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The American Dream: Embodying Perserverance

Erin E. McNully

Ouachita Baptist University

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The American Dream: Embodying Perseverance

A Thesis by Erin McNully

Ouachita Baptist University

Spring 2021

Thank you to my mom and dad for always encouraging me to follow my dreams.

Your daughter, Erin McNully

The American Dream: Embodying Perseverance

By Erin McNully

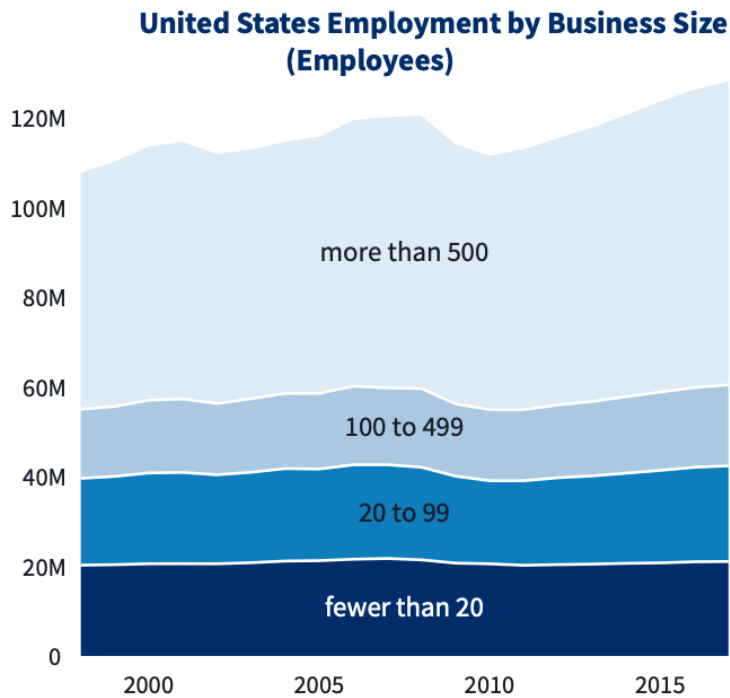
Many people in America have, at some point in their lives, thought about starting a business. Whether it was just an errant thought or a legitimate consideration, the idea has passed through countless minds. In recent history, many success stories have inspired the masses. These stories have to do with massive technology companies that started in a garage or dorm room, of family businesses that are passed down from one generation to the next, and even of young entrepreneurs who touch the lives of their community with their innovation. All of these instances have a place in the modern American society and economy, however, perhaps the most inspiring is that young person with the new idea or the small, local shops that are the backbones of their communities. These entities don't have the resources or the capital that the larger businesses and corporations have at their disposal, but the small businesses are able to make a difference and serve their communities in ways that encourage future entrepreneurs.

Small businesses take many forms: from local accounting services to clothing stores to decades old, family-owned restaurants. Small businesses have been important to our country for as long as it has existed. What started out as a collection of family farms and shop owners has evolved into the complex economic system that reaches every facet of society. Americans have always believed in hard work, perseverance, and determination as these qualities were what led to success. In this opportunistic land, ideally, if entrepreneurs have good ideas and are willing to put in the work, they can succeed in fulfilling their own American Dream. In this paper, the history and facts of small businesses will be explored first, before moving into the individual stories of local entrepreneurs.

The belief in hard work and perseverance can be seen in even the earliest days of our nation's history. In the time of colonial America, the majority of the settlers were farmers in rural areas who produced their own goods and even built their own houses and other necessary structures. In the nineteenth century, small farming enterprises were spread wide across the American frontier, but as the population grew and cities became the hubs of the nation, the idea of small business grew to include small merchants, craftsmen and others. Inventions and innovations brought a surge that shifted the country from its former farmer-dominated agrarian model to an industrial one. The twentieth century continued the trend of industrial innovation that had begun in the latter part of the nineteenth century, and it brought new innovations and business activities which became more complex (Moffatt). Small enterprises began to struggle to keep up with the increasing demands of the growing population, so, in turn, those small enterprises grew and became some of the first modern corporations. When the Great Depression struck America, all economic life was severely affected, especially small businesses. In 1931 alone, "28,285 businesses failed, at a rate of 133 a day. Most of these were small businesses" (Mechling). After the New Deal and the start of World War II, employment reached an all-time high. In the 1950's small businesses accounted for approximately 58% of total domestic output. In the 1970's, "stagflation" was widespread and there was a noticeable decline in economic growth and a rising unemployment rate. Once again, small businesses suffered (Mechling).

