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THE BUILDING AND EROSION OF A SMALL BUSINESS IN THE INNER CITY LESSONS IN ENTREPRENEURSHIP

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ABSTRACT

With the help of competitive intelligence, diversification, and an integrated package of policies for systematically building the intangible asset of corporate reputation, a small business went from making \$100 per day in sales to \$4,000 per day in sales. Systematic planning and implementation enabled this small business to improve its competitive position by gathering information, analyzing it and offering strategies to define its market, and to leverage its core competencies. However, the owner/manager personal values were not congruent with these strategies and the turnaround of the business was rapidly undermined as these values were implemented again.

INTRODUCTORY BACKGROUND

At any given time, between 20 and 30 percent of all companies are in need of a turnaround (Murphy, 1986). The rapid pace of change in today's markets has caused competition to become so strong that products have become outdated at an extraordinary rate. And in some industries, "simply doing your best does not cut it anymore because your best can be mimicked too quickly and easily," says Faye Brill, president of the Society of Competitive Intelligence Professionals in Alexandria, Virginia (*Entrepreneur*, 1996). "A company's competitive advantage can be eroded more quickly now than ever before" (*ibid.*).

This need often is felt most in the small business sector, since small firms are especially susceptible. They lack the product diversity to cushion the loss of key products, and they have limited resources for developing new ones. They often operate within small, unstable market niches that can get smaller or that can be invaded by low-cost competitors. Without the cash or market power needed to defend against competitors, their markets are easy prey for larger companies.

The management process in the small firm is unique. Strategies such as divesting a strategic business unit, diversifying into a more stable business, or easing operating distress with a short-run financing from a parent company are not generally available to the small firm. It bears little or no similarity to management processes found in larger organizations, which have been the subject of considerable academic research resulting in numerous models, prescriptions, and constructs (Jennings and Beaver, 1995).

STATEMENT OF THE PROBLEM

The primary purpose of this exploratory study was to identify areas of distinctive competence in an inner-city small business. A secondary purpose was to assess the extent to which these competences can lead to competitive advantage and sustainable competitive advantage. The case study was an inner city, African American, family-owned tavern located in a medium size city in a

Midwestern state. I became general manager on October 1, 2007, for three months, at the request of the owners in order to turn the business around, improve performance, and establish a competitive advantage. However, the longer-term outcome, in terms of success or failure of this small firm, was strongly influenced by the personalities, values, and abilities of the owners.

Examining the success of this African-American, family-owned tavern is significant because the role of the entrepreneur does act as an engine for economic development in the black community. In addition, this tavern has always played an important role in the success of black business owners for networking and as a builder for the black community in terms of social, economic, and political engagement. Without this tavern, there would be an opportunity structure that would hinder black business ownership, because the infrastructure, within the black community would have been destroyed especially the black entrepreneurs ability to gain access to markets.

RESEARCH QUESTIONS

In the initial interviews at the family-owned and operated tavern, several problems were identified including severe negative cash flow, a belief that not all sales to customers were being billed or collected, and a paper-heavy system that was cumbersome. This research explores three areas that relate to the problems concerning this inner-city tavern. They are:

1. What are the strengths and opportunities where this inner-city tavern's core competencies could provide a competitive edge?
2. How does this inner-city tavern's core competencies relate to its culture and context?
3. What are the new markets in which this inner-city tavern's core competencies could create customer value?

Core competencies are those skills required for this company to compete successfully in its market niche. Those skills include team building, quality management, and problem solving. Culture consists of the values and traditions that are vital to the business. Context is related to an understanding of the tavern's strategic goals and objectives as they relate to the market niche.

A major obstacle in turning around or reengineering a small business is the staff that has worked at the business for years tends to acquire an ownership in the current process and, as a result, may be unable or unwilling to consider a radical change in the process. Contrary to conventional wisdom, a majority of businesses fail because of internal factors that are affected by managerial action and discipline (Boyle and Desai, 1991). Examples include failure to control operational costs and analyze financial statements.

