

Characteristics and Strategies of Successful Small Business Leaders

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By


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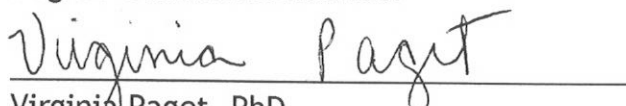
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CAPSTONE ABSTRACT

Characteristics and Business Strategies of Successful Small Business Leaders

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Characteristics and Business Strategies of Successful Small Business Leaders is a study that describes the leadership traits and business practices of successful small business owners and managers.

This study has great merit to me as an emerging business owner and it is also relevant to other small business owners, managers, and leaders, who may gain new insight from the findings.

This study discovered that some common characteristics and business strategies of effective small business leaders include displaying warmth to subordinates, possessing great interpersonal skills, being honest and fair, working hard, being persistent, being organized and setting goals, maintaining great client/customer relations, being open-minded and willing to learn new ideas, and maintaining control over financial matters. The data and the literature discovered these and other findings.

This study will address the following research question:

1. What are the characteristics and business strategies of successful small business leaders?

Effective small business owners and managers contribute to the success of their business and to our economy. According to the 2000 Census Statistics, 96.7% of Mississippi's businesses were small, and they employed 47.8% of the state's employees.

The research participants were required to have been in business for at least five years and to reside in the South. The business owners and leaders who participated in this study have been self-employed or in their leadership roles on average for 20 years, and their ages ranged from 40 - 70 years.

This study analyzes the data collected from 12 small business entrepreneurs and managers. They have provided insight on what they consider the distinct characteristics and business strategies of successful small business leaders. The data corroborated with current literature.

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS	ii, iii
CAPSTONE ABSTRACT	iv, v
TABLE OF CONTENTS	vi
CHAPTER	
I: INTRODUCTION	pg. 1
II: LITERATURE REVIEW	pg. 8
III: METHODOLOGY	pg. 26
Interview Responses	pg. 28
Analysis of the Interviews	pg. 40
Lessons from Small Business Leaders	pg. 51
IV: DISCUSSION AND IMPLICATIONS	pg. 53
Recommendations	pg. 54
APPENDICES	
Interview Questions	pg. 56
Consent Form	pg. 57
Research Participation Consent Letter	pg. 58
Business Resources	pg. 59
REFERENCES	pg. 60

I. INTRODUCTION

This study is based on interviews with twelve small business entrepreneurs and managers who live in Georgia, Mississippi, and Tennessee. These leaders have described their own behavior and how they manage and operate their small businesses. Their reflections on their leadership styles and business techniques have been compared to other successful leadership styles and business techniques suggested in the popular and scholarly literature.

A small business is defined as a firm with fewer than 500 employees in all of the industries or business locations in which the firm operates (Head, 2000, p. 13). Accordingly, Head said small businesses represented 99% of employers, employed half of the private sector workforce, and were responsible for around two-thirds to three-quarters of the net new jobs. In 2002, there were 22.9 million businesses in America and there were 18.4 million sole proprietorships.

Williams (2004) said that a forty one year old national holiday "National Small Business Week" commences each May in honor of small businesses. Small Business Administration threw its annual party in honor of the holiday in Orlando, Florida, May 17 -21, 2004. Small businesses should be honored because they play large roles in our economy and they are great contributors of America's innovations.

Williams reported that small businesses made up 97% of the exporters during the 2001 fiscal year and that small businesses employ 39% of America's high-tech workers such as scientists and computer specialists. According to

Emmott (2004), the pacemaker, the personal computer, the Polaroid camera, and pre-stressed concrete all emerged from small businesses. In addition, Dell, Toyota, and Wal-Mart rose to the top of their particular industries by coming up with ways to get their products into the hands of consumers cheaper than their rivals.

The purpose of this study is to identify the leadership traits and business strategies of effective and successful small business owners and managers. This study uses the term leader to refer to the owner and or manager of a small business.

To ensure that research participants had a minimum of business and leadership experience, a criterion was established that required them to have been in business for at least five years. This report found that being honest, energetic, kind, goal oriented, fiscally responsible, open minded, willing to learn, and team oriented were common characteristics and practices of effective and successful business leaders.

One common characteristic that emerged from the data is the importance that leaders place on respecting clients, customers, and employees. Kouzes and Posner (2003) stated that the relationship between leaders and subordinates (employees, volunteers) is the number one success factor of a business enterprise. Isidro (2001) agreed that entrepreneurs should treat customers well.

Characteristics and Business Strategies of Successful Small Business Leaders will address the following question:

1. What are the characteristics and business strategies of an effective and successful small business leader?

Business success can be described by a business's ability to reach several financial stages. However, Rodriguez (2003) contended that business success is hard to define and that success is not an overnight accomplishment. A business passes several milestones before proving it is on the right track. Rodriguez (2003) bases his findings from data collected from entrepreneurs concerning how they defined success. Several milestones indicate a business is on the way to success including the following markers:

1. Achieving the break-even point
2. Earning a living wage
3. Achieving a real profit

The breakeven point occurs when a business' expenses are equal to its revenues. At this stage, profit is zero. However, the paycheck for a business proprietor is profit. At the next level, a business owner is earning enough to yield a living or a respectable wage which can be similar to drawing a paycheck. However, there is nothing left over after the owner takes care of normal living expenses. When the business becomes successful, investments are generating real profits. At this stage, the business is more valuable than its assets; the enterprise is generating a return on investment and has a positive cash flow. Real profit equals business success.

Fulbright (2003) pointed out that every business success story starts with a big dream. According to Fulbright a study revealed that successful

entrepreneurs share various characteristics such as working hard, being open to learning, being disciplined, having a vision, and being passionate about work tasks.

One's ability to set goals and plans for success are skills required to succeed. Fulbright (2003) maintained that failure is guaranteed if one does not plan. Studies show that many self-made millionaires have average intelligence, but they are willing to learn in order to achieve their financial goals.

Edmond Jr. (2004) abstracted four rules of business success from the popular TV series *The Apprentice*. The first lesson is that good ideas are not enough. A team must follow through with a plan. Edmond reasoned that business is like a game of chess, the person who thinks the furthest ahead has the most control over the future outcomes. He pointed out that Kwane Jackson's team was defeated in Donald Trump's business competition game because of poor planning.

According to Wendy's International, Inc.'s Website (2003), Dave Thomas, who founded Wendy's International, Inc., was a self-made millionaire. Hard work, dedication, and a commitment to learn the restaurant business helped him obtain wealth.

Wendy's International Inc.'s Website said that Thomas did not have a high school diploma when he moved through the ranks of the restaurant business. Thomas started working in the industry at the age of twelve and he dropped out of school when he was fifteen to work full-time at the Hobby House, where he met Colonel Sanders, founder of Kentucky Fried Chicken. In

1962, Thomas was given the opportunity to turn four failing Kentucky Fried Chicken restaurants (now KFC) around. Equipped with knowledge of the restaurant business, he was successful. He was given a million dollar commission for turning the restaurants around, becoming a millionaire at age 35.

According to the U.S. Small Business Administration (2002) today's leaders are visionaries. They are both learners and teachers, who foresee paradigm changes in society. The increasing rate of change in the business environment is a key reason for a new emphasis on leadership. A renewed focus on leadership emerged after the turn of this century. No longer are managers expected to maintain the status quo to move business forward. Today's marketplace has changed this narrow focus.

Taylor (2004) reported that the American Management Association, formed in 1923, taught the principle of "scientific management" and shaped our early understanding of the role of leaders. During the second half of the last century, the Center for Creative Leadership opened and a wave of university-based education programs were created. Taylor said there are currently over 59,000 book titles under the heading of "Leadership."

Kouzes and Posner (2003) said that the term 'lead' is an old English word meaning go, travel, and guide. From this definition, I imagine that a leader's role resembles that of a tour guide. Kouzes and Posner (2002) defined leadership as the long-term development of people and organizations so that they can adapt, change, thrive, and grow.