Small businesses today are still an integral part of the American economy. The US Office of Advocacy defines a small business as an organization that employs fewer than 500 people. For the purpose of analyzing the facts and figures, this definition will remain consistent. Later in the paper, as individual stories are examined, the definition will change as the businesses studied are local, family-owned businesses as opposed to an organization employing hundreds of people.

As of 2020, there were approximately 31.7 million small businesses in America which makes up about 99.9% of all US businesses. Small businesses also employed about 60.6 million



people which is roughly 47.1% of the United States workforce. As a whole, small businesses also created 1.6 million new net jobs and the firms that employed less than 20 people saw the most gains, adding 1.1 million net jobs. The three top industries for small businesses in America are healthcare and social assistance, accommodation and food

services, and retail trade. The graphic above shows the breakdown of businesses in the United States and how many employees work in each business size. As the diagram demonstrates, almost half of the United States work force is employed by a small business (business size of 499 employees or less) (Office of Advocacy).

Despite the statistics outlining the importance of small businesses to our economy, in today's consumer market, it can be difficult to start and maintain a small business. In an

environment with large, well-funded corporations, small businesses that might not have the same access to resources find it difficult to compete. Five common problems that small businesses face in today's economic climate are building brand awareness, customer acquisition and retention, staffing, money management, and the balancing of quality and growth (DelVecchio). Building brand awareness is a difficult and, most of the time, costly resource to obtain. Large corporations across all industries have the resources to spend millions promoting themselves nationwide, and some big ones like Apple, Coca-Cola, and Starbucks are so popular they're household names and therefore don't need to worry about brand awareness. Small businesses have to work a lot harder to become well known. The best approaches small businesses can take are spending time building relationships with their customer base, working in their home community building their image, and having a strong online presence effectively establishing themselves in the industry. Customer acquisition and retention can be difficult especially if the business doesn't have a strategy at the beginning. Some organizations use the "spray and pray" approach which can spread the company too thin and ultimately not even reach the customers the business wants to target (DelVecchio). The successful businesses spend time understanding their ideal customer and what that customer base wants. It's well known that it's more expensive to acquire new customers than it is to retain existing customers, therefore, loyalty is important within the small business community. Hiring the right people for the business is also a challenge for small businesses because they often lack the resources to compete with larger companies. Each small business tends to take a different approach to staffing whether they keep the operations within their own family, hire part-time workers, or decide to hire outside, full-time employees. This challenge could potentially become even more problematic as Congress debates on substantially raising the national minimum wage. However, despite the potential future challenges, each

staffing strategy a small business uses can be successful as long as proper thought and planning go into the decision-making process.