Researchers, such as Foley and Green (1989) who have studied small business failure and success, have attempted to classify underlying reasons. However, the majority of studies simply identifies symptoms and fails to highlight causes when providing explanations within the context of "rational management theory." Equally, many surviving small business are seen, in terms of rational theory, to operate at sub-optimal levels of performance. The actual root cause of failure may lie with the apparently non-rational behavior and decision-making of the entrepreneur and/or owner-manager. He/she does not obey the "rules" of classical management theory (Jennings and Beaver, 1997). The small business practitioner is, therefore, subject to a number of competing and contradictory influences, which may lead to erratic, unpredictable, and self-destructive behavior.

Small business managers can endeavor to strengthen their market status by establishing a positive reputation in the shortest time possible (Goldberg et al., 2003). This reputation defines a company's identity – as seen by important stakeholders – in the market competitiveness of its products and/or services, the effective management of its resources, and its potential for future success (*ibid.*). As an intangible resource, such a corporate reputation could prove pivotal in obtaining legitimization within the marketplace (Fichman and Levinthal, 1991). Others perceive a good reputation as an indicator of a firm's overall effectiveness attracting investors, decreasing costs as suppliers offer better terms, encouraging customers to purchase the company's products or services, and assisting in the recruitment of skilled labor (Dollinger et al., 1997; Fombrun, 1996). Despite its attractiveness, few small businesses managers make a sensible and deliberate decision to use a reputation-building strategy. Indeed, managers will find few references to such a strategy in the small business literature (Goldberg et al., 2003).

Issues

From the theoretical framework discussed above, several questions were developed for this research.

1. What are the costs to build a competitive advantage?
2. What are the business' distinctive competencies that can lead to a competitive advantage that can be sustained?
3. To what extent does relying on the existing core competencies generate a competitive advantage in new markets?
4. What constitutes success?

METHODOLOGY

Design

Because this study uses participant observation and in-depth interviewing, a qualitative research design using a naturalistic or field study serves as the framework for this study. This descriptive research involves data collection on many variables over an extended period in a naturalistic setting. In the instant study, the period is 7 months.

Subjects and Procedure

This inner city, African American, small business tavern was experiencing declining performance. This small business required several actions, which were: (1) specific acknowledgment of causes, (2) timely performance, and (3) sufficient assets to have some bearing on a turnaround, and (4) identifying this small tavern's management practices. The first step was an external investigation to discover minor, but potentially crippling, changes in the competitive environment. The second step was to notify the owner that it was important not to assign the lackluster performance to sheer "bad luck" or uncontrollable market forces. Because of new technologies, substitute materials, changing consumer tastes, and shifting consumption patterns are shortening product life cycles, this inner-city tavern was required to develop a steady stream of new services. As outline by Porter (1995), this inner-city tavern already had a potential competitive advantage in five areas to work with, which were:

1. Strategic Location – possible advantage because it could gain from its closeness to the downtown business district, the logistical infrastructure of a main highway and bus transportation, its closeness to the entertainment and tourist destinations, and its closeness to the concentrations of both major and minor companies.
2. Local Market Demand – even though average wages are low in the inner cities, high population density creates considerable purchasing power and a large market. Inner-city markets are not only large but also young and quickly growing. By focusing on satisfying ethnic needs does not automatically limit the growth and potential of this inner-city tavern, but instead, a focused strategy could provide a competitive advantage over large established companies and a base from which to expand into other market segments (e.g. Bennigan's, TGIF, Thursday, etc.). An even more exciting opportunity presented itself when it was realized that the needs and tastes of inner-city consumers represented trends that often cross ethnic and socioeconomic strata.

