



GUARDIAN[®]

**Six Dimensions That
Characterize Success-Oriented
Small Business Owners**

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The Guardian Life Small Business Research Institute

www.smallbizdom.com

The Guardian Life Index: What Matters Most to America's Small Business Owners, www.smallbizdom.com, has identified six dimensions that characterize small business owners who exhibit a strong success orientation based on their desire to enjoy longevity in their businesses, expand revenues and grow the size of their companies.

In uncovering these dimensions, The Index polled more than 1,100 small businesses with 2-99 employees in May 2009. The research methodology employed a 21-point scale (from +10 to -10) that measured the positive and negative intensity of responses to a vast battery of issues.

Based on experience in using the proprietary methodology with over 25,000 respondents, positive numbers above three are highly significant and indicate strong feelings. Intensity numbers above seven are rarely seen for matters other than family or religion and a 0.5 difference between rankings signifies a meaningful variation.

Despite the financial challenges of the 2009 recessionary period, approximately half of the respondents who participated in The Guardian Life Index said that they expected either a greater than 10% increase in revenues over 2008 or projected growth for their companies over the next 12 to 24 months, or both. Of the 1,100 respondents, more than 400 looked forward to expanding their businesses in the years ahead, and 200 anticipated increasing sales, even in the difficult 2009 period.

Through the research analysis, The Index uncovered 60 critical factors that correlated with success-oriented owners who projected 2009 revenues of more than 10 percent over 2008 in combination with the intent to expand their businesses in 2009-10. All of the factors identified represent an intensity differential between successful enterprises and the norm of at least a 0.5 and as great as 1.4.

The six dimensions, based on the 60 factors, paint a nuanced portrait and provide a deeper understanding of the success-oriented small business owner:

- **Collaborative**

Success-oriented small business owners understand how to delegate effectively to others within their business as well as build strong personal relationships with their management team, employees, consultants, vendors and customers. They are more committed "to creating opportunities for others."

- **Self-fulfilled**

Success-oriented small business owners place a high value on the personal fulfillment and gratification that their companies provide them, relishing the self-determination and respect that comes from being their own boss and being in control of their personal income and long-term net worth. They are more desirous of "doing something for a living that I love to do," "being able to decide how much money I make" and "being able to have the satisfaction of creating something of value."

- **Future-focused**

Planning for both the short- and long-term future are key traits that characterize success-oriented small business owners. They are more focused on cash flow and more likely to have “a well thought out plan to run our business for years into the future” as well as “a well thought out plan to run our business day to day.”

- **Curious**

Success-oriented small business owners are more open to learning how others run their businesses. They actively seek best practice insights regarding management, business innovation, prospecting and finding/motivating/retaining employees.

- **Tech-savvy**

Technology is a key point of leverage for success-oriented small business owners. They more intensely value their company’s website and are significantly more likely to “rely a great deal on technology to help make our business more effective and more efficient.”

- **Action oriented**

Finally, success-oriented small business owners are more proactive in taking initiative to build their businesses. They are more committed to “taking the business to the next level,” “differentiating ourselves from our competitors” and “having something to sell when I’m ready to retire.” They also see adversity as “a kick in the rear to help move you forward.” Not surprisingly, they are less concerned than other small business owners about the overall state of the economy.

Possessing many or most of these factors may prove to be the key in predicting success in establishing, maintaining and growing small enterprises and understanding why only 51 percent of small businesses endure for five years or more, according to the United States Small Business Administration (SBA)¹. Currently, there are an estimated six million U.S. small businesses with employees², and SBA data indicates that these companies account for the majority of new jobs created every year as well as a significant portion of innovation and patents issued annually.³

¹ U.S. Dept. of Commerce, Bureau of the Census, *Business Dynamics Statistics*

² Office of Advocacy based on data from the U.S. Dept. of Commerce, Bureau of the Census, and U.S. Dept. of Labor, *Employment and Training*

³ Small Business Administration, *Office of Advocacy, Frequently Asked Questions*

Following is a detailed analysis of the six dimensions and their corresponding factors:

Collaborative

The greatest number of differentiating factors were in the area of collaboration — demonstrating that success-oriented small business owners rely on and delegate to others within their business and are motivated by interest in and relationships with others, ranging from employees and customers to vendors and consultants.

