DAVID VERSUS GOLIATH: Explaining small firm survival

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Abstract
This study uses 16 case studies of small firms from rapidly changing and consolidating industries to assess the effect of strategy selection and firm adaptability on small firm success, using firm tenure as a moderator variable. The study found universal dependence on differentiation as a core strategy, but surprisingly extensive use of broad product (50%) and service (80%) strategies. The study found limited use of community adaptation, more general use of cooperative agreements with other small firms, and some impact of firm tenure on the variables. Study limitations and implications for managers and future research conclude the paper.
Small firms face severe competitive challenges. In 1958, Hirschman argued that small firms will fail or be consumed by large firms. Welsh & White (1981) pointed out that because small firms are resource impoverished they face significant disadvantages when competing head-to-head against larger firms. More recently, McCune (1994) found that the “price chopping” practices of mass merchandising retailers (e.g. Wal-Mart) and category killers (e.g. Home Depot) threaten the survival of small competitors, limit the shopping alternatives for customers, limit the customers to which manufacturers can sell, and decrease the negotiation power of vendors. And Fenn (1997) noted that while independence is valued, scale is rewarded.

Despite the many competitive challenges faced by small firms, in particular those in concentrated industries, some have suggested that small businesses do have advantages. These advantages include extraordinary accessibility; customer and market knowledge; close social relations with customers; product, service and geographic specialization; flexibility; and management (Kean, et al., 1996; Litz & Stewart, 2000; Litz, 2000; Longenecker & Moore, 1987). Indeed, there are approximately 23 million small businesses in the United States, which account for nearly half of all goods and services (Daft, 2000; Hodgetts & Kuratko, 1995; Kuratko & Hodgetts, 1998).

The current interest in entrepreneurship in conjunction with the desire to resolve the inconsistencies in the literature on small firm viability in face of competitive pressure prompted this research. Researchers disagree on (1) whether or not small firms can be successful (e.g., Hirschman, 1958) and (2) if they can, which strategies enable success (e.g., McCune 1994; Porter, 1980). In addition, the literature suggests that there are certain adaptability factors (e.g.

* While definitions vary in the studies cited, most are roughly consistent with the USA Small Business Administration’s definitions. (See SBA’s Small Business Size Regulation: Size Standards and the North American Industrial Classification System as published in the Federal Register 65 (94) May 15 2000, pages 30836-39863, available on line at www.sba.gov/regulations/121/naicsfinal.txt.) Of course, the SBA definitions also vary by

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cooperation, flexibility) that may affect the success of the firm’s chosen strategy (e.g., Fenn 1997; McCune, 1994). The purpose of this research is to discover how some small firms have been and continue to be successful despite industry consolidation and the power of huge competitors. Metaphorically speaking, the question is how does David continue to smite Goliath?

On the assumption that small firm success is particularly problematic in consolidating industries, this study explores in some detail the success of small firms in three narrowly defined retail industries. These are the highly concentrated drug and hardware (including both general hardware and floor coverings) industries and the fast consolidating book selling industry. The study is based on sixteen case studies designed both to analyze the impact of strategy selection, firm adaptability, and firm tenure on firm viability and to understand in greater detail the nuances of successful small firms’ strategies. This study proposes that successful small firms select only certain sorts of strategies, that a small firm’s ability to adapt will affect the success of its selected strategy, and that firm tenure may moderate a firm’s strategy and adaptability decisions. These relationships are illustrated in Figure 1 and reviewed in the following sections.

Figure 1: Small Business Strategic Model

- Firm Strategy Selection
  - Differentiation
  - Cost Leadership
  - Focus

- Small Firm Success
  - Growing
  - Stable
  - Declining

- Firm Adaptability:
  - Community
  - Cooperation
CONCEPTUAL BACKGROUND AND THEORY

Competitive Strategy

Chaganti, Chaganti, and Mahajan (1989) have suggested that “firms should match strategy to the type of competition in the market, and that effective strategies vary with the type of competition” (p. 31). Moreover, Porter (1980, 1985) has argued that a firm can gain competitive advantage by pursuing one of three generic competitive strategies: differentiation, cost leadership, and focus. Firms employing a differentiation strategy attempt to distinguish their products and/or services from those of their competitors; they attempt to establish and maintain customer loyalty through uniqueness. Firms using a cost-leadership strategy compete for customers by offering competitive quality at the lowest prices. Firms choosing a focus strategy decide to compete not only on the basis of uniqueness (differentiation) or price (cost leadership) but also by targeting a segment of an industry or market.

