Chapter 1: Introduction

For the last six years, I have worked and developed a passion for a small family business outside of Pittsburgh. My time at Allegheny has allowed me to explore and better understand how large corporations and firms operate, but as the years have progressed, I have begun to wonder how a small business like Portman's Farm Market is able to maintain competitiveness.

In my senior project, I explore what drives, motivates, and distinguishes small scale firms and allows them to remain competitive. By conducting the case study of Portman's Farm, I hope to develop an in depth understanding of what has enabled it to evolve with the changing times, yet remain a staple in the local economy since its founding in 1932. By looking at Portman's evolution, conscious economic decisions made by the owners, and data obtained from studies on other small scale firms, I hope to draw conclusions on what determines the competitive advantages of small firms.

Studying small businesses is important for two main reasons: there has been little previous work done on the small business sector; most research is focused on publically traded companies; and studying small businesses will help economists better understand and explore size related regularities. Small businesses create a vast majority of jobs and opportunities for society in addition to serving as a bedrock from which large firms grow, yet little interest and research is devoted to what enables them to compete.

Portman's is a family owned business that has been in existence since 1932. The evolution of the business will be studied in detail later in the case study portion of my project, but from just an outside perspective of the business, its ability to succeed is intriguing. The business has shifted from being an operational farm to being a market in the original standing barn. The business has switched ownership within the family four times due to either succession

or personal reasons and has been faced with the entry of new stores to the surrounding area. Major grocery stores and food chains surround Portman's in a close radius, yet customers still choose to come to the store, often times accepting that they are going to pay higher prices.

This project begins with the introduction Chapter. Chapter one is designed to introduce the topic, the reasoning behind the study, and give readers an overview of what is to be expected. The study will utilize both previous scholarly work and personal interviews and surveys of Portman's Farm to draw conclusions. Chapter two is a literature review of economists' previous studies.

By utilizing the limited research on small businesses and assessing how the small scale firms operate, inferences on what creates a competitive advantage for the small scale, family business can be constructed. Chapter two is a compilation of studies on small firms and comparison studies of large and small firms. Using the information learned in chapter two allowed me to be better prepared for the case study aspect of my senior project, and provided much insight as to what types of questions to pose while interviewing the owner and making observations.

Chapter three utilizes the competitive advantages of small businesses established in chapter two while conducting a case study on Portman's Farm Market. Portman's will be celebrating its 80th anniversary in 2012, and serves as a very reliable means to test any hypothesis on small businesses. The case study will consist of examining Portman's evolution and history with particular focus on management decisions and problems throughout. By analyzing choices that were made throughout its development, the construction of Portman's competitive advantage can take place.

Chapter four takes the conclusions drawn in chapter two and applies them to the real life situations found in the chapter 3 case study. Specific competitive advantages of Portman's Farm Market are identified, explored, and supported through the work done in the previous two chapters.

Chapter five holds the concluding parts of my senior project. A summary, conclusion, and recommendations will be made for small businesses and Portman's in particular. The foundation of a competitive advantage will be restated and suggestions to make it stronger can be inferred by looking at what the case study has taught. Through this Senior Project, small business studies will be brought to light and a personal accomplishment will be made in furthering my curiosity of Portman's success and future.

Chapter 2: Literature Review

Large and small firms are similar in some aspects. Both types of businesses' main goals are to make a profit, appeal to their customers, have strong leaders, and in the long run be sustainable. How these two different sectors of the business world go about achieving their goals may be very different, however. Large scale operations are very visible to economists and scholars, but what the small firm does in order to remain competitive needs to be further explored. When looking at what has been previously studied on small and large firms, a competitive analysis can be built on how small firms compete and what makes them different from larger competitors.

"The essence of competitive advantage is the conversion of superior skills and/or resources into positional advantages, which in turn create positive performance outcomes," argues Pilling (1991, p. 1). Pilling assesses the competitive advantage of small businesses and looks at its direct relation to franchising. He relies on Porter's "value chain" for much of his definition of competitive advantage. The value chain suggests that competitive advantages amongst large and small firms arise from discrete activities that a firm performs. There are five primary value activities including: inbound logistics, operations, outbound logistics, marketing and sales, and service. These five activities are seen by both Porter and Pilling to contribute to a firm's competitive advantage.

Porter's (1996) "What is Strategy" brings to focus many key ideas when analyzing the competitive advantage of a firm, large or small, and is an excellent place to begin when analyzing competitive advantages. Porter draws attention to the idea of separating operational effectiveness and strategy. "Operational effectiveness means performing similar activities better than rivals perform them" (p. 62). He goes on throughout the article to point out how constantly

improving operational effectiveness, is in fact necessary, but not generally the only way to create sustainable success. The key to sustainable success is a successful strategy.

Porter asks the question "What is strategy?" He is slowly able to build a good definition and understanding of strategy by looking at different aspects that make up a company's strategy. First, we learn that "strategy is the creation of a unique and valuable position, involving a different set of activities" (p. 68). Strategic positioning comes from three sources of activity choices: positioning can come from your choice of producing a subset of products or services, the choice to serve particular customers, and from segmenting customers into areas that make more sense for the business. Strategy is also largely making trade-offs and decisions while focusing on fit.

Porter utilizes many examples in his definition of strategy. The utilization of large scale examples creates an ability to relate amongst the readers because they can identify with the examples that he presents. However, it also calls to question the largely ignored sector of the small firm. The very idea of what constitutes a strategy and creates sustainability is the foundation of this study. Applying the concepts that Porter feels are so crucial to the large scale can bring out the strengths and weaknesses of the small scale.

Reid (2011) takes a step by step approach to the formation of a small business and its strategy. It is very easy to succeed when the economy is booming and success in that type of economy is not revealing of a company's strengths. What does show the strong aspects of a company is what they are able to do when times are tight. Companies that survive when the economy is struggling are those that focus on quality, customer service, and value. Reid devotes a chapter to different aspects of running a business like sales, management, employees,

customers, branding, etc and ensures that proper decisions, or the most economic decisions are made during good times, and more importantly the bad.

Reid hypothesizes that small businesses enter the market with ambitions to grow larger, which is contradictory to many previous studies stating that satisfaction is found by maintaining a business as opposed to gaining immense profits. He makes the principles of running a business involving two employees and running one with 2,000 employees seem identical. This idea is very ignorant and in fact ignores much of what the Portman's case study is attempting to do. There is something unique and special about operating and sustaining on the small scale. This "cookie cutter" method proposed by Reid needs to be examined and divided into different sizes and types of operations. Identifying the differences in principles amongst these various sized firms can begin to build an understanding of small firm competitive advantages.

Small firms differ within themselves in terms of their strategic planning. Verreynne and Meyer (2010) examined small business strategies in the industry life cycle. The study they conducted clearly shows that the approach small firms take to strategy making has a significant relationship with their performance. The authors explore three different methods to strategy making and test their theories involving them and small firms. The three strategy methods are that of adaptive, participative, and simplistic. Adaptive strategy is defined as "an active engagement of external stakeholders in decisions regarding the direction and strategies of the firm, and adapting the strategic direction of the firm by using market feedback" (p. 401). Participative strategy making involves including various internal stakeholders' ideas and views when it comes to the strategic plan. The last strategy making technique, simplistic, uses factors that led to success in the past in order to formulate what is seen as a successful strategy.

Through the authors' studies, they were able to conclude that adaptive and participative strategy-making directly relate to small firm performance. This leads to an understanding that small firms are successful when they explore their environment and engage both internally and externally with stakeholders. Successful strategies, therefore, result from ideas gathered by talking with different sorts of people and institutions containing relevant information to the firm. The authors also argue that simplistic strategy making works more for the larger firms and not for the smaller. Simplistic strategy making actually has a negative impact on small firm performance.

The authors also studied much about the growth phase versus mature phase of the industry and learned that adaptive strategy making is more important in mature industries. Owners may have more of a prominent decision making role in mature industries and therefore utilize adaptive strategies more than participative. Competition, Verreynne and Meyer hypothesize, intensifies in mature industries and strategic planning is of greater importance for firms in this stage.

In order to conduct this study the authors utilized a pool. They sent our large questionnaires to a number of small firms in New Zealand. Of the limited number that actually responded, even less were usable, and after strict guideline limitations, about only half of the returned surveys were actually used. The limited sample most likely took away from some of the research's potential but still led to interesting results. The validity of these results, however, could not be verified or checked financially because no statistics were available for the firms included in the study. The authors acknowledged some flaws in their study, such as the fact that they only looked at one country. New Zealand was of no particular interest to them, but they felt

that choosing this country because of its strong-free market would be beneficial. Analyzing other countries may have led to further results.