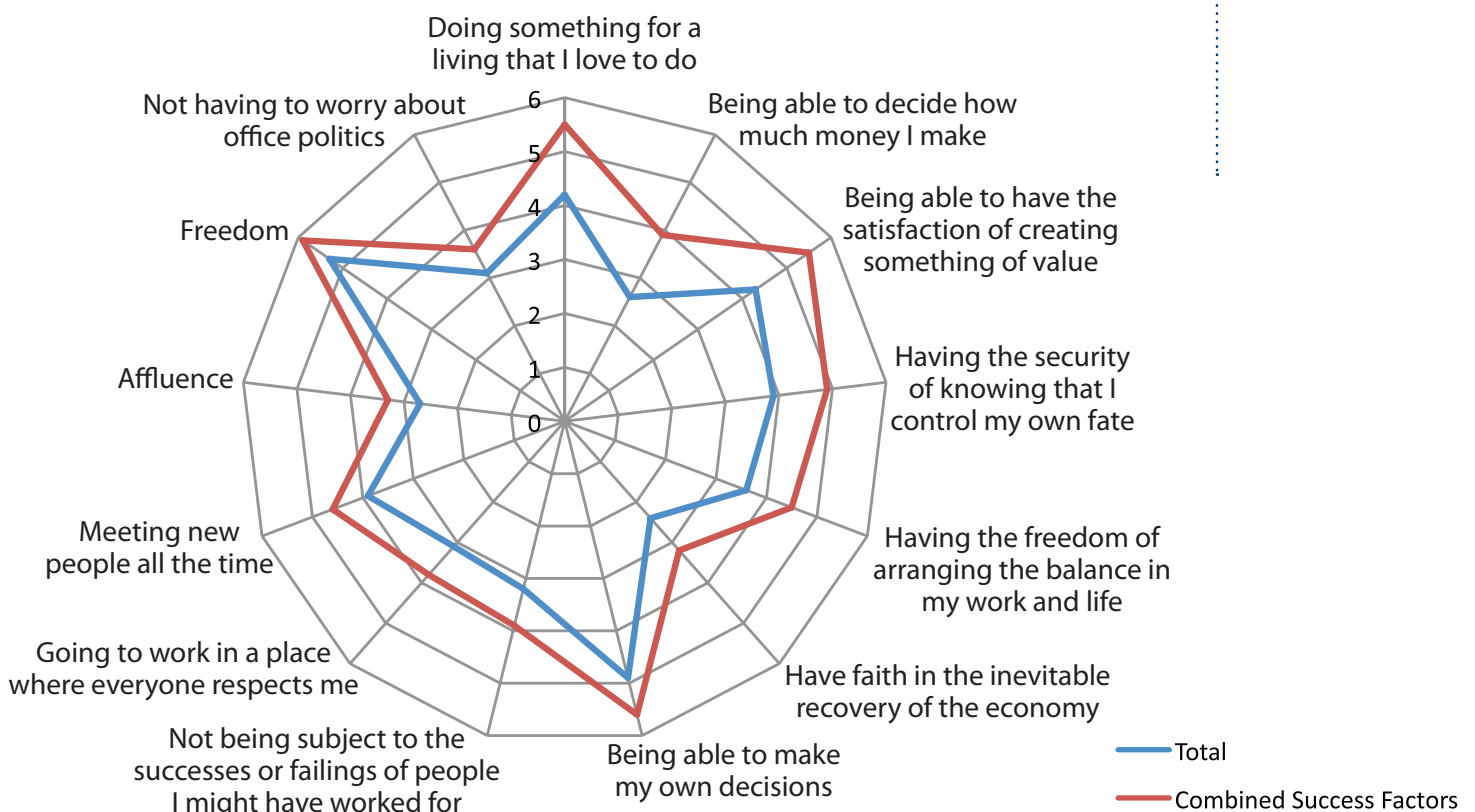
	Total	Combined Success Factors	Success Differential
Being able to create opportunities for other people	3.1	4.5	1.4
My management team	3.9	5.0	1.1
My chief operating officer	2.8	3.9	1.1
My chief financial officer	2.5	3.5	1.0
Helping others to have income and opportunities	3.9	4.8	0.9
My employees	5.5	6.4	0.9
My sales manager	2.5	3.4	0.9
Having business partners we can rely on to make our business better	3.4	4.3	0.8
We look for vendors who will become active partners in building our business	2.3	3.1	0.8
Creating a positive working environment for all	4.6	5.3	0.7
Quality of my staff	4.7	5.4	0.7
We walk the walk and talk the talk when it comes to making contributions to our community	3.0	3.6	0.6
Giving our employees reasons to feel better about being part of our team	4.3	4.9	0.6
My accountant	3.4	3.9	0.5
Customers who appreciate what we do	5.8	6.3	0.5
My Lawyer	1.7	2.1	0.5
Being able to pay our employees better	3.6	4.1	0.5