In general, Chaganti et al. (1989) found that firm size limits the competitive strategy options of businesses, with large profitable businesses having more options than small profitable businesses. McCune (1994) argued that cost leadership strategy is infeasible for small firms because they cannot enjoy economies of scale. Instead, he suggested that small firms should differentiate themselves from their competitors by providing something that gigantic competitors do not provide such as excellent service or unusual products, in addition to good planning and savvy. Indeed, other researchers have found that differentiation through product uniqueness, customer responsiveness, quality, excellent service and convenience has enabled small firms to survive or prosper (Chaganti, et al. 1989; Lieber, 1997; Love, 1998; Macht, 1999). In addition, Chaganti and colleagues (1989) found that differentiation in terms of quality aided performance,
while differentiation through innovation did not affect performance. Given the weight of the opinion in the literature, the first hypothesis for this study is:

**H1: A small firm is more likely to succeed using a differentiation strategy than a cost leadership strategy.**

As to whether small firms should focus, McCune (1994) found that if local stores could carve out a niche not filled by Wal-Mart, then Wal-Mart shoppers would eventually spill over into the local stores, improving their performance. Thus he argued that small businesses should (1) focus upon their niche, narrowing and deepening their product line, (2) offer superlative service, and (3) remain knowledgeable about consumers, competition, and pricing (selecting pricing battles with care). In addition, Kean and colleagues (1996) found that concentration on a unique market segment allows small retailers to differentiate the product assortment and to incorporate cost or pricing strategies that best serve their defined market. Longenecker and Moore (1987) asserted that since small firms know their customers and markets well because of the close contact between their store managers and local customers, these firms are well suited to specialize and develop expertise in a product, service and/or specific geographic market. We see distinctions in these arguments between amount of services, and separately, firm product array. Accordingly:

**H2a: A small firm is more likely to succeed using a focus product strategy than a broad or narrow product strategy.**

**H2b: A small firm is more likely to succeed using a focus service strategy than a broad or narrow service strategy.**

**Adaptability: Community and Cooperation**

In addition to Porter’s three competitive strategies, there are other strategic factors that affect the success of small firms. Fenn (1997) pointed out that while small firms have built-in
disadvantages regarding economies of scale in purchasing, production, and information systems, these competitive disadvantages can be partially offset through entrepreneurial tactics such as adaptability. Indeed, Longenecker and Moore (1987) noted that small businesses can be more adaptable because they have lower overhead costs than large firms. And Daft (2000) suggested that entrepreneurial growth opportunities exist for small firms that take advantage of or adapt to changing community demographic and lifestyle trends (Daft, 2000), while Chell & Haworth, 1992; Litz & Stewart, 2000; Maggina, 1992; and Maurer, 1998 have explored how social relations can support adaptation. Therefore,

**H3: A small firm is more likely to succeed by adapting its product and/or service to fulfill a unique community need.**

Cooperation, one form of adaptability, has been advocated as a survival mechanism for competing against industry giants (Fenn, 1997; Maggina, 1992; McCune, 1994). Small businesses may align with other small competitors to engage in benchmarking, developing quality standards, forming buying cooperatives, referring customers, and developing joint marketing. Ehrenfield (1995) found that when small businesses in the office supply industry formed strategic collective purchasing alliances, they were able to lower prices. In addition to cooperation with other small business owners, cooperation with large businesses may enable the survival of the small businesses (Lieber, 1997; McCune, 1994). According to Fenn (1997) and Litz (2000), however, such collaboration can also be risky in terms of loss of competitive advantage, dilution of market share, exposure of weaknesses, damage to customer relationships and reduced margins. Despite these potential disadvantages, this study hypothesizes:

**H4a: A small firm is more likely to succeed by seeking cooperative agreements with other small firms.**

**H4b: A small firm is more likely to succeed by seeking cooperative agreements with large firms.**
Moderator: Firm Tenure

Daily & Thompson (1994) found that there is no relationship between firm tenure and strategic positioning, including the decisions to differentiate or narrow focus, suggesting instead that industry pressures and other constraints may be more powerful determinants of strategic position. If anything, with their established reputations and ties to their industries, older small firms may be better able to survive without differentiating or narrowing their focus (Kean, Gaskill & Jasper (1998)). On the other hand, Porter (1996) has asserted that since strategic positions are often not obvious, finding them requires creativity and insight. Noting that new positions often open up due to change (e.g. new customer groups or purchase occasions, new needs, new distribution channels, new technologies, new information systems), Porter argued that precisely because they enter unencumbered by industry history, new entrants often discover unique positions that have been overlooked by established competitors. Accordingly, this study hypothesizes:

H5a: As firm tenure increases, a small firm is less likely to select a differentiation.