People in largely lower-income ethnic and minority communities have distinctive needs and tastes, which demand customized products and services. However, most companies design products and services for white middle-class consumers and businesses, hence, their product configurations, retail concepts, entertainment, and personal and business services do not fit inner-city customer's needs. This means that there was an unmet demand of the inner city's population, which created a major growth market; whereby, the principal inner-city business opportunity sprang, however, not from the size of the market but from its character. Micro segmentation lags in the inner city, but it represents a great opportunity. This inner-city tavern is uniquely positioned to understand and address the needs of its consumers and the businesses in its own and other similar markets.

3. Integration with Regional Clusters – while this inner-city tavern was currently isolated from the regional economy, those unique

regional clusters represented promising opportunities for financial growth.

4. Human Resources – the workers at this inner-city tavern are from the inner city, which are often more motivated and loyal, especially since this is a business that suffers from high turnover.

5. Access to capital – According to Porter (1995) this is usually a disadvantage for inner city small businesses. However, this inner-city tavern has access to personal and family savings and networks of individuals to draw on for capital.

According to Porter (1995), the disadvantages of this inner-city tavern because it is located in the inner city include:

1. Non-wage costs – high costs for utilities, workers' compensation, health care, property insurance, unemployment and liability insurance, real estate and other taxes, Occupational Safety and Health Act compliance. Because this medium size Midwestern city has a greater proportion of residents dependent on welfare, Medicaid, and other social programs than their suburbs do, this city must spend more and thus charge higher taxes.

2. Security – crime is a real obstacle to doing business in the inner city, but the perception of crime is greater than reality.

3. Employee skills – even though this inner-city tavern is a bar, the workforce lacks the skills to work in the bar, which needs more than just the basic skills. In addition, while there is a large pool of available lower-wage labor, most of the residents do not have the skills suitable for this bar.

4. Management skills – the owner and the former manager lacked formal managerial training, especially in the areas of strategy development, market segmentation, information technology, process design, and cost control.

5. Attitude – while this is a locally, minority-owned business, which hires locally, the hard truth is that its attitude constitutes a significant barrier to its current and future economic development. This inner-city tavern has a reputation of worker exploitation, being in business primarily to earn profits for its owners, due to it having a captive market by being the only legitimate black-owned and oldest bar in this Midwestern city; as well as complacency. This attitude undercuts efforts to improve quality of not trying to sell beyond the

captive market, and reducing costs. It believes that it can give any type of service because it serves "Coloreds."

I took over managing the tavern on October 1, 2007, which earned about $100 per day in sales; had very little supply and variety of liquor, as well as the tavern and equipment was in disrepair from the lack of maintenance. The owner and former manager used the profits for their own use while the employees stole money from the establishment. From July 1 until I took over, I went to the competitors to see what they were offering as far as service and products. I patronized them, and kept an eagle eye out for areas in which I could surpass them, especially in service, i.e., more frequent follow-up and faster delivery.

I administered a customer questionnaire to turn up many areas upon which I could concentrate including: why they patronized the businesses they do; what the ideal business would offer; and what they like best about this inner-city tavern. I paid close attention to the answers because some were pointing directly at possible changes to improve the competitive advantage.

In addition, I instituted a training program to give the employees an understanding of the tavern's role in the marketplace and to allow the workers to learn more quickly and be more productive. This training program provided instruction in what are known as the "three C's": culture, context, and core competencies. The focus of the training was how employees can improve the quality of service and explain the benefits and features of those services to current or potential customers.

The competitive strategy used by the tavern was the multidimensional concept as outlined by Porter (1980), which consisted of the five common dimensions of business strategy:

1. Innovation differentiation (aims to create products to services that customers see as unique in terms of technical performance, design, and/or quality),
2. Marketing differentiation (attempts to create a customer loyalty through advertising, prestige pricing, and/or market segmentation),
3. Cost efficiency (a strategy that strives to deliver products or services to customers more cheaply than competitors do by lowering costs per unit of output),

4. Asset parsimony (strategy of low cost through few assets per unit of output), and
5. Domain scope (or niche strategy, determine the type of customers, products or geographic coverage the firm concentrates on) (Hambrick, 1983; Miller, 1986, 1988).