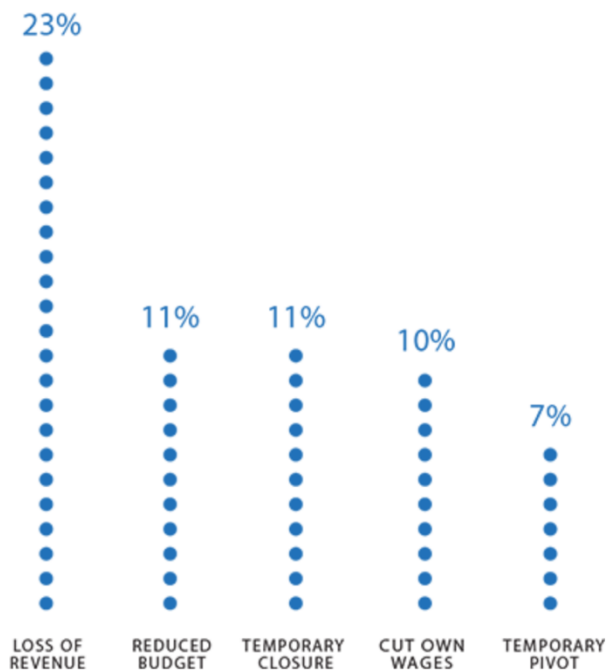
Money management seems to be a universal challenge for small businesses. The business owners not only have to pay the business' bills but also their own personal expenses. Proper money management is crucial to the success of a business because without capital, the business can't operate. Balancing quality with growth is a fine line that all businesses face but it can be especially challenging for smaller companies. Too much growth too fast can sometimes backfire if it comes at the expense of the product or service or customer experience. Too much rapid growth can cause the business to suffer. As with many things in life, this is not a balance easy to find; it differs case to case, however, one constant is the importance of customer service. Products can always be updated, customer reviews can be learned from, however, failing with customer service will detrimentally harm a business because a customer will stop buying, no matter how perfect the product, if they're unsatisfied (Walden University).

Despite these challenges that small business owners face, one promising factor is the advances in technology. While some technological implementations for small businesses may prove to be challenging, the future of business is immersed in technology. Technology in business is ever evolving and its importance in small business has become increasingly apparent over recent years. In order to compete with the wealthy corporations and the big chains, advances in technology and communication need to be taken seriously. Small business owners need to embrace modernization. Technology has changed how customers consume products and services in ways that were never previously imagined. Clothing and food can be bought online and shipped to the consumers door, and services such as medical, legal, and accounting functions can be done partially or completely online. To keep up with companies such as Walmart,

Amazon, etc., small businesses need to adapt and reinvent how they do business. Luckily, with so many options now for mass-communicating with customers, it's easier than ever for small businesses to adapt. Expanding their website capabilities, online listings, social media presence, and advances in online advertising are just some of the endless possibilities for small businesses to expand in the future.

The necessity of small businesses modernizing and embracing technological advances has become even more important since the beginning of the pandemic in 2020. The occurrence of the pandemic was not anticipated by any business owner, and the arrival of COVID-19 and its consequences on American business was a surprise to all. The pandemic had major impacts on all facets of life, but the effects on businesses were clear due to the national shutdown of all nonessential businesses. The illustration below depicts a Small Business Trends survey revealing the five most common COVID-19 impacts according to their respondents who were made up of

5 MOST COMMON COVID IMPACTS



small businesses across the nation. It shows that 23% of the respondents experienced loss of revenue, 11% reduced their budgets, another 11% temporarily closed their business, 10% of business owners cut their own wages, and approximately 7% temporarily pivoted their business models to new practices such as remote working, curbside pick-up, or other disruptive changes. Another large, reported impact of the pandemic on small businesses was a

19% decrease in the number of businesses who made a profit from 2019. Despite this, the survey of small businesses reported that 78% of small business owners expected to survive through the pandemic while only 4% expected business failure due to the pandemic and 19% of the small business owners were unsure of their business's future post pandemic (Guidant Financial).

While it's important to understand the history of small business and the effects at a national level, the importance of understanding small businesses at a community level cannot be underestimated. In the small community of Arkadelphia, small businesses are vital. The large retailers are at least 45 minutes away and while there are many chain restaurants, there are just as many locally owned restaurants coexisting alongside them. These locally owned, small businesses provide a lot of support to the community through sponsoring events and interaction with the local universities in addition to providing quality products and services. While the Office of Advocacy has a broader definition of small businesses, the individual stories examined and many of the resources available to them, employ a smaller number of people. These stories are closer to the experience of a starting entrepreneur.