H5b: As firm tenure increases, a small firm is less likely to select a focus strategy.

H5c: As firm tenure increases, a small firm is less likely to adapt by meeting a community need.

H5d: As firm tenure increases, a small firm is less likely to adapt by forming cooperative agreements with other firms.

Industry Context

Because industry context seems so important to small firm success (eg., Daily & Thompson (1994)), this study offers a snapshot of the key players and the degree of industry
consolidation to facilitate an understanding of how small firms fit within their respective industries.

As of the end of 1999, the $13.8 billion bookstore industry was still actively consolidating, with the top four competitors commanding a combined market share of 62%.

Barnes & Noble ($3.49 billion), Borders ($3.0 billion), the “Internet upstart” Amazon.com ($1.64 billion), and Books-A-Million ($0.40 billion) were the market leaders (10-K Reports, FY 1999). By contrast, the hardware industry was almost fully consolidated. The Home Depot ($38.4 billion) and Lowes Companies, Inc. ($15.9 billion) controlled 94% of the $57.65 billion market (Stockselector.com, 2000). Similarly, the $60.05 billion drug store industry had become so consolidated that the top four competitors controlled virtually 100% of the total market share.

The top competitors are Walgreens ($19.6 billion), CVS ($18.4 billion), Rite Aid ($13.4 billion), and Eckerd ($12.6 billion) (Walgreen’s Rankings & Ratings, 2000).

METHODOLOGY

Given the lack of detailed theory and the need for in-depth understanding of the small business owners’ perceptions of and reactions to the forces at work in consolidating industries, this study relied on personal, in-depth interviews with elite interviewees as the primary method of data collection. Elite interviewing is a specialized type of qualitative interviewing that focuses the research on persons within the organization that have selected expertise in the areas most relevant to the research of a study (Marshall & Rossman, 1995). Small business owners were selected as elite interviewees because they are responsible for strategy selection, are the most knowledgeable about local competition, and can report on firm performance.
A semi-structured interview style was selected to allow the interviewees the opportunity both to reflect on their experiences and to use their knowledge and expertise to uncover and describe various strategy selection and adaptability decisions. Open-ended interview questions were developed based on the results of an extensive literature review and industry analyses. These questions are listed in Exhibit 1.

**Exhibit 1: Interview Questions**

| Q: How long has your firm been in business? Are you or is your family the original owner? (Encourage “history” of store”.)
| Q: Who are your main competitors? When did they move to the area? What is their proximity to your store?
| Q: What is the most important component of your overall business strategy? How do you compete with the local mass merchandisers or large chains?
| Q: Do you believe that customer loyalty makes up a large percentage of your revenue?
| Q: What types of products do you stock? Have you changed your product mix? When and why? What makes your merchandise and/or service different from that of your competitors?
| Q: Do you carry specialty products? What types? Why?
| Q: Do you have cooperative agreements with other small firms? If so, when did you form them and why? Are they written or verbal?
| Q: Do you have cooperative agreements with large firms? If so, when did you form them and why?
| Q: Has the community or town borough offered their assistance to help your store in anyway? If so, what types of assistance have they offered your store assistance? What years have they offered this assistance?
| Q: How many people do you employ? What are your annual sales? How have they changed? What is your profit margin? How has it changed?
The interviews lasted thirty minutes to two hours and were conducted between the fall of 1998 and the spring of 2000 either by telephone or in person. Four firm owners were selected from the bookstore industry; two from the floor covering segment of the hardware industry; three from the general hardware segment (one interviewee owned two stores); and six from the drug store industry.

To ensure confidentiality, responses were collected through the note-taking method rather than the tape-recorded method (Marshall & Rossman, 1995). To further protect the confidentiality of the firms, each firm was assigned an alternate name consisting of a letter for each industry and a number for each store. Thus, B1, B2, B3, and B4 represented firms in the bookstore industry, while the other industry designations were F – Hardware Stores, Floor Covering, H – Hardware Stores, General, and PH – Pharmacies.

