

NEWSLETTER - March 6, 2001

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Feature Paper

Diversification Strategies: Creating Value or Generating Profits?

This paper was presented by Ernest H. Hall, from the University of Southern Indiana, and Jooh Lee, from Rowan University, at the 31st Annual Meeting of the Decision Sciences Institute in Orlando, Florida, on November 18-21, 2000.

Diversification and its effects on firm performance has long been a subject of interest to scholars and practitioners alike. In fact, Dess et al. (1995) has argued that the diversification performance relationship has been the most research topic in the strategy literature. It has also been suggested that when everything we know about the diversification/performance linkage is considered that it can be concluded that "We know very little." (Dess et al., 1995) The present study seeks to introduce a subject that may have been inadvertently overlooked, that of firm performance. Although there is a plethora of performance measures that can be used as proxies for firm performance measures, the strategy literature has focused on two primary perspectives: accounting-based and marketing-based.

To read this entire paper on strategy, visit our Web site at
http://www.sbaer.uca.edu/Research/2000/DSI/pdf/files/papers/v1_188.pdf

Tip Of the Week

"Strategic Objectives"

For many years writers have been saying that setting difficult objectives leads to higher levels of motivation and performance. Generally, businesses that set difficult objectives outperform those that set easy ones and those that do not set objectives. Thus, establishing new business objectives is an important part of your business plan, and be sure to include financial goals. In fact, entrepreneurs may

only be able to make the best use of their mission statements if they embody the company's long term objectives. To ascertain the appropriate goals, you should conduct an environmental analysis. Objectives state what is to be accomplished within a given period of time. Objectives are end results, they do not state how the objective will be accomplished. How to achieve the objective is the plan. Some writers define goals and objectives differently, we do not. To motivate people to high levels of performance, objectives should be:

- *Difficult but achievable.* A number of studies have shown that individuals perform better when assigned difficult objectives, rather than easy ones, or simply told "do your best." To motivate people to high levels of performance, objectives must be challenging. However, if people do not believe that the objectives are achievable they will not be motivated to work for their accomplishment.
- *Observable and measurable.* If people are to achieve objectives they must be able to observe and measure their progress regularly. Studies have shown that individuals perform better when their performance is measured and evaluated.
- *Specific, with a target date.* Employees must know exactly what is expected of them and when it is expected to be completed by to be motivated. Employees should be given specific objectives with deadlines. However, there are objectives that do not require or lend themselves to target dates; for example, to keep the reject rate to under 3 percent.
- *Participatively set, when possible.* Groups that participate in setting their objectives generally out-perform groups with assigned objectives.
- *Accepted.* For objectives to be met they must be accepted by those responsible for their attainment. Meeting the above four criteria without acceptance can lead to failure. If employees are not committed to strive for the objective they may not meet it. Using participation helps get employees to accept objectives.

"Entrepreneurial New Ventures," Corman, J., and Lussier, R. N., Dame: a Division of Thomas Learning, 2001, page 7-6.

Conference

ICe. Internet Commerce Expo

There will be a conference and an expo held at the Las Vegas Convention Center in Las Vegas, Nevada. The conference will be held on July 30-August 2, 2001, and the expo will be held on July 31-August 2, 2001. The Internet Commerce Expo provides you with the information you need regarding business to business eCommerce software, services, and infrastructure. ICe is the one stop destination for everything you need to know about eCommerce. Advance your business and professional growth at the only event devoted exclusively to Internet commerce, corporate Intranets, and Extranet technologies. Look for more information on how to gain access to sources of Internet commerce that will enhance your company's bottom line.

For more details on the this conference, visit www.iceexpo.com

Call For Papers

American Society for Competitiveness (ASC)

The 12th Annual conference on Competition in the New Economy will be held at the Hilton Arlington Resort & Towers, Arlington, Virginia, on October 11-13, 2001. The conference will bring together leaders from business, government, and academia to share and discuss ideas, to reflect on experiences and approaches, and to strengthen the spirit of cooperation and collaboration for improved competitiveness. The conference will concentrate on the elements of success in the global economy. Papers dealing with national, regional, and global strategies related to the themes suggested on the website are welcome. Panels and symposia that highlight emerging theories, cutting-edge research or best corporate practices are also sought. Special consideration will be given to papers, abstracts, and symposia proposals that facilitate exchange between scholars and practitioners.

Submission Deadline: **May 31, 2001**

For further information on this conference, visit www.eberly.iup.edu/asc

Conference

Franchising in the Americas

Franchising in the Americas: The Big Picture is the first innovative program of its kind in the country. It is a 2 1/2 day seminar that will be held at the Camino Real Hotel in El Paso, Texas, on April 19-21, 2001. Twelve intensive sessions over two and a half days help provide a solid foundation for anyone interested in this vital, growing marketplace. Is franchising right for you? How do you pick the right one? How do you get started, raise capital, find a location, and hire the right people? How do you keep it going, deal with personnel, handle the marketing, and manage risk? Forty outstanding volunteers, franchise experts, and professionals in law, banking, real estate, accounting, risk management, marketing, and other fields help answer these and other questions, giving you the tools you need to make informed decisions.

For more details on the this conference, visit www.utep.edu/fc

Conference

ISDC 2001: The Odyssey Begins

The Space Development Entrepreneurial Seminar held in conjunction with The National Space Society's 20th Annual International Space Development Conference (ISDC) will be held at the Albuquerque hilton in Albuquerque, New Mexico, on May 24-28, 2001. The featured seminar for entrepreneurs interested in space development will be host by Technology Ventures Corporation of Albuquerque, New Mexico. Venture capitalists, technology developers, and experienced entrepreneurs will provide valuable insights into how to prepare a business plan for consideration by various funding sources, how to present what venture capitalists look for when deciding to fund entrepreneurs, how to identify the important aspects of intellectual property, and how to avoid the pitfalls of inadequate business planning.

For further information on this conference, visit www.isdc2001.org

Conference

2001 Society for Advancement of Management (SAM)

The conference entitled "E-Management: Managing the Internet Age," will be held in Las Vegas, Nevada, on March 18-21. The mission of SAM is to provide an opportunity for the members to increase management skills and expertise through participation in programs and services designed to improve the professional quality of their knowledge, performance, and leadership ability.

For further information on this conference, visit www.enterprise.tamucc.edu/sam/

Conference

Small Business Institute Director's Association

The 2001 Annual SBIDA Regions I, II & III Eastern Conference will be held on September 28-29, 2001, at the Mayflower Hotel in New York City, New York. The conference will begin at 1:00 p.m. on Friday, September 28, and conclude at noon on Saturday, September 29. A Friday evening social event is planned. Although final arrangements can not be made until sometime in August, it is expected that we will be able to enjoy both dinner in a Manhattan restaurant and an Off-Broadway show!

For further information on this conference, visit <http://www.sbaer.uca.edu/Docs/Bulletins/sbidaec2001.htm>

- If you have any comments about the SBANC newsletter or if you know of any upcoming small business event to promote, please contact Richard Armstrong at rea7401@cub.uca.edu
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- SBANC Newsletter is provided as a service to the **Association for Small Business and Entrepreneurship (ASBE)** members and the **International Council for Small Business (ICSB)** members.
 - If interested in becoming a member of ASBE, contact Corbett Gaulden, Jr., at mb274.gaulden_c@utpb.edu
 - If interested in becoming a member of ICSB, visit <http://www.icsb.org/about/join.htm>
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