

# December 17, 2003 Issue 302-2003

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## Feature Paper

### "Resource And Capability Constraints To Innovation - An Examination of Small and Larger Firms"

This paper was presented by Dr Nola Hewitt-Dundas, Queen's University Belfast, at the ICSB 48th World Conference on June 15-18, 2003 in Belfast, Northern Ireland.

In an attempt to enhance firm's competitiveness policy initiatives have sought to encourage more firms to innovate with a particular focus on small firms. The success of such initiatives, however, depends on a clear understanding of the factors that are constraining innovation activity, and whether these differ for firms of different sizes. This paper examines those resources and capabilities that firms identify as constraining their innovation activity, the difference in these for small and larger plants and the actual impact of these perceived constraints on the probability of innovating and the degree of innovation success.

Drawing on longitudinal data the paper demonstrates that innovation is an evolutionary process with the constraints to innovation being different for small and larger plants. From a policy perspective, initiatives to overcome constraints to innovation in small plants should extend beyond those of finance to include greater networking opportunities, cost reduction programmes and marketing strategies to increase the profit margin on new products, human resource management practices on implementing change and easier access to information about new technologies. In contrast policies to promote innovation in larger plants should focus on minimizing the risk of development and enhancing access to specialist expertise.

To read the entire paper on "Resource And Capability Constraints To Innovation - An Examination of Small and Larger Firms", visit the SBANC Web Site at

<http://www.sbaer.uca.edu/research/2003/icsb/papers/125.doc>

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## Tip Of the Week

### "Drivers of Supply Chain Performance"

The strategic fit discussed in Chapter 2 requires that a company achieve the balance between responsiveness and efficiency in its supply chain that best meets the needs of the company's competitive strategy. To understand how a company can improve supply chain performance in terms of responsiveness and efficiency, we must examine the four drivers of supply chain performance: facilities, inventory, transportation, and information. These drivers not only determine whether strategic fit is achieved across the supply chain.

First we define each driver and discuss its impact on the performance of the supply chain.

1. *Facilities* are the places in the supply chain network where product is stored, assembled, or fabricated. The two major types of facilities are production sites and storage sites. Whatever the function of the facility, decisions regarding location, capacity, and flexibility of facilities have a significant impact on the supply chain's performance. For instance, an auto parts distributor striving for responsiveness could have many warehousing facilities located close to customers even though this practice reduces efficiency. Alternatively, a high-efficiency distributor would have fewer warehouses to increase efficiency despite the fact that this practice will reduce responsiveness.
2. *Inventory* is all raw materials, work in process, and finished goods within a supply chain. Inventory is an important supply chain driver because changing inventory policies can dramatically alter the supply chain's efficiency and responsiveness. For example, a clothing retailer can make itself more responsive by stocking large amounts of inventory. With a larger inventory, the likelihood is high that the retailer can immediately satisfy customer demand with clothes from its floor. Reducing inventory will make the retailer more efficient but will hurt its responsiveness.
3. *Transportation* entails moving inventory from point to point in the supply chain. Transportation can take the form of many combinations of modes and routes, each with its own performance characteristics. Transportation choices have a large impact on supply chain responsiveness and efficiency. For example, a mail order catalog company can use a faster mode of transportation like FedEx to ship products, thus making their supply chain more responsive but also less efficient given the high costs associated with FedEx. Or the company can use slower but cheaper ground transportation to ship the product, making the supply chain efficient but limiting its responsiveness.
4. *Information* consists of data and analysis concerning facilities, inventory, transportation, and customers throughout the supply chain. Information is potentially the biggest driver of performance in the supply chain as it directly affects each of the other drivers. Information presents management with the opportunity to make supply chains more responsive and efficient. For example, with information on customer demand patterns, a pharmaceutical company can produce and stock drugs in anticipation of customer demand, which makes the supply chain very responsive because customers will find the drugs they need when they need them. This demand information can also make the supply chain more efficient by providing managers with shipping options, for instance, that allow them to choose the lowest cost alternative while still meeting the necessary service requirements.

