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Building an Entrepreneurial Business Model: The Case of MKM Building Supplies Ltd

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Abstract

Adopting the metaphor of a story, the case study explores and offers insight into the creation and operationalization of an innovative business model by an entrepreneurial firm that challenged and disrupted the competitive dynamics of an established industry sector, namely building supplies. The case is focused on MKM Building Supplies Ltd and its co-founder's entrepreneurial approach to business model innovation in creating a sustainable start-up business model aimed at market disruption. The entrepreneurial business model is operationalized by a strategy of growing, primarily organically, a national network of branches together with the creation, delivery and realization of value in the form of superior service from their hand-picked local managers who are focused on customer relationships and local markets. The firm is both ethical, whereby humanitarian risks are minimized in their global supply chains, and philanthropic, whereby the branches are also committed to supporting their local communities. The case engages students to consider the impact of entrepreneurial business model thinking and innovation and also the local-national-international tensions in global value chains.

Keywords

Business Model Innovation, Business Model Thinking, Entrepreneur, Philanthropic, Start-up, Value.

Learning outcomes

The case study provides a starting point for students to engage in evidence-based discussions about how entrepreneurs employ business model thinking and business model innovation as part of the decision-making process. The case study also:

a. Enables students to consider how entrepreneurs create, deliver and capture value in pursuit of novel and sustainable business opportunities.

b. Challenges students to consider the impact of how an entrepreneur created and operationalized an innovative start-up business model that challenged and disrupted the competitive dynamics of an established industry sector.

c. Confronts students to engage in a broader discussion about the unique challenges and opportunities presented to entrepreneurs regarding the future direction of a business.

Introduction

MKM Building Supplies Ltd is an independent builders' merchant based in Kingston-upon-Hull, East Yorkshire. The case focuses primarily on David Kilburn, the co-founder and current executive chairman, and his entrepreneurial approach to the development of a new start-up business model[2]. The concept of the business model gained prominence during the dot.com era of the late 1990s and has since generated widespread interest among entrepreneurship scholars (Spieth et al., 2014; Wirtz et al., 2016). Despite the high level of attention that has been paid to business models, the concept still represents "a slippery construct to study" (Casadesus-Masanell and Zhu, 2013: 480) and hence provides a wide range of opportunities for future study (Spieth et al., 2014). Based on qualitative research and adopting the metaphor of a *story* (Magretta, 2002), the purpose of this case is to provide a detailed account of the creation and operationalization of an innovative business model by an entrepreneur that challenged and disrupted the competitive dynamics of an established industry sector. Selling a commodity, such as building materials, is a competitive, cyclical

[2] The case is offered with the support and knowledge of the named participants.

and slow-growth trade where the common approach is to gain economies of scale by building volume. Arguably, it is difficult for competitors to retrofit a service culture to businesses focused on scale. However, according to Levitt (1980), there is no such thing as a commodity as *all* products can be differentiated. Instead, David's strategy was to build his business based on customer service. Value is attached to a product in proportion to its customers' perceived ability to meet their needs or solve their problems (Levitt, 1980). According to Massa et al. (2017), as firms re-invent value by involving *customers* and *complementors* in value creation, this adds a novel perspective to business model research. In terms of customers, David did two things to build customer service into the structure of the firm. First, as the branches are the main customer interface, they are the primary focus. The head office supports them. The second is to ensure that each branch is led by the right people whose interests are aligned with the firm. The result is superior service focused on customer relationships and an attunement to a series of local markets. These customers, in particular small builders and tradespeople, are highly sought after as they are more loyal and their businesses are less cyclical. In terms of complementors, the firm is both ethical, whereby humanitarian risks are minimized in their global supply chains, and also philanthropic, whereby the branches are committed to supporting their local communities. However, the decision making processes of entrepreneurs are considered to be a poorly understood phenomenon (Pattinson, 2019), and hence in considering the case, challenges students to consider the impact of entrepreneurial business model thinking (Zott and Amit, 2010) and business model innovation (Chesbrough, 2010) in creating and operationalizing a sustainable start-up business model.

Entrepreneurial business models

Several studies have acknowledged that the term *business model* appeared to gain increasing importance since the dot.com era in the late 1990s (see for instance Doganova and Eyquem-

Renault; Mason and Spring, 2011; Magretta, 2002; Wirtz et al., 2016) and the term is increasingly being used in everyday business parlance. According to Magretta (2002: 91):

> "Every viable organization today is built on a sound business model, whether or not its founders or its managers conceive of what they do in those terms."

