

## Research on the Development Problems of Small Business Management

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**Abstract:** Small and micro enterprises play a very important role in economic development. Internationally, these enterprises in the United States, Germany and Japan contribute about 50% to economic development and 60%-70% to employment. Many countries are experiencing a wave of increasing number and scale of enterprises. At the same time, some star enterprises are emerging. However, many enterprises die prematurely due to various reasons when they grow to a certain stage, especially small and micro enterprises. As an important part of the economy, small and micro enterprises also occupy an important part in expanding employment channels, innovating technology, optimizing industrial structure and improving economic benefits. Nevertheless, there are many problems in the development of small and micro enterprises, which hinder the development of enterprises. In this paper, a typical case of BPA is analyzed, and the corresponding strategies are put forward for the problems.

### 1. Introduction

The development of small and micro enterprises is essential to every country in the world[1-3]. For example, the number of small and medium-sized enterprises in China accounted for 99% of the total number of enterprises, and provided nearly 80% of urban jobs[4]. The proportion of technological innovation achievements accounted for more than 75% of the total number. The added value of products created was equivalent to 60% of China's GDP. At the same time, small and micro enterprises account for about 97% of minor enterprises. It has to be admitted that small and micro enterprises have become an important basis for maintaining the steady development of the national economy and have played a indispensable role in the process of economic and social development, especially in promoting the economic growth, industrial restructuring, product technology innovation, improving national living standards, solving employment problems and building a harmonious society The role of the government.

In fact, all countries in the world are encouraging the development of small and micro enterprises, which is not only an improvement method of economic development, but also fundamentally alleviates the employment pressure[5-7]. Whether in Europe, the United States or Canada, small and micro enterprises provide a considerable number of jobs. Therefore, all countries have laws, regulations and incentive policies specifically for small and micro enterprises. For example, the United States, which has many small and micro enterprises, promulgated and implemented the small enterprise act as early as 1953. According to the law, the US federal government has set up the small business administration, which is dedicated to providing a variety of help and advisory services for a large number of small and micro businesses, so as to protect the interests of small and micro businesses.

Although small and micro enterprises contribute a lot to the country's economic development, their own development is very difficult[8,9]. According to the report released by China Association of small and medium enterprises. There are many reasons to restrict the development of small and micro enterprises. In addition to the external factors such as the rising prices of raw materials and labor costs, the lack of a good credit system leading to financing difficulties, and the internal factors such as its own simple and extensive management and vague development strategy, it also has a great restricting effect on its rapid development[10-12].

Therefore, this paper focuses on the problems during development of small and micro enterprises. The process is combined with a case study of BPA competition. According to the detailed analysis

of specific examples, we map out the development limitation of small and micro enterprises and the strategies to be adopted.

## **2. Case Description**

Here we adopted a case in the Small Business Management Team of BPA to analyze. For example, a local business owner, Katie Jones, is looking for ways to improve her photography business. She has been taking professional photos for several years and has built clientele from the local area and surrounding cities. She takes photos for weddings, birthdays, family pictures, and other significant life events. The business keeps her extremely busy and takes away a significant amount of time from her family and other personal pursuits. She would like to spend less time working in order to spend more time with her family and pursue other types of photography but has to continue making the revenue she has been making in order to make her business worth her time and pay for equipment upgrades. She has hired your team to help her devise some business strategies that will help her continue her business and achieve her personal goals.

Currently, a client will book an appointment with Katie. She will prepare for the event, take the photos, and then spend time editing the photos and creating the products the client asks for. Most of the products Katie prints are outsourced and shipped to Katie, who then delivers the products. The majority of products are just normal photo prints of different sizes. She has thought about creating new products, but isn't sure what to create or if the cost will be worth it to her clients as they order what they specifically want. Her prices are all individually contracted without a pricing system because each event and its needs are uniquely different.

Katie has thought through some of the obvious factors. She knows she needs to generate more revenue. She could easily charge more money across all levels of her business, but since most of her clients are local, charging more money will break the personal connection and they will hire a different photographer for less money.

Another limiting factor is time. She has thought about hiring help. Having help with taking and editing photos would easily free up her time, but she is worried about quality control and still making enough money for herself after paying for the employees. Another position she has thought about hiring is an assistant who helps with scheduling, but again is afraid that her revenue stream is not large enough to cover the new expense.

## **3. Problem Analysis**

It supposed that Katie Jones hired a team to help her devise some business strategies that will help her continue her business and achieve her personal goals. However, after analysis, Katie Jones actually face several problems: (1) Wants to make more money while spending less time on work, which takes a long time to take photos, repair drawings and make products. Entrepreneurs are easy to be more tired because they are prone to get trapped and lose their thinking ability; (2) Needs to make a standard of workflow, and there are too many links involved in the workflow, so it must optimize each process if Katie Jones wants to extricate ourselves from it; (3) Should set a reasonable pricing system, price is the core factor of services and products, and also directly affects the profit level, which can not be single or too complex; (4) Should reorganize all current products' categories, the coexistence of standard products and personalized products is a relatively ideal product system; (5) Considers that setting a higher price but she afraid that her consumers will leave, it can take into account factors such as price elasticity and increase profits; (6) Worry about whether it is worth to hire new staff, the improvement of efficiency and the increase of cost will undoubtedly make people hesitant.

In order to make a better plan, it needs to analyze his working environment first. Since Katie Jones' photo studio is a local one, she has following characteristics, including great neighborhood relations, fixed market, and strong professional competence. Whereas she also suffer from her small business scale, personalized management, and she is hard to raise prices. This is her current business conditions.

