creator to define, refine, or recognize emergent themes (Dawson, 2002). Often used as a collaborative technique wherein designers hold constructive dialogs as the images are selected and arranged, this method offers a simple way of ascribing a perspective or set of values through a visual organization process of complex or seemingly disparate clouds of information (Dawson, 2002).

2.6.1.6 Decision Making

“The heart of business is the art of problem solving” (Roam, 2008, p. 3). There are many books and practices in business that attempt to simplify the complex nature of starting and operating a business into simple problem solving frameworks. A widely used book in university business and marketing, Guy Kawasaki's “The Art of the Start” (2004) is an attempt to simplify the business start-up process through actionable steps and exercises. Kawasaki (2004) proposes that planning should happen after the first leap into a venture and be reflective of the initial prototype phases of the business. “Most experts wouldn't agree, but a business plan is of limited usefulness for a startup because entrepreneurs base so much of their plans on assumptions, “visions,” and unknowns”
(Kawasaki, 2004, p. 66). While the cutting-edge, venture-capital seeking entrepreneur implied by Kawasaki may face many Fuzzy Front End uncertainties, a small business owner with little to no business or management education or experience could be argued to face similar levels of uncertainty on a smaller scale.

Traditional business planning also faces new pressure from global markets, rapid technology changes, marketplace demands, and higher consumer expectations regarding social and environmental values (Fraser, 2007).

Within this context, many companies are slow to respond to these forces because their historically successful models and infrastructures are making it challenging to shift organizational cultures and evolve rigid business models (Fraser, 2007, p. 66).

Several techniques are designed, and have been shown, to address the very personal nature of small business decisions by providing procedures or techniques that aide in attaining objective viewpoints or overcoming personal and cognitive barriers. For example, decision making frames, defined as “mental structures that simplify and guide our understanding of a complex reality” (p. 21), can help mitigate doubt and regret in complex or difficult decision making in which little information is sure or known (Russo & Shoemaker, 2002). Although luck and chance always play into decision outcomes, a framework provides a means for best assessing risk, reward, stop-gates, and alternatives which allows the decision maker to be confident in the decision process even if chance prevents the desired result (Russo & Schoemaker, 2002). These frames must be consciously developed, tested, and adjusted through conducting frame audits and asking oneself to identify ones own objectives, reference points, boundaries, and biases (Russo & Schoemaker, 2002). However, in context with the fore-mentioned barriers and traits of small business owners, the techniques suggested by the authors, although comprehensive and well-founded in behavioral decision theory, are rather lengthy and
are clearly tailored for more educated and experienced managers and extremely introspective decision makers.

2.6.1.7 Decision Framing

In “The Design of Business: Why Design Thinking is the Next Competitive Advantage” Martin (2009) argues that contemporary management education is too reliant on inductive and deductive reasoning and not just ignore abductive reasoning but, “inculcate an active hostility to abduction, which is regarded as frivolous” (p. 129). According to Martin, this critical missing component of analytical framing, which he defines as inferring just within the outer limits of feasibility and wondering or positing “what could possibly be true” (2009, p. 64). The point of framing is to create an objective framework of values in order to balance difficult or uncomfortable decisions and provide confidence in the final solution (Russo & Schoemaker, 2002). Finally, with a properly calibrated and defined frame, the business model can be mentally and theoretically modeled from a more objective, strategic view. Expensive equipment purchases, management issues, hiring and firing, liquidity, advertising, and other difficult business decisions become components that must fit into the larger plan. This step depersonalizes the stresses an entrepreneur faces and allows them to see the strategic context in which their actions are taking place. This goal-oriented, objective phase is where project management and design methods culminate in balanced solutions (Russo & Schoemaker, 2002).

2.6.1.8 Futurism

Futurism is defined by Peterson and Stratemeyer (2005) as “the process of developing several marketplace scenarios and evaluating their probability of occurrence and influence” (p. 48) in order to give a business planner a longer range viewpoint, an opportunity to identify patterns or trends, and a planning practice that is less dependent on accuracy than on acknowledging potential outcomes. Research shows a relationship of small business failure to ineffective planning (Knotts, Jones, & Udell, 2003), and
according to Peterson and Stratemeyer (2005), “planning is often unsuccessful because it fails to take into account the need for change in the dynamic and volatile environment which is common in most industries today” (p.49). Small business owners should instead concentrate mainly on the broad goals of the business and their purposes and supplement planning with adaptable, replaceable strategies (Peterson & Stratemeyer, 2005). Instead of detailing one possible, and potentially quickly debunked, future, Futurism offers small business owners the ability to informally identify many alternate futures with few resources and relatively little effort (Peterson & Stratemeyer).

Other traditional business tactics such as sales forecasting, portfolio analysis, evaluation of competitor offerings, SWOT analysis, are useful in determining business strategies, but perhaps not for the typical small business owner who tends to be overly optimistic, biased, and ill-equipped to adopt any of these methods. However, futurism, or even its looser root method, scenario planning, can complement (Peterson & Stratemeyer) or even substitute other planning exercises, especially in lieu of a business owner pursuing no planning at all.

Realizing that small business owners are generally too absorbed in immediate problems to pursue extensive expert planning, Peterson & Stratemeyer posit, “even a minimal degree of preparation for the long run future may advance the degree of innovative thinking which takes place in the managerial role and may stimulate the formation of plans that are forward-looking” (2005, p. 62). In summary, Peterson & Stratemeyer seem to be on board with many others in the stream of scholarship surrounding small business planning with respect to a common axiom, more is better than less, but anything is better than nothing.

2.7 Services Marketing

While the previous marketing concepts which addressed the advertising, branding, and promotion of a small business came from both traditional goods marketing and services marketing, this section draws specifically on Services Marketing's unique
approaches to value, service design, and customer experience of services as well as the parallels in Services Marketing and Industrial Design.

2.7.1 Theoretical Overview

The concept of product or service innovation and business model design being driven by customer needs and overall ‘value creation’ is a central principle in both the design world and the services marketing world. Although services marketing focuses primarily on service industries, researchers from services marketing have argued, much like the design world, that a distinction between goods and services is not necessary because everything can be considered a service in terms of providing value (Vargo & Lusch, 2004). Vargo and Lusch (2004; 2008) expanded the paradigm of ‘service-dominant logic’ to include all goods and services, because all goods and services are inherently based on ‘co-creation of value’. Grönroos’s “customer creation of value-in-use” (2008, p. 304) portrays that a customer creates and interprets his own experience within a constructed service or tangible good. This concept is functionally similar, although distinctly different to a services marketing academic. This new evolution of a service-dominant logic implies that marketing is an iterative “continuous learning process” (Vargo & Lusch, 2004, p. 5) and that marketing belongs at the center of business acting as an integrative, collaborative force in combining the different core competencies of which the business is comprised. By positioning customers as co-creators of the use value of a service experience, the consumer and the provider enact a ‘dialog’ in which the firm acts as a value facilitator through the ‘communication’ of the service (Grönroos, 2008). In other words, the service experience is iterative and subjectively portrayed, interpreted, received, and reflected upon by the customer and the service provider.

2.7.1.1 Service Qualities

How products and services are distinguished or whether they are at all separate is a subject of considerable debate within the field of services research (Kimbell, 2009), yet services are an important, dominant part of the economy regardless of how they are
distinguished (Kimbell, 2009 April). Setting aside considerable theoretical discourse, IHIP is a widely accepted model which describes as a broad summary the unique qualities of services over goods (Zeithaml, Parasuraman, & Berry, 1985).

IHIP stands for Intangibility – services are not tangible, therefore they cannot be judged before consumption, for example, compare a sweater with a bus trip; Heterogeneity – the people that take part in the service delivery process, provider and consumer, are unique at each occasion, therefore it is not possible to reproduce a service; Inseparability of production and consumption – services are consumed and produced at the same moment, hence the planning and development process must be different; Perishability – service cannot be stored or saved. (Zeithaml, Parasuraman, & Berry, 1985 as summarized by Edman, 2009 p. 4)

2.7.1.2 Marketing Mix

A conceptual model called a marketing mix has been developed as a set of guidelines for the ingredients or variables that make up a service marketing program. As an expansion of a previous 4 P’s model (Product, Price, Promotion, and Place) intrinsic to goods-dominant logic, the 7’s P’s model has been proposed as a more comprehensive framework for the marketing of services because it includes a more complete “tool kit” (Shapiro, 1985) to be used in marketing management (Booms & Bitner, 1981). According to Booms and Bitner (1981), the three additional P’s include participants, physical evidence, and process. Because services are intangible, experiential, contextual, and perishable, they involve a marketing mix different than that of a tangible good (Booms & Bitner, 1981). When used as a generic guide, the 7 P’s principles can be used as controllable variables in developing marketing strategy (Booms & Bitner, 1981; Rafik & Ahmed, 1995). Because brand identity is so central to owner identity in businesses, this framework may provide an objective, less personal way to define brand goals and organizational opportunities for a small business.
2.7.1.3 Design Thinking & Service Dominant Logic

The intersection of design and service-dominant logic is explored by Edman (2009) who finds that because of the similar underlying concepts in Service Dominant Logic and Design Thinking, they appear to be complementary disciplines which can and should be considered in tandem. The connections between Design Thinking and Service Dominant Logic starts at their central focus on user-centered and customer-centric research and meaning and value creation, in design’s terms and marketing’s counterparts respectively. Edman finds overlap in design’s and services marketing’s ability to contemplate and understand experience, manage complexity within richly nuanced networks, and regard value as a derivative of these two prior elements. Edman explains, the primary difference, and a reason they seem to be so compatible as an interdisciplinary collaboration, is that Service Dominant Logic “describes and prescribes” (2009, p. 9) but lacks techniques for practical application while Design Thinking “interprets and visualizes” (2009, p. 9) through a variety of tools and methods but is absent a clear over-arching paradigm or logic regarding an economic orientation.

2.7.2 Service Marketing in Small Businesses

The notion of the consumer experience as a dialog in which the consumer is proactively engaged by the provider has been researched specifically within small business settings with regard to the specific service marketing initiatives and inherent competitive advantages that small businesses can leverage (Horan et al., 2011; Kimbell, 2011; Maritz, 2008).

Because a small business brand is so often strongly linked to the entrepreneur due to both the simplicity of the organization as well as the leadership role of the business owner (Spence & Hamzaoui Essoussi, 2008) it is useful to consider the brand personality aspects of the resulting small business brand particularly in services where the brand is less associated with a tangible product and related more to customer experience (Horan, O’Dwyer, & Tiernan, 2011). In their study of branding specifically in
service SMEs from a management perspective, Horan et al. (2011) use case studies to find unique emergent themes both in small business brand management as well as service branding management in small service firms in Ireland. The authors devised eight key sustainability values for services SME branding: budget restrictions, communication, management and staff, customers, brand equity, desire to succeed, influence of the owner/manager on change, and procrastination. The authors found that across all of the small service businesses studied, these barriers shaped the service brand that prevailed through the business and recommend going forward that:

SME owner/managers focus on the need to address the issue of intangibility by implementing strategies to make the intangible service brand tangible. In addition, although the owner/manager may incorporate a personalised management style, the study confirms the significant role of management and staff in service SME branding. In order to maximise such role benefits owner/managers should be encouraged to increase delegation of branding decisions, cultivate enthusiasm and incorporate the entire SME when branding the service. (Horan, O’Dwyer, & Tiernan, 2011, p. 119)

2.7.2.1 Ancillary Intangibles

Bitner (1992) proposes that the “servicescape,” which includes noise, signage, furnishings, and décor, can cause behavioral and emotional effects for both employees and customers. Bitner’s pivotal study in considering the human effects of the environment has spurred wide range of quantitative and qualitative studies of environmental variables and their relationships to each other and to the service experience, but earlier studies did begin to broadly consider “ancillary intangibles” in the service environment.

Barker and Gimpl (1982) give a succinct and very early overview of the elements of service design, service differentiation, and the importance of a services rather than goods marketing approach in small businesses. They also relay a distinguishing principle that is particularly relevant to small service business research and which emerges early.
in both the article and in service research theoretical evolution. Stating, “if a firm is to compete on a basis other than price, it must differentiate its product or service from those of its competitors (1982, p. 1).” Barker and Gimpl continue on to describe techniques for considering “ancillary intangibles” that small businesses can use. Using the example of “two French restaurants serving identical geographic segments and offering identical menus” (Barker & Gimpl, 1982, p. 1) consider how the selection of experiential or atmospheric items can allow differentiation. Ancillary intangibles are described as Premises, including lighting, odor, décor, and signage; Packaging, which includes both materials and actions that frame a service delivery, such as the “the final strokes of the brush, followed by the splashing of the after-shave lotion, may be seen as an invisible package used by the barber” (Barker & Gimpl, 1982, p. 4); Tools and Equipment, such as distinctive, efficient, or particularly high quality electronics; Business name, which should be unique, easy to read and pronounce, and remindful of the service offered; Employees, which includes training of sales techniques, personal appearance, and demeanor; Customers; Information; and Convenience. While all of these factors may have a small individual effect, they are useful to consider as part of a complete assessment by which to analyze the service experience. The authors caution that while some correlations between these variables and success may be illusory (Barker & Gimpl, 1982), it is also important to be cognizant of complaints and customer behaviors in relation to these variables, particularly as the business grows and the brand or value is disseminated through more people and outlets.

2.9 Service Design

“Shostack (1982; 1984) was a pioneering advocate of the idea that services could be designed intentionally, proposing that documenting and monitoring the service delivery process was the key methodology behind designing a successful service offering” (Kimbell 2011). According to Kimbell (2009) two major developments are behind the advancement of service design as a separate field:
evidence that design has moved into the core of innovation and organizational
strategy within management theory and practice
the combination of media technology and networking with physical products has
created complex arrangements of new consumables along the service to product
continuum. (p. 157, para 2)

Despite some of the lasting misconceptions of design as an end-of-the-line
applied art, designers’ style of reasoning, termed ‘design thinking,’ contributes three key
elements to management that are inherent in design practice and education. First, user-
centered research, a design fundamental, is used to find surprising insights and
product/service opportunities (Cagan & Vogel, 2002; Kimbell, 2009). Second, iterative
concept modeling and idea generation by interdisciplinary teams is used to create a more
complete picture of the customer experience and opportunities both outside and within
the organization (Kimbell, 2009). Third, a holistic understanding of aesthetics and form
create a more complete picture of the tangible aspects of customer experience while
rapid, informal visual thinking provides easily relatable ideas to diverse groups within an
organization and allows swift communication and dialogue (Kimbell, 2009). Design and
its methods are imprecise and abductive, which is why it generally lacks the over-arching
paradigm or definition as a science as found in management and marketing (Edman,
2009). Design must allow for surprises. Kimbell summarizes, “it is clear that designers
are no longer expected to confine their creative processes to the development of discrete
products but can apply their skills and knowledge across a wider range of organisational
activities” (2009, p. 2). Kimbell goes on to summarize Thrift (2008) saying, “overall, the
role of design can be seen as shifting from being about giving form to or decorating
manufactured commodities to locating them within flows in which production and
consumption are blurred” (2009, p. 2).

“So a profusion of diverse services exist, designed by all sorts of people with
range of knowledge and intellectual traditions, but typically not people who have been to
design school” (Kimbell, 2009, p. 4). There are two extensions this can take. First, design disciplines have a long history of designing services as 'solutions' integrated with or independent of product or architectural solutions but they have not been specifically distinguishing between whether a solution is a product or service (Reese, 2002). With respect to this, it is useful to examine and contrast the differences between the collaborative, ill-defined nature of design in practice with the distinct silos of design, marketing, and other disciplines that are all performing service design but using different terminology (Kimbell, 2019). Second, there is a relationship to Simon’s (1969) notion that all of us are designers who are seeking to turn existing situations into preferred ones and open-source design movements resonate with this. Design is an important place to look for strategic planning and competitive advantage in service businesses because design offers user-centered methods and iterative idea generation processes (Kimbell, 2009). “This research suggests that in their work service designers are deeply concerned with the concept being put to the customer by the organisation and that they are therefore attentive, albeit indirectly, to the business models underlying a service” (Kimbell, 2009, p. 7).

2.9.1 Service Design Tools

Saco and Goncalves (2008) attempt to condense the varied approaches and tools for service design in their appraisal which include a sample list of techniques for researching, brainstorming, and building service design such as Blueprinting, Shadowing, Benchmarking, Critical incident technique, Fishbone diagram, Pluralistic walkthroughs, and Experience prototyping. The recent flurry in service design has stemmed from the blurring between products, interfaces, and services; a progression which as been notably crafted by the design firm IDEO (Saco & Goncalves, 2008). This blending of approaches circles back to the impetus of design thinking, which, instead of considering individual variables, is a more holistic approach to design and experiences. However, it is conceded that many resources go into service design, so few of the techniques for service design
are likely ideal for small businesses because of this resource poverty and the lack of infrastructure to roll out research, changes, and service designs. Small businesses owners do not appear from the literature to have the luxury of lofty experience design assessments and programs.

2.9.1.1 Service Blueprinting

Dubbed a “practical technique for service innovation” (Bitner, Ostrom, & Morgan, 2008) the blueprinting approach recognizes the dynamic and unpredictable nature of interactions and provides a framework of touchstones by which to guide and interpret the intangible, sometimes fickle, service delivery process. This sequential, iterative approach is much more useful to entrepreneurs than high-level theoretical methods due to their tendency not to adopt complex practices and rely instead on experiential learning (Carson & Gilmore, 2000; McCartan-Quinn & Carson, 2003). Bitner et al. compare and critique design processes in product development against their proposed Service Blueprinting approach:

Because services are intangible, variable, and delivered over time and space, people frequently resort to using words alone to specify them, resulting in oversimplification and incompleteness. Further, there are often biases present in both the specification and interpretation of the service concept. In fact, the early stages of new product development often referred to as the “fuzzy front end” are particularly problematic for service innovation because they typically involve imprecise processes and impromptu decision-making. These stages are often characterized as having low levels of formalization, yet they are critical for what follows. What is needed is a means of presenting the activities, relationships, and interdependencies of a service process in an objective and precise manner such that it is methodologically structured, but flexible enough to allow creativity to flow. (2008, pp. 4-5)
The authors’ resulting methodological process involves five components: customer actions, onstage/visible contact employee actions, backstage/invisible contact employee actions, support processes, and physical evidence. By systematically breaking down each phase of the service using these guides, the ‘touchstones’ for service innovation are revealed.

Although the authors criticize the applicability of product design processes for service design, underlying examination reveals two key points: 1) services are harder to capture and measure than products, thus, more meticulous frameworks and metrics may be needed to guide the service design process; and 2) Bitner et al.’s position illustrates a common criticism that design methods appear to, and sometimes do, lack the transparency and structure that lend reliability and credibility to the design process itself (see 2.1.1). This stance on design drives Rhea’s earlier point that design has done a poor job of promoting itself to the business world.

**2.9.1.2 Critical Incident Technique**

The critical incident technique (CIT) was designed before, but began being used prominently, after World War II to assess accidents and errors in aviation. This technique followed a specific set of questions about physical and emotional details and observations surrounding a past event in order to make analytically useful in the present (Flanagan, 1954). Counter to typical ambiguous or biased results that are evidenced in eyewitness testimony, the critical incident technique is suggested a relatively accurate method of attaining facts around a situation and assessing historical job performance (Flanagan, 1954). The critical incident technique was forged as a useful method for evaluating services and service encounters first in Bitner, Nyquist, and Booms 1985. Two of these authors later use the CIT again in “The Service Encounter: Diagnosing Favorable and Unfavorable Incidents” (Bitner, Booms, & Tetreault, 1990) as argument that this technique was a valid and valuable method in assessing services despite discourse as to the validity of the self-reported and hindsight biased data. Ultimately, the
CIT has been validated as an appropriate technique for gathering impressions during service as is applicable in assessing customer, employee, and company thought during and after a service. This means that if prompted using a specific procedure of questions, the nature of the data provided by participants has relative and acceptable accuracy within a reasonable time of the service taking place.

2.9.1.3 Brand Personality Scale

As evidenced by its frequent citation, Jennifer Aaker’s Dimensions of Brand Personality (1997) is the first generalizable scale to systematically measure the symbolic value of the personality traits people associate with a brand. Proposed as an alternate method to comparatively “ad-hoc” studies based on symbolic analogy and picture sorts, the Brand Personality Scale uses five dimensions: Sincerity, Excitement, Competence, Sophistication, and Ruggedness (Aaker, 1997). The dimensions were refined against hundreds of traits, e.g. down-to-earth, friendly, young, technical, feminine, wholesome, and were empirically tested against common brands to reveal the predominant categories. This brand scale helps marketers and consumer behavior researchers assess and orchestrate the symbolic qualities of a brand using a framework that compiles the many subjective customer impressions into a defined and broadly applicable set of qualities.

A brand is often described or personified using human characteristics (Aaker, 1997) and when those human qualities are directly the result of the small business owner himself, it is useful to understand those human qualities that are characterized in marketing. The five personality areas and their subsets of characteristics have become a mainstay in card sort analysis and brand DNA studies (Clatworthy, 2009; Takamura & Christensen, 2007). These personified qualities are what large firms use to artificially shape a brand as was suggested by Spence & Hamzaoui Essoussi (2008) but they can also be used as a metric to gauge the embedded values of a more authentic small business brand and design brand strategy into customer experiences (Clatworthy, 2009).
Bogusky and Winsor (2009) propose new ‘recipes’ as alternatives to traditional business planning to ignite or launch innovative businesses using the integration of product design and marketing. These recipes, or mini-methods, are focused on developing abductive reasoning and objective views of the business for the purpose of opening the business to innovation and developing strategic planning based on the actionable steps of which small business owners are so fond. This recipe prompt is a prime example:

Make a list of cultural trends that influence your consumers’ behavior. Take your time; all of the items on this list will not be immediately apparent. Stay with it, and you will gradually observe more and more. Be a good observer. Remove yourself from your own cultural perspective. Look for the absurdities, the incongruities, the things that don’t necessarily make sense. (Bogusky & Winsor, 2009, p. 47)

Although these methods vary in design and sophistication, they allow, or even force, the business owner to actively set goals and brainstorm solutions and operations. These dynamic, intellectual recipes resemble the type of enquiry found in marketing and design research that are used as stepping stones to a strategic plan (Martin, 2009) which would occur as a marketing strategy or product development process respectively (Cagan & Vogel, 2002).

These recipes, however, require a considerable degree of sophistication and practice to enact. A designer or marketer might add that if removing yourself from your own cultural perspective were as easy as is implied, the tools and recipes for doing so would not be needed in the first place. To form a more complete picture of strategic planning tools potential use, the common barriers to planning are examined.

2.10 Conclusions

The different tools, theories, and beliefs between design, services marketing, and business have been reviewed and despite the wide-ranging topics, there are several parallel themes which can be used to devise the research strategy for the semi-structured
interviews and subsequent tool kit development. Although small business owners might not recognize or label any of these methods as "planning," the various tools that help a designer, decision maker, and marketer frame decisions, project outcomes, think innovatively, and create brands are useful, practical and perhaps even fun and refreshing. These tools are also often intuitive and based to some extent on behaviors they are already employing in starting and running their businesses. Given the proper delivery, guidance, and prevalence, these tools are likely to be accessible and appropriate for small business owners based on secondary research’s consensus regarding small business owner’s diligence and the tools’ current incorporation in business settings. At the broadest level, the process these tools share provides business owners a path towards quickly establishing a basic frame, or brand stance; generating new ideas; weighing those ideas against their current frame or vision; describing the situation; and revealing the next actions.

2.10.1 Business Owner Ethos

Small business owners are intelligent, intuitive, and action oriented (Bewayo, 2010; Logan & Fischer-Wright, 2009; McCarten-Quinn & Carson, 2003). They are often partially consciously, and partially unknowingly, taking steps towards leveraging their unique competitive advantages through marketing and services, but are doing so largely without an overarching strategic approach. O’Dwyer et al. (2009) defined a model of small business marketing practices and corresponding characteristics which presents a comprehensive and compelling baseline for this research’s inquiry into small business marketing behaviors and attitudes (see 2.4).

According to Bewayo (2010) and other authors, the intuitive planning mindset is at opposition to the analytical, objective mindset required for traditional approaches to strategic planning and business planning. Intuitive planners and non-planners were shown in many of the studies to be unlikely to adopt traditional planning strategies, thus,
a new approach which is more adaptive to their existing cognitive processes and abilities may be needed to increase strategic planning.

Nevertheless, small business owners are likely to face either growth or threat of failure which result in the need to restructure, adjust operations, refine marketing objectives, or delegate management to employees. This adjustment invariably requires transitioning away from reactive, intuitive planning into a more formal and strategic process for decision-making and communicating. Of the three fields studied, service design and industrial design in particular provide less cerebral, more abductive, perceptual planning strategies through a set of tools that are innately designed to be rapidly and cost-effectively employed in business.