Maxwell (2002) claimed that leadership has many facets which include "respect, experience, emotional strength, interpersonal skills, discipline, vision, perseverance, and influence (p. 13)." The interviewees described many of these same characteristics.

The U.S. Small Business Administration pointed out that effective leaders tend to be low in sentimental attachments and comfortable with criticism. In addition, they are in general poised and relatively insensitive to hardships. The research participants also mentioned that leaders should accept constructive criticism. The U.S. Small Business Administration suggested that it is important for leaders to accept criticism, while McCauley, Moxley, and Velsor (1998) contended that a supervisor who offers a subordinate constructive criticism also contributes to his or her development and growth.

The data derived from the interviewees also stress the need to engage in on-the-job training and the need for training in general. The data suggest that job training and other formal trainings help individuals grow professionally.

McCauley et al. stated that the first year of a new job is generally more developmental for an individual than the fifth year of employment. Likewise, a practical training program that helps participants examine mistakes is more developmental than one that gives information but no practice. Assessment, challenge, and support are ingredients that enrich one's professional development.

Hoffman (2004) described one California firm's leadership training program as an ongoing self-improvement process that empowers career growth.

This California-based company uses an intranet skills assessment exam to determine the learning needs of information technology managers. Once their learning needs have been assessed, managers are required to participate in classroom trainings, online courses, read selected books, or engage in other activities.

Characteristics and Business Strategies of Successful Small Business Leaders will describe the common attributes and business strategies of effective and successful small business leaders. These characteristics and other findings will be discussed further in this study.

II. LITERATURE REVIEW

This section of the capstone project will discuss some fundamental characteristics and business strategies of effective and successful small business leaders. Maxwell (2002) said influence is the true measure of leadership. Kouzes and Posner (2002) described five leadership practices which include modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart.

Kouzes and Posner asserted that a leader's behavior wins him or her respect and inspires others to see new opportunities in the future. Leaders are also pioneers and creators of innovation who foster collaboration and trust, and shared leadership. Kouzes and Posner claim their studies have shown that effective leaders use these five principles to lead their organizations to new heights.

Maxwell (2002) developed a leadership principle called: the Law of the Lid. He asserted this concept helps people understand the value of leadership. Maxwell alleged that leadership ability is the lid that determines a person's level of effectiveness. He claimed that the lower a person's ability to lead, the lower the lid on his potential. However, the more influence one's leadership has, the greater the effectiveness of that individual. Maxwell told the story of the famous McDonald brothers to illustrate the Law of the Lid.

In 1930, Dick and Maurice McDonald moved to California to pursue employment opportunities. When Dick and Maurice arrived in Hollywood they started working at a movie studio and eventually they opened a theater in

Glendale. By 1937, the brothers opened a small drive-in restaurant in Pasadena. Their customers parked outside the restaurant in their cars; they would receive their food and beverages (hotdogs, fries, and milkshake) on trays complete with china plates, glassware and metal utensils.

In 1940, Dick and Maurice moved their successful restaurant business to Bernardino. The menu was expanded to include sandwiches, hamburgers, and other items. Eight years later, they were serving only walk-in customers, had eliminated the china, glassware, and metal utensils with paper products, and had turned their kitchen into an assembly line. By the mid-1950's, their net profits were around \$100,000 each. The neon sign outside the restaurant said McDonald's Hamburgers.

In 1954, the McDonald brothers partnered with Ray Kroc who sold and serviced their milk shake machine. Kroc had a vision of the restaurant serving hundreds of markets nationally. He entered into a partnership with the brothers in 1955. The business was renamed McDonald's System, Inc. and later called the McDonald's Corporation.

In pursuit of his dreams, Kroc worked without a salary for several years and borrowed money from his life insurance policy to pay key employees. His sacrifices paid off and in 1961, Kroc purchased the exclusive rights to McDonald's and turned it into a global entity. Maxwell (2002) pointed out that the "lid" in the life and leadership of Kroc was much greater than the lid of Dick and Maurice McDonald. The brothers were only instrumental in obtaining fifteen franchise contracts, whereas Kroc obtained one hundred contracts over

a four year period. By 1963, there were 500 McDonald's. According to the McDonald's Corporation's Website (2004), today there are more than 30,000 McDonald franchises in over 119 countries serving 47 million customers daily.

Maxwell (2002) alleges that personal success without leadership ability limits one's effectiveness. Maxwell claimed that a person's impact depends on his leadership ability. Accordingly, he maintained that McDonald's Corporation exists because of Kroc's leadership effectiveness.

Dick and Maurice McDonald created the restaurant model for McDonald's Hamburgers. However, Kroc's leadership and influence paved the path that allowed the corporation to reach hundreds of markets which led to the corporation's becoming an international franchise.

According to the Little Rock, Arkansas Website (2004), Wal-Mart's founder Sam Walton lived by a set of business principles which he called the Ten Commandments of Retail. The commandments are as follows:

1. Commit to your goals.
2. Share your rewards.
3. Energize your colleagues.
4. Communicate all you know.
5. Value your associates.
6. Celebrate your success.
7. Listen to everyone.
8. Deliver more than you promise.
9. Work smarter than others, and

10. Blaze your own path (p. 1-2).

Walton was born in Kingfish, OK in 1918. His first retail experience was working at his father's store in Missouri where he was reared and attended school. After graduating from college in 1940, Walton opened a Ben Franklin five and dime franchise in Arkansas. In 1962, Walton opened his first Wal-Mart store in Rogers, Arkansas. The store specialized in low prices and was successful.

Little Rock, Arkansas Website added that Walton's managerial style was popular with employees and some of the basic concepts he founded exists today such as profit sharing. Walton believed that happy employees meant happy customers and more sales. He was also an advocate of team work. Today, Wal-Mart gives employee discounts and stock options.

By 1991, there were 1,700 Wal-Mart stores. At the time of Walton's death in 1992, he was the world's second richest man. William "Bill" Gates was the richest man (Little Rock, Arkansas Website, 2004, p. 1).

Isidro (2001) maintained that the latest data showed service businesses achieved nearly \$3 trillion in revenue in 1998. The success or failure of a service business depends on the firm's leadership ability to reach and maintain the right customers. To begin with, the key to good client relations is to discover client expectations. Maintaining a record of client needs and wants is helpful.

Isidro (2001) advised entrepreneurs not to regret ending a relationship with an over-demanding client, because such clients can create stressful

working relationships which have negative impacts on leaders. However, she suggested that leaders keep accounts that will contribute to business growth.

Wendy's International, Inc. (2003) said Dave Thomas founded Wendy's International, Inc. at the age of 37 in 1969, which was less than three years after he became a millionaire. The restaurant was named after his daughter. One of his priorities was customer service. Like the McDonald brothers, Thomas created an innovative quick service restaurant approach. The restaurants served fresh ground beef, square patties, which were made-to-order. Thomas also introduced the salad bar and the baked potatoes on a national level. Thomas said, "If we take care of our customers every day and exceed their expectations, we'll earn their loyalty" (p. 2). Thomas lived by five values which include

1. Quality is our Recipe.
2. Do the Right Thing.
3. Treat People with Respect.
4. Profit is Not a Dirty Word, and
5. Giving Back.

As did other effective leaders, Thomas lived by the golden rule. He also stressed the importance of being honest, having integrity, and giving back. His favorite charity was supporting adoption causes since Thomas himself had been adopted when he was six weeks old. Williams (2004) reported that small businesses contribute millions of dollars yearly to their communities. Williams reported that the Princeton Survey Research Associates said "91% of businesses

with four to ninety nine employees support local charities and groups” (p. 39).

Kouzes and Posner (2002) said connecting others to sources of power is important. The new currency of the Internet Age includes *social capital* which is the collective value of the people we know and what we can do for each other. Leaders must make networking a part of their agenda by linking to the sources of information, resources, and influence needed to make things happen. Fulbright (2003) replied that small businesses always need assistance which can be obtained through networks.