Self-fulfilled

The second area of differentiation factors relate to a sense of being “self-fulfilled.” These factors point to the insight that success-oriented small business owners tend to place a high value on the personal fulfillment and gratification that their companies provide them. At the same time, they intensely relish the sense of self-determinism and respect that comes from being their own boss, not to mention being in control of their personal income and long term net worth.

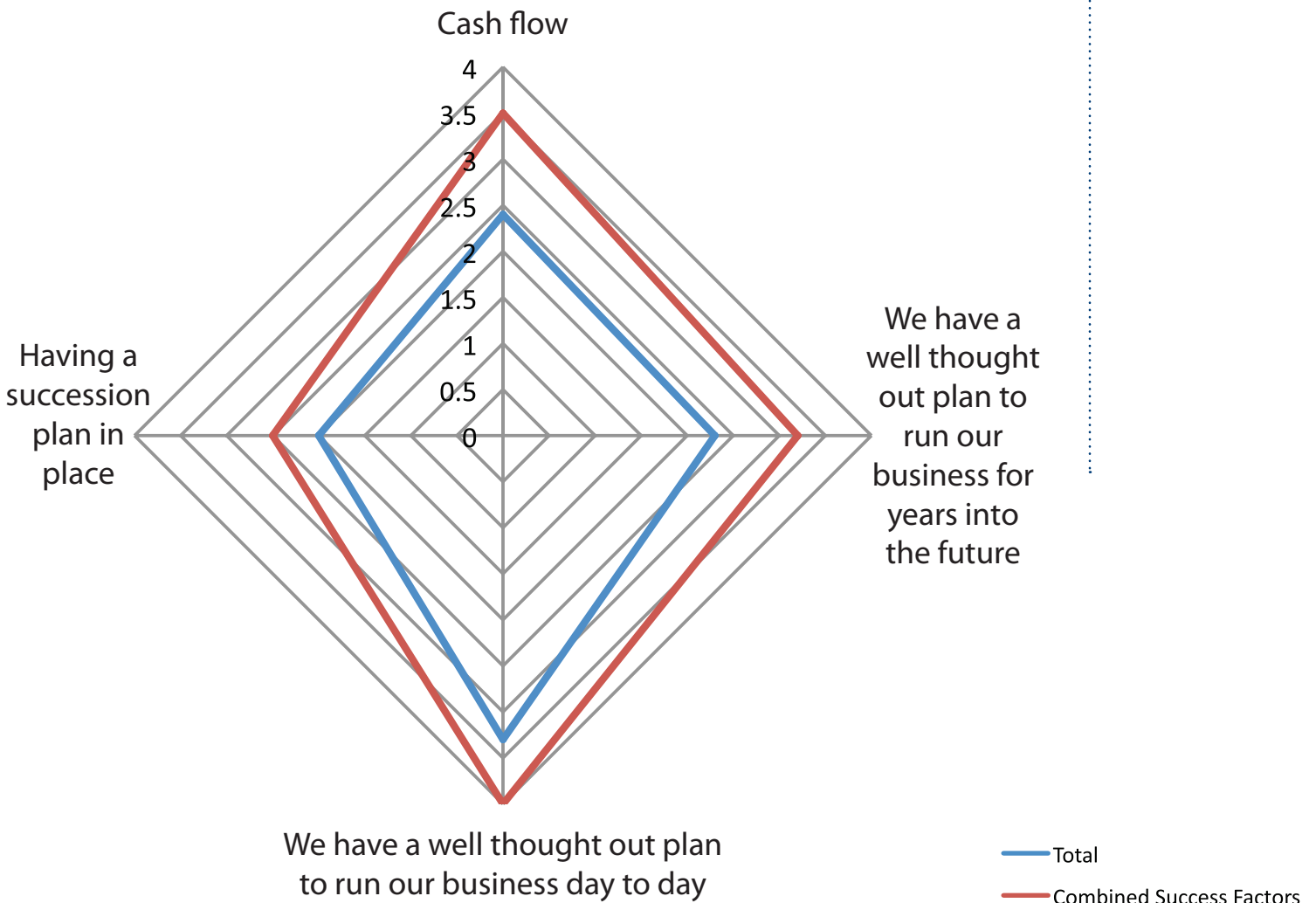
	Total	Combined Success Factors	Success Differential
Doing something for a living that I love to do	4.2	5.5	1.3
Being able to decide how much money I make	2.6	3.9	1.3
Being able to have the satisfaction of creating something of value	4.3	5.5	1.2
Having the security of knowing that I control my own fate	3.9	4.9	1.0
Having the freedom of arranging the balance in my work and life	3.6	4.5	0.9
Have faith in the inevitable recovery of the economy	2.4	3.2	0.9
Being able to make my own decisions	4.9	5.6	0.7
Not being subject to the successes or failings of people I might have worked for	3.2	3.9	0.7
Going to work in a place where everyone respects me	3.1	3.8	0.7
Meeting new people all the time	3.9	4.6	0.6
Affluence	2.7	3.3	0.6
Freedom	5.3	5.9	0.6
Not having to worry about office politics	3.1	3.6	0.6