2.10.2 Strategic Tools

All of the tools provided by the different fields could be considered ‘strategic planning’ tools because of their ability to establish known facts, describe the current climate, set goals, balance unknowns, and provide steps and measures for proceeding. Contemporary strategic thinking research, user-centered research, and services marketing research all unite around the key idea that in order to produce relevant, effective, and actionable solutions, strategic planning tools should formed around the goals, values, behaviors, and activities that are already embedded in a business or consumer. These tools must also be adaptable to nascent and ongoing business environments and be iterative processes that allow owners to educate themselves. Ongoing businesses may even have an advantage in basing their strategic planning techniques on more concrete ideas, behaviors, and realities than nascent planners who face many more unknowns (Long, 2000; Simpson, 1998).

Research also suggests that inviting the beginnings of abductive, querulous strategic thinking can lead to aggregated strategic thinking and planning (Perry, 2001; Taylor, 1976; White 2009). Small insights into the services, brand, and customers can lead to realization of opportunities down the road, or, at the very least, removal of
perceptual barriers. These tools can provide small business owners inroads towards strategic planning but allows them to base the planning on concrete service design or very salient and highly internalized brand values.

There are three basic phases evident in these tools and the qualities of each phase blend into a complete mapping process:

Phase One: Setting the Scene
- calibrating vision
- identifying
- defining constraints
- observing
- verbalizing
- describing

Phase Two: Gathering Ideas
- brainstorming
- unraveling
- stretching
- envisioning
- imagining
- wondering

Phase Three: Strategizing
- honing
- accounting
- exercising
- cataloguing
- visualizing
- mapping

2.10.3 Subsequent Steps

The tool themes and owner characteristics comprise a basis from which to collect and analyze the study’s data. Emergent themes and contradictions between the literature and the later data provide the foundation for calibrating subsequent design research insights. The three tool phases provide a new qualitative guideline for describing and recognizing planning behaviors by the small service business owners in this study.
Chapter 3

RESEARCH DESIGN

3.1 Research Strategy Overview

This chapter describes the methodology and methods which guided this research. Following a flexible, qualitative approach and grounded theory strategy, two data collection methods accompany a literature review as secondary research. Immediate data analysis from each method provided the emergent themes around which the subsequent method was developed.

Table 2

Method Justification Table

<table>
<thead>
<tr>
<th>Method</th>
<th>Purpose</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Research</td>
<td>Provide a basis of tools &amp; theories across the 3 fields</td>
<td>Peer Reviewed Research &amp; Books</td>
</tr>
<tr>
<td>Semi-structured Interviews</td>
<td>Find challenges &amp; behaviors compared to extant research</td>
<td>5 Salon Owners</td>
</tr>
<tr>
<td>Workshop</td>
<td>Test proposed workshop tools in live setting</td>
<td>1 owner, 1 employee, 1 client</td>
</tr>
</tbody>
</table>

3.1.1 Planning

The literature review was shaped around the growing trend of design as an influence in business. Appropriate to a grounded theory strategy, the general essence of the research was clear but the breadth and direction of the literature review and goals were not. A broad reading of pertinent literature narrowed the literature to the three most prominent concepts and a conceptual framework: industrial design, services marketing, and strategic planning. The focus on small service business acted as a filter to narrow down the broad categories into distinct research questions and related tools and resources. Subsequent literature review provided content for the interview guide. A flexible research plan and methods were developed and submitted for study approval to
Arizona State University’s Institutional Review Board. Exempt status was granted (see appendix B).

3.1.2 Goal

The literature review was designed to look through the excitement around ‘design thinking’ to identify the actual theories and tools behind the integration of design strategies into business.

3.2 Literature Review

This literature review was designed to provide the reader with a broad base of the theories and practices within each of the topics covered in order to enrich the reader’s understanding of the material. Each discipline plays an important role in bringing a broader perspective of the research design. Secondary research also acts as a point around which to calibrate the data collection methods and data analysis while bringing together these related but very academically disparate views.

3.3 Methodology

A qualitative grounded theory strategy was used for this study for its flexible design and precedent for theoretical sampling, or purposive “sampling of people to interview or events to observe is undertaken so that additional information can be obtained to help in generating conceptual categories” (Robson, 1993, p. 192). Grounded theory’s aim is to “generate a theory to explain what is central in the data” (Robson, 1993, p.192) by using mixed methods and coding during data analysis to reveal emergent themes (Robson, 1993). Semi-structured interviews followed by a workshop-as-focus group (Kimbell, 2008) were used as part of the grounded theory strategy. The study’s use of ethnographic methods is meant to reveal insights about the selected group (small business owners in the service industry) and contextualize them with the emergent themes from the literature review (extent and methods of business strategizing).
3.3.1 Participant Overview

The target size of these studies follows evidence suggested in Perry (2001) that tiny businesses with 5 or fewer employees often do not engage in formal business planning and may benefit less from it because of the compact, intuitive nature of the business. Thus, a target firm size of 5-25 employees was selected. In accordance with grounded theory theoretical sampling salon owners were positioned as ideal candidates for this study in part due to the visual nature of their field. The prevalence of salons as small service businesses, their simple business models and organization charts, and the absence of a college degree requirement make salon owners a likely fit to the theories that emerged in the literature review.

Salon owners are likely to face many of the primary challenges illuminated in the literature review. Salon owners require a practice license from a state cosmetology board, which generally requires a high school diploma or GED but not necessarily a college education or management and business training. According to the Bureau of Labor Statistics (BLS) Occupational Handbook (2011) about 44% of all workers in the personal appearance industry are self-employed meaning there is a high rate of self-starters among this group. Also according to the BLS industry summary, the salon industry is a customer-centric industry demanding people skills, sales, and visual design sense as well as technical skills like basic chemistry, time management, and business operation. Salon owners also employ a variety of business models appealing to a variety of demographics and price points often widely vary although services offered are fairly streamlined across the industry. Retail sales are used to some extent within the business model to supplement services and salon owners are responsible for attaining and maintaining their own materials and equipment for both the retail and service parts of the business. They must work as human resource managers as well. Because the salon industry encompasses a wide swath between obligatory (e.g. barber) and discretionary (e.g. spa treatments) spending, the service and retail offerings must meet the customers’
expectations of value. Often rich and immersive, salon services involve intimate social contact and even physical touch during the service, which may last from minutes to hours. In such an immersive service delivery situation, the entire experience including the design of the salon, the other customers, the employees, and virtually all other environmental factors play a part in a customer’s perception of value (Bitner, 1992). Barker and Gimpl (1982) list salons as an example of one small service business with a powerful need to differentiate services when servicing the same customer demographic within the same geographical area and offering the same services at the same price.

3.4 Semi-structured Interviews.

The semi-structured interview was selected as the first data collection method based on its prominent use and utility in user-centered design as seen in Creating Breakthrough Ideas: The Collaboration of Anthropologists and Designers in the Product Development Industry (Squires & Byrnes, 2002). Semi-structured interviews allow a researcher freedom in exploring topics relevant to the participant because, according to Robson, “the interviewer will have an initial topic but will then be to some extent guided by the interviewee’s responses as to the succeeding sequence of topic” (1993, p.278). The literature review topics provided the outline for the semi-structured interviews (see appendix B).

3.4.1 Participants and Sampling

Online business directories were reviewed using the different combinations of the keywords ‘grand opening,’ ‘new’, ‘owner’, ‘salon,’ and ‘independent’ as search terms. Search results were then narrowed in order to identify hair salons under sole-ownership that were started in the last 3 years. Due to a difficulty in recruiting participants, the search was expanded up to 10 years in business. Twenty-four salon owners were selected asked by phone to participate in the interviews. Five owners accepted to be participants. The size and number of employees not including the owner is listed in Table
3. Names have been changed to case labels in order to protect personal and business identities.

Table 3

Participant Demographics

<table>
<thead>
<tr>
<th>Participant</th>
<th>Years in Business</th>
<th>#Employees</th>
<th>Salon Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2</td>
<td>2*</td>
<td>Hair &amp; Specialty</td>
</tr>
<tr>
<td>B</td>
<td>8</td>
<td>9</td>
<td>Organic Hair &amp; Massage</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>6</td>
<td>Hair &amp; Specialty</td>
</tr>
<tr>
<td>D</td>
<td>10</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

*Between setting the interview date and having the interview, 2 employees were let go and 2 were in the process of being hired.

3.4.2 Data Collection

Due to their informal nature, interviews typically lasted 1 hour with the longest at nearly 2 hours. The interviews followed the question guide in nearly the same order but it was tailored to the participants’ responses. Interviews were conducted at the business save for one which was conducted at a restaurant in the same complex. Interviews were recorded by digital audio and transcribed by the author. Notes, sketches, and observations were also conducted by the researcher during the interview (see appendix B). Participants received information letters and signed consent forms in order to be recorded (see appendix B). Transcribed data were categorized and sorted thematically.

3.4.3 Data Analysis

Open coding, a means by which a “researcher forms initial categories about the phenomenon being studied from the initial data gathered” (Robson, 1993, p. 194) was used to sort and analyze transcribed data from the interviews. The data was sorted into 7P’s and a(x4) frameworks in order to reveal a more complete picture of the service as told by the business owner. Transcribed data were analyzed for emergent themes within
each category. The researcher’s interview notes and sketches were also referenced during the data analysis and were the basis for further sketches (see appendix B) to visually solidify some of the relationships and concepts that emerged in the data. These themes guided the user needs, constraints, and goals around which the subsequent method was planned.

3.4.4 Goal.

This research was conducted to gain insights directly from small business owners about their own challenges, planning strategies, and methods in order to compare those insights with extant literature. These insights also helped guide the workshop tool set, design, and goals (see appendix C).

3.5 Workshop/Focus Group

A workshop was used to view the participants’ engagement and use of the tools provided while allowing data to be collected similarly to a focus group. One methodological disadvantage to the focus group, as described by Robson (1993), is that focus groups represent a different realm of “social reality;” however, from researcher observations and self-told assertions of the participants, the client/employee/owner relationship is already a construct in use in the salon industry and thus is not an unusual extension from their social realities as to alter the data. Robson (1993) also references substantial literature which describes focus groups, brainstorming, and nominal group techniques as creativity enhancing and useful in innovation (Tudor, 1992; Rawlinson, 1981; as cited by Robson, 1993). The exploratory nature of a focus group makes it a relevant method for observing and encapsulating multiple goals: service design for the participants and research data for this study.

3.5.1 Workshop Design: Tool Kit Constraints

The key characteristics and ongoing challenges guided the following workshop design constraints. The constraints of the workshop comprise the goals and needs which the workshop toolkit, and its combined individual tools, must address.
• Provides creative, visual ways to organize and communicate the business vision both for one’s self for others.
• Includes the ability to act as both a pre-planning step prior to launch and an ongoing planning process.
• Provides clear ways to identify a variety of opportunities for service design, marketing, or growth.
• Is adaptable to a variety of small business sizes and industries
• Allows the owner to discover her own insights and strategic paths through self-teaching and through rapport with an already established support network.
• Provides an organizational tool for collecting and sorting likes, dislikes, and prominent conclusions from prior experiences, research, and competitors.
• Allows customization of methods and is adaptable to an individual, self-guided delivery process like that of an interactive website or software.
• Results in the output of a presentation, document, vision board, or other display which can act as a communication tool.
• Creates and prioritizes in actionable steps

3.5.2 Participants and sampling

The workshop was designed as a heterogeneous focus group meaning each participant brought a unique perspective and role to the workshop. Owner E from the semi-structured interviews was asked participate in the workshop with one employee and one client-friend. This participant, like others, vocalized the need for marketing and growth and was thought to be at an ideal place in the ongoing venture process to test the techniques developed for the workshop. A key observation from the semi-structured interviews was the unique friendship relationship that salon workers may have with their clients. Each owner indicated he or she consulted client-friends for marketing, real estate, legal, or business advice. Following principles of co-creation and co-design as discussed in the literature review, the workshop was meant to take two sample groups commonly
used separately in focus groups, customers and company personnel, and combine them together as a unique method to provide an owner, front-line employee, and client perspective of the business and service environment. Robson warns of the risk of group dynamics or power hierarchies limiting the participants involvement if not properly mitigated by the facilitator but also suggests that it is “a highly efficient technique for qualitative data since the amount and range of data are increased by collecting from several people at the same time” (1993, p. 284). In this research, the workshop format is used as an enjoyable (Robson, 1993) and potentially beneficial for allowing the business owner to see their business through alternate views. Proposing a possible beneficial experience is useful in recruiting busy participants.

Participants were provided with information and consent forms regarding their voluntary participation and willingness to be video recorded (see Appendix B & C).

3.5.3 Data Collection

The 1.5 hour workshop was video taped, audio recorded, and observed by the researcher in order to transcribe audio data as well as note interpersonal reactions and non-verbal communication. Notes were taken during the course of the workshop and resulting participant-created materials were photographed for later analysis. Following workshops described in the literature, the workshop methods were developed around common techniques and modified to fit the goals and theories within this study (see appendix C).

Participants started with a nominal group brainstorming exercise using roots of the a(x4) framework (Anderson & Rothstein, 2004) as a guide for creating a map of the salient parts of the service experience each participant brings as a unique viewpoint. This method combines the closed card sort technique (Spencer & Warfel, 2004), in which categories are created in advanced for the participants, and the picture sort technique (Rousi et al., 2011; Rugg & McGeorge, 2005) in which images are used to instigate a more salient perception of the visual information than is typical of traditional card sorts.
Cards were designed with assorted images based on the traits used in Aaker’s Dimensions of Brand Personality (1997). Participants sorted premade visual and word cards into Actors, Artifacts, Atmosphere, and Activities. Blank cards were provided so participants could write in their own thoughts. After each participant worked individually for 15 minutes, the moderator prompted discussion asking them to share their work. This verbalization represents the second part of the nominal group technique where ideas are built on collaboration and the ideas of others (Dugosh, Paulus, Roland, & Yang, 2000; Sutton & Hargadon, 1996) and clarity is formed through the verbal process of describing (Taylor, 1976).

<table>
<thead>
<tr>
<th>Actors</th>
<th>Artifacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>who is seeking/performing the services?</td>
<td>what objects are in the space?</td>
</tr>
<tr>
<td>what are they interested in?</td>
<td>what do you touch?</td>
</tr>
<tr>
<td>what do they do for a living?</td>
<td>what tools do you use?</td>
</tr>
<tr>
<td>how might they be characterized?</td>
<td>what do you see? sell? bring?</td>
</tr>
<tr>
<td>what qualities might they have or look for?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Atmosphere</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>what do you smell/taste?</td>
<td>what actions occur inside?</td>
</tr>
<tr>
<td>what do you hear?</td>
<td>what interactions happen?</td>
</tr>
<tr>
<td>how might you characterize it?</td>
<td>what are the steps of service?</td>
</tr>
<tr>
<td>what do you experience?</td>
<td>what to happens before/after service?</td>
</tr>
<tr>
<td></td>
<td>what outside activities are people involved in?</td>
</tr>
</tbody>
</table>

*Figure 3: Brainstorming a(x4) Framework*

Participants then used group brainstorming on hand written sticky notes to answer questions prompted by the facilitator about the services currently provided, possible new services, and new ways of marketing those services. Following this session, a break was used to cultivate an internal reflective period. This critical reflection point is discussed by Higgins (1996) (see literature review 2.6.1 From Strategic Planning to Strategic Thinking).
<table>
<thead>
<tr>
<th>What services do you currently provide employees &amp; clients?</th>
<th>What new services could you provide employees and clients?</th>
</tr>
</thead>
<tbody>
<tr>
<td>What new ways could you advertise, promote the business, or engage with the community?</td>
<td>How could you grow your business?</td>
</tr>
</tbody>
</table>

*Figure 4. Group Brainstorming Prompts*

Finally, participants were each asked to select two or three of the ideas generated in the previous brainstorming session and use traits from prospective hindsight and scenario planning techniques to visualize these ideas as if they had taken place in the past or were imminent (see sections 2.6.1.4 & 2.6.1.5). Participants were asked to write or sketch out the steps as they discussed them together. This technique was geared toward providing real-world constraints and activating the strategic focus of the workshop which is critical in strategic thinking (Liedtka, 1998).

### 3.5.4 Data Analysis

Keywords from the participants’ verbal picture sort descriptions and physical collages were noted using the a(x4) framework as an organizational tool. The participants’ use of similar images, keywords, or phrases were also coded and described. Selections of the audio that were either relevant to or in conflict with the research were transcribed. The data from the workshops was then organized with respect to each workshop tool that was used to generate the content and categorized into thematic headings (see appendix C).

### 3.5.5 Goal

The goal of this workshop was evaluate the effectiveness of the workshop tools and the co-design group, comprised of a client, owner, and employee, as service design processes for the small service business owner.
Chapter 4

FINDINGS

4.0 Findings

The following are findings from the semi-structured interviews and then the workshop. Conclusions and summaries of the results present are discussed in the chapter five.

4.1 Semi-structured Interview Findings

A collection of the basic data regarding the semi-structured interviews with the owners is included which shows the length of the interview, location of the interview, highest education level attained, and whether a business plan was written (see Table 4). Due to the frenetic demands of a small business owner as indicated in the literature review, the interviews were occasionally interrupted so that business could continue as usual around the interview setting. Although the interviews were initially to be conducted only with the owner, the unintended participation of the employees and customers in the interviews because of the lack of private space in these small businesses provided additional unexpected data through observation.

4.1.1 Owner Characteristics

The owners’ general characteristics revealed by the interviews provide a bit of background and context for the subsequent findings about the owners’ management, planning, and startup behaviors.
Table 4

*Semi-structured Interview Results*

<table>
<thead>
<tr>
<th>Owner</th>
<th>Interview Length</th>
<th>Interview Location</th>
<th>Education</th>
<th>Business Plan (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1:00:49</td>
<td>waiting area</td>
<td>some college</td>
<td>No</td>
</tr>
<tr>
<td>B</td>
<td>1:06:02</td>
<td>waiting area</td>
<td>some college</td>
<td>Yes</td>
</tr>
<tr>
<td>C</td>
<td>1:41:58</td>
<td>specialty service room</td>
<td>some college</td>
<td>Yes</td>
</tr>
<tr>
<td>D</td>
<td>42:02</td>
<td>offsite</td>
<td>not specified</td>
<td>Yes</td>
</tr>
<tr>
<td>E</td>
<td>51:44</td>
<td>waiting area</td>
<td>some college</td>
<td>Yes</td>
</tr>
</tbody>
</table>

4.1.1.1 Education

None of the 5 owners interviewed had a 4 year college degree but four of the owners attended some college in addition to cosmetology school. Three of the owners said that they had attended enough college to receive at least one degree; however, they switched between several programs and did not complete coursework within one major in order to meet degree requirements.

4.1.1.2 Business Ownership Experience

None of the 5 owners has previously started or owned a business. Owners A, B, C, and E were self-employed either as independent contractors renting stations out of other salons or operating from home.

4.1.1.3 Experience

Prior salon management experience played some role in the decision to start the business for Owners B, C, D, and E. Owners B, C, D, and E all worked at another salon as managers, assistant managers, or in some form of managerial role overseeing their assistants. Owners B, C, D, and E also worked as independent contractors prior to starting the business. When asked what made these owners decide to start their own business instead of continuing to be managers and independent contractors, all 5 owners
responded that they were confident they could be successful in starting their own businesses.

4.1.1.4 Reasons for Start-up

The catalysts leading to the actual decision to start the business varied between the owners. Owners B and E realized they could start a business for approximately the same amount as it was currently costing them to rent stations as independent contractors. Owner B said, “I just built up a clientele to where I could carry the place on my own, if I had to…I don’t want to.” Owner E also wanted to remove herself from the chemical exposure by creating an organic salon which created a healthier atmosphere for herself and her coworkers. Owner C worked in a large salon but did not like the uniformity or corporate style structure and wished to start a business that allowed him and his employees a more creative atmosphere where being unique and artistic was celebrated. Owners D and E both highlighted their concern for their personal health as reasons to start their businesses.

I’ve been a nail tech for 22 years. I was a manager at another local salon and day spa and I saw what they did right and what they did wrong. And in the nail industry your shoulder starts giving out so I started having shoulder and back problems and I realized I can’t do this the rest of my life. So, I saw what they did right, what they did wrong, and I thought “I can do it” so, I took the leap of faith.

(Owner D)

Owner E described her decision to create an organic salon saying she wanted “to create a space that’s safe and healthy for us to work in, because I wasn’t too thrilled about working with hair color products that were going to make me sick.”

I realized I could rent a business suite for the same amount or less than what I was paying a week for rent at a station at a salon. So. It was like, well… I can pay the same and maybe make some more money to do what I want to do… so.

And I was really interested in working with organic hair products and I was doing
that at my station at the other salon I was at, but with all the other stuff going on around me I thought I might as well start my own place that’s just focused on that. And then being focused on that was maybe… kind of a benefit, that maybe I could make it because it would set me apart.

Owner A started her specialty salon after visiting another salon that offered the same specialty and being disappointed with the salon’s performance. This bad personal experience, which she described in the interview, inspired her to start her own niche business. This is a key example of the comparing and juxtaposing of experiences as the “planning” that all of the owners described.

I walked in and there’s like seven receptionists at the front desk and they all look at each other like “uhhh,” and I was like, “wow, are you serious?” So I sit there for about half an hour while they ran around the salon tryin’ to figure out who could help me with my problem. And, anyway, I think I booked an appointment for like seven and then I walked around the salon and it was a bunch of …women who looked miserable… um. They looked like they were herded in there [like] cattle, you know ‘cause, there’s, their stalls kind of go like this [motions]. There was no energy, there was no laughter… It was just stale to me. No music, and… um… I went to bed that night and woke up the next morning and said, “I’m going to open my own salon!” (Owner D)

All of the owners exhibited very high self-confidence in their abilities to start and operate their salons. The owners used comments like, “this is what I want to do. There’s no, there’s no ifs ands or buts about it, this is what I’ll be doing until my foot goes in the grave” (Owner A) and, “I knew I could do it. I had no doubt in my mind, that I could handle the business side as well as the creative side” (Owner B). The owners revealed almost no doubt in their abilities to start the business despite the challenges. “its a scary leap, but you just have to jump 2 feet in and sink or swim, right?” (Owner D).
4.1.2 Planning

All of the owners described actions they took in starting the business rather than planning behaviors (see Perry, 2001) when asked about how they “planned” their businesses. All of the owners described planning the business based primarily on comparing and juxtaposing their prior experiences in salons or working in the industry using salient cues like location, interior design, atmosphere, employee climate, and customer service.

4.1.2.1 Location

Of the owners interviewed, Owners B, C, and D started with a business plan prior to opening the business but only Owner D started with a plan before taking actions to start the business. Owner E reported starting a business plan after the first year in business and using it thereafter as a point of reference during hiring interviews. All 5 owners reported that the first action they took towards starting the business was finding a location and Owners D and E used property managers to help them find a location.

Owner B talks about the process of searching for a location:

I started looking into locations that I could afford all on my own, and came across this place right off, really quickly, I looked and drove around and business people and realtors helped me, you know, and then one day I was driving down the street and saw the sign, they just put it out the day before, walked in the door and said, “How much are you asking?” You know, it was just this great location, and so we looked into it and it, it just, everything about it felt right.

For Owner E, the first step was searching for locations in order to research lease costs:

First step was like, I had this idea, maybe I should look at how much rent is, so, I don’t know, I just sort of drove around and town and called different numbers of different places and then I finally got in contact with a, I don’t know what you’d call him, like a commercial real estate agent or…but like that deals with renting. I
don’t know what he’s called but… So I got the company that rents this property, they just showed me a bunch of properties and I figured out what, that I could maybe…. Pay that much rent a month on my own.

Owner D was the only owner that described starting with a 5 year business plan and researching the income demographics of the area so that she could take it to property managers and describe her vision:

There was nothing out in the area at the time when I was looking, it was kind of unpopulated. So it was perfect timing. Because everything is based upon location. You really have to have the perfect location to really make it work.

Besides a great staff.

Owner B described writing a business plan to manage the financial planning and operations of the business after selecting a location:

I used the business plan in terms of….how I was gonna do my products, how I was gonna do my…how many people I was gonna hire, what I was gonna…oh, what else did we do? Um…the…the vision of the business, you know, in terms of what was the max amount of people I thought I could hire and turn, could make a profit and then also be comfortable.

Owner A and Owner E answered that they both did not use a business plan at startup; they did not feel they needed it because they did not plan on seeking loans from a bank. Owner B qualified her use of a business plan saying her husband, a CPA, “put together a business plan but we didn’t need it in turns of uh….going to a bank for money or anything.” For all of the owners, it appeared as if the act of securing the location, not a business plan, acted as the springboard off of which the rest of the business was formed because it led to other concrete decisions about interior décor, equipment purchases, station layout, and business licensing.
4.1.2.2 Formalization

The next, or somewhat concurrent, steps the owners took were to get licenses and file the formal paperwork to establish the business. Here, Owners A and E reported primarily relying their experience in their prior salons during this step. Owner E describes the process of searching for the steps to start the business again referencing her previous experience as a guideline:

I kinda knew what you had to do because I knew what little certificates were on the wall at the place I worked at, but going to these different offices downtown kind of directed me to where I needed to go. And I tried to look up online like, small business Arizona startup, but, there is a lot of information and like websites about that, and like, definitely like the Secretary of State’s website has a lot of information but…. It wasn’t like, here’s a list of 20 things you need to do to start-up the business…so, it was kind of like, I went here and I went here, I need this, oh, I need this and… I was able to get all the things you need in like a month.