The U.S. Small Business Administration (2003) used a personality assessment of military leaders designed by Raymond Cattell in 1954 to characterize effective leaders. Cattell developed a list of traits that effective leaders possess based on a study he conducted on military leaders. The list of traits for effective leaders includes the following:

1. Emotional stability. Leaders must be able to handle stress.
2. Dominance. Leaders are able to overcome obstacles.
3. Enthusiasm. Leaders are optimistic.
4. Conscientiousness. Leaders usually have a high standard of excellence.
5. Social boldness. Leaders are socially aggressive and tend to be high in emotional stamina.
6. Tough-mindedness. Leaders are practical, logical, and to-the-point.
7. Self-assurance. Leaders are self-confident.

8. Compulsiveness. Leaders have great foresight and are very careful decision makers.

In addition, leaders of today must motivate others and lead them in new directions. They must also be able to envision the future. Effective leaders must place personal power secondary to the development of subordinates. More can be accomplished by empowering others than by ruling others. Empathy is also an important trait of today's leaders. They must be able to put themselves in the shoes of others. Team orientation is also important. Leaders must have charisma. They must be able to arouse the emotions of others. Effective leaders usually have *larger than life* personalities.

Planning control mechanisms is as important to business success as setting goals and planning. Wijewardena, Zoysa, Fonseka, and Perera (2004) claimed there is a relationship between planning sophistication and the performance of small enterprises. Enterprises should use "control processes" which is a method of measuring actual performance against planned performance from time to time to analyze any deviations from a plan. Strategic planning is the most sophisticated form of business planning which is also connected to a company's performance.

The U.S. Small Business Administration (2002) considered empathy to be a characteristic of an effective leader. Being able to "put yourself in the other person's shoes" is an important trait (p. 2).

Humility like empathy is a vital trait of an effective leader. Doty (2000) defined humility as the quality of genuine modesty and unpretentiousness (p.

89). Doty pointed out that the humble leader lacks arrogance, which has nothing to do with lacking aggressiveness. Since the U.S. military has to deal with diverse cultures to negotiate peace agreements, Doty assumed that it is important for leaders to be able to maintain a certain level of humility, because loud, obnoxious, arrogant communications will not achieve a compromise during a town meeting between Albanians and Serbs.

Doty (2000) added that success is all in relation to a "team" and "we," not "you" and "me." Hence, an effective leader understands that success is for the unit as opposed to success being connected to individual achievement.

Lauer (2002) claimed that many companies who have filed Chapter 11 (bankruptcy), have arrogant leaders behind the failure of the business. Lauer said arrogant leaders forget to acknowledge their colleagues who do the heavy lifting and make them look good. He proclaimed that every quality leader should have the indefinable trait of "humility."

Hoffman (2004) claimed strong managers have good coaching, communication, conflict resolution, and knowledge of human resource policies. Hoffman also said that some success factors include a manager's understanding of leadership functions such as team-building, budgeting, and how to comply with employment laws.

Women Today Magazine (2004) listed seven traits of effective leaders. These characteristics have been drawn from information provided by other experts. The seven specific actions that experts say successful leaders carry out include the following:

1. Emphasize the strengths and contributions of others.
2. Promote a vision that will become valuable to others.
3. Treat followers the way you enjoy being treated.
4. Admit mistakes because leaders who hide mistakes encourage subordinates to hide their mistakes.
5. Criticize others only in private because public criticism alienates people.
6. Talk to people, ask questions, and visit worksites.
7. Set team goals and reward people who meet and exceed them.

Kouzes and Posner (2002) said when a leader admits his or her mistake he or she builds credibility rather than damages credibility. They added that admitting mistakes replied, "Don't expect perfection; do expect dedication" (p. 233). The first time someone makes a mistake, we say, "He's still learning." The second time, we say, "Slow learner." The third time it's "He'll never learn!" In terms of mistakes, people usually apply the American metaphor, "three strikes and you're out!" (p. 234).

Honesty and encouraging others are essential leadership strategies. Kouzes and Posner (2003) declared that encouragement is an ingredient that will sustain an employee's commitment to an organization. Kouzes and Posner said "The word "recognize" is a Latin term which means to know again, (p. 19)." Recognitions are reminders and ways to show subordinates what an organization values.

Kouzes and Posner (2003) proclaimed that during their years of research,

they discovered that the relationship between leaders and subordinates is the number one success factor of a firm. One survey instrument showed that the highest performing companies had managers who were warm and who showed fondness toward others. Encouraging others also improves performance.

Another study showed that 98% of employees said they performed at higher levels when they are encouraged by their supervisors. Kouzes and Posner also noted that another survey conducted by the Kepner-Tregroe study showed that 96% of participants stated "I get a lot of satisfaction out of knowing I've done a good job" (p. 4).

Being warm and objective are characteristics of effective leaders. The authors said another study conducted with youth participants showed that subordinates felt a superior's ability to see a situation from someone else's point of view was the most important quality a leader could possess.

Taylor (2004) pointed out that a comprehensive study conducted by TalentKeepers of 40,000 workers showed that employees wanted leaders whom they could trust, treated them fairly, and showed care and concern for them. Cynthia McCauley, a senior fellow at the Center for Creative Leadership, commented in the article that building trusting and positive relationships is a key element in gaining staff commitment.

Recognizing subordinates is a company's opportunity to say to them, "I'd like to remind you one more time what is important around here" (Kouzes & Posner, p. 19). To illustrate this point, Kouzes and Posner described an incident where a factory worker was rewarded and the company manager

reiterated that the worker had followed the company's "no reject" policy. The worker had discovered a way to melt a defective product as opposed to rejecting the product and discarding it.

According to Kouzes and Posner (2003), even a simple "Thank you" which is a non-financial award, is a great way to show appreciation at any given time. The following section will describe several methods of rewarding and recognizing subordinates or employees contributions to an organization or business.

Kouzes and Posner (2003) stated that The Oak Ridge National Laboratory connected performance with awards. This company uses a pin progression system to award employees. The colors of the pins were white, orange, green, blue, and red which represented the highest honor. Leaders can describe their organizational values through award systems. Values set the stage for action and goals and allow staff to release energy.

Kouzes and Posner (2003) further added that it is important to know something about a person and his or her culture before recognizing his or her contributions or presenting him or her with a reward. A story was told about an administrative assistant who was presented with a silver jewelry tray as a reward for her seventeen years of service. She loved the thought that went behind the gift, but personally disliked the color silver and was disappointed. The authors pointed out that leaders should investigate one's likes and dislikes by talking to family, friends, and associates before preparing a special recognition event for someone.

Kouzes and Posner (2003) provided seven essential steps to encouraging others and they are listed below:

1. Set clear standards by making sure constituents understand the values and operating principles that are important for the organization.
2. Expect the best from subordinates by being positive and believing in their ability to make great contributions.
3. Pay attention to the work environment and employees and subordinates. Help someone complete one of his or her job assignments to gain an understanding of his or her job. Try to determine the needs and aspirations of constituents including how they like to be recognized and what makes them feel appreciated. Recognizing the anniversary and birthday of subordinates are also great ways to show appreciation.
4. Personalizing the recognition of others is important. Sending champagne or sparkling cider and flowers to the family of someone who deserves being rewarded is a way to personalize recognition.
5. The fifth essential step to encouraging others is telling a story about their contribution. A good story can create a sense of place.
6. Celebrating together is the next step. A celebration is a way to offer social support. It is also a means of honoring an individual or group for upholding specific organizational standards.
7. The seventh and last essential stage of encouragement is for leaders to set the example.

Buchanan (2001) asserted that employees are happy when management

figures out what makes each employee tick. Buchanan (2001) agreed with Kouzes and Posner (2003) that subordinates are more receptive to personalized awards than they are to standard awards. Buchanan (2001) maintained that the 90 employees at Technology Professionals Corp. were assessed individually and then management recorded the information and gave out occasional customized rewards. Pre-paid funerals and ice cream treats were examples of the kinds of personalized awards this company gave to its employees.

During thirty day evaluations, employees were questioned about their hobbies, children, spouses, pets, among other things. This concept is called "Management one-to-one."