Two major resources for small businesses in Arkadelphia are the Arkadelphia Alliance and Area Chamber of Commerce and the Arkansas Small Business and Technology Development Center. Both of the Chamber of Commerce and the Development Center have helped many locally owned businesses in Arkadelphia. These organizations tailor their advice and assistance to each client to better enable success in both the business being assisted and the community as a whole. The Arkansas Alliance and Area Chamber of Commerce, according to their mission statement, aids local businesses in “fostering economic growth and development...to enhance the learning opportunities and quality of life for every citizen” (Chamber of Commerce). The Alliance offers many resources in pursuit of their goal to the local

business members. These membership benefits include services such as networking events, marketing and sponsorship opportunities, access to information, and the Business Retention and Expansion Program (Loe). The Business Retention and Expansion Program focuses on “facilitating job growth” of local industries and businesses and in the event downsizing or relocation, the program aids in retaining jobs (Chamber of Commerce). The Arkadelphia branch of the Small Business and Technology Development Center is another resource utilized by local entrepreneurs. It is located on Henderson State University’s campus. The Center is a program that aids business owners, new and seasoned, with many aspects of their business from creation to management to daily operations. The Center also provides one-on-one confidential guidance that is free of charge to Arkansas entrepreneurs. Their primary areas of assistance include business planning, financial analysis, market research, loan assistance, growth and expansion, and marketing (ASBTDC).

Three small, local businesses in Arkadelphia that have utilized these resources are Mary and Martha’s Florist, Ludwig’s Bakery, and Samantha’s Bakery and Cafe. These three businesses and their owners have been on very different journeys and the lessons and inspirations that can be drawn from each are important. The journeys illustrated below don’t focus as much on the facts and figures that have been outlined above. The stories of these three local businesses are to show their own process and inspiration in hopes that they will inspire others. While the hard data is always important to consider when starting a business, at the very heart of entrepreneurial ventures are dreams and experiences.

Mary and Martha’s Florist provides flowers in bouquets, corsages, and other arrangements for every occasion and shares in “the happy and sad times throughout life’s journey” (Mary and Martha’s). Mary and Martha’s Florist has been in operation since the 1930s

when it was opened by the Carpenter family. Mary and Martha bought the shop around the 1950s and they gave the shop the name, Mary and Martha's. The current owner, David Goodman, bought the business in 2007 but kept the name. Mr. Goodman grew up in the business, working in the summers for a family friend and later, while working at Ouachita, he did some events on the side. He always wanted to own his own business but believed Mary and Martha's was too much of a giant in the community to compete against; therefore, when Mary and Martha's went up for sale, Mr. Goodman and his family jumped at the chance. The Goodmans utilized the resources made available by the Small Business Development Center at the start of their journey with Mary and Martha's. Mr. Goodman described The Center as an enormous asset in presenting a plan to secure the loan from the bank to buy the business and in some other decisions made along the way (Goodman).

Mr. Goodman characterized getting into this business as jumping on a moving train. He decided not to change the name from Mary and Martha's because of its reputation and brand awareness within the community. The shop's being under new management was no consequence to the existing customers provided they continued to receive quality products and service. Mr. Goodman also mentioned the challenges that he faced in the beginning and some that he still faces today in owning a small business. The first that he encountered was that even though he knew the industry, he didn't realize how much hard work goes into the daily operations. The long hours, the uncertainty, and the constant changes were not what Mr. Goodman expected when he initially imagined owning his own business. The second challenge was forming relationships with existing and new customers. Mr. Goodman cited this as one of the most important things in owning a business – building meaningful relationships with people within the community that the business operates. He didn't have a set marketing strategy for pulling in new

customers, but Mr. Goodman said his strategy was to treat people with respect, to deliver quality products and services, and to build relationships, all results of word-of-mouth advertising which is very important in a small business in a small community. The last challenge, one that Mr. Goodman still works on today, deals with human nature, which is unpredictable and, unlike some aspects of business, can't be planned for. He said that what he wasn't prepared for was dealing with the criticism and negative traits of human nature. Mr. Goodman said that learning about and understanding people is an ongoing process that will continue as long as he is in business (Goodman).