Owner A exhibited her frustration with the legal documentation process and “the steps to take to get licensed, cause you had to get, you know, um…I had to go down and get an LLC.”

Getting that damn LLC, I couldn’t understand that paperwork. Those damn people. You get the paperwork and you give it to ‘em and you’re like, did I fill it out right? “I can’t tell you that, we’ll let you know in so and so days” Yaa….I went down there and did that thing three times. (Owner A)

4.1.2.3 Resources

All of the owners referenced using the internet as a primary means of searching for information about starting a business. All of the owners also consulted with family, friends, clients, and other small business owners.

I looked [online] at salon software to manage your appointment books as well as your receipts and calculating who made what that week and stuff like that, so I
got that software. And finding an accountant on that end, two of my friends own a local [company], and I was like they have to have an accountant, they’re a small business, so maybe they can recommend a small business accountant. (Owner E)

When asked what methods of educating themselves the owners preferred, all of the owners indicated they preferred to talk to someone in a face-to-face meeting or in a workshop. Owners C and D both used mentors in discussing their business challenges. Owner B said that she liked to attend workshops because even if she did not realize she was learning something at the time, she would remember important things later when the need arose. Some of the owners did have some planning and business resources available to them through the product lines they carried. Owner C describes:

Brand Z has education classes for styling, cutting, coloring, and then they have their business immersion program. What your business’s focus is on advertising, they have a lot of different media down there. Like you can actually cut out different things and add your salon name. They also do product of the month. What it does is you learn everything about that product. And that basically creates revenue for the salon because it sells more product. As far as the displays, they show you different ways to display things. Business plans, they actually have you like, ok, what did you project for 2010? Let’s just say $17,000. They say, “Wow, you did $17,000 for a whole year? That sucks” So they’ll tell you techniques to up sell your client products or services if someone is just coming in for one.

Small business owners B, C, and E indicated that product lines did provide digital templates, posters, and other printed promotional material for the products which is beneficial to a small business with limited design and marketing capabilities. However, Owner C suggested that the abundance of these same materials at other salons that
carry the same brand focus prevented the small business owner from the competitive
differentiation he would prefer.

But when asked next if Owner C had encountered any challenges with
advertising, his response was:

Yes! Everything they give us, I hate it. Let’s just say another salon in Arizona
carries Brand Z. I go to that salon, they have the same display that we do. That’s
crap. If there’s a person that used to go there that’s coming here, they’re seeing
the same displays. So that kinda pissed off. So what I did is I started doing my
own photo shoots. So now I do our own photo shoot and it basically has our own
logo in it and the product in it. So this is stuff they’ve never seen. It’s our own
stuff.

While Owner E received similar materials from her product line, she did not
receive any education or training that comes with having a brand focus with a larger
company:

Unfortunately, since we work with such small product lines, a lot of them are
family owned businesses or they’re just smaller niche lines, like our color line,
they’re based out of Florida so they don’t have a lot of incentive programs like
the larger lines do. So.. I haven’t been able to anything, any classes from them.
They have a lot of resources available to their customers for like… marketing,
things like that… which is nice, but…. business stuff, I just feel like… I’ve learned
it as I’ve gone.

4.1.2.4 Business Model

As indicated in the interviews with Owners A, B, and C, the independent
contractor business format, where a stylist rents a chair from the salon owner, is a very
common format in the salon industry. According to Owner E, who originally used this
business model at start-up and was then forced to change it after an audit, the IRS and
the Industrial Commission of Arizona are “cracking down on the salon industry” (Owner
E) and this format of business because salon independent contractors do not meet state and federal guidelines to be classified as contractors instead of employees. Salon owners who misclassify their staff “can end up with substantial tax bills. Additionally, they can face penalties for failing to pay employment taxes and for failing to file required forms” (IRS.gov, 2010). Owner E described this scenario in the interview and the resulting tax liability and fees that it caused in the structure of the business as well as the result to her morale:

At the end of tax season you’re like, “wow, I owe so much money” and I could see how you could go out of business if you owe a couple thousand dollars that you can’t pay and you don’t work out a payment plan with the IRS but … and then, like, I thought about it. Like, I don’t want to do this anymore. I don’t want to make another mistake and owe a bunch of money again. Like, that would make me want to stop right there, but… I just keep doing it because I like it… and… at least I learn from my mistakes!

Owner B reported that she followed business legislation through the National Federation of Independent Businesses and had particular concern over possible upcoming service tax changes and requirements to provide health care.

All of the owners discussed their selection of business model as it affected whether they had employees or independent contractors. Owner C talked through his decision:

One thing right off the top, going for business for myself, I was like ok, how do I actually weigh out what I’m actually paying in bills? It was just smarter to go commission. You just build a ladder for someone. So, its 50%. So you come in here you do a hair cut at $50, I collect $25 of that. You encourage the person to invest with themselves to market so they bring in more business, so they’re actually like walking little campaigns for you. What I didn’t like about that is they’re doing all the grunt work. There’s a little bit more of a sense of
responsibility when you actually are business for sale, like contractors, because they’re actually more amped up to bring in their own business. They’re doing their own marketing. There’s less responsibility for me. There’s a big tax headache in the whole process of it.

Owners B and C felt that the tax difficulties were one barrier to having employees. The challenge of upcoming legislation which would mandate health coverage was another concern.

Owner B first brought up the subject:

In, in my industry [the] area that is lacking and that is benefits. Um, partly because, a lot of people have benefits with their spouses but more importantly because its too costly for small business to have. You know, I cannot provide any, any type of health insurance or 401ks to my staff because I can’t afford it. You know. I would go out of business.

Owner D talked about the difficulty of providing coverage in the salon industry:

The business is so transient it’s so hard to get group coverage. I’d like to provide it some day but this industry just has a bad rap because people are moving around all the time. I’ve had people in to talk about it but it’s just so outrageous because of the nature of the business.

4.1.2.5 Atmosphere

“I knew what I wanted and I knew what I didn’t want” (Owner A).

All of the owners designed the salons and did at least some of the renovation work themselves. All of the owners indicated that they had a friend or family help them with the interior design and construction. Again referencing their impressions of other salons, Owners A, C, D, and specifically used some variation of the phrase “I knew what I wanted, and I knew what I didn’t want” in terms of both the physical design and service design of the business. All of the owners also discussed the atmosphere they did and did not want their own business to have.
I did not want a sterile uh….untouchable type atmosphere. Some of your hyper modern salons are just uh…you know you feel like you have to dress up to go in there, you know, and… the issue that I had was, you know, your clients need to be able to….set their purse down. (Owner B)

Owners B, C, and E discussed elements of lifestyle that played a role in the formation of their business and services beyond just standard salon offerings. We just are set apart because we’re little and boutique-y and not everyone wants to get their hair done at a large salon. Like, the last place I was working was a large salon, like 20 or so chairs, and when I moved here, a lot of my clients were like “Oh, I like it better here because there’s not all these people around” because it’s like their quiet time, they don’t want to be like busy crazy salon that’s like….I don’t know, maybe being amped up is good but a lot of our clients are more like…more quiet and down to earth. If they’re looking for a place like this that’s not like… all white and sterile looking, because we like to keep it like colorful and fun….(Owner E)

Owner A discussed how her atmosphere was personal, “like family.” The interview with the owner clearly portrayed the family-like atmosphere with welcome contributions from the employees and staff and a very informal, at times even argumentative service environment. In describing herself she uses word like real and free-spirited, she then admits that some clients are put off by her vivaciousness. Owner A’s client describes herself and the owner as similar in that they are “loud” and “a little obnoxious.” The brashly honest banter throughout the interview is evidence of the vigorous salon atmosphere and relationships with the clients and employees.

The owners all exhibited the distinct desires to attain warm atmospheres that represented their own interests and values. Despite the fact that business training and marketing was available to some of the owners through their product lines, a complaint was that there was not enough differentiation or personalization of the marketing and
guidance that was provided. The business owners all seem to go to great efforts to create something of their own, e.g. conducting their own photo shoots, designing their own product displays, and seem hesitant of the template style of brand management that is provided to them by their product lines. The owners also all proudly described doing the interior design work themselves.

I’m such a do-it-yourselfer where a lot of times, like, the flooring? I did it myself. If there’s something I can’t do, I have friends that are contractors that have their own construction companies and I’m like, free hair cuts for you and your kids!

(Owner C)

4.1.3 Managing

The topic of managing clients and employees came up in all five interviews. The salon owners seemed to collectively feel that the service industry posed both particular challenges and benefits due to the closeness of client and employee relationships. The emotional weight of being responsible for employees’ livelihoods while having limited resources to provide added benefits as a small business owner was discussed to some extent by all five owners.

4.1.3.1 Employee Relationships

All of the owners indicated their close relationships with their employees. Owner A described this close relationship with saying “you know, I’m also not only his boss, I’m his mother and his best friend and his counselor.”

Owner C felt that his business presented a refuge for the employees that ultimately ended up fitting in. He described his pride in being able to create an environment where the stylists could contribute their own “twist and flair” to the business:

To see the new people come over here from different situations. You know, its funny, I always sort of think of this as raft floating in the middle of the sea that everyone is swimming to from broken ships or wherever they’re coming from.
And we’ve all kind of made this ship what we want it to be. You know, just kind of made it our own vessel.

Owner B specifically referenced the balance between the responsibilities as the business owner and the role of manager to her staff:

It’s like being a good mom, you know. Your….children should really never be your friends when they’re young. You need to do mother stuff first which takes [doing] what’s in the best interest of them, which is the same as me being mother first in the business, you know. I need to do what’s in the best interest long-term for us— for the salon as a whole and then individually, you know. I deal with each situation as it comes up…but, you know, everybody is dependent upon me making the right decision that will help us all work cohesively together.

Owner C also used the analogy of parenting in describing staff management.

Owner C said, “I’m the bad parent, she’s the good parent. When it comes to managing, I’m the one that puts down the rules” referring to her role as owner versus her assistant manager’s role,

However, it is clear that this close relationship with employees brings some challenges as well. Owners also all referenced the difficulty of managing the “strong personalities” due in some part to the fact that they employed, in their words, “artists” or “creative types.” Owner D said, “In this business it’s not like corporate situation, you have 28 different personalities, and because they’re artistic, they think differently.” Owner E felt she needed to address this up front with her employees, especially when they were acquaintances and friends:

I was up front in the beginning like, you are my friend or you are a mutual friend, but I’m like that has to be a business relationship and a personal relationship and when like stuff comes up like, I’m sorry but you have to clean your station, I’m sorry but you have to come into work on time, like I’m only saying this because its going to be good for you and its going to be good for me.
This clearly represents some challenge in the close line between friend and manager because Owner E follows saying that the role is still difficult, especially when confronting employees about performance.

In response to a question about his challenges assuming management role in addition to an ownership and active service delivery roles, Owner C said:

It’s difficult because it’s almost kind of like having …um…like a circus. And everybody in that little circus has different things that they specialize. You know, you have your acrobat and you have your clown, you know, they make people laugh, so for me, it’s kind of like, I gotta kinda be a really good…uh ring leader to kind of like orchestrate a very non-chaotic atmosphere without actually having too many performance issues.

Owner D then referred to the stress of being a small business owner:

The thing is, I have 28 people relying on me, not just my kids but I've got other people, and that’s really a driving force. I’ve got not just my family but these other families. The dream thing is one thing, but in reality, it takes so much stress and heart ache, and tears.

4.1.3.2 Interview Participation

The close nature, both physically and socially, of the employee-owner and/or owner-client relationship was observed in the interviews with Owners A, D, and E. The small business owners did not have an office in which to conduct interviews, thus all of the interviews were held publicly in the waiting areas of the salon, save for the interview with Owner D which was conducted in an adjacent restaurant. Owner D was having a glass of wine with her employee in the restaurant and specifically invited the employee to “chime in.” None of the other employees were expressly asked to participate while in the researcher’s presence. In Owner A’s interview, the employee interjected comments, affirmations, or contradictions nineteen times throughout the interview. In the same
interview with Owner A, a client receiving a service there contributed 31 times to the interview.

Here is a sample of the collaborative nature of the owner client relationship where the owner is describing her vision for the salon:

**Owner A:** Um… like a more…family, but not like uh…are there any…any…family like--

**Client:** [interrupts] I wouldn’t say family, I would say a place that it’s…it’s fun.

**Owner A:** Personable. It’s very personable--

**Client:** [interrupts] Personal. Not personable… well, it is personable, but it’s personal.

**Owner A:** Yeah.

**Client:** Like where you can talk about anything, and not worry about--

**Owner A:** [interrupts] Yeah.. its…

**Client:** what somebody’s gonna think or say.

**Owner A:** Exactly.

In Owner E’s interview, she is describing asking for advice in hiring:

**Owner E:** I had to ask for a lot of advice… like, “how do you look for…what are the signs of someone who’s crazy??” Like wh—

**Employee:** [interrupts] Because they’ll be so normal for the first how many interviews!!?

**Owner E:** Oh yeah, so we have a series of 3 interviews and… so I can kind of feel them out but we post ads on craigslist and that’s…been good and bad so—

**Employee:** [interrupts] You’ve only had to fire one person though, so it’s not that bad.

**Owner E:** Mm-hmm. I only had to fire one person [laughs] so… its been good.

**Researcher:** How did that go?
Owner E: It gave me heart burn for like a week, [laughs] until I finally did it. Like I did it because I thought she was not right for the place and my employees came up to me like “I don’t know about this girl” and I’m like, well, it’s more important for me to have these two employees that are nice than to—

Employee: [interrupts] It only took a couple weeks to figure it out.

4.1.3.3 Economy

Owners C and D referred to their services as “luxuries” and reported revenue declines associated with clients’ tighter budgets and loss of discretionary income. They both associated clients’ lower budgets with needing to ensure quality service and promotions in order to stay competitive. In Owner C’s case, the weak economic conditions both informed and revealed a fundamental conflict between his business vision and the business’s viability. He describes his vision colliding with reality:

I really wanted to kind of like stay away from the main street when we were actually looking for salons to actually open. And, in that, I really wanted to create something that was a little bit more, like, by invite only. And…with the economy, I really couldn’t do that at that specific time, because I really wanted to be kind of like by invitation only. And it was almost kind of like a very uh… I don’t want to call it a dead end but it was almost kind of like I was really going to box myself out for walk-ins. (Owner C)

He goes on almost seeming to justify this shift away from his vision by describing how he felt as a child when there a distinct feeling of being unwelcome in a club he was interested in participating in say, “I didn’t want to do that to somebody else”(Owner C). However, he did embrace some of the concepts of exclusivity he originally sought by using promotions which are even secret to the client, such as a hidden location, a nearly illegible sign, an unassuming store façade, and a “hidden menu” as VIP incentives:

So there’s different incentives to actually bring them in. Do they know that? No. We just give them this plastic white card that says shampoo and color [that is]
just basically a thing that you present to us and you can actually see the menu. And then that menu actually has different offers, like there’s different specials every month. And not everybody knows about it, so, that’s how I’m kind of keeping my exclusivity.

4.1.3.4 Walkouts

“Walkouts,” where groups of employees leave en masse, were reported as a common industry challenge by Owners B and D. Owner B described the reasoning behind the selection of the location within a price point she could maintain alone saying:

I could carry the rent by myself doing hair. I’d be almost broke, but I could do it if I had to, so when you own a business, you know, you don’t want to have to be dependent on the people that work for you, because, you’d close your doors if they walked out and it’s not uncommon to have walkouts in hair salons.

Owner D also discussed walkouts and the additional drop in revenue in causes in an already depressed economy:

When the economy hits in the salon business you’ll have a certain group of people that might have a walkout because they think the grass is greener so they’ll try to go out and start their own salon or rent, be their own boss.

According to these owners, the transient nature of the employees poses challenges not just in staffing but also with retaining customers.

4.1.3.5 Client Relationships

Owners A, B, C, and E all used their clients’ skills or advice in planning or operating their businesses. Owner E describes the advice she got:

Just through clients and friends who have small businesses I got a.. and like I have a couple clients who do book keeping and are like lawyers etcetera, so I just, it’s kind of nice cause you have their undivided attention so you get kinda like free advice while you cut their hair so, I got a lot of advice from people. It was
good. And I was like, why don’t I call them and just like exchange hair cut for advice or maybe just give me advice for free?

The client who contributed to Owner A’s interview supplied brand advice and is the owner of marketing firm. Owner A also had a client help with accounting.

Another important role the owners mentioned playing with clients is that of a counselor. Owner D talks about the importance understanding this close relationship during the service delivery or in the case of service recovery:

We just listen to them because sometimes it’s a personal issue and not so much about the hair. That’s what my girls are really good at is listening to them and consultation. Because so much of the time, they come in and want someone to talk to, it’s not so much about the service they’re getting.

From their comments, the owners that had been in business longer had clearly developed the skills to manage these close relationships in a professional way, however Owners A and C clearly felt they had not mastered these skills yet. Owner A said that some of her more high maintenance clients could be the worst part of her week, “Clients, man. They just suck the life out of you. Some of them are just so negative and just miserable.” When asked what business gift he would choose to receive, Owner C wished immediately that his clients would show more restraint because, “some of the things that I have clients telling me? It’s too much information, way too much information. I understand that they get way comfortable but some of the things, I wish I didn’t know.”

Owner C discussed the negative impact children and inattentive parents can have on the service environment as well as the difficulty in dealing with it as the salon owner.

4.1.4 Challenges

The salon owners reported and revealed both directly and indirectly a variety of challenges they faced in their businesses. Some of these challenges may not appear to
them to be immediate issues but extant research suggests that they may be potential hazards.

4.1.4.1 Services

Owner A talked about the need to be competitive by incorporating new services saying, “If they call and we don’t offer it, trust me, we’ll offer it by when they show up.” However Owner A’s basis and inspiration for starting her business was the desire to be an expert in one special service after a bad personal experience. When the client contributed to this interview, it also became clear that the salon was newly capable of performing spray tanning but the client, not knowing the service was available, had not worn proper attire. Two potential hazards are illuminated from the literature based on these prior points. The owner may be running a risk in rapidly adopting new services which require impulsive equipment purchasing, hasty hiring or subcontracting of employees, or suboptimal performance of services under her ‘expert’ brand which accompany an increased business expense. The sudden inclusion of new services may also prevent clients or employees from being aware of the services and being prepared to receive or deliver them so that the return of the service warrants the initial expense.

When properly managed, providing additional services can be a boon, assuming they align with the business vision. Owner D, who owns a full service salon and spa, discussed the advantage of offering a variety of services and being able to add to sales:

And the services just kind of flow together. Because if you’re getting a massage, you don’t want to leave with oil in your hair so you get your hair shampooed, blown out, or … maybe you want a brow wax. I’m really strong about the girls cross promoting with each other. Weddings are huge. They’ll come in and get their hair done and bring their bridal party in and get pedicures, manicures, makeup and make it a fun day.
4.1.4.2 Role of the Owner

Researcher: “What do you like about being a small business owner?” Owner A said:

Fulfillment in the industry? Flexibility? Um… Control. I control … I control how much I make, well, I don’t control how much I make, but its up to me. The money’s mine! [laughs] Its just the flexibility! You know. My salon is what I make it. The salon’s not gonna make me, I’m gonna make the salon.

Owners B, C, and D described how their personal interests shaped both the identity and the physical design of the business. Comments from these owners reflected the extent to which their personal passions, beliefs, and interests were embedded in the services, atmosphere, and promotion of their businesses. Owner B reports the tradeoff she felt after realizing that she would have to eliminate her gallery space and lending library in order to bring in more money in response to rising costs, “I’m a painter, and so I want an art gallery feel a little bit. And so, it was very difficult for me to build too many stations because I didn’t want to lose the wall space that I had for art.” Later during the interview Owner B continues:

This station didn’t used to be here. This used to be just part of the waiting area. So, recognizing that I needed to hire another person, you know, I did build another station and add one on. And I didn’t want to lose my wall space. It killed me! ‘Cause I have my gallery—’Cause I had this nice big wall space where I had my art hanging but…um I needed income more.

Owners B and E also discussed how their personal beliefs and values, and those of many of their clients, extended to the climate and operations of the business.

Yeah, like it’s not just the products and the hair color we use. I tried to use 100% recycled paper in our coffee machine and like the plaza doesn’t recycle so I take all the recycling home and recycle it. And the cleaners we use, like some of them are required by state board, but we try to use eco-friend cleaners to mop the floor
and I took the asbestos tile and ceiling out of here because… that’s not good to be around. And like, just little things like, that like, we have organic teas in the back and better soda for people to drink that’s not like full of dyes and stuff like that. We just try to do as much as we can. We used to donate our hair to a place that makes mats to soak up oil spills. But now they don’t accept donations so we don’t do that anymore so we’ve been.. just trying to do…as much as we can with the time we have. Like we use high efficient light bulbs and… we have a ceiling fan so maybe the air doesn’t have to be on as high. It saves you money and it’s good for the environment. (Owner E)

All of the owners reported the importance of the selection of their product lines and the importance of their, and their staffs’, personal buy-in to the quality, marketing, and messaging of the retail products. Owner B described the process of educating herself and the many years it took to find a product line that both performed and represented the values she wished to portray saying, “It took me a long time to find a company whose products I liked well enough, whose products that also was not just like…surface looking green.”

As a small business, business owners felt they had more freedom in selecting retail products. Owner A said “I only sell what [the clients] need. I only sell what is proven to work on my hair.” At this point, the employee added, “We carry the products that we use not so much all from one line, but the products that work the best from different lines” to which the Owner A added:

I’m supposed to be a Brand Y focus salon, but Brand Y could come, they’ve already inspected, they could come in here and see that I’m not a focus salon and I’d say ‘ok, but I’m not getting rid of these other products.’ Because I know they work.

Owner A indicated that because the business was small, she felt comfortable having other products even though it was not within the agreement of the salon’s “focus” on
Brand Y. Owner B also referenced her freedom as a small business owner in selecting multiple product lines saying, "I don’t do well with someone tellin' me I can only…use this one line. I’d be like, ‘No.’” Owner C also reiterated this notion saying, “if I don’t believe in something, I’m not selling it.” Owner C actually credited his dual roles as a stylist and an owner in ensuring the continued quality of the service and products:

If I’m using a hairspray and we just got it and it sucks? I’m going to see this thing that they’re seeing, so its actually good that I’m actually doing the same thing that they’re doing ’cause there’s not actually any other experience that I’m not seeing that they are. So that’s how I’m able to understand it a little more than just the management. I’m doing what they’re doing.

Owner D continued saying that he felt his role on the floor as a stylist was integral to long-term success because business owners in his experience have a tendency to lose touch with the service and quality:

I just think its kind of super helpful that I’m actually a hairdresser that takes regular clients. And as long as I have a salon, I don’t ever believe that I’ll ever stop, because if I stop, I think a lot of things are probably going to start distorting here.

4.1.4.3 Making Mistakes

Owners A, C, D, and E talked about their own roles as learners and their desire and pride in the ability to educate themselves about business. Owner C described an interaction with an employee who was a former owner herself and was earnest to give advice saying:

Just do me a favor and like, I really appreciate everything you’re doing because this is my first round. You know, you’ve done it and you’ve kind of like, stood back, and maybe you’ll do it again but… let me kind of have some mistakes. You know. I gotta learn along the way. ‘Cause if you constantly are always under me
trying to catch me, I'm never going to really learn and, that mistake might cost me everything.

4.1.5 Marketing

All of the owners used a variety of marketing tactics. Owner C not only tracked all of his clients' visits and services on filed note cards in order to provide them with loyalty incentives and custom service packages, he also reference using friends' businesses to cross-promote and provide free perks. Owner C frames this cross-promotion with other businesses and the recognition that clients must be incentivized to spend in an economy in which discretionary income is limited:

I'm always networking with different business so I'm able to do the same thing with mine. And that's how I'm dipping [laughs] into other people's uh, emails. So. That's how I'm able to get new business all the time. She's always giving me different promotions they're doing. She also works at a Medi-spa, so laser, you know, right now there's the US open. Their office got 20 tickets free so I wait for my clients to come in that are in to that stuff and 'here's some tickets for you and your girl.' 'Thanks!' 'This is just for your patronage.' So, what the industry has done, and the economy, it's gotten people to budget a lot of their spending, so when you can, you give yourself or your client a free perk.

Owner C kept a detailed service tracking system in which he could secretly reward people after a certain number of services or products were performed. Owners B and C both would perform 'filling' for current customers as well, allowing them to refill purchased shampoo from the salon's bigger containers in order to provide the client a discount as well as promote an eco-friendly message. The owners all felt that premium service quality was the key in retaining clients. Based on previous findings on the closeness of the stylist-employee relationship, providing good customer service both at the service and interpersonal level is clearly important. The difficulty is that since they
themselves were a deliverer of services, a poor review by a client dealt a somewhat personal blow. Owner A referred to finding a negative review as “devastating.”

The owners used a variety of different advertising outlets and, true to the conclusions in the secondary research, approached it with an apparently haphazard selection process.

