STRATEGIC PLANNING IN SMALL BUSINESSES: A PHENOMENOLOGICAL STUDY INVESTIGATING THE ROLE, CHALLENGES, AND BEST PRACTICES OF STRATEGIC PLANNING

by

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Abstract

Strategic planning is the management process that helps organizations better prepare for achieving their long-term goals and objectives. Yet the relative utility of the process is not widespread among small businesses. Prior empirical studies are limited with regards to understanding how small businesses conduct strategic planning. This study explored the strategic planning process of 15 small businesses in north and northwest Omaha, Nebraska, and the extent to which they have a formalized strategic plan. A phenomenological approach was the qualitative research method adopted for this study. Through the use of interviews, the study identified the essential elements of strategic planning, the challenges the small firms encounter, and best practices they have identified and/or developed. The findings revealed the majority of the small business owners have a formalized strategic plan. The participants indicated that the primary reason for having a written strategic plan is to provide a guideline in making strategic decisions about the direction for the firm and what activities are the best fit for the organization. Furthermore, the findings concluded that the strategic plan and best practices they have implemented gave the organization a sense of direction and focus. Based on the interviews from this study, the participants regularly assess the external environment, perform a SWOT (*strengths, weaknesses, opportunities, threats*) analysis, monitor their strategic plan, and make changes as needed. The results of this study illustrate the need for small firms to utilize the strategic planning process and develop strategies that help guide the successful future direction of the firm.

Dedication

I give all praises to my Lord and Savior, whose mercy and guidance walked with me each step of the way. My dissertation is dedicated to the following persons who are an inspiration in my life.

To my wonderful husband, William, the love of my life, thank you for your loving support. I am truly blessed to be your mate. You were there to give me moral support, encouragement, and listen whenever I got tired or frustrated. Your love and strength enabled me to balance everything I had on my plate during my doctoral journey. I thank God for you. I love you forever and a day!

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CHAPTER 1. INTRODUCTION

Introduction to the Problem

Increasing attention has been given to the role and prominence small businesses play in job creation, employment, and economic expansion (Gaskill, 2001; Hornaday & Nunnally, 1997; Small Business Administration [SBA], 2005; Tigges & Green, 1994). Moving the United States toward economic prosperity has been attributed to small business intervention (McQuaig, 2006; SBA; Wise, 2003). In particular, entrepreneurial ventures have been a primary source for generating jobs and driving small business growth (Bates, 2001; Catley & Hamilton, 1998; SBA).

According to the U.S. Office of Advocacy's small business economy report (2006), the American economy expanded in 2005 as a direct result of over 2 million jobs created by small business owners who developed innovative products and services, hired additional workers, and invested in their own companies. As further evidence, small businesses have helped the United States compete globally, inspire technological advances, preserve competition, create jobs, and strengthen the country's overall economy (Catley & Hamilton, 1998; Hornaday & Nunnally, 1997; McLaughlin & Perman, 1991). This is also confirmed by statistics compiled by the SBA (2005), which reported that small businesses represent 97% of all companies, employ 57% of the work force, and have created 67% of the new jobs in the United States over the last 10 years.

While the role of small business in the economy is clear, alarming numbers of these entities are historically unsuccessful. According to Gaskill, "Despite the economic benefits and opportunities provided by small business initiatives, small business continues to be inextricably linked to high failure rates and problematic challenges" (2001, p. 2). To this end, the SBA (2005) reported that approximately half of new businesses fail within their first 5 years of operation. Moreover, small business failure rates are significantly higher than the failure rates for larger business (Rogers, Gent, Palumbo, & Wall, 2001). The reasons cited for small business failures are associated with poor management, finances, and failure to employ strategic planning (Christopher, 1998; Kristiansen, 2004).

Increasingly, there has been a targeted focus on how small businesses can avoid failure and ultimately achieve sustained economic success. According to Monck, Porter, Quintas, Storey, and Wynarczyk (1988), strategic planning is one of the key management tools lacking in small businesses. McQuaig (2006) reiterated this finding, reporting that only 20% of small business owners practice strategic planning, despite evidence that strategic planning is linked to business success. Although small business strategic planning behavior has been described as unstructured, irregular, and incomprehensive (McLaughlin & Perman, 1991; Sexton & Van Auken, 1982), Van Kirk and Noonan put the value of strategic planning for small businesses into perspective: "Although a good plan is not enough in itself to save a firm, it can increase the chances for survival" (1982, p. 2).

Invariably, studies that focus on the relationship between strategic planning and organization performance are conducted in large organizations (Monck et al., 1988; Olson & Bokor, 1995; Robinson & Pearce, 1984). Considering the value of small business to the economy, along with the high failure rate of these entities, more scholarly research that explores the role of strategic planning in small business is needed. Such research could shed additional light on the benefits of strategic planning as well as the challenges small businesses face in adopting strategic planning practices.

Background of the Study

The concept of strategic planning emerged during the 1950s after Henri Fayol contended there was a lack of adequate planning in organizations. Fayol, a French mining executive, was concerned with company planning at all levels and stressed the need for management to develop short-, medium-, and long-range plans as businesses transitioned from mundane operations to dynamic, environmental conditions (as cited in Still, 1974). Fayol suggested that the functions of management included planning, organizing, commanding, coordinating, and controlling. From a historical perspective, this early contribution to management theory established the foundation for the study and use of strategic planning.

Over the years, research studies have built upon the management theory and found that strategic planning holds both practical and theoretical value (Brews & Hunt, 1999; Drucker, 1976; Mintzberg, 1994; Schwenk & Shrader, 1993; Sexton & Van Auken, 1982). From a practical perspective, according to Brews and Hunt, the relationship established between planning and performance would suggest that effectiveness can be enhanced by comprehensively engaging in the basic operational and strategic planning activities. Theoretically, Brews and Hunt pointed out that the importance of strategic planning is primarily linked to experience acquired through a wide range of managerial decision making. Strategy development and implementation undoubtedly drive learning and progress for businesses. As such, the general acceptance of strategic planning is rooted in an organization’s preparation for the future and adaptability to accommodate growth.

For these reasons, a substantial body of literature has evolved on the efficacy of strategic planning. Specifically, Robinson and Pearce (1984), Sexton and Van Auken (1982), Bracker and Pearson (1985), and Bracker, Keats, and Pearson (1988) conducted studies that generated varied results with respect to the benefit of strategic planning in small businesses. Sexton and Van Auken added that the level of strategic planning sophistication must be considered. On the other hand, published studies have found that a lack of strategic planning by small firm owners or managers may contribute significantly to the firm’s failure to succeed (Christopher, 1998; Kristiansen, 2004; McQuaig 2006; Monck et al., 1988). Indeed, suggested Bracker and Pearson, and Schwenk and Shrader (1993), evidence indicated that putting into place effective planning systems and techniques, along with sound decisions specifically tailored to the needs of the firm, may improve the small business’s long-term success.

While there is empirical evidence extolling the benefits of strategic planning (Robinson, 1982), most small organizations often prefer to avoid planning or do not conduct strategic planning well (Michaluk, 2002; Mintzberg, 1994; Perry, Stout, & Smallwood, 1993). Creation of effective strategies is often lacking on a constant, ongoing basis. Studies conducted by Briggs and Keogh (1999) and Tregoe and Zimmerman (1979) revealed that because of their limited resources, quality decision-making skills, and lack of financial stability, many executives do not understand the complexities of the strategic planning process and poor choices are made.

A company's strategy is a blend of actions generated from internal and external approaches (Thompson, Strickland, & Gamble, 2005). In fact, according to Kay (2000), strategy deals with optimizing the internal capabilities of the firm within the context of its external environment. The argument is that leadership effectiveness is intertwined with formulating sound strategies showing how well-defined objectives can be accomplished in a changing environment. Furthermore, the implication is echoed from several studies (Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson, 1982) suggesting the importance of consultants in development and implementation of strategic planning systems.

In some cases, if strategic planning is effectively used as a management tool, incorporating outsiders in the planning process can supplement management deficiencies. Arguably, due to management's perceived inadequacies, many firms find it in their best interest to hire outside consultants to assist in strategic planning rather than do the planning themselves (Borch & Arthur, 1995; Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson, 1982; Sanford, 1982; Sexton & Van Auken, 1982; Still, 1974).

A growing amount of literature has evolved describing the importance of "outsiders" in improving the effectiveness of strategic planning and financial performance of firms (Bracker et al., 1988; Bracker & Pearson, 1985; Goho & Webb, 2003; Robinson, 1982). One of the first studies on external expertise was conducted by Robinson to assess its value on strategic planning for small firms. Based on the findings, he concluded that there were significant benefits associated with the assistance of outsiders in the strategic planning process. Subsequent research on the impact of strategic planning (Bracker & Pearson) and outsider assistance (Chrisman, Nelson, Hoy, &

Robinson, 1985) supported Robinson's findings that performance is enhanced when small firms develop strategic plans with the help of external consultants.

Although many reasons have been documented for small business failures, it is important to recognize how strategic planning is used. Thus, further empirical studies can add to the creation of scholarly knowledge in this arena by probing deeper into the nature of strategic planning techniques practiced and the impact of external expertise. Additional research may also be beneficial in identifying important strategic planning variables and characteristics under which small business strategic planning is most effective.

Statement of the Problem

Small business development is essential to economic growth and job creation (Gaskill, 2001; Hornaday & Nunnally, 1997; McQuaig, 2006; SBA, 2005; Tigges & Green, 1994). Furthermore, Hornaday and Nunnally emphasized "the importance of small business to the U.S. economy cannot be overstated" (p. 34). Yet, despite evidence of their importance and benefit to society, almost half of small businesses fail during the first 5 years of operation (SBA). Moreover, it is well known that the failure rate for small businesses is considerably higher than larger firms (Bruno, Leidecker, & Harder, 1987; Rogers et al., 2001).

Given the high failure rate of small businesses, there has been focused attention in the literature on isolating the source of the problem. A common reason cited as to why small businesses fail is poor decision-making skills (Bruno et al., 1987; Christopher, 1998; Kristiansen, 2004; McQuaig, 2006; Robinson, 1982). However, there is also some debate over how the efficacy of strategic planning impacts small business success rates.

While planning does not guarantee business survival (Mintzberg, 1994; Quinn, 1980) and many small companies are successful in lieu of a formalized strategic plan (Waddell, 1988), a number of researchers have contended that a contributing factor to business failure is a lack of strategic planning (Brews & Hunt, 1999; Bryson, 1998; Chandler, 1962; Davis, Jones, & Kraft, 1981; Smeltzer, Van Hook, & Hutt, 1991; Van Kirk & Noonan, 1982; Walsh, 2005). Further scholarly research is needed to better understand how small businesses conduct strategic planning, what challenges they face, and what best practices they have identified and/or developed.

Purpose of the Study

The purpose of this study was to explore the strategic planning process within small businesses. In particular, the study assessed the extent to which small businesses in north and northwest Omaha, Nebraska, have a formalized strategic plan. The study also sought to better understand how small businesses conducted strategic planning, what challenges they faced, and what best practices they identified and/or developed. The following research questions guided this study.

Research Questions

1. To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?
2. How do small businesses in north and northwest Omaha conduct strategic planning?
3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?

4. What best practices have small businesses in north and northwest Omaha identified and/or developed?

Theoretical Framework of the Study

There were three underpinning themes to this study: First, the researcher sought to understand how small businesses conducted planning and its role in decision making; second, the strategic planning process is fundamental in achieving business success and organizational goals for small businesses; and third, achieving business excellence is a range of best practices and businesses intelligence to predict today and plan for the future (Dahlgaard, Dahlgaard, & Edgeman, 1998; Peters & Waterman, 1982; Wiseman, 1995). The themes were explored in relation to existing strategic planning models, the nature of business strategies, challenges to strategic planning, and best practices developed. Additionally, the review of literature considered the perception of environmental uncertainty on the effectiveness of strategic planning for small businesses. Arbnor and Bjerke (1997) maintained that organizations and their environment evolve together and continuously interpret, react, and adapt to information from the environment.

Significance of the Study

Strategic planning for a firm's future is a common management tool used in large businesses. They are constantly identifying short- and long-term business opportunities through regular strategic planning (Van Kirk & Noonan, 1982). However, it is not as popular in small businesses. The absence of empirical research regarding the value of strategic planning for small business creates a need for critical analysis of this topic.

Thus, this study was significant in that it provided a framework for obtaining empirical data on the relationship between strategic planning for small business and organizational effectiveness.

Putting the value of strategic planning into perspective, scholarly research is needed to address the concern reported by the SBA (2005) that over half of new businesses fail within their first 5 years of operation. Most authors agree that when small firms conduct strategic planning, they are more likely to experience long-term success and effectively adapt to challenges that confront the business (Bracker et al., 1988; Briggs & Keogh, 1999; Robinson, 1982; Van Kirk & Noonan, 1982; Walsh, 2005). Consequently, a primary goal of this research study was to investigate the extent to which small businesses practice strategic planning through qualitative methods of inquiry.

This research study is important because, based on the premise that strategic planning is not commonly practiced in small businesses, it will create awareness and add to the body of knowledge that may help businesses to engage in competitive advantage and survive in the business world.

Definition of Terms

The following are definitions or descriptions of key terms used in this study.

Case study. An exploration of a case or system bounded by time or place, through an in-depth data collection rich in context involving multiple sources of information (Creswell, 1998). According to Bogden and Biklen (1992) and Yin (1994), a goal of the case study approach is to develop an understanding of a complex phenomenon within its real-life context.

Consultants. According to Bracker and Pearson (1985), consultants provide expertise in the areas of finance, marketing, planning, management, operations, and accounting. This knowledge enables consultants to give support in the development and implementation of strategic planning goals. Other terms used interchangeably are *advisors, external expertise,* and *outside assistance*.

Entrepreneur. A small business owner who carries the responsibility for directing his or her firm and assumes the risks of ownership (A. C. Cooper & Dunkelberg, 1986).

External expertise. Used interchangeably with *external sources*, *outside assistance*, *outsiders*, and *external assistance*. It is used to describe consultants (consulting), mentoring, and coaching (Goho & Webb, 2003).

Owners of small businesses. Individuals who own the company (SBA, 2005). They are also referred to as Chief Executive Officers (CEOs) and Presidents.

Small business. The Small Business Act stated that a small business is “one that is independently owned and operated and which is not dominating in its field of operation” (as cited in SBA, 2005, p. 1). Small businesses are also described as separate from outside control by larger enterprises and having fewer than 500 employees (Easterly & McCallion, 2007). In addition, the Small Business Act stated that in determining what constitutes a small business, the definition will vary from industry to industry to reflect industry differences accurately. The U.S. Office of Advocacy (2006) defined a small business for research purposes as an independent business having fewer than 500 employees. But to be eligible for SBA programs, the numerical definition varies by industry. For instance, 100 employees is the limit for wholesale trade businesses.

The “size standard,” which is stated either as the number of employees or the average annual receipts of a business, has been established and revised by the SBA over the years. The terms *small business* and *small firm* are used interchangeably. For purposes of this study, a business with fewer than 20 employees is considered a small business.

Small business success. The terms *success*, *survival*, and *small business development* are used interchangeably and refer to the positive growth and progress of the business. According to Tigges and Green (1994), small businesses are critical to the U.S. economy, providing jobs, achieving success for many ethnic groups, and instrumental in developing technological advancements.

Strategic planning. A management tool more commonly practiced in medium- and large-sized organizations, *strategic planning* is generally defined as the progression of decision making that sets in motion action plans and resource allocation to achieve company goals. Implicit in this definition is accessing output of the strategic planning system for compatibility with the organization’s goals and its environment (Still, 1974). The strategic planning process results from individuals strategically thinking about or evaluating the future direction of the company.

Whereas strategy is a plan of action, strategic planning is a disciplined process of decision making that identifies goals and objectives to be achieved that produces decisions and specific procedures by which the company will achieve its desired results (Bryson, 1988; Moyer, 1982). According to Mintzberg (1994) and Drucker (1976), strategic planning is a process by which an integrated system of relatively consequential decisions, created by organizational performance, enables an organization to achieve its desired results in an unpredictable environment. Furthermore, Bryson insisted that the decisions reached through strategic planning guides "what an organization is, what it does, and why it does it" (p. 11).

Strategic planning models. Scenario models for outlining the strategic planning process. They include guidelines for basic strategic planning, issue- or goal-based objectives, scenarios, and organic planning (McNamara, 2000). There is no one perfect strategic planning model for each organization. McNamara argued that each organization designs its own model. Some companies integrate models to assist in identifying goals and how to strategize to address the issues and achieve the goals. McNamara went on to state that other organizations often develop their planning model by choosing an existing model and "modifying it as they go along in developing their own planning process. Strategic planning models provide a range of alternatives from which organizations might select an approach and begin to develop their own strategic planning process" (p. 1).

Strategic thinking. Focuses on being proactive, not reactive, to creating value and vision for the organization. It is the way people think about, assess, view, and create the future direction of the organization (Bracker & Pearson, 1985; Goho & Webb, 2003; Robinson, 1982; Van Kirk & Noonan, 1982).

Strategy. A blend of actions generated from internal and external approaches (Thompson et al., 2005). Quinn defined strategy as "the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole" (1980, p. 311). It is in this respect that management develops alternative courses of action in their strategic planning.

Assumptions

Assumptions become a guide for creation of knowledge (Arbnor & Bjerke, 1997) and establish the foundation in research for information that is accepted as given and perceived to be a part of the study. Safarik, Wolgemuth, and Kees (2003) stated that assumptions are useful and necessary work for researchers. Consequently, several pertinent assumptions must be noted that were critical to this study:

1. It was assumed that the topic is relevant to the field of organization, management, and the business community.
2. This study was limited to interviews with only 15 small firms; hence, it was understood that the research study is not intended to explain all aspects of strategic planning that will ensure success and survival.
3. This study assumed the businesses were in operation at the time of the interview and made no insinuation to their level of success. Thus, the intent was to study only the role, challenges, and best practices of strategic planning within small businesses, not if the business is successful.
4. It was also assumed that interpretation of the data collected added to the creation of knowledge as it related to strategic planning in small businesses in Omaha, Nebraska.
5. Based on the literature review, it was apparent that there is a relationship between strategic planning and company performance. However, investigation of that relationship was beyond the scope of this study.

Limitations

The following limitations were inherent to this research project:

1. The data collected were from a small sample size; thus, generalizability is problematic to other organizations and industries.
2. One of the perceived drawbacks to qualitative research is the concern of external generalizability to other situations (Patton, 2001). However, because of the intrinsic value found in a qualitative research design,

Denzin (1988) and Creswell (1998) argued that generalizability is rejected as a goal by many qualitative researchers.

3. This limitation was acceptable in view of the fact that the primary purpose of qualitative research in this study was to describe and clarify reality and experiences from the perspective of those small business owners who lived them.

4. Another limitation was that the standard description of a small business, as defined by the SBA (2005) and the U.S. Office of Advocacy (2006), ranges up to 500 employees. This study was limited to businesses with fewer than 20 employees.

5. The study was restricted to small business owners whose businesses were located in north and northwest Omaha, Nebraska.

Nature of the Study

The purpose of this study was to understand the role and extent of strategic planning as it relates to small businesses by answering the research questions of this study. The presence of small business strengthens the country's overall economy (Hornaday & Nunnally, 1997). The importance of small business to the economy, along with alarming statistics that over half the businesses fail during their first 5 years of operation (SBA, 2005), creates a need to understand the small business owner's decision-making strategy and how they conduct strategic planning. Chandler (1962) and Ansoff (1965) established strategy, formulated through strategic planning, as a key influence on business success. Hence, this study described and addressed if small businesses conducted strategic planning, the influences of environmental uncertainty and managerial behavior on the perceived benefits of strategic planning, the challenges small businesses faced in adopting strategic planning practices, and evaluated best practices developed as a result of effective strategic planning.

Specifically, a study of this nature was significant and created scholarly knowledge for the following reasons:

1. It added to the limited base of information about strategic planning in small businesses in Omaha, Nebraska.

2. It generated information that could be utilized by small business owners to guide their decision-making efforts in the strategic planning process.

3. The findings may be of interest to external experts and consultants in developing or enhancing the strategic planning models they offer to their clients.

4. This study is useful in understanding the challenges and best practices obtained from the interviews that could be integrated in existing strategic planning models.

The data were analyzed utilizing a qualitative phenomenological research approach to gain an understanding of the impact of strategic planning on small businesses. The researcher identified and interviewed 15 business owners or CEOs through convenience sampling of small businesses in north and northwest Omaha, Nebraska, to collect evidence of their strategic planning process.

Organization of the Remainder of the Study

This study is organized into five chapters. Chapter 2 presents a review of the literature relevant to the role and impact of strategic planning for small businesses. Other subthemes included in the study are strategy, strategic planning behavior, challenges faced by small businesses, and best practices. The research design strategy employed, data collection procedures, and data analysis techniques in this study are described in chapter 3. Presented in chapter 4 is the data analysis of the findings. Chapter 5, the final chapter, interprets the study’s results and conclusions. Additionally, this chapter offers suggestions for further research and recommendations.

CHAPTER 2. LITERATURE REVIEW

Introduction

The purpose of the literature review was to refine and redefine the research questions (Creswell, 2003). In order to better understand the role of strategic planning to small businesses, a historical perspective on small business ownership is presented. The chapter then considers the various barriers challenging small business success, the concept and nature of strategy, and strategic planning behavior that illustrates underlying assumptions behind the research questions. Salient characteristics that distinguish the manner in which strategic planning is conducted in small businesses and business strategies are discussed. Also, the examination of literature considers the perception of environmental uncertainty on the effectiveness of strategic planning for small businesses. Finally, descriptive empirically based literature describing business strategies, strategic planning models, challenges related to strategic planning, and best practices pertaining to small businesses are identified.

Historical Perspective of Small Business Ownership

Small businesses are defined as independently owned and operated firms that hold a relatively small share of the market, are separate from outside control by larger enterprises, and have fewer than 100 employees (Easterly & McCallion, 2007; SBA, 2005). Over the past decade, the number of small business owners in most industry sectors has grown dramatically (Berrett, Burton, & Slack, 1993; SBA, 2006). The growth and significance is such that Schwenk and Shrader (1993) described small businesses as the backbone of the U.S. economy primarily for the role they play in job creation. This rapid growth of small businesses has sparked debate on the root cause of people's interest in the self-employment arena.

Existing research presents two viewpoints on what drives the entrepreneurial and small business culture (Hughes, 2003; Krahn, 1995). One perspective advanced the assumption that self-employment is shaped by voluntary entry into the entrepreneurial market. This angle, known as the "pull" standpoint, is because becoming self-employed is a personal decision to seek out opportunities and independence (Hughes). On the opposite end of the debate is the "push" position (Hughes), which describes self-employment as the product of downsizing, response to a cyclical economy, lack of job opportunities, and restructuring (Hughes; Krahn; Meager, 1992). The authors commented that an exhaustive set of studies support both perspectives, but they failed to yield conclusive evidence on which perspective contributed more to the rising entrepreneurial market. Nonetheless, Hughes reported the literature findings agreed that, for whatever reason, the resurgence of self-employment (whether from being "pushed" or "pulled") has brought an awareness of the challenges faced by business owners in starting a business.

Although financial challenges such as obtaining capital (Fischer, Reuber, & Dyke, 1993), may exist in starting a business, venturing into the arena of entrepreneurship is an opportunity to sell a product or service that is perceived to be marketable, gain financial independence, use a skill, and achieve the desire to be one's own boss (Birley, 1989; Goffee & Scase, 1983; Sexton & Van Auken, 1982). These findings were consistent with a research study conducted by Hirsch and Brush (1984) who concluded that all entrepreneurs faced similar, yet different, challenges. For instance, Verheul and Thurik (2001) reported easier access to financing for some entrepreneurs whereas others identified fewer funds for startup as a major barrier to entry in the self-employment arena. In the end, regardless of the barriers or challenges, Hughes (2003) asserted that small business owners are motivated by a passion to be successful, independent, and to capture a dream that presents an opportunity for a challenging and meaningful work environment.

Barriers Challenging Success for Small Business Owners

According to the SBA (2005), small business ownership is a fast-growing market segment. In fact, Hornaday and Nunnally emphasized that "the importance of small business to the U.S. economy cannot be overstated" (1997, p. 34). In essence, argued Tigges and Green (1994), they are essential to the economy and employment. However, small businesses encounter many challenges to success and survival. Consequently, as a result of the growing number of businesses that formed and resulted in bankruptcies, hostile takeovers, and failures in the 1970s and 1980s, subsequent research began to address the cause of these failures (Kalleberg & Leicht, 1991) and the barriers faced by small business owners.

Research indicated many business failures could have been avoided through better planning. Young (2002) reported that the failure of small businesses is driven by problematic barriers and lack of preparedness. Researchers have recognized societal influences, human resource limitations (Gilbert, McDougall, & Audretsch, 2006; Tigges & Green, 1994), access to capital (Thakur, 1999; Verheul & Thurik, 2001), and socioeconomic challenges (Chrisman & Leslie, 1989; Easterly & McCallion, 2007) as key constraints that contributed to the struggles of small business. Other studies focused on limitations of time (Byers & Slack, 2001; Sexton & Van Auken, 1982), personal inadequacies (Kalleberg & Leicht, 1991; McLaughlin & Perman, 1991), training, and the desire to retain control of their business (Bird, 2001; Kalleberg & Leicht). Furthermore, a research study conducted by Rogers et al. (2001) identified economic and structural barriers, such as start-up investment and industry concentration, as being unique frustrations experienced by small business owners.

While socioeconomic conditions and structural barriers are external issues that force owners to adapt to the environment, David (1995) emphasized that internal attributes, which can also hinder the success and survival of a business, are within the power of management, thus instrumental in providing the basis for developing the company's strategy. David mentioned that training and education are essential elements in a business plan preparation. In other words, small business owners have direct control over improving themselves personally and professionally, limited only by their own motivation.

It was this level of motivation that led David (1995) to suggest that small business owners tend to be more stable and successful if they clearly possess technical and business skills, and are passionately driven to mitigate the barriers that attempt to stall or limit their success (Rogers et al., 2001). Furthermore, Tigges and Green (1994) argued that successful entrepreneurs and small business owners are developed through strong network support, training programs, and education. David noted that unless entrepreneurs are motivated and equipped with these skills, they may be prevented from starting a business, maintaining it, or overcoming problems they may encounter.