The interviewees’ responses were paraphrased to form a structural framework for the study’s data analysis. All interviewees’ paraphrased responses were grouped according to their response categories after being assessed by two reviewers. As patterns and themes of data became apparent, the data were, recorded in Table 1 (below) and evaluated.

RESULTS

The in-depth personal interviews provided rich information about small firm strategy while also allowing preliminary evaluation of this study’s specific hypotheses concerning the relationship between small firm strategy selection and adaptability and firm success.
Following Dess and Robinson (1984), who found that self-report assessments are accurate representations of general performance data, the study relied solely upon the qualitative information obtained in the interviews as a proxy of firm success. The study identified three levels of firm success: declining, stable, and growing. “Declining” firms exhibited decreasing sales and/or earnings; “stable” firms had relatively constant revenues and/or earnings; and “growing” firms had increasing sales and/or earnings. Based on the study’s characterizations of success, there were twelve “growth” firms, two “stable” firms, and two “declining” firms. Thus, this study’s sample is largely of firms that are succeeding against the odds.
Hypothesis 1. All interviewees reported that their firms were implementing a
differentiation strategy rather than a cost leadership strategy. Given that most of this study’s
firms are successful, this suggests that a small firm is more likely to succeed by selecting a
differentiation strategy than a cost leadership strategy. This conclusion is consistent with the
literature that argues that it is more beneficial for a small firm to use a differentiation strategy
(Chaganti, et al., 1989; Lieber, 1997; Love, 1998; Macht, 1999; McCune, 1994).

Hypotheses 2a and 2b. In terms of product strategy, only four of interviewees reported
using a focus strategy. Of these firms, two were bookstores and two were pharmacies; none of
the hardware stores implemented a focus product strategy. In terms of service strategy, only
three of the firms (one of which also was implementing a focus product strategy), were
employing a focus service strategy. In total, only seven of the sixteen firms employed either
kind of focus strategy. These results suggest that, counter to propositions 2a and 2b, small firms
are not more likely to succeed by using a product and/or service focus strategy.

Surprisingly, this study found that eight of firms selected a broad product strategy,
thirteen of the firms selected a broad service strategy, and fourteen of the firms used some form
of broad strategy. This result may lend support to the arguments of Chaganti et al. (1989) who
found that firms with broad product ranges outperformed those with narrow product ranges.

Hypothesis 3. Only four of interviewees reported that their firms adapted to meet a
special need in the community, suggesting that small firm success is improved by adapting a
product and/or service to fulfill a unique community need. However, since three of the four
bookstores, all of which were growing, did respond to competitive pressures through some form
of adaptation, it may be that adapting to a community need is more critical in this industry and/or
in industries that are actively consolidating (rather than already concentrated).
Hypotheses 4a and 4b. Seven of the firms adapted by cooperating with other small firms, but none of the firms had agreements with large firms, suggesting that while cooperative agreements with other small firms may contribute to success, cooperative agreements with larger firms are not necessary for success. Since all of the bookstores in this study had formal cooperative agreements with other small firms and were also growing, adapting by forming cooperative agreements may be more critical for firm success in this industry and/or consolidating industries.

Taking the results for hypotheses 3, 4a and 4b together, while small businesses may have the ability to adapt (Longenecker & Moore, 1987), this study do not tend to support the literature that suggests that small firms should adapt to be successful (Chell & Haworth, 1992; Daft, 2000; Ehrenfield, 1995; Fenn, 1997; Lieber, 1997; Maggina, 1992; Maurer, 1998; McCune, 1994).

Hypotheses 5a, 5b, 5c, and 5d. Firm tenures ranged from one year to 97 years with an average tenure of 36 years. Four “age groups” within this range were identified: “young”, “young-middle”, “middle-old”, and “old”. There were three “young” firms, with tenures of 1 to 10 years; seven “young-middle” firms, with tenures of 11 to 30 years; three “middle-old” firms, with tenures of 31 to 50 years; and three “old” firms, with tenures of 51 years or more. The bookstore industry, with an average tenure of 23.25 years, appears to be best characterized as “young-middle.” Both the hardware stores and the drug stores appear to be best characterized as “middle-old” with average tenures of 47 and 33.5 years, respectively.