We did Yelp. I did it at the old salon, and I actually started one for here to carry my reviews over here. And all the sudden people were getting hits for salons open on Sundays, yelp would actually pick up, cause I put my hours in. And from Yelp it went to Google, Facebook started popping up a bunch of stuff for us. What else… Twitter, then we actually have our own website. I actually try to go on to see how many pages we have, I think we have over 30 pages of just [our] stuff. (Owner C)

Owner A also described the importance of the reviews as free advertising and noted the challenge presented by Groupon, Living Social, and other discount service deals saying that even in the event that the promotions were successful, she had too few staff to service the increased clientele and made too little money on them. Owner E mentioned her use of print advertising:

Anytime that I feel like no one is coming in from our advertising, like 5 people will come in and its like “Oh! You did see our ad.” I guess that is a good thing, I guess I should keep paying for that.

4.1.5.1 Education is Everything

All of the owners discussed the importance of continuing education and staying updated with trends as keys to their business success.

Owner D: We bring in platform artists from our lines. Every other year we go to Vegas to a convention where they have classes all day. It’s intense training classes. Fashion, that’s our business. Looking at magazines, what the stars are doing, looking at the hottest latest things.
Employee: Every week we’re looking at celebrities and fashion. It’s like constantly.

The owners also referenced the importance of educating the clients about the products in order to sell retail products and also ensure that the client can replicate the service received at the salon later. According to the owners, a key to repeat business is the client’s satisfaction with the service not just during the service delivery but on a daily basis while the client is responsible for styling their own hair.

Yeah, we try to put as much education out there, whether it’s like in a blog or just talking to our clients about why we’re using this and why... yeah, we’re using this product to give you better volume but we’re also using it because it’s better for you and a lot of our products we choose because they’re better. Like, if they don’t have all these chemicals in them, they’re actually better for your skin and your hair and the integrity of your hair. So we try to explain, kind of like the chemical reason why everything works. Because, I feel like I understand things better when I know like why and how they work instead of just what they do.

4.1.5.2 Transitioning

Owner B mentioned the transition identified by some researchers in the literature review (see 2.2.2.1 Transitioning) saying:

Originally the intentions were to not have any employees to have um...all just... to have independent contractors. They all rent their stations. Um. I didn’t want to get involved in all the tax issues that come with that...there’s just so many things that are.... Many years I was able to just manage the business and do hair. And then eventually we got too big and I got too busy and too full and I needed someone to do my bookkeeping and accounting. I couldn’t do that anymore.

4.1.6 Ongoing Planning

Although all of the owners mentioned a variety of continuing goals for the business, none of the owners discussed any steps towards planning for any of those
goals when prompted. Though owners B and E mentioned that there were aware of upcoming legislation regarding possible tax increases, service taxes, employee health care requirements, they had not taken steps towards planning but had done preliminary internet research and contacted small business resources to obtain more information. Although Owner E was looking for a better location in a more active part of town with more foot traffic, she did not mention specific strategic aspects of the search beyond saying:

Oh, I look all around. Like, on my way to school or on my way to my grocery store and I call on places a lot because maybe once our lease is up we can move but, like our lease isn’t up until December again, but I still always look and call because maybe around that.. like in the 3 months before our lease is up there might be a better location.

When prompted as to whether she would do anything differently with a new location, she says:

I don’t know. I would just always look for a place that has maybe a cuter part of town or maybe has more businesses around it or maybe that has more street visibility, I don’t know, there’s a lot of things, but…interior space I feel like you know what’s there but you don’t really know what’s there until you’re in there painting. A lot of weird broken stuff appeared in this space before we started working on it. (Owner E)

4.1.6.1 Wish List

Each owner was asked what they would choose to receive if a business fairy godmother were to bestow three wishes upon them. The owners were also asked about their goals for the business in different ways throughout the interviews. Table 5 shows the owners’ business goals, not necessarily in their own order of prioritization. Table 6 shows the goals as they are categorized into types of business or personal changes.
<table>
<thead>
<tr>
<th>Owner</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner A</td>
<td>Be famous and “put a stamp on the industry”</td>
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<tr>
<td></td>
<td>Open other locations</td>
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<tr>
<td></td>
<td>Build young, college clientele</td>
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<tr>
<td></td>
<td>Launch proven, effective advertising</td>
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<tr>
<td></td>
<td>Hire more employees</td>
</tr>
<tr>
<td>Owner B</td>
<td>Hire more employees</td>
</tr>
<tr>
<td></td>
<td>Expand the business at its current location</td>
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<tr>
<td></td>
<td>Update the interior décor</td>
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<tr>
<td></td>
<td>Sell the business in 10-15 years</td>
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<tr>
<td></td>
<td>Provide affordable employee benefits</td>
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<tr>
<td>Owner C</td>
<td>Open a second more upscale location</td>
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<tr>
<td></td>
<td>Grow the business to allow internships</td>
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<tr>
<td>Owner D</td>
<td>Rebuild staff to pre-recession level</td>
</tr>
<tr>
<td></td>
<td>Rebuild clientele up to and beyond prerecession level</td>
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<tr>
<td></td>
<td>Reduce time spent per week at salon</td>
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<tr>
<td>Owner E</td>
<td>Reduce business’s dependence on her leadership</td>
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<tr>
<td></td>
<td>Increase clientele</td>
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<tr>
<td></td>
<td>Find a new, better location</td>
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<tr>
<td></td>
<td>Provide more employee education</td>
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</tbody>
</table>
Table 6

Owners’ Categorized Business Goals

<table>
<thead>
<tr>
<th>Type</th>
<th>Goal</th>
<th># of Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>Be famous “put a stamp on the industry”</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Spend less time at salon</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sell the business</td>
<td>1</td>
</tr>
<tr>
<td>Growth</td>
<td>Open more locations</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Hire more employees</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Expand/improve existing location</td>
<td>3</td>
</tr>
<tr>
<td>Marketing</td>
<td>Launch effective advertising</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Build clientele</td>
<td>3</td>
</tr>
<tr>
<td>Management</td>
<td>Provide more education</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Reduce salon’s reliance on owner</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Create internships</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Provide staff benefits</td>
<td>2</td>
</tr>
</tbody>
</table>

4.2 Workshop Findings

The workshop findings are based off of the audio transcript and the visual materials generated in the workshop (see appendix C). The workshop was specifically designed to encourage dialogic interaction by providing different viewpoints from the client, employee, and owner. Insights based on this social learning behavior did appear to occur. From the researcher’s perspective, the workshop was effective at encouraging interaction and insights between the participants and it was described as “valuable” by the business owner. However, it cannot be concluded in this study whether the workshop insights will actually shape any future behaviors or plans.

4.2.1 Describing the Business Essence

The workshop was conducted with one stylist employee of around 4 months, one client who happened to be a small business owner in holistic health services, herself, and
Owner E from the semi-structured interviews. The first exercise used picture sorting to create a visual collage that described the actors, activities, atmosphere, and artifacts which comprised the business. Each participant selected images from the 72 brand personality cards provided by the researcher (see appendix C) and created an individual collage board, and at the conclusion of the exercise she was asked to describe her selections. All three workshop participants described the business as colorful, both physically and in a characteristic sense. The client describes the atmosphere saying, “I picked all the colorful pictures, I think it’s really, I mean, it is colorful in there but also the people are pretty colorful, like everybody’s pretty funny, and having a good time.” The owner reiterated this in her description saying, “fun and bright” and, “it’s a colorful group of personalities.” The employee stated that the actors, including clients and employees, are “fun and weird” and described the clients as, “intelligent, interesting, they all have things going on, like they’re into art and music.” The employee also used a simile of performance, “As stylists, we’re kind of like dancing, putting on a little show. People come into the salon because they like us so we’re like little entertainers.” This idea of this rich, social or personal interaction as a secondary service that accompanies the primary salon services being delivered was discussed by the owner and employee as well:

**Owner E:** I was thinking of like, people talking their stuff out.

**Employee:** Yeah. There’s definitely, like, emotional services that we provide, like whether it be just generally having a conversation with someone.

**Owner E:** Human connection.

The owner described the characteristic richness and authenticity of the salon service experience as well as listed the overarching goals:

We use the five senses in our salon, touching people, it smells good, we touch their hair, and you’re looking at them visually as well as listening to them and talking to them. We like to educate ourselves and teach our clients how to do things themselves, knowing why and how things work, donate our goods and
services, balancing our work life and goals, creating new ideas and growing our business.

Owner E summarized the unique quality of the small business saying she felt, “freedom from the corporate salon” and continuing, “We don’t do things in a traditional way, and we’re kind of silly, and we approach things from different way.”

4.2.2 Advertising and Promotion

The second tool in the workshop was group brainstorming which is meant to promote divergent thinking and social learning from participants with diverse experience. When it came to describing existing and possible marketing, the three participants listed current and possible advertising strategies including email newsletters, service raffles, and a mural on the building. The participants were all enthusiastic about the idea of “guerilla marketing” but did not mention any ideas other than the mural along this topic.

Existing advertising and promotion strategies included Facebook, internet reviews, print advertising, art openings, word of mouth, customer referral incentives, and a “happy hour” in which select services are discounted. However, when prompted to consider how they themselves find and actually decide to go to a new business, the following interchange occurred:

Client: I always ask my friends.

Owner E: Yeah, same here. Usually, word of mouth or, like if I see something that opens up downtown, I’m like “Oh I’ve got to try it” because I always want to support people downtown because they’re people I know or friends of people I know.

Researcherr: Do you look at print advertisements?

Client: I don’t. At all.

Owner E: It’s funny because we have print advertisements and I never look at them, myself [laughs].
Employee: I probably do. I don’t know. I’ve seen something and I’m like, “Oh, I wonder what that is.” I…definitely would say…yes.

Client: I’m all internet and word of mouth. For me, if I think about it…Mainly, because I don’t have time to look at it. I don’t have time to look at the New Times.

Owner E: You just have to think of how many different ways you can get people because everyone’s got a different…

[long pause]

Client: Ok, we’re stuck. How could you grow your business?

4.2.3 Services

Despite the rich interaction, atmosphere, and activities listed in the collage exercise, the participants first listed only the literal services provided by the business such as bang trims, perms, scalp treatments, and shampooing. It wasn’t until the researcher prompted them to consider individual clients’ and their own personal needs and any new or existing services that could address those needs that the ideas began to start flowing. Surprisingly, the client was the one that eventually brought up the retail services which, according to previous the interviews and the Bureau of Labor Statistics Occupational Handbook (2011), make up a significant percent of the business revenue.

Client: You provide retail services! Plus all your necklaces and different local artists’ jewelry.

Employee: We have a small assortment of different things like jewelry and random things and products, like hair products, and things like that. We could expand it more, like more options…candles or even, like apparel. We have, I think, a lot of room for retail.

Owner E: Yeah, we’ve had some of that stuff in the past that we don’t have now but…I was thinking of hair maintenance kits for people to take home, like specifically for our dreadlock clients. I’m always like “Oh, you can go to Michaels
and buy these crochet hooks.” And I’m like, why don’t I just sell it with instructions—

*Employee: yes!*

*Owner E:* —even like just a little free brochure, because we have a little free brochure for dreadlock maintenance but why don’t I make one that says how to take care of your color at home so it doesn’t fade, how to style your hair like I taught you in the salon. Because when you get your tattoo done, they tell you all that and then send you home with a list because you’re not going to remember.

Although educating the client arose in the original owner interview and as a goal in the workshop, it was not until this discussion that actual methods for providing education were discussed. The discussion about the retail products and customer needs continued revealing interesting insights from all three participants regarding true customer behavior and retail “up-selling.” While the effect of this conversation is unclear, these insights could possibly relate to the future strategic business model or could challenge assumptions held by the employee and owner.

*Researcher:* So as a client, can you relate to trying to recreate the style you got in the salon later at home?

*Client:* No. [laughs] I always do my hair differently than the stylist. Like, I always go home and wet it and put the way I want it. I just have specific, like, I just like the way I do it. Maybe I’m just weird, I don’t like to have to do it daily… but I’m sure some people do…some people would like that. I think I want it to look like [the stylist did it] without having to do it. I’m always looking for the haircut where I can do the least with. That’s just me.

*Owner E:* That’s most of our clients I feel like.

*Employee:* Yeah, and I think people are stuck in their routines, their rituals. Like male clients for instance, you know, I have so many male clients that I’m like,
“You’ve got to stop using that product, because it just…” whatever or I’m like, “what are you putting in your hair, why are you putting so much—"

**Owner E:** —yeah. [laughs]

**Employee:** All you have to do is do this. And they just don’t get it. Like it just doesn’t register to them—

**Owner E:** —they’re like that’s too easy, that’s not enough.

**Employee:** It’s kind of like no matter—even if you’re giving people advice on how to do something, and I guess its in life in general, everybody is just going to do it the way they want anyways, or that is comfortable for them, or that’s easy for them.

**Client:** Yeah, just like diet or exercise. It’s really hard to change people’s routines.

**Researcher:** Do you think that affects retail sales at all? Getting people to incorporate a new routine of a new product into their life.

**Employee:** Well, usually I think just talking to them about it, like you can tell if something’s working or not working or, and they know, I think…usually…Or, if they’re interested in it they’ll say, “what would you recommend?”

*Owner E:* Yeah, I don’t feel like we try to up-sell our products on our clients. Most of our clients ask for it or if we really feel like they need it, we can give them samples so they can try it first. But most of our clients just buy product on their own because they’re genuinely interested in what we have to sell because it’s organic.

**Researcher:** Do you have people that come in just to buy the products then?

**Owner E:** Very rarely. I feel like those people are going to find something at Whole Foods or something like that.

As a new mother, the client revealed the difficulty in scheduling salon services with a young toddler. She suggested ideas like creating a day care in an empty storefront in the same complex or having targeted hours which were designed for mothers to come
in with their children when additional staff would be there to help them. This prompted discussion of other groups in the community or demographics that could be targeted.

4.2.4 Target Demographics

Employee: So, I thought it would be cool if a couple times a year or something we could go and do hair at a nursing home or for a women’s shelter or before school starts to go to where all the needy kids are and give haircuts for free.

The employee continued, “I think there could be tons of things like that. Everybody needs their hair done.” This led to a discussion between the participants of other target groups which could benefit specifically from the business’ focus on organic products like cancer patients, pregnant women, or people who are chemically sensitive or allergic. The participants brought up the ideas of health and wellness fairs to target people looking for healthier, organic product options. The owner initially selected an image of a peace rally in the first workshop method saying, “I feel like we stand for good things here” and mentioning both in the original interview and the workshop business description the donation of goods and services. It was by wandering onto this topic that the owner revealed more nontraditional promotional behavior that was closely related to the personal values of the business and its clients but that she had previously left out:

Yeah, we have a quarterly art opening, some other Friday that First Friday so we don’t like, take away from First Friday. We’ve had some really successful ones and then ones were I haven’t invited enough people. But our successful ones have always been like were we’ve had other things going on besides just coming in to look at art. Like we’ve had raffles at some, we’ve had bands at some, and, like fortune tellers at some, so, but I would like to do one that maybe is some kind of fundraiser. (Owner E)

The use of events like this does show that this business uses innovative marketing tactics, which could indicate that it may not benefit from or need creative brainstorming to come up with promotional ideas; however, from the Owner's own
admonition that some have not been as successful as others, there may still be room for more strategic brainstorming to ensure that a more streamlined approach is taken when enacting these creative promotional events that target a similarly-minded potential clients. Tying the community involvement discussion back to the retail sales topic, Owner E suggests an idea that ties the personal business values and targeted marketing together:

We did something one time that I think it would be cool to do more of. We went to an art event, it was art vendors selling stuff and we went to style hair for free, but if we would have brought product with us, we probably could have sold some of it… I don’t know, doing some kind of free thing to promote yourself and then having something for people to buy.

4.2.5 Strategizing
In the final workshop tool, the participants three promotion or service ideas and broke them down into strategic steps. Using loosely guided scenario planning and prospective hindsight cues from the researcher, the brainstorming ideas were fleshed out and reasoned into a plan. The group selected and elaborated on the previous ideas about promoting the business and trying to reach out to certain community groups. The client started by saying, “I think a health fair one would be really good.” This prompted the employee to respond with an interesting key point in regard to her previous suggestion of targeting a needy community through a charitable event:

I think doing the collaboration with another business would be good because doing community outreach is nice, but you’re providing something for someone who’s needy. But if you’re collaborating with another business, you could somehow setup an event and you’re working with people who have money so that’s what your objective is, to bring more money in.

The participant team then began to strategically work through this idea with the following dialog prompted by the researcher:
Researcher: Could it also be with another business that customers might interact with on a more daily basis? Something that could be more guerilla marketing, like you said? [long pause] Like you all brought in your coffee with your coffee sleeves this morning...

Client: Well, you’d have to have a really good relationship—well, maybe not. Maybe they would just be happy because the tradeoff would be you would pay for these supplies, like I’ll buy all these things for you if you would use them. ‘Cause it saves them some cash.

Researcher: So what are the first steps to do that?

Employee: You’d have to find the business which would be the most…you know, that you would like to work with.

Client: And their clients would be interested in your stuff.

Employee: Yeah, which could be anything. So, let’s say we did coffee sleeves or whatever, you’d call them and ask if they’d be interested. This would be really easy. Then you find the most cost efficient coffee sleeve, find a printer that you like, or make something. Ka-blam. There you go.

Client: You almost would have to get organic though.

Employee: Yeah, like organic recycled…and recyclable.

Owner E: Yeah, like [organic coffee shop] uses fair trade coffee that they roast themselves which is better than going to some place that doesn’t do that…

Employee: A biodegradable sleeve.

The participants then had what appeared to be a productive dialog about how to select and promote services that were more likely to incent new clients to try the business. The client prompted this by mentioning that raffles had been a successful promotional strategy for her business:
Owner E: I’ve done raffles for the last like 7 years and I’ve had one person come in for it. And I’ve put out like 25 of them. Because I think people are like "oh, well, I have my hair place."

Researcher: You mentioned people already have their stylist, how do you think you can get them to switch over to try something new?

Owner E: Maybe by offering a service that’s not so...scary. Like getting a new haircut with a new stylist is more scary than getting a style or conditioning treatment. Something that’s not going to change the way they look permanently.

Employee: Yeah, something that’s more simple.

Researcher: So maybe the promotion is a service that has fewer customer barriers? Like they don’t feel like they’re cheating on their stylist?

Owner E: Exactly. Yeah, like, our happy hour is probably good for that because it’s a conditioning treatment and a brow wax deal. Because even our clients will get their brows waxed with us or they’re just get it done at the nail salon. Like, people will go everywhere for brow waxes. Rarely are people loyal to their brow waxer.
Chapter 5

CONCLUSIONS

5.0 Conclusion

This research uses insights gathered from small service business owners to shape some of the existing resources from the worlds of design, marketing, and strategic planning to create a tool kit that meets small service business owners’ needs and challenges. This study also uses qualitative research to add richness and depth to the study areas of small business and service design. Based on this research, there is much more room for exploring these concepts for small businesses. Because this research employs a grounded theory strategy, the conclusions from each phase of the research are summarized individually to portray the iterative, layered design of the research.

5.1 Summary Secondary Research

Literature revealed that small businesses face many planning struggles and tend to not implement strategy or planning in their businesses (Perry, 2001). The literature also reveals that strategic branding and marketing is one common means by which essential, necessary, and effective planning for small businesses occurs. Because brand and marketing is more salient and relevant, small business owners, if they do any planning at all, often pursue continuous branding and marketing techniques in lieu of upfront business planning techniques (Abimbola & Kocak, 2007; Bewayo, 2010; Horan et al., 2011). However, other studies reveal that despite the richness of the brand identity (due to its close design after the owner’s central values and role), this relatively well-defined business brand is disseminated more haphazardly than strategically through front-line employees, advertising, and promotions (see 2.4.2). Other research also found that brand management and marketing was listed by small business owners as the biggest challenge they faced (Gabrielli & Balboni, 2009; Huang & Brown, 1997; Wu & Young, 2002)
As evidenced in the workshop (see 4.2) small businesses can be extremely innovative in their marketing solutions and agile in response to the market but many small business owners are not realizing and consciously managing their small business competitive advantages in their brand management (see 2.4). Small business owners instead rely primarily on trial and error, suggestions from their personal networks, and intuition. Small business owners tend to seek action over strategy, and thus the adoption of strategic techniques must be adapted to coincide with this action-oriented mindset. Service design can act as the vehicle through which strategy and action meet in small businesses.

5.2 Summary Semi-Structured Interviews

The semi-structured interviews revealed both similarities and differences between extant research and the small service business owners studied. Although the small sample size and qualitative nature of the data preclude broad generalizations, the richness of the data provides several key insights that are likely to be found to some extent in a variety of service industries and are key points by which to guide future research.

The small business owners in this study were all independent, self-reliant, and intent on finding their own answers. Despite the owners’ varying degrees of sophistication and approaches, this finding concurs with Bewayo (2010) that small business owners are industrious and determined to find their own answers through the startup process by educating themselves, using the internet, and tapping into their personal networks. Departing from many extant views, the business plan at startup did not appear in this study as a barrier for these business owners as 4 of the 5 eventually wrote a business plan. This is likely influenced by the sample selection of ongoing, as opposed to pre-startup, business owners and also the fact that salon owners may have access to basic business plan templates and training through cosmetology school and salon product lines. Still, the fact that most of the owners studied, wrote, and referred to a business
plan was surprising because the conclusions of the secondary research up to this point had been focused on increasing the very low occurrences of nascent strategic planning at or near startup. However, the interview findings instead revealed that the five salon owners within this research study faced more prominent ongoing rather than pre-start strategic planning challenges. All of the business owners verbalized specific goals for their businesses but not one of them reported taking any steps to formalize or plan for that goal. The ongoing planning struggles were present regardless of the use of a business plan suggesting that business planning in this study does not correlate with, and is not used for, ongoing strategic planning.

The finding of ongoing challenges rather than pre-start planning challenges cemented the place of service design, marketing, and brand management in the strategic planning research. Although marketing is a key component of business planning, marketing’s stance from a research perspective is focused primarily on iterative, continuous strategies. Thus, it was brand management and services marketing that informed and realigned the target goals of the subsequent study. Using services marketing as a parallel theme to service design not only fit the needs identified in this study’s sample but underscores the close relationship, methods, and goals of design and marketing.

The salon owners all displayed keen perception in forming their own branding by using other companies as benchmarks and envisioning the ideal and the undesirable qualities of their business. The owners also all showed strong understanding of how product quality and product branding in their retail inventory selections tied to their business vision. The product brand and product quality were clearly powerful and outstanding points by which to develop the salon owners’ decision making frames regarding product selection and product marketing.

However, hints during the interviews revealed both their aspirations and difficulties in donning objective viewpoints in order to conduct strategic planning. The
owners showed a confidence and single-mindedness toward achieving their goals but had little ongoing strategic planning in place. Instead, they openly invited their employees, friends, family, and clients to assist them in gaining an objective perspective and clearly used the feedback from these relationships as points of personal calibration. There did not appear to be any formal systems or strategies in place for extending this calibration to the staff and clients. The owners revealed in the interviews that they had very close relationships with their employees and delegated or actively used them in designing services and promotions, but they also revealed challenges managing their staff and ensuring their employees’ service quality and professional demeanor aligned with the brand the owner envisioned. As a strong central figure, the owners tended to rely almost solely on the strength of their own leadership and on the informal relationships with their employees and clients to selectively solicit feedback but planned group exercises did not appear to be a central part of management. Additionally, only one owner reported collecting and organizing customer feedback from marketing, services, and promotions which exposes a weakness in these owners’ use of market research and incentive tracking. The owners also used the haphazard advertising approaches implied by the literature, showing very little strategy in the selection of the mediums, messages, or promotions. In fact, Owner C, who alluded to using rudimentary market research by keeping card with client data and referral sources, also employed somewhat contradictory promotional and brand strategies. The use of promotions of which even the client was not aware may be a rewarding surprise, but it is only effective once the client has walked in the door. Although the secretiveness supported his vision of exclusivity, the owner also revealed negative feelings that personal experiences with exclusivity aroused. The negative connotations he recognized could be an example of how a haphazardly structured theme (e.g. exclusivity) may be a drawback to some clients and the long term sustainability of the business. The vision, location, and marketing may not align with the
realities of a down economy, potential mass exodus of clients and employees from a walkout, or even the regional customer attitudes.

Another observation was Owner A’s almost adamant pursuit of the young college demographic even going so far as to ask the researcher to spread the word to fellow college students. However, the rather brash environment, the distant location to the students she was targeting, and the specificity of the services called the focus on this particular demographic into question (see 4.1.2.5 Atmosphere). The owner reported receiving negative reviews and a service recovery (a customer service problem and attempts to solve it) in which the business attempts to fix witnessed during the interview revealed the owner and client discourse over the desired results and elapsed time of the service. Without further study and research of the individual and the business, it is impossible to conclude whether the owner’s focus on the college-aged demographic is justified, but evidence during the interview suggests that this particular atmosphere is more conducive to a very forthright, adamant, verbal client. The owner herself described most of her clients as middle-aged divorcees and professionals and, anecdotally, it may be that compared to a younger college demographic, this demographic is more experienced and comfortable with the direct communication style that pervades the service atmosphere. True to the literature, the limited resources and time seemed to prevent broad-spectrum accounting schemes for managing internal and external feedback and the central role of the owner posed potential blind spots for opportunities and weaknesses.