Another challenge facing small business owners is the ability to grow and sustain a business. It is a fact that small business owners have the passion and desire to be successful (Hughes, 2003); however, the lack of capital and management experience can impede their expansion ability (Hornaday & Nunnally, 1997). Clearly, a relationship exists between economic viability and growth (Hornaday & Nunnally; Hornaday & Wheatley, 1986). A study performed by Kalleberg and Leicht (1991) substantiated this assessment. According to them, the success of small businesses was affected by not only the lack of capital but other critical issues such as industry differences, personal goals, organizational structures, and the personal characteristics of the owner. Success is not explained by listing individual strengths, but, "core competencies or critical resources" (Kalleberg & Leicht, p. 16). Strategic action plans are developed that focus on enhancement of the firm's core competencies. Hence, activities fit and complement one another. Identifying and learning to adjust to these barriers and challenges is crucial to a small firm's chances for success and survival.

The performance of small businesses in survival and success was found to relate to the sophistication and effectiveness of strategic planning in several research studies (Bird, 2001; Byers & Slack, 2001; Kalleberg & Leicht, 1991; Sexton & Van Auken, 1982). Byers and Slack suggested that when effective strategic planning is conducted, the process considers how to overcome and adapt to external and internal influences that could impact success and survival. Research studies have concluded that many businesses failed due to the lack of effective planning. Consequently, the collapse of small businesses, according to Kristiansen (2004), tended to be associated with the failure to employ strategic planning. Research sought to explain certain aspects of strategic planning and concerns associated with its use for small business.

A number of concerns have been consistently raised by scholarly researchers regarding the theoretical foundation of strategic planning. Still (1974) maintained that early contributions toward planning theory at the managerial level were lacking due to deficiencies in a formally established, empirically based descriptive theory of strategic planning behavior in the business environment. Additionally, Still noted a shortage of empirical studies about the strategic planning practices of small business and that there was a low level of integration and synthesis among the various theoretical approaches to strategic planning.

The concerns noted by Still (1974) seemed to be addressed during the 1960s and 1970s as significant developments in management theory resulted in the establishment of a distinct framework of theory concerning strategic planning (Mockler, 1970; Still; Wren, 1972) based on the works of early theorists such as Fayol and Wren. Since strategic decisions and actions are important aspects of a firm's behavior, these developments provided the underpinning for discussions on the planning process relevant to strategic decisions in small businesses and how they are impacted by environmental issues.

Environmental Uncertainty

Several authors contended that environmental pressures increased the need for strategic planning because the uncertainty was an opportunity for gathering information (Ansoff, 1991; Cohen, 2001; Swamidass & Newell, 1987). According to Miller and

Cardinal (1994), firms facing constant changes in their environments would rely on strategic planning to get them through the unpredictability and pressures of environmental conditions. It was Cohen's assertion that strategic planning and nonstrategic decision making were impacted by conditions in the external business environment. In fact, some researchers suggested that formal strategic planning is the first management activity to go in times of uncertainty (Cohen; Heene, 1997; Sanchez, 1997).

In order to understand the nature of the strategic planning and environmental uncertainty relationship, the perceived environment uncertainty and its effect on strategic planning needs to be discussed. Various definitions have been offered for environmental uncertainty such as unpredictability, lack of knowledge for decision making, complexity of alternatives, and degree of objectivity of the external environment (Child, 1972; Duncan, 1972; Matthews & Scott, 1995; Milliken, 1987; Scott & Mitchell, 1976). Furthermore, these descriptions surrounding environmental uncertainty pose the questions to decision makers of "What is occurring or what is likely to occur in my task domain? Given what is occurring in the task environment, how is this likely to affect my organization?" (Matthews & Scott, p. 35).

According to Milliken (1987), researchers are basically examining the response options to these questions when studying environmental uncertainty. "Organizations have to respond to change faster and with greater risk whilst operating in an imperfect internal and external climate" (Briggs & Keogh, 1999, p. 448). In essence, researchers are seeking to explain the type of uncertainty that exists that influences management's inability to understand interrelationships between environmental uncertainty and determinants of strategic planning.

Identifying the determinants of strategic planning has received considerable attention over the past 10 years (Brews & Hunt, 1999; Byers & Slack, 2001; Cohen, 2001). Many factors, such as organizational size, structure, capital, and organizational complexity, have long been determined to be important ingredients in the strategic planning process. Yet the effects of the external environments on the organization have been gaining increasing attention as to their response to environmental changes and impact on strategic planning (Brews & Hunt; Cohen; Hopkins & Hopkins, 1997; Matthews & Scott, 1995; Porter, 1996). These authors maintained that in order to generate a competitive advantage, the process of strategic planning must distinguish innovations created within the organization and those imposed by external forces.

In his conceptual framework identifying variables that described small business owners, Gardner (2004) declared that perception is the key characteristic of environmental uncertainty for small business owners and entrepreneurs. Corroborating this assumption, Bruno and Tyebjee noted

> An entrepreneurial firm typically faces a more uncertain environment and has poorer access to environmental resources than a large firm. Its administrative structure must be sufficiently flexible to react to these uncertainties and sufficiently skilled to improve access to resources. (1982, p. 302)

Additionally, several researchers recognized the key to effective strategic planning is management finding a balance between environmental scanning and their perception of the environment (Aldrich, 1979; Bourgeois, 1980; Hambrick, 1982; Matthews & Scott, 1995).

A company's understanding of both its internal and external environments is one of the most important factors taken into consideration in organizational studies and before an effective strategic plan can be implemented (Aragon-Correa & Cordon-Pozo, 2005). According to Arbnor and Bjerke (1997), a connection exists between the business and environment, that worked together to adapt and develop information toward achieving organizational goals. Thus, some small businesses are influenced by the changing contextual pressures and volatility of their industries (Gratton & Kokolakadis, 1997). They generally have little control over the dynamism of environmental conditions.

This instability, coupled with the fact that small businesses have less tolerance of environmental uncertainty than large businesses (Storey, 1995), means that strategic planning is particularly important to survivability. For example, Matthews and Scott (1995) conducted a study to address the issue of management's perception of environmental uncertainty on small firms and the relationship to strategic planning. In a research study of small businesses, they determined that the approach to environmental uncertainty in small businesses was to decrease strategic planning as perception of environmental uncertainty increased. The authors added that a contributing constraint to the decision was the small firms' resources, as contrasted by large firms' increase in planning despite unsteadiness in the environment.

Bracker and Pearson (1985) echoed this finding in their study of the relationship between perception of the external environment, sophistication of strategic planning, and firm performance. They researched the use of planning consultants and the type of planning sophistication classified into one of four categories: structured strategic planning, structured operational planning, intuitive planning, and unstructured planning. The authors noted that understanding a firm's perception of the external environment is warranted. The results of their study were substantiated by Rue and Ibrahim's (1998) findings that the use of sound, sophisticated planning systems greatly enhances the firm's chances of success and survival.

While there is extensive literature available on how environmental uncertainty impacts decision making in larger firms, it has been minimally explored in small firms (Aldrich, 1979; Jauch & Kraft, 1986; Matthews & Scott, 1995). According to Lindsay and Rue (1980), perceived environmental uncertainty greatly influenced strategic planning in large firms. However, there is little empirical evidence on the impact of uncertainty on planning in small firms (Matthews & Scott). Yet, regardless of firm size, the perception of environmental uncertainty is important in decision making and the development of strategy.

In a study conducted by Matthews and Scott (1995), the findings revealed that as environmental uncertainty increased, the likelihood of strategic planning by small firms decreased. Thus, small business owners spent more time addressing the day-to-day and short-term operations rather than strategically planning for the future. In this same study, Matthews and Scott noted that the opposite occurred with large firms. That is, their response to environmental uncertainty was to increase strategic planning practices. The reason given by the researchers for the divergence in small and large firms' reactions to environmental uncertainty is time and human constraints experienced by small firms, as also noted by Byers and Slack (2001).

Furthermore, Fredrickson (1984) found that small firm business managers with little managerial expertise were less certain as to how to respond to an unstable environment. Added to the uncertainty of their response options and time constraints, many small businesses viewed the need for strategic planning as negligible (Fredrickson).

Limitations brought on by environmental uncertainty and the inability to influence market conditions were justification for small business owners to view strategic planning as an irrelevant process (Fredrickson; Matthews & Scott, 1995). Nevertheless, it is these very reasons that give rise to the appropriate conditions for small firms to conduct strategic planning. Miller and Cardinal (1994) clarified that when dealing with an uncertain environment, a readjustment between the business strategies is generally in order.

The value of strategic planning and role of environmental uncertainty were evident in studies conducted by Miller and Cardinal (1994). The researchers pointed out that strategic planning was critical to the respondents in order to compensate for the unpredictability that their firms faced during constant changes in the environment. A similar study (Hopkins & Hopkins, 1997) agreed that considerable amounts of strategic planning would be essential to enable firms to “cope with changing, unpredictable conditions and highly turbulent environments” (Cohen, 2001, p. 19).

Another point to consider, according to Eisenhardt and Bourgeois (1988), is that due to the instability of the environment, the information obtained through the strategic planning process can quickly become obsolete and unusable. Hence, it has been suggested that as a result of pressures generated from environmental uncertainty, firms decrease the amount of strategic planning. Cohen (2001) extended the work of Eisenhardt and Bourgeois, in interviews with company executives in order to better understand the impact of environmental uncertainty on strategic planning. Cohen stated that a formalized strategic planning process is the first management activity to go during periods of environmental uncertainty. The author reasoned it is to prevent the potential to make poor business decisions in rapidly dynamic, competitive, and unpredictable environments. Thus, organizations would rather not strategically plan than run the risk of making mistakes that would affect their operations.

Likewise, Matthews and Scott (1995) suggested that in threatening environments, owners are preoccupied with addressing immediate needs and not concerned about achieving a desired future direction for the business. Prahalad and Hamel (1994) also reported that strategic planning is difficult when there are unpredictable and volatile changes. Given the central role of uncertainty in modern organization theory (Downey & Slocum, 1975), it is imperative that organizations formulate a strategy to increase the need for information gathering and strategic planning. This is necessary because future uncertainty and failure to adapt to environmental changes is dangerous to the firm (Ansoff, 1991). Supporting this perspective, Swamidass and Newell (1987) contended that environmental uncertainty increased the importance to gather business data, gain knowledge, and perform strategic planning.

Overview of Strategy

The purpose of strategy is to prepare for future success. Much has been written about organizational direction and the strategy-making process over the past 3 decades (Barbuto, 2002; Chaffee, 1985; Hoskisson, Eden, Lau, & Wright, 2000; Mintzberg, 1994; Mintzberg, Ahlstrand, & Lampel, 2000). Effective strategy helps the organization gain marketing position and maintains a competitive advantage over the competition (Fahey, 2001). Numerous models have been developed to address this issue (Ansoff, 1965; Drucker, 1976, 1988; Hillman & Hitt, 1999). Several theorists have used a wide range of studies and theories in formulating strategic approaches to describe organizational direction. Mintzberg et al. and Chandler (1962) observed that there is a cycle of innovation in strategy. That is, strategy is developing a balance between short- and long-term views that involves innovation, creativity, and consolidation (Mintzberg et al.). The evolution of strategy, noted Mintzberg et al., is characterized by periods of consolidation, use of generic strategies, then information technology.

Some authors have argued that the historical models produce traditional perspectives that do not address the practical and realistic side of strategy formulation in organizations (Hoskisson et al., 2000; Prahalad & Hamel, 1994). Consequently, some synthesis of various perspectives and viewpoints is warranted to better understand an organization's strategy-making process (Barbuto, 2002).

The process of formulating strategy is a valuable management activity. Integrating different strategic approaches may be most conducive in management's decision-making strategy. Indeed, Chandler (1962) established strategy as a key influence on business success. Strategy planning has a long history in the military and has been a part of strategic management in organizations since the 1950s (Goho & Webb, 2003). Drucker (1976) believed that the purpose of strategy was to enable an organization to achieve its desired results in an unpredictable environment. In fact, Quinn provided a useful definition of *strategy*: "A strategy is the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole" (1980, p. 311). According to Thompson et al. (2005)

> A company's strategy is management's game plan for growing the business, staking out a market position, attracting and pleasing customers, competing successfully, conducting operations, and achieving targeted objectives. (p. 3)

Furthermore, Waddell (1988) argued that a culture grounded in strategy-supportive values, practices, and behavioral norms adds significantly to the power and effectiveness of a company's strategic execution effort. To this end, the company's strategy is driven by analysis of the firm's situation, out of necessity of adapting to changing conditions, and learning from experience (Thompson et al., 2005). For instance, Barbuto (2002) proposed a strategy-formulation approach that considered the roles of managers, employees, and environmental factors surrounding the organization. Barbuto's model identified five approaches to strategy making: autocratic, transformational, rational, learning, and political. Synthesis of the historical models with these approaches illustrated a formulation of strategy that focused on the roles of management and the environment rather than characteristics of the organization. Thus, based on this model, preparing for the future required a strategy that evaluated dynamic external environmental conditions as well as internal resources.

In most businesses, the environment has changed from minimal competition and little complexity toward more turbulent, complex conditions (Ansoff, 1991; Drucker, 1976). Increased interdependency makes it necessary to focus on a firm's strategy and increase awareness of relevant aspects of the environment (Borch & Arthur, 1995). Harrison (1996) supported the importance of creating an awareness of a firm's environment, noting that strategic decision makers should seek to identify the social problems and social conditions with which they must deal in the future. Additionally, analyzing a company's internal and external environments is the critical starting point of strategic thinking (Thompson et al., 2005). This required understanding the company's industry, competitive environment, and its internal assessment.

One of the most widely used tools to assess a company's environment is Porter's (1979) five-force model of competition. This model depicts the significance of the effects of environmental changes and trends. It identifies the specific competitive pressures associated with the environmental forces—economic, political, social, and technology—and evaluates the impact on shaping the company's strategy. Porter remarked that strategic positioning of a business gives it a competitive advantage. Moreover, an analysis of the environment is essential in order to determine strategic positioning. These five forces must be examined to determine the state of competition, strategies, and tasks to identify in the company's strategic plan.

Nature and Context of Business Strategies

Anderson and Atkins (2001) distinguished between the strategy concept at the ideas level, and planning at an actions level. They noted that organizations articulate their business plans at the actions level but "the other facets of strategy are not easily articulated or written down" (p. 311). Instead, they can be considered as higher-level ideas that go beyond formalized written plans. Specifically, the ideas reflect whether they are deliberate and the result of specific decisions made in order to achieve desired goals (Beaver & Ross, 2000; Koch, 2000).

A company's strategy is reflected in its actions and business approaches to grow the company. Included in the definitions of *strategy* described by Quinn (1980) and Thompson et al. (2005) is planning as a part of the strategy formulation process. Anderson and Atkins (2001) recognized strategy as a multifaceted formation of activities and that planning encompasses the activities of preparing detailed forecasts of future business actions, activities, and outcomes such as sales and profits. Hence, a focused strategy and the derived plans and actions direct a company's operational plan toward achieving its planned competitive edge (Waddell, 1988). For instance, when thinking strategically, management fashions a strategy that develops its competitive capabilities and competencies in order to explain its present situation and address future circumstances in order to achieve its goals.

Acar, Chaganti, and Joglekar (1985) recognized the basic premise of strategy formulation is the integration of content and process approaches that are developed uniquely for each business situation. They suggested that external or in-house consultants would assume the role of facilitators of internal process to address the needs of the organization. "A synthesis would enhance the quality of both the content of organizational strategies and their implementation" (Acar et al., p. 2). This approach encouraged continual dialogue within the organization and links analysis to decision making to achieve strategic action (Goho & Webb, 2003). The analysis provided a framework for analyzing different approaches and decisions to strategy formation in order to identify appropriate solutions specific to the organization. However, Anderson and Atkins (2001) argued that some approaches may be inappropriate for some small firms where the future is unknowable and the business operates in a turbulent environment.

Another approach to strategy formation, which Mintzberg (1994) referred to as the strategic approach, identified a specific end-point and that the various strategies justified the means to get there through integration of existing models (Anderson & Atkins, 2001). Anderson and Atkins suggested that this conventional approach would include an analysis of the industry (STEP—*sociodemographics, technology, economic,* and *political analysis*), the determinants of profitability of individual firms (Porter's five forces of competition), and review of the internal and external environments (SWOT—*strengths, weaknesses, opportunities, threats*). Syntheses of these themes formed the rationale for developing the preferred strategic plan for achieving the vision of the organization.

Mintzberg (1994) and Drucker (1976) rationalized that strategy formulation is a process by which an integrated system of relatively consequential internal decisions, created by organizational structure, enabled the organization to achieve its desired results in an unpredictable environment. Appropriately, a company's strategy is a blend of actions generated from internal and external approaches (Thompson et al., 2005). For example, although small businesses tend not to engage in systematic planning (Street & Meister, 2004), making the decision to employ external expertise could play an invaluable role in strategy development. The effectiveness of firms employing external consultants was significantly higher than those choosing not to use outside assistance (Robinson, 1982). Robinson also noted that outside assistance was regularly utilized by large firms, although an argument could be made that larger firms have the resources and capabilities to hire outside consultants. Regardless of firm size, crafting and executing strategy are significant core management functions in an organization.

Bracker et al. (1988) identified eight planning components that should be clearly present for small business strategy sessions: objective setting, environmental analysis, SWOT analysis, strategy formulation, financial projections, functional budgets, operating performance measurement, and control procedures. These components of planning formality, according to Robinson and Pearce (1984), enhanced the small business owner's decision process. Osgood (1980) agreed, and emphasized the importance in facilitating preparation and strategic planning.

According to Osgood (1980), *planning* is anticipating what will likely happen in the future and developing strategic plans to take advantage of opportunities that would achieve success and avoid potential operational problems. Undergoing a structured planning process is valuable to small businesses in order to identify factors that may help owners gain a competitive advantage (R. M. Lee & Esterhuizen, 2000; Schrader, Muldord, & Blackburn, 1989; Storey, 1995). Similarly, Bryson's (1988) eight-step strategic planning model focused on a series of fundamental decisions and actions.

When an organization decides to commit to strategic planning, Bryson's (1988) model effectively links internal and external variables to formulate strategies to achieve organizational goals incrementally, over a period of time. Bryson concluded

> Often the simplest and most effective way to achieve a big win is to organize a series of small wins informed by a strategic sense of direction, and there are advantages of winning small—time after time—instead of trying to win big once. (p. 15)

To this end, strategic management literature has suggested that small firms that devise more formalized and sophisticated strategic plans typically adopt a wider variety of alternative strategies than nonformal planners, and that this increased attention may be associated with increased growth (Lyles, Baird, Orris, & Kuratko, 1993).

Bounded Rationality

The theoretical underpinnings of strategic planning behavior are driven by the notion of bounded rationality (Simon, 1978), that is, the confidence in conducting strategic planning is undermined by environmental constraints that may or may not be within the control of the small business owner (Byers & Slack, 2001; Simon). The owner may be more inclined to engage in strategic planning based on her or his personal belief of the value in the process. The theory of bounded rationality can affect organizational structure and pose threats to reasonable decision making. This assumption led Byers and Slack to believe that the structure of authority is influenced by decisions of management.

Bounded rationality has been useful in strategic decision making (Dean & Sharfman, 1996) and in how a person's behavior may direct the decision (Simon, 1978) in planning. This theory is relevant when considering the role played by the emotions and motivations of small business owners when, and if, they conduct strategic planning. Studies conducted by Hancyk (2004) and Storey (1995) identified personality variables of the CEO as possibly being dominant factors that influenced strategic planning behavior and, ultimately, the decisions. However, the data were insufficient to allow analysis of causal relationship.

Jennings and Beaver described the planning process for small businesses as one of "closeness of the key role players to the operating activities being undertaken, in which the relationships are quite informal with no definitive duties or responsibilities within the organization" (1997, p. 65). Given the more intimate business connection between the small business and owner than is found with larger firms and shareholders (Storey, 1995), personal values can permeate the strategic planning process. Although both small and large firms experience the volatility of the external environment, some researchers emphasized the key characteristic that exerted the greater impact on decision making is the internal environment, such as degree of motivation and time commitment (Byers & Slack, 2001; Gray, 1992; R. M. Lee & Esterhuizen, 2000; Storey). Gray went on to say that the high degree of informality usually found in small businesses influenced the degree of complexity in decision making. For example, the personal objectives and motivations of the small business owner often restrict the decision to conduct strategic planning.

According to Byers and Slack (2001), the business objectives are strongly influenced by the personal aspirations because it is difficult to separate personal and professional objectives. Thus, any investigation of strategic planning cannot be explored in isolation of the key influences of the owner (Byers & Slack; Jennings & Beaver, 1997). The personal motivations and goals of many small firm owners are often those of "independence and autonomy, rather than profits and growth" (Gray, 1992, p. 61). Case in point, researchers argued that small firms are not always concerned with growth (Gray; R. M. Lee & Esterhuizen, 2000). Being their own boss and having freedom to make their own decisions may be more important than profit maximization (R. M. Lee & Esterhuizen).

Consequently, Gallante (1986) suggested as a result of their need to be self-sufficient, the likelihood of small business owners to engage in strategic planning for long-term decision making is diminished. "Bounded by the relatively limited time, skills, and resources available to them and their emotions, personal motivations, etc., small business managers appear to be less able to engage in systematic, sophisticated forecasting or rational strategic planning" (Sexton & Van Auken, 1982, p. 22). This behavior aligned with Still's (1974) assertion that differing levels of rationality and formality of strategic planning are associated with certain characteristics of the small business owner philosophy and personal motivation.

Are decision makers rational? Do they carefully make decisions from all available information and take advantage of opportunities favorable to the organization? Research findings revealed that the extent and quality of strategic planning sophistication was determined by the owners or CEOs of the businesses (Robinson & Pearce, 1984). Sexton and Van Auken (1982) pointed out that the level of strategic planning sophistication must be considered. Robbins (2005) argued that individuals operate within the confines of bounded rationality, management's capacity to rationally solve complex problems. To this end, Simon's (1978) theory encouraged a more critical analysis of internal constraints when exploring the basis of strategic planning in small businesses.

Strategic Planning Behavior

Due to the prominent role of small businesses and their impact on the national economy (Gaskill, 2001; Hornaday & Nunnally, 1997; SBA, 2005), interest is increasing in identifying factors associated with operational behavior that leads to strategic decisions (Brache & Bodley, 2007; Matthews & Scott, 1995; Robinson & Pearce, 1984; Sexton & Van Auken, 1982; Storey, 1995). Research studies have been conducted to analyze strategic planning behavior from a rational perspective that pertains to the nature and extent of behavior with respect to essential elements of the decision-making process (R. M. Lee & Esterhuizen, 2000; Robinson & Pearce; Storey). Keats and Bracker (1988) maintained that much of the literature on strategic planning behavior is prescriptive and lacks theoretical foundation. Nevertheless, Brache and Bodley pointed out there is theoretical and empirical support showing that internal and external factors can impose constraints upon the management of small businesses with regard to decision making.

While small business strategic planning behavior has been described as unstructured, irregular, and incomprehensive (McLaughlin & Perman, 1991; Sexton & Van Auken, 1982), Van Kirk and Noonan put the value of strategic planning for small businesses into perspective: "Although a good plan is not enough in itself to save a firm, it can increase the chances for survival" (1982, p. 2). Likewise, other researchers have acknowledged the importance of strategic planning and that good planning is a key to success (Branch, 1991; Brokaw, 1992; Hillidge, 1990). Literature strongly supported the argument in which Jones (1982) stated planning not only increases the success rate but affects the level of performance. Logically, the behavior of management should be to employ strategic planning as a major task, particularly because resources may be minimal and the need exists to maximize those resources.

Strategic Planning

Many researchers have studied strategic planning, its significance, and impact to small businesses (Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson, 1982; Sexton & Van Auken, 1982). The strategic plan guides organizational decision making to align strengths and opportunities to maximum performance (Keller, 1990; Kotler & Murphy, 1981). Furthermore, Schwenk and Shrader (1993) and Street and Meister (2004) agreed that small businesses could benefit from the value of strategic planning. Organizations conduct strategic planning because they believe in its value to the firm's success. The strategic planning process helps organizations identify the optimal link between the organization and its environment to achieve success.

In order to better appreciate the nature of strategic planning, it is important to discuss the definition to comprehend the role of strategic planning in small businesses, the planning process, content of small business strategies, challenges small businesses face, and to gain insight on the benefits of strategic planning. These issues provided the framework in exploring the complexities of strategic planning in small business.

Strategic Planning Defined

Strategic planning refers to developing a structured scheme for effectively achieving a specific goal or objective that addresses the long-term direction of the organization as a whole (Johnson, 1992; Kumpf, 2004) and identifying the best approach for accomplishing the goals. Planning encourages management to consider diverse strategic business situations and economic activities. Welsh (2005b) elaborated that strategic planning is one of the most pervasive and important management activities today that assists organizations in creating a fit between the organizational goals and the ever-changing environments. Similarly, Keller (1990) added that strategic planning is the process that transitions organizations from their present state to a future direction.

Moyer (1982) defined strategic planning as the process of decision making that identifies basic values and needs to be addressed by the firm, establishes the patterns of goals and objectives to be achieved, and sets important guidelines and procedures for achieving them. Furthermore, Bryson expressed strategic planning as “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it” (1988, p. 11).

Other authors framed strategic planning as a process by which an integrated system of relatively consequential decisions, created by organizational performance, enables an organization to achieve its desired results in an unpredictable environment (Drucker, 1976; Mintzberg, 1994). For instance, Osgood (1980) described strategic planning as anticipating what will likely happen in the future and developing strategic plans to take advantage of opportunities that would help achieve success and avoid problems. A closer examination of these discussions indicated that all the authors emphasized strategic planning is an essential management function. Simply put, strategic planning is identifying plans of action for the future and making decisions on how to get there.

Similar to the previous definitions but from another perspective, Schmidtlein and Taylor elaborated that "the primary focus of strategic planning is on enhancing institutional adaptation to the external environment" (1996, p. 4). Schwenk and Shrader found their analysis of several small businesses was "consistent with the claim that strategic planning promotes long-range planning, reduces the focuses on operational details, and provides a structured means for identifying and evaluating strategic alternatives, all of which improve the firm performance" (1993, p. 60).

Regardless of the preferred definition of strategic planning, once established, the process continues through evaluation. When assessing the quality of strategic planning, Phillips and Appiah-Adu (1998) and Sexton and Van Auken (1982) advocated measuring the effectiveness against four key strategic planning design parameters: formality, participation, sophistication, and thoroughness. Bryson (1998) argued that the worth of strategic planning is enhanced by helping management to think and act strategically, and the extent to which it could boost the chances of the firm accomplishing its goals (David, 1995). The literature on strategic decision making suggested that many executives make poor choices due to their lack of planning experience (Byers & Slack, 2001; Chrisman et al., 1987; Jones, 1982; Smeltzer et al., 1991; Walsh, 2005). Thus, the type of planning sophistication and level of management involvement play into the appropriateness of decision making.