Building a competitive advantage takes many steps, but as Porter suggests, a solid foundation can be built by relying on a strong strategy. It was previously suggested that seeking input from stakeholders can be beneficial to a small firm's strategy. The trade-off aspect of strategy is also seen quite often in small businesses when it comes to decision making. Niedermeyer, Jaskiewicz, and Klein (2010) examine the decisions of selling a family business, maintaining involvement, and finding opportunities beyond the current means of operation.

Throughout their work they define the family as "a group of people related by kinship ties, interacting regularly and by that, coming up with joint decisions and actions," (p. 295) and a family business as "a business in which more than 50% of ordinary voting shares are owned by members of the largest single family group related by blood or marriage and that the company is perceived by top management to be a family business" (p. 296). Using these two definitions, the authors hypothesize that there is an overall utility function consisting of financial and non-financial factors reflecting the success of a family business decisions.

To create this utility function, the authors build a model consisting of five factors all surrounding two types of satisfaction, initial and retrospective. Initial satisfaction, they say, turns into retrospective. The five attributes to each type of satisfaction are: decision to be made, attributes of the decision process, realized profit, remaining interests and influence after the sale, and family identity. By properly intertwining and focusing on each factor individually, the family can make a business sale that is not seen as a failure, but actually a success and opportunistic.

The construction of this sale model is the key to the authors' methodology. Once the model is constructed they use case studies to discuss the application of the model, which greatly strengthens their work. By utilizing these case studies, the authors are able to show the intertwining effects within the model, which the descriptions or physical images provided are not able to exemplify. This model is very strong and appears applicable, but the authors' describe their model to be the "know all, end all" to business decisions. They feel that following this model will lead every family to successful and worthwhile opportunities when that is just not true. The authors themselves admit in their conclusion that there could be more factors that contribute to a family's contentedness of decisions and it would be more respectable of them to acknowledge their model does not include everything.

The opportunities which are present before and after a strategic decision, are examples of trade-offs and important to consider. Small firms compete by making worthwhile decisions, and utilizing the utility function built by these authors will allow for a competitive analysis of other strategic decisions made by small firms. The article does talk about the worth and value in a business to individual family members and whether or not they take a shareholder or stakeholder mentality. This article called to attention the importance of generations in a family business, the idea of inheritance, and the concept of involvement post ownership. Once the previous generation hands over the controls to the next, it is difficult for them to completely leave their work and no longer be an influence. The competitive advantages of a small firm can reside in resources beyond the financial, and can be found in pre-existing relationships and knowledge of the business and its owners.

Yilmazer and Schrank (2010) address the need for further investigation in the area of business and owner resource relations. In order to conduct further studies, however, they first

start by analyzing previous research. They present the reader with two previously existing literatures on bootstrapping and intermingling. Bootstrapping is the idea of getting oneself into or out of a situation using existing resources and intermingling is "the use of business assets for the support of the household and/or the use of household assets for the support of the business" (p. 401).

In the previous work addressed by the author's the overlap of bootstrapping and intermingling as well as the predicting factors that influence intermingling are examined. Throughout both studies, the idea of the household system and the business system are set up and analyzed. It comes to be understood that owner resources are much more than just monetary funds, but actually talents, relations, and other resources that can be utilized for the business. It is very difficult in small and family businesses to completely separate the household and business resources; the authors, as well as previous researchers, do their best to analyze this interaction.

When Yilmazer and Schrank actually do come together and begin to put forth their own ideas, the concepts are not very innovational or intelligent. Their concepts and theories all seem redundant as to what the previous studies have concluded. As the authors summarize their results they pose many questions for future research. I feel as though this paper would have been more beneficial had the authors investigated these future questions instead of just posing them to the reader. The authors themselves gathered these questions from the two previous literatures, and would have been able to make a more valuable contribution had they further examined them.

The intermingling of owner resources (financial and non) and the business can be a major source of competitive advantage for small firms. The resources available to the business can help it in times of trouble and encourage it in times of success. Where large firms may have to

hire people for specific tasks as important as market analysis or as simple as cleaning the building, small firms have a different way of completing these tasks. The strength of the firm's network to draw from and the efficiency of completing these tasks greatly contribute to competitive sustainability of the small firms.

Frazier and Huddleston (2009) acknowledge there is much written about the structural changes in small retail communities, but there is very little empirical research done to aid small retailers in developing strategies in order to remain competitive. In order to remain competitive, data needs to be continually collected and synthesized about customer demand and the market itself. Frazier and Huddleston propose that smaller firms do not have the means or time to make this collection of data an on going process, and therefore rely on an informal social network to create a sustained competitive advantage. This article directly addresses the ability of smaller firms to react more quickly to customer demand because their method of analyzing market demand is more responsive than larger competitors.

The authors define embeddedness as reflective of the extent to which individuals are socially connected to the market in which they operate. Individuals are motivated by more than economic goals and often create and pursue enriched relationships. "Networks are commonly used sources of information for small firms" (p. 2). By creating a model involving information networks, market information, market embeddedness, and marketing competence the authors are able to support their hypothesis and create a cyclical relationship amongst the four parts.

The authors' methodology begins with a large amount of theory, but once the sample industries are selected the amount of numbers are overwhelming at times. To shift from such a theoretical study to strictly numbers was somewhat confusing, but the numbers did support the theory being addressed in the end. The sample size utilized was very small and specific, not

allowing for generalizations to be drawn from the results. This study began with such broad theory, that the sample size should of also been more diversified in order to make the results more general.

"Information about the local market often changes rapidly, is not easily documented or formalized, and thus is difficult to replicate by newcomers," (pg. 3) strongly supports Porter's idea of strategy and sustainability. The authors of this article suggest that the use of an informal network is not the end all to creating a sustainable advantage. The informal network in which your firm is a part of may also include a competitor and they may be receiving information at a comparable time. This concept reinforces resource theory and the suggestion that "competitive advantage can only be achieved when a skill or asset is unique and inimitable" (p. 6). Inimitable assets may be the relationship between the home and the business, trade-off decision analysis, and business savvy tactics learned from experience rather than education.

Gottschalk, Newton, and Wood (2004) took notice to a rise in interest for professional training amongst small businesses owners. They decided to study this peaked interest and also pay close attention to the female ownership of businesses. By conducting a studying of 359 women in rural Victoria, Australia they were able to not only "build on local knowledge and strong beliefs about 'experience', 'common sense' and 'gut feeling,' but also recognize a concomitant desire that is expressed for professional training, within the time constraints of a gendered division of labour, and the spatial constraints of rurality" (p. 11). Basically, the authors were able to analyze what business skills women felt they had and what they felt could be developed with training.

Confidence and networking abilities were two characteristics that most women either started with or did not have. They are difficult qualities to teach, and if the foundation is not

already there, professional training is unlikely to be beneficial. Marketing, finance and promotion of goods and services were the most desired courses to be taught. The research found in this paper supports the idea that there is a strong desire for professional training in the small business market, not just among women, but among all genders. The value of personal experience, however, is still inimitable and could support Porter's idea of competitive strategy.

This article planned to use both quantitative and qualitative methods when examining the desire for professional training. The first flaw in the methodology, however, is when selecting the sample pool. The article is introduced as a study of 359 women, but it is later revealed that some of the sample were women who were business partners with men, completely illegitimating the claim that this is a study of purely females. The use of a questionnaire is beneficial because it gave the authors ideas of what to study, instead of them going into this experiment with specific questions, their theories and ideas were able to develop from issues posed by their sample.

The quantitative data is much less worthwhile, however. The pools and percentages obtained are strictly of the women's opinions, but never is the success of the businesses revealed. If there are a large percentage of women desiring training in marketing, it would have been beneficial to see the success rates of the marketing campaigns. Those women not desiring help may have very strong campaigns and it would have been beneficial to examine how they were able to succeed without professional training and why those desiring training were not. This article also only examines those women wishing to start up their own business and completely ignores those that are operating and working to maintain a pre-existing business.

This article creates the very important question of value added. What is the value added by obtaining an education versus gaining years of experience? Can you learn the talents needed

to successfully compete as a small business against the larger firms or is it something that you obtain from experience? Competitive advantages arise from both educational skills and experienc, the methods in which the two are utilized to their best ability make all the difference among small businesses.