Using a metaphor for explaining what a business model does, Magretta (2002: 87) refers to the concept as *stories*, "stories that explain how enterprises work", whilst others use terms including *mental models* (Storbacka and Nenonen, 2011) and *recipes* (Baden-Fuller and Morgan, 2010). Magretta (2002: 88) adds:

> A "successful business model represents a better way than the existing alternatives. It may offer more value to a discrete group of customers. Or it may completely replace the old way of doing things and become the standard for the next generation of entrepreneurs to beat."

Since the late 1990s, many definitions of business models have been proposed and the concept has evolved as a distinct unit of analysis (Tongur and Engwall, 2014; Zott and Amit 2013). The concept is commonly used to identify how firms create, deliver and capture value through revenue generation (Biloshapka and Osiyevskyy, 2018; Rajala and Westerlund, 2007). It is customers who are seen as the arbiters of value and the centrality of value creation for customers cannot be overemphasized (Priem et al., 2018). A value proposition is the promised set of benefits a firm offers to its customers thus, the proposed value and the benefits customers derive from the value propositions have to be appealing to them (Biloshapka and Osiyevskyy, 2018). In other words, the more tempting a firm's value proposition is for customers, the higher the probability that they will purchase. However, whilst novel value propositions derived from customer value can make a significant

contribution to business model performance, the concept is poorly understood (Skalen et al. 2015).

Entrepreneurship is about "the process of creating or seizing an opportunity and pursuing it to create something of value" (Glassman et al., 2003: 354). Innovation, as the translation of ideas into commercial products/services, has long been considered central to the entrepreneurial process (Drucker, 2002; Schumpeter, 1950). Consequently, there is a strong connection between innovation and entrepreneurship (Spieth et al., 2014). It is the fresh start-ups that regularly shake up the established status quo of an industry by introducing new and innovative business models (Hamel, 1998; Mitchell and Coles, 2003). Start-ups are usually small in size and often find themselves competing with established incumbents. Thus, they have to overcome major disadvantages to become established and to gain market share (Aldrich and Auster, 1986). Start-ups can rarely compete with scale so implementing a well-matched business model is a promising option for small firms to differentiate themselves from established companies (George and Bock, 2011; Kesting and Gunzel-Jensen, 2015). Through the development of business models based on their respective strengths, i.e. their competencies, networks and available resources, they are better equipped to compete (Aspara et al., 2010). One start-up firm's entrepreneurial business model that *did* compete with scale is MKM Building Supplies Ltd.

Background to the business model

MKM Building Supplies Ltd was co-founded by the firm's current chairman, David Kilburn, and Peter Murray, as a start-up independent builders' merchant based in Kingston-upon-Hull, in 1995. Twenty-five years later, the firm has grown, primarily organically, into one of the

largest independent building supplies firms in the UK, with over seventy branches across England and Scotland. David explains:

> 'The site in Hull was always going to be a large, local business but, at that time, we didn't anticipate opening other branches.'

Following a chance phone call from a former colleague who asked if the firm would be interested in opening a second branch, the business model was conceived. David explains that the firm has been likened to a franchise, albeit with important differences. Sales of building materials are a competitive and cyclical market with slow growth. David's strategy was to build his business to create, deliver and realize value in the form of *service* and the firm is built on the notion that its locally-based employees, who understand the needs of its locally-based customers, should serve the local trade by the offer of superior levels of customer service. Despite his success at growing the firm hitherto, David reluctantly accepts the label of an entrepreneur:

> 'People talk about what is an entrepreneur and that's a very interesting subject on its own… but I don't describe myself as an entrepreneur but other people would do. I guess on the basis that I run my own business, I must be an entrepreneur.'

The ownership of the firm is divided between David, a number of company directors and investment institutions. Each branch is incorporated as a separate limited company, which forms a subsidiary company. MKM Building Supplies (as the holding company) owns a seventy-five per cent share of each branch business with the remaining twenty-five per cent being owned by the branch manager who is responsible for driving the firm's relationships at branch level with their local customer base. The branch properties are leased from various property development firms who invest capital and build the branches in return for long-term lease commitments. David explains:

> 'We don't buy any premises; we lease all of our premises because we want as much working capital as we possibly can. […] So we need to find a landlord who is prepared to make the investment and build.'

Each new branch requires an investment of approximately three quarter of a million pounds. Mark (Finance Director) discusses the firm's risk exposure when purchasing the inventory for a new branch business:

> 'Every new branch requires an investment of about three quarters of a million pounds every time we do it, so the return on that hopefully comes very quickly but sometimes it doesn't... so yeah it is a big risk but we feel the business model we have, if we get the right person... we've opened seventy branches now and only ever got the wrong person four to five times. So we've got a very good track record of employing the right branch managers.'