Business planning research (Gibson & Cassar, 2002; Long, 2000; Simpson, 1998) concurs that the business plans are not consistently used for ongoing strategic planning despite the fact that it is the intended purpose of the document. Although many authors (Bewayo, 2010; Perry, 2001) suggest that non-planners remain non-planners, others like Gibson and Cassar (2002) and McKay and Chung (2005) recognize that some natural change of management occurs with business growth and increasing delegation.
It is important to note techniques for ongoing and pre-launch planning do not need to be mutually exclusive. Tools that are designed to be relevant for current small business owners:

1) address more feasible and accessible target market and study populations;
2) address a seemingly greater set of needs (per the results of this study), because owners were able to overcome challenges and start the business but still face ongoing challenges;
3) may be relevant for nascent business owners whereas the converse, tools expressly for startup planning, may not result in as useful a set of tools for current owners.

5.2.1 Key Challenges & Goals

The purpose of this needs-based study was to find inherent relationships, behaviors, and beliefs in small service business owners and design resources that parallel or support actions they are already taking rather than trying to alter their behaviors. The subsequent workshop tools were meant to build on these behaviors and address three key challenges that were evident to some degree in all of the small businesses:

- Developing effective marketing: How to determine what is appropriate, effective, and scalable advertising or promotion based on the business’ brand, services, and potential customers.
- Hiring and managing employees: How to define a set of values and expectations on which to base management procedures, employee marketing and engagement with the business, and strategies to avoid walkout scenarios and its resulting client loss.
- Growing and sustaining: How to set objective, strategic goals for growth and services whilst embedded in the stress of daily operations and take steps to formalize the future business goals.
5.2.2 Small Business Owner Ethos

The embedded characteristics and behaviors of the business owners must shape the final toolkit in order for it to be a workable solution. The following owner characteristics formed the basis of the tools and their delivery methods:

- Self-identified as visual people.
- Highly competitive and well-defined market means they must differentiate and distinguish their services within narrow windows of price and variety.
- Require little formalization of planning but this may change based on pending legislation and independent contractor requirements.
- Independent and seek own answers through unstructured research, clients, friends, and family.
- Tactical in response to concrete actions and reactions.
- Rely inherently on co-designing the business with employees due to the close relationship of the employees to the clients, the owner to the employees, and the owner in the service delivery process.
- Involved closely and personally in the delivery of services and business management.

5.2.3 Workshop Design: Toolkit

Based on the interaction of the participants and the content generated, the workshop observations strongly supports that the following of the original workshop toolkit constraints (see 3.5.1):

- It provided creative, visual ways to organize and communicate the business vision and services.
- It identified a variety of opportunities for service design, marketing, or growth.
- It was adaptable to at least one other small business type.
- The owner discovered her own insights and strategic paths through rapport with an already established support network.
• It provided a dialogic framework for noting likes, dislikes, and prior experiences and competitors.
• It resulted in a vision board which acted as a communication tool.
• It created a map of prioritized actionable steps in marketing and promotions.

5.3 Summary of Workshop

The workshop participants discussed several key small service business concepts through the workshop tools which influenced the strategic planning of the small business studied. Three methods were employed in the hour and a half workshop with each method taking approximately 20 minutes for introduction and activity followed by 10 minutes for discussion. These tools are discussed in terms of their perceived effectiveness based on the quantity and quality of concepts generated within them.

5.3.1 Picture Sorting

This tool was intended to allow the three different study participants to visualize the service experience and contribute their own viewpoint of the business through their respective collages and descriptions. Although the participants were each able to portray qualities and interactions within the service experience, there appeared to be some difficulty in translating those qualities from the picture sorting into service and marketing innovations in the subsequent brainstorming. This difficulty in transitioning from describing the experience to brainstorming about the experience could be due in part to the limited selection of the picture sort images or the limited time dedicated to this workshop phase. Although the participants were asked to use both Post-it notes and the premade cards to describe the experience, all of the participants used just the image cards, which were purposefully limited to encourage the participants’ own contributions. The image cards did appear to aide the participants in articulating some of the business qualities but future iterations of the workshop may require fewer cards, more time to create the collages, or a secondary phase in which the participants are asked to use only their own written notes. Many of the concepts originally described in the first phase were
later reiterated in the subsequent tools or provided specific points of reference for objective facilitation. Because the participants were likely new to these tools, starting with pictures as a warm up and inspiration and then requiring them to transition into their own listing of characteristics appears from the workshop observations to have helped ease the participants into the brainstorming phase in which they are required to create all of the concepts unaided. Based on the concepts which appeared in the brainstorming (e.g. human touch; see 4.2.1), it can also be concluded with confidence that the picture sorting warm-up method did affect the participants’ frames and perspectives throughout the subsequent brainstorming and strategic planning methods.

5.3.2 Dare to be different

All of the participants used terms like colorful, artsy, free, music, fun, funny, silly, and weird as qualities of the business. Their descriptions of the interactions between the employees and clients, the meaning and values embedded in the atmosphere and activities, portray the central theme of uniqueness and authenticity in the business. In contrast, the advertising and promotions were more traditional. The marketing techniques and relationship based quality suggested that the business is very strong at forging relationships with clients but there appeared to be less strategic focus targeting entirely new clients. The uniqueness of the business and services and the more traditional marketing approaches reveals somewhat of a contradiction between the types of clients the business appears to target and the way those clients are likely to receive information and be persuaded to try the business. This small business is different and unique so their services and marketing should be unique and different as well, reflecting the meaningful, genuine qualities of the actual business. Based on the observations of participants in the workshop conducted in this study, it can be concluded that the participants need to utilize nontraditional marketing, mixed marketing, and guerilla marketing techniques.
5.3.3 Group Brainstorming

Although all of the workshop participants’ depictions of the business essence and brand experience were rich, meaningful, they had a more difficult time translating those cues into service or marketing innovations. The participants displayed an ability to think visually, emotionally, and conceptually about the business but had more difficulty with the divergent thinking as is often the case in participants new to brainstorming (Martin, 2009). Hesitancy and self-editing behavior was evidenced but the client and the employee did eventually contribute opinions which went against some of the initial assumptions. Working past this self-editing behavior is very important to the success of this workshop method. Prompts by the researcher and a different transition into the brainstorming as previously discussed could better prepare participants to be creative, thoughtful, and comfortable with radical ideas. Once prompted by the researcher, the individual insights and discourse provided by the client, owner, and employee did create relevant ideas, which could potentially effect strategic planning. For instance, the realization that the client and owner are not typically compelled by print advertising suggests that the business may need to think of additional advertising approaches that reach a greater variety of different potential clients.

5.3.4 Service Packaging

Verbally confronting the client’s real needs and behaviors spurred an important discussion about retail sales. While the value of a product is clearly evident to the stylists, they talked about clients misunderstanding and misusing products even when the stylist tried to educate them. The participants also concurred about the difficulty in changing people’s routines with the client even saying that she actually preferred the way she did her own hair. This could guide the future sales strategies to focus more on the convenience and ease of the product than on the other product qualities. In response, the owner suggested selling maintenance kits or prepackaged kits for different salon services as an additional convenience to the client. This could encourage clients to try a new
product they would not otherwise purchase because it is part of bundled kit and creates a unique offering to differentiate the salon from other organic product distributors. Other owners interviewed revealed that they incentivized clients to purchase products again by offering refilling discounts. Utilizing other promotional tactics like this could increase the likelihood of clients purchasing products that were already a part of their daily routine from the salon instead of from other retail providers.

Although these additional strategies were not expressly discussed in the workshop, the owner could later reflect on this retail services discussion. While it is unclear from the workshop or interviews if Owner E wants or needs to increase retail sales or if the insights were even novel to her, external changes in the business climate may still make the verbalization of the business’s and the client’s viewpoints advantageous. The workshop revealed that the participant’s retail portion of the business faced barriers from competitive pressure from other organic product distributors, the engrained nature of daily routines on adopting new products, and the reliance on very low pressure, genuine sales tactics. During the interview with Owner D of the large salon and spa, she mentioned that some retail product lines require a minimum monthly inventory quota but were willing to relax that quota in a bad economy. If the small organic company Owner E currently uses were to grow and require a larger monthly inventory purchase, or if the business were to need to generate more income but had limited station space to do so through services, or if service tax or employee health care legislation were to cause the owner to need to generate more revenue through products to offset increased costs, realizing the current business stance on retail sales could affect how future strategic plans are shaped.

5.3.5 Strategic Planning through Prospective Hindsight

Converging broad concepts from the prior brainstorming down into one distinct and well-defined solution was a key goal and final step of the workshop design. This third tool was meant to encourage selection of one idea and then provide objective, strategic
way to break that solution into a plan of actionable steps. This process is meant to spur a
reasoning process which further refines big ideas into succinct goal. An example from the
workshop was the idea of the coffee sleeves (see Figure 5).

The concept of prospective hindsight is meant to prompt more thorough strategic
thinking by getting respondents to think as if they have already succeeded. This unusual,
and sometimes perplexing, cognitive approach was initially difficult for the participants to
grasp, however the participants did come to more specific conclusions about the surface
ideas through some prompted dialog. There appeared to be a disconnect between the
more creative methods used to discover the business’ climate, promotion, and services
and the more deliberate process of turning those ideas into a specific series of actions.
This could partly be a fault of the facilitation or participant fatigue but it also seemed as if
the participants did not initially see the use of breaking down seemingly simple tasks into
even smaller actions. Some service design or promotion concepts initially seemed too
simple to warrant further detail, but true to the research that backs this tool, the
participants revealed new and important strategic insights once they began talking
through the scenarios.
5.3.6 Clients’ Perceived Risks and Barriers

The workshop resulted in discussion of several challenges and barriers that affected the planning and promotion of the business.

5.3.6.1 Loyalty

A key point presented in the workshop was the need to build trust with potential clients. Because of the relationship-based nature of salon service, many clients are loyal to one stylist or employee and it is difficult to persuade them to try a new service provider. This loyalty often extends beyond the business itself; such that clients will follow their stylist to another salon (see 4.1.3.4 Walkouts). In addition to the disruption of losing one or more staff members simultaneously, this is another reason that walkouts can be so detrimental to the small business. It is important for the business as a whole to try to foster a stronger relationship with the client to prevent them from leaving when the inevitable employee turnover does occur.
5.3.6.2 High Risk Services

As a result of the slightly bewildered owner wondering why previous raffles had been resoundingly unsuccessful (only one person actually came in to receive the service in the seven years she had conducted giveaways), the participants eventually concluded that there is a certain type of services which are more likely to persuade a potential client to try a new service provider. The participants suggested that in order for an ad campaign or promotion to incent a broader range of clients, who may already be loyal to one business or stylist, the advertised services need to be “introductory” in nature. The specific example the owner gave was eyebrow waxing or deep conditioning treatments. Because these services are fast, low-cost, and do not drastically or permanently alter the clients’ appearance, they present fewer perceived risks to a potential client. In addition, the participants discussed that clients get socially comfortable with a stylist. Because the service is such a rich social and interpersonal experience, it carries with it some anxiety for a client who will be physically and socially engaged with the stylist, possibly for hours at a time. Fast services that require less social interaction make for an easier introduction to the business.

5.3.6.3 Extensions

Although these specific results only apply to the salon industry in this study, both literature and common sense reveal that other industries may face different levels of this need for building trust and acknowledging previous customer loyalties as well. Financial management, business-to-business services, consulting services, insurance sales, personal care services, and design services are just some of the other industries in which building close rapport and trust with the service provider enables better customer service and increases the likelihood of loyalty and repeat business. These industries may also benefit from promoting introductory services which require less commitment and may thus be more enticing to the potential client. In some instances, these introductory services may need to be specially designed outside of the existing services that are
targeted specifically at getting new clients in the door. While introductory service offers and promotions are second nature to business experts, the notion may be counterintuitive to a small service business owner who is trying to build a brand and clientele based on offering the “best” services, as opposed to the “least risk” services.

5.3.7 Strategic Client Targeting

The strategic dialog in the strategic planning portion of the workshop was also successful in encouraging the participants to view the business objectively. By thinking beyond the broad ideas of collaboration and community engagement, the employee distinguished between the strategies of charitable promotions versus business collaboration which would target a more ideal clientele for growing the business. This shift in perspective caused the participants to begin thinking of promotional events in terms of how they could actually bring in potential clients. Following the researcher’s example of advertising on coffee sleeves, the participants began to elaborate on how they would actually enact a collaborative advertising relationship. The client realized, with the example of the coffee sleeves, that the potential business relationship need not be as difficult to negotiate as she initially assumed. She realized that paying for or providing coffee sleeves to a local café with printed ads for the salon could reduce expenses for the café making the collaboration mutually beneficial. Together, the participants further realized that the type of business they chose to collaborate with could possibly be selected using the same values they strive for in their own business: supporting local and independent businesses; promoting organic lifestyles; being eco-friendly; promoting art and music in the community; etc. By enacting an advertising partnership, the salon could target a new demographic of potential clients who are already keen on the values that the salon and the café share and it provides the owner an opportunity to embody the salon’s value of supporting other local businesses.

5.3.8 Organic Human Touch
Now identified as separate from the goals for building the business side of the salon, the clients considered their shared personal desires to support charitable promotions. The participants realized through the workshop dialog that the inherent human touch, counseling, and beautifying nature of their services, and the fact that everyone needs their hair cut, can play an important role in targeting portions of the community (e.g. homeless job seekers, battered women, needy/at-risk children, hospice patients, and assisted living residents). The salon’s focus on organic products could also create strategic avenues unique to their business for either charitable or demographically specific promotions (e.g. chemically sensitive cancer patients, children’s hospital patients, pregnant women). While the charitable activities may not directly grow the business, they do provide the owner and employees a way to enact the meaningful values of community service that they expressed in the collage exercise. The owner verbalized her stance on the importance of working together and taking a positive stand. Group charitable work could help the staff bond and bring additional value to the employees’ roles while possibly indirectly strengthening and promoting the business. Although it was not discussed in the workshop, the original interview with Owner E revealed her initial struggle with taxes because of the employee-based model of her business. Strategically, charitable services and donations can be important from a tax standpoint and present another indirect benefit to the business.

Charitable promotions are important to consider because of the possible personal and business benefits. Although the organic human touch is unique to this organic salon, other service industries may find similar means of devoting specialized talents or resources to a specialized population in need.

5.3.9 Strategic Planning Reluctance

The final tool in this workshop appears to present the greatest challenge in future research and alternate means of toolkit’s distribution. Although an independent facilitator was chosen to lead the workshop, a scheduling conflict resulted in the researcher herself
stepping in as the facilitator. Having completed a business visit and interview with the workshop participant owner and other salon owners, the researcher clearly brought a loaded viewpoint to the workshop. The researcher as facilitator played a strong role in guiding the workshop participants because they seemed reluctant to turn broad ideas into specific steps. This reluctance may have been demonstrative of the more reactive and less calculated nature of small businesses or the limited perceived usefulness of planning that was evidenced in other business research (Liao & Gartner, 2007; McCarten-Quinn & Carson, 2003). Also a possible influence, the interviews supported prior research that business owners’ overt optimism results in somewhat unsubstantiated confidence that problems will work themselves out and be addressed as they arise. In the case of the three workshop participants, self-confidence seemed to be one of the foremost factors in their reluctance to list detailed steps. From observations of the nonverbal behaviors between the three participants, they seemed more insecure throwing out concrete ideas outside of the more relaxed brainstorming context. Perhaps, imposing the strategic planning mindset reinstalled the mental constraints and self-editing behavior that are often lifted through the open format of brainstorming. However, once the participants were prompted through a sample strategic process, the momentum for this step built quickly.

Another important note is that, the workshop team verbalized the need to target new clientele but seemed to be able to think of very few ways to target them. It seemed that despite the overt focus on gaining new customers, the strategic direction kept bouncing between how to draw in new customers and how to entice existing customers into more consistent services. This difference in targeting was not one that was explicitly addressed in the tool kit but it seems that a more prominent separation or distinction between these two goals is needed. While there is certainly some overlap in promotions for existing and new customers, the framework for considering them independently needs
to be more firmly structured in the tools. This could be easily done by adapting some of the prompts used during the brainstorming.

5.3.9 Strategic Planning Facilitation

Without guidance by a facilitator, it is unclear how to guide the participants to transform a broad suggestion (e.g. newsletter) into more mission-based operational questions such as:

- What specific topics does the newsletter cover?
- What is the “hook” that separates this newsletter from the others clients receive?
- Does this effectively target new clients? How?
- Does this encourage existing clients to spend more on retail or services or refer potential clients?
- Who will create and send it?
- How will it be sent and how often?
- How will the results be monitored?

Before time and resources are invested in new services or promotions, these are the sort of strategic planning questions which still need to be asked, if only in passing, by the business owner. In order to better facilitate this method through a workshop, future research may utilize a goal list and organizational framework, (e.g. who, what, why, where, how) to prompt answers to these questions, much like the ax4 framework provided a tool for organizing the service experience collages.

5.4 Small Business Strategic Planning Model

Based on the interviews, the secondary research, and the workshop observations, three key variables comprise the small business strategy process: the owner’s mindset, or ethos; their evolving personal and business goals; and the experience or use of the strategic tools themselves.
This three part model (see Figure 6) forms an iterative planning process in which the small business owner’s personal characteristics influence how the tools, which are
purposefully dynamic and open-ended, are adopted and used. The participants’ stances framed their comfort levels, the breadth of ideas explored, and the dialog that was created by the toolkit. The tools and mindset then inform, clarify, and prioritize the business goals. This iterative, three-variable process which was observed in the workshop influenced the subsequent participants’ mindsets, their use of the tools, and the refined business goals. This finding that participants’ individual perspectives and goals informed the toolkit’s utilization and that the tools then shaped the participants’ frames aligns with Martin’s (2009) conclusion that design thinking tools continuously shape the design thinker. It also parallels business and strategic planning research that small, actionable steps and evidence-based strategic practices are ideal for small business owners (Bewayo, 2011; Brush & Chaganti, 2010; Logan et al., 2009; Long, 2000).
Chapter 6

DISCUSSION

6.1 Opportunities and Answers

If we can’t get small business owners to plan their businesses, can we get them to design their businesses? The evidence from this study supports that service design toolkit provides a more readily experienced and pertinent baseline than many traditional analytical forms that planning takes. As a service business owner, the entrepreneur is almost always engaged at some level in the service delivery or design, but many of them lack the tools and strategic design vocabulary to elaborate on their basic intuition and assumptions. The service design toolkit provides a springboard and perceptual framework by which owners can begin measuring and calibrating their services, branding, and marketing. It also acts as a tool by which small business owners can communicate those values to the relationship-based networks upon which service industries rely.

Returning to the questions and topics which guided this research, there is clear evidence supported by the interviews and the workshop that there is an opportunity for planning tools which better address the needs of service business owners and which generate ongoing strategizing. There is also clear support that design can enable business owners to don new perspectives, to think in new ways, and to formulate new solutions.

6.1.1 Can Design Impact Business?

Despite all of the owners’ apparent clarity of the business vision, the evidence from this study’s brief observations supported that owners were only haphazardly managing the business vision through service offerings, human resources management, and marketing. The workshop (see 5.3.5) revealed a compelling example of promotions, brand, values, services coming together to create a coffee sleeve campaign revealing that the owners are capable of new insights and planning when aided by service design tools. The workshop participants worked together to systematically design and detail an
off-the-cuff suggestion into a specific actionable plan to build clientele and support the company’s values. The semi-structured interviews indicated similar opportunities for aligning the vision, values, and services through design. As an example, (see 4.1.1.3) one owner was challenged by the desire to create an exclusive, VIP salon while building a sustainable business. His desires for both exclusivity and growth resulted in a broad range of services but a subdued location and business façade and a hidden menu. A planning process to better identify his dual goals may reveal more suitable opportunities to align the owner’s contradicting vision. Another owner was determined to build young college clientele despite the fact that the location, pricing, and perhaps most significantly, the atmosphere of the business may not make for a nearly exclusive focus on that demographic (see 4.1.2.5 & 5.2). It is these contradicting observations and goals for which design is uniquely structured to provide solutions. There is a clear opportunity for the service design workshop tools to more clearly illuminate the vision of the business and customers, then, brainstorm along those thematic headings, and finally, restructure the marketing strategies and services of the business.

6.1.2 Who are small service business owners?

The small business owners in this study clearly demonstrated the strong role of the owner as both the business manager and an actual deliverer of services. The small business owners also clearly relied upon strong relationship networks with their staff, their employees, and, in some cases, the community (see 4.1.3). The owners all reported actively seeking and coveting feedback from these relationships. This group was action and goal-oriented, highly visual, and customer-centric, but they also displayed a variety of interests and personality types. Despite their differences, they faced many of the same challenges in marketing, managing, and growing their businesses and also shared some of the same goals (see 4.1.6.1). The businesses were all self-financed and had restrictive budgets which moderated the owners’ progress towards their goals. The owners were adept at finding resources and templates for the planning and starting the business, but
they were less creative and strategic in employing them on an ongoing basis. Although the limitations of this study are clear, the findings’ possible extensions to other service industries are well within what has been surmised by literature and common sense.

6.1.3 Are there new opportunities in business planning?

Contemporary research and the results of this study both support that there are opportunities for new planning strategies in business. As the ability for the SBA to track businesses with the internet becomes more thorough and collaboration of government branches increases, there is greater impetus to further categorize small businesses (Bewayo, 2010). Greater specificity in both government programs and academic business research can result in more targeted solutions and legislation for difference sizes and industries of small business. Existing tools in business require a variety of intellectual, financial, marketing, and management comprehension skills, some of which are likely to be beyond the capabilities of the small business owner. Strategic business planning, like design, has reflected its own internal shift towards more dynamic strategies. These new strategies move away from prior analytics and constraints and towards abductive thinking and opportunities (see 2.6.1). While MBAs are seeing movements like design thinking and strategic thinking place new emphasis on creative strategies, little of this contemporary research has yet reached the audience of small business owners. This disconnect is evident in the variety of downloadable template forms which are available to small business owners through the SBA (see appendix A).

6.1.4 Does Services Marketing contribute to design?

The relationship between design and services marketing has been clearly drawn based on their similar customer and experience-centric focus and their comprehension of value and meaning through collaborative, co-designed, and co-created philosophies (see 2.7.1.3). As evidenced in the data collection and the literature, the services marketing lens provides a unique way of viewing small service businesses, which, in turn, provides a magnified setting within which future research can study environmental variables and
other research priorities. Small service businesses can benefit from the unique understanding and research of services, and they also naturally embody many of the services marketing characteristics which larger firms must artificially manufacture (Horan et al., 2011). These inherent characteristics can be used as competitive strengths for small businesses if they are first recognized and emphasized.

6.1.5 How does service design fit into design?

Service design is largely comprised of design tools, which are adapted from social science (Saco & Goncalves, 2009). The unique aspect of this field and its tools is that it specifies its results as services and systems whereas design does not specify its solutions (see 2.9). As the line between product and service blends with technology, interfaces and consumer engagement, it may be important for design to recognize this distinction so that it can benefit from the wealth of research in services marketing, engineering, and business. Design's leverage of service design will more clearly emblematize the capabilities of design's systems based approaches (see 2.1.2).

With identical tools, a more refined frame of service, and a foundation in marketing, service design is an ideal apparatus for small service business owners to use in constructing ongoing strategies. The important goal of this study, and within its limitations a clear benefit, was the use of a service design toolkit. The workshop revealed clear evidence that service design tools in small service business owners' hands can take the owners past initial beliefs, verbalizations, and impressions of the business to use a combination of visual and cognitive methods to create a clearer picture, define stronger goals, and recognize opportunities for the business (see 5.3.5).

6.2 The Take-Away

Design not only gives businesses a new vocabulary and decision making frame based on customers, it also provides a new way of thinking, describing, and planning. As a field crafted to bridge between the systematic enquiry of social science, the patterns and revelations of creativity, and the purposeful implementation of business, there is
strong evidence that design can positively inspire and impact marketing, service, and planning strategies for small service businesses. Although it is outside the bounds of this study, it is likely that there is real weight behind broader claims of design’s business impact as well. Design’s compatibility with people and business is due in part to its intuitive ideas and accessible methods that invite collaboration and are easily coached in individuals and teams. It also supplies structures, informatics, and visual tools that coax ideas into clusters and diagram contemplation into strategic patterns. As an intelligent, emotive, visual, and social species, everyone inherently possesses the semantic frames for finding meaning in tangible and intangible experiences, but we need tools and practices in order to refine those cues into concepts, terms, and relationships into marketing and service strategies.

6.3 Future Research

Although this study found clear evidence of design as a guiding force in the small service business studied, there is still considerable research to be done. The toolkit needs further refinement to address the multifarious goals of a wide range of businesses.

The current workshop format requires a knowledgeable facilitator and relied, for this research, on compensatory participation by the small business owners. The participants in the workshop were recruited for participation; they were not necessarily actively seeking help. This leaves a clear gap in the research as to whether and how other small service business would find and access this tool kit. Based on the resourcefulness and internet savvy indicated by other studies and these participants, a final tool kit would likely need to be distributed primarily as an online resource which could then lead to group consulting.