Arguably, this happens because of incomplete information, improperly structured information, perceived inability to analyze the environment, or natural human tendencies in the decision-making process (Chrisman & Leslie, 1989; Sexton & Van Auken, 1982; Walsh, 2005). In small businesses, strategic planning tends to be concentrated around one or few individuals. It has been suggested that the benefits of strategic planning are directly related to the degree of emphasis management exerts on strategic planning activities (Hopkins & Hopkins, 1997).

Strategic planning, as a concept, can be traced back to Fayol's emphasis on the importance of the element of planning to the management businesses. Fayol stressed the need for management to develop short-, medium-, and long-range plans in response to dynamic environmental conditions (as cited in Still, 1974). The available management techniques at the time were not sufficient to address the business problems. Therefore, Ansoff (1976) argued that managers were forced to develop new management approaches and techniques.

The new techniques and approaches to management were imbedded in strategic planning. Several researchers contended that strategic planning is the best rational approach to strategy and future planning for an organization. Furthermore, Schwenk and Shrader (1993) stated that by its very nature, strategic planning encourages firms to think strategically about long-range issues rather than focus solely on short-term, day-to-day details. The concept of strategic planning allows coordination of the firm's human efforts, provides a structured approach to identifying and developing strategic alternatives, and encourages effective allocation of the firm's resources (Drohan, 1997).

The results of in-depth interviews with 16 small businesses in the leisure industry, conducted by Byers and Slack (2001), provided insight into factors that underpin strategic decision making that small business owners faced. Many owners stated that they were constrained by time and limited knowledge, thus did little strategic decision making. The data revealed that the owners engaged primarily in adaptive, quick-response decision making. Adaptive decisions are made in response to situational circumstances, economic conditions, current trends, and environmental changes (Byers & Slack; Jones, 1982; Mintzberg, 1994). With regards to the business's future direction, Byers and Slack quoted one respondent as answering, "We just go day by day, really. We're like chameleons; we pass through, we adapt and change" (p. 130). Hence, the findings suggested that small business owners engaged in little strategic planning, were complacent to long-term strategy making, and that environmental conditions dictated how decisions were made.

J. Lee and Miller (1996), Moyer (1982), and Osgood (1980) established a relationship between strategic planning and growth of small businesses. For example, Larsen, Tonge, and Ito (1998) argued that small businesses flourish when they develop a clear, concise plan for addressing future goals and objectives. The strategic management literature acknowledged that the future direction and success of an organization is established during the early stages of the strategic decision process (Mintzberg, 1994; Pettigrew, 1985; Schwartz & Nandhakumar, 2002). Furthermore, researchers contended that a short-term operational focus sends a dangerous message of management's inability to think strategically (Byers & Slack, 2001; Cohen, 2001; Larsen et al.; Prahalad & Hamel, 1994). Strategic planning keeps companies competitive in today's dynamic environment (Chrisman & Leslie, 1989; Van Kirk & Noonan, 1982; Walsh, 2005). Although the majority of empirical studies on strategic planning have focused on big businesses, scholarly contributions addressing small business planning is growing. However, there was insufficient literature available to get a basic understanding of the strategic management and behavior in large firms.

Are Big Firms Really Different?

While Schwenk and Shrader (1993) argued against the assertion that strategic planning is only appropriate for large businesses, most authors agreed that strategic planning is a viable management tool for all businesses, including small businesses and solo practitioners. The use of strategic planning and preparation is critical to the success of small businesses, and the lack of its use is the vital element missing to achieving long-term success and survival, particularly in light of the fact that the SBA (2005) reported that approximately half of new businesses fail within their first 5 years of operation.

Evidence indicated small business failure rates are significantly higher than the failure rates for larger businesses (Rogers et al., 2001). The reasons cited are associated with poor management, finances, and failure to employ strategic planning management. For instance, Dean and Sharfman (1996) suggested that the failure of small businesses to effectively develop and monitor strategic plans may have severe implications that affect the business success. McLaughlin and Perman (1991) noted that challenges to success and survival were influenced by preparation and planning. In addition, information needs, planning, and support systems have been identified as factors that are attributable to success (Brush, 1992).

Corroborating this contribution, Monck et al. (1988), who extended the work of Sexton and Van Auken (1982), concluded the results of their study supported the literature that there is an association between strategic planning and small business success. Furthermore, the literature suggested the use of the strategic planning process has contributed to the success and growth of small business firms. The companies in the study perceived themselves to be more successful with formal strategic planning. They had consistent growth and fewer challenges with respect to their planning process.

Simon (1978) theorized that small firm owners have less of an appreciation and confidence in the strategic planning process due to the uniqueness of internal and external characteristics epitomized by small firms. The central premise of Simon's theory is that small business owners cannot make rational decisions due to the constraints shaped by their personal motivation, emotions, and managerial experiences. Specifically, small business strategic planning behavior has been described as unstructured, irregular, and incomprehensive (Sexton & Van Auken, 1982). Further research would be helpful in identifying important strategic planning variables and characteristics under which planning is effective.

Despite the evidence that strategic planning has value and is important for all businesses (Bracker & Pearson, 1985; Bryson, 1998; Monck et al., 1988; Osgood, 1980; Robinson, 1982), small firms differ in the process and structure of strategic management. Byers and Slack (2001) and Delmar and Shane (2003) suggested that owner behavior and attitude drive the decision to participate in strategic management. Small business owners typically operate with limited resources, have a lot of energy, and know they are dependent on their own capabilities to succeed. This is not to say, according to Nerone (1997), that big firms do not have challenges, because they do. The fact is their challenges come from a different perspective, greater resources, and different attitude.

Strategic management centers on developing a vision for the future of businesses that will help them survive and succeed (Hambrick & Chen, 2005; Hornaday & Wheatley, 1986; Schwenk & Shrader, 1993). The pressures of survival in an industry are usually greater for smaller firms than larger businesses (Hornaday & Wheatley). Therefore, understanding the implications of differences in strategic management, how organization size influences strategic planning and behavior, and business challenges in small and large firms is important. Beaver and Ross (2000) noted that strategic management is a predictive process for large firms, whereas for small firms it is an adaptive process. This contrast is primarily due to the firm's competitive market position and level of resource.

Although researchers concerned with organizational size have noted that what applies to large firms may not necessarily be appropriate for small ones (MacMillan, 1987), there is not a lot of empirical evidence that comparatively investigates business tactics and strategic approaches between small and large firms (Hambrick & Chen, 2005).

Organizational size or industry market share typically defines if a firm is small. Hitt, Hoskisson, and Ireland (1990) contended that a firm's size can dictate the relationship with other important constructs, such as structure and degree of planning. As a result, Hofer (1975) identified size as a critical contingency variable that judiciously impacts the relationship between strategy and performance. For example, much of the planning literature referred to the relationship of businesses establishing goals to return a specified profit and provide measurable milestones. Additionally, size has been shown to affect growth, changes in the organization, and innovation (Hitt et al.).

Large size generally is advantageous for firms in terms of experience, brand name recognition, market power, and economies of scales (Hambrick & Chen, 2005; Hambrick & Crozier, 1985). Conversely, Fiegenbaum and Karnani (1991) argued that smallness in a firm offered greater flexibility in production and enhancing risk-seeking behavior. Hambrick and Chen found in their study of the competitive moves of 28 major airlines of various sizes that small firms tended to be more active than large ones in initiating competitive actions and moves. This finding is in line with the theoretical argument that size may breed complacency and resistance to adaptation (Hornaday & Wheatley, 1986). On the other hand, large firms are quicker to respond and adapt to environmental uncertainty and competitive reactions. Interestingly, Hambrick and Chen concluded, "When the findings on response announcement speed and visibility are taken together, it appears that small airlines tend to hold their fire, calculating well-developed, visible responses; large airlines act quickly but in rather straightforward, unexciting ways" (p. 474).

While there are numerous studies on how perceived environmental uncertainty impacts decision making for large firms, this phenomenon has been minimally researched for small firms (Aldrich, 1979; Bruno & Tyebjee, 1982; Matthews & Scott, 1995). Debates have evolved in the literature on the effect of environmental uncertainty and its role in strategic planning. Many of the arguments that have emerged from these discussions have considered the roles of management, as well as environmental factors surrounding the organization, when articulating strategy-making decisions (Barbuto, 2002). For example, Matthews and Scott surmised that large firms tend to increase planning during times of environmental instability while small firms, constrained by their resources and range of strategic planning options, are more likely to do less planning and focus on day-to-day operational activities (Dandridge, 1979; Robinson & Pearce, 1984).

Given the diverse perspectives addressing strategic planning and the available literature covering this issue, descriptions of various strategic approaches are needed to grasp a better understanding of strategic planning. There are a variety of strategic planning models available that can assist small businesses in developing a structured plan for achieving goals and providing a vision for the future. In order to be effective, a visionary strategic plan must be embraced by senior management. “Visionary leaders help people to see how their work fits into the big picture, lending people a clear sense not just that what they do matters, but also why” (Goleman, 2002, p. 57).

Strategic Planning Models

Strategy planning models have evolved in definition, processes, and focus since the 1950s (Mintzberg, 1994). According to Goho and Webb (2003), early models focused on SWOT analysis methods. In later years, strategic planning designs centered on quantitative and qualitative strategy formulation. Then, the authors stated, environmental scanning was recognized as an essential activity to understanding the external forces impacting organizations. Focusing on organizational transformation as the key to strategic planning was the foundation for subsequent strategic planning models that included the concepts of competitive advantage, strategic intent, and core competencies

(Goho & Webb; Porter, 1996; Prahalad & Hamel, 1994). However, strategic planning will only be effective if it is embraced by key decision makers at the top who are willing to engage in the strategic process (Gable, 1999; Hancyk, 2004).

SWOT Analysis as a Key Planning Tool

A scan of the internal and external environments is an important step of the strategic planning process. SWOT analysis is a framework for generating strategic alternatives from a situation analysis (Anderson & Atkins, 2001). Environmental factors internal to the organization are classified as strengths (S) and weaknesses (W), whereas those factors external to the firm are identified as opportunities (O) and threats (T). The important aspects of a SWOT analysis are drawing conclusions from the listing about the company's overall situation and acting on those conclusions to develop a strategy that would allow the business to meet its goals. By understanding these four aspects of the situation, a firm can better leverage its strengths, correct its weaknesses, capitalize on opportunities, and deter potential threats (Barker & Smith, 1997).

The SWOT assessment is a tool for identifying a company's resource capabilities and deficiencies, its market opportunities, and the external threats (Thompson et al., 2005). It provides information that is useful in matching the resources and capabilities to the competitive environment. As such, it is instrumental in strategy formulation. For example, a firm may have a better chance of developing a competitive advantage by identifying a fit between the firm's strengths and opportunities (Thompson et al.).

Bryson

The strategic planning model developed by Bryson (1988) gives a small business a strategic sense of direction. It exemplifies the linkage of variables necessary to achieve organizational goals and success. According to Bryson, strategic planning activities involve gathering of key decision makers for their discussion of what is important for the organization in order to make decisions and take actions that improve organizational performance. He went on to say that the structured strategic thinking process entails an eight-step course of action: (a) development of an initial agreement, (b) identification and clarification of mandates, (c) development and clarification of mission and values, (d) external environmental assessment, (e) internal environmental assessment, (f) strategic issue identification, (g) strategy development, and (h) description of the organization in the future. These fundamental elements of strategic planning, argued Waddell (1988), give a business direction, bring consistency to its operations, and keep a focused target.

Bryson's (1988) strategic planning model focused on a series of fundamental decisions and actions. After an organization decides to commit to strategic planning, Bryson's model effectively links internal and external variables to formulate strategies to achieve organization goals incrementally, over a period of time. He concluded

> Often the simplest and most effective way to achieve a big win is to organize a series of small wins informed by a strategic sense of direction, and there are advantages of winning small—time after time—instead of trying to win big once. (p. 15)

Kumpf

Kumpf's (2004) strategic planning model incorporated some of the same elements as Bryson (1988) and added some unique approaches that are described in a five-step process. He suggested that developing and implementing a strategic plan required (a) developing a vision of the goal, objective or condition to be achieved; (b) identifying the major obstacles or constraints for achieving the vision; (c) developing new approaches and directions for overcoming and/or eliminating the obstacles to achieving the vision or goal; (d) preparing a step-by-step action plan for implementing these approaches or methods; and (e) monitoring the implementation of the plan on a regular, periodic basis.

The rationale for Kumpf's (2004) process is because strategic planning provides management and employees with a structure plan for pursing the goals and objectives of the business and gives them measurable milestones to monitor the progress. Bracker and Pearson (1985), Branch (1991), Jones (1982), and Hillidge (1990) supported this idea because they argued that planning is a key to success, although is not mandatory.

Kotter

Kotter (1996) authored a strategic planning guide that first identified eight common errors that resulted in failures in companies and strategic plans. He then offered an eight-step structured process to effective strategic planning. The steps are

1. Establishing a sense of urgency
2. Creating a guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering broad-based action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture

The foundation of Kotter's (1996) technique is proactive and provides corrective action tasks to eliminate common errors. He suggested that the strategic planning process must proceed in the previously prescribed order, otherwise change "rarely works well" (p. 24).

Similar to Kumpf's (2004) strategic planning steps, Kotter (1996) emphasized the importance of developing a vision and new approaches to guide the change efforts and strategies to effectively achieve the goals of the firm. He pointed out that the direction of the organization was contingent on first establishing a sense of urgency to analyze the environment and the company's market position.

Steiner

The assessment of past performance and environmental analysis are the primary dimensions of Steiner's (1979) model. Steiner hypothesized

> The essence of strategic planning is the systemic identification of opportunities and threats that lie in the future, which in combination with the other relevant data provide a basis for a company's making better decisions to exploit the opportunities and to avoid the threats. (p. 13)

There are several angles to understand strategic planning from this model. The planning premise is devised from the initial decision to "plan to plan and substantive information needed in the development and implementation of plans" (Steiner, p. 18).

Information gathering includes determining the expectations of outside interests, internal sources, and environmental scanning. But anticipating outside interests may not be easily determinable. However, Weick (1995) noted, when environmental uncertainty exists, businesses should endorse the environment in the sense that they should be aware of these changes and respond accordingly, rather than just reacting to those changes. Steiner (1979) suggested that formulating the plan encompasses developing major strategies, the mission, objectives, and planning at various intervals. Throughout the process, implementation and review takes place “and provides management with information to control or redirect plans” (Barker & Smith, 1997, p. 291).

Barker and Smith

The Barker and Smith model includes all the “inherent elements of strategic planning . . . mission statement, SWOT (strengths, weaknesses, opportunities, threats) analysis, goals, and a hierarchy of plans to support these goals” (1997, p. 300). Rather than a collaborative effort of the entire organization, Barker and Smith placed strategic planning as the responsibility of the owner or top executive. The model includes assessment and feedback as follow-up to any decision. It provides “for an assessment of the outcomes of the plans to determine if the goals have been met” (Barker & Smith, p. 300). Their model is intended to provide guidelines and framework for organizations to develop goals or strategy formulation that aligns with its vision. Similar to Steiner (1979), Barker and Smith’s model is based on hierarchical planning, feedback, and evaluation of the process.

Kotler and Murphy

According to Kotler and Murphy (1981), strategic planning uses the information from a SWOT analysis to examine the organization’s current goals and determine its future direction. Their model includes careful analysis of the environment, review of internal resources, formulation of goals, strategy development, aligning organizational structure, and improving systems design. Kotler and Murphy provided details for each step including environmental scanning and conducting a SWOT analysis. After analysis of the environment and resources, goal formulation requires creation of goals and objectives that are aligned with the firm’s mission. Then, strategy formulation includes developing tactics that will give the business a competitive advantage in the marketplace. Organizational and systems designs are developed to support and carry out the strategies.

Whereas formal planning is not required and does not guarantee small business survival, the successful small business owner usually goes through this process. “Having timely, relevant information, creating the opportunity for reflection, focusing on a competitive edge, and putting meaning into a budget are just as essential to a small business as they are for a large business” (Waddell, 1988, p. 32). With this said, a formalized strategic planning system forces a structured and disciplined decision-making process.

Challenges of Strategic Planning

McLaughlin and Perman (1991) noted that challenges to success and survival are influenced by preparation and planning. Much of the confusion and negativity surrounding strategic planning is primarily due to the lack of understanding of the process or failure to put the plan into action (Adubato, 2005). Despite the search for creative initiatives of doing business, some organizations continue to struggle to retain their competitive edge (Dyason & Kaye, 1995). Prior research produced conflicting views on the perception of strategic planning. Outside of government regulations, Chrisman and Leslie (1989) found that some small businesses believe they are challenged in administrative and operating areas such as accounting and marketing. Still, Kaufman (2000) stated, a well-written strategic plan defines how the business can survive and grow. On the other hand, Peterson (1984) concluded that strategic planning was the most important issue to small business. Thus, while most authors have acknowledged the importance of strategic planning and that good planning is a key to success (Bracker & Pearson, 1985; Branch, 1991; Brokaw, 1992; Hillidge, 1990; Peterson; Robinson & Pearce, 1984), some studies contradicted this assumption and suggested that administrative difficulties were the cause of business failures (Davis et al., 1981; Little, 1983).

Regardless, a common theme suggested that strategic planning may be important, but it becomes a challenge because some business owners fail to recognize it.

> The challenges to small businesses are clear: find the areas that fit their marketing capabilities, utilize human and financial resources to the fullest, and provide an adequate return on invested capital. A well-designed strategic plan can go far toward meeting these challenges. (Van Kirk & Noonan, 1982, p. 7)

In addition, small businesses are challenged by the level of strategic planning sophistication. While small and large firms possess different resources and capabilities, Aragon-Correa and Cordon-Pozo (2005) claimed that innovations and ideas widely accepted for larger firms are also useful for small firms. Research findings also reveal that the extent of strategic planning sophistication was determined by the CEO.

It has been established that small businesses are critical to the economy. However, other challenges such as structural barriers, societal influences, socioeconomic conditions, and the effective use of time can impact the level of success for the small business (McLaughlin & Perman, 1991). The key, based on research by Tigges and Green (1994), is the amount of time dedicated to business preparedness that owners demonstrate when they start a business. Time is a critical component for survival. Barkema, Baum, and Mannix (2002) implied that in order to be competitive, forward-thinking companies must embrace new challenges by consistently setting aside time to stay abreast of emerging trends and technological advances. Fredrickson and Mitchell (2001) considered time a crucial element of research in causal relations comparisons of X and Y variables in the measurements of the variables. Interestingly, the recognition of time in research is an element that is not consistently used. Time is a principal element for those conducting research and knowledge creation, yet it has also been neglected or overlooked in some research designs. This is to say that exploring the role of time from the small business owner's perspective may provide practical evidence about the use of strategic planning in small businesses. Consequently, strategic plans can take a variety of forms, tailored specifically to the business to identify the best practices and action tasks for effectively achieving organizational goals.

Viewing strategic planning as a process, organization leaders shape the future by moving closer toward the vision of the organization, which is built on its strengths and takes advantage of the opportunities in the community (Goho & Webb, 2003). Proponents of strategic planning insist it is a key management tool that must be implemented. The most important practical step for infusing a strategic plan is to get it "off the shelf and implement it" (Paris, 2004, p. 121). According to Monck et al. (1988), strategic planning, as a most effective management tool, is lacking in small businesses. McQuaig (2006) concurred, reporting that only 20% of small business owners practice strategic planning despite evidence that strategic planning is linked to business success.

Additionally, David (1995) noted that the value of strategic planning is measured by the extent to which management uses it in decision making and the likelihood that the firm could achieve its goals. Typically, these decisions concern an organization's mission, mandates, financing, or organizational design (Bryson), and follow an eight-step strategic thinking process. Strategic thinking, which relies on intuitive thinking, is an activity that must be ongoing. Porter (1996) described this type of strategy as the entrepreneurial edge.

Small Business Practices

Dyason and Kaye (1995) stated that the long-term failure of companies is not a conceptual failure but is attributed to the lack of finding better ways to do business. In general, achieving business excellence is accomplished through strategic planning by developing a range of activities demonstrating best practices and business intelligence to predict today and plan for the future (Briggs & Keogh, 1999; Dahlgaard et al., 1998; Peters & Waterman, 1982; Wiseman, 1995). Tentative conclusions from several studies suggested that planning activities are advantageous to small firms when they are substantive, relatively informal, incorporate external input, and are concrete in addressing objectives (Bracker & Pearson, 1985; Robinson, 1982; Still, 1974; Thurston, 1983).

Of the array of activities for implementation, Harrison considered strategic planning to be “the most significant activity engaged in by managers” (1996, p. 46). Cohen (2001) agreed that conducting strategic planning is a valuable managerial activity. As well, Robinson and Pearce noted the success of small businesses is dependent “on the quality of strategic decisions made by the principals in such businesses” (1984, p. 136). In fact, Steiner suggested that strategic planning has become “inextricably interwoven into the entire fabric of management” (as cited in Phillips & Appiah-Adu, 1998, p. 2). Review of empirical literature on small firm planning appears to confirm this expectation

(Cohen; Robinson & Pearce). Simply put, strategic planning has emerged as a best practice management tool.

Effective strategic planning clearly requires defining specific and achievable goals, along with identifying techniques that can enhance the process (Cohen, 2001; Jones, 1982; Phillips & Appiah-Adu, 1998). A best practice approach that has proven beneficial in guiding and assessing the strategic planning process is benchmarking (Jennings & Westfall, 1992). Camp quoted David T. Kearns, chief executive officer of Xerox Corporation, in his description of benchmarking as "the continuous process of measuring products, services and practices against the toughest competitors or those companies recognized as industry leaders" (1998, p. 2). If implemented effectively, benchmarking can be viewed as a catalyst for continuous improvement and enhancement of the strategic planning process.

Another best practice in planning activities is turning to outside consultants for strategic planning assistance. At times, the best strategic decision is to seek external assistance. A growing amount of literature has evolved describing the importance of outsiders in improving the effectiveness of strategic planning and financial performance of firms (Bracker & Pearson, 1985; Goho & Webb, 2003; Robinson, 1982). One of the first studies on external expertise was conducted by Robinson to assess its value on strategic planning for small firms. Based on his findings, he concluded that there were significant benefits associated with the assistance of outsiders in the strategic planning process. Later research on the impact of strategic planning (Bracker & Pearson) and outsider assistance (Chrisman et al., 1987) agreed with Robinson's findings that performance is enhanced when small firms develop strategic plans with the help of external consultants.

The role of outsiders in strategic planning is different for large firms as compared to small firms. Lindsay and Rue found that “the degree of openness in long-range planning processes is directly related to the degree of environmental complexity and instability for large firms, but inversely related for small firms” (1980, p. 402). Large firms’ response to uncertainty was to increase strategic planning practices (Matthews & Scott, 1995). It appears Matthews and Scott were of the opinion that firm size is a critical variable in strategic business decisions.

The literature suggested that the outcome from planning activities on small firm operation is enhanced when outsiders are involved in the planning activity (Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson, 1982; Robinson & Pearce, 1984). The idea has merit in assisting firms with strategic planning. However, it is not clear as to the best approach in using outsiders in small firm planning activities (Robinson & Pearce). As Chrisman and Leslie noted, small business clients appeared to benefit from outsider assistance for strategic, administrative, and operating problems. On the other hand, they indicated that the major benefit was more in administrative and operating assistance, such as advice on reducing costs, rather than specific strategic planning.

The results of a study of small firms in the dry cleaning industry conducted by Bracker and Pearson (1985) suggested that consultants whose expertise is in strategic planning play two different roles in assisting small businesses in the development, implementation, and control of sophisticated strategic planning processes. Their findings reveal that outside consultants are valuable in supporting the firm in adapting to environmental change and offer services which develop ways to increase organizational efficiency. This was substantiated by findings from Orpen (1985) in that the quality of planning advice and expert knowledge of outside consultants is the most important determinant in achieving success and stability.

In contrast, Smeltzer et al. (1991) reported that the results from 111 interviews with small business owners disclosed that the firms that engaged in outside-based strategic planning with advisors were more effective and successful than those businesses that did not. Indeed, Krentzman and Samaras (1960) and Robinson and Pearce (1984) contended that the value of outside services is most effective when they offer not only assistance in development of specific strategic plans but are involved in the execution. This assessment was confirmed by Fann and Smeltzer (1989), who concluded that small business owners individually devote more time and energy to the strategic planning when they have assistance.

Many authors are in agreement that the practice of strategic planning and substance of the detail plans are advantageous to small firms (Bracker & Pearson, 1985; Orpen, 1985; Robinson, 1982). Unfortunately, for the commonly cited reasons of lack of knowledge of the planning process, time, limited expertise, and environmental uncertainty (Krentzman & Samaras, 1960; Robinson & Pearce, 1984), few firms utilize strategic planning (Chrisman & Leslie, 1989; Sexton & Van Auken, 1982). Furthermore, the results of a study conducted by Chrisman and Leslie suggested that further research is needed to determine the exact nature of the relationships among strategic planning, outsider assistance, and small business performance.

Robinson (1982) concluded from a study that compared changes in performance of 101 small firms in Georgia that small firms benefit most when they hire outsiders to assist with strategic planning. Incorporating outsiders in the planning process can supplement management deficiencies and provide a more direct contribution to best practices in management decision making (Borch & Arthur, 1995; Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson; Sanford, 1982; Sexton & Van Auken, 1982; Still, 1974). Thus, the principal implication in these studies suggests that external expertise is most helpful in administrative and strategic planning for the small business.

Additionally, a research study conducted by Smeltzer et al. (1991) offered further insight into supporting and understanding the use of outsiders. The authors concluded that small businesses were more effective when they engaged in strategic planning with the assistance of external expertise, which can provide knowledge and expertise that the owner may not possess. Specifically, Smeltzer et al. offered that seeking advice from outsiders such as accountants and attorneys, particularly early on in establishing a new business, was rated very high by the respondents. Therefore, realizing they need assistance, the challenge to small business owners, noted Timmons (1986), is to identify among the many advisors available the one who would best fit their firm's specific need and benefit them the most in planning the future direction.

Summary

To achieve success, small business owners need effective methods for connecting planning to decision making (Barry, 1998). Literature has suggested that strategic planning is the connecting link. Barry viewed strategic planning as a flexible and adaptive approach to “envisioning the future and putting strategies into place to achieve a particular vision” (p. 34). The importance of strategic planning as a key management tool for small business success and survival has been written about extensively (Brews & Hunt, 1999; Smeltzer et al., 1991; Walsh, 2005). Yet, a common reason for poor success in small business is the failure to employ strategic planning.

Small businesses are critical to the U.S. economy in providing jobs, helping entrepreneurs achieve success, and are instrumental in developing technological advancements (Tigges & Green, 1994). Growth is a vital measurement of any thriving business. The number of small businesses has been rapidly growing since the 1970s (Bates, 2001). Still, the barriers and challenges remain. Some studies have revealed that small business owners face structural barriers, societal influences, personal inadequacies, human resource limitations, and socioeconomic challenges that impact the level of success for the small business (McLaughlin & Perman, 1991; Rogers et al., 2001). Common reasons attributed to the success or failure of small businesses were related to planning and management’s decision-making skills (Bruno et al., 1987; Christopher, 1998; Kristiansen, 2004; McQuaig, 2006; Robinson, 1982).