The findings suggest no association between firm age and firm success. The twelve firms that were growing were distributed across all age categories, with only the “middle-old” firms showing a tendency towards stability rather than growth. Of the two “declining” firms, one was “old” and one was “young-middle.”
Since all firms selected a differentiation strategy, it seems that, counter to 5a but as suggested by Chaganti et al (1989) and Daily & Thompson (1994), forces other than firm tenure affect the choice of strategic position. On the other hand, as predicted in 5b, tenure does seem to affect whether a firm chooses a more focused line of products or services aimed at a niche market: All the firms that elected to narrow their foci fell into the young or young-middle categories, and 70% of the firms in these categories chose to focus.

Tenure may also affect adaptability. All the firms that adapted to specific community demands were young or young-middle, suggesting that, consistent with 5c, firm tenure may have a modest affect on the decision to change the firm to meet community and customer needs. More dramatically, seven of the ten younger firms had some sort of cooperative agreement with other small firms, supporting hypothesis 5d that younger firms would be more likely to adapt in this way.

In sum, “younger” firms (i.e. less than 30 years old) seem more likely to select a focus strategy (H5b), form cooperative agreements with other small firms (H5d), and/or adapt to community needs (H5c). This finding may, however, reflect industry realities since such a large proportion of the “younger” category is bookstores located in a consolidating rather than a concentrated industry.

DISCUSSION

The case analyses in this study suggest that strategy selection and some forms of adaptability are key contributors to small firm success. Further studies with larger sample sizes would be useful to test these propositions more rigorously.
Beyond the hypotheses, the rich detail gleaned from the elite interviewees also provides deep insight into small business strategic decision making. For example, the firm owners unanimously cited “customer service” or “personal service” as keys to their longevity, but only a few firms provided truly unique services. While most firms offered the relatively common services of special ordering and/or special sourcing, only two of the pharmacies went further and offered home delivery service, and only one of the hardware stores crossed the boundary from service differentiation to focus by doing away with the store front and making all sales in customers’ homes.

Some firm owners did differentiate themselves through their product lines. For example, even though H2 is in the hardware industry, he offers such an extensive array of Christmas paraphernalia that it prompts customer inquiries as early as September. In the drug store industry, product focus ranged from surgical supplies to a full line of horse and other pet products. And two of the bookstores bolstered their differentiation by focusing on very specific audiences (eg., readers of critical theory) in part by developing extremely deep and focused product lines.

Cost Minimization

While all of the firms used a differentiation strategy instead of a cost leadership strategy, most also implemented a cost-minimization strategy. All but one of the pharmacies, bookstores, and general hardware stores tried to control costs by using management information systems of various complexity. Even so, none of them were able to move as fast or use technology as extensively as their larger competitors. For example, only one of the bookstores was working toward establishing a presence on the Internet, despite the huge rise of book sales over the net.
This finding concurs with the results reported by the National Federation of Independent Businesses (1999) which found that only 35% of small businesses have an Internet Web site and of those only 2% have sites for e-commerce transactions.

The interviews suggested that cooperative arrangements might play a particularly important role in cost minimization strategies. The hardware stores, for example, gained access to sophisticated management technologies needed for aggressive buying through their supply cooperatives (e.g. TruServ), while the association of independent booksellers, the American Booksellers Association, provides the same service to bookstores.

**Strategic Distance**

The interviews also suggested that many successful small firms thrive to the extent that they can create and maintain cultural and/or product/service distance, in addition to or instead of geographical distance, from industry behemoths. Geographic distance is clearly an important factor to consider, especially for hardware stores. Hardware store owners noted that the further their stores were located away from larger powerful competitors like Home Depot the less their stores were threatened. Equally important, at least for bookstores, may be “perceptual distance.” For example, as suggested by McCune (1994) in regards to Wal-Mart, B3 continues to thrive a mere block from a superstore by eschewing bestsellers and offering intellectual and cultural fare that appeal to sophisticated book buyers.

As helpful as the varying forms of distance may be, this distance may well be eroded as larger firms turn their attention to smaller niches and/or shift the rules of competition by, for example, increasing their use of the Internet. According to Kleindl (2000), the internet allows larger firms to compete directly with smaller firms in their niche markets at virtually no
additional cost. Further, as the large competitors with strong brand names such as Amazon.com, Home Depot, and RiteAid, establish a first mover advantage on the internet, and thus capture market share and achieve scale economies, they will become more and more formidable.