The owner of a small business is very crucial to its competitive advantage. Their decision making strategies need to be different from the large firms in that the owner of the small firm has the final say, and often needs to make the final decision, where larger firms have more people, committees, and organizations to consider and aid in decision making. The capabilities of a firm's owner may play a much larger role in establishing a competitive advantage amongst small firms than it does in large firms.

Mirjam (2003) chose to study not the nature of business, but the talent and abilities of the business founder and owner. He had the view that "the longer one can survive and prevent involuntary exit, the more successful one is" (p. ii). He studies the business founder's impact on success by first discussing the classical theoretical knowledge base that already exists. Theoretical knowledge involving the capabilities, conduct, attitude, and asset ownership have been observed and analyzed by many theorists. What Mirjam wants to do is incorporate contemporary empirical knowledge in order to formulate hypotheses. He then proves these hypotheses through empirical studies.

Mirjam creates five hypotheses that he works throughout his paper to prove. (1) Relevant previous experience affects success as a business founder. (2) The younger the business founder is, the better his performance will be given the level of relevant experience. (3) The more owned capital available, the more successful the small business owner. (4) Small business owners that have been pulled into the job, rather than pushed, have higher chances to be successful. (5)

Higher educated business founders perform better. These five hypotheses emphasize how an owner's abilities contribute to competitive advantages.

The empirical data to support these arguments is very persuasive, yet dense and difficult to decipher. The work and time put into this study is very commendable. However, the hypotheses being argued empirically could be equally supported with theoretical data. The numbers give a perspective that has not been heavily studied or explored, but I propose that this is because it is an area and concept that is better argued with theory rather than quantitative analysis.

The utilization of ownership and the resources are definitely a contribution to competitive advantage. Siemens further addresses how owners specifically deal with problems within a small firm, and also brings to light other non financial resources and problems of small businesses. Siemens had a particular focus on the challenges and responses of small businesses in the rural community. She utilizes her study to outline the problems at hand for small businesses and the solutions that are present.

The article introduces the concept of rural small businesses by emphasizing that these owners are not in the business to make a profit, but because they want to make their business last and they want to create a lifestyle for themselves. She points out it is important to notice the context in which a small business functions, "this context shapes both opportunities and constraints and suggests the range of possible responses and available resources to each [problem]" (p. 2).

Siemens poses various problems experienced by owners such as: limited local market potential, limited employee selection, and location while working to develop answers through the use of a case study. She learns that owners will diversify and extend their product and service

lines to attempt to gain more revenue; they will work the necessary long hours and create active roles in their business amongst the few employees they have to encourage long term employment; and they will make the necessary trips and facilitate the movement of supplies in order to ensure the success of their business. This paper is very helpful in finding specific examples to specific problems because of its methodology.

The author decides to undertake her study as a compilation of 10 case studies. By selecting a variety of samples from diverse industries and all differing degrees of ruralness, the author both strengthens and weakens her claims. By adding diversity she ensures that the case study is not too specific, and that the results are not completely inapplicable to other businesses, but she does, however, take away some of the strength of her results by having no true control variable. Her actual execution of the case studies, however, sounds much more similar to the work done in ethnography as opposed to that done in an economic study. The observations of daily activity and coding seem much more culturally useful than economically powerful.

The studies conducted this far mostly focus on short term competitive decisions, but in order to truly have an advantage, the long term also needs to be considered. Reider (2011) acknowledges the important difference between the size and methods of different businesses unlike Reid's previous studies. Management of small business must place a greater emphasis on increasing results with fewer resources. Reider acknowledges the crucial difference in stakeholder versus shareholder mentalities that Neidermeyer and associates discussed earlier. Reider suggests small businesses ignore, or do not desire outside help because of their lack of obligation to public reporting and their ability to operate the business without overhead questioning.

Owners of small businesses take the "day to day" operating approach as opposed to long-term, big picture approaches like that of larger firms. It is important, as Reider points out, that small firms do somewhat look at long term goals in order to be successful. He raises the interesting issue that an increase in sales does not necessarily mean an increase in profit for small firms, but actually for most it just means more costs. Someone in the business must make financial and operational decisions, and in order to best utilize an increase in customer base and sales, better cost structures must be implemented. This can be done still within the company as long as they are smart about decision making, but it should not be seen as a failure or negative to enlist outside help as well.

The author utilizes case studies in order to support his claims. Throughout the entire book he not only acknowledges differing size firms, but addresses different types of small businesses as well. He takes the reader through the family business and all the advantages, disadvantages, and difficulties that arise in separating a household from a business. Using case studies makes his work seem applicable and realistic, however, he only shows one side of a result. In essence, when discussing the issues of separating family from business, he only chooses one case study, to emphasize one problem, and reveal the positive or the negative resolution.

Hess (2010) focuses on the growth aspect of small businesses in particular. He analyzes what it takes to build an enduring business by managing the risks of growth. Earnings alone "are not evidence of a company's future earning power nor provide meaningful information regarding economic and strategic health and competiveness" (p. 1). The long term value creation needs to be explored and examined when looking at a small industry. The concept of "grow or die" is addressed and dismissed by the author because he has a realistic view of small scale businesses.

Using the Growth Mental Model, the author deduces that growth should not be assumed but should be a conscious decision made by evaluating concepts such as economics, smoothness, organization, and risks of growth. It is more important to acknowledge the risks of growth and discoveries made about the options to grow and the option to not. The author addresses owner's overwhelming failure to think about growth critically in terms of the risks involved.

The author's use of the Growth Mental Model may actually weaken his arguments. Each chapter is a different argument on an aspect of growth but continues to reference the overall model. The author, himself, acknowledges the lack of specificity in the model and generalizes its origin. This model is applicable to both the public and private models and therefore takes away from its relevance to small scale growth. A reader might propose adapting the model to better fit the two sectors individually. The use of case studies for each concept of the model, however, does strengthen the arguments made, and emphasizes how the concepts in the model are in fact applicable to the small scale sector.

Further study of growth analysis is important to competitive advantage because the ability of a firm to grow can be seen as a reflection of its competitive advantages. Wiklund, Patzelt, and Shepherd "derive a set of propositions that suggest how entrepreneurial orientation, environmental characteristics, firm resources, and managers' personal attitudes directly and/or indirectly influence the growth of small business" (p. 351). The authors attempt to study five previous works on growth and incorporate them into a holistic model. By linking all of the previous studies together, the authors are able to make various discoveries.

The authors discover that resources have an indirect effect on growth. The organization and strategic processes of a firm, however, are important because they enable a firm to manipulate their resources into something of value. The authors also further investigate the

relationship that the environment has on small business growth. Using Porter's idea of strategic fit, the complex relationship between environment and growth can be further examined. "Furthermore, attitude in terms of goals, favored work tasks, expected consequences of growth, and growth intentions appears important to small business growth" (p. 367).

This study is very revealing and potentially influential when it comes to growth studies, however, linking together five previous studies means putting together a lot of differing ideas. This study factors in many variables and puts together generalizations that may have excluded one another for particular reasons. The study uses least squares analysis without explaining exactly how it works, therefore leaving a reader unfamiliar with such techniques a bit confused. The study is also largely based on assigning numerical values to theories and concepts, something that, depending on personal preference, is hard to except and validate.

Kwoka and White (2001) explore the organization of the small business, but take an approach not focusing so much on the individual business but the industry as a whole. They also directly study how small businesses have been impacted by the larger firms. They recognize that the role of small businesses have diminished over time and attempt to provide an explanation "as to how small business may be systematically disadvantaged by strategic behavior undertaken by larger companies" (p. 21).

The important discoveries of this article is the realization that differing types of small business industries have different forces that influence their evolution and strategy, and therefore, their competitive advantage. This implies that small businesses are often influenced not only by their decisions but by the leading firms in their particular market. The authors recognize there is much to be learned from studying particular industries and do so by conducting a case study on the brewing industry. This case study shows how the over all theory

of market implications is applicable in a particular example. The use of numerical values and charts to show the decline of small businesses over time is very compelling. Not only do the authors explain what is occurring, but they back it up with understandable, and credible data sources. The use of graphs in this article is also very advantageous for the reader's understanding.