Examples of creative award and recognition methods are below:

1. Hours as flexible as a Romanian gymnast,
2. Funding for staff engineers and scientists to deliver their non-work related research at far-flung professional conferences,
3. The services of an ergonomics consultant,
4. Textbook money for interns, and
5. The opportunity for employees to audition new chairs and desks in order to select the most comfortable.

Like Kouzes and Posner (2003), Buchanan (2001) pointed out that customizing recognition and awards systems eliminated the waste and inefficiency of giving employees' benefits that they did not want nor need.

The author also described another method of individualizing awards. He stated that each December, the CEO/Founder of a large corporation hand delivered

over 3,000 cards. In the process of thanking staff for their contributions to the company, he asked each employee's opinion of how to improve the company.

The night before visiting a unit, the Founder read management reports to learn personalized information about each person. The Founder maintained that it takes him nearly one month to deliver all of the cards, but that he values what he learned about employee's attitudes, ideas, and suggestions during casual conversations.

Steven Lassig, a manager, said in the past he took employees and their spouses or significant others to dinner. Since his staff is much larger now, Lassig takes groups of people to lunch or dinner to intermingle. The socializing allows him to get to know each staff person and gives him ideas on how to individualize rewards.

Lassig (2001) stated that he engaged his staff in a contest to allow them to describe their ideal work environment. First prize was \$5,000 and second prizes were several personal computers. He incorporated some of the suggestions into the company's personnel policies. The suggestions included giving employees the options of obtaining monetary performance awards, free housecleaning services, or airline tickets.

In addition to encouraging subordinates, leaders should display common courtesies. Isidro (2001) emphasized the need for entrepreneurs to follow the "golden rule" and also the importance of apologizing to clients when one is late delivering a service. These tips were abstracted to provide a guide to business owners on how to get clients to love and value their service.

Jamison (1984) described behavior that leaders should not utilize. It is his assumption that negative remarks which he calls "nibbles" stunt professional growth. Some examples of nibbles are as follows.

1. You ask too many questions.
2. You always give your ideas first.
3. Why don't you just stick to what you have to do, and we'll handle this.
4. You're too sensitive.
5. If I share my idea, I may embarrass myself.
6. What do you really know about it?
7. We've always done it this way.

Jamison (1984) assumed that nibbles are ways for leaders to remain bigger than others or ways for people who are afraid to grow to remain smaller than others. People are characterized as circles and examples of big circles include leaders, movers, shakers, and independent thinkers. Small circles are people who are second in command, responders, reactors, and even shy non-contributors. Jamison (1984) contended that once people understand that there is room for everyone to grow and get bigger, people will stop nibbling. He adds that power, like energy and light and love can infinitely expand.

Anderson (2003) developed a step-by-step guide to promoting professional growth. According to this guide, leaders should listen to their colleagues and pay attention to questions that continue to arise. He also said that leaders should assess his or her skills in order to develop the kinds of

training programs he or she can teach others. Anderson says short courses may have a higher success rate than formal training sessions that last longer. "Ten Minutes of Tech" on Tuesdays, Question and Answer sessions during lunch, or short evening classes are examples of quick sessions.

Staff development and growth are important to any organization; so is the need to assess and evaluate programs and progress. An assessment tool can be used to determine whether an employee benefited from a seminar or to determine how well a manager or an employee is performing.

Professional growth is one component of leadership development. According to Anderson (2003), leaders can help staff grow professional by spending quality time with employees, listening to their needs, and providing the opportunities for staff to learn by providing direct learning instructions and activities. Taylor (2004) pointed out that developing staff growth enhances an employee's commitment and loyalty.

Assessment tools can increase self-awareness by providing information to an individual concerning his or her strengths and weaknesses. The assessment component can answer the question, "How am I doing?" (McCauley et al., 1998, p. 37).

Vella, Berardinelli, and Burrow (1998) offered an approach to evaluating adult learning that is harmonious with the popular education approach. They said the purpose of evaluation (assessment) include the following.

1. To aid in the design of the program.
2. To provide feedback to learners/instructions during the program, and

3. To determine if learners developed important knowledge, skills, and attitudes as a result of the program.

Vella et al. (1998) also noted that evaluations should help determine whether learners were able to use what they learned after completing the program and to determine if the program had the impact on people and organizations that was anticipated.

Vella et al. stated several methods of evaluating learner performance which include evaluating a learner's knowledge, skills, and attitudes. Oral questioning, discussions, writing assignments, class activities and assignments are ways to evaluate knowledge.

Vella et al. do not consider testing to be an effective means of gathering evaluation information, because testing only measures learner performance. However, true-false, matching, listing, completion, multiple choice, short answer, essay, case studies, and problem solving are appropriate methods to evaluate one's knowledge base.

In addition, simulations of individual skills, completing tasks, games, projects, performance evaluations, and role playing are other ways to evaluate skills. Self-perceptions and the perception of customers, co-workers, supervisors, and peers and direct or discreet observations can be made on individuals to evaluate a person's attitude (Vella et al.).

Kouzes and Posner (2003) said not only should leaders use assessment tools to evaluate adult learning, but that leaders should also get feedback on how well they encourage subordinates. These scholars proclaimed that the

number one organizational success factor is the relationship between leaders and subordinates.

Leaders should also assess the attitudes of subordinates concerning organizational values. Kouzes and Posner (2002) said it is important for leaders to receive feedback and be evaluated by peers and subordinates concerning their leadership roles.

Smith (2000) favored giving employee's permission to disagree with management. Smith cautioned managers not be afraid to have staff evaluate their performance. Smith reasoned that managers should ask often "What should I stop doing, what should I keep doing, and what I need to start doing? The use of assessment tools is recommended on several occasions in the literature and was also suggested by the interviewees.

III. METHODOLOGY

The interview data were collected from the perspectives of twelve small business leaders. The twelve leaders have been in their leadership roles for an average of twenty years. Of the twelve, two of them have been in business for five years, four have been in business for at least ten years, and three of them have been in business at least twenty years. One of them has been a business proprietor for twenty seven years and another business owner has operated various ventures for nearly fifty years.

During the fall of 2003 and the winter of 2004, consent letters were mailed to twenty business leaders, who had been in their roles for at least five years and who resided in the South (Georgia, Mississippi, Tennessee). Of the twenty letters, twelve leaders were chosen for interviews. The consent forms gave them the option of being interviewed in-person or by some other method. The interview time ranged from thirty minutes to two hours.

Seven of the respondents were female and five of them were male. The interviewees were between 40 - 70 years of age. Eleven of the research participants owned and operated small businesses and one was a program director of a television station. Of the twelve interviewees, only two desired to be interviewed over the phone. One participant sent her interview response through an e-mail attachment and all of the other participants were interviewed in-person. No one gave consent to have their business space photographed.

Most of the business owners were sole proprietors. The leaders

operated a range of small businesses including one real estate investment firm, three insurance agencies, one pest control business, one plumbing company, one beauty salon, one real estate firm, one cleaning service, one car rental company, one sales business, and one weekly newspaper business.

Interview Responses

The following responses were obtained during the course of the interviews. Two of the interview questions that participants were asked are listed below.

1. Why did you start your business or accept your leadership role?
2. Describe your most memorable business mistakes.

A total of nine questions were asked and the full list is provided on page 47.

The owner of a cleaning service was the first interviewee. She replied that after obtaining a degree in Criminal Justice in 1979, a freeze on jobs occurred in her field. Having a daughter in college she and her husband were supporting financially, she needed an immediate income. Using one of her strongest assets and skills, she started a cleaning service.

The business proprietor recalled that the most important lessons she learned as a small business leader were that a business owner had to work hard, always watch out for pit falls, work long hours, and be aware that being in business is a learning process.

Opening her business with a degree did not negate the need for managerial skills. Therefore, after her business was established she acquired accounting, book keeping, payroll, tax preparation skills, and also learned how to manage a cleaning crew.

This participant recalled that it is important for employees to be able to take their child to the doctor and to take care of other personal needs and that flexible work hours enhance and encourage her staff to grow. This

entrepreneur considered being honest, being on-time, having knowledge of one's business industry, having good relationships with the people one employs, and keeping promises to be five effective leadership strategies.

