Academic BRASS

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Company Research Strategies for Entrepreneurship: What to do when NAICS/SIC Fall Short

Background

Starting a business requires a lot of research, which I know from firsthand experience. In addition to my personal experience as an entrepreneur, I have spent my entire career in business librarianship serving entrepreneurs and entrepreneurship students with their research needs. I worked with startups at the Domi Ventures accelerator in Tallahassee as a Business Library Intern at Florida State University, and I worked with the participants of the PowerUP! Business Plan Competition as a Business & Career Librarian at Brooklyn Public Library before moving to San Diego State University (SDSU). Currently, I provide market and business research services to the businesses in the ZIP Launchpad incubator at SDSU, but I also work with students from all disciplines on their projects in the entrepreneurship courses. At SDSU, we have an entrepreneurship specialization in the MBA program and within the management major, but we also have an entrepreneurship minor that is open to all majors. Every undergraduate student with an entrepreneurship major or minor, is required to take the courses MGT358 Fundamentals of Entrepreneurship and MGT460 Business Plan Development. This means that I have seen my fair share of complicated business planning and market research questions at the co-curricular and curricular levels.

Company Research Challenges: The Limitations of NAICS/SIC

Based on my experience providing research assistance to entrepreneurs and students in entrepreneurship courses, I have found that the questions pertaining to company research can be some of the most challenging. Finding targeted lists of companies for sales leads, sourcing products or services, or performing a competitive analysis can be a very tricky endeavor if the product or service does not fit neatly into a NAICS or SIC classification. For example, candles manufacturing falls under the NAICS code 339999 (All Other Miscellaneous Manufacturing) along with hairpiece manufacturers and companies that manufacture electronic cigarettes (U.S. Census Bureau, 2017a). If I wanted to price out the cost of custom candles from a manufacturer who produces private label products, using this NAICS code in a company database would not produce a very useful list.

Unfortunately, this is just one example of the limitations that NAICS or SIC codes present when conducting entrepreneurial company research. Large conglomerates often operate in several business categories, and it is very possible that a NAICS or SIC search will

exclude some very large brands and companies. When I am teaching this concept in my instruction sessions, I use LVMH, or Moet Hennessy Louis Vuitton, as an example of this. LVMH is an international conglomerate that manufactures luxury goods in categories ranging from leather goods and watches to clothing, but they also distill liquor and produce wines and champagnes, such as Dom Perignon. In the Mergent Online database, LVMH is listed with the NAICS code for distilleries as its primary code, and women's apparel is not even listed as a secondary code. This means that a search for women's clothing manufacturers using NAICS would exclude brands like Dior and Givenchy (n.d.). Fortunately, there are other tools in the business librarian tool belt that can help with company research when these codes fall short.

Useful Research Strategies

Below, I have highlighted some the strategies that have allowed me to find targeted lists of companies or brands for the purpose of competitive analysis, sourcing, or lead generation when NAICS and SIC fell short. In addition to highlighting the kinds of resources that can be used, I have also included some examples based on my personal experiences.

Exhibitor Lists and Membership Directories

Out of all of the resources for finding targeted lists companies, I have found exhibitor lists from trade shows and membership directories from trade associations to be the most useful. Traditionally, you would use reference sources such as *Trade Shows Worldwide* or the *Encyclopedia of Associations* to find the most pertinent associations or trade shows, but advanced Google searching has become a very effective way to find associations and trade shows. A lot of trade organizations have .org domain names, so using a site:org search in Google could really help you refine this list. Also, several of the industry report databases, such as Passport GMID, IBISWorld, and the First Research reports from Mergent, have links to pertinent associations, trade publications, and trade shows.

Example use of an Exhibitor List. I once had a request to find lists of companies that would build a custom bar for a new food service establishment. There are various industry codes associated with contractors but there aren't any codes for contractors who specialize in building restaurant grade bars with a proper three sink. Luckily, the Exhibitor List from the Nightclub and Bar Show had some great advanced search features which included "Décor/furniture/design" and "Furniture" as categories (n.d.).

Example use of a Membership Directory. Sometimes the membership directories from trade associations are behind a paywall, but they are always worth investigating when you are looking for companies that provide products or services to clients in a particular industry. For example, I was once asked to find companies that provide banking services to companies in the marijuana industry. The NAICS codes for commercial banking and other financial services are well defined, but I'm sure that very few of the companies from those lists would be willing to work with companies in the cannabis industry. Luckily, the National Cannabis Industry Association has a free membership directory and "financial services and payment solutions" is one of the categories (n.d.).