This inner-city tavern used the strategies of innovation differentiation, marketing differentiation, and domain scope. It was determined that the tavern could not apply the alternative strategies of cost efficiency and asset parsimony.

The factors external to the tavern, requiring aggressive market responses included diversification, niching, market development, product development, and market penetration. Market penetration included diversifying into a countercyclical industry and finding a niche in a market up, to now unexplored by the competition – especially one this tavern was uniquely qualified to occupy and defend.

In addition, I instilled several characteristics as "best practice" that was outlined by Sandvig and Coakley (1998) within this inner-city tavern. They are:

1. Leveraging existing capabilities – Significantly lowered the costs and risks of diversification by using the existing core competencies to gain entry into new markets. I formed partnerships with the police and local businesses to serve meals at discounted prices in order to receive services. In addition, became a member of the local chamber of commerce, as well as the local black chamber of commerce.
2. Entering growth markets – Diversified into rapidly growing markets, such as Illinois lottery and Games for "Entertainment Purposes Only" (penny and nickel slot machines). Entering these markets avoided expensive battles for market share against well-entrenched competitors. Chandler and Hanks (1994) found a positive relationship between market attractiveness and new product success.
3. Targeting niche markets – Targeted small niche markets, where customers are willing to pay premiums for products tailored to their needs (i.e. this inner-city tavern was the only place in this medium size Midwestern city that served Kosher Hot Dogs, as well as Rib-eye Steak Sandwiches and chili. It also had one of the biggest

selections of alcohol – 100 different selections; bottled beer and wine coolers – 33 different selections; as well as serving coffee, soda, and bottled water. The jukebox was the only place in this medium size Midwestern city that played and advertised only blues, jazz, R & B, reggae, and hip/hop – the box contained 200 c.d.'s selections, as well as a black only music downloading selection). Niche markets are typically less competitive than larger markets.

4. Diversification strategy – Targeting new markets and adding new capabilities that require thought and the development of an effective diversification strategy (e.g., added an ATM). The successes realized by the Japanese through operational efficiencies during the 1980s maintains Porter (1996), have lured many companies into focusing on efficiency at the expense of looking forward to develop new products and markets.

5. Adding new capabilities – To enter target markets, this inner-city tavern added new capabilities, such as updated technologies and marketing skills. In addition, strong top management leadership, by having an aggressive manager to lead the diversification efforts, have taken decisive – and sometimes risky – measures to reposition the tavern. These actions included major investments in new products, downsizing, and developing new competencies and market channels. For example, added a Women's Night with an amateur male strippers contest; a free drink and cake for a patron with a birthday; had two digital televisions featuring sports; collaborated with other clubs and local black chefs for more of a variety of food and entertainment; and sponsored poker and other card games.

6. Skilled work force – The skill and flexibility of the work force was an important asset. This inner-city tavern grew because of the remodeling and the workforce. People saw us trying entrepreneurial things and changing the way we were doing business. We required that people be self-motivated and self-starters. They must understand their customers and their customers' needs without a manager overseeing them, which included learning the latest mixed drinks.

7. High employee productivity – This inner-city tavern avoided adding to its work force as the amount of services being offered grew, even reduced the workforce; however, gave them a raise in salary from $120 to $192 plus tips per twenty hours of work.

Thereby, productivity increased, lowered overhead costs, and gave employees more autonomy; however, security cameras in the tavern and listing devices in bathrooms were added.

8. Low overhead – Maintained a lean management structure and employed few overhead personnel, as well as changed all vendors, including garbage, and negotiated with distributors.

9. Tenacity – Had little choice but to diversify, shrink, or go out of business. Unlike large companies that can still prosper even after closing entire divisions; the fate of small firms often rests on the success of their diversification efforts. When a small firm fails, all of its employees lose their jobs, including top management.