This venture aims to better understand the small firm's means of operation and to some degree understand its relation to the larger corporations. Kwoka and White "focus on the strategic behavior of large firms and their implications for smaller firms" (p. 29). "The behaviors of larger firms with respect to advertising, promotion, research and development," (p. 29) and other cost expenditures can be seen to have an impact of small firm's competitive sustainability.

Utilizing previous authors work, it can be theorized that competitive advantages of small firms can be found in things such as strategic planning, owner's abilities, resource networks, internal and external relations, long term planning, and ability to grow. By conducting a case study on Portman's Farm Market, further exploration of specific competitively advantageous qualities will be explored.

Chapter 3: History of Portman's Farm Market

The following information was gathered through a personal interview with Elizabeth Wernert, the current owner of Portman's Farm Market. She had the information through her experience in the business, family history passed down verbally, and with written records.

Portman's Farm Market is one of the oldest remaining establishments in the Bridgeville area. The family and the name have been around the Pittsburgh suburb for over eighty years and within that time, grown and changed. Portman's age is evident when you look at the orientation of its original, still standing farmhouse. The main road of the town of Bridgeville in the early 1900s ran perpendicular to its current path. The Portman's house still faces the original directions of the road, giving Bridgevillians a glimpse of what their hometown once looked like. To properly understand where Portman's stands within the current community and economy, it is important to understand the changes and decisions that were made throughout its history.

The history of Portman's Farm Market begins years before its formal establishment is 1932. Joseph Portman and wife Anna Marie Seible owned and operated a dairy farm in the Whiskey Run Hallow area of Southwestern Pennsylvania. With the hope to expand their farm they moved to the recently established Bridgeville area purchasing over 120 acres of land. The Portman's working dairy farm consisted of cattle, horses, pigs, chickens, and other farm animals. When originally constructed, the farm was a farmhouse, two barns, and various coolers for the milk. Four milk trucks and homogenizing equipment made the up the majority of the capital.

Portman's delivered their famous milk to residents' door steps every morning. They were most well recognized for the crème line on their milk and its ability to be turned to butter. At this point in history the farm utilized mostly family members such as children, but did hire a few additional men, but no woman, for help. Joseph and Anna had eleven children total that all

helped on the farm when they were young. Five of the children were boys who were able to help with the manual labor. As the farm grew in success and age, however, the brothers and sisters began to get married and move on to live of their own. The family remained in the area, but only two brothers took an interest to stay and help their father keep up the farm.

The youngest son Leo remained and became his father's main source of help, and hope that the business would continue. One of the older brothers Dotti did remain as a farmhand, and possibly would have been a larger influence in the next generation of the farm, but he was killed in a tractor accident in 1957. The other sons moved on and created farms of their own. One brother moved to West Field New York and developed a farm that was later renovated to be a golf course.

As the family help began to diminish, so did the demand for door-front delivered milk. In the 1960's there was a large movement for passing pasteurization laws and a pull towards grocery store purchased dairy products. Joseph was beginning to feel his age and allowed Leo to begin to take more and more responsibility on the farm. Joseph and Leo attempted to sell milk in the grocery stores, but the attempt was not proving to be a sustainable venture. In the mid 60's Leo realized the fertility of their land; having cows graze upon and live on the land for so long made the farmland extra fertile and Leo saw a chance to switch from a working diary farm to a working truck farm.

In 1966 Joseph and Leo sold off the dairy farming equipment and made the complete transition into being a working truck farm. With this shift in market, Leo became the owner of the Portman's Farm and Joseph stayed in the picture as a source of help and a mentor. Equipment was purchased for growing and harvesting produce while many of the cattle were sold. Any animal remaining on the farm was more for recreation than work or profit. With the

elimination of wild stock there was now extra storage and space in the barns. One of the original barns was refurbished and turned into a small, roadside produce store to allow for produce sales right on site.

With the introduction of the produce store came Norman Wernert. Norman married one of Joseph and Anna's daughters, Anna. Norman came from a business background, having previously operated a grocery store called the Grocerette. Norman was a graduate of Robert Morris Business School and served in the United States Air Force. Norman's background played a very large part in future business decisions to be made and is crucial to Portman's development. In 1967 Norman's previous grocery store had caught fire and he was left without work. He came on to the Portman farm to help Leo with this new venture originally part time. As the market proved more and more successful Norman became the manager of the produce store and soon, more or less, Leo's business partner and confidant. Norman's involvement in the farm also introduced his family to the farm life. Norman and Anna brought their kids Kenny, Joe, Beth, and John to the farm allowing for even more family hands to be involved in the operation. Each child was drawn to something different about the farm, and helped in a unique way.

Portman's Farm, the now working truck farm, grew corn, tomatoes, potatoes, green beans, strawberries, raspberries, and just about any other fruit or vegetable that proved promising. They were known for their incredible corn. There are many memories amongst the community of lining up out the door for corn. It was picked fresh every single morning, loaded into a truck and pulled up to the side of the barn. They could not bag the corn fast enough for the crowd that was there all day long. Portman's also used part of their farm as an apple orchard, not only selling apples, but making their own signature apple cider. The farm and store became a

place full of production. During the fall when pumpkins were in season, they would sponsor hay rides, and fall festivals, creating a place that people wanted to gather and enjoyed being.

The produce grown on the farm was not only sold out of the one barn. Leo and Norman also outsourced to many vendors. They took large amounts of goods to the Pittsburgh Strip District or the Produce Yard. Their tactics can almost be described as "peddling" in some instances. An agreement was reached with Heinz to use Portman's canning tomatoes in their ketchup production; an arrangement only made because Leo physically went to the corporation trying to find a use for his products in their assembly.

This highly active farm required much more help than it did in the past. There were different types of employment for which help was needed. The family, such as Norman's children, Anna, or cousins looking for work did help, and they often attracted friends looking for summer jobs. Portman's needed field workers, store workers, truck drivers, tomato washers, bean baggers, machine operators, etc to work the farm. The two barns still remained on the farm, one containing the store and the other holding equipment, such as the four tractors, four flat bed wagons, disks, tillers, and planters and both barns needed workers to maintain and operate them. To gather the crops like strawberries or beans, Leo and Norman would employ high school or college students and pay them per quart that they collected. Workers earned 10 cents per quart and received a 2 cent bonus per quart if they stayed for the entire season, which was very rare. The retail store was only open during the summer months when there was crop to sell, therefore only requiring seasonal workers.

During the winter months, when the farm was closed, Leo would often vacation in Florida, exposing him to a very unique idea he brought back home to Bridgeville. While in Florida, Leo saw a large number of flee markets and consumer interest associated around them.

During the summer months in Bridgeville, he decided to use some of the space below the barn to host a flee market. Every Tuesday of the summer, over 100 vendors would come to the farm selling unique items like plants, antiques, jewelry, etc. The Flee Market was very successful for many summers, but ended due to family issues that later arose. The success of the Flee Market was most likely due to the rising interest in antique collecting amongst consumers.

Throughout the late 60's Portman's was a thriving truck farm and retail store. The success of the Farm was very apparent, gaining loyal customers and constantly growing its customer base. Norman continued to operate the store with efficiency, but wanted to begin trying new things. Norman began to make the store more than a road side produce store, but an actual market. He made it a very unique place to be and shop, introducing homemade jams, honeys, and other unique items brought in from vendors. Norman was approached by a pie company, wishing for him to venture out and try selling homemade pies. The idea of providing baked goods was not immediately seen as good because the early 70's were still a period of time when mothers and grandmothers were baking and playing the home maker role. Trying to sell something new like pies, therefore, would be eliminating a major task of women at the time, and possibly be poorly received.

Beth, Norman's daughter, attributes her father's bravery in the business world to his war experiences. "He was afraid of risk because he had taken real risks and seen it all," she says. Norman decided to just go for it. He purchased one double oven (which still stands in the barn today) and began baking pies. He used the "Sam's Club Sample" tactic and just allowed customers to sample the pies. It proved effective, and allowed for people to try new things. The pie business took off and began to allow Portman's to stay open outside of the crop growing season and become an even more appealing, family oriented establishment.

Another venture Norman engaged in was that of operating a green house. He felt that there was an opportunity to grow and sell flowers. It was an innovative idea for the farm, and he truly believed it would work. They took part of the land and built two green houses to begin selling plants. The demand was there and consumers loved the availability of beautiful flowers and plants. Demand grew and more was asked of the farm. Norman had the idea of making the green houses separate from Portman's and purchasing into the Agway franchise. Agway is a farm co-op franchise supplying feed and supplies to farmers. Leo and Norman decided to purchase into the franchise and utilize Norman's son Kenny as its operator. The green houses became a separate venture from the retail barn, but was housed on the farm land, mixing workers and aiding each other throughout operations.