One of her greatest business mistakes was hiring an accountant who almost placed her business in tax trouble. Treating staff and clients with respect and being courteous and honest are some of her priorities.

The second participant was a real estate investor who had been in business for over twenty years. She started investing in real estate because she was presented with the opportunity to purchase her first piece of property cheap. One of the greatest lessons this leader learned was the need to create a financial repair and maintenance reserve. With a Masters Degree in Early Childhood Education, she started her business venture. Knowing how to keep books, plan strategically, and conduct task analysis assisted her in establishing her business. Over time, this property manager learned how to do house repairs like painting, window replacement, and other maintenance tasks.

When asked to state five leadership strategies, she replied, "public relations, respect, communication, and people skills." The entrepreneur stated that difficult situations such as a conversation concerning an eviction should be approached tactfully. This proprietor learned how to listen to the tenants' side of the story when problems arose because people appreciate being treated respectfully.

Failing to engage in long-range planning and not creating a cash reserve were some of her biggest mistakes. However, treating renters well were some

of her greatest strengths which are why many of them maintain long-term leases. Living spaces are sanitized before a new leasee moves in. Carpet is replaced when it is worn out. Padlocks are used for security and special coloring is placed on the wall. This participant's interview ended after she described the special amenities that she used in the apartments.

Another research participant learned his trade before opening his business. After learning the pest control industry, a former pest control employee decided to start his own business to earn money, be able to control his future, and to be in a position to help people.

During his nine years in business, this business owner learned that the most important lessons were how to deal with people and how to be open minded. Being able to solicit pest control customers, supervise employees, and perform bookkeeping tasks were skills he possessed when he opened his business. As time passed, he learned how to prepare financial statements and how to market his services. He also stated that money and raises enhanced and encouraged employees to grow.

Being on time, having good communication skills, putting forth a good personal appearance, and having a pleasant attitude are effective leadership strategies, he contended. Hiring family and friends were the greatest business mistakes he made. This business owner's managerial style was to share power. His approach was to make suggestions as opposed to demanding that tasks be carried out in a certain manner. For example, he would say, "I would do this task this way." This leader said he treats staff and customers very well.

A business partner who has operated a weekly newspaper for twenty four years assumed her leadership role because she liked the idea of working in a flexible environment and being in a position to engage in community service work. Giving back to the community was one of the most important lessons she learned.

According to this newspaper entrepreneur, the role of a small business is important because they make up over 90% of all businesses and they are the pulse of America. She was equipped with a quality education, a business degree, and basic managerial skills when she assumed her leadership position at the newspaper enterprise. Her skills included balancing accounts, keeping books, and managing employees. Through experience she learned the importance of networking. In addition, on-the-job training enhanced her ability to operate the paper and also fine-tuned her managerial and other skills.

This business owner said that a hands-off leadership structure enhances and encourages staff to grow. One of her assumptions is that staff should be encouraged to look at themselves and to realize their skills and talents. Staff is given the opportunity to engage in entrepreneurial side ventures, for example, résumé writing and graphic design projects. Management allows staff to earn extra money in an effort to allow them to grow professional and develop their business skills.

The newspaper manager's idea of effective leadership strategies included defining leadership and being an example for others to follow. She

discovered that networking with others who had the same agenda is important. Effective communication systems create an atmosphere where people know what is going on as well as strengthens relationships.

Slow tax preparation, poor budgeting and ineffective promotional and marketing are some of the biggest mistakes the newspaper made during its early years of operation. For example, informing the public of the newspaper's community activities would have been in the newspaper's advantage, but instead leadership was silent.

The newspaper partner described her managerial style to be relaxed. The company is team oriented and one would not know she was in charge until pay day, because she is a co-worker first. Customer service and family needs are very important to management. When an employee's child is sick, he or she is allowed to take his or her child to the doctor or to bring his or her child to work.

In addition, incentives and employer/employee relationships are important. Last year, the staff and their family took a trip to Disney World. The office environment includes a lot of love. Like a family, staff members support each other when tragedies occur such as family illnesses.

The owner of a real estate firm became intrigued with the idea of being self-employed while in high school. Obtaining a degree in business administration, he worked several jobs, and eventually opened a real estate firm, which he has operated for the past twenty seven years. During that time, the lessons he learned included treating others as one would like to be treated.

He concluded that honesty goes a lot further than dishonesty.

Having worked at General Motors Corporation, Sears, Roebuck & Co., and several other places provided this real estate business owner with managerial skills and sales experience. Over the years, he acquired a number of business skills which were important because the scope of his business changed as the industry changed. This leader contended that financial, job training, and personal rewards enhance and encourage employees to grow.

This real estate proprietor regrets that he did not take full advantage of stock investments, bank instruments, and other financial tools which he considered his biggest business mistake. It is his assumption that a business will fail if a hands-on concept is not utilized and that a no-nonsense attitude is as necessary as treating staff and clients with respect.

A research participant who had been a small business leader for over sixty years was in the car rental business. He started his first business venture at the age of ten selling crickets and grasshoppers to fishermen. His father was a farmer and he liked farming. While in the military, he earned extra money by organizing car washes and running night clubs. This participant became self-employed because he liked being independent; he also admires capitalism which he contended is the most effective and fairest system in the world.

Listening skills and knowledge of fishing were this participant's strengths when he started his bait sales venture at the age of ten. He said fishermen paid dearly for the kind of crickets and grasshoppers they preferred. The knowledge of how to use money wisely and efficiently is some of the skills this

leader acquired after being in business for a number of years.

The car rental entrepreneur's theory was that business failure is caused by poor judgment and managing money is very important. For example, one of his business ventures was a magazine business and because he understood the market, he would print 1000 copies of the magazine and sell nearly 1000 copies. He said the above example was an illustration of efficient use of resources and displayed good judgment.

He noted that businesses can't have employees they can't afford because they will steal or stop working. Being fair, being firm, paying employees enough money to take care of themselves are leadership strategies.

The car rental businessman assumed it is not wise for a business leader to make employees too smart and would like to chalk up his business mistakes to equal experience. He recalled that allowing subordinates to make decisions that they did not have the capacity to make were big mistakes. As a manager, he is an autocrat, who is single-handed and operates one way - his way. This leader stated, if subordinates have a better way, they should start their own business.

According to this leader's theory, staff should do things the way the business leader desired things to operate and that subordinates should not manage business resources if he or she can not manage his or her own resources. His treatment of customers depends on their status. The car rental businessman contended that very few creditors will do the right thing and collection accounts are handled differently from other accounts. People who

have good standing accounts are treated accordingly.

Another interviewee was a general insurance agent who has operated a business for ten years. Her father was a contractor and he influenced her to become self-employed. Having a belief in God and one's self are the most important business lessons she learned.

In addition, a business leader should be respectful, honest, fair, and willing to accept constructive criticism. When her insurance agency opened, her assets included knowledge and expertise in the insurance field, paralegal training, and clerical experience. Through the years, she acquired computer internet, and bookkeeping skills. This agent's professionalism and customer service skills also improved.

Being honest, displaying a cool demeanor, showing respect and appreciation for clients, returning phone calls, and being impartial and fair to all clients are her view of good leadership strategies. Staff growth is obtained in her view by income, hard work, and persistence. On a scale of 1 to 10, she gives herself a 9, in terms of customer service and relations.

Another interviewee was the program director of a television station; she started an internet business after realizing that she could manage and develop programs for her own business start-up, just as she had done for the television station. Reflecting over the years, she recalled that paying attention to detail and selecting the right personnel and partners were the most important leadership lessons she learned.

This participant said she was equipped with a background in television

programming including anchoring, assignment editing, management, interpersonal, and communication skills when she became the director of the station. This manager's strengths included the ability to set goals and be objective-oriented. In addition, she did not fear making decisions that opposed what the industry dictated would work.

Work experiences improved her judgment to choose internal and external political battles and enhanced her negotiating and problem solving skills. Over time she acquired the intuition to analyze teammates and act according to the political environment which decreased internal tensions.