RESULTS

Does it cost much to offer a competitive advantage? It takes aptitude, time, vigor, and imagination; it is not a matter of money. The financial possibilities of the inner city can be realized when companies leverage the competitive advantages and when the disadvantages are confronted directly. Most of the disadvantages of locating businesses in the inner city can be disposed of, controlled, or conquered.

The owner wanted to close the tavern, but my recommendation was against this. I wrote down everything that needed to be done to make the tavern profitable again. There were 30 items on the list, some of these things were hard to do – but they provided an alternative to closing the tavern. Top of the list was to make temporary staff cuts, increase prices by 20%. Our backs were to the wall. We immediately got much tougher and everyone just had to tolerate it – although we lost some customers along the way. These actions worked extremely well and within three months, the tavern was back making a profit, from making $100 per day in sales to over $4,000 per day in sales.

The turnaround of this small tavern provided an example of effective niching. This tavern was experiencing a decline of its customers; and it was unable to replenish its customer base, because it catered to an over 60 years of age crowd. Through market research, the tavern identified a suitable customer segment (of an over 30 years of age crowd) and developed an advertising program targeted toward this specific niche, by putting flyers in beauty and barber shops, as well as partnering with businesses next door. Since redefining and pursuing its newly identified target market, the tavern got back its customers and expanded its customer base.

In addition, it was accepted that a good corporate reputation was important for receiving legitimation from different stakeholders. By combining the strategic elements of having a company policy of strengthening internal core competencies, extending external relationships, and creating a positive corporate image, I used several distinctive competencies to establish a strong reputation for this inner-city tavern. A distinctive competence is of value in a competitive environment only if it can be transferred into a competitive advantage. The establishment of a strong reputation, as well as obtaining a sustainable competitive advantage was concentrated in four distinctive competencies that were outlined by Stoner (1987):

1. Experience/Knowledge – In order for the “experience/knowledge" skill of owners/workers to point to a competitive advantage, this competence must be present as a significant buying condition for possible customers. In other words, this competence is important to the buying public only if the “experience” is somehow indicated in the assistance. If this is the case, customers must be conscious that the experienced workforce has led to a better service. I made customers aware of the distinctive competence by having considerable advertising through flyers, posted in barbershops, beauty salons, social clubs, and various workplaces. However, once the customers understood and accepted this competitive advantage, its sustainability was likely to be strong. In general, rival businesses would have to consume substantial amount of assets to erode or change customers’ opinions once the competitive advantage was established.
2. Unique/Special/Original Product and Service – The distinctive competence of having a “unique/special/original product and service” suggested the obvious potential for being a significant buying condition, and the competence was simple to communicate especially if the product and/or service truly fulfilled customers’ wishes. The products and services at this inner-city tavern truly

fulfilled customers' wishes. We were the only bar/tavern that had the Illinois lottery in place, as well as the only bar/tavern that had an ATM. In addition, this tavern was the only inner city bar that served food until 2:00 a.m. Thus, this distinctive competence gave the impression that it could easily lead to a competitive advantage, whereby, sustainability depended upon competitors' capabilities to offer similar or alternative products or services as dictated by consumer demand.

3. Better more complete customer service and relative quality of product/service – "Better more complete customer service and relative quality of product/service" was likely to be an important buying condition as long as price was not adversely affected. Prices increased by 20%, however, more services were being offered, as well as more variety of drinks. In addition, this inner-city tavern was being promoted as a local, friendly community bar, where everyone was welcomed. It was no longer a bar for the owner's personal use. These areas of distinctive competence were quite difficult to establish and project to potential customers, but once it was established, they were likely to remain strong and sustainable.