Appropriately, research found that larger firms regularly practice strategic planning (Chrisman & Leslie, 1989; Van Kirk & Noonan, 1982; Walsh, 2005). Although the majority of empirical studies on strategic planning have focused on big business, scholarly contributions addressing small business planning is growing. As suggested by Still (1974) over 30 years ago, there is still a need to create knowledge that addresses both formal and rational aspects of strategic planning as a distinct problem area in small business environments, and the development of strategic planning methods that focuses on small businesses.

Several conclusions emerged from the literature review of strategic planning. First, a well-designed strategic plan can go far toward meeting the challenges and struggles normally unique to small businesses. Many authors, such as Bryson (1988), Chandler (1962), Chrisman and Leslie (1989), McQuaig (2006), Robinson (1982), and Schwenk and Shrader (1993), supported the importance of strategic planning and its potential benefits while also acknowledging some of its limitations.

Second, strategic planning can help organizations to focus on what is fundamental, particularly when it is associated with radical organizational shifts or in response to rapid changes in the environment (Bryson, 1988). Considering the impact environmental uncertainty has on the level of strategic planning in small firms, promoting and encouraging its use is dependent upon researchers developing a framework for dealing with environmental changes (Cohen, 2001). Many authors contended because of the pressure of environmental uncertainty, these conditions increased the need for gathering information and strategic planning (Cohen; Matthews & Scott, 1995; Robinson, 1982; Swamidass & Newell, 1987). Furthermore, Swamidass and Newell suggested that the lack of strategic planning may contribute significantly to the failure of small businesses.

Third, many business owners feel inadequate and unprepared to plan long-term; thus, they summon the services of consultants to provide expertise in strategic planning. Research should examine the role of experts, such as strategic planning consultants, in assisting small business owners with their strategic planning needs. Whether small firm owners conduct strategic planning themselves or seek outside assistance, evidence indicated that the use of sound, sophisticated strategic planning, tailored to the specific needs of the business, may enhance a firm's chances of survival and success (Bracker & Pearson, 1985; Cohen, 2001; Chrisman & Leslie, 1989; Rue & Ibrahim, 1998).

Finally, the results of several studies from the literature review suggested numerous factors impact small business owners' decision-making process. The results provided insight into the constraining factors that drive small business owners' decision to conduct strategic planning (Byers & Slack, 2001; Dean & Sharfman. 1996; Fredrickson, 1984). The decisions of small business owners appeared to be primarily adaptive (Mintzberg, 1973). That is, due to their perceived inadequacies, decisions were made in response to environmental circumstances including competitors, current trends, and economic conditions (Byers & Slack). The authors concluded that decisions were made in quick response to changing conditions rather than strategic plans for the future direction of the business.

Arbnor and Bjerke (1997) reported that organizations and the environment evolve together and continuously interpret, react, and adapt to information from the environment. The literature suggested that the key to success for all businesses is to recognize, identify, and interpret environmental changes in order to develop a step-by-step plan for attaining company goals. Hence, employing qualitative research to investigate real-life situations, such as the use of strategic planning, bring to light challenging social issues and complexities that affect everyday living and generate interest for creating knowledge and business strategies (Robson, 2002). Still suggested that in order to create knowledge that addresses both formal and rational aspects of strategic planning for small businesses, researchers must "first understand the problems peculiar to their environment" (1974, p. 13).

The value of best practices employing external involvement has been studied, yet there are few empirical studies on the effectiveness of outside assistance in strategic management for small businesses (Borch & Arthur, 1995; Goho & Webb, 2003; Robinson, 1982). Since there are few empirical studies on the importance of outsider assistance (Robinson), and recent studies have indicated that external expertise is effective in helping small businesses, exploring how external expertise has been used as best practices in the strategic planning process is gaining attention. Thus, this research sought to determine if information emerges through the interviews about the value, if any, in the use of external/outside experts.

Consequently, since the value of small businesses to the economy has been corroborated and the SBA (2005) has substantiated the high failure rate of these entities, an opportunity exists to further explore the utilization and effectiveness of strategic planning in small businesses. Scholarly research that investigates the impact of strategic planning and identifies specific components for conducting strategic planning for small business continues to be warranted. For this reason, Borch and Arthur (1995) proposed that in-depth studies be conducted that explore both the array and diversity of strategic activities and implementation.

This study addressed the gaps exploring the role of strategic planning in small businesses. It investigated the extent to which small businesses utilize a strategic plan. In addition, there is a need to conduct research that identifies best practices associated with small business strategic planning. Utilizing a phenomenological research method, through interviews with small business owners, this study gained a better understanding of how small businesses conducted strategic planning, the challenges they faced, and best practices they developed.

CHAPTER 3. METHODOLOGY

Introduction

This chapter describes the research methodology of the study. Specifically, it addresses the research design and methodology, population and sample, instrumentation, data collection procedure, and data analysis. The purpose of this study was to explore the strategic planning process in small businesses. In particular, the study assessed the extent to which small businesses in north and northwest Omaha, Nebraska, have a formalized strategic plan. The study also sought to better understand how small businesses conduct strategic planning, what challenges they faced, and what best practices they identified and/or developed.

The following research questions guided this study:

1. To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?
2. How do small businesses in north and northwest Omaha conduct strategic planning?
3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?
4. What best practices have small businesses in north and northwest Omaha identified and/or developed?

Research Design and Methodology

A phenomenological qualitative research approach provided the framework for this study. Specifically, a qualitative approach was chosen over a quantitative method because it created the best opportunity to explore and understand the salient processes of strategic planning in small businesses. With regard to the phenomenological approach in particular, the goal of this method of research was to reduce individual experiences with a phenomenon or human experience to a description of the universal essence of the experience (Creswell, 2003).

As Patton (2001) noted, phenomenological inquiry focuses on the essence of the experience of the phenomenon for people. The phenomenon being experienced in this study was strategic planning. To this end, since the study was interested in exploring how small businesses conduct strategic planning, a phenomenology method was more appropriate because the researcher tried to gain insight into a phenomenon through personal experiences (D. R. Cooper & Schindler, 2006; Creswell, 2007; Moustakas, 1994; Palloff & Pratt, 1999). Through the use of interviews, the phenomenological approach helped to gain a better understanding of strategic planning in small businesses.

Creswell (2003) and Moustakas (1994) pointed out that phenomenology research is effective when the researcher is studying a small number of subjects to develop patterns and relationships of meaning. Moustakas elaborated that a phenomenological study describes the meaning of experiences for several individuals. Thus, this allows the researcher to arrive at the essence of the experiences by clustering the statements into themes. Patton (2001) agreed that research oriented toward lived experiences from multiple participants should employ interviews using phenomenology research. In fact, when the researcher writes a composite description that presents the essence of the experiences, Polkinghorne explained that the reader comes away from the phenomenology with the feeling, “I understand better what it is like for someone to experience that” (2005, p. 46). Consequently, this study used interviews to explore the individual experiences of small business owners in north and northwest Omaha from their perspective.

Polkinghorne (2005) advocated the use of interviews for gathering information because they are one of the most effective instruments to depict rich, personal experiences. Moreover, Patton claimed that the objective of interviews "is to get high-quality data in a social context where people can consider their own views in the context of the views of other[s]" (2001, p. 335). In the words of Yin, "Interviews are an essential source of case study evidence because most qualitative studies are about human affairs" (1994, p. 85). Another reason for using interviews, according to Seidman (1998), is to obtain an in-depth description of the phenomenon as experienced by the individual. Furthermore, Creswell (2003) declared that interviews allow the interviewer to clarify the questions, if needed. Hence, the interviews for this study offered the opportunity to bring to words how strategic planning is conducted in small businesses and the challenges and best practices the owners experienced. The interviews captured the participants' experiences with strategic planning.

According to D. R. Cooper and Schindler (2006) and Yin (1994), interviews are the primary data collection technique in qualitative research because they "tend to be longer and more detailed, tend to seek greater depth of response, and tend to be more open-minded in their construction to allow for phenomenological input from respondents" (Palys, 1997, p. 155). Thus, interviews were used in this study since they are effective in assessing the likely response of participants and get an overall analysis of the issue. Indeed, Geertz referred to interviews as a "thick description" (1973, p. 5) of understanding the natural history of events or lived experiences of the persons who share the culture.

Historically, interviews form the basis of a complete study to explore new research areas through the collection of rich, valuable, descriptive qualitative data of the phenomenon under investigation (Malterud, 2001; Morgan, 1997). They are an opportunity for the researcher to spend time with study participants and offer flexibility in gathering the data. In this study, the use of phenomenology-based interviews captured a picture of the participants' career journey experience as small business owners and dialogued with them in order to gain insight into their perception of strategic planning and how it was conducted. Malterud reasoned that interviews enabled participants to represent the experience by permitting them to express a personal understanding of a situation from their perspective. Additionally, the researcher observed the respondents' behavior during the interviews or listened to their tone during the telephone interviews.

Population and Sample

The participants for this study were 15 small business owners with fewer than 20 employees each, restricted to a location in north or northwest Omaha, Nebraska. They were identified from a population of small business owners meeting the criteria for this study in a membership directory of small business owners, located in Omaha, which has categorized its members by size and location within the city. The strategy in selecting participants was primarily one of convenience as long as the businesses met the criteria. The participants were randomly selected through convenience sampling, meaning the businesses were in close proximity to the researcher, who lives in northwest Omaha and/or the businesses were located in north Omaha. In addition, the north Omaha geographic location is undergoing intense economic development and expansion. The sample included diverse industries, a mixture of single-owner businesses, those with fewer than 20 employees, and various locations within the geographic population area.

The researcher first reviewed the listing of small businesses in north and northwest Omaha to get an idea of the type of businesses that met the criteria. Utilizing convenience sampling, the researcher scanned the membership directory of small businesses in north and northwest Omaha in order to confirm at least 15 participants who conduct strategic planning. The researcher called 24 businesses and selected 17 who agreed to participate in the study. Each of the businesses confirmed by telephone that they conducted strategic planning. This process of convenience sampling continued until the researcher selected 17 participants from this directory. Robson (2002) stated that a sample is built when it enables the researcher to satisfy her specific needs in a project. The list of participants satisfied the purpose of the study. Figure 1 displays the results of the convenience sampling.

The researcher e-mailed the 17 participants a cover letter and consent form describing the research study. In order to ensure a sample size of 15, two additional consent forms and cover letters were e-mailed (total 17), in case any participant later decided not to participate in the study. Of the 17 letters e-mailed, 15 participants agreed to participate in the study (one person declined and the other failed to respond to the request). A follow-up telephone call was made to each owner to confirm his or her commitment to participate in the research study. Figure 2 shows the results of those affirmations from the consent forms e-mailed.

During the telephone conversation, the researcher explained the purpose of the study and scheduled the interview. Prior to conducting the interview, the researcher collected the signed consent form that was either mailed or faxed. The researcher later personally picked up the original of the faxed forms. Eleven interviews were conducted at the owner's place of business and ranged from 20 minutes to 75 minutes. In order to accommodate the schedule of the remaining participants, 4 interviews were conducted and tape-recorded by telephone. After transcribing the data, they were e-mailed through a secure Web site to the participants for their review.

Interviews were conducted with those owners or CEOs who were receptive and consented to participate in this project. The prospective participants could refuse to participate or withdraw from the study, after initially giving their consent, at any time. The consent form stated that the interview is voluntary and the interviewee may decline to withdraw or answer questions.

A convenience sample provided the researcher with the wherewithal to complete the study in a timely manner, although it limited generalizability of the study's results (D. R. Cooper & Schindler, 2006). The sampling strategy of convenience was justified because the researcher could access the sites and easily collect data (Creswell, 2003). It saved time, money, and effort, yet extensive data to address the research questions could still be collected. Additionally, convenience sampling was permitted based on the researcher's judgment that the participants would provide data to support an understanding about a particular phenomenon (Creswell, 2007; Morse & Richards, 2002). In this regard, the sample was based on their ability to bring differing perspectives about strategic planning for small businesses.

The membership directory of the small businesses to obtain the sample contained nearly 3,600 businesses, representing two thirds of the businesses in the metropolitan area. Around 35% (1,272) of the members were headquartered in north and northwest Omaha. Of this number, approximately 69% (878) had fewer than 20 employees. Despite the fact that this study did not have a large sample size, the small sample was in line with Geertz's (1973) argument that while qualitative research has a smaller number of respondents, it brings quality and richness of the respondents' personal experiences. Miles and Huberman (1994) concurred that small sample sizes are relevant for qualitative research.

Instrumentation

Interviews comprised the data collection vehicle employed for this study. A semi structured interview guide (Appendix A) was used to answer the study research questions and ensure consistent flow of the interview. Denzin and Lincoln (1994) advocated the use of semi structured interviews because they provide a broader qualitative perspective and do not limit the field of inquiry. The interview questions were constructed from the literature review and with the assistance of subject matter experts. Prior to conducting interviews, each participant was required to sign a consent form agreeing to a personal interview. In addition, the researcher outlined the plan for maintaining confidentiality, a statement of ethical considerations, and included any documents related to the ethical treatment of human participants.

The purpose of the interview guide was to reduce interview bias, maintain organization, and ensure all participants were asked the same questions in the same order

(Patton, 2001). The instrument was developed with assistance from subject matter experts, who are identified later in this chapter. Table 1 charts how the interview questions (see Appendix A) aligned with the research questions. Open-ended questions captured the respondents' full perspective concerning strategic planning and allowed for clarification in follow-up questioning. In addition, the researcher asked each participant the following questions to compile demographic information:

1. How long have you been in business?
2. What is your highest level of education?
3. What is the current form of your business ownership (e.g., sole proprietorship, corporation, partnership, etc.)?
4. Why did you start your business?
5. What type of business do you own?
6. What is your gender?
7. What is your ethnicity/race?
8. What is your age?
9. How many people do you employ?

In each of the 15 interviews, the underpinning themes that guided data collection were (a) understanding how small businesses conduct planning, (b) strategic planning is fundamental in achieving organizational goals, and (c) achieving business excellence is a range of best practices to predict today and plan for the future. Thus, consistent with the purpose of the study, the qualitative interview questions were designed to address the following research questions:

1. To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?

2. How do small businesses in north and northwest Omaha conduct strategic planning?

3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?

4. What best practices have small businesses in north and northwest Omaha identified and/or developed?

Table 1. Research Questions and Interview Protocol

Research questions	Interview questions
Demographic information	1, 2, 3, 4, 5, 6, 7, 8, 9
1. To what extent do small businesses in north and Omaha conduct strategic planning?	10, 11, 12
2. How do small businesses in north and northwest Omaha conduct strategic planning?	13, 14, 15, 16, 17, 18
3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?	19, 20, 21, 22
4. What best practices have small businesses in north and northwest Omaha identified and/or developed?	23, 24, 25, 26

Reliability

Reliability can be addressed in qualitative research in several ways (Silverman, 2005), such as a good quality tape for recording, detailed field notes, enhanced transcribing, effective coding, and the use of computer programs to assist in recording and analyzing the data (Creswell, 2007). Silverman defined *reliability* as the extent to which other researchers would arrive at similar results using the same sample. After the researcher transcribed the data, with assistance from a professional transcriber, a copy of the transcript was given to the respective participant. The participant was asked to review it to make sure the information was an accurate reflection of the interview. Reliability in this study was achieved through rigorous literature review, data management, and utilizing the procedures suggested by Silverman.

Validity

Validity is the degree to which the test instrument is accurate and measures what it is intended to measure. Thus, validity was achieved if the interview tool measured if small businesses conducted strategic planning. With regards to validity, Yin (2003) and Miles and Huberman (2002) suggested three fundamental tests to determine the validity of a research design: (a) construct validity, (b) content validity, and (c) face validity. Construct validity is a way of assessing validity by investigating the degree to which inferences can be made from the interviews to the presumed theoretical constructs (Miles & Huberman). This was addressed by the in-depth interviews and literature review on strategic planning in small businesses. Two subject matter experts (Appendix B) were used to provide content validity of the interview questions in order to avoid duplication and ambiguity. Face validity was obtained through the subject matter experts' judgment of the instrument for wording, format, and clarity, in addition to the data acquired from the pilot interviews. As a result, validity of the interview guide in this study was achieved by incorporating the subject matter expert panel, pilot testing, and careful literature review.

After reviewing the literature, Kline (2005) recommended using subject matter experts to produce evidence of content validity of the instrument. DeVellis (2003) agreed that reliability of instruments is strengthened from a group of experts for the purpose of collecting and distilling knowledge to generate and refine items that eventually lead to developing the final instrument in the study. The expert panel for this study consisted of two members who are familiar with strategic planning and provided content analysis of the interview questions. The first member was a content expert proficient in strategic planning and small business. The second panel member was an expert in the interview guide development and process. After the initial interview guide (Appendix C) was developed, it was piloted with two small businesses selected from the study population. See Appendix B for more information and description about these panel members.

Pilot Study

A pilot study was conducted to ensure relevance and effectiveness of the interview guide. The purpose of the pilot study was to check for accuracy and recalibrate the questions, if necessary. Yin (2003) recommended the use of a pilot test to refine the interview questions, data collection plans, and procedures. The initial interview questions (Appendix C) and data collection procedures were tested in a pilot study with the owners of two small businesses to ensure relevance and effectiveness of the interview guide. Question development was guided by the literature review and reviewed by the subject matter expert panel (Appendix B). Pilot testing of the interview guide and data collection procedures allowed the researcher to practice interviewing and data analysis (Seidman, 1998). After pilot testing, the initial interview questions were recalibrated and the final interview guide constructed (Appendix A). Twenty-six questions were asked (9 demographic and 17 addressing the research questions) of each participant.

Data Collection Procedures

The semi structured interviews were approximately 1 hour in length and held at each owner's place of employment or by telephone, if that was the participant's preference, during a time that allowed for uninterrupted dialogue. Creswell (2003) emphasized that the interview be conducted in a quiet location, free from distractions. Testing for consistency across time and with the participants provided standards by which to judge the quality of the interviews (Polkinghorne, 2005).

The researcher used a tape recorder with high definition reception to ensure quality recording of the conversation. Additionally, the researcher took some notes during the interviews. For a few of the interviews during the questioning, the researcher asked for clarification of responses. Creswell (2003) recognized that a tape recorder is essential since quickly transcribed notes may be incomplete and partial because of the difficulty of asking questions and writing answers at the same time. Consequently, it is important to have an effective recording device.

The data collection took place over the course of 2 weeks. The interviews were recorded on audio-taped files using a digital recorder. The files were then transcribed by the researcher with assistance from a professional transcriber who was compliant with the Health Insurance Portability and Accountability Act (HIPAA). The files transcribed by the professional were given to the researcher in the form of an original hard copy of the transcribed report and the tape-recorded file with the transcribed data on it. The researcher then transferred the information to her password-protected computer for safekeeping and analysis.

Ethical Considerations, Researcher Bias, and Anonymity

The researcher used extreme care to make certain confidentiality of information, data protection, and anonymity of the participants were safeguarded. Additionally, full disclosure of the project was made to the participants. A statement reflecting the intention of the researcher to maintain the integrity of the study was included. The research project included informed consent documents. There was no disrespect or harmful treatment of the subjects, all interviews were recorded, and the participants were given a copy of their own personal interview.

Ethical issues can arise in any research and must be addressed. The data obtained in a qualitative research project are from the personal lives of the participants (Polkinghorne, 2005). This creates the need for the researcher to present the evidence from the perspective of the participants with minimal bias. Thus, care and appropriate means must prevail so as to not misinterpret the responses from the participants. Creswell (2003) insisted that the participants and research sites must be respected. The data interpreted from this research project were accurate and verified.

The effects of bias in the researcher can be a concern, as they influence analysis during and after data collection. However, Strauss and Corbin (1998) noted that it is nearly impossible for a qualitative researcher to be completely free of bias by nature of being human. Consequently, it is essential to recognize that potential biases may exist, and the researcher must be committed to take the necessary steps to guard against them when collecting and analyzing data. The researcher was free from bias as much as possible when she conducted the interviews, did not have any errors in the verification techniques, and did not have preexisting beliefs, which could have happened, according to Miles and Huberman (1994).

The names of the participants and their businesses are not revealed in the study. Upon request, a summary of the findings or copy of the dissertation was given to the participant for his or her use. It was the researcher's wish that the data and analysis of information collected would be of benefit to the participants in their strategic planning process.

Data Analysis

According to Merriman (1998), data analysis is the process of trying to make sense out of the information collected. Merriman observed that this involves consolidating, reducing, evaluating, and interpreting what people have said and what the researcher has seen and read. The evaluative criteria must articulate that the richness and thickness of the data collected in the report thoroughly describe what phenomena is happening and why (Miles & Huberman, 1994). Hence, the objective of data analysis is to promote quality in the investigation. This assertion is partially summarized in the philosophy of Strauss and Corbin, who commented that "We create theory out of data. If we do it correctly, then we are not speaking for our participants but rather are enabling them to speak in voices that are clearly understood and representative" (1998, p. 56). Additionally, the data collected were evaluated with the literature review, particularly regarding how the data relate to the strategic planning models.

The data collected from the interviews were analyzed by extracting themes from the words and stories generated from the interviews. The process involved the tasks suggested by Creswell (2007):

1. Read through the written transcripts several times to obtain an overall feeling for them.

2. Identify significant phrases or sentences that pertained directly to the experience.

3. Formulate meanings and clustering them into themes common to all of the participants' transcripts.

4. Integrate the results into an in-depth, exhaustive description of the phenomenon.

5. Validate the findings with the participants, and include participants' remarks in the final description.

Miles and Huberman (1994) and R. M. Lee and Esterhuizen (2000) offered additional steps to perform during data analysis, some that are more unique than those suggested by Creswell (2007). They suggested the researcher (a) review the research questions and key variables to ensure the participants responded to the objectives of the study, (b) decide on the categories of the variables to prepare for coding, (c) draw a rough sketch of the themes to uncover relationships among the concepts, (d) import the transcribed interviews and secondary data into a qualitative analysis software program, (e) analyze reports generated from data, and (f) draw a tentative conclusion.

The transcribed interviews were categorized and coded descriptively according to a combination of the previous guidelines (Creswell, 2007; R. M. Lee & Esterhuizen, 2000; Miles & Huberman, 1994) to reduce the amount of information and to focus on the issues identified in the problem statement and research questions. Codes were developed that related to the problem statement, research questions, and themes. Throughout the process, comparisons were made of the coding and participants' responses in order to find common themes. Descriptive codes entail little interpretation; rather, they attribute a class of phenomena to a segment of text (Miles & Huberman; Strauss & Corbin, 1998).

Prior to beginning the interviews, Miles and Huberman (1994) suggested the researcher create a provisional list of codes that describes the conceptual framework, research questions, problem areas, and/or key variables. The researcher will develop categories of the research variables, codes, and possible list of themes. According to Robson (2002), qualitative data rapidly accumulates and can be overwhelming. The material is unstructured and difficult to deal with; thus, coding provides a solution. Gust, Bruce, and Johnson (2006) wrote that themes will formalize about halfway through the interview process.

A code is a symbol applied to a section of text to classify or categorize it (Creswell, 1998; Robson, 2002). Codes are typically related to research questions, concepts, and themes. They are retrieval and organizing devices that allow the researcher to find and then collect together all instances of a particular kind. The development of pattern codes is an integral part of coding and visually describing what seems to go with what. Selective coding is constructed to develop an emerging theme in understanding the data and lay the foundation for subsequent analysis. The data are arranged based on categories and placed in chronological order by reviewing and coding the data that are collected (Creswell). It is very important to manage the qualitative study correctly in order to provide the preferred analysis techniques.

The qualitative computer application software program QDA Miner was used to facilitate data analysis in addition to the researcher's qualitative coding. Computer software packages designed for qualitative research are valuable for time management and to assist in capturing, organizing, and analyzing vast amounts of languaged data. Several qualitative experts (Creswell, 2003; R. M. Lee & Esterhuizen, 2000; Robson, 2002) recommended utilizing qualitative software to better manage data and facilitate their use. Since the conversations were taped, the software program and the researcher's coding helped to organize and analyze the transcribed data.

Summary

The purpose of this study was to explore the strategic planning process within small businesses and gain an understanding of how small businesses conducted strategic planning, what challenges they faced, and best practices the owners identified and/or developed. This chapter described the qualitative methodology that was utilized to conduct in-depth interviews of 15 small business owners or CEOs in north or northwest Omaha, Nebraska. Chapter 4 presents the results and analysis from the data collected.

CHAPTER 4. RESULTS

Introduction

This chapter reveals and explains the findings from the research conducted. A qualitative study utilizing a phenomenological design was employed in order to understand how small businesses conduct strategic planning, the challenges they faced, and what best practices they developed. Fifteen small business owners participated in this study. The data were analyzed and organized into the following sections: (a) Response Rate, (b) Participants, (c) Demographic Information, (d) Data Analysis of Research Questions, and (e) Summary. Chapter 5 will discuss the findings.

Response Rate

The sample size for this study was expected to be 15 small business owners who (a) had fewer than 20 employees and (b) operated a business in north or northwest Omaha. In order to ensure a final sample of 15 participants, the researcher e-mailed 17 participants a cover letter and consent form describing the research study. Two additional consent forms and cover letters were e-mailed to ensure a final sample of 15 in case any participant later decided not to participate in the study.

A follow-up telephone call was made to each owner to confirm his or her commitment to participate in the research study. The first 15 who agreed to participate in the research study and signed the required documents were the final sample size. Of the 17 letters e-mailed, 15 participants agreed to participate in the study (one person declined and the other individual failed to respond to the request), thus achieving an 88% response rate.

Participants

The participants for this study were 15 small business owners with fewer than 20 employees located in north or northwest Omaha, Nebraska. They were identified from a population of small business owners meeting the criteria for this study in the membership directory of small business owners. The participants were randomly selected through convenience sampling, meaning the businesses were in close proximity to the researcher, who lives in northwest Omaha, and/or the businesses were located in north Omaha. The north Omaha geographic location was appropriate because a coalition of citizens recently formed a network to develop and implement a strategic plan for economic development and expansion in that area. Additionally, the sample included diverse industries, a mixture of single-owner businesses, those with fewer than 20 employees, and various locations within the geographic population area.

Utilizing convenience sampling, the researcher scanned the membership directory of small businesses in north and northwest Omaha in order to confirm at least 15 participants who conduct strategic planning. The researcher called 24 businesses and selected 17 who agreed to participate in the study. Each of the businesses confirmed by telephone that they conduct strategic planning. Robson (2002) stated that a sample is built when it enables the researcher to satisfy her specific needs in a project. The list of participants satisfied the purpose of the study.