The tools in the workshop and the use of co-design show promise for providing service design processes as a basis for strategic planning in small businesses but there are still some factors to weigh. The predominant research tool used by the business owners is the internet. The internet fits many of the qualities indicated by the
owners: self-reliant, action-oriented, self-educating. The owners in this study indicated they preferred speaking with a knowledgeable consultant or attending workshops, which are a common format for continuing education in the salon industry. However, with continuing education workshop resources provided by the salon product lines, it is unclear if salon owners would think to solicit business planning in other workshops outside of those provided by the product company. Other service industries without the same educational network built into their services may be more active in seeking outside business counseling, but the limited funding to attend workshops remains a functional issue in distributing the tool kit through a traditional for-profit means. Small business consulting is a viable business sector but small businesses often lack the time and resources to participate in consulting and workshops.

Beyond further refinement and generalization of the workshop tool kit, the method of the co-design collaboration must be further developed and tested. Future research must separate the strategic planning tools used by an individual owner from those from a co-design group to see if the group is able to come up with more and better solutions or if the individual owner is able to use the strategic planning steps to effectively solicit outside feedback. Broader base quantitative and mixed-method studies are needed to supply the metrics that the business world demands, but the value this study found in the co-design, service design, and strategic tools is still compelling.

While the workshop session was designed to be a brief 1.5 hour format in order to limit the data, limit fatigue, and accommodate the participants’ schedules, many business workshops use a half or full-day workshop. The limited time of this workshop prevented thorough exploration and conclusions within each of the methods. Future iterations of the workshop research must weigh the limited schedule of a small business owner against the limited value of too brief a workshop session. Future research should be conducted using a workshop series format to test both the ideal time limit for the individual tools as well as the amount of workshop information that is retained between
sessions. Delivery through the internet or through software which allows an owner to complete a timed method, save their progress, and then come back to it at a later time may be another possible solution.

Another important factor that cannot be overlooked is that while close employee, client, and owner relationships are native to the salon industry, it is still not necessarily a typical behavior pattern to attend a consulting session as a group network. In less relationship-based service industries, the prospect of gathering a similar group may be even more foreign. The workshop tools must be further refined to utilize the inherent communicative networks that small business owners develop but be flexible in how the individual feedback from the different roles is incorporated.

Further research must clearly continue working towards refinement of the methods for delivery through workshops and interactive content alike. The specific materials and methods of facilitation of the workshop also need refinement so that they can be tested through future research in other service industries which may be less visual or creatively inclined.

Due to the exploratory nature of this study, this research could not implement the very metrics that it advocates. Metrics are important to small business owners and the business world but this design research was just a first step. Creating a generation of designers that are fluent in business and marketing and can use quantitative research together with the qualitative design process is the key to bridging the academic and professional silos of design, marketing, and business. Building metrics and standards into the field of design should be a high priority for design education, design researchers, and professionals.

6.3.1 Organizing Owners

The goal of providing a format for collecting business research and customer research, so that it can easily inform later brainstorming and planning, is still not entirely addressed in this study. Future research must consider how loose organizational tools
can become embedded in the operations of the business so that information can be easily referenced and mapped into future solutions. The tools used in the study can be adapted towards this goal or other design methods can be infused into the proposed solution. One particular technique that could be studied is using the profusion of online customer reviews across multiple sites that collect them as an open card sort to reveal possible new service offerings, marketing cues, or service recovery efforts.

Another possible customer research management technique could be assigning an arbitrary coding system, like colors, to the different types of media or promotions that customers report as reasons for using the business. Rather than amassing a log or file system of dry data, a colorful visual map or coupon collage on a timeline could instead represent the successful ad campaigns and promotions while encouraging and incentivizing employees to collect unimposing market research and revealing a clear picture of progress which takes seconds to analyze.

6.3.2 Communicating the Tools

This study showed clear evidence of a co-design team being able to brainstorm and refine ideas together; however, coaching was provided. It is still unclear the extent to which the group or individuals could generate ideas in a less proactively structured setting. Further research comparing the tools when wielded by individuals without a facilitator would offer more concrete support for the specific influence of the tools themselves on the business strategies.

A paradox embodied by the topic and format of this study is the need to communicate simple, effective tools that are largely stripped of the theory-based academic fat, which make so many of the existing tools overly rich and arduous for small business owners to digest. As alluded to in the prior conclusions, the internet is a significant source of information for small business owners. The Internet must be connected to this research in two ways. First, future research must separate business owners who are seeking help by searching for resources on the Internet from those who
are solicited for participation. Clearly, this would require considerable formalization and resources to embed design tools into a searchable site and then use the leads generated from the site for scheduling workshops that can be studied. However, this would create a broader industry, size, and personality type cross-section across which the appropriateness and applicability of the in-person workshops could be reviewed. Second, research needs to be conducted to find a way to translate the in-person workshops into a fully or at least partially digital set of interactive tools which can be utilized on a self-service basis by an individual. This research would not only support some of the goals of the former proposal but also build evidence based on the efficacy of the digitally interfaced tools themselves independent of the facilitator’s input. Although workshops are the ideal setting for implementation of design toolkits, the feasibility of a business model that provides these tools solely through workshops is limited. Alternate methods of delivering the tools through an open-source format could include DIY videos, pin-board sites, social networking sites, and software. Tracking the subtle but likely influences that design tools can have when supplied by a digital interface almost undoubtedly limits the strength of the tools but also lends further credibility to the tools themselves.

Putting strategic tools into the hands of small business owners could be construed as the first step in designing designers out of a job, but corporate business is still in need of design thinkers and creative problem solvers to collaborate with their strong analytical professionals (Martin, 2009). Small businesses lack the resources to hire strategic consulting partners, while large firms must still seek the outside perspectives and systems evaluations offered by design. Giving design tools and promoting open source design to the small business economy actually helps support a future for designers. If design can help small businesses grow into large organizations, then design is fostering a future business generation that values design and its tools and approaches.
6.3.3 Design Culture: Cultivating “Aha!” Moments

Finally, evidence was amassed throughout the literature that planting the seeds of strategic thought and creativity could inspire a growing body of ideas and landmarks upon which to iteratively frame future brainstorming and strategies. A primary effect of injecting design thinking into an organization is that it acts as a spark which ignites organizational creativity at many levels and creates employees that are poised to recognize opportunities and patterns outside of the meetings and brainstorming sessions. In order to solidify the ties this research makes to strategic planning, future research must be dedicated to these “aha!” moments. Longitudinal studies or case studies which follow several companies in-depth over several months or years must begin to track the effect of the creative injection of the design tools and later creative resonance in the organization and the translation of ideas into action plans.

Design education must also focus on building a culture of creative strategic thinkers to better prepare students for the collaborative, service-based professional environments they will face. There have been many critiques of higher education and its ability to expand curriculums beyond basic technical skills so that students are armed with accountability, critical thinking, and clear communication. The traditional design curriculum is often still rooted almost solely in skill-based product development and physical product modeling reminiscent of the art-based Bauhaus era. Although design research has taken great strides in bringing social science, systems thinking, and entrepreneurship into design, undergraduate design educators still hesitate to depart from tradition. The basic drawing, modeling, and portfolio building skills which are meant to be learned tools of communication and collaboration instead are used as the primary criteria for evaluating future designers. Design must be aware of the movement towards open-source design. Design innovation is important for the growth of society as a whole, but limiting innovation to a group of students that can draw is outdated with respect to the technology and interaction that exists today. The failure to update curriculums to value
strategic thinking over visual and technical skills not only limits students’ problem solving processes to their ability to use visual forms, it prevents a large group of thinkers, collaborators, and problem solvers from being admitted to design programs that still value art over ideas. Design must acknowledge that innovation is occurring outside of design studios everyday and then seize this opportunity for transformation and strengthening of the strategic roots of the field.

6.4 Maintaining Steam

With the academic publishing power and business influence originating from marketing, business, and engineering, the ancestry that service design has in industrial design is all but eclipsed. Design needs to embrace its own advice and collaborate with business to strengthen itself and its role as a bridge between these different disciplines. The value design heralds to the business world may need to be externally realigned with the long recognized, internal virtues of the systems-based approach. As design thinking’s influence ebbs and design’s “brand” wanes with the physical proximity and economic dominance of goods manufacturing, an opportunity gap has opened in the market for design’s services. Unless there is development within design itself, a new sleekly styled design “product” is bound to fill that gap. and it may not originate in design at all. It is imperative that industrial design proactively manages its image lest it loses its esteem in the business world. Although this study focused on persuading small service business owners to adopt strategic tools that unite their brand, services, and marketing, the field of design itself is in dire need of embracing and internalizing this same message. For the design field to flourish, it is critical that designers take responsibility for the future of the field and foster innovative, enduring relationships with the business world.


APPENDIX A

SBA BUSINESS PLANNING MATERIALS
Guide For Writing a Business Plan

What goes into a business plan?
There is no single formula for developing a business plan, but some elements are consistent throughout all business plans. Your plan should include an executive summary, a description of the business, a plan for how you will market and manage your business, financial projections and the appropriate supporting documents. To help you get started in writing your business plan, we have summarized the essential elements in the following outline.

Elements of a Business Plan

1. Cover sheet
2. Executive summary (statement of the business purpose)
3. Table of contents
4. Body of the document
   A. Business
      1. Description of business
      2. Marketing
      3. Competition
      4. Operating procedures
      5. Personnel
      6. Business insurance
   B. Financial data
      1. Loan applications
      2. Capital equipment and supply list
      3. Balance sheet
      4. Breakeven analysis
      5. Profit and loss statements
      6. Three-year summary
      7. Detail by month, first year
      8. Detail by quarters, second and third year
      9. Assumptions upon which projections were based
      10. Pro-forma cash flow
   C. Supporting documents
      1. Tax returns of principals (partners in the business) for last three years, personal financial statements (all banks have these forms)
      2. Copy of franchise contract and all supporting documents provided by the franchisor (for franchise businesses)
      3. Copy of proposed lease or purchase agreement for building space
      4. Copy of licenses and other legal documents
      5. Copy of resumes of all principals
      6. Copies of letters of intent from suppliers, etc.

(This guide is provided for public use by SBA.gov and can be found at http://www.sba.gov/content/templates-writing-business-plan)
Sample Balance Sheet Worksheet
This automated form is made available compliments of CCH Business Owner's Toolkit:

(Provided by the SBA.gov at http://www.sba.gov/content/templates-writing-business-plan)

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Institutional Review Board Approval Letter

To: John Tsuchiya

From: Mark Robert Char

Date: 03/26/2014

Committee Action: Exempted

IRB Approval Date: 02/20/2014

IRB Protocol #: 112000881

Study Title: Evolving Social Relationships: A User-Centered Study of Needs, Tools, and Resources

The above-referenced protocol is considered exempt as reviewed by the Institutional Review Board pursuant to Federal Regulations 45 CFR 46.101(f).

This part of the protocol ensures that the University does not maintain documentation of such a nature that it cannot be accessed, directly or through identifiers linked to the subjects. If it is necessary that the information obtained not be such that consent could make the research invasively place the subjects at risk of financial standing, employability or reputation.

Your signature attests a copy of this letter for your records.
Information Letter


Date

Dear

I am a graduate student under the direction of Professor John Takamura in the Design School at Arizona State University. I am conducting a research study to learn about the challenges of starting a business and how resources for small business owners can be better designed to fit the needs of small business owners.

I am inviting your participation, which will involve answering semi-structured interview questions about the challenges and goals of starting your own business for. This interview, which will take between 45 minutes to 1 hour, will not require disclosure of any personal or financial information about you or the business. This interview will be taped and, with your permission, may be followed up by a site visit of your business including photographs of your business and notes. You have the right not to answer any question, and to stop the interview or research participation at any time.

I would like to audiotape this interview. The interview will not be recorded without your permission. Please let me know if you do not want the interview to be taped; you also can change your mind after the interview starts, just let me know. Taped information and digital files will be kept by me on a secure remote hard drive indefinitely.

Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, there will be no penalty. To participate in this study, you must be 18 or older.

You will be compensated for participating in the interview. You will receive your choice of a $50 Staples or Starbucks gift card. In addition to this benefit, this study will be used to help other small business owners navigate the start-up and planning process. There are no foreseeable risks or discomforts to your participation in any part of this study.

Your responses and all information collected will be confidential and will only be known to me and my principal researcher. The results of this study will result primarily in a graduate thesis but also may be used in reports, presentations, or publications. Your name and identifying information and photos will not be used in any of these documents and will not be known outside of myself and my lead researcher. You will be assigned an anonymous participant number and your name and business name will not appear on any documents apart from the initial signed forms to participate in the study.

If you have any questions concerning the research study, please contact the research team at: Lynelle.Grimes@asu.edu, (480) 577-3393 or John.Takamura@asu.edu. If you have any questions about your rights as a subject/participant in this research, or if you feel you have been placed at risk, you can contact the Chair of the Human Subjects Institutional Review Board, through the ASU Office of Research Integrity and Assurance, at (480) 965-6788. Please let me know if you wish to be part of the study.

___________________________ _________________________
Signature Date
By signing below, you are agreeing to be audio taped.

___________________________ _________________________
Signature Date
By signing below, you are agreeing for you and your business to be photographed.

___________________________ _________________________
Signature Date
Site Authorization Form

Title: _____________________________________

Company Name: ____________________________

Company Address: __________________________

Company Address: __________________________

I, __________________________, give permission to Ms. Lynelle Grimes, ASU Graduate Student, to conduct research at my business location for her study, “Designing Businesses: A User-Centered Study of Needs, Tools, and Resources.”

I am aware that Ms. Grimes will be interviewing me and may visit my place of business. I agree that my interview may be recorded and that photos or video may be taken for research purposes. All information identifying the business, employees, and myself will be kept strictly confidential and will only be used for the research purposes. Personal information and identifying information will not be published without my prior review and consent. Further, I acknowledge that my participation in this research project is voluntary and may be discontinued at any time. Ms. Grimes has agreed to provide to me with a copy of the Arizona State University IRB-approved, stamped consent document before she conducts any interviews or site visits, and will also provide a copy of any aggregate results upon my request.

Research activities will be conducted on/finished by: ___________________________ date(s).

Signature ___________________________ Date ___________________________

Researcher:
Lynelle Grimes
MSD Candidate
The Design School
Arizona State University
Lynelle.grimes@asu.edu

Arizona State University Institutional Review Board
Office of Research Integrity and Assurance
PO Box 876111
Tempe, AZ 85281-6111
phone: (480) 965-6788
fax: (480) 965-7772
email: research.integrity@asu.edu
Interview Guide

Co-Researcher: Lynelle Grimes
Designing Small Business: A User-Centered Study of Needs, Tools, and Resources
Semi-Structured Interview Guide
Study Case Number: ____________
Business Typology: ____________
Type/Industry: ____________
Years in business: ____________
# of Employees: ____________

Background
How did you decide to start this business?
What were the first steps you took?
What was your previous experience in ________?
Have you been a business owner or business manager before?
What made you decide to become a business owner?

Nascent
Did you do any type of preliminary research? (locations, planning how-to, competition)
Where did/how did you search for information? (online, library, gov’t agency, friends)
What type of business planning/operating resources did you consult?
Was the information you found helpful? Did it provide clear direction?
What ways did you find to be competitive with similar companies? (special offerings, better service, lower $)

Planning
Where/who do you get business advice from?
How do you make business decisions? Who helps you make them?
How do you analyze sudden growth/losses/expansion? ( Formal, informal, instinct)
How did you plan to start your business?
Did you write a “business plan”?
Did you use a formal process? (or customize it, go with gut, invent your own)
What did you use to write it?
Did you follow a certain method/process/book/software?
Do you still refer to it or update it? When is the last time you looked at it?
What do you know/have you heard about “good/bad” business plans/planning?

Operating
What were the most challenging things you’ve faced?
Is there anything you know now that you wish you could go back and tell yourself?
What are you long term goals?
How do you formalize or document those goals?
What makes your business unique/competitive/different?
What has been the most surprising thing about being a small business owner?
Who is your customer?
How do you find customers? (website, advertising, word of mouth, print, coupons)
How do you promote your business?
How do you determine prices?
What new skills has being a small business owner required you to learn? (web, advertising, Quickbooks)
What business services do you hire out? (accounting, taxes, cleaning, payroll)
How do you plan for the future of your business? (Growth, Increased capacity)

Owning
What are you most proud of about being a business owner?
What is the worst part of your day? Week?
What is the best part about your day?
If you could get free help/services for your business, what would you want?
If you had a business fairy godmother/genie, what would you ask for?
Would you rather talk to a consultant, look at a website, or use software for business help?
*How do you organize yourself? (online calendar, post-its, to do notes, spouse, mental notes)
What are your strengths as a business owner? Weaknesses?
*Where do you really excel in your business? (organization, numbers, sales, managing)
What has been the most personally challenging?
Interview B Transcription Sorted with a (x4) & 7Ps

**Product: Artifacts:** Quality Brand name Warranty Process of delivery

I personally have always been into natural healthy clean feeling hair so...the products that I used on the hair for color and the retail that I use is always very gentle very mild. It was not necessarily at the time organic or vegan...or you know, um, but I did make sure it was all non tested on animals...you know um...there...there was quite a few things I us...I didn’t use any, um, aerosols that have fluorocarbons in them. You know they don’t have those anymore now anyways, but um, you know.....let me see....but, it sort of evolved with, they finally came out with a product hair line of color that is organic, as much organic as possible, and for it to actually do what it needs to do. Now, I’ve tried oth...I’ve tried a few organic lines of hair color before I found one that really worked and covered gray. It was difficult. Quite a few of them were as...natural as they were they still didn’t make the hair feel good, and I wanted healthy shiny hair which was always my goal, and so I found a nutrient line, I can give you one of those boxes to take with you if you want.

I also, am kind of a health nut. Natural healing. So I do sell, I don’t know if you can see it its over there, natural herbs...and vitamins um. And I have so I have teas along with coffees and I have healthy teas. I um. So in my natural herbs that I sell, I also sell, what else do I sell I also sell some royal bee jelly you know, and um [laughs] it’s like if I had another hundred square feet, you know, I’d have a cafeteria, I mean a boutique or something.

It took me a long time to find a company who’s products I liked well enough whose products that also was not just like....surface looking green. You know. I wanted to know ok, are your plastics recyclable, you know. Did you use recycled plastics when you manufactured it. Not just did you use recyclable but what did you use to make this? You know. And um...all those...you know. And then, what are, are you using those you know, artificial scents in them? Or are you using, like in the Pureology they use 100% natural, um, scents. Its scents from flowers and, you know, plants and whatever it is they use, you know. So...anyways. It took me a while to find some products. I went through many different lines. And some of them, I liked every thing about the company in terms of what their message is and they did but I didn’t like the product.

**Price: Artifacts:** Payment terms Discounts Customer perceived value Quality/price interaction

Differentiation Level (competition)

One of the other things we do for...to be green, is, we fill. So our clients bring in their bottles of shampoo and we’ll fill it from our larger containers. And so um... we figured out the numbers and you know it saves them money and allows us to make more money. So, we might have the liters or half gallon of whatever it is, their shampoo, but they’ll bring it in and they save five dollars on a bottle. I’ll fill it up, I’ll make $5 more. So every body’s happy!

You know, the Pureology is um...$60 for a liter... just, just this size of shampoo you know is $30. That’s a lot. That’s only gonna last you 2 months. So what they do is they bring this in and then I’ll fill it from my gallon in the back.

In, in my industry there are, there’s um, and area that is lacking and that is benefits. Um, partly because um, a lot of people have benefits with their spouses but more importantly because its too costly for small business to have. You know, I cannot provide any, any type of health insurance or 401ks to my staff because I can’t afford it. You know. I would go out of business. You know. So it’s a decision that you make that you know each person. And also by them being independent contractors, that would be something that they would take care of by themselves anyways um, but, you know, its frustrating for me because you know I, I am now divorced, I don’t have a spouse to get my health insurance through so I pay $600 a month out just for my health insurance. You know, that is a chunk of money. I wish, now, you know, I don’t know if Obamacare is going to help that or not. If it goes through, you still have to pay then, so I don’t know. We’ll see. Because small businesses can go out of business just because they are forced into having to purchase benefits to cover their staff employees, you know, and if you have to cover them you have to lay someone off just so you can have money to pay those other bills for the other people so. You know, it’s hard. It’s hard.

**Place: Atmosphere:** Location Accessibility Distribution

I started looking into locations that I could afford all on my own, and um...came across this place right off, really quickly, I looked and drove and business people and realtors help me, you know, and then one day I was driving down the street and saw the sign, they just put it out the day before, walked in the door and said, “I want to...How much are you asking?”

You know, it was just this great location, and so we looked into it and it just everything about it felt right. Curiosity pulls people in, and its worked. I’ve had numerous new clients who’ve said I was driving down the street and needed to get my bangs trimmed, needed to go someplace, or get my hair done and I saw your sign and I liked the name. I knew it was different. one thing in our industry its really important you stay updated. You know, we painted the whole salon just two months ago. We replaced a few pieces of furniture.

**Physical Evidence: Atmosphere** Environment Furnishings Color Noise Level Layout

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Well, starting 2 years ago, we’re using a soy wax now, you know so that its not as harmful to the environment, and so we stick with the soy wax finish now because we use all environmental cleaners and you know so I don’t want to just be doing it half way and so I use low VOC, you know, the green paint from Sherwin Williams when I paint. Everything in here we just painted 2 months ago you know and we could have a baby here sleeping the next day and it would be fine. There is no smell. No VOC…or actually it is low VOC.

Now, I lucked out, I got some amazing stuff I have a shampoo bowl here that has a headrest in it that you won’t see anywhere else. So that when people lay their head back, it actually rests on this little ledge, this little pad, so you neck doesn’t hang. And it’s great for people with bad backs and bad necks.

I’ve worked in salons that have lousy lighting, you know, so I am now in the process of gradually switching over to mostly LED lights. But, I just, like, this week I bought, yesterday as a matter of fact I bought 6 new light bulbs. Well, when they’re 10 or 18 dollars each you know, I just bought them as I’m going, you know. I’m not, I might eventually pull these out and just replace them all. You know, but its going to be very expensive. But, you know, every once in awhile I’ll buy a few and replace more. You know. But LED’s gonna cut down on the amount of electricity you use. And the nice thing is they finally have it to where it’s a true clear white light. Whereas before, its not, you know, it could be too bright it was, fluorescent tubing? Forget it. They, you know. All my fluorescent fixtures that I have in here, all of them except for this one and that one, are all natural kitchen light which they call sunlight. And some of them will look diff, more different than others though, in fact, I think she has one that’s out over there, um, they are what’s called full-spectrum bulbs. They are the true balanced light of what’s outside. Whereas, these ones right here I don’t have to do it because we’re not over a hair station. You know. So. And then, you know, even still, those can stay the way they are but the halogen lamps are going away. Before the end of the year, I’ll say they’ll all be gone. You know, so that will save on electricity and…usage…and all that good stuff.

I recently in the last month has been difficult to get local artists…um…in….I would say the last 6 months its someone will say they’ll bring their art in but then they don’t. You know. I wanted my name to be different. I didn’t want my people to say, “why did you just put DELETED hair salon”. I said, I have wall space. I’m a painter. And so I want an art gallery feel a little bit. And so, it was very difficult for me to build too many stations because I didn’t want to lose the wall space that I had for art.

I did not want a sterile uh…untouchable type atmosphere. Some of your hyper modern salons are just uh…you know you feel like you have to dress up to go in there, you know, and… the issue that I had was, you know, your clients need to be able to….set their purse down. You know, and my mom and I spent two weekends in a row just in the last 3 weeks just down here touching up furniture, touching up the floors. Touching up the finish on things. You know because its… too many business let things go. And I need to, I moved into a place with a gray bathroom. BLEH. You know. And its killing me, so, my plan is to gut, and I’m going to have to take all the tile out so I’m putting in new tile. So, I’m saving money for that because I choose to live debt free. You know, so. If you ever come again, hopefully I’ll have a different bathroom. It’s a nice clean bathroom you know. Its big but its not very pretty.

When you’re here 7 days a week sometimes. You know. But it works. You know. You do what you have to do. You know I go to places, I see places fallin’ apart, you know, and, and dirty and baseboard are chipped or you know, and uh, its just not good. Nothing good about it. Business is not going to grow that way.

Promotion: Activities Advertising Personal selling Publicity Personnel

Um… I do Google Ad words. I do….Facebook. I….belong to one community which is the GLBT organization which is a um…uhh…I also belong to local first. I was um…one of their first people to sign up Local first the first year they came out. Um… I…..work with other businesses in terms of. I’ve had my art in other places and then I would have my DELETED art up at the art galleries. Um… I’ve done….I paid for first Fridays. I…. the salon DELETED was a member of first Friday’s so when they do their printout, you know, um….for 6 years in a row, I was a member of first Friday’s and then so when they would print out their whole list of places you could go we were on the list. However, we are miles north of where the actual tour route is so we got very little peo…very few people that were coming up here. But. It….It put us into the art world a little bit. And now….not just the hair world. I wanted too….I like living urban. I like Urban living.

