

Attitudes and Behaviours that create Small Business Success

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

An examination of small business and small business owners conducted by Pitney Bowes in 1999 revealed the psychological and attitudinal underpinnings of success in this high-growth market segment. The largest study of its kind at the time, the research demonstrated how the feelings, attitudes and ideas of small business owners directly translate into the way they run their businesses.

The Pitney Bowes' study, called *"Attitudes and Behaviours That Create Small Business Success,"* was conducted with Yankelovich Partners and examined over 1,400 businesses. It delivers a comprehensive understanding of how small businesses operate, the factors that contribute to success and outlines five distinct types of small business owners (see below). With this insight, business owners can profit from the successful strategies and practices of business owners most like them.

Previous studies have only explored small businesses from a demographic perspective. But the Pitney Bowes study takes a fresh approach, exploring attitudes towards every aspect of running a business, including growth, control, finances and technology, and defining them within the context of the personality of small business owners.

"By most measures, the owner IS the small business. How they approach life is how they approach their business. What they want, how they wish to spend their time, their attitudes, their skills and expertise, what they want to improve and what keeps them up at night are reflected in the owners' personalities and guide virtually all business decisions," says Elise DeBois, President, Small Business Solutions at Pitney Bowes. "If you identify the attitudes and behaviours of small business owners, you identify the attitudes and behaviours that make their businesses successful as well."

Five Small Business Segments Identified

"There is a misperception that small businesses are all pretty much alike," says DeBois. "Our findings show that while they may share common values and a driving competitive spirit, small business owners have very different approaches to doing business." Along those lines, five distinct types of small business owners were identified: "Idealists," "Optimizers," "Hard Workers," "Sustainers," and "Jugglers."

Idealists

Representing 24 percent of businesses, these owners are most likely to have started their businesses because they had a great idea or wanted to work on something special. They'd rather spend their time working on something other than financial details and seem to derive less personal enjoyment from their businesses. Idealists are the group that would be most willing to work for someone else. Fairly sophisticated technologically, these owners and their businesses are most dependent on computers and are likely to make business purchases based on price. The most successful Idealists form relationships with suppliers that have been around for a long time.

Optimizers

This group makes up 21 percent of the businesses. They enjoy their work and never want to work for someone else. While they are the most committed to growth, these owners focus on profits, not the size of their company. They are extremely knowledgeable about financial matters and their emphasis on technology allows them to generate more revenue per employee than other business owners. Confident and savvy, they enjoy the personal rewards of ownership and feel their work and private lives are in balance. Successful Optimizers leverage the Internet and contract/freelance workers to keep costs down and use credit and leasing arrangements to support strategic growth.

Hard Workers

Hard Workers love what they're doing. Making up 20 percent of the population, they are the group most interested in managing a larger business. They report the highest levels of growth and are the most likely to use credit to meet their goals. Hard Workers exercise broad personal control, "sweat every detail", and are more interested in working with trusted suppliers than in getting the lowest possible price. The most successful business owners in this segment have a long-term growth plan and stick to it.

Jugglers

Also representing 20 percent of the market, Jugglers are the most involved and personally invested in their businesses. They are anxious about relinquishing control to their staffs and want things done to their own standards. For these owners, there never seems to be enough time. They are big users of credit, are starting to use the Internet more aggressively, and are proud of their ability to juggle all the different demands of the business. Jugglers are always looking for ways to improve their business and are optimistic about growth, even though they are concerned about the national business outlook. They are also the most demanding in terms of what they expect from suppliers and often feel as if they don't get the best deal.

Sustainers

This is the smallest of the segments, making up only 15 percent of the total. They enjoy their work and have a good balance between work and home life. Sustainers are likely to have bought or inherited the business, rather than starting it themselves and often hire family members. They are the least interested in and knowledgeable about technology and will simply put in longer hours to "get ahead." The most conservative of all owners, Sustainers are happy with the way things are and have little interest to grow or take on more credit obligations.

What Do Small Business Owners Focus On?

What keeps small business owners awake at night?

According to the Pitney Bowes study, "*Attitudes and Behaviours that Create Small Business Success*," creating and retaining a customer base, quality of service and product, and employee performance top the list of key concerns:

- Retaining customers (66 percent);
- Attracting customers (65 percent);
- Quality of product or service (64 percent);
- Employee performance (61 percent).

Finding/retaining employees, finances, competition and technology fell under the second tier of concerns for small business owners:

- Finding skilled employees (54 percent);
- Retaining employees (53 percent);
- Paying bills (49 percent);
- Making a living from the business (49 percent);
- Competition (48 percent);
- Collecting payments (47 percent);
- Keeping up with technology (46 percent);
- Just staying in business (43 percent);
- Making payroll (36 percent);
- Growing too fast (23 percent).

When small business owners were asked to name their single, most critical business concern, customer relationships ranked first, outdistancing other issues by more than 20 percentage points.

Recommended Reading



- The Prosperity Equation: The Entrepreneur's Road Map to Wealth by James A. Ziegler
- From Employee to Entrepreneur - A Road Map for Aspiring Entrepreneurs by Marvin L. Storm
- Transitioning from Employee to Entrepreneur - A Road Map for Aspiring Entrepreneurs by Marvin L. Storm
- Entrepreneurs Road Map, Inventing Entrepreneurs: Technology Innovators and Their Entrepreneurial Journey by Bock and George
- The New Business Road Test: What Entrepreneurs and Executives Should Do Before Writing a Business Plan (Financial Times Series) by John Mullins
- Ultimate Home Based Business Handbook by James Stephenson, available from Entrepreneur Press

Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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