

Demand for Small Business Consulting and Educational Services:
A Comprehensive Survey

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ABSTRACT

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A large metropolitan SCORE chapter commissioned a comprehensive survey of small business demand for educational and consulting services. This was done in order to improve

workshop design and marketing to existing small businesses. The study was motivated by the fact that workshop attendance (and revenue) has been steadily declining over the last two years. This decline in workshop attendance represents a very serious threat to SCORE since roughly one-half of its revenues is generated through workshop fees. In order to better design workshop content, context, price and marketing efforts, the organization needed to identify the ideal target market workshop characteristics and preferred marketing media of small business owners in this metropolitan area.

Primary and secondary research was conducted to analyze the local small business market, potential workshop topics and preferred marketing media. The research included a review of SCORE educational operations, a comparative analysis of other national SCORE chapters, an industry analysis and a primary research study of existing small business owners.

The primary research consisted of a focus group and self-administered mail survey. The focus group was used to drive mail survey development. The primary research survey was conducted via a self-administered survey to 6,144 qualified small businesses in the metropolitan area. Tests were undertaken to ensure that the sample was representative of the local small business population in terms of both sector and size. The final sample consisted of companies with 20 or fewer employees and was drawn from a cross-section of industries. To date, over 300 responses have been received.

While the research was based on a local sample, the results should provide useful to urban SCORE chapters nationally. In addition, the results should also be useful to anyone trying to design and market small business consulting workshops in an urban area.

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Introduction

The San Diego chapter of Service Corps of Retired Executives (SCORE) is a non-profit organization that provides counseling and educational workshops to small businesses. Currently, SCORE is experiencing declining attendance at its workshops. Since workshop fees comprise the majority of its annual revenues, this leads to decreases in the resources available for assisting small businesses and start-ups. SCORE desires target market information to help assess their workshop design and to gain insight into the marketing vehicles used by small business owners in their selection of a workshop. With this information, SCORE hopes to improve its workshop design and marketing targeted to existing small business owners in order to increase attendance at workshops and thus increase total annual revenues. SCORE desires to improve its workshop design and marketing in order to increase workshop attendance among existing business owners. Currently, SCORE offers workshops on topics including “How to Start and Manage Your Own Business”, “Advertising and Promotion”, “Sales Techniques” and “Financing Your Business”. Workshop attendance has been declining steadily over the past two years, which presents an urgent situation with respect to SCORE’s revenues, 50% of which are generated via workshop fees. In order to better design workshop content, context, price, and marketing efforts, SCORE desires to identify the ideal target market workshop characteristics and preferred marketing media of small business owners in San Diego.

Research Objectives and Methodology

In order to effectively assess SCORE’s target market, seven principal objectives were developed for this research effort:

1. Define SCORE’s current situation
2. Define typical SCORE workshop practices throughout the country
3. Define the San Diego small business education industry
4. Identify SCORE’s target market demographics
5. Determine the target market’s ideal workshop characteristics

6. Determine the target market's preferred marketing media
7. Assess the awareness and perception of SCORE among San Diego small business owners

Background Research

SCORE's current situation was reviewed to identify any trends or patterns in workshop activity. Recent existing marketing initiatives were also reviewed to determine if they affected workshop attendance. A comparative analysis of other SCORE chapters throughout the U.S. was undertaken to recognize any trends with respect to workshop topic, pricing, and location. This information may also be used to benchmark SCORE's position within the national organization. An industry analysis was performed to demonstrate the framework of the San Diego small business education market. An awareness of the industry is useful for analyzing the best possible workshop design and marketing, as well as reviewing an organization's position within the market.

Primary and secondary research was conducted to analyze the San Diego small business market, its workshop needs, and preferred marketing media. The research includes a review of SCORE's current situation, a comparative analysis of other national SCORE chapters, an industry analysis, and a primary research study of existing small business owners. A review of SCORE's current situation indicates that total workshop attendance has remained consistent around 150 people per month. However, average workshop attendance is declining, from 21 people in May 1997 to 17 in July 1999. Pre-Business, Business Plan, and Marketing and Sales are the three workshops most frequently offered. Most workshop and counseling clients are in the service and retail industries, while a significant percentage is not in business. Finally, most counseling clients and workshop attendees hear about the workshops through word-of-mouth.