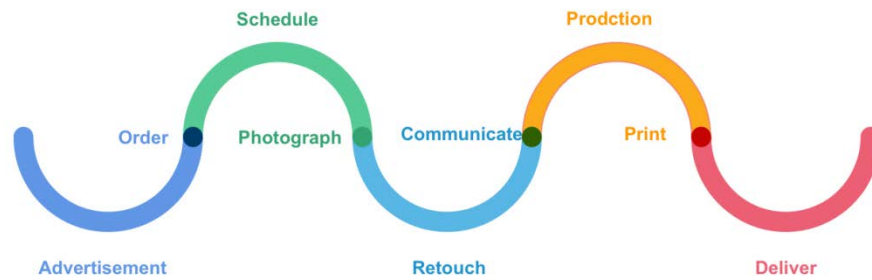


Fig.1 Work Flow of Photography Business

#### 4. Solution

We suppose that she need to make multiple changes in order to take advantages from replaceable jobs and the publicity effect of the Internet. Nevertheless, it also faces some potential risks. For example, customers may leave due to our changes and it is hard to make profits if Katie Jones hire new employees. Besides, it need to detail the plan down to every step. Hence, we summarize her workflow as shown in Fig.1, including how to let consumers order her services, schedule, taking photos, retouch pictures, communicate with consumers, producing, printing, and delivery. Some of them are pre-sale services, some are after sale operations. A reasonable way to improve essential parts of the workflow in order to create a satisfactory business condition for her (spend less time but make more money).

To do something interesting while having commercial benefit to the studio, Katie can just go to pedestrian street and take street snap for people. The people with unique macroscopic features would be chosen to be the model and attract more people. Then Katie will adjust the angle and the model's makeup to take a delicate photograph. In order to embody Katie's capability, the photo will be then send to Photoshop and under a serious of retouching process. Eventually, Katie posts these final works on tiktok or twitter to gain high media exposure. Meanwhile, Katie's camera studio would set up a website including photography reservation, shooting style and retouching method selection and feedback about the photo. People who willing to take photo in Katie studio would has to log in the website to reserve the service and choose their available time so that the website make arrangement. Besides, she could set up a questionnaire on the website to study what kind of photo customers prefer, and design a more popular product. After people finish reservation, they need to decide the shooting style and retouching methods to be used. In this case, the studio would pick samples of photo from the street snap and exhibit it on the website. Each sample includes a comparison of the original and retouched photo in order to embody a specific shooting style and retouching method. For those who are not satisfied with the final version, there is a webpage for people to give feedback to studio and enhance the service quality. But you may ask, why do we build this website? What does this website contribute to the studio? Well, first, a website would substantially economize katie's time on arranging all the people who come to take photo since the website arrange all the reservation for Katie. Second, for most people, shooting style might be too professional for them to recognize, so they can't properly express their needs. But if we offer them several choices, they will easily find out which style they appreciated. In this way, Katie will save a lot time in interpreting the professional and elusive photographing techniques.

As for the operation management, it needs to separate it into four sections. The first one is the standardized products, the second is makeup and clothes, the third is staff employment, and the last is delivery. We first need to talk about standardized products, it thinks that Katie Jones needs to make a standardized of her products. For example, taking pictures for engagement is 1275dollars, only take pictures for bridal is \$1800, or all-inclusive, a combo, combine the engagement and bridal session are 2550 dollars. This will be able to help her to unify the price of each product, and customers will be easy to pay for these products because they can easily select the goods they want and pay for them. In this way, photo package can also increase the purchase rate. In addition, Katie Jones can cooperate with a neighbor's shop, including cosmetics store or clothes shop. Customers will be able to make an

additional option about make-up or not, and if they choose to makeup and clothes, the staff members of cosmetic stores and clothes stores will come to the photo studio, and help customers make up and dress before they taking the photos. And Katie will be able to allocate the profit to her participants that take part in cooperation, and this is sharing economic that can not only benefit the Katie's photo studio but also benefit the cosmetic clothes stores.

Besides, if Katie Jones wants to save more time to do other jobs, she should hire staff members for retouching and communicating with customer, the most time-consuming and boring work. According to the previous experience, she could built a set of retouching standards. At present, Katie Jones can hire a staff working from home and choose to pay their salary based on the retouched numbers. In order to motivate them to work better, the bonus will be allowed with 5- star rating in the website. Finally, in previous operation, Katie Jones photo studio need to send photos to the print company, and after printer print and frame the photos, they send back to the photo studio, then Katie Jones will send to the customers. It should be considered that Katie will cost some money and time in this way, so we suggest Katie Jones can custom the packaging and let the printer directly send to the customers instead of sending it to the photo studio

## 5. Conclusion

As mentioned above, the problems encountered by small enterprises in the development process are very typical, and of course, they are full of many opportunities. It is the advantage of this kind of enterprises to make a good try. How to make use of the surrounding resources and the convenience of the Internet to enable enterprises to truly create value and serve the society is the key point. In addition, small and micro enterprises are an integral part of the national economy, and their healthy and rapid development has an important impact on the social progress and economic development. The reason is that this kind of market subject has more vitality, more flexible mechanism, high efficiency, rapid development and other obvious advantages than traditional enterprises. However, the external fierce market environment and the constraints of small and micro enterprises restrict their growth. Such as Katie Jones's photography business, this paper investigates the obstacles affecting the development of small and micro enterprises from many aspects, including tiktok, interacting with neighbors and online work style. Afterwards, it puts forward corresponding countermeasures to solve them. It is worth noting that this paper only uses a typical case, and there are many problems worthy of thinking in the future study.

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Zhicheng Wang, Zirui Chen, Cheng Xu, The three authors contributed the same to this article, and they are ranked in no particular order.

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