When asked about the pandemic and how Mary and Martha's dealt with its consequences, Mr. Goodman remarked that how they handled the first few days was the most important. As Arkansas didn't experience a true shutdown as other states faced, the florists stayed open. Mr. Goodman said that the first bits of the COVID-19 days were the hardest. Proms, weddings, and a lot of other special events were cancelled, which meant severely decreased business for Mary and Martha's, but they persevered and never stopped working. Mr. Goodman mentioned that perseverance was the key because business increased around Mother's Day. Then as weddings were rescheduled, business started to resume as usual with none of the horror stories seen on the news. The masks and decreased capacity can be dealt with but staying open and working through the tough times are what allows a business to succeed (Goodman).

Ludwig's Bakery was first established in the 1920s in South Dakota by Lorraine Mcswain's grandparents, who emigrated from Germany and modelled the bakery's choices around their heritage. Ms. Mcswain reestablished Ludwig's Bakery in Arkadelphia in March of 2020. Ms. Mcswain was involved in the restaurant industry, mainly managing restaurants, for about 40 years before she retired from the industry to decide what was next. Starting a bakery

was always something she had wanted to do and, as she had the experience and family background in the business, she was simply waiting for the right circumstances. They came along soon and after hearing twice about the bakery being up for sale, she decided to carry on the family business that her grandfather had started. Ms. Mcswain decided to continue the tradition of the European style bakery due to her family's German heritage. Ms. Mcswain said that Arkadelphia chose her. She had recently moved from Dallas when this opportunity with the bakery came up. The bakery was already established, and the price was right, so she started developing a business plan and presented it to a lender at a local bank to secure a loan. Ms. Mcswain also outlined her experience in the food industry, as her knowledge of the market afforded her a deeper understanding of the business and what would be expected in the day-to-day operation. Furthermore, her ability to run a business and the uniqueness a German bakery could offer Arkadelphia resulted in securing a small business loan to get started. Ms. Mcswain described her customer base as middle aged professionals. She said a lot of the faculty from Ouachita and Henderson frequent the bakery along with people of German heritage from the surrounding areas. Ms. Mcswain markets to her target customers mainly through Facebook advertising and promotions, email marketing, a lot of word-of-mouth (especially among the German customers), and even some advertising and marketing on Google (Mcswain).

COVID-19 was a big surprise for Ludwig's Bakery. Ms. Mcswain started operations with her sister and two additional employees one week before the national lockdown began in March. She noted that since Ludwig's was already a small operation and not a dine-in bakery, the shift towards curbside pick-up, takeaway, and delivery was not a new concept. They were already a pick-up and eat elsewhere type of establishment, so they didn't have to make any drastic changes to their operations in order to stay in business. Sanitizing, hand washing, and glove wearing were

already provisions being observed; however, these sanitation practices were expanded to include doorknobs, countertops, and other places that are frequently touched by workers and customers. Another measure that was taken was closing the bakery in the event of possible COVID-19 exposure. A measure that has only had to be exercised twice but was necessary for the health of her staff and the customers (McSwain).

Samantha's Bakery and Café was started by Samantha Brown in 2018 and her story and journey are different than most but no less inspiring. Mrs. Brown started baking when she was young and was always encouraged by her aunt and grandmother, who also had a passion for baking. However, that passion was tempered by body image issues that developed as she grew up. Mrs. Brown's mental picture of what healthy women should look like was influenced by society's media and how women are depicted in that media. Her love of baking was challenged as societal pressures reinforced unrealistic body images. Mrs. Brown became an avid dieter, and this did not lend itself to creative baking. However, as she continued through life, Mrs. Brown realized that the only opinion that mattered was her own and giving up her passion of baking was not worth the worries. As she overcame this struggle and learned coping mechanisms, she put forth her effort into her bakery and sharing what she loved with other people. Mrs. Brown uses her story to inspire others and to show that they can enjoy life and food without being guilty or living in fear (Brown).