The comparative analysis of other SCORE chapters shows that the most commonly offered workshop is How to Start a Business. Prices for SCORE workshops throughout the nation vary, but most are approximately \$35. The workshops tend to be offered in the morning or all day, and are usually located at a SCORE office, SBA office, or Chamber of Commerce.

Primary Research

Primary research consisting of a focus group and mail survey was conducted to identify a typical San Diego small business profile. This demographic information is useful for SCORE in tailoring workshop

design, as well as in effectively marketing workshop announcements to its target audience. Primary research was also utilized to determine small business owners' ideal workshop characteristics with respect to workshop content, context, and pricing.

The main primary research was conducted via a self-administered mail survey. A qualified list of 6,144 San Diego small businesses was obtained from the California Data Solutions (Cal Data) database. The mail survey design was developed considering that small business owners have limited time available to review and respond to mail surveys. Additionally, constrained resources mandated that the survey be mailed out in SBA envelopes and contain SBA postage prepaid, self-addressed envelopes for the returned mail survey. Allowing for these restrictions, it was decided to print the cover letter on SCORE San Diego letterhead to establish legitimacy in the mind of the addressee.

The surveys were mailed to the downtown San Diego SBA/SCORE office. To maintain confidentiality of respondents, university consultants opened the surveys. Mail survey answers with invalid responses were discounted from the data analysis. Each mail survey was individually numbered for identification purposes, and the written answers were then compiled and entered into a spreadsheet. By the cut-off date, 314 mail surveys were returned, representing a 5.4% response rate. The 5.4% response rate is higher than the 2% average typical for self-administered mail surveys of this large scale. Analysis indicates that the database from which the sample was drawn is representative of the San Diego small business community and that the responses to the survey are also representative of the San Diego small business community in terms of both sector and size.

Results

The overall results based on the 314 usable responses are shown below:

Q1 The type of business I own/work in is mainly (mark only one)

Type of Business	Responses	Percent
Service	141	46%
Retail	43	14%
Manufacturing	28	9%
Construction	25	8%
Wholesale	14	5%
Insurance	14	5%
Real estate	10	3%
Communications	9	3%
Finance	7	2%
Restaurant	5	2%
High-tech	5	2%
Other	3	1%

Q2 When company was founded

Years in Business	Responses	Percent
Over 20 years ago	94	30%
16-20 years ago	40	13%
11-15 years ago	57	18%
8-10 years ago	43	14%
5-7 years ago	35	11%
3-4 years ago	21	7%
1-2 years ago	20	7%
Less than one year ago	3	1%

Q3 The number of employees in company

Number of Employees	Responses	Percent
1-2 people	118	38%
3-4 people	66	21%
5-7 people	42	14%
8-10 people	0	0%
11-15 people	19	6%
16-20 people	13	4%
21 more people	52	17%

Q4 "I have attended a workshop(s) to help my business in the last 2 years."

Have Attended a Workshop	Responses	Percent
No	219	72%
Yes	85	28%

Q5 The workshop most recently attended was offered by

Workshop Offered By	Responses	Percent
Trade association	39	45%
Corporate-sponsored workshop	12	14%
Educational institution (e.g. college)	6	7%
Small Business Administration	4	5%
Small Business Development Center	3	3%
SCORE	3	3%
Economic Development Council	2	2%
CONNECT at UCSD	2	2%
The Learning Annex	1	1%
Other	14	16%

Q6 “I believe the experience was a good value for my money”

Value	Responses	Percent
Good value (7)	35	37%
Somewhat good value (6)	24	25%
Somewhat good value (5)	20	21%
Neutral (4)	13	14%
Somewhat poor value (3)	0	0%
Somewhat poor value (2)	3	3%
Poor value (1)	0	0%

Q7 “If I could improve the workshop it would be:”