Future-focused

The ability to be “future-focused” – both short-term and long-term – also contributes to the success quotient among small business owners, as does the ability to maintain a positive cash flow in the business, presumably to weather difficult periods as well as to have the resources with which to take advantage of emerging opportunities.

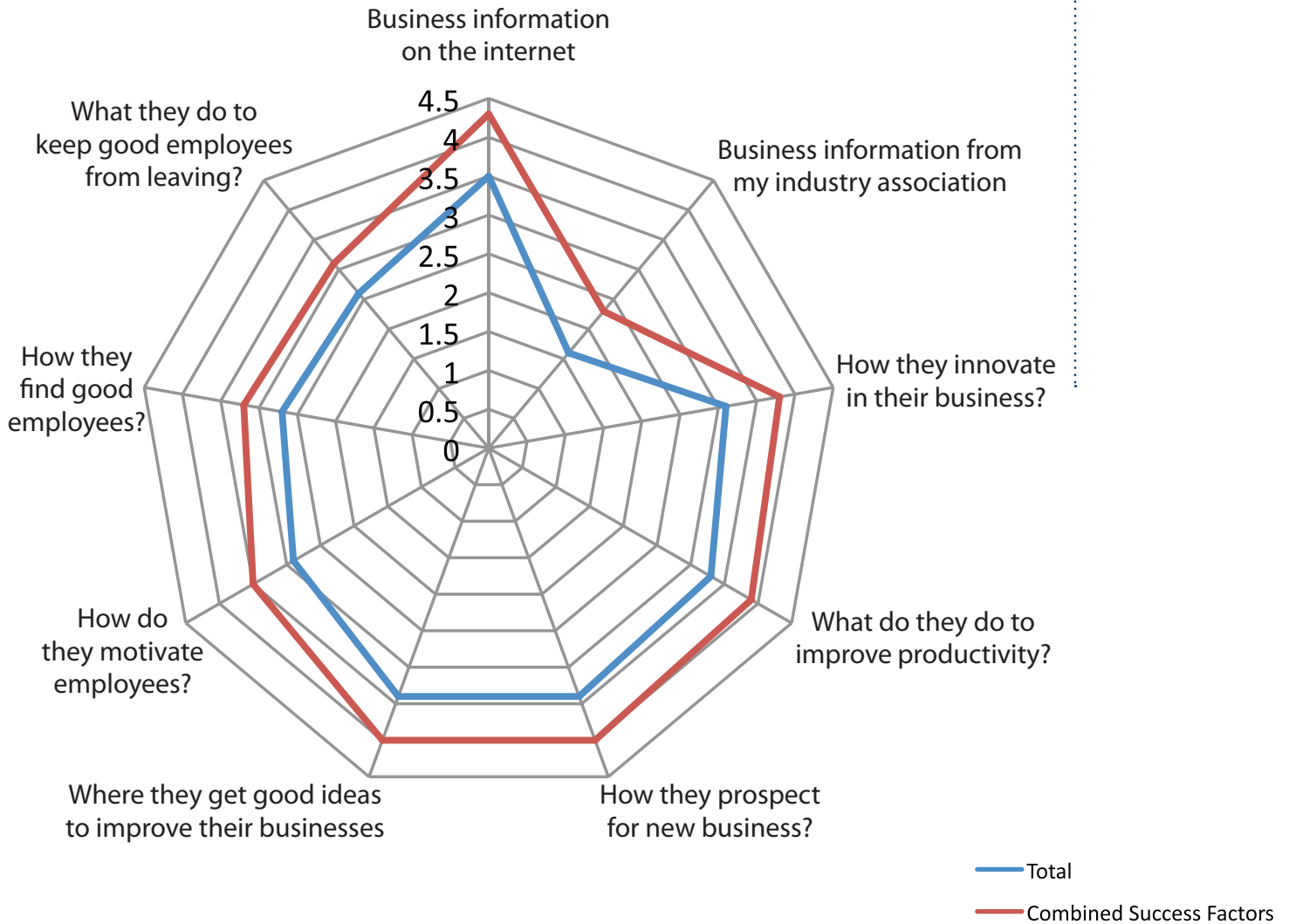
	Total	Combined Success Factors	Success Differential
Cash flow	2.4	3.5	1.1
We have a well thought out plan to run our business for years into the future	2.3	3.2	0.9
We have a well thought out plan to run our business day to day	3.3	4.0	0.7
Having a succession plan in place	2.0	2.5	0.6