4. Location – "Location" was difficult to measure. This inner-city tavern is located just two blocks south of the downtown area on the main highway. The influence of this competence as an important buying condition is significant, since having a bar at this location is central do to the service being offered. Communicability is direct and straightforward. Sustainability due to the fixed nature of location is strong (particularly since this desirable location is not readily available to the rival businesses).

Finally, the biggest lesson that I learnt is that it pays to be firm with staff and customers alike. It went totally against my character, but if I wanted to excel, I had to do it. Otherwise, I would have been ineffective. In addition, I kept a close eye on accounts from day one. I had to set up monthly accounts so one would know from month to month how one was doing. I then made sure that I had trustworthy workers. Having the right team behind you was very important for success.

Although the turnaround was successful, the owner wanted to pursue other strategies. For instance, the owner wanted the tavern to attempt to move from a focus differentiation to a low-cost strategy.

It was argued that the distinctive competence of "low cost/price" is certainly a key buying criterion, and price can be communicated easily. Thus, this distinctive competence can clearly be transformed into a competitive advantage. However, sustainability depends largely on the ability of rivals to undercut prices or to offer substitute products or services at a lower cost, which was very real with all the illegal clubs that served alcohol at discounted prices. No way could this inner-city tavern compete with them. In addition, this tavern possessed few of the capabilities needed to achieve the competitive advantage of a low-cost strategy in its new markets. Both the costs and risks involved in making such a change would have increased. In contrast, when this inner-city tavern sought to diversify into new products and markets, it improved its chances of success by pursuing opportunities that required no change in its fundamental competitive strategy.

With the changes in management, after I left, profits were not sustainable (or transferable) with the lack of some type of competitive advantage. After the 3 months, the owner took control of the bar, and retained the same workers as before my take-over. In addition, she hired her own nieces, who had no formal management training, as management. The bar went back to its former state. Most of the new customers discontinued patronizing the bar, and only the owner's acquaintances (who were over 60 years of age) stayed. Instead of putting money back into the business, the owner and her nieces used the money for their own use, and the bartenders went back to stealing. The variety and supply of liquor vanished. All lottery machines, gaming machines, ATM, jukebox, and security were pulled, as well as the sports programming. She had no more Women's Night, as well the birthday cakes and free drinks. The bartenders refused to make any more sandwiches and mixed drinks. The music was mostly old blues that no one wanted to hear except for the owner. The bar again became a place for the owner's personal entertainment use. Therefore, sales plummeted to the original level before October 1, 2007; however, the owner viewed this inner-city tavern as a success because now her aspirations were satisfied. She viewed this inner-city tavern as a "Colored" bar, which should only serve "Coloreds." She did not need "Whites" to frequent the bar. In addition, she believed that "Coloreds did not deserve good service or to be treated with respect....Coloreds should be grateful to have a tavern to go to....this bar was doing them a favor by being open."

DISCUSSION

In a small business enterprise, the decision-making process is characterized by the extremely personalized preferences, biases, and opinions of the firm's entrepreneur, owner, and/or owner-manager. The disposition of managerial activity expands or contracts with the characteristics of the person fulfilling the role(s). Such expansion or contraction is partially trained by the adaptive wants of the environment in which the business functions, and is partly dependent upon the personality and needs of the owner, manager, or entrepreneur. The obsession with immediacy and short-termism is probably as precise a generalization about the managerial participation to small business failure as we are likely to get. Put another way, small business failure is invariably caused through a lack of responsive managerial strategic attention, which is confirmed in this study.

The basis of the failure to attain and sustain an acceptable level of performance is primarily due to poor managerial aptitude. For example, the owner wanted to use a low-cost strategy, even though the tavern's competencies lie in a focus-differentiation strategy. However, the direct attribution of cause and effect relationships is additionally complicated by the intangible, invisible, almost unconscious procedure of practicing strategic management, which exists in the majority of small businesses.