Area of Improvement	Responses	Percent
More tailored to my needs	28	32%
Subject matter and/or content	25	28%
Convenience of location	20	23%
Price	16	18%
Times workshop offered	15	17%
Workshop presenters	15	17%
Group size	10	11%
Level of group interaction	10	11%
Workshop length: too long	8	9%
Workshop length: too short	3	3%
Other	4	5%

Q8 “If I were to attend a workshop, the workshop topic(s) listed below would be most helpful in assisting me in running my business” (top three workshop preferences)

Workshop Topic	Responses	Percent
Internet and Your Business	113	36%
Growing a Business	94	30%
Advertising & Promotion	88	28%
Market Strategy, Planning, & Research	88	28%
Computer Software Training	79	25%
How To Hire & Manage Quality Employees	76	24%
Business Plan Development	71	23%
Bookkeeping And Financial Statements	67	21%
QuickBooks Pro	63	20%
Taxes and Your Business	58	19%
Sales Techniques	54	17%
Financing Your Business	51	16%
Budget Management	42	13%
Customer Service	42	13%
Employees Benefit	33	11%
Import/Export	26	8%
Industry Specific	23	7%
Desktop Publishing	21	7%
Initial Public Offering	18	6%
Restaurants	16	5%
Other	18	6%

Q9 “I would most likely attend a workshop in the following type of format”

Workshop Size	Responses	Percent
Seminar (20 or more people)	87	29%
Group (8-19 people)	142	48%
Discussion (3-7 people)	47	16%
Other	22	7%

Q10 “I would like the workshop to last ____ “

Workshop Length	Responses	Percent
More than one day	20	7%
8 hours (all day)	75	25%
4 hours (half day)	136	45%
3 hours	38	13%
2 hours	32	11%
1 hour	2	1%

Q11 “The one day most convenient for me to attend a workshop is ____ “

Workshop Day	Responses	Percent
Monday	36	13%
Tuesday	56	20%
Wednesday	64	23%
Thursday	30	11%
Friday	31	11%
Saturday	67	24%

Q12 “The one time most convenient for me to attend a workshop is ____”

Workshop Time of Day	Responses	Percent
Morning	116	38%
Afternoon	55	18%
All day	49	16%
Evening	34	11%
No preference	49	16%

Q14 If I could have the desired format, length, day, time, and location as listed above, the most I would be willing to pay for a workshop is approximately (mark only one)

Willingness to Pay	Responses	Percent
\$35	69	23%
\$50	68	23%
\$75	59	20%
\$100	72	24%
\$150	24	8%
\$200	7	2%

Q15 “ In selecting a workshop, the single most critical deciding factor other than subject matter is _____ “

Critical Deciding Factor	Responses	Percent
Quality of workshop presenters	151	51%
Price	66	22%
Times workshop offered	45	15%
Convenience of location	16	5%
Level of group interaction	10	3%
Other	8	3%

Q16 “ When seeking assistance in running my business, I most often turn to _____ “ (top three sources of information)

Source of Assistance	Responses	Percent
Trade publications	117	39%
Trade associations	116	39%
Friends	114	38%
Business publications	96	32%
Consultants	71	24%
The Internet	38	13%
Small business organizations	28	10%
“How-to” books	54	8%
Newspapers	16	5%
Other	44	15%

Q17 “ The best way for SCORE to reach me is ____ “ (top three preferences)

Preferred Medium	Responses	Percent
Direct mail	219	72%
Fax	186	61%
E-mail	140	46%
Newspaper	38	13%
Radio	18	6%
Magazine	18	6%
TV	12	4%
Other	31	10%

Q18 “ I would pay the following amount for a workshop sponsored by SCORE ____ “

Willingness to Pay	Responses	Percent
\$35	69	25%
\$50	67	24%
\$75	54	19%
\$100	62	22%
\$150	21	8%
\$200	6	2%

Q19 “If I am familiar with SCORE, my perception of SCORE is ____ “

Perception of SCORE	Responses	Percent
Very favorable (7)	30	19%
Somewhat favorable (6)	34	21%
Somewhat favorable (6)	29	18%
Neutral (4)	46	29%
Somewhat unfavorable (3)	9	6%
Somewhat unfavorable (2)	7	4%
Very unfavorable (1)	4	3%

- Mean perception = 5.14.