This leader assumed that regular evaluations are important because people need to understand how they are doing professionally. An open door policy is implemented by this company, which gives staff the opportunity to offer suggestions and to critique management. To enhance staff growth and development, staff is allowed to be creative, management respects the skills and talents that staff brought to the job to begin with, staff attends trainings and workshops, and micro-managerial tactics are avoided.

Maintaining an atmosphere in which staff can make decisions without fear of error, respecting staff as human beings first, and rewarding and recognizing their contributions are effective leadership strategies. One of this manager's greatest mistakes was not getting a second opinion on the cost of a repair. Obtaining another opinion would have prevented the station from losing air production time.

This manager shares leadership and decision making and utilizes a hands-

off managerial approach. Staff, partners, and associates are treated with admiration and respect. Whether or not she is doing the right thing is always a consideration. Maintaining respectful communication during projects required tact and consideration. Untactful behavior like "going over someone's head can destroy trust and diminish progress," she said.

The owner of a plumbing company, who has done residential and commercial service for six years, started his business in an effort to build wealth. The most important lesson this participant learned was the need always to have funds reserved for business expenses such as tools, supplies, and equipment rental. In addition, he learned to be fair to himself and charge the appropriate pay for quality work.

The participant was a plumbing apprentice for a commercial plumbing company and was attending Hinds Jr. College's Apprenticeship Program when he started working for himself. Since he opened his business, he has gained knowledge of how to price jobs, maintain records, and organize large jobs. Incentives, giving employees job responsibility and making them feel important by giving them praise like "great job" builds the esteem of employees and helps build trust.

This entrepreneur considered leadership development practices to include giving employees responsibility and authority, praising their work, providing on-the-job training, trusting their decisions and judgment, and taking their advice. Underpricing his first large job which caused him to lose money was his biggest business mistake.

Sharing leadership is his style of management. Taking advice from plumbing helpers is important to them and wise for him, because "two heads are always better than one when we are laying pipe fittings," he replied. From the business entrepreneur's perspective, teamwork is the best way to go.

This proprietor gets to know his customers on a first name basis, is always courteous to them, and considered customers his number one priority. He assumed it is important to pay his helpers fair wages, because their labor is needed to complete large jobs. Because their labor is valuable, he contended that it is important to show them appreciation. When discussing a job, he always says "We" instead of "I."

An insurance agent from Atlanta, Georgia, who has been in business five years started her insurance practice because she had not been given a fair chance to excel in her field by her former employer. Living by the *Golden Rule* "do unto others as you would have them do unto you," was the most important lesson she learned. This agent had basic computer skills and had obtained her insurance license when her agency was opened.

Continuing education and moral support encourages employees to grow, according to this insurance agent. In addition, she contended that being supportive empowers others to reach their professional goals. Empowerment, inspiration, productivity, client retention skills, work ethics, networking education, and creative solutions are considered effective leadership strategies. Not following her instincts, which led her to acquire an account with an unethical client, was one of the greatest mistakes she acknowledged.

This proprietor's managerial style is hands-off. Customers are treated according to the "golden rule."

A Jackson Salon Manager proclaimed, "I became self-employed because I love styling hair and was good at it." He had been a hair stylist for years before he opened his salon. He had knowledge of the salon business and great communication skills before opening the shop. The most important lessons he learned was to create credit lending standards and the need to protect income with a check cashing machine.

This Salon manager said he acquired the ability to organize the salon, stock sufficient supplies, and lease space to responsible people after being a manager for eighteen years. In response to the question concerning leadership strategies, he said the only employee that he manages is a cleaning lady. Customers are treated well and stylists are treated as business partners.

Active listening and limiting advice and opinions are some of the key concepts he learned over the years; he considered these concepts to be valuable in the salon business. "Most people really want someone to be supportive of the things that are going on in their lives, regardless of their life style," he contended.

Analysis of the Interviews

Some common as well as some different themes emerged from the responses. The interview responses suggested that staff development, which includes on-the-job training, is important to individuals as well as to a business. The literature emphasized the need to develop staff and management. Two leaders preferred a hands-on managerial style, while at least eight participants utilized a hands-off managerial style.

Only one research participant considered it important to allow subordinates to evaluate management and only one of them gave her staff the opportunity to engage in side business ventures. In spite of leadership and managerial differences among the research participants, many of the characteristics noted in the literature (compassionate, goal oriented, fiscally responsible, open minded, and team oriented) of effective business leaders were corroborated by the data findings.

Fulbright (2003) said leaders should be open to new knowledge. This willingness to learn is critical given the rapid changes in technology and ways to conduct business. McCauley et al. (1998) promoted the idea that leadership development focused on building individual capacity, which includes practical training programs. They further contended that training programs that provide individuals with feedback are more significant to individual growth than training that does not. They also assumed that training assessments are relevant.

Anderson (2003) reported that leaders should assess his or her skills in

order to provide trainings to subordinates. Smith (2000) contended that leaders are teachers who should teach some of their own classes. Anderson says short courses (Ten Minutes of Tech, Question and Answer Sessions) may have a higher success rate than formal training sessions that last longer.

Anderson maintained that keeping a log of questions and staff learning interests such as how to scan text can lead to the creation of training sessions. Anderson noted that if training sessions include over twelve participants, it is better to have at least two instructors.

Anderson said that humor and a good rapport with adult learners go a long way. Anderson and Smith emphasized the need for leaders to provide instruction and direction to staff, whereas the program director of the television station and other respondents assumed it was important for staff to attend seminars and training sessions even if such programs were outsourced.

Vella et al. (1998) are strong supporters of the use of assessment tools. They assumed that popular education training models are effective learning techniques for adult learners. Such models offer a hands-on learning approach for training participants. They assumed that assessment should be conducted over a long term period as opposed to the concept of assessing progress the day of the training.

The authors' years of research showed that it is important to find out the expectation of training participants before they attend training programs and to assess their learning by contacting participants' months after they participate in training. This process will determine the skills and attitudes

participants have applied to their jobs since participating in the training.

In addition to training, all of the small leaders considered customer service to be very important, and they stressed the importance of treating customers and clients with great respect. One entrepreneur noted that, "customers are number one." All of the leaders suggested that customers, staff, or subordinates should be treated with respect. In fact, the term "respect" was used by most of the leaders. Maxwell (2002) maintained that respect is an important component of leadership.

Two of the male leaders suggested that a hands-on managerial approach is the best way to manage. One business owner suggested that leaders should run an operation based on their judgment and opposed sharing leadership and empowering staff with knowledge. However, the majority of the participants supported sharing leadership and following a hands-off managerial style. Likewise, the literature promoted the concept of sharing leadership and increasing individual capacity.

The U.S. Small Business Administration (2003) maintained that leaders should be team oriented. Instead of promoting an adult/child relationship with employees, leaders should create adult/adult relationships that foster team cohesiveness. Little Rock Website (2003) noted that Sam Walton (Wal-Mart Founder) said "individuals don't win, teams do." The research participant who managed a newspaper said her company supports team work.

Likewise, the plumbing business proprietor assumed that team work is the best way to go and that taking advice from plumbing helpers and partners

is important. According to the Little Rock Website, one of Walton's Ten Commandments was - listen to everyone. Kouzes and Posner (2002) said leaders can foster collaboration by asking questions, listening and taking advice from subordinates. They also point out leaders should always say "we." This point was noted in the data by the plumbing entrepreneur, who remarked that he always said "we" instead of I. Doty (2000) also concluded that success is about "team" and "we," not "you" and "me." In addition, Kouzes and Posner (2002) said taking advice from subordinates fosters team support.

Fulbright (2003) maintained that a business owner's ability to set goals and plans for success are skills required to succeed. Failing to engage in long-range planning and not creating a cash reserve were some of the biggest mistakes that a real estate investor admitted. The program director of the television program said her strengths included the ability to set goals and be objective oriented. The data and literature emphasize that setting goals and engaging in long-term planning are important leadership traits. Fulbright (2003) contended that "Intense goal orientation is the characteristic of every successful entrepreneur" (p. 2).