Another characteristic, of the small firm management process, is the closeness of the important players to the operating employees and activities being tackled. This provides the important players with extraordinary opportunity to influence these employees and activities directly. However, relationships are often informal, with no precise definition of rights and obligations, duties and responsibilities. Appointments and promotions are often made based on birth or personal friendship rather than based on ability, education, and/or technical qualifications. Organization structures, as far as they exist, are likely to develop around the interests and abilities of the key players. Such organization structures are likely to be organic and loosely structured rather than mechanistic highly bureaucrat. Thus, the exploitation of competitive advantage in the small firm is hardly ever a readily visible practice. It often has a theoretical rather than explicit form with strategic management being practiced instinctively.

Entrepreneurs and managers, because they alone have profit-oriented reasons and incentives, should seek out the best opportunities for generating wealth. The business community, however, must rethink its strategy and employ new perspectives to do extremely well in the inner city. The private sector will contribute more when it focuses on what it does best: generating wealth and building competitive businesses. As Porter (1995) indicated, four goals should guide private-sector strategies:

1. Create and expand business activity in the inner city. The most significant contribution a company can make in the inner city is simply to do business there. Inner cities hold untapped possibilities for building profitable businesses if companies look for and take hold of the opportunities that build on these advantages.
2. Adapt operating practices to meet inner-city needs. Successful inner-city businesses have learned to adapt their products, services, and operating practices to the local market. One way companies increase their knowledge of the inner-city market is to build relationships in the community and hire locally. Neighborhood employees build loyalty from neighborhood customers and help stores customize their offerings.
3. Deal with disadvantages creatively.
4. Establish business relationships with inner-city companies. By entering into joint ventures or customer-supplier relationships, outside companies can help inner-city companies by encouraging them to export and forcing them to be competitive. In the end, both sides benefit.

Summing up, small businesses can increase their odds for success by designing systematic strategies toward the establishment of a positive corporate reputation. As explained in this case study, I chose to develop the inner-city tavern's internal capabilities, moved quickly to make the most of a market, and tried to establish strategic alliances. In addition, I invested in image factors that signal quality products and a successful enterprise. Beyond a single reputation-building strategy, I recognized the benefits from a comprehensive approach that completely included all four methods for building positive corporate reputations. What was essential was knowledge of the system that exists and a willingness to consider radical new processes that would dramatically add to the system.

However, it seemed that the owner had a different meaning of success, which was "the continued fulfillment of main stakeholder's desires." Logically, the definition of failure would be "the inability to fulfill main stakeholder's desires."

It was immediately obvious that success was no longer looked upon as synonymous with optimal performance since this represents an extremely elusive concept. Similarly, failure no longer was looked upon in terms of the traditional, rigid paradigm of the end of trading. Rather, success was considered as the achievement of certain pre-defined objectives which satisfied the stakeholder's desires and which culminated in performance that fell significantly below the possible optimal level (Foley and Green, 1989). Equally, failure implied that the stakeholder's desires were not, and were unlikely; satisfied even though the business may have been very able of continuing to do business, although at a sub-optimal level and may have even profited from a period of growth and business development. The owner and former manager had kept the profits of the bar for their own use instead of using it for the maintenance of the bar. The bartenders stole money, as well as liquor. However, at this moment, the owner viewed the bar as a success even though it did not make any substantial money. What she wanted was a place that was an extension of her living room, yet profitable. She was not looking for a place to maximize profits.

Because of her viewpoint of success, the black community in this town is in jeopardy. This tavern is no longer the infrastructure necessary for community development, supplying the economic and social benefits that are needed. The networking that took place in this tavern provided employment opportunities for African-Americans and created an avenue for blacks to be integrated with the majority community and economy, thereby, minimizing the feeling of disenfranchisement.

Further study of this tavern is needed in order to determine the economic impact that this tavern has on the black community, as well as the economic development to this area. Therefore, what is the measure of this tavern being the nexus in building an entrepreneurial community, and can an entrepreneurial community be built in this community without this tavern?

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