Q21 I would be interested in receiving information in the mail about SCORE workshops and free counseling activities.

Request for Information	Responses	Percent
Yes	240	80%
No	60	20%

Overall Summary of Key Findings

The following section summarizes the findings of the survey in six sections, according to primary research objectives: competition for SCORE locally, demographics, characteristics of the ideal workshop, target pricing, preferred media to reach target audience, and target market perception of SCORE.

Less than 30% of respondents had attended a small business workshop in the last two years. Of these, most had been to trade association workshops, or “other” workshops. These two sources of competition comprise over 60% of the available workshops. Only three respondents had attended a SCORE workshop in the last two years. Most feel that the topics of these trade association and other workshops had topics that were not tailored enough to meet their specific needs. There is a high perceived value, however, of the workshop most recently attended, with 86% of the respondents having a somewhat good to good perceived value.

The four most popular workshop topics are (in order of preference): Internet and Your Business, Growing a Business, Advertising & Promotion, and Marketing Strategy, Planning, & Research. Almost half (45%) of respondents prefer workshops to last four hours, and a quarter of respondents prefer eight hours. The most requested workshop size is 8-19 people. The three most popular days of the week for workshops are Saturday, Wednesday, and Tuesday, in order of preference. Morning is the preferred time of day for a workshop. Almost half of all respondents want workshops to be held in the metro area (central San Diego).

Most respondents are willing to pay no more than \$100 for their ideal workshop. Approximately two-thirds of the small businesses that responded are willing to pay between \$35 and \$75 for their ideal workshop conditions and topics. Similar results are represented for willingness to pay for a SCORE workshop. The mean was obtained by taking a weighted average of the highest price that the respondents would pay.

Over one third of respondents turn to trade publications and/or trade associations when they need help running their small business. The top three preferred media for SCORE to contact respondents are direct mail, fax and e-mail, in order of preference. Newspapers, television, and radio are much less preferred forms of media. Most respondents who are familiar with SCORE have a positive perception of the

organization. The results could be skewed if respondents with positive perceptions of SCORE were more likely to complete and return the mail survey.

SCORE's workshop target market is critical to consider in evaluating workshop design. If the workshop target market is existing businesses, the SCORE current workshop topics do not meet market needs—50% of SCORE workshops are for pre-businesses while 86% of survey respondents have been in business for over five years. SCORE San Diego workshop content, location, and pricing are similar to those of other chapters nationally. It is believed that a previous mandate from SCORE national headquarters has resulted in the similarity of workshop topics among SCORE chapters. Specifically, pre-business and business plan workshops are the vast majority of workshops offered nationally.

Demographics for the existing small business target market are consistent across the industry analysis and primary research data. Most businesses are in the service and retail industries and have fewer than ten employees. The majority of small businesses have been in business for five years or more. According to the market research, general workshop characteristics in competitive data are consistent with those desired in the primary research data for San Diego small businesses. Workshops have specific content and are offered in the morning. Workshops are offered on Tuesday, Wednesday, Thursday, or Saturday and tend to last up to four hours. Finally, most workshops are offered in central San Diego. There is an opportunity to offer workshops in North County based on interest from the mail survey respondents.

While the target market generally prefers direct mail, fax, and e-mail for notification of small business workshops in San Diego, workshops are promoted in a wider variety of marketing media. Announcements at organizational meetings, as well as word-of-mouth, are prevalent means of promoting workshops. Many organizations use newspapers and trade publications, such as submitting notices to the weekly “Around Town” feature in the metro’s major newspaper, *San Diego Union-Tribune*. In-depth, professional-looking, and sophisticated websites are used extensively in the promotion of workshops. Interactive features allow small business owners to use a credit card to pre-register for events. Workshops are also promoted in direct mail catalogs and collateral materials, such as brochures and flyers.

