

# Example of research paper on innovation and small business

[Business](#), [Company](#)



Networking is a key part of a small business owner's strategies to avoid commercial isolation and promote innovation in their company. Running a small business involves each employee handling many operational issues. It is very easy for these operational issues to fill up all available time and energy. This inward focus is valuable to the company in some respects, but when problems occur and innovative thinking is required to solve those problems, stepping outside the company is sometimes the most efficient means of finding the solution. Networking can provide innovative solutions in several ways. First, obtaining opinions from outside the company provides a broad variety of viewpoints. By soliciting advice from those in businesses similar to their own, it may be possible to find someone who has faced a similar problem and found a solution that could be adapted their own business's use. Many problems faced by small business owner's have no requirement to "reinvent the wheel," so to speak, and networking provides a means to tap into the acquired knowledge of others.

Alternatively, networking can also be valuable to discuss problems with those in other product or service areas. It is possible that the problem being faced has been solved before, but in a different context. By networking with other people with a variety of skill sets, the solution may present itself and be adapted to a different product or service area. Furthermore, networking could provide the solution in the form of providing an outside consultant, service provider, or collaboration possibility. Without networking, these types of solutions may be overlooked or simply not found. Networking also helps keep a small business owner connected to others in the industry, to help insure that their business does not ignore new directions or customer needs

that are developing. These personal connections therefore avoid isolationism that can be very detrimental to a business. Thus, networking outside the business can provide a small business owner with valuable pathways to innovative problem solution, potential collaboration opportunities, and business intelligence gathering.

There are many specific differences between service and manufacturing firms that ultimately impact managers and their jobs. Some differences between service and manufacturing businesses include the tangibility or intangibility of their output, the presence or absence of inventory, and the ability to easily tailor the product to the customer or the need to forecast the market then produce a set product (Linton, 2013). However, the one difference that most greatly impact management is the use of labor. In particular, service providers use labor in a different manner than manufacturing companies. They generally need and hire persons with very specific service providing skills and then assign these persons to particular jobs based on customer needs. This requires the ability to not only manage the employee's output effectively, but to also manage the use of the employee within the company to maximize value to the various customers of the services.

In contrast, manufacturing can often be accomplished with much more automation, thus the need for employees with highly skilled and highly diversified skill sets is less acute. However, this different use of labor in manufacturing provides a different management issue. The need for constant technological updates in manufacturing process and the possible high cost to business to make these changes is something unique to

manufacturing firms and a significant source of stress within the management function for manufacturing firms (Rant, 2007). Thus, the differing uses of labor can present different problems to management in service and manufacturing organizations.

Business value added (BVA) describes any quality changes made to a product before it is made available to the customer. Traditionally, this has involved producing a product that already has a wide customer base and making some sort of change or addition to that product in order to “ add value.” The goal of these changes is to not only build a more loyal customer base, but to add customers that are specifically attracted to the additional value. For example, a manufacturing company can add value by making their product more “ green” through a change in packaging. This has been done in the bottled water industry, where bottles that use less plastic have been developed. Thus, in an industry where additional features are difficult to do because of the nature of the product, there is added value for that particular bottled water brand to a consumer that might have hesitated to buy bottled water because of a perceived negative impact on the environment. By providing a middle ground, bottled water that has less plastic involved, it is possible to shift consumers from other bottled waters. Furthermore, it is possible to attract consumers who would have not bought bottled water at all, but for the reduced environmental impact of the container using less plastic.

An example of value added in a service industry is the new offering in the car insurance industry where you can plug a sensor into your car that will monitor your driving habits and if you drive safely, you can get a reduction in

your insurance rates. This is a good value added as it provides current customers with a reason to stay with that particular insurance company, at a time where competition between companies is very fierce. With online applications, it is easier than ever before to switch and this value added can reduce that. Additionally, it could attract new customers to that particular car insurance company from others that do not offer this type of immediate feedback safe driver discount. As seen from these two examples, a business value added strategy can be successfully applied to both manufacturing and service industry companies.

In the opinion of Peter Hull (2013), the essential components of a business plan include the following: a mission statement, a description of the company including the product or service, a description of how the product or service is different, a market analysis, a description of the management team and its experience, a marketing plan, an analysis of the company's strength, weakness, and opportunities, a cash flow statement, revenue projections, and a summary or conclusion that brings all of this information together.

One of the more challenging components for a small business entrepreneur would be producing an accurate market analysis. This requires a significant amount of market research and gathering of that research into understandable summaries, which can be difficult for someone who has a background in the particular product or service but not in performing market research. Technology can help this process, however. The Internet can provide huge amounts of raw information such as market and industry data provided by the government. It can also be a source of information provided

by trade groups, business publications, and third party information providers. Technology can also be used to construct ways of presenting that information, such as visually in charts or graphs, which can make it easier to understand that pure text.

A second challenging aspect would be revenue projection. This is challenging more from an unpredictability point of view rather than a mere data gathering point of view. It is important that the business plan comes across as conservative rather than wildly optimistic in order to maintain its credibility. Thus, the revenue projects need to be enough to be interest the reader in investing but not so much as to strain the credibility of the entrepreneur. Thus both market analysis and revenue projections are parts of a business plan that can be challenging to produce for a small business entrepreneur, but for different reasons.

## References

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