During the telephone conversation, the researcher explained the purpose of the study and scheduled the interview. Prior to conducting the interview, the researcher collected the signed consent form that was either mailed or faxed. The researcher later personally picked up the original of the faxed forms. Eleven interviews were conducted at the owner's place of business. In order to accommodate the schedule of the remaining participants, 4 interviews were conducted and tape-recorded by telephone. The interviews took place at each owner's business and ranged from 20 minutes to 75 minutes. After receiving the transcribed data from a professional transcriber, they were e-mailed through a secure Web site to the participants for their review.

Demographic Information

The 15 participants in this study were a diverse mix of business industries, including form of business ownership, age, level of education, gender, ethnicity, years in business, and number of persons employed. This section provides descriptive data about the people who participated in the study. Participants were identified only by the order in which the interviews took place. For example, interview 1 was the first person interviewed, interview 2 was the second interview, and so forth.

Of the 15 participants, 10 (67%) businesses were owned by women and 5 (33%) were owned by men (Figure 1). As shown in Figure 2, the sample was diverse in terms of the type of products and services the small businesses provide in the community. This research study included small business owners from the service industry, retail, sales, accounting, insurance, and investments. Ten (67%) of the participants were African American, 4 (27%) were Caucasian, and 1 (6%) was Native American (Figure 3).

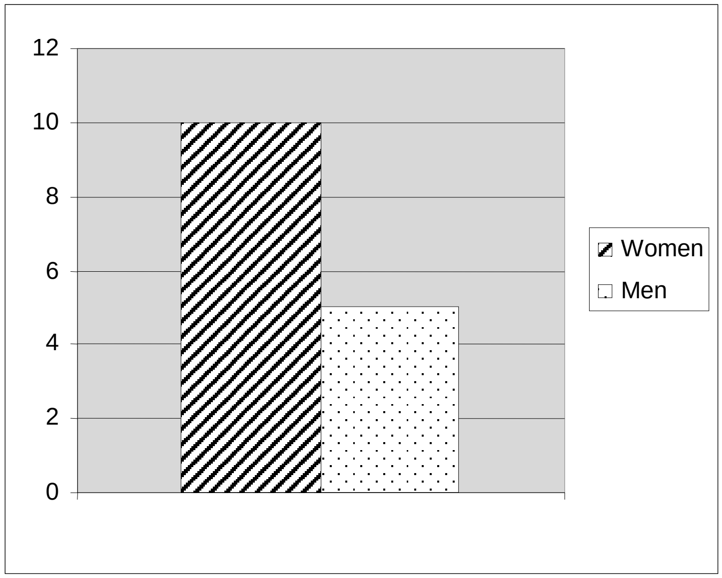

Figure 1. Population gender.

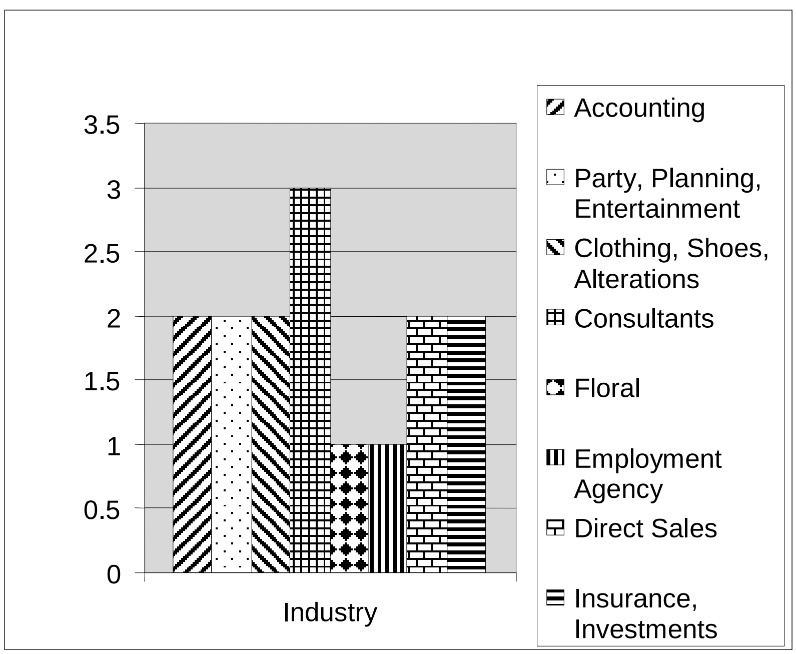

Figure 2. Products/services provided.

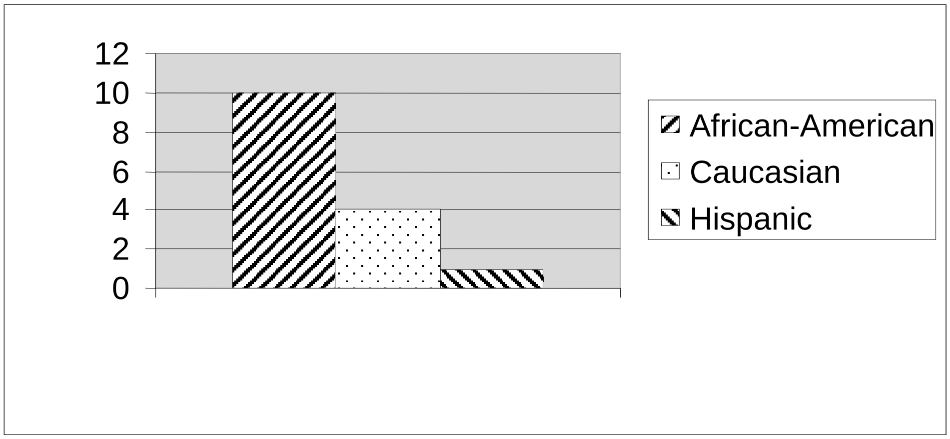

Figure 3. Ethnicity/race.

The youngest small business owner interviewed was 27 years old, while the oldest was 64 years of age. Specifically, 2 (13%) of the participants were between 25 and 30 years of age, 6 (40%) were 41 to 50 years old, 3 (20%) were between the ages of 51–60 years, and 2 (13%) participants were over 60 years of age. Two participants declined to give their age. A summary of these statistics is presented in Figure 4.

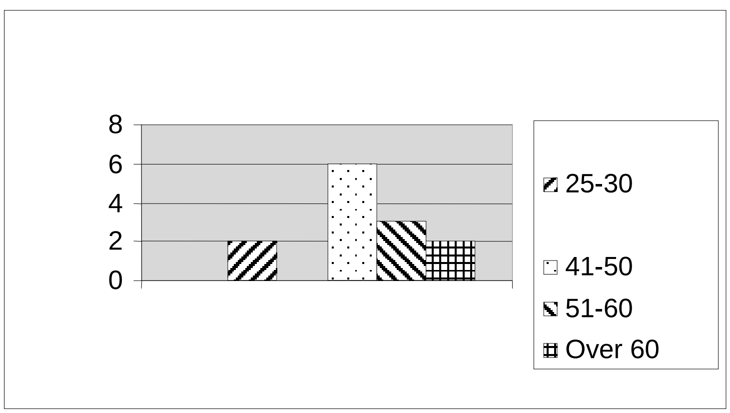

Figure 4. Participants' age.

Two (13%) businesses had operated 30 years are more, 2 owners had been in business 21 to 25 years, 3 (20%) owners indicated business ownership between 16 and 20 years, 3 started their business 6 to 10 years ago, and 5 (33%) had owned their business 5 years or less, including 3 with less than 3 years' ownership (Figure 5).

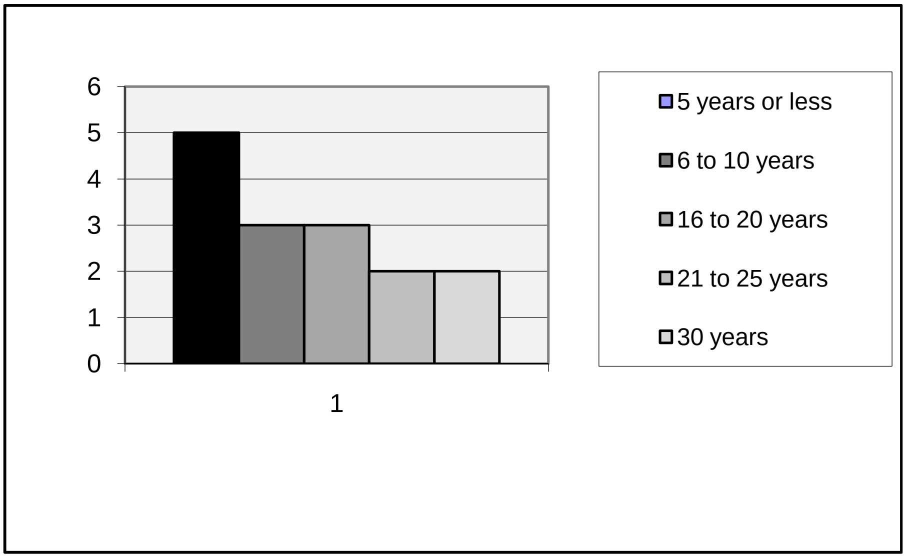

Figure 5. Years of small business ownership.

When asked the number of people they employ, 5 (33%) of the respondents stated 2–5, 2 (13%) participants employed 15–20 employees, 8 (53%) participants employed no one other than themselves, and 3 (20%) had 6–14 employees; Figure 6).

Four (27%) of the small businesses were operated as sole proprietorships, 8 (53%) were incorporated as limited liability corporation (LLC), 1 (6%) business was formed as a partnership, and 2 (13%) businesses were Subchapter S corporations. Figure 7 displays a graphic of the form of business ownership.

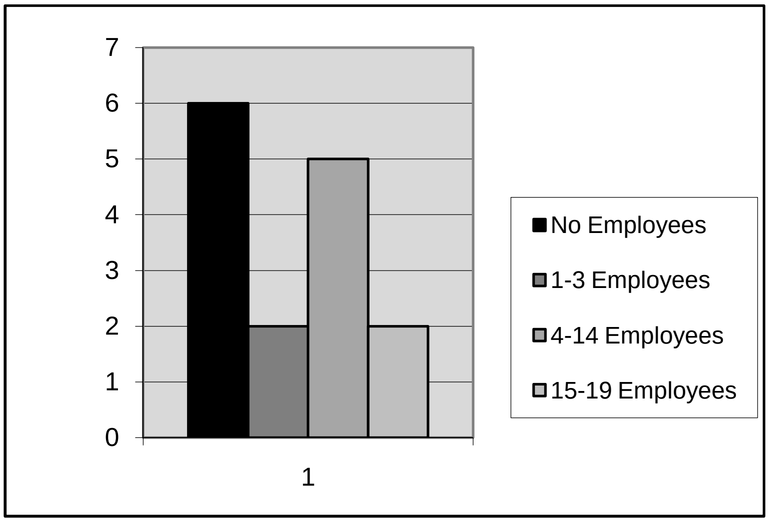

Figure 6. Participants' workforce.

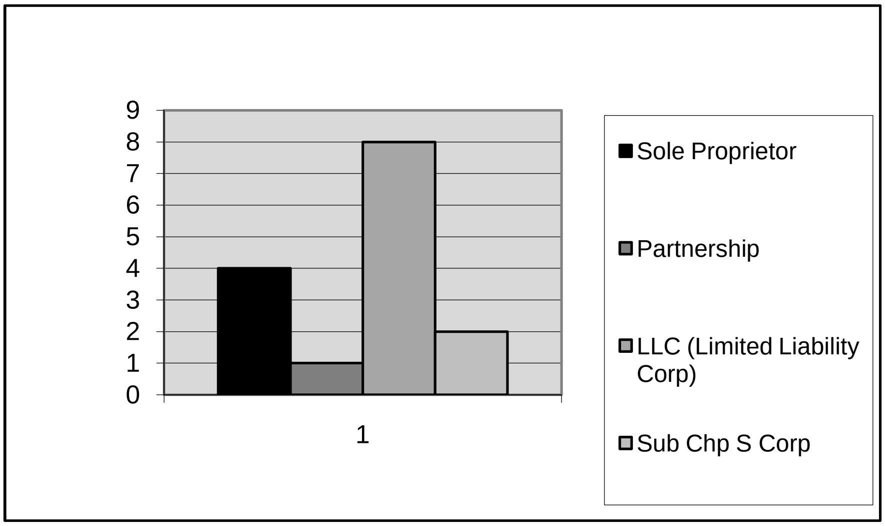

Figure 7. Form of business ownership.

In this study, 13 (87%) of the participants had a college education, including 6 (40%) earning at least a master's degree. Two (13%) had an associate's degree or technical college training. The highest education level for 5 (33%) of the participants was a bachelor’s degree. Two of the participants’ highest education was high school. Figure 8 depicts these statistics. Additionally, 1 of the high school educated participants had been in business 16 years, while the other had operated the business for 2 years. Based on the literature review, Davidson (1991) and Vesper (1990) emphasized that internal attributes such as training and education are essential elements in a business plan preparation. In other words, small business owners have direct control over improving themselves personally and professionally. Hence, Davidson suggested that small business owners tend to be more stable and successful if they clearly possess technical and business skills, and are passionately driven to mitigate the barriers that attempt to stall or limit their success (Rogers et al., 2001).

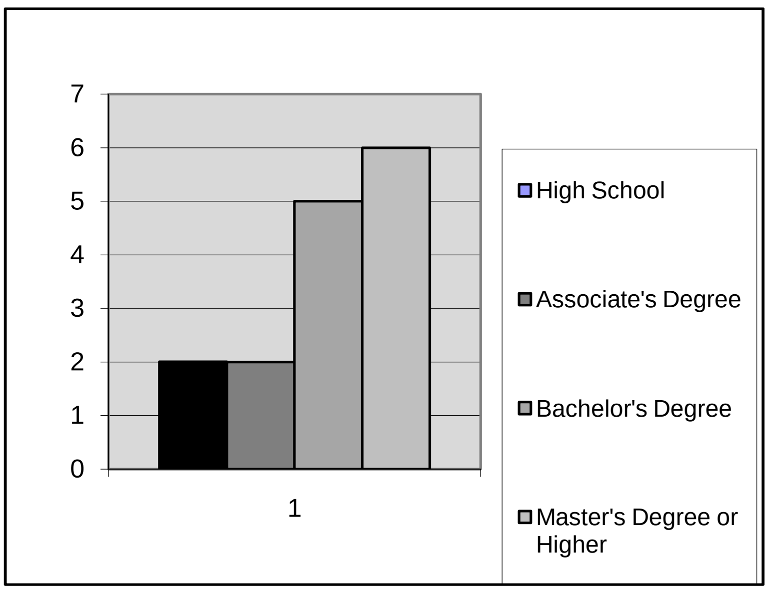

Figure 8. Highest level of education.

When asked why they started their own business, 12 (75%) participants explained that they wanted to get out of the corporate world and become their own boss. Of these, 2 spoke of their desire for freedom and the independence of being their own boss. “I wanted the freedom to do my passion” exclaimed one participant. That sentiment was echoed by another respondent, “I wanted something that would help me to achieve business ownership but not have to answer to anybody but myself.” In the words of another participant in entertaining the thought of self-employment, “Going through the corporate structure was a little more challenging than I thought. I decided that I could do my own thing and do it well.”

Yet another participant described why the road of becoming a business owner was a simple decision:

> I felt like it was the only way that I was going to be able to achieve the success that I thought I deserve. What I mean by that is, I had done a really good job, I think, of preparing myself to start my business. I felt like I was producing results for the company I worked for, but there was a ceiling that I was going to reach there and it wasn’t where I wanted it to end. I decided that based on everything I had done before, and all the research, I decided to give it a shot and do the things that I really thought I could do, so that is why I started my business.

The reason given by the majority of the participants to voluntary enter into the entrepreneur market is consistent with Hughes’s (2003) position that becoming self-employed is a personal decision to seek out opportunities and independence. This was the position of 5 (33%) of the participants, who chose to join the entrepreneur scene because of a need they perceived for the products and services they wanted to offer to the community. Three (20%) respondents claimed that they were self-employed to “make a lot of money.” In the end, the general consensus for starting their business was a desire to achieve success, be independent, and sell a product they believe in.

Data Analysis

The interview questions were coded and analyzed in relation to the research questions. Each question is listed followed by discussion and emergent themes formulated from the interviews. Use of the participants' own words are presented throughout the data analysis, to describe each lived experience of the strategic planning process and to support the literature review.

Research Question 1: To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?

The responses with respect to a formalized strategic plan generated a variety of detailed comments from the interview questions. However, three broad themes emerged upon review and analysis of the participants' replies. The general consensus by 80% of the participants was that a strategic plan, whether written or mentally prepared, keeps them focused on the future direction of the firm. The plan included a SWOT analysis, and it is an opportunity to develop goals. Table 2 depicts how the dimensions supported the emergent themes developed regarding the extent to which small businesses have a formalized strategic plan. Questions 10 through 12 further describe the responses from the interviews.

Question 10: Do you have a formalized, written strategic plan? Ten participants (67%) indicated they had a written plan, while 5 (33%) admitted that although they conduct planning, it is not written.

Question 11: What is your reason for having (not having) a written strategic plan? Participants identified several factors for having or not having a written strategic plan. These responses yielded three primary categories as shown in Table 2: focused direction, time constraints, and an opportunity to develop company goals.

Table 2. Reason for Having (Not Having) Written Strategic Plan

Category	Dimensions
Focused direction of the company	To be successful and stay ahead of curve. You are not all over the place. Create a vision that is in writing. It is a road map, without it, business will fail. Allows me to know where I am going. "A written plan keeps me focused." It is a vision of the company.
Time constraints	Too busy. It is a time consuming process. Feeling of inadequacies and knowledge. When I get time, I forget, but this interview has encouraged me to put it in writing.
Opportunity to develop goals	Decision making is a lot simpler. Can easily address challenges if decision fits written strategic plan. Develop strategies to take advantage of strengths. Create opportunities to expand.

Most of the respondents gave more than one response to the question. Six participants (40%) expressed a sense of urgency in having a written plan because they felt it was a vehicle that drove them to be focused and committed to a vision for the firm. "It allows me to know where I am going," commented one participant. Four of these participants added that in order to be successful and stay ahead of the curve, a written plan was essential. In fact, three of them specifically described their written plan as "a road map" that prevented them from "going all over the place." Another person added, "You are scattered without a written plan."

According to 5 (33%) participants, a written strategic plan is an opportunity to develop and implement goals because, if written, one tends not to forget. The main reason for having a written strategic plan is that it provides a guideline in making strategic decisions about the direction for the firm and what activities are the best fit for the firm, clarified 4 (27%) respondents. Bryson (1998) noted that the value of strategic planning is measured by the extent to which management used it in decision making. One person agreed with Bryson's assessment and claimed that successful firms have a written plan and it makes "decision making simpler." Other comments included, "A person told me a long time ago if you don't know where you are going, any road will get you there"; "If you don't have it in front of you, how could you possibly reach it"; and "It is a written vision—a visionary plan." A written strategic plan provides a vision for the future. "Visionary leaders help people to see how their work fits into the big picture, lending people a clear sense not just that what they do matters, but also why" (Goleman, 2002, p. 57).

Another participant stated

> We decided based on analysis of that, where we would be the most successful; the only way to that would allow us to think about who we were and what we could do, evaluate our positives and negatives, our strengths and weakness was to put it down on paper then follow it.

Additionally, a written plan, according to 3 (20%) of the participants, can be shared with employees.

Interestingly, 4 (80%) of the 5 participants who did not have a written strategic plan spoke of the fact that they were constrained by time. The other person felt that a written strategic plan "will increase overhead and I would have to hire employees . . . and I don't want to." However, all 5 of them indicated that they conducted strategic planning mentally and as needed, constantly evaluating their business and thinking of ways to expand. According to Sexton and Van Auken (1982) and McLaughlin and Perman (1991), this strategic planning behavior demonstrated by these 5 participants is consistent with what the authors described as unstructured, irregular, and incomprehensive. One participant said, "I think about my strategic plan daily, I just don't have the time to sit down and put it to paper." This response is similar to research findings that suggested many small business owners engage primarily in adaptive, quick-response, and day-to-day planning (Byers & Slack, 2001; Schwenk & Shrader, 1993). A written plan, as opposed to mental preparation, is of value in keeping a focused view of the organization.

Other comments shared for having or not having a written plan were: "It's very important"; "I went back to college and know the importance from business classes"; and "In order for me to stay organized, I must have it in writing."

Question 12: What are the key components of your strategic plan? When asked the key components of their strategic plan, participants generally agreed (80%) that conducting a SWOT analysis was their primary component. Additionally, 9 (60%) indicated their strategic plan included developing goals, strategies, and specific action tasks on how to achieve those goals. Specifically, 7 (47%) participants identified revenue goals, client goals, and staffing goals as key and integral components of their strategic plan. One of them even mentioned technology goals, a component on how the environment has changed, and a section evaluating if the company is doing what it should to achieve its goals.

Two (13%) participants stated their plan specifically included marketing strategies and a mission and ethics statement, whereas 4 (27%) participants pointed out that they included an analysis of environmental changes, financial data, and strategic initiatives. One of the service participants shared that one of the business's components is a quality control section on customer service. Other key components cited included "what kind of organization are we," "employee and self development," "continuing education," and "where do we want to be." There was universal agreement that a primary component of the strategic plan included strategies on where the business wanted to be, organizational values, and specific plans on how to support the company's goals.

Summary of Research Question 1. With respect to what extent small businesses have a formalized strategic plan, 67% of the respondents had a written strategic plan. All of the participants in this study believed strategic planning is important and a formalized plan is ideal, but lack of time was a critical factor for those not having their plan in writing. The majority of those responding indicated that a written strategic plan is a "road map" for keeping them focused, committed to the vision of the firm, and that it is a guideline for making strategic decisions about the direction of the firm.

According to 80% of the participants, conducting a SWOT analysis was the primary component of their strategic plan. Furthermore, most of the participants agreed that the strategic plan should include developing goals, strategies, and specific tasks for achieving those goals. Several of the participants remarked that the strategies should identify where they want the company to be in the future and benchmarks for attaining those goals.

Research Question 2: How do small businesses in north and northwest Omaha conduct strategic planning?

The responses to this research question revealed a range of tasks and activities associated with conducting strategic planning. The participants were specific and clear on the processes by which they direct their planning.

Question 13: Describe the process and key activities you use to conduct strategic planning in your business. Throughout the varied responses, the general theme that emerged from this question was to evaluate the business and adjust the business plan as needed. As with the responses to Question 12 concerning the key components of their strategic plan, the impetus for an effective planning process was performing a SWOT analysis, particularly assessing the external environment, such as competitors.

Most (74%) respondents identified the SWOT as a key activity in evaluating their business. By understanding these four aspects of the situation, a firm can better leverage its strengths, correct its weaknesses, capitalize on opportunities, and deter potential threats (Barker & Smith, 1997). Furthermore, Thompson et al. (2005) argued that a SWOT assessment provides information that is useful in matching internal resources with the competitive environment.

Four (27%) participants identified developing goals, action plans to achieve the goals, and assigning responsibility were key processes to their strategic planning. In addition to developing goals, 2 (13%) responded that they regularly compare their results to benchmarks in the industry. Getting as many people involved for input was critical for

2 of the respondents. They insisted that key personnel and brainstorming sessions were an important piece of their strategic planning process.

According to 3 (20%) participants, their strategic planning process includes spending time identifying ways to improve customer service. “Happy clients result in repeat business, which increases our revenue. Therefore, we must continually find ways to maintain our business and use word-of-mouth to increase business.” Four (27%) of the participants used an outside expert to facilitate their strategic planning process. They mentioned the value in using an outside expert was to help them to match their strengths to opportunities that existed. Additionally, these participants stated that the external expert would work best for the firm.

Question 14: How frequently, if at all, do you review your strategic plan? Without exception, every participant had some type of timetable for reviewing their strategic plan, whether it was structured or unstructured. Consistent with strategic planning models to monitor the implementation of the strategic plan on a regular, periodic basis (Bryson, 1988; Kotter, 1996; Kumpf, 2004), everyone was in agreement that their strategic plan was reviewed frequently. Five (33%) stated quarterly, 2 (14%) participants review their plan semiannually, 5 (33%) participants responded daily, and 3 (20%) mentioned as often as necessary, which may be daily, weekly, or “whenever it needs to be tweaked,” responded one participant.

Question 15: What are some of the changes you have made to your strategic plan and why? The responses to this question from 14 (93%) of the participants focused on three distinct themes: innovation and creativity, relationship building, and existing product line. The other participant (7%) indicated a complete change in business focus and direction was made to the strategic plan. This participant changed the type of service offered as a result of environmental scanning and identifying the need of the company's clients and potential clients.

It was also revealed that reallocation of marketing dollars and enhancement of customer service were clear changes made in the products and services the small business owners provided. As one participant put it, "Those were not working as well as our other marketing promotions, so we had to make some adjustments in terms of dollars spent in advertising and marketing." It is apparent from the interviews that small business owners need to read the environment and create awareness about the changes in the environment to remain competitive. Despite the challenges that permeate the external environment, it was also important for the small business owners to identify what appeals to their customers/clients. It may take a complete change in product focus, but the strategic plan must align with what the customers/clients need.

The strategic plan, a "living document," as described by several participants, should change often. Through the coding process, it was apparent that most of the participants were driven to be innovative and creative in order to be successful. Amazingly, they felt that the old cliché "If it ain't broke, don't fix it" did not apply to them because activities that worked well and have proved to be appropriate for the businesses sometimes needed to be "tweaked" to move them to the next level. Thus, most of the respondents saw no problem in regularly revising their strategic plan. As one participant succinctly stated, "It [the strategic plan] is always changing; you change because factors that you see that may have changed and you may have to alter your strategies in order to achieve your goal."

Businesses operate in a dynamic environment that must be constantly monitored. The position of one of the respondents was that the composition of a strategic plan is such that the end goal may be somewhat fixed but the strategies for getting there have to be fluid and you must be prepared to adjust your course of actions.

Coincidently, 3 participants described a situation in which their revenue goals had to be adjusted downward because their original projection was unrealistic. “One of the worst things you can do is to set unrealistic goals. Then if you don’t reach it, you get disappointed, so it has to be realistic,” commented one respondent. Each of them recognized that the revenue goals were predicated on external forces out of their control, and after reevaluating the environment realized that they would not achieve their financial goal. Notwithstanding this, they all indicated making changes can be difficult, but it was important to realistically accept the changes and move forward with goals that fit their strategic plan.