"Supply Chain Management: Strategy, Planning, and Operation" Chopra, Sunil and Peter Meindl, Pearson-Prentice Hall, 2004, page 51-53.

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## Call For Papers

### "ASBE 29th Annual Meeting"

The Association for Small Business and Entrepreneurs (ASBE) invites you to submit a competitive paper for the 29th Annual Meeting that will be held on March 24-26, 2004 in Albuquerque, New Mexico at the La Posada de Albuquerque hotel. This years focus is "Small Business & Entrepreneurship: Meeting the Challenges in a Changing World."

Submission Deadline: The deadline is extended to January 15, 2004

For more information on this conference, visit <http://www.sbaer.uca.edu/asbe/call2004.cfm>

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## Call For Papers

### "2004 International Business Research Conference"

The 2004 International Business Research Conference will be held at the Caribe Hilton Hotel in old San Juan, Puerto Rico on March 15 - 19, 2004.

Submission Deadline: January 15, 2004

For more information on this conference, visit <http://www.wapress.com/abremain.htm>

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## Call For Papers

### "Industrial Marketing Management Conference"

Industrial Marketing Management Special Issue: On New Product Development In Asia invites conceptual empirical and in-depth case study papers that focus on new product development in Asia for publication considerations in an upcoming special issue. We are particularly interested in development in Asia and that in the West. Papers can be in any area of new product development as long their primary focus is Asia.

Submission Deadline: September 1, 2004

For more information on this conference, visit <http://personal.cityu.edu.hk/~mgozer/immcall.htm>

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## Conference

### "2004 USASBE Conference"

The 2004 United States Association for Small Business and Entrepreneurship Conference will be held on January 15 - 18, 2004 in Dallas, Texas at the Westin Galleria. The theme for this year's conference will be "Deep in the Heart of Entrepreneurship Texas '04".

For more information on this conference, visit <http://www.usasbe.org/conference/2004/index.asp>

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## Conference

### "8th Annual NCIIA Conference"

The 8th Annual NCIIA Conference will be held in San Jose, California at the San Jose Marriott on March 18-20, 2004

For more information on this conference, visit [http://www.nciia.net/news\\_events.html](http://www.nciia.net/news_events.html)

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## Conference

### "Small Business Institute's 2004 Annual Meeting"

The Small Business Institute's 2004 Annual Meeting will be held on February 12-14, 2004 at the Hilton Clearwater Beach Resort in Clearwater Beach, Florida, U.S.A. The theme for this years meeting is "Philanthropy in Academic Entrepreneurship: Channeling Support to Entrepreneurship/Small Business Programs and Centers."

For more details on this conference, visit <http://www.smallbusinessinstitute.org/welcome.htm>

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## Announcement

### "SBANC BACK ONLINE"

Due to hardware problems, our website was down for a few days. We are now back up and running at <http://www.sbaer.uca.edu>. We are sorry for any inconvenience to our viewers and readers of our

Newsletter and Website. Due to the Christmas Season, SBANC will be closed from December 17, 2003 to January 5, 2004. If you have any questions, please contact us on or after January 5th. From everyone here at SBANC we wish you a Happy Holidays.

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If you have any comments about the SBANC Newsletter, or if you know of an upcoming Small Business event to promote, please contact Lester W. Clements II at [lestclem@hotmail.com](mailto:lestclem@hotmail.com)

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The SBANC Newsletter is provided as a service to the members of our affiliates: **Academy of Collegiate Marketing Educators (ACME), Association for Small Business & Entrepreneurship (ASBE), Decision Sciences Institute (DSI), Federation of Business Disciplines (FBD), International Council for Small Business Congress (ICSB), Institute for Supply Management, The International Small Business Congress (ISBC), Marketing Management Association (MMA), Small Business Administration (SBA), Service Corps of Retired Executives, Small Business Institute (SBI), Society for Marketing Advances (SMA), United States Association for Small Business & Entrepreneurship (USASBE), U.S. Department of Veterans Affairs and Western Decision Sciences Institute (WDSI).** If you are interested in membership or would like further information on one of our affiliates, please see our web site at <http://www.sbaer.uca.edu>

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