Most of the lessons that research participants learned through experience related to fiscal management such as preparing taxes and sufficient bid proposals, establishing business reserves, investing in the stock market, and maintaining books. As Kouzes and Posner (2002) alleged, an effective leadership component includes guiding the growth and prosperity of companies which include managing resources appropriately.

The U.S. Small Business Administration said today's leaders are visionaries, who are both learners and teachers. Smith (2000) also alleged that leaders are teachers. Furthermore, Smith emphasized that leaders should teach some of their own classes. Fulbright (2003) said a study showed that being open to learning was an aspect of a successful entrepreneur. The pest control owner noted that he learned to be open-minded. The cleaning service research participant says business owners are always learning. The plumber business proprietor reported that he takes advice from employees. One of the insurance agents said engaging in continuing education contributes to staff development.

Kouzes and Posner (2002) pointed out that stories that teach values can be good learning models. For example, Abraham Lincoln loved *Aesop's Fables*, *Pilgrim's Progress*, Shakespeare's plays, and the King James Bible. Martin Luther King Jr. was a student of the U.S. Constitution, a seminarian, and a student of the world's great philosophers. The literature and data suggested that effective leaders are learners and teachers.

Wendy's International, Inc. Website (2003) said one of the values that Dave Thomas lived by was giving back. He felt that supporting children who were waiting to be adopted was an important charitable cause for him, because he had been adopted himself and understood the significance of having a stable family life.

The newspaper partner said the need to give back to the community was one of the greatest lessons she learned during her many years of business

experience. Williams (2004) reported that 91% of small businesses support local charities and groups and these businesses contribute millions of dollars each year to their communities.

The responses and the literature suggested that giving back to the community is an important value and quality of a business leader while networking is a business strategy. Fulbright (2003) stressed the need for leaders to constantly look for ways to network. Forming partnerships with people who can support one's business is valuable. To be successful, leaders should have good networking skills. One of the insurance agents' alleged staff should be taught how to network, and the newspaper partner said one of the lessons she learned over the years was the importance of networking.

Kouzes and Posner (2002) reported that is important for leaders and associates to be connected to networks. They also alleged that associates should be connected to each other. Brain power it is essential to succeed in the new economy. Making something happen is a function of what we know and who we know.

Fulbright (2003) maintained that a study showed that successful entrepreneurs share various characteristics like working hard. She added that some of them put in fifteen to eighteen hours per day because they love what they do. The cleaning service owner said she learned several important lessons including the fact that a business owner had to work hard, always watch out for pit falls, and work long hours. The cleaning service entrepreneur has managed to surpass the twenty year business mark.

Ray Kroc made a lot of sacrifices after becoming a partner with Dick and Maurice McDonald in 1955. Kroc worked long hours even though he was in his mid-fifties and he withheld his salary for eight years. Between 1955 and 1959, Kroc succeeded in opening 100 restaurants and in 1961 Kroc purchased the exclusive rights to McDonald's from the brothers for \$2.7 million. By 1963, there were 500 restaurants.

Three of the entrepreneurs considered pay increases and raises as a single means of encouraging and enhancing employee growth. The other research participants suggest that pay increases, moral support, work independence, praise, training, and other concepts coupled together enhance and encourage subordinates and staff to grow.

Kouzes and Posner (2003) reported that contrary to the belief of many managers a study conducted in 1949 showed that employees placed more value on being appreciated, listened to, and being informed of what was going on in the company than they did on pay, job security, and advancement opportunities. The data and literature alike also pointed out that employees are human beings, who need to feel that they matter.

One Manager had an open-door policy that gave employees the opportunity to offer suggestions and to critique management. Smith (2000) stated that management should give employees permission to disagree with management. I found this to be an interesting point, which is an idea that I suggested when I was a program manager. However, the idea was discarded by other managers, and it was never implemented.

The importance of allowing staff to evaluate their superiors was supported by the literature. McCauley et al. (1998) suggested that it is a good idea to have the performance of managers assessed. Kouzes and Posner (2003) said leaders should be evaluated by subordinates to assess how well they are encouraging others. The program director of a television station stated that regular evaluations are important to employees because people need to understand how they are doing professionally.

Furthermore, only one business (the newspaper) reported that it allowed staff to earn extra income through company clientele like preparing résumés and graphic design projects. This concept was supported in the literature. Buchanan (2001) says one-to-one management includes funding for staff engineers and scientists to deliver their non-work related research at far-flung professional conferences.

Buchanan (2001) also alleged John Metzger, who manages a staff of 30 plus, has an extraordinary award system. Metzger's staff receive \$500 of reimbursements for physical fitness (gym memberships, a bicycle), \$600 for relaxation (guitar lessons, vacations), and \$1000 for education. Metzger says "We're open to individuals telling us whatever they need to be balanced in their lives. We want people to be passionate about life, hobbies, and outside pursuits, because we want passionate people" (p. 6). After implementing a Management One-to-One Program, the company's turnover dropped from fifteen to two percent. Metzger supported non-work related ideas of employees and individualizes his award program.

Kouzes and Posner (2003) recommended that if companies consistently utilized the same award and recognition programs from one year to the next, they might want to allow staff to assess the programs. Based on the findings in this study, my personal experience, and feedback from other co-workers, a bi-yearly routine award ceremony becomes old over time and individualizing awards would be appreciated more by employees.

Smith (2000) suggested that managers should offer awards to individuals for reasons other than "Best Employee of the Month/Year," etc. Smith emphasized the importance of having frequent, informal recognition/award celebrations for employees.

The director of the television station said rewarding and recognizing staff contributions is important. The plumbing business owner recalled that employees like to receive praise and that leaders should show staff that they are appreciated. He emphasized the significance of saying "thank you and great job." Last year, the newspaper business rewarded their staff by taking them and their family on a trip to Disney World.

The interviewees addressed the significance of the leaders and subordinates relationship, which is a central theme in the literature. Isidro (2001) noted that an entrepreneur's key to client relationships is understanding client expectation. He said service business managers should ask clients how they want services completed. *The Women Today Magazine* (2004) advised that effective leaders should be visible to members of their organizations by visiting with them. The interview data suggested that leaders should follow

the golden rule and show admiration and respect for staff and clients/customers.

Taylor (2004) maintained that managers can retain good employees by developing ways to give staff responsibility, the freedom to act, and the ability to feel good about themselves. One of the insurance agents considered the concept of employees learning client retention skills as an effective leadership strategy. The plumber entrepreneur assumed that giving employees job responsibility helps build trust and the esteem of employees. The television station manager proclaimed that an effective leadership strategy is maintaining an atmosphere in which staff can make decisions without fear of error. This strategy connects to Taylor's "freedom to act" concept.

Kouzes and Posner (2002) identified listening to constituents and taking their advice as a means of strengthening a leaders' ability to sense the purpose of others. The authors added that "listening is one of the key characteristics of exemplary leaders" (p. 187). Furthermore, Kouzes and Posner said listening demonstrates leaders' respect for others and their ideas and Anderson (2003) emphasized that effective leaders are good listeners.

The car rental salesman said his listening skills and knowledge of fishing were his strengths for his bait sales enterprise. These skills helped him select the appropriate bait to sell to fisherman. Active listening was one of the key concepts that the salon owner learned during his years of experience. The real estate investor said she learned how to listen to the tenants' side of the story when problems arose because people appreciated being treated respectfully.

The interview data and literature findings suggested in general that employee incentives, customer service, planning and setting goals, team work, open mindedness, hard work, building trust, and individual and organizational capacities are important aspects of leadership processes.

Lessons from Small Business Leaders

The twelve business leaders, who participated in this study, were all asked "What are the most important lessons you learned as a small business leader? Their responses have been listed in the table below.