Relationship building was another theme that emerged from the interviews. Almost all of the participants who have employees described some type of situation directly related to their employees that required them to change their strategic plan. For example, one participant acknowledged changes in the company’s staffing pattern. It was determined that one of the employees was not the right fit for a position that was initially assigned to that individual. After further discussion with the employee, they both agreed the person’s gifts and graces were better suited to a different position within the firm. The key for this successful transition was to discuss the situation with the employee and build rapport to help the employee understand the inevitability that the change needed to happen. Other participants spoke of collaboration with employees to successfully implement changes made to the strategic plan.

Enhancing their strategic plan, which described the firms' Standard Operating Procedures (SOP), evaluating current clients for potential long-term relationships, and franchising the business were other changes participants made to their strategic plan. It was important to one participant that the process and procedures on how to complete specific activities be put in writing. Table 3 depicts the three major categories and dimensions of responses generated from the coding process.

Table 3. Changes to Strategic Plan

Category	Dimensions
Innovation and Creativity	Collaboration Revised revenue goals Added standard operating procedures to revenue projections
Relationship Building	Changed staffing projection Assigning responsibility to each goal Employee collaboration
Existing product line	Customer service Adjusting dollars spent on advertising and marketing

Question 16: To what extent, if at all, do you use external/outside experts in your strategic planning process? Only 4 (27%) of the participants hired an external expert to conduct their strategic planning process. Two (13%) of the respondents utilized outside consultants when necessary or depended on outside reading, with one of them responding

"when necessary; I look to holy spirit for guidance and professional advice." Two others (13%) claimed they do not use an external person at all, whereas 7 (47%) stated they only use external persons for operational functions (e.g., accounting, legal, administrative, etc.). As Chrisman and Leslie (1989) noted, small business clients appear to benefit from outsider assistance for administrative and operating problems.

The idea of using external experts in assisting firms with strategic planning has merit. Smeltzer et al. (1991) reported that firms that engaged outside experts in their strategic planning process were more effective and successful than those business owners who did not. Furthermore, Fann and Smeltzer (1989) concluded that small business owners individually devoted more time and energy to strategic planning when they have outside assistance. Yet, from this research study, it was not determined if these authors' assessments are true. To the contrary, the data revealed that those respondents (11) who did not use external experts were heavily involved in their own strategic planning process. It was clear, however, that all 15 of the participants, whether their plan was in writing or not, considered strategic planning important. The level of commitment, though, varied. The findings of the study are fairly consistent with Robinson and Pearce's (1984) contention that it is not clear as to the best approach in using outsiders in small firm planning activities.

Question 17: What added value, if any, have you found from the use of these external/outside experts? It was apparent that the participants who utilized external experts found their services to be beneficial and valuable. In fact, one participant stated, "The external facilitator brought objectivity, demonstrated the ability to mediate perceived conflicts, kept us on task and challenged us to get outside of our vision." The literature review substantiated that outside experts are valuable to support the firm in adapting to environment change, execution of their plan, and offer services, which develop ways to increase organizational efficiency (Bracker & Pearson, 1985; Cohen, 2001; Orpen, 1985).

According to the participants, the external experts continually reminded them of the mission of their organization and what they are trying to do, and kept them "from going off on tangents." Additionally, one responded that the organization could benefit from the experience and knowledge of an outsider who may have tried an idea. Furthermore, the participant indicated

> If you can get better ideas to help your business succeed, someone has tried it, and is something you did not have to work to figure out for yourself, why reinvent the wheel? If you can benefit from their experience, implement it into what you do, it is a win-win situation. The knowledge from the outsider can save you time, money, and can increase your business.

Question 18: To what extent are your strategic planning efforts impacted by external influences (i.e., competitive, socioculture, regulatory, etc.)? The majority of the respondents (80%) indicated that the competitive nature of the industry impacted their strategic planning efforts. They must be aware of the environment and marketplace. Regulatory forces impacted the strategic efforts of 3 (20%) participants, while 2 (13%) small business owner stated they were more concerned with economic influences. Several mentioned more than one external influence, including the labor force and consumer preferences.

In most businesses, the environment has changed from minimal competition and little complexity to more turbulent, complex conditions (Ansoff, 1991; Drucker, 1976). Increased interdependency makes it necessary to focus on a firm's strategy and increase awareness of relevant aspects of the environment (Borch & Arthur, 1995). This requires understanding the company's industry, competitive environment, and its internal assessment. "I am always looking and comparing myself to the markets; if you don't, you will not be competitive," responded one participant; this was the general agreement of all the participants who consider the competitive environment critical to their strategic planning. On the other hand, one participant has the only service offered in Omaha, and thus stated, "Currently no serious concerns about competition."

Three (20%) mentioned regulatory laws forced changes to their plan, even to the extent of having to either raise their fees or change their product focus. For example, one participant explained that since the product offered is considered a luxury, regulatory changes forced the firm to make changes on how the product is delivered. Two (13%) of the participants indicated that staffing was an issue. "People are competitive and highly motivated in seeking job opportunities. They want to know how the firm sees the future of their organization. Thus, strategic planning allows the firm to answer the question a lot quicker and cleaner" quoted one of the participants.

Four (27%) of the participants credited competition as a measurement of quality improvement for their products. They explained that they engaged more in studying their competition and in exploring innovative and unique services. Consequently, the participants "used outside resources to continually strategize, look at the needs of your clients and provide quality service." Porter (1979) remarked that strategic positioning of a business gave it a competitive advantage.

Moreover, an analysis of the environment is essential in order to determine strategic positioning. The competitive forces must be examined to determine the state of competition, strategies, and tasks in the company's strategic plan. Said one participant, "The competitive environment allows us to look at other firms and helps us to know who we are as an organization." Thus, many of the participants concurred that keeping abreast of competition was essential and their strategic plan should be amended as necessary.

One participant acknowledged that his or her firm works with a local network group in identifying new businesses to the community and determine if there is a need to adjust the firm's product focus. Finally, the two participants who mentioned economic influences explained that since the services they offer can be considered a luxury and not a necessity, they have to contend with the possibility of declining sales.

Summary of Research Question 2. In response to "How do you conduct strategic planning?" the majority of the participants perform a SWOT analysis. In addition, they monitor and make necessary changes to their strategic plan at least semiannually. The participants' rationale for making changes to their strategic plan focused on three distinct themes: innovation and creativity, relationship building, and existing product line.

Research Question 3: What challenges do small businesses in north and northwest Omaha face in the strategic planning process?

Question 19: What are the challenges you have faced in developing your strategic plan? This question was asked in order to understand the complexities of the strategic planning process in small businesses. The responses revealed three broad categories of challenges owners faced: time constraints, personal preparation, and competition. Table 4 depicts the categories and dimensions.

Table 4. Challenges in Developing Strategic Plan

Categories	Dimensions
Time constraints	No time to do it right. Time consuming. It requires sitting down doing it. Day-to-day operations take too much time. Can be costly to hire external expert but needed because of time constraint to develop without assistance. Too expensive for small businesses, although the value may be worth the cost. No employees, thus time is not available.
Self-development and preparation	Recognized personal inadequacies in running a business, experience. Limited knowledge in fully understanding strategic planning process. Must look at strategic planning from CEO perspective and not sales person. Effective market analysis and product planning. Being sole proprietor, don't give up when you don't see results as quickly as you would like. Lack of discipline needed to develop strategic plan. Inability to communicate effectively with employees and clients. Inability of getting employees to buy into benefits of strategic planning.
Industry and competitive environment	Staying on top of changes in environment. Keep abreast of what competitors are doing. Willingness to make changes. Ability to identify new ideas. Although a small business, need to look like a big business. Strategic plan must continually change. To be successful must be willing to change. Competition, competition, competition. Instability of economy.

After coding the participant interviews, it was clear that the biggest challenge and most important concern faced by the participants was that the demands of running a business leaves little time to effectively plan. Invariably, the respondents were concerned about time because it impacted their availability in monitoring the competitive environment. Nine (60%) of the participants indicated time constraints. However, only 2 (13%) of the 15 participants mentioned the use of an external expert to assist with the use of strategic planning development may mitigate the time constraint issue.

The competitive environment was a significant challenge faced by 11 (73%) of those interviewed. Specifically, they described having to increase awareness of the competition, changes in their industry, identifying new ideas, and having the resources available to implement those changes. Of those competitive challenges, the one most cited was keeping abreast of what competitors are doing. In fact, one person simply said, “Competition, competition, competition” when asked the question.

Volatility in the economy is taking notice with small businesses. They are paying close attention to the changes that affect their strategic plan. Small businesses are facing rising costs and consumers’ tight budget constraints. Several participants indicated that their product is considered a luxury item; therefore, they are faced with the challenge that customers may forgo their product in depressed economic situations. “I realize what I do is a luxury item and may become unimportant to some people,” commented one participant. The participants stated it can be difficult to plan around these challenges, yet it is imperative that they strategically develop plans to compensate for leaner times.

McLaughlin and Perman (1991) noted that challenges to success and survival were influenced by preparation and planning. Self-development and preparation, including personal challenges, were cited as challenges faced by 4 (27%) of the participants. For example, one person commented “The first challenge was recognizing that I did not know as much as I thought about running a business.” Another said, “Being a sole proprietor you can’t give up easily if you don’t see results as quickly as you would like.” They all noted that their level of knowledge with strategic planning was limited.

According to Adubato (2005), much of the confusion and negativity surrounding strategic planning is primarily due to the lack of understanding of the process or failure to put the plan into action. Hence, 4 of the 8 (50%) participants who had employees agreed they had to first come to grips with their own self-perceived or actual inadequacies to fully understand and appreciate the value of strategic planning. Two (13%) participants said trying to convince employees to buy into the vision in their strategic was a challenge.

Question 20: What impact have these challenges in developing your strategic plan had on your business? Answers from the participants varied greatly in response to how these challenges changed and impacted their business. Two participants thought their staffing needs were impacted because potential employees want to know the organization’s position in balancing family with work and their expectation on staffing growth. Time was stated as a challenge by 9 (60%) of the participants, and 4 (44%) of them stated that the use of external experts was valuable to them in terms of freeing their time to perform other matters important to their business. One participant stated, “Because we have seen the value of strategic planning, the cost is still there in utilizing outside experts, but not much of a challenge.” Three (20%) participants indicated the impact of these challenges forced them to consider how they fit with their strategic plan and has given them strategic direction. Said one participant, “It is our living document, so we refer to it and ask ourselves how these challenges fit our strategic plan and the direction we want to go." In fact, two other owners described their strategic plan as a "living document."

Two (13%) participants stated that any time regulatory laws change, their strategic plan must adjust for these changes. For example, changes such as product design or packaging or legal constraints must be considered. A complete change in service provided based on results from a market analysis was mentioned by two respondents. They both indicated that they changed their product line over time from what they originally offered. The change in focus was due to customer needs. Nine (60%) of the participants said their company grew and business was better as a result of these challenges. "By overcoming challenges you get better as a company and individually," commented one participant. Similarly, 3 (20%) participants summarized the challenges and impact as a way to strategically look at what the company is doing and where they want to go. One respondent suggested that "letting go of stuff that I am not the best [at] freed my mind to excel in the areas that use my natural gifts and graces." The same respondent noted that employees are also stronger when their gifts are recognized and they can focus on what they do best. Other responses included "allows me to get bigger clients"; "increased revenue"; and "we grow as a company, and employees are stronger and personally grow."

Question 21: What are the challenges you have faced in implementing your strategic plan? The overriding theme from the participants was that organizational culture, time constraints, and external forces (competition and customers) were the challenges they faced in implementation of their strategic plan. In terms of organizational culture, 2 participants described specific situations in which an employee suggested a great idea for company growth, but the owner did not accept it because the idea did not fit the strategic plan. They both mentioned that the strategic plan is a road map that forces the business owner to follow it. One participant said, “If you truly believe in it, strategic planning gives you the ability to recognize that all opportunities will not fit your plan.” The participant further stated, “I recognized the idea did not fit our strategic plan; thus, the money spent on developing our strategic plan was valuable and the plan works!”

Another perspective revealed the difficulty in getting employees to shift their way of thinking. Sometimes tunnel vision and stagnation prevents moving the company forward. One participant stated that it is “complicated to get people to think differently.” Implementing the strategic plan and changes is sometimes difficult when employees are not aware of the strategic planning process. One person jokingly mentioned going so far as to obtain reference material and books in understanding and attempting to get people to shift their way of thinking. This person went on to declare that the cultural situation at the firm was going to be used as a teaching term. This is why most of the participants who have employees indicated they get their employees involved from the beginning of the planning process: to not only gather their input but to ensure complacency with the plan. Another respondent stated that the problem of keeping employees is a challenge to implementation.

Several dimensions were identified that are associated with external forces. The participants suggested that being responsive to customer/client needs, the market industry, competition, and developing long-term relationships have been challenges in implementing the strategic plan. It is important to understand one’s customers in order to mitigate any resistance from the customers. Table 5 lists the dimensions generated from these themes.

Table 5. Challenges Faced in Implementing Strategic Plan

Categories	Dimensions
Organizational culture	Shifting the way people think; complicated to think differently. May be difficult for some employees to believe in the strategic plan. All ideas are not feasible. Longevity of employees. Ability of employees to buy into plan.
Time constraints	Taking time to apply what is in the plan Regular meetings. Having to continuously review. Time spent with external expert was worth it.
External forces	Responsive to customer needs (customer service). Resistance to change from clients. Obtain new clients. Focus on long-term relationships. Saying no. Competitors. Market/industry. Need to continually be vigilant in order to succeed. Economy—product is a luxury item, so it is the first to be reduced in clients budget.

Question 22: What impact have these challenges had on your business? There was a broad range of responses to the question on the impact of these challenges on the business. The researcher coded the responses into five categories that each had several

dimensions: organization and management, adaptability, business opportunities, organizational culture, and customer service (Table 6).

Table 6. Impact of Challenges on the Business

Categories	Dimensions
Organization and management	Meet with key managers to discuss issues and challenges affecting business. Increased regular meetings. Changed way of doing business. The firm as a whole has a better understanding of the broader value of strategic planning. Helped me to grow and stay creative. Stay vital and alert as to what is needed in society. More productive with time.
Adaptability	Increased awareness of challenges. As you adapt to issues, you become more capable of adapting to the challenges as they come. Embrace change then it no longer becomes a challenge but something that is new and needs to be implemented.
Business opportunities	Provide a better service and how best to provide that service. Have impacted business in a positive way. Explore expanding in new markets. Continually assess plan and marketing opportunities. Growth in focused areas.
Customer service	Enhance and increase interaction with client, be more customer friendly.
Organizational culture	Employees are enthusiastic, synergized and energetic. Positively changed work environment and atmosphere.

According to 5 (33%) participants, the implementation challenges demonstrated the need to increase awareness and connection with a dynamic and changing environment. One participant stated, “We now understand that we cannot expect things to just happen, they have to be reinforced and reinforced on a consistent basis.” Three of the participants argued that the challenges have changed the firm’s meeting and work ethics. They now meet regularly with key managers to discuss work issues and have “changed the way of doing business.” The participant stated, “I think the biggest change is recognizing that we have those challenges, then we can appropriately respond, for example, we started a process of having weekly meetings.”

Additionally, the challenges have affected how businesses interact with customers/clients. Since several stated they recognized the challenges, they are committed to identifying ways to best provide the quality service that is expected. As one client put it, “We understand a broader value . . . because I have a tool that I can use that has been developed in a strategic way.

One comment emerged that stood out: “The challenges I have to face and deal with have changed me, and I have a tool [strategic plan] that I can use that has been developed in a strategic way.” Changes in the organizational culture were evident and positively impacted the business, according to 3 (20%) participants. “If your attitude is positive about what you do and enjoy it, you will reap the rewards because your production will increase.” Another participant stated, “You need to continually be vigilant in order to succeed and make the necessary adjustment to the strategic plan”

The challenges have impacted the organizational culture to the extent that employees are more enthusiastic and energized, and promote an encouraging work environment. Many of the responses discussed growth in the focused areas they identified in the strategic plan and are exploring new options to market. In fact, one participant commented that new regulatory mandates in the industry were an opportunity to consider new markets.

Some of the respondents indicated they could adapt to the challenges and change was necessary. They concluded that if one embraces change, then it no longer becomes a challenge but something that is new and needs to be implemented.

Summary of Research Question 3. The challenge most often mentioned in developing a strategic plan was balancing the competitive environment with the firm's goals and objectives. Based on the responses, 73% of the participants stated that keeping abreast of the competition and trying to stay competitive was a challenge, yet necessary to meet their objectives. Time constraints that keep them tied to day-to-day operations was indentified by 60% of the participants. Other challenges in developing the strategic plan included the economy, regulatory issues, and self-development. Although sometimes difficult, the participants suggested that these challenges were positive because it forced them to evaluate how they fit with the strategic direction of the firm.

The overriding challenges in implementing their strategic plan were organizational culture, time constraints, and external forces. Once the plan was developed, the challenges were getting employees to buy into the plan, being responsive to customer needs, and finding time to implement the changes. According to 33% of the participants, the implementation challenges demonstrated the need to increase awareness and connection with the changing environment. The impact of these challenges changed the participants' work ethics, how they interacted with their customers, and the organizational culture. In regards to facing the challenges, one participant stated, "If you embrace change, then it no longer becomes a challenge but something that is new and needs to be implemented."

Research Question 4: What best practices have small businesses in north and northwest Omaha identified and/or developed?

In general, achieving business excellence is accomplished through strategic planning by developing a range of activities demonstrating best practices and business intelligence to predict today and plan for the future (Briggs & Keogh, 1999; Dahlgaard et al., 1998; Peters & Waterman, 1982; Wiseman, 1995). The purpose of this question was to understand the experiences, processes, and activities small business owners employ that have worked best for them.

Question 23: What are the best practices you use in your strategic planning process? All of the participants identified at least two best practices. The majority (60%) of the participants indicated that conducting some type of analysis of their internal and external environments, SWOT analysis, and matching their strengths to opportunities were their best practices in the strategic planning process. Three (75%) of the four businesses that utilized external experts thought this was their best practice. The literature suggested that planning activities are enhanced when outside experts are involved in the planning (Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Cohen, 2001).

Four participants suggested their focus on providing excellent customer service in their strategic plan is a best practice. Two of the owners went on to explain that actively working on improving services to clients led to increased referrals, which translated to increased revenues. Having a business with a good brand name, being ethical, providing service with the highest integrity, and being a reputable firm was mentioned as a best practice by two of the participants. One participant stated, “We try to be as good as we can be.” One participant credited the basic tenets of business and “do what you say you are going to do” as best practices.

Similarly, 4 (27%) of the participants responded that making every effort to stick close to their strategic plan in order to be effective is a best practice that has contributed to their success. Not surprisingly, 3 (20%) of the participants said that having the strategic plan in writing was important. Furthermore, one participant not only said the plan should be in writing but that “developing the living document into a plan that can be reviewed in one hour or less” was a best practice. Including all employees in the strategic planning process was a best practice mentioned by 4 (27%) of the participants with more than 1 employee. Additionally, 7 (47%) participants stated that it was essential to monitor their strategic plan and they considered that activity as a best practice.

Other best practices identified by one participant each were using great software, daily reading of business literature, regular use of the Internet to identify possible product/service ideas, flexibility in developing and implementing strategic planning, openness and flexibility in working with clients, and being a member of professional organizations for professional and personal development.

Question 24: What impact have these best practices had on your business? Two general themes were derived from the participants’ responses to this question. More than one response was given by 14 of the participants. Generally, the respondents stated that the best practices resulted in focused direction for the firm and reinforced an entrepreneurial mindset. Table 7 charts the categories and dimensions. Twelve (80%) of the participants described actions that supported an entrepreneurial mindset; they mentioned activities that increased productivity, business, and achieving consistent growth. The tasks allowed them to be "better at what I do," and "give clients better advice." One person stated, "When you do what you say you are going to do, it increased my business and led to public and professional recognition."

Table 7. Impact of Best Practices

Categories	Dimensions
Focused direction	Keeps us focused on our purpose and vision. Shows all employees the firm has a strategic plan. Consistent growth.
Entrepreneurial mindset	Increased business. Excellent reputation developed. More productive. Better at what I do. Better customer service. Retention of clients.

Question 25: What best practice would you like to develop and what benefit would it provide for your company? The responses varied greatly as several participants suggested more than one practice they would like to develop. Although all of the participants conduct some form of strategic planning, 5 (33%) suggested that devoting more time and energy to the strategic planning process is something they want to do because of the inherent value it provides in achieving success and stability to their business. "I need time to do all I would like to do, but a lot of time I get so busy," stated

one participant. Another further explained with an illustration of needing time to follow up with clients. Two people thought a best practice they would like to develop is an annual marketing plan because they could track monthly revenue goals better. Two others suggested that they would like to involve the entire organization in the strategic planning process to gain more input. Two participants want to hire an external expert who could offer a different perspective, be objective, and help them become more specific in their plan. Two owners identified some type of training program for their employees or clients. “The best practice I would like to implement is training for my employees to become more assertive in the sale of certain products.” Another insisted the best practice they desire to implement is benchmarking as a way of continuous measurements against competition. Finally, one participant claimed the development of a stronger marketing plan would allow access to larger clients.

Question 26: What advice would you give to a small business owner on conducting strategic planning? The last question tended to spark excitement with the participants, when given the opportunity to offer advice to small business owners on conducting strategic planning. The responses varied greatly, but the consensus from 13 (87%) of the participants was that strategic planning is essential and valuable. “I believe one of the reasons people fail is because they don’t have a strategic plan, they are too busy,” said one participant in support of the value of a strategic plan. “Always plan, it never ceases”; “you can’t plan enough”; “make sure it is in writing, which keeps you more focused”; and “put it in writing or you will act lost and lose focus of your goals” were other comments associated with having a written strategic plan.

Similarly, 2 (13%) participants declared they did not view strategic planning as an exercise but as the organization's lifeblood, which is just as important as a business plan. Although using various descriptive terminologies, several participants called the process vital and the "lifeblood" to the success of the organization, but warned not to make the strategic plan too complicated. One participant said that although the plan should be in writing, the business owner "should be flexible and quickly adjust the plan as necessary" to reflect changes in the environment. Interestingly, 2 (13%) participants offered similar advice: to write the word "Draft" on the strategic plan because the document should be ever-evolving and business owners should never become complacent, but rather should be willing and ready to make changes at all times.

Another offered the advice to take "a hands-on role" and look at strategic planning from a CEO perspective. Yet another stated that being a small business brings challenges in itself; therefore, the strategic plan needs to make "you look like a big business."

Furthermore, 7 (47%) participants went on to say that once the strategic plan is developed, it should be monitored regularly and "not put on a shelf and forgotten." Another participant insisted that "strategic planning is ongoing, you have to continually revisit those things that aid in the success of business, then revise when necessary." One participant suggested that it would be helpful for those considering strategic planning to talk to others who have gone through the process and ask how they benefitted. Two suggested "getting a good external facilitator" as they can more effectively direct the process and bring objectivity. Additionally, external experts see things from a different perspective; “when you are in your office on a daily basis, you tend to get a little more tunnel vision, set in your ways.”

Five (33%) participants offered that the strategic planning process is an opportunity to learn more about your business and competitors. One participant advised that small business owners should “gain as much knowledge as you can as when it comes to your business as well as businesses similar to yours.” Added another participant, “that means knowledge, knowledge and understanding knowledge, always looking at your competition.” This advice was consistent with Arbnor and Bjerke (1997), who reported that organizations and the environment evolve together and continuously interpret, react, and adapt to information from the environment. The literature suggested that the key to success for all businesses is to recognize, identify, and interpret environmental changes in order to develop a step-by-step plan for attaining company goals.

Finally, 2 (13%) participants offered unique suggestions. One participant’s recommendation was from the perspective of running the business: “Have adequate funding, which should be 6 months to 1 year living expenses in your savings.” The other participant’s advice was in the form of an analogy:

> My advice is the carpenter’s rule: When they are building something, they measure twice so they only have to cut once. What this means is that when you make a strategic plan, you should go over it a number of times to make sure that you have identified all the opportunities, threats, strengths, and weaknesses. It is a continuous adjustment to a course of action. You don’t get many opportunities to make it right.

Summary of Research Question 4. Conducting a SWOT analysis was reported as the best practice employed in the strategic planning process by 80% of the participants. They also identified utilizing external experts, focusing on customer service, preparing a strategic plan, making every effort to monitor the plan, and having the strategic plan in writing as best practices. Generally, 80% of the participants remarked that the impact of implementing these best practices kept them focused and reinforced an entrepreneurial mindset on what is best to achieve growth and success for the firm. In terms of what best practice they would like to implement, 5 (33%) of the participants would like to devote more time and energy in the strategic planning process. Other participants mentioned developing a marketing plan, including more employees in the process, follow-up with clients, and training their employees as best practices they would like to implement in the future.

When asked the best advice to give a small business owner in conducting strategic planning, 87% of the respondents agreed that strategic planning is essential and valuable; thus, it is a management tool that should be developed. The general consensus was that strategic planning offers the company an opportunity to engage in a learning process about one's business and the competitors. In addition, several participants suggested hiring an external expert to facilitate the strategic planning process.

Summary

This phenomenological research study described the languaged data collected from 15 interviews with small business owners who met the criteria for the population under study. The responses were coded, categorized into themes, reviewed by question, and tables generated when appropriate. The findings summarized the answers collected to four research questions that guided this study. In the context of the purpose of the study, the following research questions were addressed:

1. To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?

2. How do small businesses in north and northwest Omaha conduct strategic planning?

3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?

4. What best practices have small businesses in north and northwest Omaha identified and/or developed?

The sample population of 10 women and 5 men was a diverse mix of businesses. The owners ranged in age from 27 to 64 years old. The educational credentials of the participants were consistent with Davidson's (1991) assessment that small business owners are more stable and successful if they are educated and pursue self-development. Eighty-seven percent of the participants had at least an associate's degree, with 40% having earned a master's degree. The participants have been business owners from 1 to 30 years. The main reason given for starting their own business was to be their own boss and make money. They were driven to operate their business to be successful and take the necessary steps to accomplish that goal.

All of the participants conducted strategic planning, which was the primary requirement for the study. The purpose of this research study was to explore the strategic planning process in small businesses. With that said, most of the participants had a formalized, written strategic plan. Those without a formalized, written plan insisted that their time and other constraints prevented them from putting it in writing, although they thought about it often. It was clear, however, that all 15 of the participants, whether their plan was in writing or not, considered strategic planning important. The general consensus was that a strategic plan, whether written or mentally prepared, kept them focused on the future direction of the firm and was an opportunity to develop goals.

Whether their strategic plan was in writing or not, 80% of the participants identified performing a SWOT analysis as a key component and activity to their strategic planning process, in addition to developing goals and related activities to achieve the goals. In terms of using external experts, only a few of the participants utilized outside services to assist with their strategic planning development or implementation.