Mrs. Brown started out to be a teacher but quickly found out that was not the plan for her life. She had always joked about opening a bakery when she retired, but when teaching didn't work out, she decided to pursue it. Mrs. Brown remarked that she felt a bit out of her depth, especially starting out, because she had majored in Education and had neither run a business nor

been to culinary school. She credits her success to her two business-savvy parents and her husband, who majored in Business Entrepreneurship (Brown).

When Mrs. Brown's dream of a bakery came into reality, the first step was finding a location. When asked why she chose Arkadelphia, she always had the same answer: it's home. She went to college at Henderson State University and fell in love with the community, people, and potential that Arkadelphia presented. The two universities were there, and the students provided a large potential consumer market. However, even though the decision to stay in Arkadelphia was easy, the obstacle was finding a building for the business. Mrs. Brown said that the process was extremely frustrating. Each time she would inquire about a building, the owner was not looking to sell. Just as she thought the perfect place would never be found, she came across Samantha's Bakery's current building and made an offer immediately. Another obstacle Mrs. Brown had to face was once everything was purchased and in place, there wasn't an obvious path to follow for the next steps. She knew the end goal but not the steps to take to achieve the goal. Mrs. Brown remarked that her first year of operation was almost all improv and adaptation. She said they learned by their successes and mistakes but there was no better way (Brown).

The way that Mrs. Brown marketed to her customers was unique and as she said, "a little backwards." Mrs. Brown followed the marketing plan outlined in the book *The Pumpkin Plan* by Mike Michalowicz (Brown). *The Pumpkin Plan* tells how to attract and retain customers. Michalowicz says that it's best to pick one customer who is the perfect customer and figure out what they like and want more of. Once that customer is understood, then the business should keep creating and refining their product or service to fit that customer. More like them will follow. This method prevents business owners from spreading themselves too thin and burning

out. This method also makes it easier to focus on the business's underlying purpose and the owner's original passion for the industry (Michalowicz).

Just as with the two businesses discussed previously, Samantha's Bakery and Café was not prepared for the pandemic and its consequences. Mrs. Brown knew it was serious when she was informed that the two universities were closing and all of the students, and her one employee, were being sent home. She adjusted the business operation to curbside pick-up only and created an online menu for customers' browsing needs. After a week of operating this way, the bakery was closed for a couple weeks in order to catch up and determine a better plan of operation. Mrs. Brown made the decision to reduce offerings, like the special and custom order, so that she could focus on what she intended in the first place, offering more diverse, unique items. This decision turned out to be a success and increased the sales tremendously (Brown).

In this paper, the history of small business has been examined. Entrepreneurs and their businesses have had a huge impact in American history and this influence will continue in the future. Many times, in United States history, hardships have come upon small businesses but each time the community endures the difficulties. Whether the tragedy is the Great Depression or the more recent COVID-19, small businesses persevere and thrive. The three local entrepreneurs who shared their stories have experienced these troubles and continue to operate and succeed in the community. These businesses embody the main takeaway from this paper and that is an attitude of perseverance. Mr. Goodman faced decreased sales and cancelled events due to the virus, Ms. Mcswain opened Ludwig's Bakery the week before the nation went into lockdown, and Mrs. Brown lost her only employee when the town colleges closed for the semester. All three entrepreneurs faced the unknown in the face of COVID-19 and each one adapted and found new ways to succeed in the changed business environment.

Perseverance is an essential attitude for all business owners, existing and potential entrepreneurs alike. Business knowledge and a solid idea will go a long way but the true path to success is paved by the dedication that the true entrepreneurs have. As Wayne Huizenga said: “Some people dream of success, while other people get up every morning and make it happen.” The experiences described above embody this quote and a mindset of perseverance. Starting a business begins with a dream and it takes hard work and determination to successfully carry out that dream. Throughout history, entrepreneurs have tried and failed to effectively implement their business, but the ones who succeed had the passion, the dedication, and the working knowledge required to allow their dreams to flourish. Perseverance is the key to achieving the American Dream.

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