Our sign has our phone number. You know. I have a graphic designer that does amazing work. You know, she’s artistic as well. You know, the font is cool, the red splash of paint across it is cool, you know…um… and by it saying DELETED Art and Hair its telling you that there is more than just hair there its something different. I want people to be curious. We offer your normal snacks and drinks. You know. Um, We have water in the back. We have a coffee Kuercing coffee machine in the back that the clients know about. Um..We have, at different times we’ve had massage therapists here on Saturdays, and um doing you know massages, back massages and neck, their doing chair massages. We… do that often. As often as we can find someone who’s willing to do it. We’ll find someone who’ll work for us for like a month or two and then they’ll get a job, or they move on or…Um… So we’ve done that. Um… We’ve done a client appreciation day, usually on a Sunday once or twice a year. We haven’t done one… We didn’t do one for awhile but, in November we had an event for our clients, and that was fun. Um. I’ve done in the past trunk shows. Um..had different artists, like
people who make jewelry or sell purses or come in and do a trunk show. Um… One of the girls here was um…doing wax dipping for the clients while they were sitting.

I um tried for awhile doing a small library, just like I had books and I was trying to get my clients to bring in their old books and share out, and so that was fun, we did that for a couple years, um we… when I built the new station I didn’t have the room for that.

One thing I do do is I book my clients 6 months in advance. Right now, I am booked solid until June. And then in June I will book my clients’ til December. So, my, there’s no evening, no morning, and no Saturday appointments at all and there’s a few…. Mid afternoon appointments available here and there over the next few months. But um, that organizes my clients. And they like, and I like it for a couple reasons. We don’t have to live on the phone. People don’t have to call and make their appointment, they already have it made. They’re given a card, you know, at the beginning of the year, and they can come in, in their January appointments and their appointments in December are all given to them for the next 6 months. And they love that. Not once do they have to call the salon. They just shove the card, cause they know I’m going to be here.

**Process: Activities Policies/Procedures Employee Discretion Customer Involvement Customer Direction Flow of Activities**

7th generation cleaners as well as some other brands um…we use no dyes no scents environmentally friendly um, laundry soap for our towels so there’s no odor to effect anything. Um. Its also better for the fabrics, they don’t break down as much….you know, um….we recycle….here. So um we all t… we all know we have to rinse our bottles out. It takes awhile to train some people. They come to work here they know they have to rinse stuff out and put it a way because you know you can’t throw hair color bottles into the recycle bin. Um….and some people fight it and some don’t. Eventually they come around usually……We have a recycle Nazi…and she’s my, she’s also the one that cleans so you don’t want to make her mad its becoming more natural to think that way too because they’ll ask me if I have offered them a soda. “Do you recycle?” When they hand, when they’re done with their can so you know they’ll add. most people will know we do but, um….in the back room where we keep we have our garbage there’s a big green container that has a big round recycle thing on it “recycle reuse blah blah blah” whatever that logo is. You know, its really obvious that we have that. So anybody who goes in the back room where the kitchen is you can see there’s two garbage containers. There’s one for recycle and one that’s not. And then….we go so far here as we all take turns taking the recycle home because we don’t have a recycle pickup here so we….its… sort of a pain, you know. But, everyone’s willing to do it, so….I do it, my cl- the woman to cleans for me, my little recycle Nazi you know, she does it, and then my…assistant manager she does it- we always take turns its quite amazing cause we have a lot of plastic bottles, you know. Our developers, our colors all come in bottles and we have to rinse those out and use those. Hair, our shampoo bottles our liters, our gallons, everything, you know, so our container fills up really quick, Every week. you know. Every week, we have to dump it.

Its in….um, so many businesses because they’re independent, they choose to pay you rent and you provide their space, you know you have this list of things that you are going to provide to each person, in terms of whether its back-bar supplies like shampoo and conditioner. Are you going to provide them retail or not, are they going to do their own retail. You know there’s many factors involved in this. Um….um. ………I…..My goal was, and my hope and dream was that even though each person works their own business independently and we each have a key to the door and we come and go as we please that we can work together as a team as well.

**Participants: Actors Personnel Interpersonal Behavior Other customers Training**

Its like being a good mom. You know. Your….children should really never be your friends when they’re young. You need to do mother stuff first which takes to do what’s in the best interest of them. Which is the same as me being mother first in the business, you know. I need to do what’s in the best interest long term for us. For the salon as a whole and then individually, you know. I deal with each situation as it comes up. …But, you know. Everybody is dependent upon…me making the right decision that….will help us all work cohesively together.

I have a lot of clients in the design world that come to me and if I’m slacking, they’ll call me on it. And uh….eh….every once and a while we have some drama. I’ve been in business for eight years. I’ve fired nine people and um….seven of them were because of drugs or alcohol… and um….uh. One because she
was um bipolar and flipped out and...um...crazy. And then the other one just because he...I found out he was charging wealthy people more money than everybody else. And I just did not like that way of thinking or that he thought that would be ok. Because clients found out they'd be furious. I was not going to have my name with each thing that happens, I figure its my name out there.

Personal assistants are wonderful. They're worth their weight in gold. If she's looking for another job I give her a raise and, the one I have currently has been working for me for 4 years, and she's decided so go to beauty school so she's at beauty school and working part time for me. And I also have a full time day time assistant who is also my book keeper. She does all my accounting. And she shampoos hair also, so, and you know, helps me.

Process

Well, I had been thinking about it for awhile but one of my clients, who I did her hair, she owned a hair salon, and she came to me and offered to sell her salon to me. And, um, she would not let me talk to her employees, because I felt like they need to know what's going on so that I could be up front and honest with them and um.... I felt like yo--you know I need, they need to be aware what's going on because what I she was basing her price on them staying in... and I said, you don't know if they're going to stay or not, you know... and...they're not informed, they may decide to retire or go do something else too, so in the long run, I just, she wouldn't let me talk to her employees and I decided that I was not comfortable with that, and that was not being honest, and that, you know...it was, it was all...hearsay, so I started looking into locations that I could afford all on my own, and um...came across this place right off, really quickly, I looked and drove and business people and realtors help me, you know, and then one day I was driving down the street and saw the sign, they just put it out the day before, walked in the door and said, "I want to...How much are you asking?" You know, it was just this great location, and so we looked into it and it. it just everything about it felt right. My parents checked it out, we checked out the business side of the owners of the building, you know... I could carry the rent...by myself doing hair...I'd be almost broke, but I could do it if I had to, so when you own a business, you know, you don't want to have to be dependent on the people that work for you...because, you'd close your doors if they walked out and its not uncommon to have walkouts in hair salons..so, um... it's a good location, close to home, everything about it was right. It fell into place...

In the very beginning, yes. I was married to a CPA who put together a business plan but we didn't need it in turns of uh...going to a bank for money or anything...I did use it in terms of how I planned out things that I did then you have to start pricing out everything, you have to figure out what do you want to buy new and what do you want to buy used? And, um...I tried to buy...used... that looked new, as much as possible. Now, I lucked out, I got some amazing stuff I have a shampoo bowl here that has a headrest in it that you won't see anywhere else. So that when people lay their head back, it actually rests on this little ledge, this little pad, so you neck doesn't hang. And its great for people with bad backs and bad necks and I bought that from a salon-spa that was going out of business, you know, and um...So, I was able to get that, you know $2000 is what it cost brand new, I paid $600 for it, you know, so I was totally blessed with that. And then I was able to purchase some of the chairs used and um...I spent uh probably about 25-30 thousand on just demolishing the place you know, get rid of, it had carpet, it had old tar tile asbestos tile with tar flooring, you know...underneath it was nasty, so I ripped out all the floors, I didn't change the walls much, I did a little bit. 8:02 Painted, grouted, filled, you know just did everything and then I had someone um come in and put stained concrete on the floors because it was smooth clean and sanitary and the same guy who did that has once a year has treats my floors.

I did consult. I have a client who's an interior designer, I did consult with her. We talked about colors and shapes and what kind of feel do I want. Um, originally the intentions were to not have any employees to have um...all just... to have independent contractors. They all rent their stations. Um. I didn't want to get involved in all the tax issues that come with that...there's just so many things that are.... Many years I was able to just manage the business and do hair. And then eventually we got to big and I got too busy and too full and I needed someone to do my bookkeeping and accounting. I couldn't do that anymore.

You know, and my mom and I spent two weekends in a row just in the last 3 weeks just down here touching up furniture, touching up the floors. Touching up the finish on things. You know because its... too many
business let things go. And I need to, I moved into a place with a gray bathroom. BLEH. You know. And its killing me, so, my plan is to gut, and I’m going to have to take all the tile out so I’m putting in new tile. So, I’m saving money for that because I choose to live debt free. You know, so. If you ever come again, hopefully I’ll have a different bathroom. It’s a nice clean bathroom you know. Its big but its not very pretty.
Interview with Owner E

R: How many years have you been in business?
5: Um, we’ve been in business here just a little over 2 years and prior to that I was an independent contractor, like entity, at another salon for 2 years, and then... lots of stuff before that.
R: How many employees do you have?
5: Five.
R: How long have you been in the industry?
5: 8 years
R: So, what made you decide to start your own business? You said you were doing the independent contracting before?
5: I was. What made me decide to do it was, when I realized I could rent a business suite for the same amount or less than what I was paying a week for rent at a station at a salon. So, it was like, well... I can pay the same and maybe make some more money to do what I want to do... so. And I was really interested in working with organic hair products and I was doing that at my station at the other salon I was at, but with all the other stuff going on around me I thought I might as well start my own place that’s just focused on that. And then being focused on that was maybe... kind of a benefit that maybe I could make it because it would set me apart.
R: Right, so, did you find out that all costs considered it’s comparable to being an independent contractor by the time you actually supply everything and do the design or was that kind of...
5: Well, yeah, there was definitely some startup costs that you wouldn’t have if you just rent a chair somewhere. So, that... definitely costs some money but it’s worth it I feel like.
R: So, what were the first steps you took to start the business. Walk me through that process.
5: First step was like, I had this idea, maybe I should look at how much rent is, so, I don’t know, I just sort of drove around and town and called different numbers of different places and then I finally got in contact with a, I don’t know what you’d call him, like a commercial real estate agent or... but like that deals with renting. I don’t know what he’s called but... So I got the company that rents this property, they just showed me a bunch of properties and I figured out what, that I could maybe... Pay that much rent a month on my own. Then I started looking into, well, what do I need to get a salon license and business license, cause I think you have to have these things, so. I started with the salon license and then through the cosmetology board they’re like, well, you need this and this and this in order to qualify for a salon license, so, I had to get a trade name. And having to get a trade name you have to come up with the name of your place like right away so you can get your license because it takes a couple months to get a license just through like paperwork and time and... so then I went down to the Secretary of State building or whatever that is downtown and got a trade name and then they’re like, well, you need to go over here and get your tax TBT transaction license. It was kind of like... I kinda knew what you had to do because I knew what little certificates were on the wall at the place I worked at, but going to these different offices downtown kind of directed me to where I needed to go. And I tried to look up online like, small business Arizona startup, but, there are a lot of information and like websites about that, and like, definitely like the Secretary of State’s website has a lot of information but... It wasn’t like, here’s a list of 20 things you need to do to start-up the business... so, it was kind of like, I went here and I went here, I need this, oh, I need this and... I was able to get all the things you need in like a month, so. And the salon license came sooner than I thought it would and I opened sooner than I thought I would so...
R: Why did you decide to do employees instead of independent contractors [owner looks at employee working and laughs ironically] what was in that decision?
5: Well... [smiling] I filled out a form the wrong way... for... you have to report your employees or independent contractors to the state when you hire them. And I filled out a form the wrong way that said that I hired employees and then they came to... did and audit on me [Employee laughs] to see if they are really employees or do they qualify as independent contractors? And then... they decided that they were qualified as employees so, that’s what I did. So—
Employee: [chimes in interrupts] They said they were ‘crackin’ down on salons’ [with slightly facetious tone]
5: Ha ha... yeah, they did—
Employee: Because, we’ve always been hired as independent contractors at other places. Everyone would owe so much more money than she had to. 6:10
5: Yeah, the last place I worked at everyone was independent contractor, whether if you were like renting a station or if you were the owner’s assistant or the salon manager, they were all independent contractors. So, which is fine, but I’m glad I filled out the wrong form because now I’m doing it the right way. Because I’d rather be doing it the right way.
R: Was there additional organizational stuff that you had to do in order to have employees or did you even know anything about that or how did you research that?
5: Well, I was like, well now I’m going to have to pay their taxes, their payroll taxes like Medicare and social security and all that. I don’t know how to do that so I just went to an accountant and was like, well, they’ve been independent contractors for X amount of months, how can we get this fixed, and got it all fixed and filed my taxes the right way and
Yes, with 5 employees, at least it’s manageable. And we have a computer system that tracks all the transactions and the clients for us so it pulls the numbers and then I take that and plug it into Quickbooks. So at least its fairly easy and contained. Because I’m not taking every receipt and piece of paper. Because that would be a nightmare.

R: So how many hours are you able to work here, how many hours a week do you actually put into the business?

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R: So how many hours are you able to work here, how many hours a week do you actually put into the business?

We try to put as much education out there, whether its like in a blog or just talking to our clients about why we’re using this and why. People management, because you have to manage kids. But when I worked in a salon, I was the owner’s assistant at the first salon I worked at for 2 years so one of my jobs was doing the payroll every week and doing his bookkeeping so I learned a lot about doing bookkeeping for him, at least, doing that, in the role for him for 2 years. So, and I learned how to set up his whole computer system because he went from doing everything on paper to computers and when I started here I was like, I am NOT going to do that. I’m starting with computers! So

R: So what was your experience before starting this up and before being an independent contractor. What type of education or management experience or, just tell me more about your background.

Well, I just had my cosmetology license like went to cosmetology school and like, I’ve been in and out of college for the last like 8 or 9 years, but work experience, before working in the salon I worked at schools doing after school care. So I feel like maybe you management skills, like people management, because you have to manage kids. But when I worked in a salon, I was the owner’s assistant at the first salon I worked at for 2 years so one of my jobs was doing the payroll every week and doing his bookkeeping so I learned a lot about doing bookkeeping for him, at least, doing that, in the role for him for 2 years. So, and I learned how to set up his whole computer system because he went from doing everything on paper to computers and when I started here I was like, I am NOT going to do that. I’m starting with computers! So 

R: have you been able to take advantage of any of the cosmetology business workshops as part of the continuing education?

Unfortunately, since we work with such small product lines, a lot of them are family owned businesses or they’re just smaller niche lines, like our color line, they’re based out of Florida so they don’t have a lot of incentive programs like the larger lines do. So.. I haven’t been able to anything, any classes from them. They have a lot of resources available to their customers for like.. marketing, things like that… which is nice, but…. Business stuff, I just feel like… I’ve learned it as I’ve gone. And….like, a lot of my family members are an entrepreneur kind of spirit, are entrepreneurs, so maybe its… in the family or something but…

R: So, what did you visualize when you were starting the organic business? What was your approach to that?

Well my approach was… to hit that… market of people who are looking for that and also to create a space that’s safe and healthy for us to work in because I wasn’t too thrilled about working with hair color products that were going to make ME sick cause… your hands are covered in it. Even if you’re wearing gloves when you’re applying product into your client’s hair, you’re going to get those chemicals into your hands. No matter what. Even if its just once a day, that’s more than someone who’s not a hair stylist is exposed to it so. That was one of the main reasons. Like, I don’t want to end up with contact dermatitis when I’m older like a lot of the hair dresser friends that I know in their 40’s and 50’s. They have all these lung problems and skin problems and allergies and I didn’t want to cause that level of toxicity in myself. That was big reason why I went that way. And then, like a lot of our clients are geared towards that so, whether they eat that way or whether they use products that way or whether they want solar panels on their house or something.

R: Is the market for people looking specifically for organics big enough do you think? Or is there something you do to draw more people to try to move this direction?

Yeah, we try to put as much education out there, whether its like in a blog or just talking to our clients about why we’re using this and why.. yeah, we’re using this product to give you better volume but we’re also using it because its better for you and a lot of our products we choose because they’re better. Like, if they don’t have all these chemicals in them, they’re actually better for your skin and your hair and the integrity of your hair. So we try to explain, kind of like the chemical reason why everything works. Because, I feel like I understand things better when I know like why and how they work instead of just what they do. But.. we’re only.. There’s only like 10 or under salons or independent stylists that use the hair color we use or that are like green friendly salons so, that’s kind of lucky… because they’re not on every corner, like… its not a huge market of people but since there’s only a small amount of salons that are doing it, its been good for us, so…
R: Do you think that if large salons, like the big corporate guys were to start doing the all organic lines, what do you think you would do differently if anything?

5: Well, I would... I would think it would be good, honestly. Because it would create more awareness that there is a product like that. We just are set apart because we're little and boutique and not everyone wants to get their hair done at a large salon. Like, the last place I was working was a large salon, like 20 or so chairs, and when I moved here, a lot of my clients were like "Oh, I like it better here because there's not all these people around" because its like their quiet time, they don't want to be like busy crazy salon that's like... I don't know, maybe being amped up is good but a lot of our clients are more like... more quiet and down to earth. If they're looking for a place like this that's not like... all white and sterile looking, because we like to keep it like colorful and fun... I don't know.

R: How have you navigated having employees versus contractors who are motivated to go out and get their own business—

5: Because they have to!

R: --like having employees portray your brand and get your message out.

5: So!! Ha ha. That's a very good question. Like I've done things for them that, like I try to think of things that if I were working here, what would I want to do or know what to ask or how to market myself, so... we advertise in New Times and like health magazines and stuff like that because its... more important for them... like its important for me if the salon name gets out and people see it and it gets branded for sure, but its like more important for them than me, because they... like I came in with a lot of clients but they're the ones that need to build clients and... get that word of mouth thing going because if someone comes in based off an add, they'll tell their friends about it kind of thing, so, I advertise for them and I give them, like, a lot of places you have to provide your own business cards and your own fliers if you want to promote yourself like that way, so I provide that all for them and try to give them all these tools for them to go out there and promote themselves because, yeah, you're working at a salon, the salon is supposed to bring you clients, like... it should work out that way [laughs]... but since we're a new business and in an... area that... people don't... really know about... and like the area physically where we are, there's not a lot of walking traffic. Its like an off the path part of town and so like, we all have an understanding that like, if you promote yourself and if you send your clients thank you letters, odds are you're probably going to reach more people and build your clientele and like... have a positive relationship with your clients. It'll only bring you more business, so I try to like have a lot of positive reinforcement with them so they will do that. Cause like, yeah, I feel bad that we don't get a lot of walk ins but when they, I find that if you put yourself out there, even if you just leave your cards out somewhere you're just putting something out there like it'll come back to you somehow, but I don't know—

Employee: [interrupts from across the salon] which you're good at because your old place didn't advertise at all and it was really kind of an issue—

5: Exactly. Because I worked at a place like that, so like, I knew from experience that maybe... you should put yourself out there a little bit more.

R: How do you find employees? Or have you had any challenges with finding employees that are simpatico with the small business constraints?

5: Yeah. It's been [laughs] up and down. Like A—"s been here the longest with me. Like, you'll have been here for 2 years in May so. Some people have been awesome and then they moved to NY and its like man. I have to hire someone again? And interviewing again? I feel like interviewing people is more stressful for me than interviewing for a job, like that one I had to ask for a lot of advice for from my husband who used to be a manager, and, from clients who are managers and business owners, like, "how do you look for... what are the signs of someone who's crazy??" Like wh—

Employee: [interrupts from across rooms] Because they'll be so normal for the first how many interviews?!

5: Oh yeah, so [laughs] we have a series of 3 interviews and... so I can kind of feel them out but we post ads on craigslist and that's... been good and bad so—

Employee: [interrupts] You've only had to fire one person though, so its not that bad.

5: Mm-hmm. I only had to fire one person [laughs] so... its been good.

R: How did that go?

5: It gave me heart burn for like a week. [laughs] until I finally did it. Like I did it because I thought she was not right for the place and my employees came up to me like "I don't know about this girl" and I'm like, well, its more important for me to have these 2 employees that are nice to—

Employee: [interrupts] It only took a couple weeks to figure it out..

5: Yeah, I think I knew in like a week but I was like, I want my current employees to be happy, and to be happy with who they work with, than... having someone weird work here just because I need someone else to work here. So, you have to make hard decisions like that sometimes... so... but I lucked out that like, all summer long we tried to hire somebody and just not... like the right people weren't coming or I didn't like them or I did like them and they would like take a different job instead. And I'd be like MAN. Like it was really hard. And then in August we hired one of my friends wanted to work for me like 1 day a week and then in the next couple months a friend of my husband's wanted to work for me and she... was nice.. and then... in Nov. I got a random email from someone that was like, "I want to work at a salon like yours." And they all had interviews and they turned out to be really nice girls! So....... it worked out that time. [laughs] for now, until somebody moves or... quits or something.
R: What have been the most challenging things you've faced as a small business owner?
5: Challenging? The most challenging thing... is probably marketing and... and taxes. Taxes is probably the most challenging thing and then marketing after that. But—
Employee: [interrupts] After taxes last year you said, "no wonder people don't last their first year."
5: yeah, I did. Yeah, cause maybe, the cost of running stuff wasn't that much but... at the end of the tax season you're like, wow. I owe so much money. And I could see how you could go out of business if you owe a couple thousand dollars that you can't pay and you don't work out a payment plan with the IRS but... and then, like, I thought about it. Like, I don't want to do this anymore. I don't want to make another mistake and owe a bunch of money again. Like, that would make me want to stop right there, but... I just keep doing it because I like it... and... at least I learn from my mistakes!
R: What do you think is the most rewarding thing? What keeps you doing it? What do you love about it?
5: What I love about it is that I feel like we are doing a good thing here... with like the choice of products we use and stuff like that. Like we don't just use them to make people pretty, like we do want to use them to make people pretty but we also use them to make them feel better about themselves, yeah, but we're using good products that aren't going to cause people allergies or fill the water system with chemicals. It makes me feel good about where I work and like, its nice to be able to set my own hours so I can go to school and be in the bands an do what I want to do, and that's really nice and...like, a lot of people don't like where they work and don't like who they work with and even if I have a really long day... yeah?
Employee: [interrupts] client rescheduling appt.
5: um...I forgot what I was saying. But like the, I'm really thankful that I work with people that I like and that I like where I work. And it's a lot sometimes but some people don't like where they work at all so this makes me happy. I just have to remember that.
R: Do you feel you get to see the actual reward of your hard work this way?
5: Yeah, exactly. Like I'll say, yeah, if I have to clean the bathroom, I'll clean the bathroom and if its clean it makes me happy and the clients are happy but if it was some other place, it'd be like, you clean the bathroom? Like why does that need to be my job? Yeah, you look at things in a different way when its your own, so.
R: Are there other ways that you've tried to take the Organic/Eco friendly type of message to your business?
5: yeah, like its not just the products and the hair color we use. I tried to use 100% recycled paper in our coffee machine and like the plaza doesn’t recycle so I take all the recycling home and recycle it. And the cleaners we use, like some of them are required by state board, but we try to use eco-friendly cleaners to mop the floor and I took the asbestos tile and ceiling out of here because... that's not good to be around. And like, just little things like, that like, we have organic teas in the back and better soda for people to drink that’s not like full of dyes and stuff like that. We just try to do as much as we can. We used to donate our hair to a place that makes mats to soak up oil spills. But now they don't accept donations so we don't do that anymore so we've been... just trying to do...as much as we can with the time we have. Like we use high efficient light bulbs and... we have a ceiling fan so maybe the air doesn't have to be on as high. It saves you money and its good for the environment.
R: Is doing all this organic and eco-friendly stuff more expensive?
5: Like, its not THAT much more expensive and I think its just... like if our client’s come in and we're like do you want hot organic tea, they're like oh! And... I like it so... I don't know.
R: So did you actually write a formal business plan or do any planning before starting the business?
5: Nope. ... But I worked on one after that!! [laughs]. I would say its, oh? What's a business plan? Like maybe I should write one of those... so I kind of... I worked on for like a year after I opened like, what is our mission statement? So yeah, I didn’t do that before [laughs].
R: Is it something you still refer to or change? Or...
5: Mm! Definitely! I change some things in there for sure. And I refer to it when I hire new people. I'm like, what do we do? What are we all about? So... it is good to have for reference becaus... there's so many things you can't remember off the top of your head that you need a good reference for. So.....
R: Did you consult any types of software or online to write it? You said it took you a year, that's a long time and a lot of thought to go into it.
5: Well, yeah, because I couldn't get to it all the time. I was like "oh yeah, I should work on that." I looked up online like what...business plan... and then through the...some website...small business association like SBA I think it is, they have a lot of good resources for writing business plans. And then friends of mine that have written them. Like friends of mine that are like cosmetologists or massage therapists, I'm like can I see yours and see how that looks? So.
R: Have you used it to get financing or show it to anyone or is it just an internal document?
5: yeah, its just something we have. [laughs] like I haven't used it to get any financing because we haven’t... like unless we want to move or something... I might bring it out to get some more money to move but right now our finances are fine [laughs] so.
R: What are your goals for the future of the business? 3 years? 5 years?
5: My goal for the people who work for me is to be busier and… to possible have… like… 500 more square feet to work with because it would be nice to have more space but… I don’t know. I just hope that were are still open and that…

getting more education…from our… for hair and for… maybe business accounting or something like that. [laughs]
R: Are you delegating anything or is it basically all you?
5: I can handle most of it but like, I’ll give people different tasks like… obviously everyone else is cleaning and stuff…but I have 2 assistants and they’ll help me out with book keeping and they’ll organize all the receipts so I can keep up with everything and I’ve delegated with projects. Like we have photo shoots. So you, you’re going to work on finding the theme and you, you’re going to work on finding the models kind of thing. So, its fun for them, its fun for me because I don’t have to do as much and my thing around here is, I want them to feel involved with business to a certain degree. I’m always like, I’m your boss and I have to make the final say, but I want you guys to bring up ideas because maybe they have better marketing ideas because…5-6 different people putting their heads together is going to come up with more ideas than I can, so. Yeah… like they… they help me with the magazines for people to read and they help me with the classes they want to take so…