Curious

Success-oriented small business owners are “curious” and open to learning from the experience of others. They are more intensely interested in knowing how others run their businesses and actively seek best-practice guidelines regarding management, innovation and prospecting, as well as finding, motivating and retaining employees. They also make use of the Internet to expand their professional knowledge base.

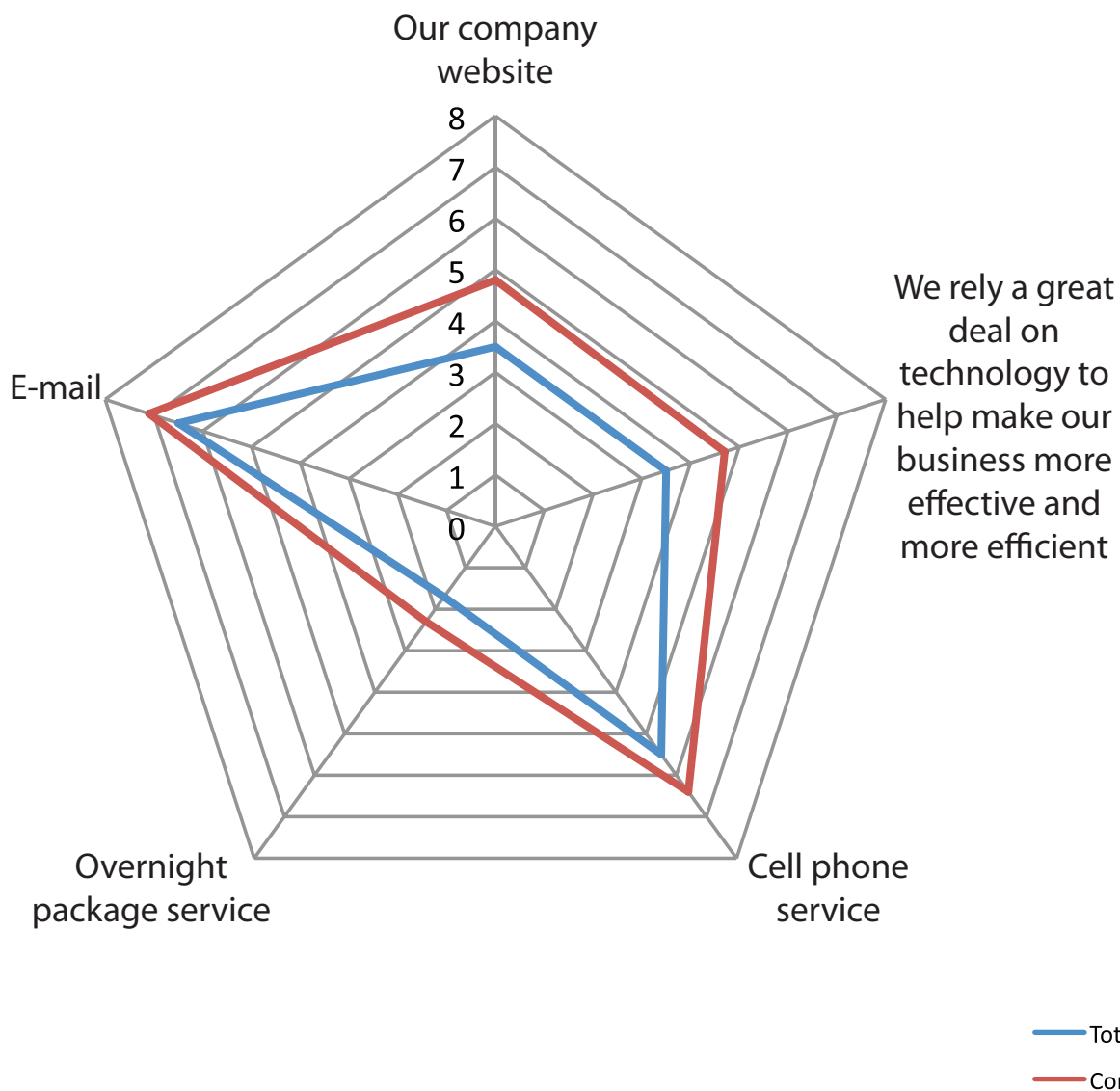
	Total	Combined Success Factors	Success Differential
Business information on the internet	3.5	4.3	0.9
Business information from my industry association	1.6	2.3	0.7
How they innovate in their business?	3.1	3.8	0.7
What do they do to improve productivity?	3.3	3.9	0.6
How they prospect for new business?	3.4	4.0	0.6
Where they get good ideas to improve their businesses	3.4	4.0	0.6
How do they motivate employees?	2.9	3.5	0.6
How they find good employees?	2.7	3.2	0.5
What they do to keep good employees from leaving?	2.6	3.1	0.5