While adaptive strategies seemed only weakly related to firm success in this study’s results, the interview detail suggests that small firms may indeed be able to mitigate competitive pressures by honing their ability to employ adaptive strategies rather than engaging in head-to-head competition – at least while there is still time and space to do so. In the still consolidating bookstore industry, three of the four bookstores adapted to meet a specific community need and all of these stores adapted by cooperating with other independents to, among other things, challenge the dominant competitors with law suits, explore joint branding, and establish a web presence. (See also Slater 1999, Milliot 1999).

Adapting to meet the needs a unique community and other forms of close association with a well-defined customer group and/or community may also increase the stock of social relations that entrepreneurs can actually translate into concrete economic advantage (“social capital”). For example, one of the bookstores was able to buy its building for less than market value despite offers from a large competitor; another received advanced information from concerned community members about changes in the leases of nearby superstores; and a third was able to raise from its customers the down-payment needed to buy the store!

**Environmental Constraints**

The interviews also highlighted the impact of the wider environment on small firm strategies and success. Despite the dominance of industry leaders, small drug stores reported that insurance companies, not drugstore chains, were their most threatening competitors. The growth
in third-party prescription plans and repeated changes in insurance company prescription policies cause more pain than direct competition because they have cut into the independents’ traditional profits from prescription sales. Several PH owners complained that brand-name drug sales now act as loss leaders, and PH6 pointed out that although he is now doing twice the business than he had been doing twenty-five years ago, he made more profit today selling Christmas decorations than prescriptions. The erosion of earnings has become so severe that that two of the six pharmacy owners are planning to tread water until they can retire.

The dilemma being faced by the pharmacy owners highlights another external factor that may affect small firm strategy and success – proprietor age. Treading water until retirement may make good sense for an older owner but would not be a feasible strategy for a younger owner. For example, PH5 responded to third-party drug prescription plan pressures by shifting focus and receiving the training necessary to sell medical and surgical supplies.

CONCLUSIONS & RECOMMENDATIONS FOR FUTURE RESEARCH

Despite the competitive pressures in each of these consolidated industries, there are examples of small firms that not only survive but thrive. For both practical and theoretical reasons, it is useful to discern the approaches to strategy that have enabled these Davids to to slay – or at least to outrun – the Goliaths.

The premise of the study was that successful small firms use differentiation strategies, have a product and/or service focus, and adapt in special ways. It was hypothesized that an entrepreneur’s intimate knowledge of a well-defined customer group would provide both strategic ideas for developing focus and for developing subtle early-warning detection of changes
in their customers’ predilections. However, the intensity of industry consolidation and the proliferation of technology seem to threaten the effectiveness of these strategies.

While all firms studied employed differentiation strategies, only the youngest firms in highly consolidated industries like the hardware industry and the drug store industry adopted focus or adaptive strategies in areas unexplored by existing competitors. In the still consolidating bookstore industry, on the other hand, nearly all of the stores studied were trying some form of focus and/or adaptive strategy. Together, these observations suggest that the degree of consolidation and/or the degree of technology utilization in an industry may have a decisive effect on the types and effectiveness of strategies available to small firms. Further research into the relationship between these factors and the availability and success of various strategies is recommended.

All the interviews highlighted the difficulty of maintaining market share and profits as industry standards and customer expectations grow. The power gained by consolidation and the efficiencies gained through technology seem to raise the threshold of operational effectiveness necessary for survival in a given industry. Thus, to keep playing, small firms may need to raise their standards of operational effectiveness while either aggressively defending their niche or responding to changes in the industry by discovering new way of competing (e.g. adapting to new community need). A second area of research would be to define and measure the minimum level of operational effectiveness in various industries; to study if, over time, consolidation does raise the minimum standards; and to determine if the effects are similar across industries.

For the last few decades, the field of strategic management has wrestled with the question of how some small firms thrive despite pressures from the huge competitors that have grown through industry consolidation. This study developed a strategic framework that highlights some
of the key factors that account for small firm success. Data drawn from the interviews support
some of the hypotheses while raising additional questions regarding the impact of increasing
consolidation especially in the presence of today’s ever-changing technological landscape. It is
hoped that the knowledge gained as a result of this analysis will enable small firms to take a
more proactive stance in terms of making the decisions that may affect not only their
performance but also ultimately their survival.

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