The target market awareness level of 51% (mail survey) indicates that many San Diego small businesses are aware of SCORE. This relatively high market awareness, combined with an overall neutral to favorable perception, has implications for SCORE’s marketing message. The message should introduce SCORE, but should focus on persuading small business owners to take a workshop. Most mail survey respondents requested additional information about SCORE's services for their business, which further

demonstrates implications for the marketing message in that small business owners are willing to know how SCORE can assist them.

Recommendations

SCORE faces a situation in the San Diego existing small business workshop market where its competition tends to offer more specific workshops to a targeted audience. According to market research, there exists an excellent opportunity for SCORE to leverage its current resources, brand recognition, and infrastructure to become more competitive in this market.

With a relatively strong market awareness, SCORE has the ability to utilize strategic partnerships and direct marketing vehicles (such as direct mail and personal selling) to refine its position in the market. Furthermore, if SCORE's target market is existing small business owners, it is recommended that SCORE tailor its workshop content to their needs.

Based upon the market research findings, it is recommended that SCORE form strategic alliances with trade associations and corporate entities. SCORE volunteers have expertise in a wide variety of specialized fields that trade associations could utilize. Forming strategic partnerships would allow SCORE to align its objective of gaining a wider workshop audience with trade association goals of supporting its membership base with tailored industry experience. SCORE should identify several trade associations that can be assisted by SCORE counselor experience and contact the trade association president and/or workshop director to explore mutually beneficial relationships. If formal, joint-sponsored workshops are difficult to establish, SCORE counselors could focus on introducing counseling opportunities to trade associations. SCORE members could announce opportunities for trade association members to receive guidance from SCORE counselors. While receiving counseling, counselors could suggest attending workshops. Many small business owners seek information in trade publications. SCORE should announce its workshops and/or counseling activities in trade association publications to take advantage of this targeted audience.

SCORE should also develop further relationships with corporations in order to take advantage of resources, as well as to increase awareness levels. Partnering with large corporations will promote name recognition and increase awareness of SCORE.

It is recommended that SCORE consider the following features in workshop design for existing small businesses. The SCORE workshop content should be streamlined in order to offer workshop attendees more specific information. SCORE should create interesting workshop titles that highlight the featured speaker as well as the specific workshop content. SCORE should attempt to attract speakers that are recognizable experts in a specific industry currently active in their field.

Workshops should be offered in a format of no more than four hours. While small business owners prefer a workshop size of less than 20 people, workshops should have an attendance of 25 people in order to maximize SCORE revenues. The industry analysis demonstrates that competitive workshop size tends to be an average of 25 attendees.

Workshop pricing should remain at current levels, with an average price of \$40 to \$45. If there is a significant rise in attendance after implementing the above recommendations, SCORE should consider raising the prices by up to \$10 per workshop. A detailed breakeven analysis should then be performed. However, based on the average workshop price in San Diego, SCORE may price itself out of the market if it raises prices by more than \$10. Although the mail survey indicates that the respondents would be willing to pay about \$75 for their ideal workshop as well as a workshop offered by SCORE, intent does not always lead to actual purchase behavior. With respect to profitability, if the same workshop price is maintained and workshop length is decreased by half, SCORE could offer twice as many workshops and potentially double workshop revenues.

It is recommended that SCORE increase the amount of workshops offered on Saturday, and workshops offered in the morning. SCORE should increase workshops covering the Internet, growing a business, marketing, and advertising for all locations in the area.

SCORE should use direct mail to its fullest extent in workshop promotion. Fax and e-mail should also be directed to interested individuals (e.g. past workshop attendees). Workshops should be promoted via trade association newsletters whenever possible in order to reach a targeted audience. SCORE should update its website to be more interactive as well as to appear more professional. Marketing materials (including brochures and the website) should highlight tailored workshops and experienced speakers.

While no two markets served are identical, it is believed that the results of the research will prove useful to urban SCORE chapters nationally. In addition, the results should also be useful to anyone trying to design and market small business consulting services in an urban area.