Industry	Experience	Lesson
Maid Service	20 Years	Small business owners have to work hard and long hours. They have to work out the pit falls, and they are always learning.
Insurance	5 Years	Live by the <i>golden rule</i> ; do unto others, as you would have them do unto you.
Pest Control	9 Years	I've learned how to deal with people and how to be open minded.
Newspaper	24 Years	I've learned that you have to give back to the community. I also learned to accept my business role and the importance of networking.
Real Estate	27 Years	I learned to treat others as you want to be treated, to be honest, and that dishonesty does not go far.
Multiple Business Ventures	60 Years	He learned from his father that a person has to know more than anyone else knows in his line of work.
Insurance	10 Years	Learned to believe in God and the importance of accepting constructive criticism.
Property Rental	20 Years	I learned the importance of having a financial reserve for major repairs.
Television Production	10 Years	I learned to pay attention to details and to select key personnel and partners wisely.
Plumbing	5 Years	I learned to maintain a reserve for business expenses.
Salon Owner	20 Years	I learned to create credit standards and the importance of a check cashing machine.
Sales	30 Years	I learned that products sell themselves and good communication sells you-the sales person.

The lessons above are examples of what the small business owners and

managers have learned since they have been in their leadership positions. For example, a trait of an effective leader is following the golden rule and accepting constructive criticism. Good business practices include creating expense reserves and networking with those who can share resources. Based on the findings in this study, the above "lessons" are clues to characteristics of effective leaders and are models of good business practices.

IV. DISCUSSION AND IMPLICATIONS

As one of the interviewees stated small businesses are the pulse of the economy. This is one of the primary reasons that small business leaders should be effective in order to achieve business success. In addition, *this study characteristics and business strategies of successful small business leaders* offers a number of suggestions that others can follow.

The literature supported the data that was collected through the interviews. The practice that flexible work schedules are good employee incentives from the interviews was supported by the literature. As two of the interviewees stated, people appreciate flexible hours, which allow them to accompany their children, spouse, or family members to a doctor's appointment. Likewise, Buchanan (2001) stated that "Hours as flexible as a Romanian gymnast," is a creative award. The data suggested an underlining theme that employees, customers, and subordinates be treated with the utmost respect.

Kouzes and Posner (2002) promoted five leadership practices including modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart. Several interviewees say leaders should model the way. The interview data suggested that people should be challenged, allowed to make decisions, and encouraged. However, the interviews did not corroborate the authors' point to inspire a shared vision among subordinates.

Recommendations

Effective leaders have common characteristics and utilize various business strategies. Leaders should strive to become experts in their chosen fields, respect staff and customers, provide on the job training to subordinates, and utilize effective networking systems, among other things. In addition leaders can adhere to the following principles:

1. Engage in constant educational activities to increase individual capacity in one's field.
2. Follow the golden rule, "Do unto others as one would want others to do unto him or her."
3. Understand how to maintain books and other fiscal matters before starting a business.
4. Give back and support community causes.
5. Seek advice from subordinates, peers, and other leaders.
6. Be open-minded and willing to learn new ideas.
7. Learn the most common reasons that businesses fail.
8. Obtain technical support from the Small Business Administration and other business support programs during planning stages.
9. Develop regular assessments to evaluate the performance of staff and leadership.
10. Develop great relationship with subordinates.
11. Provide incentives that an individual would appreciate as opposed to carrying out systematic award programs.

12. Offer frequent and informal recognition/award celebrations for employees.
13. Leaders should evaluate the performance of subordinates and be willing to receive feedback and criticism from others.
14. Managers should be willing to create adult/adult relationships with staff and create work adhesion.
15. Take a hard look at organizational culture and tradition and discard traditions that do not make sense today.
16. Operate competitive enterprises and develop good networking skills.
17. Be aware of current business market trends, pricing standards, and service fees and rates.
18. Admit mistakes because subordinates will cover up their own errors, if leaders hide their mistakes.
19. Be cautious of public criticism which can embarrass and alienate staff.
20. Leaders should emphasize the strengths and contributions of others in stead of building their own egos, and
21. Leaders should be humble, have empathy, and be willing to see things from the perspective of others.

In addition to the above recommendations, business leaders may utilize the information from the *Business Resources* table that was abstracted from the Small Business Administration. These organizations offer small business resources and technical assistance (Williams 2004). The business resource guide is provided on page 57.

INTERVIEW QUESTIONS

1. Why did you decide to become self-employed or assume your leadership role?
2. What are the most important lessons you learned as a small business leader?
3. What skills did you have when you opened your small business or assumed your leadership position?
4. What skills did you acquire after you established your business or after assuming your position?
5. What are your assumptions concerning what enhances and encourages employees to grow?
6. State five effective leadership strategies?
7. What are some of the most memorable business mistakes you have made?
8. What is your managerial style?
9. How do you treat staff and customers/clients?

Meredith C. McGee

Address
Jackson, MS
Phone Fax E-mail

October 7, 2003

Participant
Address
City, State Zip

Dear Participant:

Subject: Small Business Leadership Development Research Participation
Consent Letter

I am a graduate student majoring in Rural Community Development & Public Policy at Antioch University McGregor which is located in Yellow Springs, OH. I understand that you have operated and managed a real estate investment venture for several decades. Because of your expertise on small business success, I am inviting you to participate in a research study that I am conducting on the impact of effective leadership development on small business success.

This study will compile the raw data collected from interviews and compare it with popular literature on leadership development including managerial styles, incentive programs, assessment tools, training, and other areas of leadership that effect business success. I will be conducting interviews (30 minute minimum) with small business leaders and owners who reside in the South and who have owned or lead a small business for at least five years.

The confidentiality all participants will be maintained and this study will adhere to the code of ethics required by Antioch University McGregor and its governing bodies. A consent form is attached. Please complete the form. Your signature will denote your intent to participate. Thank you in advance for your cooperation.

Sincerely yours,

Meredith C. McGee

Enclosure: Consent Form

CONSENT FORM

I am interested in participating in the leadership development study being conducted by Meredith C. McGee, a research student at Antioch University McGregor.

Yes or No

October 19 - 25, 2003, is a good week for me to set up an appointment.

Yes or No

October 26 - 30, 2003, is a good week for me to set up an appointment.

Yes or No

Best time and date for interview:

____ Lunch during the week of October ____.

____ Lunch on the weekend of October ____.

I am available on _____(date).

I prefer a *person to person* interview. Yes or No

I prefer a *phone* interview. Yes or No

I consent to have my photograph included in this study. Yes or No

I consent to have an area of my business photographed. Yes or No

You may fax this form to 601-372-0889, mail it to the address on the letterhead, or I will be happy to pick the form up.

Thank you for your time and consideration.

Business Resources

<p>Association of Small Business Development Centers</p> <p>www.asbdc-us.org</p> <p>(703) 764-9850</p>	<p>National Business Association</p> <p>www.nationalbusiness.org</p> <p>(800) 456-0400</p>
<p>Businesslaw.gov</p> <p>www.businesslaw.gov</p>	<p>SBA</p> <p>www.sba.gov</p> <p>www.sba.gov/training</p>
<p>FIRSTGOV.GOV</p> <p>www.firstgov.gov/Business/Business_Gateway.shtml</p>	<p>SCORE (Service Corps of Retired Executives)</p> <p>www.score.org</p> <p>(800) 634-0245</p>
<p>FTC</p> <p>www.ftc.gov/ftc/businessinfo/consumer.htm</p>	<p>Small Business Advancement National Center</p> <p>www.sbaer.uca.edu</p>
<p>JAYCEES (The U.S. Junior Chamber)</p> <p>www.usjaycees.org</p> <p>(800) 529-2337</p>	<p>United States Hispanic Chamber of Commerce</p> <p>www.usbcc.com</p> <p>(202) 842-1212</p>
<p>National Association for the Self-Employed</p> <p>www.nase.org</p> <p>(800) 232-6273</p>	<p>U.S. Business Advisor</p> <p>www.business.gov</p>
<p>The National Black Chamber of Commerce Inc.</p> <p>www.nationalbcc.org</p> <p>(202) 466-6888</p>	<p>U.S. Pan Asian-American Chamber of Commerce</p> <p>www.uspaacc.com</p> <p>(202) 296-5221</p>

(William, 2004, p. 43)

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