The two businesses continued to thrive and operate smoothly with the current structure and rank. In 1976, Joseph passed away, marking the complete exit of the first owner of the farm. In 1978, the future of the business began to look uncertain. Leo had been so devoted to farm work his entire life that he never really created a life or family of his own. He began wanting to marry, start a family, and move on from the business. Leo was still the sole owner of the farm and the land and therefore, his decision was the only one that mattered. He decided to auction off the equipment and sell the farm land to developers. Norman and the workers continued to operate the farm as if nothing was going to change and adapted once certain pieces of equipment were sold. In the process of selling the land and auctioning off equipment, family issues and circumstances emerged, drastically slowing down the process.

The sisters that had disappeared since Leo took charge on the farm felt as though they were entitled to some of the profits being earned by the sale of their parents' land. Leo was directly left all land and rights to the business by his father because he was the one that worked it

and stayed with the business. The lawsuits put forth by Portman sisters resulted in financial burdens and poor reviews on Leo and the Portman name when it came to selling the land and establishing deed and title agreements.

The sisters' lawsuits postponed the disestablishment of the farm well into the mid 80's. During this time Norman continued to operate the store and began to implement ideas that could potentially allow the retail store to continue without a farm supporting it. Norman's daughter Beth graduated from Duquesne in 1983 with a degree in Media Communication. She could not find a job at the time and ended up coming to the store to work and help her father maintain a growing and thriving business. Norman's previous grocery experience made him knowledgeable in different areas such as deli meats, and he had the idea to install a deli. There were no major grocery stores nearby, and especially none providing high quality meats. The deli was well received because of the high quality that came to be known and expected by customers. The bakery was expanded to include cookies and fresh baked breads.

Today, what are seen as staple items were created by accident or circumstantial coincidences during the early 80's. The infamous Ham Salad sold every other weekend was made on a small scale because there were extra hams that they did not want to waste. The field workers that remained would call to the store and ask Beth for lunch. She used the resources at the store and made them sandwiches. Eventually she put a small sign out saying they would sell sandwiches and today sandwiches make up a large portion of profits. Beth did not know how well the sandwiches would do, but even if she only sold 7 or 8 a day, in her mind, "that was eight big macs that McDonalds didn't sell." The deli was doing very well, and created an entirely new source of profit for the business. When the equipment, finally, began being auctioned off, it was the deli that sustained the business and allowed for the doors to not close.

As the lawsuits began to settle, the land finally was sold. The apple orchard was sold and became a housing development. The back acres were also sold and developed for housing. Bridgeville was really starting to grow as a suburb and with the concentration of people beginning to move in, the deli and products at the retail store were perfect for the emerging market. Other parts of land were sold to developers with future plans for the community at large. The settlement split the land in different ways to different parties, with the important agreement being that 10 acres remained solely Leo's. With the help that Norman had provided for nearly two decades, Leo legally split the land into two 5 acre plots, selling his and Norman deciding to keep his and upkeep the business that he had essentially built. Norman purchased the name and the business from Leo whereas the business had been willed to Leo, marking the first purchase of Portman's and official exit of the second owner and operator. Norman was 70 years old before he actually owned the business entirely, working closely with daughter Beth.

The working truck farm was completely gone and nothing remained to allow Portman's to grow their own produce, so Portman's would purchase certain items from the produce yards. They also teamed up with other local farms such as Bebout, Tracks, and Simmons, to bring produce into their store. In the mid 90's the piece of land directly bordering Norman's acreage began to be developed. It was revealed that a Shop n' Save would be going in next to Portman's, less than 100 yards away. Norman and Beth were extremely worried. The impact of the grocery store introduction was felt in the area of produce. With Norman being older and the small scope of their capabilities it was too difficult to maintain a produce department competitive enough against Shop n' Save's. That area of Portman's Farm eventually phased out with the exception of corn and a very small selection of vegetables sold seasonally today.

To remain competitive Norman and Beth had the mind set that as a small business they were to provide products of the best and highest quality. They accepted that prices would be higher, but the products themselves would be very attractive because of the guaranteed quality. In their deli they began stocking Boards Head Delicatessen, one of the highest quality lunch meats and an extremely renowned name. Boars Head was not their main provider in the beginning. Meats were stocked from various suppliers, such as Clover Hill and Green Valley, but in equal amounts. Around 1995, Boars Head's need for a warehouse, however, changed Portman's and their relationship drastically.

As seen throughout the development of the market, Norman had many visions. One was to use his acreage to create a retail space. On Norman's 5 acres was one of the dairy coolers remaining from the working dairy farm. This cooler was just large enough for what Boars Head needed and an arrangement was made for them to use this space. Boars Head quickly became Portman's main supplier with their close proximity and relationship that was built by working so closely. The introduction of the "renter" began the development of the Portman's Commons. The area behind Portman's Farm was developed and built upon to hold various businesses and create an area for the community to shop, dine, and enjoy. Businesses in the commons are similar in that they are very specific to the Bridgeville area, providing good, quality service.

A lot of changes and decisions were made throughout Portman's lifetime, most of which succeeded with little falter, making this business seem invincible. In Beth's eyes there is one major failure that she recalls and that was the attempt to have a creamery. In the early 90's Beth had the idea to create a creamery for late night ice cream. She was working very hard at the business already and this was something she claimed to have wanted to do, but knew her whole heart would not be in the venture. Her Dad really pushed her to try it and so she gave it her best

attempt. The creamery was open for three years but had to close after its third summer. Between the workforce being hard to find, not wanting to have to keep the entire store open late into the evening when people wanted ice cream, a new ice cream specific customer base to attract, and the seasonality of ice cream, it was just more of a detriment to the business than a help. Almost, ten years later, Beth does believe if she tried again the creamery would succeed. She learned a lot in her time and feels as though she has a better workforce, place in the community, and mind set to try something like a creamery.

In the early 2000's Norman's age caught up to him and he became less and less involved in the business. He visited as much as possible, and always gave his input, but Beth took over as owner and operator of the business. Beth valued her dad greatly and his business knowledge, so never hesitated to use him for guidance or advice. In 2010 Norman passed away, marking the third owner of the business to be completely gone from influence.

Today Portman's Farm Market is a successful retail store known first for their deli and second for their bakery and pie selection. The store is open year round and serves a customer base all over the Pittsburgh area. Within a 5 mile span there is a Shop n' Save, Get Go, Subway, and Walmart, all serving and providing services which Portman's does as well. The opening of each was, with no doubt, felt by the business; but the quality of products never diminished, allowing the customer base to remain stable.

When examining the past 80 years of Portman's life, certain reasons they survived stand out. Timing is everything when it comes to business. Throughout the entire development, Portman's altered their operations at exactly the right moment. They were aware of their surroundings and were not afraid to admit that current operational methods would not get them through the developing market. Close family ties and efforts can also be seen as a major reason

Portman's survived. Working closely with each other, relying on each other, and utilizing individual talents allowed for the Portman's family as a whole to build a successful business.

A few important lessons can be learned from the history of Portman's. One lesson is the important understanding of resources on hand. The owners of Portman's understood their current resources enabling them to develop the business most efficiently. When converting from a dairy farm to a truck farm, Leo knew his land was extra fertile due to the cattle and understood what a valuable resource that was. When introducing the sandwiches to the menu, Beth knew that she would be able to make a profit because she understood she had all the resources already on hand, and costs would be minimal. Knowing what you have to work with is a major business develop tool to have.

Firm's history can both hinder and facilitate future success. A major example in Portman's history is the selling of the farm land. That period in time is forever part of Portman's "story" and the lawsuits, bad reputation, and land sales will forever be something the business must cope with. Luckily for Portman's, the reputation and continued history of quality products and welcoming environment is greater and more well known throughout the community than the land sale and allows for Portman's to thrive and continue to supply customers.

When looking at the history of Portman's, multiple owners, markets, and decisions are apparent. Eighty years after its establishment Portman's is as successful as ever, and the answer as to why lies within the history of itself and its owners. Out of the four only one is still able to talk directly about decisions that were made, but by using her knowledge and the knowledge of other economic scholars, a competitive advantage of Portman's Farm can be created. This competitive advantage is very specific to the business itself, but through this one case study, it will be possible to learn and deduce more about the small business spectrum as a whole.