The organizational structure of the firm is flat and de-centralized. In order to support its geographically diverse branch network, David created a central team based at its head office in Kingston-upon-Hull to provide support services to the individual branches in administrative areas such as finance, human resources, information technology and procurement.

Empowered customer-focus

The products the firm sells are ordinary. Therefore, David's strategy was to build his business based on customer service. David did two things to build customer service into the structure of the firm. First, as the branches are the main customer interface, they are the primary focus. The head office supports them. The second is to ensure that each branch is led by the right people whose interests are aligned with the firm. David strongly believes that the branch managers and their teams make the difference to the business and motivates these managers to strive for constant improvement, through empowerment and the freedom to make well

informed and measured decisions. Typically, each branch manager joins the firm with a background running a successful branch for one of the firm's competitors, but where they would have enjoyed much less freedom to make their own management decisions. The attraction of joining the firm is that it offers the opportunity to own a financial share of their branch, the potential for uncapped earnings, as well as the opportunity for more management autonomy. The interviews are undertaken personally by David who discusses the reasons why his firm manages to attract branch managers for its new branches from its local competitors:

> 'So a typical new branch manager would be somebody who would initially approach us... they'd been working for Travis Perkins, Jewson or somebody like it and they'd been running a branch successfully in an area for four or five years. They're sick of the controls that these companies are putting on them, you know... very little freedom to make their own decisions, you know… they're just gate keepers really looking after the shop. So they want something more out of it... like they want higher earning potential. They are managers of their own destiny.'

David adds that he also sees his hand-picked branch managers as entrepreneurs:

> 'They are entrepreneurs, they are hungry to find new customers, they are hungry to make sales… drive the sales, hungry to make sales as profitable as they can.'

However, these branch managers are *not* required to manage risk and therefore don't evidence the risk-taking propensities commonly associated with entrepreneurs. David explains that all of the risk is borne centrally by the firm:

> 'They [the branch managers] want to have lots of input into the running of their branch so that's all part of our flexibility in helping them to fulfil their ambitions which is to run their own business but actually not take all the risk because actually there's no risk to them because they haven't got their branch on the line... sorry they haven't got their cash on the line. All the risk is ours.'

However, David's view of his branch managers as entrepreneurs was questioned by Mark:

> 'David calls them entrepreneurs… they're not entrepreneurs in the truest sense of the word… but let's call them entrepreneurs for a minute... and if you've got entrepreneurs on my left hand and on my right hand you've got employees, we want our people over there. What I think tends to happen is the unsuccessful ones migrate back to feeling like employees, they draw their salary every month, they still have their company car and they maybe give up on the opportunity of making dividends because they can't see that they will ever achieve it.'

The firm's de-centralized organizational structure aims to establish a balance between empowerment, local autonomy and centralized control. David elucidates further:

> 'We don't classify ourselves as a head office, we class ourselves as central support and we do exactly as that sounds... whatever it does to support those branches in whatever it is. We can't dictate from here... well to a certain extent anyway. The branches can opt out from here... they can purchase from elsewhere if they so wish.'

Mark discusses the empowerment of the branch managers using the term *number-one asset*:

> 'David is still in charge of the company and whilst all of us here support the branches, the branch managers themselves are empowered… I mean have an awful lot of autonomy to make their own decisions about the running of their branches.'[…] 'We recognize that our success is down to our locally-based people through their knowledge, skills, attitude and performance… they are our number-one asset.'

The firm has also seen the benefits of apprenticeships, particularly with employees in senior positions who have progressed from an apprentice level. Therefore, the firm takes part in the National Apprenticeship Scheme to give 18-24 year olds' a start in the building supplies business.

Procurement

Whilst the firm is one of the largest building supplies businesses in the UK, it is still relatively small in comparison to its competitors. In terms of procurement of stock for the branches, due to the firm's relatively small size, it participates in a purchasing co-operative with other smaller building supplies firms across the UK. David describes his firm's participation with the purchasing co-operative:

> 'We join forces with other builders' merchants across the country as well in sub-buying groups if you like where we buy collaboratively together so we can get the better deals so we might buy 4,000 tonnes of cement for example a year but the group that we belong to might buy 40,000 tonnes so we get the price for 40,000 tonnes rather than 4,000 tonnes and so on.'