The competitive nature of the industry was a significant challenge in developing and implementing their strategic plan for 73% of the participants. Yet, the small business owners recognized the challenges and appeared knowledgeable on how to mitigate these challenges in a way that was most effective and least disruptive to the firm. There was a mixture of best practices. Undoubtedly, the best practice agreed upon by the majority of respondents was to thoroughly conduct a SWOT analysis. This allows firms to not only evaluate internal competencies and resources but to identify opportunities that best fit their strategic plan. Those who hired an external expert mentioned the outside resource as their best practice and obtained substantive assistance with their strategic planning process.

Regardless of the process, components, or other activities used in the strategic planning process, all of the participants insisted strategic planning is important and must be monitored regularly in order to ensure their competitive position in the industry. Overall, the findings revealed rich, lived experiences on how small businesses conduct strategic planning. In chapter 5 the overall results are analyzed, recommendations for conducting effective strategic planning in small businesses are provided, and recommendations for future research discussed.

CHAPTER 5. DISCUSSION, IMPLICATIONS, AND RECOMMENDATIONS

This chapter will discuss the findings of the study, implications, and conclusions, and provide recommendations for future research. The purpose of this study was to explore the strategic planning process in small businesses and address the gaps in research exploring its role. The results and implications of the data collected are discussed regarding the demographics of the participants and each of the four research questions.

Introduction

Small business ownership continued to lead growth in the U.S. economy in 2006, according to the SBA Office of Advocacy report on small businesses (2007), particularly among women and minorities. They are critical to the U.S. economy, providing long-term benefits through job creation and economic expansion. Yet, according to Gaskill, "Despite the economic benefits and opportunities provided by small business initiatives, small business continues to be inextricably linked to high failure rates and problematic challenges" (2001, p. 2). A reason cited for small business problems is associated with the failure to employ strategic planning (Brews & Hunt, 1999; Christopher, 1998; Kristiansen, 2004). Appropriately, research found that larger firms regularly practice strategic planning (Chrisman & Leslie, 1989; Van Kirk & Noonan, 1982; Walsh, 2005).

Although the majority of empirical studies on strategic planning have focused on big business, scholarly contributions addressing small business planning is growing. To this end, the findings in this study revealed that whether the participants conduct formal or informal strategic planning, they all agreed that strategic planning is a valuable and essential management tool for their business. In addition, this study found the small business owner's process for conducting strategic planning is similar to big businesses. Schwenk and Shrader (1993) argued that strategic planning is a valuable management tool for both small and large businesses, and that the lack of its use is critical to the success and survival of small businesses. This assessment was evident in the data collected that revealed the strategic planning process of the small business took on the same processes as big firms. While the business may be small based on the criteria established by the SBA (2005), one participant emphasized a small business must think like and present itself as a big business. The participants in this study recognized that not performing strategic planning could be critical even to small businesses.

Participant Demographics

Although this research study did not delve into the demographics of the participants, it is interesting to note that the make-up of the sample population was consistent with information from the literature review on the demographics (the "face") of entrepreneurs and the self-employed. This section gives a brief statistical description of the participants in this study. It illustrates the commonality with the literature review of those persons who are part of the small business ownership growth.

Ethnicity/Race, Gender, Reason for Self-Employment

While the number of businesses increased by 10% between 1997 and 2002, the percentage of minority- and women-owned businesses grew 45%. The growth of women-owned businesses was 20% during the same time period, twice the national average (SBA, 2005). Specifically driving the resurgence in the number of small firms were women-owned businesses. The Bureau of Labor (as cited in Greene, Hart, Gatewood, Brush, & Carter, 2003) reported in 1972 there were 700,000 self-employed women. In 1984 the number climbed to 3.5 million, and by 2002 there were 12 million women-owned businesses. Female entrepreneurs were clearly a significant factor and driving force for establishing small businesses and impacting the U.S. economy. It is through small business ownership that many women and ethnic groups became successful entrepreneurs. Coincidently, 68% of the participants in this study were women.

Several of the women voluntarily left executive positions in the corporate world to start their own business. There responses were consistent with the findings of Welsh (2005a) and Carter and Cannon (1988), who maintained that women's movement into small business ownership was pursued for social reasons: to combat the "glass ceiling" effect and escape male dominance that tended to prevent them from "doing their own thing." Interestingly, none of the women in the study cited the "glass ceiling effect" as the reason for becoming an entrepreneur. In fact, it was a male respondent who mentioned the "ceiling" with his comment, "I felt like I was procuring results for the company I worked for, but there was a ceiling that I was gong to reach there and it wasn't where I wanted it to end."

When asked, "Why did you start your business?" 100% of the participants acknowledged it was a voluntary decision, driven primarily by their desire to be their own boss. Most of them mentioned their entrepreneurial spirit was shaped by their passion to sell a product needed in the community and to make money. These attributes are consistent with the perspective of Hughes (2003) and Krahn (1995). These authors argued that self-employment is shaped by voluntary entry into the entrepreneur market. Moreover, it is a commitment to sell a product or service that is perceived to be marketable, gain financial independence, use a skill, and achieve the desire to be one's own boss (Birley, 1989; Goffee & Scase, 1983; Sexton & Van Auken, 1982). In addition, Hughes asserted that small business owners are motivated by a passion to be successful, independent, and to capture a dream that presents an opportunity for a challenging and meaningful work environment.

Four of the women in this study stated they voluntarily left the corporate world because they always had a desire to be self-employed or no longer wanted to work in corporate America. They were compelled to leave executive positions in the corporate world to start their own business, consistent with the findings of Catley and Hamilton (1998) and Hughes's (2003) assertion that women want to be independent and pursue economic advancement. Furthermore, Hughes commented that women's contribution to the ranks of entrepreneurs was fueled by the desire of independence, flexibility, economic advancement, and to escape barriers from employment in the corporate world. These reasons were compelling factors for women to start, build, and grow a business.

Contrary to Hughes's (2003) "push" theory argument that describes self-employment as the product to downsizing, response to a cyclical economy, lack of job opportunities, and restructuring, none of the participants in this study indicated that they started their business for these reasons. Moreover, 12 (75%) participants explained they voluntarily wanted to get out of the corporate world and become their own boss. This explanation is more consistent with Hughes's "pull" standpoint that self-employment is a personal decision to seek out opportunities and independence. Two respondents spoke of their desire for freedom to follow their passion and achieve independence.

Education and Age

Education continues to be the gateway toward the entrepreneurial arena. According to the SBA Office of Advocacy (2007), new entrants into self-employment with a high school education declined, while self-employment college graduates and individuals with master's degrees and above increased 35% and 29% respectively. Also, based on the literature review, Davidson (1991) and Vesper (1990) emphasized that internal attributes such as training and education are essential elements in self-employment preparation. In this study, 13 (87%) of the participants had a college education, including 40% who held a master's degree or higher. Mirroring labor force trends, the number of self-employed between 55 and 64 years of age increased 46% for the period (SBA Office of Advocacy). Surprisingly, 5 (35%) of the participants in this study were over the age of 50, and 40% were between 41 and 50 years old.

Business Type, Employees, Years, and Form of Ownership

The sample population included owners from diverse businesses, including accounting, entertainment, consultants, floral, direct sales, insurance, and investments. The majority of the participants (67%) had been in business more than 5 years, including 4 with 21 to 30 years of ownership. This information is significant because the SBA (2005) reported that over half the businesses fail within their first 5 years of operation. One of the participants just opened the business 1 year ago. The businesses were predominantly LLC corporations with no employees. Seven of the businesses employed 4 or more persons.

Analysis of Findings

Formalized Strategic Plan

Whereas formal planning is not required or does not guarantee small business survival (Mintzberg, 1994; Quinn, 1980), and many small companies are successful in lieu of a formalized strategic plan (Waddell, 1988), the successful small business owner usually goes through this process. “Having timely, relevant information, creating the opportunity for reflection, focusing on a competitive edge, and putting meaning into a budget are just as essential to a small business as they are for a large business” (Waddell, p. 32). With that said, a formalized strategic planning system compels a structured and disciplined decision-making process. Ten (67%) participants indicated they had a written plan, while 5 (33%) admitted that although they conduct planning, it is not written. They just do not have time to “sit down and put the plan” in writing. While assessing the success of small businesses was beyond the scope of this research study, it was clear from the responses of the 5 participants who did not have a written strategic plan they felt the lack of it did not impede their vision or developing goals for the firm. Regardless, they all indicated that they think about their strategic plan on a daily basis. This response is comparable to research findings that suggest many small business owners engage primarily in adaptive, quick-response, and day-to-day planning (Byers & Slack, 2001; Schwenk & Shrader, 1993).

The main reason for having a written strategic plan is that it provides a guideline for making strategic decisions about the direction for the firm and what activities are the best fit. One person agreed with Bryson’s (1998) assessment that successful firms have a written plan and strategic planning gives a small business a strategic sense of direction.

The participant further added that strategic planning makes “decision making simpler.” The literature review suggested that a well-written strategic plan defines how the business can survive and grow (Kaufman, 2000). While organizations articulate their business plans in writing, Anderson and Atkins observed, “The other facets of strategy are not easily articulated or written down” (2001, p. 311). A written strategic plan provides a vision for the future and details tasks to accomplish their goals. “Visionary leaders help people to see how their work fits into the big picture, lending people a clear sense not just that what they do matters, but also why” (Goleman, 2002, p. 57). The perspective from several participants was that a written plan gives them direction, it is a “road map” and prevents them from “going all over the place.” A written strategic plan contains the prescription for, as one participant pointed out, “getting us where we want to be.” Decision making is a lot simpler and challenges can easily be addressed if the strategic plan is in writing.

Structure of formalized strategic plan. Several of the strategic planning models depicted in the literature review noted that strategic planning is a structured “strategic thinking and acting process” (Bryson, 1988) that gives the small business a sense of direction. Bryson added that it exemplifies the linkage of variables necessary to achieve organizational goals and success. A common theme expressed by the participants from this study was that a written strategic plan kept them focused and committed to the vision of the firm. Going through the process brings consistency and a focused direction.

Barry suggested that strategic planning is a flexible and adaptive approach to “envisioning the future and putting strategies into place to achieve a particular vision” (1998, p. 34). Without exception, every small business owner in this study considered the strategic plan as a flexible device that they monitored regularly. The results from this study determined the small business owners, in their own words, agreed that the strategic planning process is without end and is never completed. It is an ongoing process that must constantly be monitored and updated to reflect changes in the environment.

Six (40%) participants expressed a sense of urgency in having a written plan because they felt it was a vehicle that drove them to be focused and committed to the vision for the firm. They explained the strategic plan must clearly define the firm's mission. The mission establishes the foundation on what type of organization it is and is the centerpiece for developing strategies and making decisions. Specifically, 2 (13%) respondents affirmed that reviewing the mission statement is the first step to developing their strategic plan, which ensures their vision and strategies align with the values of the firm. Their assertion is consistent with Barker and Smith's model, which requires all the "inherent elements of strategic planning . . . mission statement, SWOT analysis, goals, and a hierarchy of plans to support these goals" (1997, p. 300).

Key components of strategic plan. A scan of the internal and external environment is an important step of the strategic planning process. Eighty percent of the participants agreed that conducting a SWOT analysis was the primary component in their strategic plan. What's more, 9 (60%) owners stated their strategic plan included developing goals, strategies, and specific action tasks on how to achieve those goals. Specifically, 7 (47%) participants identified revenue goals, client goals, and staffing goals as key and integral components of their strategic plan. Similar to several strategic planning models, the plan should include careful analysis of the environment and formulation of strategies, goals, and specific activities to achieve the goals (Kotler & Murphy, 1981; Steiner, 1979).

A SWOT analysis is a framework for generating strategic alternatives from a situation analysis (Anderson & Atkins, 2001). It is instrumental in identifying the firm's core competencies. According to Goho and Webb (2003), early models focused on SWOT analysis methods. Then, the authors concluded, environmental scanning was recognized as an essential activity to understanding the external forces affecting organizations. The participants in this study felt assessing the external environment was extraordinarily effective in helping them to understand conditions in the environment and respond to changes more quickly. When a firm thoroughly understands the four aspects of the situation analysis, it can better leverage its strengths, correct its weaknesses, capitalize on opportunities, and deter potential threats (Barker & Smith, 1997).

Conducting Strategic Planning

The process and key activities. There was a range of key activities and processes that the small business owners in this study performed in conducting strategic planning. Consistent with Thompson et al.'s (2005) assertion that a SWOT assessment provides information that is useful in matching internal resources with the competitive environment, the majority of the participants believed that the SWOT analysis was an essential activity to understanding their firm's core competencies. In addition to the previous description, the SWOT assessment is a tool for identifying a company's resource capabilities and deficiencies, its market opportunities, and the external threats (Thompson et al.).

The data revealed that small businesses felt after conducting a SWOT analysis they could develop strategies that would allow them to take advantage of their strengths and opportunities. Hence, a SWOT analysis provides information that is useful in matching the resources and capabilities to the competitive environment. As such, it is instrumental in strategy formulation. By understanding these four aspects of the situation, a firm can better leverage its strengths, correct its weaknesses, capitalize on opportunities, and deter potential threats (Barker & Smith, 1997).

The study also discovered that 4 (27%) participants' assignments of responsibilities to the goals were key processes to their strategic planning. In addition to developing goals, 2 (13%) responded that they regularly compare their results to benchmarks in the industry. Thus, as noted by 2 participants, benchmarking was a key activity to compare them with the industry. In line with Kumpf's (2004) rationale, the strategic planning process provides management and employees not only with a structure plan for pursing the goals and objectives but gives them measurable milestones to monitor the progress. Then, if needed, they would adjust their strategic plan as necessary to reflect changes in the internal or external environment.

Changes made to strategic plan. Another interesting aspect that was revealed from the interviews is the players involved in conducting the strategic planning process. Of the 9 (60%) participants who employed one or more persons, 6 (67%) insisted it was important to include key personnel in the planning process. The number of staff involved in the process over time changed for some of the participants. The responses varied in that most of the firms with employees changed from primarily management development to including more employees. Contrary to Barker and Smith's (1997) model, which is based on hierarchical planning, the respondents disclosed management was responsible for developing the plan, evaluating of the process, and assigning responsibility to the action tasks, but with input from staff.

However, one owner, who only required key management to participate in the planning, suggested that in the future the firm may considered including all employees, which will give the firm greater input of ideas. Besides, according to one participant, it is believed that employees would embrace management decisions when they are involved in the process. On the other hand, to include the entire organization is contrary to Steiner (1979) and Barker and Smith (1997), who argued that rather than a collaborative effort of the entire organization, strategic planning is the responsibility of the owner or top executive.

In addition, several of the participants found it important to identify ways to improve customer service. The findings revealed when conducting strategic planning, the participants want to enhance customer relations. Three (20%) of the participants' strategic planning sessions included spending time identifying ways to improve customer service. As one participant stated, "Happy clients result in repeat business, which increases our revenue. Therefore, we must continually find ways to maintain our business, keep customers happy, and use word of mouth to increase business." Hence, the strategic plan includes revenue goals, determines staffing patterns, and improves existing product line or explores new ideas for product offerings. They also revealed an external analysis of the environment assisted in identifying customer needs and environmental threats.

Frequency of reviewing strategic plan. Arguably, businesses operate in a dynamic environment that must be constantly monitored. Similar to an element in Kumpf's (2004) five-step strategic planning process that suggested that monitoring the implementation of the strategic plan should be on a regular, periodic basis, the participants felt it is essential to know what their competitors are doing and keep abreast of changes in the environment. This was evident in how often the participants review their strategic plan. Without exception, every person interviewed had some type of plan in place for reviewing his or her strategic plan, whether it was structured or unstructured.

According to the participants, monitoring their strategic plan was critical and was reviewed at various times, from daily, quarterly, or semiannual monitoring and changes made, as appropriate. Five (33%) participants reviewed their strategic plan quarterly, 2 (14%) reviewed their plan semiannually, 5 (33%) reviewed on a daily basis, and 3 (20%) mentioned as often as necessary, which may be daily, weekly or “whenever it needs to be tweaked,” rationalized one business owner. Consistent with the findings of Schmidtlein and Taylor (1996) in that regular monitoring of the strategic plan enhances the organization’s adaptation to the external environment, the participants commented that this process created opportunities to stay “ahead of the curve.” One participant concluded that the firm generated interest in exploring expansion of the business as a result of information obtained through assessing the external environment.

The literature suggested that the key to success for all businesses is to recognize, identify, and interpret environmental changes in order to develop a systematic plan for attaining company goals. This is primarily achieved through assessing the environment on a regular basis. Arbnor and Bjerke (1997) reported that organizations and the environment evolve together and data collected from environmental scanning allow the firm to adapt this information from the environment to their strategic plan. Similarly, this reasoning was in line with the results of this study, when 100% of the participants claimed the use of strategic planning increased their awareness of challenging issues and complexities that affect everyday living and their business strategies. The strategic plan, a "living document," as described by several participants, should change often. It was apparent from the interviews that the small business owners implemented changes to the strategic plan when needed and if the changes were a strategic fit to their plan. Their rationale was that this was necessary in order to sustain a competitive position in the industry.

Environmental assessment. Strategic planning models established by Barker and Smith (1997), Bryson (1988), Kotter (1996), Kumpf (2004), and Steiner (1979) outlined that consistent, periodic monitoring and appropriate changes to the strategic plan give a business direction, bring consistency to its operations, and keep a focused target. The findings in this study revealed that because of environmental scanning and identifying the need of its clients, 12 (80%) of the participants saw the need to adjust and make changes to their strategic plan. Still, while they did not have a formalized, written strategic plan and were not planning to make changes in the near future, the remaining participants agreed that analysis of the environment may warrant adjustments. Kotler and Murphy (1981) provided details for each step, including environmental scanning and conducting a SWOT analysis. After analysis of the environment and resources, goal formulation requires creation of goals and objectives that are aligned with the firm's mission. Consistent with the strategic planning models, the majority of the participants agreed that their strategic plan, as a "living document," should be reviewed often and reflects a balance of consumer needs with the strategic fit of the firm.

After an organization decides to commit to strategic planning, Bryson's (1988) model effectively links internal and external variables to formulate strategies to achieve organizational goals. Likewise, the assessment of past performance and environmental analysis are the primary dimensions of Steiner's (1979) model. This researcher found this to be true with the sample population, in that the majority performed a SWOT analysis and focused on external assessment of the environment. Steiner hypothesized

> The essence of strategic planning is the systemic identification of opportunities and threats that lie in the future, which in combination with the other relevant data provide a basis for a company's making better decisions to exploit the opportunities and to avoid the threats. (p. 13)

The findings from this study revealed that the majority of the participants included specific tasks and elements that are consistent with the strategic models described in the literature review (Barker & Smith, 1997; Bryson, 1998; Kotler & Murphy, 1981; Steiner). For example, 90% of the participants identified at least one of the following elements or activities, in no particular order, that they incorporated in their strategic planning process: (a) developing a vision and strategy, (b) developing and clarifying mission and values, (c) determining goals and objectives to be achieved, (d) identifying the major obstacles or constraints for achieving the goal, (e) developing new approaches and directions for overcoming and/or eliminating the obstacles, (f) preparing an action plan or activities for implementing these approaches, (g) monitoring the implementation of the plan on a regular, periodic basis, (h) identifying and making changes in organizational culture, (i) description of the organization in the future, (j) careful analysis of the environment, (k) review of internal resources, and (l) empowering employees as needed.

Most of the participants emphasized the importance of developing a vision, analyzing the market environment, and exploring new approaches to guide the change efforts and strategies to effectively achieve the goals of the firm. In the words of one participant, “It [the strategic plan] is always changing; you change because factors that you see that may have changed and you may have to alter your strategies in order to achieve your goal.” This comment is consistent with Kotter’s (1996) mandate: The direction of the organization is contingent on first establishing a sense of urgency to analyze the environment and the company’s market position.

Extent of using external experts and its value. Only 4 (27%) of the participants enlisted the help of a trusted outside expert to facilitate their strategic planning process. The external experts were beneficial in bringing key personnel together to brainstorm ideas, help them identify the firm’s core competencies, develop strategies and goals that matched their strengths with opportunities that existed, and was a fit with the strategic direction for the firm. Based on research findings, Robinson (1982) concluded that there were significant benefits associated with the assistance of outsiders in the strategic planning process. According to this study’s participants, the external experts brought objectivity and a different perspective, which helped the participants see issues from a different angle as they developed their strategic plan. The general consensus was that the external experts were accommodating to ensure that the strategic plans were implemented and regularly monitored.

Subsequent research on the impact of strategic planning (Bracker & Pearson, 1985) and outsider assistance (Chrisman, Hoy, & Robinson, 1987; Solomon & Weaver, 1983) supports Robinson’s (1982) findings that performance is enhanced when small firms develop strategic plans with the help of external consultants. Although exploring the impact of success and performance was beyond the scope of this study, 2 (13%) participants specifically indicated their use of external experts has had a positive effect on their business. However, it is not clear from the findings in this study if a relationship exists between outside consultants and performance. The reason some of the respondents reported for not employing an external consultant is that the cost exceeded the perceived benefit.

Despite the added cost associated with hiring an external expert, the participants in this study commented that their services added value and substance. Recalled one of the participants

> I thought they [external experts] did an awesome job; they facilitated the process, took notes, provided us with what we had talked about, they called us on some of our conflicts that we were having internally and what he could see in terms of the way we were talking.

Borch and Arthur (1995) and Bracker and Pearson (1985) maintained that incorporating outsiders in the planning process can supplement management deficiencies. The findings in this study revealed that the external experts offered a different perspective and effectively handled conflicts. The external experts facilitated sessions with management and key employees who generated considerable discussions and ideas. As such, the findings from this study revealed that most of the small business owners collaborated with key employees, brainstormed, developed goals and action plans to achieve the goals, and assigned responsibility to the goals.

Still, not all the participants in the study hired outside experts for their strategic planning process. Seven (47%) used external services for administrative purposes only, such as accounting. It appears the majority of the participants used external experts, if at all, for administrative purposes. This was Chrisman and Leslie's (1989) conclusion, who noted that the major benefit of external assistance was more in administration and operation. There was a sense, though, that external experts would be helpful to them in directing the strategic planning process. However, it was not cost effective to hire a consultant. On the other hand, the participants who hired outside experts found their services to be valuable, beneficial, and worth the money.

In fact, 2 (13%) participants stated the consultants brought objectivity, kept them on task, challenged the firm, encouraged vision, and moved them away from having "tunnel vision." The findings were consistent with Fann and Smeltzer's (1989) conclusion that small business owners individually devoted more time and energy to strategic planning when they have outside assistance. All 4 (27%) of the participants who hired a consultant spent considerable time in the strategic planning process, to the extent of setting aside several days to conduct the process. Yet, for the 74% who did not use an outside expert, it was not clear as to how effective the outsider would be or how they would be used since the owners were generally pleased with the process they were currently using. The research observed that they, too, spent considerable time with their strategic planning process and developing goals.

Arguably, due to management's perceived inadequacies, many firms find it in their best interest to hire outside consultants to assist in strategic planning, rather than do the planning themselves (Borch & Arthur, 1995; Bracker & Pearson, 1985; Chrisman & Leslie, 1989; Robinson, 1982; Sanford, 1982; Sexton & Van Auken, 1982; Still, 1974). This was true for one of the participants, who commented that when the business was first opened, overcoming the personal inadequacy of running a business was a challenge. Hence, it was helpful to hire someone to assist with developing the firm's strategic plan.

In the end, though, it was apparent that the majority of the participants were focused and committed to doing whatever it took to develop an effective strategic plan.

Challenges

The most important challenges identified by the participants in developing the strategic plan were time constraints, external forces, and personal development. The findings concluded that the participants evaluated how the challenges affected their "living document" and future direction, and made appropriate changes. Additionally, the challenges affected how businesses interact with customers/clients. Nine (60%) of the participants said their company grew and business was better as a result of these challenges because they faced the challenges and identified ways to overcome them and convert them into opportunities. "By overcoming challenges you get better as a company and individually." The general consensus of the participants was that they adapted to the challenges by first recognizing a challenge existed, then analyzing how to best confront and deal with the challenge. In the end, the participants knew decisions had to be made, which is why they regularly monitor their strategic plan and external forces. They concluded that if you embrace change then it no longer becomes a challenge but something that is new and needs to be implemented.

Environmental challenges. The company's understanding of both its internal and external environment is one of the most important factors taken into consideration in organizational studies before an effective strategic plan can be implemented (Aragon-Correa & Cordon-Pozo, 2005). While there is extensive literature available on how environmental uncertainty affects decision making in larger firms, it has been minimally explored in small firms (Aldrich, 1979; Jauch & Kraft, 1986; Matthews & Scott, 1995).

According to Lindsay and Rue (1980), perceived environmental uncertainty greatly influences strategic planning in large firms.

There is little empirical evidence on the impact of uncertainty on planning in small firms (Matthews & Scott, 1995). The findings from this study suggested environmental uncertainty impacts small businesses because it allows the businesses to try to distinguish themselves from the competition and make investments in their own firms. For instance, with the volatile economy and not knowing how the consumers would balance their product needs with a distressed economy (especially the participants who identified their products/services as luxury items), the participants felt the uncertainty helped them to be more creative and increase their marketing efforts. Yet, regardless of firm size, the perception of environmental uncertainty is important in decision making and the development of strategy.

External forces. The external forces identified were the competitive environment, economy, and regulatory laws. The competitive environment was a significant challenge faced by 11 (73%) of those interviewed. They were concerned with dealing with changes in their industry, not becoming complacent, identifying innovative and unique products, and having the resources available to implement those changes. The competitive challenge was keeping on top of what competitors were doing. Several authors have contended that environmental pressures increase the need for strategic planning because the uncertainty is an opportunity for gathering information (Ansoff, 1991; Cohen, 2001; Swamidass & Newell, 1987). According to Miller and Cardinal (1994), firms facing constant changes in their environment would rely on strategic planning to get them through the unpredictability and pressures of environmental conditions. The economy and regulatory laws were two more challenges facing the small business owners. They cited a volatile economy, rising costs of doing business, regulatory changes that could increase their costs, and tight budget constraints of consumers.

Three (20%) of the participants indicted that since their product is considered a luxury item, they are faced with the challenge that customers may limit purchases of their products in depressed economic situations. “I realize what I do is a luxury item and may become unimportant to some people,” commented one participant. The participants stated it can be difficult to plan around these challenges, yet it is imperative that they strategically develop plans to compensate for leaner times. It was Cohen’s (2001) assertion that strategic planning and nonstrategic decision making were impacted by conditions in the external business environment. Hence, this supports the participants’ concern that since their product is a luxury item, consumers’ habits may be impacted by the economy, thus affecting the participants’ products.