Chapter 4: Empirical Study

There are infinitely many aspects to Portman's Farm Market and other small businesses that can be argued as competitive advantages and attributes to their sustainability. Each corporation is unique, and what makes them sustainable is also unique. No over-all method to running a successful small business can be created because there are so many variables, but generalizations and company specific observations can be made. As learned through previous research, contributions to sustainability include: customer service, quality of products, strategy, tradeoffs, resource pools, owner's abilities, situational decisions, growth abilities, ability to compete with large scale firms, and many others. There are so many different aspects to competitive advantage that it is best to narrow concepts down in order to best understand.

Both Porter and Pilling attribute major understandings of competitive advantages to the value chain. The value chain was developed by Porter to understand the primary activities undertaken by any size corporation in order to operate. The five primary value activities include: (1) inbound logistics, involving supply relationships; (2) operations, or all activities that turn inputs to outputs; (3) outbound logistics, involving distribution and storage; (4) marketing and sales, or activities that inform and attract the buyer; and (5) service, or the effectiveness of a product after it is purchased. I believe if the value chain of a company is strong, then the company will be strong. Finding a competitive advantage within each aspect of the value chain can lead one to understand the sustainability of a particular company.

Through interviews, surveys, and yearlong observations, the sustainable aspects of Portman's can be developed specifically and matched to a specific place on the value chain. The competitive sustainability factors that contribute to Portman's continued success are their adaptive nature, the owner's capabilities, staffing and service, and their simplified quality of

products. Exploring each of these competitive advantages individually will show how Portman's has been able to remain stable throughout multiple market changes.

I. Adaptive Nature

The adaptive nature or innovative methods of all Portman's owners thus far is a major reason the business has been able to survive the turns in industry and decades of volatile markets. "Small firms are frequently faced with restrictions such as skill shortages, difficulties in attracting staff, funding issues and continuous changes in the supply chain and industry, and therefore need to utilize all potential factors that may help to overcome these constraints" (Verreynee, Meyer 2008, p. 399). All of the major shifts in Portman's history can be attributed to one of the previous reasons. The major shifts in the business were the switch from a working diary farm to working truck farm, introducing a retail store, selling pies, creating a deli, and building a sandwich business. All of these introductions were made because something was changing and adaptations needed to be made in order for the business to survive.

The adaptive abilities of Portman's Farm have much to do with their strategic positioning. Small business strategies were studied by Verreynne and Meyer, whose studies result in "adaptive strategy" and "participative strategy" making being directly related to small firm performance. Exploring their results in relations to Portman's methods will help clarify why an adaptive nature is crucial to Portman's competitive advantage.

Mintzberg (1973) defines strategy making as a process that involves the range of activites that firms engage in to formulate and enact their strategic mission and goals. In the business world, strategy making can be placed on a broad range of formality; the most formal of strategy making being those that are elaborately planned before being enacted, and the most informal being the adaptive nature method. Larger firms tend to have a much more formal approach to

strategy making, partly because they have the ability to partake in the exhausting process involving analysis, formula making, and other data studies that small firms just do not have the time or means for. Larger firms are also able to vary their approaches within the company themselves, while a small firm usually sticks to one overruling method (Verreynee, Meyer 2008). The notion of formality is very questionable in small firms, and often specific strategy making is simply confused with the idea of "planning".

Small firm methods, Portman's included, are often informal, unstructured, irregular, incomprehensive, and short-term or reactive as opposed to long term and structured. There is not a distinguished point between strategy formulation and implementation. Beaver, Cooper, and Jennings all agree on the idea of small firm strategy methods being very special and frequently unique (Verreynee, Meyer 2008). Examples from Portman's past specifically support the claim of a blurred formulation and implementation period. There were instances of strategy formulation, such as when they decided to shift from dairy to truck farming. Work had to be put into that effort, research needed to be done, and a much formal planning went into that decision. Instances, such as partnering with Heinz for tomato sales, selling pies, and selling sandwiches were much more implementation heavy over formulation. Those decisions were not as much pondered over, as they were tested and executed.

Those decisions made by Portman's are often the decisions that are given praise. The strategy behind those decisions can be seen as adaptive and participative, two methods whose specific characteristics are defining factors of small business. If the business is good at this type of strategy making, they will be much more likely to succeed. Strategy making can fall into the two areas of inbound logistics and operations in terms of the Value Chain. Strong strategy making ability means a strong value chain foundation, resulting in a stronger business.

Adaptive strategy making depends on external stakeholders a great deal. External stakeholders consist typically of customers and suppliers. By listening and incorporating the people that you depend on the most, customers and supplies, for important decisions, you become much more responsive to the need of the supply chain. Paying attention to the external needs of others creates an advantage over the competitors whom are much more internally focused. Rigid strategies like those of larger corporations, may cause small businesses long term distress (Verreynee & Meyer, 2008), where as adaptive methods create a flexibility to quickly adapt and pursue new opportunities or deal with emerging threats.

Many examples of this methodology are prevalent in the Portman's Farm case study. A main supplier of Portman's Farm is CloverHill. The CloverHill representative, Carol, comes to the store, at least once a week, to personally assist Beth in ordering for the next week and with many suggestions and inputs on new items. Carol often even takes it upon herself to interact with the customers, getting direct ideas from them as to what they would like to see. Carol is just one example of the multiple suppliers Beth interacts with; Boars Head is in the store everyday, different farms deliver produce multiple times a weak, and other vendors visit the store to deliver products regularly. The suppliers know Beth's store and want to help her move products.

Talking to the customers has been a practice of Portman's owners since the dairy farm. The dairy farm was able to exit that market early because they considered their customers' needs and desires by direct communication. Beth tells the story of a customer asking Norman if they sold shoe polish one day. Shoe polish does not go with the grocery, produce, or baked good aspects of the store, but Norman put it on the list to look into begin supplying, simply because one man asked for it. Easter and Christmas hams are a large sale item for Portman's because of

the combination of customers asking and Boars Head supplying. Without listening to all the inputs from the outside world, staple items would have never been introduced because of the fear of failing.

The largest example of adaptive strategy is when Norman knew the farmland behind the retail store would soon be gone and in order to stay in business he needed to try something new. Every idea he put forward from that moment on (pies and deli meat included) were not structured and planned but "I need to do something fast" ideas. His bravery and innovative ideas paid off, and were able to keep the business not only afloat, but growing. Giving his customers samples and assessing their needs enabled him to feel confident in his relatively fast implementation of strategy. In addition to external forces, however, the internal factors and stakeholders that allow a business to operate are also crucial to quick strategy making.

Verreynne and Meyer also study the participative strategy making methods or those of using internal stakeholders, such as employees and managers. Parnell and Crandall suggest that participative decision-making improves decision quality. By utilizing the employees, that know the customers and suppliers equally as well as the manager does, there is greater innovation, motivation, satisfaction, and loyalty from all parts. (Verreynne & Meyer, 2008). Decisions and influence of managers and employees will be further discussed individually. Beth attributes much of her competitive advantage to her employees, therefore making them a very particular and special aspect of operational decisions.

Looking at these two types of strategy making, and their apparent success in the instance of Portman's Farms, emphasizes how an ongoing dialogue with key stakeholders has a strong association with firm performance. Barney says the relationships and utilization of stakeholders is rare and an imitable process that leads to competitive advantage (Verreynne & Meyer, 2008).

As argued by Porter, the key to sustainability is an inimitable strategy. Portman's ability to use these strategy making methods and stakeholders is not only distinct amongst small firms, but within the community of Bridgeville as a whole, keeping them competitive against small and large firms in the area.

II. Owner Capabilities

Much like we as human beings can be attributed to our makers, our parents, the success of a business depends on the abilities and knowledge of the leader. Large firms have many leaders in many differing areas, allowing for one to make up for another if they falter for a time being. In small businesses, there is usually one leader doing it all, and all decisions in the end fall on their lap. Beth is the leader of Portman's. Although there are day time and evening managers, employees that take charge, and influential people in decision making, everything comes back to reflect her. Mirjam said it best when he said, "I focus on the person specific determinants rather than on the business-specific determinants because I presume that it is the man who makes the difference: he sets the conditions, the boundaries, the characteristics and, ultimately, the value creating ability" (Mirjam, 2003, p. 1)

Throughout the four owner's of Portman's their education and experience have all varied, yet something about the combination of their abilities made Portman's what it is today. Being a family business, the lessons and ideals of each was passed down and influential for the succeeding owner, all amounting to what we see today as a major competitive advantage in owner ability. In regards to the value chain, owner ability would fall under operations, being as the owner's decisions are what turn the behind the scenes work into a desired service. Looking at the particular owners of Portman's formal and informal education reveals their use of four key resources: themselves, their family, the business, and the community.

