

Ideas, small but perfectly formed



Roadside MBA: Back Road Lessons for Entrepreneurs, Executives and Small Business Owners. By Michael Mazzeo, Paul Oyer and Scott Schaefer. *Grand Central Publishing*; 304 pages; \$27. *Macmillan*; £12.99. Buy from [Amazon.com](https://www.amazon.com), [Amazon.co.uk](https://www.amazon.co.uk)

THE most irritating thing about management writers, even more irritating than their addiction to jargon, is their penchant for recycling examples. They habitually illustrate the importance of good service with a reference to Southwest Airlines and its (over) friendly staff, or the virtues of ethical crisis-management with Johnson & Johnson and its blanket recall of Tylenol. The surge of interest in emerging markets in the early 2000s expanded the litany of examples a little. But even these soon became formulaic. Management writers continued to sing the praises of the Nano, Tata Motors' exercise in frugal innovation, long after Indian consumers had decided to return the keys.

A few years ago three business-school professors—Michael Mazzeo of Northwestern University's Kellogg School of Management, Paul Oyer of Stanford University's Graduate School of Business and Scott Schaefer of the University of Utah's David Eccles School of Business—decided to explore the back roads of the United States in search of “real world” American business. Seven road trips took them to every corner of the country. They visited small towns such as Hickory, North Carolina; Pensacola, Florida; Council Bluffs, Iowa; and Liberal, Kansas, in search of examples of such business-school favourites as barriers to entry, product differentiation, incentives and delegation.

They studied small-town law firms and dentists' offices, talked to businesspeople who specialise in

manufacturing windsocks, collared entrepreneurs who had built huge amusement parks out of nothing. Along the way, they acquainted themselves with a host of horrific pieces of Americana, from a flamingo-themed hotel in Idaho to peanut-butter burgers in Mississippi and standard-issue cheap motels pretty much everywhere. The authors quip that they themselves have the perfect barrier to entry for any potential imitators in the fact that nobody else in their profession would be willing to put up with life on the American back road.

“Roadside MBA” can be irritating in its own idiosyncratic way. The authors, who are all professional economists as well as business-school professors, illustrate the one solid rule of their profession, that economists are never as funny as they think they are. Their breezy tone soon becomes annoying. Their attempt to turn themselves into characters is tiresome. But the book nevertheless succeeds admirably in its main aim, providing fresh examples to illustrate the basic tenets of MBA theory. In doing so it cleverly addresses two different markets: MBA students who want fresh grist to their mills and roadside businesspeople who want an introduction to management theory.

To produce a few examples from many: Saint Joe Distributing, a tobacco-and-candy distributor in Saint Joseph, Missouri, chooses its operating hours in order to attract a specific sliver of the workforce. “We’ve found our best workers are single mums with a couple of kids and a deadbeat ex-husband,” one manager tells them. Braces by Burris, a dental practice in Jonesboro, Arkansas, runs a hub-and-spoke system: a centralised office that takes care of all the administration and a collection of satellite locations which the staff visit, sometimes by plane, on a rotating basis. Prodew Inc, of Marietta, Georgia, has invented an innovative “misting machine” that can keep vegetables from drying up horribly in supermarkets (“We call it ‘plug and spray’.”)

These small companies are constantly under threat of being crushed by “big boys” who can outcompete them on everything from price to choice. But they have a keen sense of their comparative advantage. They understand their local markets: Preston McKee, the owner of Morris-Baker funeral homes in Johnson City, Tennessee, says that he understands the television habits of the locals, giving him an advantage when it comes to advertising (“All the homes around here have two La-Z-Boy recliners directly across from a big-screen TV”). Small firms circulate information better than bigger companies: GPS Source, which is based in Pueblo, Colorado, and specialises in boosting GPS signals, can compete with much larger companies because its engineers and salespeople are constantly talking to each other. They can pay more attention to detail. Erik Prenzler, the boss of Prenzler Outdoor Advertising, in Bloomington, Illinois, knows all the best local spots to put billboards—for example, where the stop light lasts the longest—and he constantly drives around the town to make sure that his ads are properly illuminated.

The picture that emerges from “Roadside MBA” is a surprisingly uplifting one: of a country that is still abuzz with enthusiasm for business. The authors kept coming across people who love what they do. Tom

Swenson, the founder of the Bank of Montana, is so proud of his profession that he called his second son Hamilton after Alexander Hamilton, the first secretary of the Treasury and the founder of the Bank of New York. They also kept meeting people who devote extraordinary genius to solving important problems: TiLite, in Pasco, Washington, makes high-quality wheelchairs out of titanium, which is easy to customise and absorbs vibrations. For all the disasters that have emanated from Washington, DC, in recent years America's roadside businesses are still doing a remarkable job of changing the world for the better.

Correction: Alexander Hamilton was the first secretary of the Treasury and the founder of the Bank of New York, not the founder of the Federal Reserve, as we originally wrote. This was corrected on July 14th 2014