Tech-savvy

Being “tech-savvy” also helps success-oriented small business owners. They value their company’s website as well as such fundamentals as cell phone service, overnight packages and e-mail more intensely than their general owner counterparts.

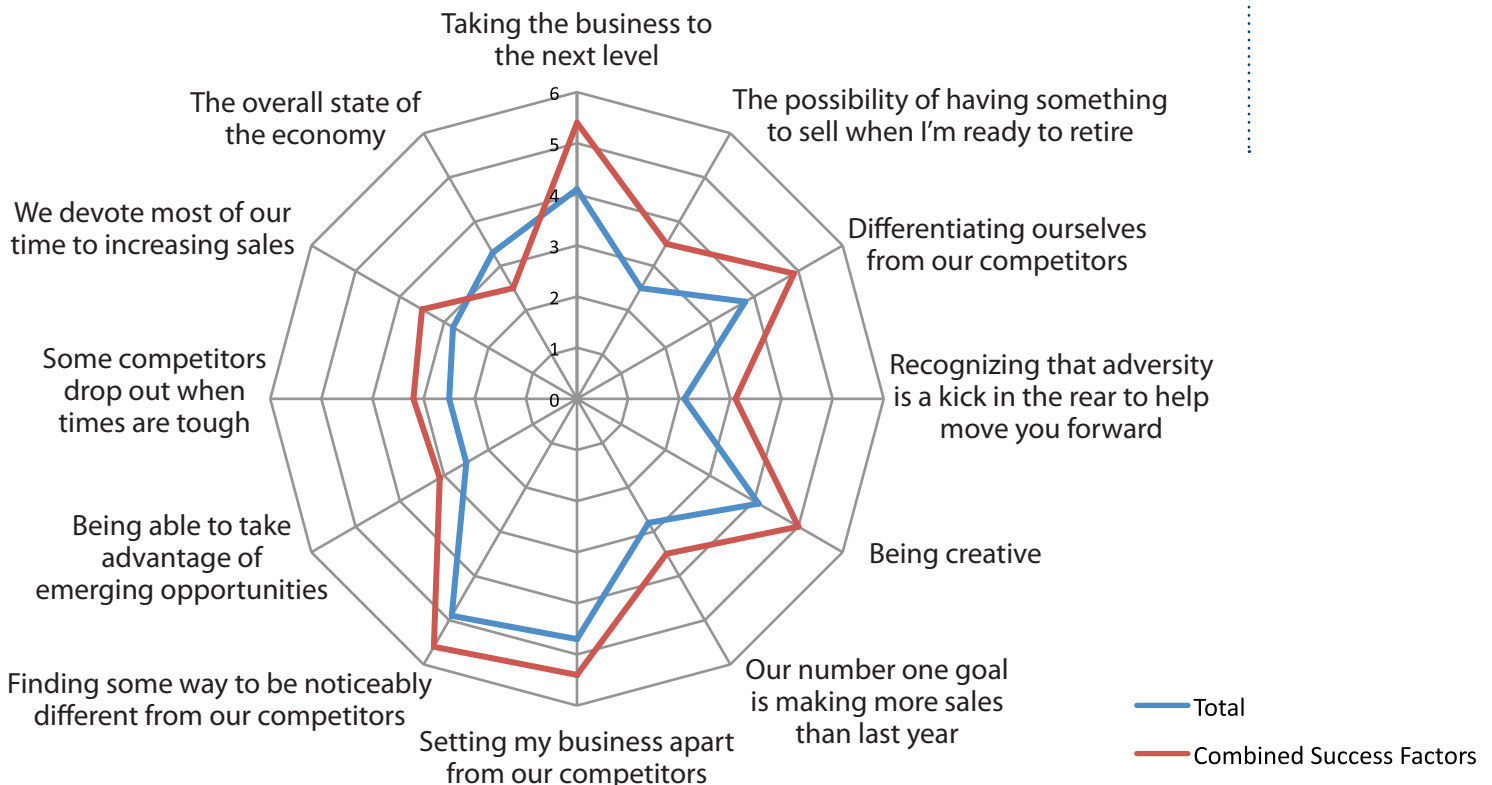
	Total	Combined Success Factors	Success Differential
Our company website	3.5	4.8	1.2
We rely on a great deal on technology to help make our business more effective and more efficient	3.5	4.7	1.1
Cell phone service	5.5	6.4	1.0
Overnight package service	1.7	2.3	0.7
E-mail	6.5	7.1	0.7