Joseph was a farmer only receiving an elementary education and being knowledgeable in the area of farming, searching for a community with a growing need for his dairy service. Leo learned everything he knew from working directly under his father. Teaming up with war-veteran and former grocery store owner, Norman, was an excellent decision. The two of them were able to combine the learned knowledge they both had with Norman's formal business education, and war instinct bravery, to do something daring and new in the community. Norman really changed the business from what it was to what it is. He brought in knowledge of people, business, and risk that no previous family member could have supplied. Beth, to this day, uses lessons her dad taught her when making decisions. Norman and Beth both love to learn and share their knowledge of the small business world, adding to the competitive advantage of Portman's.

The ability of the owner in creating a distinct advantage is not unique to Portman's. Gottschalk, Newton, and Wood took a particular interest in the general preparedness of small business owners in regards to their social and professional backgrounds – including previous work experience, formal experience, and training. Through their study, they were able to come to the following conclusions.

There is a strong "anti-professional" belief and acknowledgment that there is significant value in personal experience. The ideas of experience, hands on training, and common sense are extremely important amongst small business owners, and often more valued assets than a specific degree. Owners do agree, however, that appropriate training designed to utilize and enhance the pre-existing knowledge and experiences would be an advantage to the business (Gottschalk, Newton & Glenice, 2004). Training in courses like marketing, promotion, or finance were the most highly desired through their study. I find it very compelling that in

addition to Beth being around the business since the time she was a teenager, she went to school for media studies in marketing. Beth possesses both types of desired training, making the current store's sustainability and potential even more prominent.

When asked directly what part of her training Beth feels has been most helpful, she says the things she simply learned under her dad. She admires his knowledge and feels that she would not have been able to operate the business today had she not been given the chance to work under him. He taught her valuable lessons, and helped her to establish a resource pool that enables Portman's to succeed. The owner's abilities are not only that of their education, but their ability to work with others. In a business there is no way around working with others, making your ability to establish relations a key part of sustainability. Previous literature suggests a reliance on personally developed networks as a major contributor to sustainability.

Frazier and Huddleston believe devoting more attention to networking skills can create and sustain a competitive advantage. Based on network theory, which suggests social relationships provide valuable benefits to competitive advantage, the idea of embedded-ness and how owners utilize it reveal much about their abilities as a leader. Smaller retailers may not have conventional information gathering methods and therefore need to tap into their local connections and embedded market allies to capitalize on local information (Frazier & Huddleston, 2009). Before Beth is a business owner, she is good person, and therefore establishes friendships with customers and other store owners. She has excellent relations with schools, businesses, and community leaders greatly adding to her network and resource pool.

Two important lessons her father taught her involve the utilization of an informal network. One lesson she relays to others is, "be nice to sales people, they have a hard job." Beth is never rude to anyone that comes into her store. Usually, sales people are seen as a nuisance or

waste of time, Beth acknowledges them as people and gives them the chance to become a resource. She talks to them, gains knowledge from them, and whether or not she purchases items from them, she still learned a lot about what they were selling and how they were going about it. The second lesson her father taught her is that of, "at least once a day, walk in your store as a customer, and view your product through their eyes." Standing behind the counter all day does not give you the chance to actually see what you are selling. By viewing your presentation as a customer you see what they see and are able to improve upon it to better serve them.

"To create a competitive advantage, a retailer's competence must be superior to that of the competition, valuable to customers, and difficult to imitate" (Frazier & Huddleston, 2009, p. 3). This idea continues to support Porter's idea that sustainability means the strategy must be inimitable. A crucial aspect to small businesses and Portman's in particular is the fact that the learned knowledge can not be replicated. The specific lessons of individual businesses are solely that of the owners and with whom they choose to share. Portman's has been so sustainable because of the continued sharing and wealth of knowledge that leaders pass along to each other. Portman's will not be able to continue in the manner it currently operates if the business does not transition to someone who has worked and learned under Beth.

III. Staff and Customer Service

As previously stated, participative strategy making is crucial to the success of a small business. The employees influence on strategy, assistance around the store, and ability to provide quality service all aid in creating advantages. "To compete against more powerful competitors, small retailers are advised to tailor merchandise to the local market and focus on providing personalized customer service" (Frazier & Huddleston, 2009, p. 9). When asked

specifically what Beth feels her competitive advantage consists of the first thing she said was her staff. The assistance and service they provide her are a major success factor in her eyes.

One of the most interesting decisions, I found, made by Beth was her decision to not advertise. She specifically chose to eliminate advertising costs and use that funding to be able to hire and staff a few more employees. In her eyes, the employees are what sell the product and bring people back. Enabling for quality service and personal relationships to be created will do much more for her business then advertisements. Beth also puts a lot of trust and assurance in her staff. She knows they are quality workers and can handle important tasks. The reputation of the business is also the reputation of Beth's, yet she allows for employees to handle major party trays, crucial decisions, and customer service decisions. Without a quality staff, enthusiastic and dedicated to their job, Portman's would not have the loyal and stable customer base that it does.

A quality staff is an advantage in the value chain because they deal with the end portion of the chain, influencing marketing, sales, and service. A product is a product no matter how it is looked at, but the service to accompany that product can make or break a sale. Owner resources are in part financial, but often reach further than that into their human, social, and cultural capital. In a small business, especially, without family ties and employee talents the chances of success are much less (Yilmazer & Schrank, 2010).

Use of free or below market labor is not uncommon in small firms and is displayed daily at Portman's Farm. The Agway franchise created by Norman still sits below the store, and is very much intermingled with the store's daily activities. The manager of Agway, Lenny, or his assistant Nick will often provide the store with maintenance work free of charge and with immediate response. As the barn ages and grows, certain construction is needed to maintain the barn's structure and a local judge will help Beth by building or repairing things, simply because

he is talented and enjoys it as a hobby. Cleanliness of a business is crucial, and instead of paying employees to clean outside work hours, or bringing in a cleaning crew, an employee and friend will clean the store as a favor for Beth. His wife is good friends with Beth and while they visit, he cleans. Favors enable Portman's to maintain crucial elements of a business without additional costs.

The reason employees are so helpful and dedicated to Beth is because of the relationship she creates with them. She creates an enjoyable atmosphere because she truly believes happy employees are key to success. They are the people that interact directly with her customers and she wants customers to walk away just as happy as her staff. Yilmazer and Schrank acknowledge that ten years ago, satisfied customers were not as crucial as they are now. Ten years ago, if a customer left your store dissatisfied, they would not be able to present their disgruntled attitude to a significant enough amount of people to influence business. Now, with new technologies, an angry customer would ruin a business. The ability for Portman's employees to please customers and the overall quality of their work greatly help Beth keep a customer base.

Reid develops an employee rating chart, assessing how the average employee can assist a business. He makes the claim that a manager can do everything better themselves if they just had the time. I disagree with this statement based on the results of the Portman's case study. Beth is extremely knowledgeable and knows a great deal about demand and inter-business workings, but on a day to day functionality of the business, she is absent too often to be the most efficient. There is a certain flow and structure to how Portman's operates. Watching from the outside how they handle rushes, or orders, or any point of service, there is a systematic approach.

Watching Beth try to involve herself, it is evident it tends to disrupt the fluidity. Her knowledge is endless, but the employees truly enable the business to operate as efficiently as it does.

Through a survey of employees, asking what quality of employee they would rank themselves upon beginning at Portman's, it can be found that the staffing of the store is a major advantage. Most teenage employees believe they begin as a "B" level employee because they come into the business with a personal tie. They have a running joke amongst them that you must know someone to get a job at the store. Every employee can tell how they were told about openings at Portman's and what personal connection to Beth they have that entitled them to a job. After being with the store for approximately a year, the employees tend to raise their grade slightly and attribute it to an attachment and devotion to the store.