Time challenges. Clearly, running a small business has in itself day-to-day operational challenges. Added to this, according to the participants, is finding the time to effectively conduct strategic planning, keeping abreast of the competition, and adequately preparing oneself to understand the challenges of small business ownership. Barkema et al. (2002) implied that in order to be competitive companies must embrace challenges by consistently setting aside time to keep themselves aware of environmental changes and emerging trends. Repeatedly throughout the interviews, participants noted “time constraints” as a primary challenge in developing and implementing the strategic plan.

The universal agreement was that the daily obligations in running a business often interfered with the strategic planning process and affected continual monitoring of the competitive environment. Nine (60%) of the participants indicated time constraints as an issue. McLaughlin and Perman (1991) suggested that the effective use of time can impact the level of success for small businesses and that outside assistance may effectively balance a firm's time constraints. Although the literature review suggested that outside experts would be valuable in minimizing the demands on time, only 2 (13%) of the 15 participants mentioned that the use of an external expert to assist with the use of strategic planning development may mitigate the time constraint problem. The position of one participant was "because we really have seen the value of it [external expert], the cost is still there but not much of a challenge."

Although the majority of the respondents were heavily involved in the planning process, a greater challenge was finding time to devote their efforts to ensure their strategic plan was most effective. One participant said, "I think about my strategic plan daily, I just don't have the time to sit down and put it to paper." This response is similar to research findings that suggest many small business owners engage primarily in adaptive, quick-response, and day-to-day planning (Byers & Slack , 2001; Schwenk & Shrader, 1993). A written plan, however, as opposed to mental preparation, is of value in keeping a focused view of the organization.

A well-designed strategic plan can go far toward meeting the challenges and struggles normally unique to small businesses. Many authors, such as Bryson (1988), Chrisman and Leslie (1989), and McQuaig (2006), have supported the importance of strategic planning and its potential benefits, while also acknowledging some of the limitations of strategic planning. The participants agreed the strategic plan is important, yet they acknowledged time constraints prevent them from truly developing the type of strategic plan they envision.

Organizational culture. Another challenge identified from the data analysis was dealing with the organizational culture and getting people to shift their way of thinking. For this study, some of the business owners with employees indicated that a difficulty they faced was getting employees to buy into the strategic plan as a result of changes to the plan. For example, one person stated it is “complicated to get people to think differently.” Implementing the strategic plan can be difficult if employees are not appropriately notified or made aware of changes to the strategic plan. Waddell (1988) argued that a culture grounded in strategy-supportive values, practices, and behavioral norms adds significantly to the power and effectiveness of a company’s strategic execution effort.

Furthermore, several participants emphasized that challenges that affected the organizational culture resulted in positive changes to both the organization and themselves. The participants suggested that by facing the challenges it required them to act upon them, make necessary changes, and deliberately evaluate if suggested ideas fit the strategic plan of the firm. For instance, one participant described a situation where an employee offered an idea for the firm to implement. The employee did a lot of research and thought it would be great for the organization. After reviewing the suggestion, the owner concluded it did not fit the firm’s strategic plan. The owner stated the challenge was recognizing when some opportunities are not a strategic fit for the organization and convincing employees of that fact. This assessment is consistent with Adubato’s (2005) assertion that confusion from strategic planning results from a lack of understanding the process and how to incorporate changes that are appreciated

In this case, it was disappointing to the employee, but the participant insisted the value of a strategic plan came into being because if one believe in one's plan and "follow[s] it, you are going to have these opportunities to challenge that plan." The participant went on to explain that in the past it would have been difficult to decline the employee's great idea, despite the fact it may not have been good for the firm. The value of strategic planning is enhanced when it clearly defines the specific and achievable goals that are shared within the organization (Cohen, 2001). In other words, the owner said turning down that proposal was easy because "it did not fit our strategic plan; it was a great idea but not for us." In fact, this participant concluded, and the consensus with other participants who utilized outside experts was, that the strategic plan is valuable in this type of situation and the money spent on it really was not much of a challenge: "That's why I know it works." Additionally, one owner stated that the firm is stronger because of the challenges, the employees are energized, and business has grown. According to the participants, the strategic plan works when you are able to recognize if an activity fits the strategic direction of the firm.

Best Practices

The purpose in exploring what best practices have small businesses in north and northwest Omaha identified or developed was to determine what worked well for the businesses and how it impacted their business. Dyason and Kaye (1995) stated that the long-term failure of companies is not a conceptual failure, but is attributed to the lack of finding better ways to do business. The researcher wanted to understand if small business owners actively sought better ways to do business.

In general, achieving business excellence is accomplished through strategic planning by developing a range of activities demonstrating best practices and business intelligence to predict today and plan for the future (Briggs & Keogh, 1999; Dahlgaard et al., 1998; Peters & Waterman, 1982; Wiseman, 1995). All of the participants identified at least two best practices that they considered valuable and have benefited their business.

SWOT analysis and involvement of key employees. The most mentioned practice from 9 (60%) of the participants was a deliberate and methodical analysis of their internal and external environments, identifying their strengths, weaknesses, opportunities, and threats, and matching their strengths to opportunities. The SWOT assessment enables firms to develop strategies that match their strengths with opportunities in the industry. It is a tool for identifying a company's resource capabilities and deficiencies, its market opportunities, and the external threats (Thompson et al., 2005).

It provides information gathered from key employees that is useful in matching the resources and capabilities to the competitive environment. In fact, key employees in the strategic planning process was a best practice cited by 4 (27%) of the participants. Several participants agreed that key employees should be involved in the process, which is consistent with Byers and Slack's (2001) argument. The findings revealed that the participants supported the involvement of key personnel and/or all the employees in the strategic planning process. Subsequently, significant strategies were employed to diminish the negative culture challenges that affected implementing the strategic plan.

Use of external experts. Three (75%) of the four businesses that utilized external experts thought that this was one of their best practice because the benefits they received from the outside experts was greater than the cost incurred. The value of best practices employing external experts has been studied, yet there are few empirical studies on the effectiveness of outside assistance in strategic management for small businesses (Borch & Arthur, 1995; Goho & Webb, 2003; Robinson, 1982). Since there are few empirical studies on the importance of outsider assistance (Robinson), and recent studies have indicated that external expertise is effective in helping small businesses, exploring how external expertise have been used as a best practice in the strategic planning process is gaining attention. Although not utilized by most (73%) of the participants, the information that emerged from this study is the external expert services are beneficial and those employing them found the cost worth the benefits received.

Strategic planning and other best practices. Identifying practices and activities to improve customer service was another best practice noted by several participants. Other practices mentioned were adhering to the basic tenets of business operation, benchmarking, and having their "living document" in writing. Surprisingly, 4 (27%) participants mentioned making every effort to adhere to their strategic plan in order to be efficient as their best practice. They explained that "time constraints" are a challenge and if they did not intentionally make the effort, other obligations would interfere, take their time, and the strategic planning process probably would take a secondary status. The literature review suggested that of the array of activities for implementation, strategic planning is "the most significant activity engaged in by managers" (Harrison, 1996, p. 46). Cohen (2001) agreed that conducting strategic planning is a valuable managerial activity. As well, Robinson and Pearce noted the success of small businesses is dependent "on the quality of strategic decisions made by the principals in such businesses" (1984, p. 136). In fact, Steiner suggested that strategic planning has become "inextricably interwoven into the entire fabric of management" (as cited in Phillips & Appiah-Adu, 1998, p. 2). Consistent with the literature, 7 (46%) insisted that the development and implementation of their strategic plan was considered their best practice. In addition, they mentioned it is essential to regularly monitor the strategic plan.

Briggs and Keogh (1999) suggested that best practices and business excellence are accomplished based on the individual fit of the firm and its specific goals. According to some participants in this study, using good software, daily reading of business literature, and developing an annual marketing plan in order to keep better track of monthly revenue goals were activities that worked well for them. In addition, other best practices mentioned were to include the entire organization in the strategic planning process in order to gain greater input and ideas, regular use of the Internet to identify possible product/service ideas, and having great organizational skills. The participants also identified flexibility in developing and implementing strategic planning, openness and flexibility in working with clients, and being a member of professional organizations for professional and personal development as single ideas on what works best for their firm. In terms of organizational skills, one respondent stated that worked best because it entailed follow-through, keeping the firm on task, and sticking to the plan.

Impact of best practices. The small business owners explained that their best practices kept them focused and reinforced an entrepreneurial mindset. The findings revealed that the impact of these best practices was increased business, consistent growth, excellent reputation, better customer service, retention of clients, and a written tool that demonstrated to their employees management's commitment to strategic planning and vision for the firm. The impact of the best practices, in the words of one participant, is "my ability to change and adapt to the type of things we have been talking about. I think it has helped me be more successful." Bracker and Pearson (1985) and Cohen (2001) concluded from several studies that planning practices are advantageous to the small firm when they address the firms objectives and are substantive. Thus, these best practices are helpful in carrying out the firm's goals and objectives. The general theme was the best practices were a driving force in making the firm better and achieving personal growth. Furthermore, several participants mentioned the biggest impact was giving them direction and focus. Another participant indicated the best practices have resulted in consistent growth and retention.

It was clear during the interviews that the general consensus of the participants in this study is to offer the best products and services, and customer service. They are intentional in keeping abreast of the competitive environment and continuous improvement. Thus, it was not surprising to hear one of the participants identify benchmarking against the industry as a best practice in assessing the strategic planning process. A best practice approach that has proven beneficial in guiding and assessing the strategic planning process is benchmarking (Jennings & Westfall, 1992). If implemented effectively, benchmarking can be viewed as a catalyst for continuous improvement and enhancement of the strategic planning process.

Finally, one person pointed out that the development of a stronger marketing plan would allow them access to a larger clientele.

Best practices to be developed. Although none of the participants indicated displeasure with the best practices they implemented, when asked “What best practice would you like to develop and what benefit would it provide for your company?” the most common response (5 participants) was devoting more time and energy to the strategic planning process because of the value and opportunities that are inherent in implementing the strategic plan. The literature review suggested that owner behavior and attitude drive the decision to participate in strategic management (Delmar & Shane, 2003). Thus, the owner must make time and devote energy to the strategic planning process. Although small businesses typically operate with limited resources, they have a lot of energy (Nerone, 1997).

A future plan of 2 (13%) participants is to eventually hire an external expert. They mentioned hiring an outside expert is cost-prohibitive at this time, but this would be a future best practice. The findings revealed that although these participants do not use an outside expert, they perceived the same value and benefit as was cited by the participants who use external experts: The external experts provide a different perspective and objectivity. Similarly, studies by Sexton and Van Auken (1982) and Robinson (1982) suggested that external expertise is most helpful for small businesses that engage their services in providing an expertise that the small business owner may lack.

Another best practice for future consideration is a training program for employees or clients. The 2 (13%) participants who mentioned the training program strongly believe additional training will provide personal growth for their staff, which would lead to increased productivity. “The best practice I would like to implement is training for my employees to become more assertive in the sale of certain products.” David (1995) emphasized that training and education are essential elements to planning and preparation.

Advice to small business owners. The last interview question was "What advice would you give to small business owners on conducting strategic planning"? The overwhelming response (87%) was that strategic planning is essential and important; the participants support it and strongly encourage small business owners to develop a strategic plan. In the words of one of the participants, "I believe one of the reasons businesses fail is because they don't have a strategic plan." Similarly, Christopher (1998) and Kristiansen (2004) implied the reason that small businesses fail is due to their failure to employ strategic planning. In support of the strategic planning process, 5 (67%) participants pointed out that it offers an opportunity to learn more about the business and industry, which is nothing more than gaining "knowledge, knowledge, and more knowledge." Most of them agreed that the plan should be in writing, even from one of the participants whose plan is not in writing. Kaufman (2000) agreed and went on to say that a well-written strategic plan defines how the business can survive and grow. However, although a strategic plan should be in writing, one participant's mandate was to be flexible and quickly make adjustments as needed. Thus, as suggested by 2 (13%) respondents, the strategic plan, in essence, is a "draft," meaning it is ever-changing and without end. Several participants described the strategic plan as a "living document" and the organization's "lifeblood," indicating the seriousness of such a tool.

Reiterating the need to monitor the plan, 7 (47%) respondents in this study emphasized that once the plan is developed, it should be monitored regularly. As such, Dean and Sharfman (1996) suggested that the failure of small businesses to effectively develop and monitor strategic plans may have severe implications that affect the business's success. Several participants urged small business owners to actively assess the external environment and conduct a SWOT analysis. They suggested this activity, which keeps the owner aware of the business's internal competencies and external forces (i.e., competitors, economics, regularly, etc.), is necessary to be successful.

Other advice given was to never become complacent; take a "hands-on" role; talk to others who have gone through the process; and included suggestions on the operations of their business such as "have adequate funding in your bank accounting." One participant insisted that small business owners "do your homework, understand your audience, review your strategic plan and make changes as necessary."

Summary

The findings of this study were analyzed from the data collected and articulated the richness revealed from the 15 participants who shared their experience on how they conducted strategic planning, their challenges, and best practices. Although the majority of empirical studies on strategic planning have focused on big businesses, scholarly contributions addressing small business planning is growing. This qualitative report addressed the gap from prior research studies that explored the role of strategic planning in small businesses and the extent to which they utilize a strategic plan. It was determined that strategic planning, whether structured or unstructured, is considered an essential management tool for these small businesses owners.

Based on the literature review (Brews & Hunt, 1999; Cohen, 2001; Hopkins & Hopkins, 1997; Matthews & Scott, 1995; Porter, 1996), in order to generate a competitive advantage the process of strategic planning must distinguish innovations created within the organization and those imposed by external forces. Additionally, several researchers (Aldrich, 1979; Bourgeois, 1980; Hambrick, 1982; Matthews & Scott) recognized the key to effective strategic planning is management finding a focused balance between environmental scanning, their perception of the environment, and their internal assessment. The findings in this study suggested when the small business owners conducted a SWOT analysis it illustrated the link for small business to match their strengths with opportunities while minimizing their weaknesses.

Prior research studies have found the use of external intervention in the strategic planning process contributes to the success and growth of a business. Typically, the studies suggested external intervention keeps firms more focused on the strategic planning process. In some cases, if strategic planning is effectively used as a management tool, incorporating outsiders in the planning process can supplement management deficiencies. Nevertheless, in this research study, it was apparent based on the analysis of the data, at least 13 (87%) of the participants practiced a focused direction and commitment to the organization, regardless of external assistance. However, it was not clear from this study whether the external influences had an impact on strategic planning. However, there is sufficient evidence to further research the role of external interventions in strategic planning for small businesses. The use of external experts may address one of the problems identified in the literature review: that failure to conduct strategic planning is a contributing factor in the collapse of small businesses.

Finally, the results from this study provided insight that strategic planning affected the small business owners' decision-making process. Some of the owners suggested that decisions on staffing, product development, and market penetration were made as a result of their strategic planning efforts. Although the literature review indicated the decisions of small business owners appeared to be primarily adaptive (Mintzberg, 1973) and made in quick response to changing conditions rather than strategic plans for the future direction of the business, the responses from the participants in this study contradicted this assessment. Conversely, the main reason most of the participants mentioned for having a strategic plan was it operated as a reference document and kept them focused on what was best for the organization. As a matter of fact, the universal response was that changes to their strategic plan were made only after careful assessment of the environment and evaluating if the suggested change was a strategic fit for the organization. The research participants concluded, doing one’s homework and knowing one’s audience will make strategic planning a little simpler.

Limitations

The following were limitations to this research project:

1. The data collected were from a small sample size; thus, generalizability is problematic to other organizations and industries.

2. The research study focused on small businesses in north and northwest Omaha, thus, general conclusions cannot be derived for all small businesses.

3. One of the perceived drawbacks to qualitative research is the concern of external generalizability to other situations (Patton, 2001). However, as argued by Denzin (1988) and Creswell (1998), because of the intrinsic value of rich, personal experiences shared in this phenomenological research project, and that the primary purpose was to describe and clarify reality from the perspective of those who have lived them, generalizability was not a goal of this study.

4. Another limitation was that the standard description of a small business, as defined by the SBA (2005) and the U.S. Office of Advocacy (2006), ranges up to 500 employees. This study was limited to businesses with fewer than 20 employees.

Conclusions

Scholarly research that investigates the impact of strategic planning and identifies specific components for conducting strategic planning for small business continues to be warranted. For this reason, Borch and Arthur (1995) proposed that in-depth studies be conducted that explore both the array and diversity of strategic activities and implementation. The purpose of this study was to conduct a qualitative research on how small businesses conduct strategic planning and gain an understanding to the following research questions:

1. To what extent do small businesses in north and northwest Omaha have a formalized strategic plan?

2. How do small businesses in north and northwest Omaha conduct strategic planning?

3. What challenges do small businesses in north and northwest Omaha face in the strategic planning process?

4. What best practices have small businesses in north and northwest Omaha identified and/or developed?

Based on the findings from this research study, the following conclusions were drawn:

1. Small business owners in north and northwest Omaha are motivated by a passion to be successful, independent, and capture a dream that presents an opportunity for a challenging and meaningful work environment. Hence, regardless of the challenges or best practices, the participants in this study saw the value in having a strategic plan, which they referred to

as a" living document." Their passion for being in business drove them to be committed to the strategic planning process.

2. Although much of the strategic planning research has focused on big businesses, the strategic planning process for small businesses is similar to large firms. Appropriately, research found that larger firms regularly practice strategic planning (Chrisman & Leslie, 1989; Van Kirk & Noonan, 1982; Walsh, 2005). Yet, in this study 67% of the small business owners practiced formalized strategic planning, that is, have a written plan.

3. Small businesses in north and northwest Omaha not only believe strategic planning is essential but it should be formalized and written because it is an opportunity to develop and implement goals. Consistent with research by Bryson (1998) and Kaufman (2000), the participants agreed that a written strategic plan is valuable in keeping a focused sense of direction and commitment to the firm.

4. The findings revealed a primary reason for having a written strategic plan is to provide a guideline in making strategic decisions about the direction for the firm and what activities are best. Furthermore, the findings concluded that the strategic plan and best practices give the organization a sense of direction and focus.

5. The participants regularly assess the external environment, monitor their strategic plan, and make changes as needed.

6. Conducting a SWOT analysis is the primary component to their strategic plan, which lends credibility and substance to developing appropriate strategies for the firm. The findings revealed that 80% of the participants perform internal and external analysis of the environment and adapt to challenges, and 100% of them regularly monitor their strategic plan.

7. The participants agreed there is utility in the strategic planning process in terms of decision making.

8. Participants who utilized external experts found them to be beneficial in facilitating the strategic planning process and bringing objectivity and a different perspective in helping to develop and implement the plan. However, it was not clear from this study if external assistance has an impact on strategic planning. Nonetheless, there is sufficient evidence to warrant further research in the role of external interventions in strategic planning for small businesses.

9. The primary challenges to developing and implementing the strategic plan are time constraints and the competitive environment. The general consensus of the participants was that they adapted to the challenges by first recognizing a challenge existed, analyzing how to best confront and deal with the challenge, then implementing appropriate changes.

10. The best practices cited by participants are developing a strategic plan, conducting a SWOT analysis, organization, identifying activities to improve customer relations, and hiring external consultants.

11. Clearly, the strongest advice given for other small business owners was to develop a strategic plan, monitor it regularly, and conduct a SWOT analysis. All of these activities, according to the participants, help the owner gain knowledge and be successful in their business.

Recommendations for Future Research

This study is important because little research has been conducted on the role, challenges, and best practices of small businesses. Specifically, the study addressed these issues with small business owners in north and northwest Omaha. The following are recommendations for further research to understand the process of strategic planning in small businesses:

1. This study focused on businesses in north and northwest Omaha, Nebraska. It is suggested to replicate the design with businesses in other geographic areas of Omaha or cities of similar size. Strategic planning leads to stronger growth and success for small businesses.

2. The small business owner’s strategic planning process is in line with big business. Scholarly research could explore strategic planning with both large and small businesses, comparing and contrasting the data.

3. Future research should explore the relationship between utilizing strategic planning and the success of small businesses. Are companies successful because of their use of strategic planning or did their success motivate them to employ formal business planning techniques (McQuaig, 2006)? The results of a study conducted by Chrisman and Leslie (1989) suggested that further research is needed to determine the exact nature of the relationships among strategic planning, outsider assistance, and small

business performance. Does the sophistication of strategic planning enhance the firm's chances of survival and success? The literature review suggested that a linkage exists between these variables; however, it was beyond the scope of this study.

4. According to the participants in this study who utilized external experts, the quality of decision making improved and the consultants ensured that strategic plans are implemented and monitored on a regular basis, as suggested by Ogunmokun, Shaw, and Fitzroy (1999). What is the influence of external experts on strategic planning efforts? Do they improve the quality of decision making and impact the effectiveness of the strategic planning process? Research to determine the benefit of external experts would be beneficial.

5. The participants in this study identified several best practices and strategic planning techniques. Further empirical studies would contribute to the creation of knowledge in the role of strategic planning by small businesses by probing deeper into the nature of strategic planning techniques practiced. It may be useful to understand further the impact of techniques and practices employed by small businesses in their strategic planning process.

6. The results of this study hold both practical and theoretical value. From a practical perspective, the relationship found between planning and performance was not clear, since this was not the purpose of the study. However, research could advance the knowledge that effectiveness can be enhanced by comprehensively engaging in the basic operational and strategic planning activities. On the other hand, from a theoretical perspective, Brews and Hunt (1999) maintained the importance of strategic planning is primarily linked to experience acquired through a wide range of managerial decision making. This study found the participants perceived the array of best practices was useful to their organization. Further empirical studies could investigate and substantiate these findings.

7. Useful information could be obtained that explores the linkage between strategic planning and growth. Strategic planning literature has suggested that small firms that devise more formalized and sophisticated strategic plans typically adopt a wider variety of alternative strategies than nonformal planners, and that this increased attention may be associated with increased growth (Lyles et al., 1993). Further studies could gain an understanding if a linkage exists.

8. This research study found the participants perceived the use of external intervention in the strategic planning process contributed to their success

and growth. However, it was not clear that the external influence had an impact on the small business's success. However, there is sufficient evidence to further research the role of external interventions in strategic planning for small businesses and if they contribute to success and growth.

9. Although demographic evidence was collected regarding length of time in business, ethnicity, age, and gender, exploring how this data impacted the strategic planning process was beyond the scope of this study. It would be helpful to know if demographic information such as women-owned businesses, Black-owned business, and so forth, influences the strategic planning process.

10. A study conducted by Hancyk (2004) identified personality variables of the CEO as possibly being dominant factors that influenced strategic planning behavior. However, the data were insufficient to allow analysis of causal relationship. Further empirical studies could investigate the interrelationships of the strategic planner's personality, strategic planning behavior, and the kinds of strategies formulated.

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APPENDIX A. FINAL INTERVIEW GUIDE

Demographic Questions

1. How long have you been in business?
2. What is your highest level of education?
3. What is the current form of your business ownership? (i.e. sole proprietorship, corporation, partnership, etc.)?
4. Why did you start your business?
5. What type of business do you own?
6. What is your gender?
7. What is your ethnicity/race?
8. What is your age?
9. How many people do you employ?

Interview Questions

10. Do you have a formalized, written strategic plan?
11. What is your reason for having (not having) a formalized, written strategic plan?
12. What are the key components of your strategic plan?
13. Describe the process and key activities you use to conduct strategic planning in your business?
14. How frequently, if at all, do you review and make changes to your strategic plan?
15. What are some of the changes you have made to your strategic plan and why?
16. To what extent, if at all, do you use external/outside experts in your strategic planning process?
17. What added value, if any, have you found from the use of these external/outside experts?

18. To what extent are your strategic planning efforts impacted by external influences? Specifically, describe these influences and how they have impacted your strategic planning efforts.

19. What are the challenges you have faced in *developing* your strategic plan?

20. What impact have these challenges had on your business?

21. What are the challenges you have faced in *implementing* your strategic plan?

22. What impact have these challenges had on your business?

23. What are the best practices you use in your strategic planning process?

24. What impact have these best practices had on your business?

25. What best practice(s) would you like to develop and what benefit would it provide for your company?

26. What advice would you give to a small businesses owner on conducting strategic planning?

APPENDIX B. SUBJECT MATTER EXPERT PANEL

The panel consists of two individuals who are proficient in strategic planning creation, have knowledge of small business design and/or skilled in the interview guide development. They will provide content analysis of the interview questions. The subject matter experts are:

Mark Bonkiewicz
Author: "Why Leave $100,000 on the Table?"
President, Dynamic Consulting, Inc.
11129 "Z" Street
Omaha, NE 68137

Mr. Bonkiewicz, President, has over 30 years experience in strategic planning and business development. The vision of Dynamic Consulting, Inc. is to deliver world class planning and implementation strategies to maximize client teamwork and profits. The company specializes in

1. Strategic plan creation and implementation
2. Executive Coaching
3. Business Development Enhancement
4. Marketing Services

H. Lynn Bradman, Ph.D
Metropolitan Community College
Center for Learning Effectiveness, Assessment, and Research (CLEAR)
Omaha, NE

Ms. Bradman has over 15 years experience in curriculum and assessment development. The Center for Learning Effectiveness, Assessment, and Research provides support to enhance learning initiatives. She provides guidance to the College and faculty in establishing outcomes assessment, continuous improvement for best practices in teaching and learning, and curriculum development. Her responsibilities include development of faculty and program evaluation instruments.

APPENDIX C. PILOT STUDY INTERVIEW QUESTIONS

Demographic Questions

1. How long have you been in business?
2. What is your highest level of education?
3. What is the current form of your business ownership? (i.e. sole proprietorship, corporation, partnership, etc.)?
4. Why did you start your business?
5. What type of business do you own?
6. What is your gender?
7. What is your ethnicity/race?
8. What is your age?
9. How many people do you employ?

Interview Questions

10. Do you have a formalized, written strategic plan?
11. What is your reason for having (not having) a formalized, written strategic plan?
12. What are the key components of your strategic plan?
13. Describe the process and key activities you use to conduct strategic planning in your business?
14. How frequently, if at all, do you review and make changes to your strategic plan?
15. What are some of the changes you have made to your strategic plan and why?
16. What strategic planning models, if any, have you incorporated into your strategic planning process (e.g., SWOT analysis, Bryson, etc.)?
17. To what extent, if at all, do you use external/outside experts in your strategic planning process?

18. What added value, if any, have you found from the use of these external/outside experts?

19. To what extent are your strategic planning efforts impacted by external influences? Specifically, describe these influences and how they have impacted your strategic planning efforts.

20. What are the challenges you have faced in *developing* your strategic plan?

21. How have these challenges changed over time and what impact have they had on your business?

22. What are the challenges you have faced in *implementing* your strategic plan?

23. How have these challenges changed over time and what impact have they had on your business?

24. What are the best practices you use in your Strategic planning process?

25. What impact have these best practices had on your business?

26. What best practice(s) would you like to develop and what benefit would it provide for your company?

27. What advice would you give to a small businesses owner on conducting strategic planning?