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Feature Paper

INDUSTRY, ENTERPRISE, AND BEHAVIORAL PREDICTORS FOR INTER-FIRM COOPERATION IN SMALL AND MEDIUM-SIZED ENTERPRISES

This paper was presented by DePaul University & University of St. Gallen during the 17th Annual USASBE National Conference 23-25 January 2003 Hilton Head Island, South Carolina

Often the cooperation behavior of enterprises is described as a rational, conscious, and planned process. If so, a model should be able to identify distinguishing features that have a significant impact on the propensity for inter-firm cooperation. The proposed model analyzes the influence of the firm's, the entrepreneur's, and the industry-specific characteristics on the cooperation behavior via a single model that can be used to explain different kinds of cooperation. In this context, the model utilizes five year panel data to identify significant differences with regard to the place of cooperation and the origin of cooperation partners.

To read this entire paper on Industry, Enterprise, and Behavioral Predictors For Inter-Firm Cooperation in Small and Medium-sized Enterprises, visit our Web site at <http://www.sbaer.uca.edu/Research/2003/USASBE/pdffiles/papers/35.pdf>

Tip Of the Week

"Trends in Business-to-Business Buying"

Productivity improvement is emphasized throughout many companies. This effects purchasing in at least three major ways. First, firms find that it is often more productive to purchase products and services from other companies than to make the products or perform the services internally. This is called outsourcing. Second, corporate downsizing has often involved downsizing of the purchasing function. And third, purchasing is paying greater attention to reducing cycle time, or the total elapsed time to complete a business process.

Outsourcing first became popular in the manufacturing sector, but has now spread to all sectors of the economy, including services and the government. With many companies pushing for productivity gains, outsourcing for specialized technology functions is on the rise. Companies such as IBM Global Services, Accenture, and Dataquest Inc. are key beneficiaries of the trend toward outsourcing, showing impressive sales growth while the world economy continues in a slow-growth mode. Another growing market for outsourcing is corporate security. Firms seeking better security for their employees, facilities, and information systems often turn to external sources rather than trying to develop the expertise necessary to achieve a more secure environment.

Companies may push for further productivity gains by negotiating guaranteed contracts with outsourcing partners. For example, Accenture guaranteed AT&T that it could run its sales and customer service information system for \$2.6 billion over a five-year period. AT&T had figured that it cost \$5 billion to do the job internally, so they are guaranteed a saving of \$2.4 billion - regardless of the actual cost incurred by Accenture. Several key questions should be addressed in determining if outsourcing would be appropriate.

A primary motivation to outsource is potential cost savings. According to some industry experts, the opportunity to save money through outsourcing is still important, but companies are also using outsourcing to better focus on core competencies and strategic priorities. According to Michael F. Corbett, a leading outsourcing consultant, "Outsourcing is not simply a by-product of the need to reduce cost. It is an integral part of an organization's strategy for excellence...it creates breakthrough thinking through a clearer focus on the organization's core competencies - those things it does best - combined with the unique capabilities of equally talented and focused partners. Seen this way, outsourcing becomes a powerful tool for organizational competitiveness."

Another interesting aspect of outsourcing and its impact on organizational buying is that there is a growing trend toward outsourcing the purchasing and supply chain management functions in larger companies. According to the global managing partner for Accenture's supply-chain management consulting division, there is an increased use of outsourcing for these functions, enabling companies not only to save money but to enhance the effectiveness of these functions and thus competitiveness.

Is outsourcing the solution?

Key questions to help determine if outsourcing is appropriate:

- Will outsourcing improve company profitability by lowering labor or procurement costs, reducing the level of capital expenditures, increasing revenues, or enabling economies of scale?
- Do potential suppliers provide a location or expertise that is hard to acquire?
- Can potential suppliers provide a safety margin to reduce supply surpluses and/or shortages?
- Is the function or activity under consideration a core competency for the firm? If not, outsourcing may be appropriate.
- Can the firm's financial risk be reduced through outsourcing?

"Marketing Principles and Perspectives" Bearden, William O., Ingram, Thomas N., LaForge, Raymond W., McGraw-Hill, 2004, Page(s) 105-106.

Call For Papers

Global Business & Finance Research Conference

The Global Business & Finance Research Conference, London, England July 14 - 18, 2003

Submission deadline for papers: March 25, 2003

For more details on the this conference, visit <http://www.jaabc.com>

Call For Papers

American Society For Competitiveness (ASC)

The fourteenth annual conference on Competitiveness in a Dynamic World will be held in the Washington. D.C. area on October 9-11, 2003.

Submission deadline for papers: May 30, 2003

For more details on the this conference, visit <http://www.eberly.iup.edu/asc>

Call For Papers

2003 Royal Bank International Research Seminar

Royal Bank International Research Seminar will take place in beautiful Montreal at the John Molson School of Business, Concordia University, September 26 and 27, 2003.

Submission deadline for papers: April 30, 2003

For more details on the this conference, visit <http://www-commerce.concordia.ca/rbdpm/seminar/index.html>

Conference

NBIA 17th International Conference

NBIA's upcoming 17th International Conference on Business Incubation, Incubation Fundamentals: The Cornerstone of Success, will do exactly what its title implies: concentrate on industry fundamentals. The conference will kick-off in Richmond, Virginia, on Sunday, May 18 and conclude on Wednesday, May 21.

For further information on this conference, visit http://www.nbia.org/nbia_events/conf2003.

Conference

Society for Marketing Advances (SMA) 2003 Conference

Make plans to attend the Society for Marketing Advances (SMA) 2003 Conference in New Orleans, Louisiana (November 4-8, 2003). The Society is a substantive, dynamic, and influential contributor to marketing thought, theory, practice and education. The 2003 conference venue is the famous Hyatt Regency Hotel in New Orleans. This year's meeting will include the Elsevier Science Distinguished Scholars Series, the Sherwin-Williams Distinguished Teaching Competition Award, and the McGraw-Hill/Irwin Stephen J. Shaw Award for Outstanding Conference Paper just to name a few.

For further information on this conference, visit <http://mkt.cba.cmich.edu/sma>

Conference

Institute for Supply Management

The Institute for Supply Management's 88th Annual International Supply Management Conference and Educational Exhibit will be held May 18-21, 2003 Nashville, Tennessee.

For further information on this conference, visit <http://www.ism.ws/confplanner/conf.cfm?confID=24>

Conference

Beginning Exporting 101 Conference

Instruction will be provided by small to medium sized businesses that are engaged in exporting. These exporters will talk about their success and failures and will be available to answer questions. There will also be a presentation from the U.S. Department of Commerce. Other experienced exporters for individual consultations.

The conference will be held at the Conway Area Chamber of Commerce Building 900 Oak St. Thursday, March 13, 2003.

For more information on this conference, visit <http://www.sbaer.uca.edu/Exporting.pdf>

If you have any comments about the SBANC newsletter or if you know of any upcoming small business event to promote, please contact Christian Bol at cbol21@hotmail.com

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