Enjoying what you do is crucial to operating a business. Bonding with your co-workers is common amongst employees of most establishments. Through the employee survey, every employee that had worked elsewhere before Portman's did note how their attachment and bond with their co-workers is different and significantly stronger than at their previous place of employment. It cannot be proven that the employee relationship is inimitable, but there are strong suggestions that something unique is created by Beth's desire to build friendships over the most profitable and strictly run business. Employees greet the customers, and a strong bond amongst employees leads to a strong bond with customers, building an advantage over less personable competitors.

IV. Simple Quality Products

Since Portman's founding in 1932, they have focused on selling quality products. When they were a diary farm they were recognized for their crème line, extra fertile land created desirable produce (especially corn), the top of the line deli meat and baked goods allows for

those parts of the store to also succeed contributing a long history of quality products. As Reid argues, the key to running a successful small business is to offer products or services in a manner that your potential customer wants. Continually argued by many is the concept of being inimitable, or different. An effective way to achieve differentiation is through superior product quality which is superior in value for the price (Pilling 1991).

Reputations and branding are key to any size business. On the value chain, reputation falls into the final stage of service and is the final image a customer takes away from their interaction with you. That final image is then taken out into society and can become someone's first impression of the business. For a small business, where advertising is minimal, or in Portman's case nonexistent, branding and reputation is key and possibly the only thing a potential customer knows about you. Having the mind set that you will receive quality products is a major draw for any customer, new or old. Customers are excited to tell others about unbelievable or enjoyable service. A commonality at Portman's Farm is that regular customers will bring in new customers to almost "showoff" this home staple. These new customers become regular customers, and then bring in new customers of their own. The customer base continually grows and expands because of the quality experience provided.

Beth attributes the ability to provide quality products and keep a loyal customer base to the simplicity of her store. She, personally, does not enjoy going into new places and feeling overwhelmed or lost. By having a simple sandwich construction process, or only one type of coffee, or standard bakery options, Beth feels costumers are able to become more comfortable and enjoy their experience more. With the simple layout of the small store, items are able to move faster as well. Chips are placed next to the register and move three times as fast as they do in large grocery stores because they do not get lost or forgotten about by customers. Beth also

enjoys the luxury of being able to talk to her customers and seeing which products they particularly enjoy. She is able to stock what the customers want, while focusing on how new products "fit" with her store.

Porter addresses the issue of fit in terms of activities and strategic actions needing to complement one another and not suppress each other. By having products that "fit" together, and a general theme of the type and quality of product expected at Portman's, one product can enhance another, rather than suppress its usefulness or potential to be sold. The key to operating a business is to keep a customer base during the good and bad times. In order to maintain business, the product must be desired, and by always guaranteeing quality, customers can depend on your business through booms and recessions, building sustainability.

The previous four competitive advantages strengthen and enforce the value chain that is so crucial to a business's operations. The discussed competitive advantages of Portman's are not time-period specific. All four of them can be applied to any point in its history and show how the success of that time was due to proper execution, or even highlight how a slight lag in competitive focus can account for a failure. The one specific failure that Beth notes in her history with the store was the attempt to create a creamery. Looking at how they executed that retail aspect can show a flaw and highlight what aspect of competitive sustainability they needed to most improve upon.

Beth first notes she was not completely committed to the idea of the creamery. Her efforts were spread too thing, and as previously learned, if the leader or owner of the operation is not the strongest and most influential player, the company is already at a disadvantage. The staffing was not easy for Beth to find, yet alone create the enthusiasm required to deliver quality customer service. Finally, for one of the first observed times in Portman's history, the adaptive

strategy and formation to implementation technique did not work. Perhaps if the creamery idea had been further thought out and planned, the issues that arose could have been worked out before it was too late. Having already tried the creamery idea, and having gained more experience, Beth feels she could now establish a successful creamery. I think it is because her strategy making has evolved and, in this particular instance, it will be much for formal and thought out.

Specific data to accompany the theorized success of Portman's Farm was not able to be disclosed. Due to small business laws and rights, Beth did wish to reveal profits or earnings. She, however, did give generalizations as to how her business can be numerically seen as a success. Throughout the 80's and 90's she confirmed her profits grew every year, with sales reaching over $1,000,000 and stabilized in the late 2000's. With the recession felt amongst the entire economy she said her profits remained very stable and the fact that she has been able to hold a profit in the hard times when other businesses are closing their doors is evidence of success in and of itself. As Reid argues, the true success of a business is shown by its ability to survive during the hard times.

Studying the case of Portman's successes and failures has been very enlightening and revealing about what makes small businesses work. Adaptive strategies, owner knowledge, valued staff, and quality products have brought the particular business of Portman's this far. This project's goal was to find what enabled Portman's to remain stable, and deducing these four qualities while confirming stable profits allows for that goal to be achieved. Previous research shows these four advantages are in fact proven to be sustainable, inimitable items for particular businesses. Taking the knowledge gained from this case study, predictions and suggestions for Portman's Farm can be made.

V. Conclusions and Predictions

As previously stated and explored, the competitive advantages of Portman's Farm Market are their adaptive nature, experienced owners, excellent staff, and simple yet quality products. The proper combination of these four ideas can account for the sustainable nature of the business. There are other factors that have allowed Portman's to thrive in any market they enter, but these four specifically have existed since the beginning.

What is important to draw from this study is these findings are very specific to Portman's. Although the findings matched other research, and could be seen as competitive advantages of other small businesses, the four advantages studied are not a formula or guarantee for success in small business operations. Every business is unique, and the combination of what makes them work is a very important fit of skills makeing their operation inimitable. For eighty years Portman's has carefully mixed the four advantages and therefore built something sustainable and inimitable to competitors of all sizes.

When thinking about the future of Portman's I think it is crucial, and Beth will agree to look at the past. The successful tactics and lessons of the past, even though potentially outdated, need to be considered. The goal of most small businesses is long term value creation and profit. Earnings are not the only evidence of a company's success and future, nor do they provide meaningful information regarding strategic health and competiveness.

When considering the idea of growth, it is important that small business owners do not necessarily base the decision to grow or not strictly on earnings, but on the operational capabilities of their business. Growth should not just be assumed to happen but should be a conscious decision composed of many factors. The risk of growth is very significant, and owners often fail to think of risk when it comes to growth. In small businesses, especially

successful ones, there tends to be a period of time where growth is excessive. The business is booming and really taking off and the owners become caught up in the success. If that period of time is not carefully monitored and managed, growth could be detrimental.

With the final chapter of the farm and beginning of the full blown retail store, Portman's experienced tremendous growth. Norman and Beth facilitated the growth and built an enduring business by managing the risks of growth properly. Once the business grew, however, there was somewhat of a point where growth was not so rapid. Currently, in 2012, Portman's is a successful business with steady, but not rapid growth. Where Portman's goes from here completely depends upon Beth's decisions.

When asked about her business's future, Beth is somewhat uncertain. She herself plans to own and operate the store for another 20 years. She is very conscious about the importance of growing her business carefully, and does not have any major plans, but wishes to continue to provide quality and desirable service to as many customers as possible. Beth's admiration for her dad is a major factor of her cautiousness when it comes to the business. She wants to make decisions that he would approve of, and although he was innovative and never afraid to try anything, he had an undeniable ability to understand what would work, and how big Portman's could possibly be.

When it comes time for Beth to retire two things can happen. She can completely remove herself from the business, end Portman Farm's and sell the property, or she can find a successor. This entire case study has revealed one major thing, the competitive advantage of Portman's Farm is inherited. The reason the business has been sustainable for eighty years, is because of the factors that carry it through any type of market and structure, are handed down and taught from one owner to another. The competitive advantages are all so strongly ingrained

in the business itself, you have to understand so much more about Portman's than just common business knowledge. For Beth to successfully hand the business off, someone who has been around for a decent amount of Portman's past needs to manage it. Without experience in the business itself, the eighty year old business will significantly change directions.

My prediction for Portman's future is Beth will have someone who truly cares about the store and business as whole manage it when it comes time for her to retire. I think her love for not only the business, but the community in which it rests will cause her to not want to end the legacy that is Portman's. A small family business, eighty years old, in a city suburb thriving against major companies, is something not to let go, or simply end because it is time to retire.

> "In this day of big box stores and impersonal interactions, give me the Portman's and the Sarasnick's of the world….the kind of places that still know your name, can still make you feel as if you're a part of their family and that you are important to them."
>
> -Mary Lee Aimsworth
> Bridgeville Tribune
> March 3, 2011

Mom and Pop Shops are a dwindling breed, but with the proper consumer desire and competitive advantages, these timeless firms can acquire sustainability.

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