R: Do you feel like the line between that sort of collaborative friend/employee ever starts to get blurry being a small business owner?
5: I try for it, like… I was up front in the beginning like, you are my friend or you are a mutual friend, but I’m like that has to be a business relationship and a personal relationship and when like stuff comes up like, I’m sorry but you have to clean your station. I am sorry but you have to come into work on time, like I’m only saying this because its going to be good for you and its going to be good for me and sorry, it sucks to hear that you aren’t doing something… the right way or the way I’d like it but I’m not saying this like, I’m trying say it because its going to be better—

Employee: [interrupts]—She’s never mean. Like she I don’t even think she knows how to be mean.
5: Like sometimes I’m like I don’t want to tell them that because they’re my friend but I’m like you have to tell ‘em that they need to work on something like, you have to or else its going to go wrong or…
R: Do you think your experience with kids helps you be constructive in situations like that?
5: Exactly, yeah, I feel like that because like a kid you have to say something that builds them up. Like sorry you can’t scream in the classroom because everyone has to work even though you’re great at screaming and having a great time! You have to be nice… I don’t know. It’s just not in me to mean either so…

R: You said you do different types of print advertising, what types of things have you done that didn’t work or that you were disappointed in? Any bad experiences like that?
5: Not bad experiences like… I feel like the people I work with with print ads are really good about saying hey, maybe you should change this up because its getting stale or you don’t want this to get stale so change it so it’ll be fresh and new and have more people look at it… so, anytime that I feel like like no one is coming in from our advertising, like 5 people will come in and its like “Oh! You did see our ad.” I guess that is a good thing, I guess I should keep paying for that. So. So its been good so far.
R: Do you hire out most of the logo design or do you design the ads yourself?
5: I’ve designed some and… most of the time I just work with them because they do it all the time and they’re great at it. And I’m like maybe you should put some green in there or maybe I’ll want a picture I want in the ad but for the most part they do a really good job.
R: How about the interior design of the place?
5: Interior design I did. So. Like, I don’t know. It always kind of changes too, like we have different art on the walls every 4 months, but like the color scheme, the pain on the walls, I did, so.
R: So what are you most proud about being a small business owner?
5: I don’t know. I’m just proud that I’m trying to… I’m proud that I got to hire people and give people a place to work and give people a place like this to work… and I’m just proud that I figured it out and that it didn’t all fall apart and that we’re still open and that next I’d like to be open still, so.
R: So if you were to consult outside resources of some kind, what is your favorite way or preferred way of getting information whether its online or workshops or walking down face to face to different government offices.
5: I like the face to face stuff al to because I feel like stuff gets done a lot faster and a lot of times I’ll search it on line and be like where’s this office? I’m just going to go down to the office because sometimes if I see paperwork in person and someone’s there like oh, you’re looking at the wrong form, or can explain something on a form to me its better for me, so. I probably start online to see what the options are and then go in person or ask somebody I know about it to see who they use or what they’ve done and then go in person. But…

R: How has your business changed in the last 2 years? Any surprises?
5: Its just kinda surprising that… people know who we are and that people wanted to work here without me posting an ad about it. Like, you know who we are and you think you want to work here? I don’t know you, how do you know us?
R: If there was a business fairy godmother who would come down and bestow 3 gifts or wishes upon you, what would you ask for?
5: Hm… I’d ask for…. Hm….
Employee: [interrupts] we all want to go to NY
5: [laughs] I don’t know, I’d ask for maybe… a better location… with the same rate of rent
Employee: [interrupts] we want a new shop
5: [laughs] yeah … Better location, I’m sure like… maybe… more avenues to reach more people to get more clients… I don’t know. and maybe… some…..money to take a really awesome class for nice education, so…I don’t know. 
R: So do you have to provide continuing education to your employees right now?
5: I don’t HAVE to provide it but I do. I don’t have to but I do because I think it’s the right thing to do and its only going to benefit them and the business itself. It makes them more excited and me more excited and its just good to keep your skills fresh so, like I provide up to $50 for a class for them every month, so. Which a lot of places don’t do. But I’m like it’s the right thing to do because it they learn something from that class, its just going to make them busier and pay for itself kind of thing. 
R: Do you ever keep an eye out for other locations that are kind of around the same place or are you kind of committed to this location?
5: Oh, I look ALL around. Like, on my way to school or on my way to my grocery store and I call on places a lot because maybe once our lease is up we can move but, like our lease isn’t up until December again, but I still always look and call because maybe around that.. like in the 3 months before our lease is up there might be a better location. 
R: if you did find a new location, is there anything you would do differently since you’ve been through it once now?
5: Um..Mm… 
Employee: [interrupts – now has client] The tax thing!
5: well, that’s kind of like, that won’t change. I don’t know. I would just always look for a place that has maybe a cuter part of town or maybe has more businesses around it or maybe that has more street visibility, I don’t know, there’s a lot of things, but…interior space I feel like you know what’s there but you don’t really know what’s there until you’re in there painting. A lot of weird broken stuff appeared in this space before we started working on it. We didn’t realize it.. was not working in the first place, but… I don’t know. 
R: is there anything you would go back and tell yourself now 2 years later?
5: [definitively] Yeah. Um. I would probably have told myself to get an accountant to start with so I didn’t make those mistakes, and luckily I only made them like 6 months into it, but…I’d say.. get an accountant, so….. 
R: Do you follow any small business legislation like small business being required to provide employee health care or things like that?
5: Oh yeah, like, I follow that. Cause I’m like, we’re going to have to provide it soon. So like, I follow that stuff. And like, this payroll tax stuff, I’m like how is that going to affect me and my employees? So. 
R: How do you find information about that?
5: I don’t know. I try. I listen to radio and go to government agencies’ websites—sometimes they’ll send you updates on things but, sometimes you have to look at DES’s website to make sure you’re current on things. I just try to stay on top of it as best I can. 
R: Is there any sort of planning you’re doing?
5: I’ve looked into it with our insurance provider already so there’s like what are our options? How much is this going to cost? And then I’ve looked at, like last year they had this program that they’d match.. they’d help pay some of the employee health care costs so… 
R: When you do that type of research, is there any one place that you collect that type of information?
5: Our filing cabinet. Like there’s a binder called health insurance and binders for different things, so I try to keep it organized, so… 
R: Are there any weaknesses as a business owner that you’ve overcome or that you’re still working on?
5: Um… I don’t know, like there’s all this like, you have to have this web presence. That’s been a struggle. Like, I’ve got a nice website and listed us in all these different places you’re supposed to be listed, like, and that took a long time because they’re like, oh, you don’t have Facebook? Oh, you’re not listed on google? I’m like, do we have to be? But I guess you kind of have to be. But that’s the… I’m like a website just isn’t enough anymore. I’m like, I didn’t want us to have Facebook because I’m not all into that but, you have to do so…its alright. It can be fun, so. Yeah, its not for everybody but, I like to do a lot all the time, so, its good for me. Like I opened this place when I was 25… and a lot of people do it at that age but I just thought I could do it and I’m still here!
Interview Conclusions: Researcher Notes

CHALLENGES
- Hiring & Training Good Employees
- Advertising
- Developing Marketing & Brand - Finding Resources/Designers/Details
- Creating Customer Base by Word of Mouth

EMERGENT THEMES
- Defining/Developing A Goal
- Deciding Making Framework
- Organizing Info
- Communicating

PLANNING
- Internet Research
- Bouncing Ideas Off Clients/Friends/Family
- Knowing Dos & Don'ts From Prior Experience (Don't Waste Talent)

STATIC vs. DYNAMIC

Solution/Alternative:

1. Define
2. Identify
3. Align
4. Keep!

- Define:
  - Purpose
  - Objective
- Identify:
  - Processes
  - Results
- Align:
  - Plan
  - Play
  - Pause
- Keep!
  - sticks
  - Plan
  - Pause

STARTING A BUSINESS:
- Defining
- Growing in detail, to concrete mapping
- LEAD PATH
- Mapping

DIAL IN.
Group Interview Information Letter


Date_____________________

Dear ______________________:

I am a graduate student under the direction of Professor John Takamura in the Design School at Arizona State University. I am conducting a research study to learn about the challenges of starting a business and how resources for small business owners can be better designed to fit the needs of small business owners.

I am inviting your participation, which will involve participating in a professional skills workshop to use creative problem solving techniques designed to help you map your business plan. Techniques will include discussing your brand goals, services, and future plans in an informal, light setting. This workshop will not require disclosure of any personal or financial information about you or the business and all participants will be held to confidentiality via a signed form. You may opt not to include information or participate at any time during the workshop. The workshop will be approximately 1.5 hours with a 10 minute break included.

The focus group will be taped with your signed permission. The focus group will not be recorded without your permission nor will it be shown to anyone outside of me and my lead researcher. Please let me know if you do not want the workshop to be taped; you also can change your mind after the workshop starts, just let me know. The goal of videotaping the workshop will not be to personally identify your or your business but to focus on the way the workshop techniques are adopted and used in this setting. Taped information and digital files will be kept by me on a secure remote hard-drive for 3 years. It will be the goal of the video recorder to limit recording your image as much as possible.

Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, there will be no penalty. To participate in this study, you must be 18 or older.

You will be compensated for participating in the workshop. You will receive $50. The techniques in the workshop are designed to help you brainstorm through marketing and service design challenges could use in your business. You are free to use the techniques provided yourself in the future and may find this workshop provides helpful insights and benefits you. In addition to this benefit, this study will be used to help other small business owners navigate the start-up and planning process. Participation in this professional skill-building workshop is free. There are no foreseeable risks or discomforts to your participation in any part of this study.

Your responses and all information collected will be confidential and will only be known to me and my principal researcher. The results of this study will result primarily in a graduate thesis but also may be used in reports, presentations, or publications. Your name and identifying information and photos will not be used in any of these documents and will not be known outside of myself and my lead researcher. Your name and business name will not appear on any documents apart from the initial signed forms to participate in the study nor will it be published in association with this study.

If you have any questions concerning the research study, please contact the research team at: Lynelle.Grimes@asu.edu, (480) 577-3393 or John.Takamura@asu.edu. If you have any questions about your rights as a subject/participant in this research, or if you feel you have been placed at risk, you can contact the Chair of the Human Subjects Institutional Review Board, through the ASU Office of Research Integrity and Assurance, at (480) 965-6788. Please let me know if you wish to be part of the study.

By signing below you are agreeing to participate in the study.

___________________________ _________________________
Signature Date

By signing below, you are agreeing to be audio/video taped.

___________________________ _________________________
Signature Date

By signing below, you are agreeing for you and your business to be photographed.
Workshop Agenda

**Workshop: design**

**Intro:**
- Signing IRB paperwork: 5 min
- Ice Breaker: 5 min party planning group card sort
  - what does the party feel/smell/sound like
  - what personalities/characters play a role (who is attending?)
  - who are the characters and what they do/love/engage with
  - what artifacts do you encounter
  - what feelings/emotions does this party represent

**Method 1: Visualizing Your Service Experience**
- 15 min Individual Card sort & Collage into Ax4
  - what does the experience feel/smell/sound like
  - what personalities/characters play a role
  - who are the characters and what they do/love/engage with
  - what artifacts do you encounter
  - what feelings/emotions does this service represent

- 10 min Sharing, Describing, Observations
  - add to own collage or use post-it to label/clarify/take notes

**Supplies:**
- premade image cards
- words cards
- empty cards + pens

**Method 2: Service, Experience & Marketing Innovation**
- 15 min Group Post-it Brainstorming
  - what do you currently provide to customers/employees?
  - what new could you provide?
  - what new ways could you:
    - advertise
    - engage with community
    - grow

- 5 min break/snacks and internal reflection/processing

**Method 3: Easy Action Plans & Strategy Visualization**
- 15 min prospective hindsight & critical path
  Select 2-3 ideas that stick out from the previous brainstorming. Pretend they happened.
  - what are the steps you took?
  - what did you research?
  - what do people think/feel about this?
  - what did you tell people?
  - how did you share the experience?

- 10 min Reflection, Work sheet/Quiz
Workshop Instructions

1. Create a collage of everything that makes up the experience.

   **Sample: dog grooming**

   **Actors**
   - who is seeking/providing the services?
   - what are they interested in?
   - what do they do for a living?
   - how might they be characterized?
   - what qualities might they have?

   **Artifacts**
   - what objects are in the space?
   - what do you touch?
   - what tools do you use?
   - what do you see? self/bring?

   **Atmosphere**
   - what do you smell/taste?
   - what do you hear?
   - how might you feel?
   - what else can you see?

   **Activities**
   - what actions occur inside?
   - what interactions happen?
   - what are the steps of service?
   - what to happens before/after service?
   - what outside activities are people involved?

   ![Collage images]

   ![No wrong answer]

2. Share & describe your ideas- work together to complete the experience collages.

3. Brainstorm services & marketing.
   **Sample: dog grooming**
   - Ugly dog contest
   - Start own product line
   - Use cheap child labor
   - Volunteer @ shelter
   - Sell homemade dog treats
   - Sell Hemp-knit toys

4. Pick some ideas - Pretend they happened & Describe.
   **Sample: Wash-a-thon**
   - Called local news
   - Sent Erlast
   - Rented spot light
   - Posted on telephone poles
   - Bought Kiddle pools
   - Photographed event for website
   - Washed News Anchors' dogs on TV!
Workshop Sample Picture Sort Images
### Workshop Picture Sort Coding

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### # Images Used per Participant

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Workshop a (x4) Keyword Coding

**Employee Collage Keyword Coding**
Actors: Clients, intelligent, interesting, animal lovers, fun, weird, art & music lovers

Artifacts: touching, hair, product, color organic

Atmosphere: relaxing, fun, hang out, music, coffee, laid back

Activities: talking, venting, dancing, “putting on a show,” neck and back pain

**Client Collage Keyword Coding**
Actors: girls, clients, cat, [owner’s] band, clients with split ends

Artifacts: art, mirrors, organic, green

Atmosphere: colorful, funny, having a good time, music, don’t take themselves seriously, cute

Activities: gossiping, laughing, getting hair done, getting eyebrows done

**Owner Collage Keyword Coding**
Activity: 5 senses, hair, visual, listening, touching, photo shoots, educate, take deeper look at things, teach, donating, balancing, creating/growing

Artifacts: organic, hand made, tools that work together, eco-friendly, local products/vendors

Atmosphere: connected, smells good, goofy, comfortable, homey, freedom, bright, fun, gossip, non-malicious, comfortable, sweet, colorful, crazy

Actors: colorful personalities, musicians, screaming kids, people working together, constantly working together, people that come in crappy and leave feeling better, parents, concerned moms, sweet, non-traditional, silly, cohesive, Peace now, I feel like we stand for good things there, “freedom from the corporate salon” “people come in to feel better” “We don’t do things in a traditional way, and we’re kind of silly, and we approach things from different ways so clients are like, “oh, why are you doing that?” “it’s a colorful group of personalities there”
Owner E (x4) Collage
Workshop Transcript & Thematic Headings

Workshop Method Two Themes:
Board One:
Existing Services: 57:00 – 1:01:00

Possible Services: 1:01:20 – 1:05:00
- People talking, counseling – 1:00:24
Owner: I was thinking of like, people talking their stuff out.
Employee: Yeah. There’s definitely, like, emotional services that we provide, like whether it be just generally having a conversation with someone.
Owner: Human connection.
Employee: So, I thought it would be cool if a couple times a year or something we could go and do hair at a nursing home or for a women’s shelter or before school starts to go to where all the needy kids are and give haircuts for free.

Service Packaging 1:05:00 – 1:05:40

Client: You provide retail services! Plus all your necklaces and different local artists’ jewelry.
Employee: We have a small assortment of different things like jewelry and random things and products, like hair products, and things like that. We could expand it more, like more options…candles or even, like, apparel. We have, I think, a lot of room for retail.
Owner: Yeah, we’ve had some of that stuff in the past that we don’t have now but I was thinking of hair maintenance kits for people to take home, like specifically for our dreadlock clients. I’m always like “Oh, you can go to Michaels and buy these crochet hooks.” And I’m like, why don’t I just sell it with instructions, even like just a little free brochure.
Employee: YES.
Owner: Because we have a little free brochure for dreadlock maintenance but why don’t I make one that says how to take care of your color at home, how to style your hair like I taught you in the salon. Because when you get your tattoo done, they tell you all that and then send you home with a list because you’re not going to remember.

Client: I always do my hair differently than the stylist. Like, I always go home and wet it and put it up. I just like the way I do it. Maybe I’m just weird, but I’m sure some people would like that. I’m always looking for the haircut where I can do the least with. That’s just me.
Owner: That’s most of our clients I feel like.
Employee: Yeah, and I think people are stuck in their routines, their rituals. Like male clients for instance, you know, I have so many male clients that I’m like, “You’ve got to stop using that product, because it just…” whatever or I’m like, “what are you putting in your hair, why are you putting so much–”
Owner: --Yeah. [laughs]
Employee: All you have to do is this. And they just don’t get it. Like it just doesn’t register to them--
Owner:--They’re like that’s too easy, that’s not enough.
Employee: It’s kind of like no matter--even if you’re giving people advice on how to do something, and I guess its in life in general, everybody is just going to do it the way they want anyways, or that is comfortable for them, or that’s easy for them.
Client: Yeah, just like diet or exercise. Its really hard to effect people’s routines.
Researcher: Do you think that affects retail sales at all? Getting people to incorporate a new routine of a new product into their life.
Employee: Well, usually I think just talking to them about it, like you can tell if something’s working or not working or, and they know, I think…usually…Or, if they’re interested in it they’ll say, “what would you recommend.”
Owner: Yeah, I don’t feel like we try to upsell our products on our clients. Most of our clients ask for it or if we really feel like they need it, we can give them samples so they can try it first. But most of our clients just buy product on their own because they’re genuinely interested in what we have to sell because it’s organic.

Researcher: Do you have people that come in just to buy the products then?

Owner: Very rarely. I feel like those people are going to find something at Whole Foods or something like that.

Recreating Services at home vs. salon: 1:06:00 – 1:08:30

Retail Sales: 1:08:30 – 1:10:00

Board Two:

Possible ways to advertise:

Art Openings: 1:11

“Just through Facebook and word of mouth. I’ve done it once through our New Times weekly ad but I could be better about advertising it.”

Newsletter:

Happy Hours: 1:12:05

Finding other new services (personally): 1:12:59

R: How do you decide to go to a new place? Where do you see about it or hear about it?

Client: I always ask my friends.

Owner: Yeah, same here. Usually, word of mouth or, like if I see something that opens up downtown, I’m like “Oh I’ve got to try it” because I always want to support people downtown because they’re people I know or friends of people I know.

R: Do you look at print advertisements?

Client: I don’t. At all.

Owner: It’s funny because we have print advertisements and I never look at them, myself [laughs].

Employee: I probably do. I don’t know. I’ve seen something and I’m like, “Oh, I wonder what that is.” I…definitely would say…yes.

Client: I’m all internet and word of mouth. For me, if I think about it…Mainly, because I don’t have time to look at it. I don’t have time to look at the New Times.

Owner: You just have to think of how many different ways you can get people because everyone’s got a different...

[long pause]

Client: Ok, we’re stuck. How could you grow your business?

Graffiti: 1:48:15

Researcher: You picked out the graffiti image…what do you think about that idea or billboards?

Client: GOD I wish they would let us do that.

Owner: Me too!

Employee: Like guerilla styling.

Owner: Yeah, like guerilla marketing.

Groups in the community: 1:15:20 – 1:19:00

Employee: I think there could be tons of things like that. Everybody needs their hair done.

Client: There’s all these...they’re all kind of blanked under health, but because you’re organic, you can go into that saying...

Owner: Yeah, like the wellness...

Client: Yeah, wellness fairs.

Researcher: Are there other ways that you’ve tried to go out into the community where people who are interested in the organic lifestyle could find you?

Employee: Yeah, I used to work at this place and they were having a weird little week where they would bring in different businesses that would provide a little mini-service and we went and tinsed people’s hair and that was a good way to get things out, so collaborating with other businesses would be good.
Owner: I would like to do more stuff like that. We've done it the past like once or twice a year but finding out a way to maybe do it every quarter—to help us stay connected.

Researcher: Are there events that you could do regularly that are already established in the community or anything that happens maybe once a month?

Client: Well, there’s First Fridays [monthly art festival] but you usually, or you might do an art opening.

Owner: Yeah, we have a quarterly art opening, some other Friday that First Friday so we don’t like, take away from First Friday. We’ve had some really successful ones and then ones were I haven’t invited enough people. But our successful ones have always been like were we’ve had other things going on besides just coming in to look at art. Like we’re had raffles at some, we’ve had bands at some, and, like fortune tellers at some, so, but I would like to do one that maybe is some… kind of fundraiser.

Owner: We did something one time that I think it would be cool to do more of. We went to an art event, it was art vendors selling stuff and we went to style hair for free, but if we would have brought product with us, we probably could have sold some of it… I don’t know, doing some kind of free thing to promote yourself and then having something for people to buy.

Researcher: Could it also be with another business that customers might interact with on a more daily basis? Something that could be more guerilla marketing, like you said? [long pause] Like you all brought in your coffee with your coffee sleeves this morning...

Client: Well, you’d have to have a really good relationship—well, maybe not. Maybe they would just be happy because the tradeoff would be you would pay for these supplies, like I’ll buy all these things for you if you would use them. 'Cause it saves them some cash.
Researcher: So what are the first steps to do that?
Employee: You’d have to find the business which would be the most…you know, that you would like to work with.
Client: And their clients would be interested in your stuff.
Employee: Yeah, which could be anything. So, let’s say we did coffee sleeves or whatever, you’d call them and ask if they’d be interested. This would be really easy. Then you find the most cost efficient coffee sleeve, find a printer that you like, or make something. Ka-blam. There you go.
Client: You almost would have to get organic though.
Employee: Yeah, like organic recycled…and recyclable.
Owner: Yeah, like [organic coffee shop] uses fair trade coffee that they roast themselves which is better than going to some place that doesn’t do that…
Employee: A biodegradable sleeve.

Raffles: 1:33:00 names for a newsletter, emails, somebody in the door – then places and types of locations, then how this relationship would happen (mutually beneficial) 1:35:10 then finding the specific business, then making the message compliant with the brand – green/eco friendly 1:36:20, then what type of services- 1:37:30 is the right trust-building service, “service that’s not so scary” 1:38:30 – connecting it to existing promotions and behaviors 1:39:10 customer loyalty to service provider

Client: I actually have had a lot of people come in from raffles though. That’s been successful. Whereas if I…if I give something away in another way, they’re not as likely to come in. Even people who buy deals are less likely than the ones that get it in a raffle, I’ve found.
Owner: I’ve done raffles for the last like 7 years and I’ve had one person come in for it. And I’ve put out like 25 of them. Because I think people are like “oh, well, I have my hair place.”
Client: It’s weird.
Researcher: You mentioned people already have their stylist, how do you think you can get them to switch over to try something new?
Owner: Maybe by offering a service that’s not so…scary. Like getting a new haircut with a new stylist is more scary than getting a style or conditioning treatment. Something that’s not going to change the way they look permanently.
Employee: Yeah, something that’s more simple.
Client: That’s true.
Researcher: So maybe the promotion is a service that has fewer customer barriers? Like they don’t feel like they’re cheating on their stylist?
Owner: Exactly. Yeah, like, our happy hour is probably good for that because it’s a conditioning treatment and a brow wax deal. Because even our clients will get their brows waxed with us or they’re just get it done at the nail salon. Like, people will go everywhere for brow waxes. Rarely are people loyal to their brow waxer.

Home tour events-1:40:05 Showing up to events: 1:41 – prompting them what to bring specifically in response to “it’s pretty easy” (Client) – when the events happen, preventative barriers 1:41:40 – how many people they’d have to send, whether they would close – donating services instead of product- you spend time with them and make a friend in 5 minutes (owner) – 1:42.

Closing: 1:46
Owner: I feel like this was valuable, more than just getting fifty bucks
Employee: Yeah!
Owner: All this was really good for us. And for her.
Client (also small business owner): Yeah.
Group Brainstorming Board