Advanced Article Searches – Trade Publications, Local Business News, and Buyer's Guides

Articles are an invaluable tool when conducting almost any type of business research, and there are a few article search strategies that are extremely useful for conducting company research. Based on my experience, I've found that specialized trade publications and buyer's guides are extremely useful for finding competitors in a niche product or service category. I have also found that regional business news and local newspapers are extremely useful for finding local competitors.

Example use of Specialized Trade Publications. I once had a patron who was looking to find potential competitors for a tracking device for snowboarders. When I used another fitness tracker, Fitbit, to get a NAICS code, the code that I found was 339920 (Sporting and Athletic Goods Manufacturing). This code includes everything from archery equipment to fishing tackle and probably wouldn't be that useful (U.S. Census Bureau, 2017b). I found some great example competitors, such as the Alpine Replay company, by searching for articles in *Sporttechie*, *Wearables.com*, and the *Adventure Sports Network* (formerly *Transworld Business*). Unfortunately, none of these publications are in article aggregators like ABI/INFORM and Business Source Premier. Out of curiosity, I searched the Factiva title list on ProQuest's website, and none of these publications were in Factiva either. The real lesson here is that advanced searching in Google for web-based trade publications is a very worthwhile strategy if you are falling short in the article aggregators.

Example use of Local Business News. There are certain industries, such as craft food and beverage products, where locally produced products have an edge in the market. In these instances, local publications can be a great place to find competitors in a particular product or service category where the NAICS codes are too broad. For example, I was once asked to find hot sauce manufacturers in New York City. I thought this would be a quick ReferenceUSA search, but the two codes that this could have fallen under, 311421 (Fruit and Vegetable Canning) or 311941 (Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing) were extremely broad (U.S. Census Bureau, 2017c; U.S. Census Bureau, 2017d). Luckily, I found articles about the New York City hot sauce market in *Crain's New York* that specifically mentioned companies, and these articles led me to the website of the New York City Hot Sauce Expo, which had plenty of companies listed.

Example use of a Buyer's Guide. Buyer's guides are a source that we turn to frequently as consumers, and they can be just as useful to business librarians conducting company research. For example, I was once helping an aspiring wetsuit manufacturer find the top competitors. Wetsuits also fall under the code 339920 (Sporting and Athletic Goods Manufacturing) which is far too broad to produce a manageable list. My knowledge of this product category also made me realize some of the other limitations that these codes could present (U.S. Census Bureau, 2017b). Some of the biggest wetsuit manufacturers, such as Billabong and Patagonia, also make clothing so it is hard to say whether they would have the proper NAICS code consistently attached to their database records, and some of the wetsuit manufacturers, such as Hurley, are subsidiaries of a larger public company and may or may not appear in certain company database searches. Luckily, Surfline publishes a Buyer's guide for wetsuits that includes detailed "Specs" and "Perks" (Surfline, 2018).

Specialized Directories (Both Print and Online)

Specialized directories that create more specific organizational categories than NAICS or SIC codes will always have a place in business research. ThomasNet, formerly the *Thomas Register*, is an example of an extremely detailed supplier directory. The website states that it has listings for over 6 million industrial products, which is very granular, and it's free! Also, do not underestimate the print directories. We have a Sports MBA program at SDSU, and the *Sports Market Place Directory* from Grey House Publishing is a very valuable resource. If a university is looking to hire recruiters for the basketball team, this is not something that a NAICS or SIC code would help you find. On the other hand, you can crack open the *Sports Market Place Directory* and find the listings for "Student Athlete Recruiting Services."

Consumer Review Sites

According to Anthony Bourdain, "There's really no worse, or lower human being than an elite Yelper (Morabito, 2017, p.2)," but websites like Yelp, Google Reviews, and Zagat can be a business librarian's best friend. NAICS codes and SIC codes are fairly useful when you are looking for pizza places or ice cream parlors, especially in databases that narrow the codes further like ReferenceUSA, but consumer review sites like the ones listed above give you even more search capabilities. On these websites, I can figure out which pizza shops have gluten-free options and which ice cream parlors have vegan ice cream options. That may sound absurd, but those are questions that I have encountered in New York City and in California. Keeping up with trends like this is one of the things that makes researching companies challenging, but it also makes it exciting. My experience with these questions has taught me that these are some tried and true methods for finding company information when the industry codes fall short.

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