Action-oriented

Lastly, The Guardian Life Index indicates that success-oriented small business owners are more “action oriented” than the norm. They are more intensely dedicated to taking their business to the next level, creating something to sell for retirement, differentiating their company from competitors and recognizing that adversity is a catalyst to move forward. Making more sales than prior years is a definite goal, as is being in a position to take advantage of emerging opportunities. Correlated with this strong, success-oriented focus is a markedly lower concern about the overall state of the economy.

	Total	Combined Success Factors	Success Differential
Taking the business to the next level	4.1	5.4	1.3
The possibility of having something to sell when I'm ready to retire	2.5	3.5	1.1
Differentiating ourselves from our competitors	3.8	4.9	1.1
Recognizing that adversity is a kick in the rear to help move you forward	2.1	3.1	1.0
Being creative	4.1	5.0	0.9
Our number one goal is making more sales than last year	2.8	3.5	0.8
Setting my business apart from our competitors	4.7	5.4	0.7
Finding some way to be noticeably different from our competitors	4.9	5.6	0.7
Being able to take advantage of emerging opportunities	2.5	3.1	0.7
Some competitors drop out when times are tough	2.5	3.2	0.7
We devote most of our time to increasing sales	2.8	3.5	0.7
The overall state of the economy (Less Concerned about)	3.3	2.5	-0.8



Top Success Factors

Of the 60 factors identified by The Guardian Life Index, following are the 12 with the highest intensity differential between success-oriented small business owners and the norm:

Success factor	Intensity differential
Being able to create opportunities for others	1.4
Taking the business to the next level	1.3
Doing something for a living that I love to do	1.3
Being able to decide how much money I make	1.3
Being able to have the satisfaction of creating something of value	1.2
Our company website	1.2
My management team	1.1
My chief operating officer	1.1
Cash flow	1.1
Relying on technology to make the business more effective and efficient	1.1
The possibility of having something to sell when I'm ready to retire	1.1
Differentiating ourselves from our competitors	1.1

About The Guardian Life Index

The Guardian Life Index: What Matters Most to America's Small Business Owners is an ongoing research initiative that provides a better way to understand how America's small business owners think and act, based on a new, proprietary research methodology – The Index of What Matters Most™.

The Guardian Life Index overcomes the limitations of traditional small business research that narrowly view some 20 million individual small businesses as a monolithic entity. Instead, The Guardian Life Index examines small business owners by means of a multifaceted matrix of key industry sectors and owner profiles, quantifying the intensity of their goals, value systems, interpretations and decision processes. As a result, this study offers a unique view into key small business trends and a richly intricate knowledge base of insights and perspectives about what matters most to the people who build and sustain millions of individual small businesses.

Additional information on the methodology is available under the research section at www.smallbizdom.com