This purchasing co-operative is an arrangement to agree to aggregate demand in order to achieve lower prices from selected supply chains. The firm also recognizes it has supply chains which are considered to be a higher risk of being involved in slavery or human trafficking and has implemented systems and controls, including training its teams in the Modern Slavery Act, to remove these risks from their supply chains. Whilst the firm's centralized procurement helps to keep the cost of stock as competitive as possible, the branch managers are nonetheless free to procure stock from alternative suppliers.

Philanthropy

The firm is a benefactor to their local communities and supports them in a number of ways. Both the branch-based and head office-based teams are strongly encouraged to engage with their local communities, whether by sponsoring nearby sports teams, raising funds for charity, supporting local places of learning or supporting local suppliers. For instance, as the firm's roots are in Kingston-upon-Hull, the firm sponsors the Kingston Communications (KCOM) Stadium (home of Hull City AFC and Hull FC). David comments on the firm's relationships with their local communities:

> 'We like our branch managers… as well as our staff based here of course, to get involved personally with local charities, schools, sponsoring stuff, helping them out and that kind of stuff. We like to give something back.'

Building the reputation of a local business through supporting charities, sponsorship and volunteer work can be an effective promotional strategy for a firm. Many of the firm's branches support their local schools and colleges placing a keen emphasis on the role of apprentices in the business. The firm is also keen to support young entrepreneurs with many employees heavily involved in the Young Enterprise[3] program. David also elucidates on his strategy to support the firm's local suppliers:

> 'We try where we can to source all of our services locally so in terms of insurance that's done in Hull, our lawyers are in Hull, our accountants are in Hull, our trucks for the whole group... okay it's a national company, but we use the Hull branch for trucks, all our group's corporate clothing is sourced from a company in Hull. So as much as we can we like keeping it local to Hull.'

Firms who support other local businesses can have a positive impact on the employment in local communities. This is because the local suppliers that the firm purchases from will then put that money back into their local communities, thus circulating the money and allowing these local communities to prosper.

The future

In twenty-five years, the firm has grown, primarily organically, to be one of the largest independent building supplies firms with over seventy branches in the UK employing more than 1,650 people with sales of more than GBP £460 million. The firm has also made some

[3] Young Enterprise is a national charity that specializes in enterprise and financial education for young entrepreneurs. Further information can be found on their website: https://www.young-enterprise.org.uk

recent acquisitions. For instance, the firm acquired a specialist tile retailer in Kingston-upon-Hull as well as a small building supplies firm in Dumfries and Irvine, Ayrshire. Nevertheless, David predicts that there are still opportunities for continued growth and hence much more to do going forward:

> 'There are more than 4,000 builder's merchant branches in the UK and we have seventy, so we can go very far.'

There are still large parts of the UK where the firm does not yet have a presence, for instance in Northern Ireland and Wales. Therefore, there are plenty of opportunities for this growth to continue.

Summary

During the past twenty-five years, David has grown his business primarily organically from its roots in Kingston-upon-Hull to be one of the largest independent building supplies firms in the UK. David's business model appears subtly, yet fundamentally different from its competitors and there seems to be little he can do to contain the firm's success. Despite this success, David has stated there are still large parts of the UK where the firm does not have a presence and hence there are still ample opportunities for this growth to continue. David now has an important decision to make regarding the future direction of the firm. Should he continue solely with his strategy of organic growth or seek to expand in other ways, i.e. by acquisition and/or diversification? If he decides to expand in other ways, how can he achieve this? The case is helpful in providing a detailed account of the creation and operationalization of an innovative start-up business model by an entrepreneur that challenged and disrupted the competitive dynamics of an established industry sector.

Questions

1. How is David's approach to building his firm's start-up business model an example of entrepreneurial business model thinking and business model innovation? What alternative business models, if any, might David want to consider?

2. Discuss the statement: 'The firm has been likened to a franchise, albeit with important differences'. What are the important differences with the firm's entrepreneurial business model referred to by David?

3. Discuss how David creates, delivers and realizes customer value within the entrepreneurial business model?

4. Why did Mark challenge David's use of the term *entrepreneurs* when referring to the firm's branch managers?

5. The firm is philanthropic and a benefactor to its local communities. How does this philanthropy serve to create additional economic benefit for these local communities?

Authors' note

This case was made possible through the generous co-operation of David Kilburn and Mark Smith of MKM Building Supplies Ltd. The case is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of management situations.

Declaration of conflicting interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Notes

More details of the firm can be found on its website: https://www.mkmbs.co.uk

One of the firm's largest competitors is Saint-Gobain Building Distribution Ltd, trading as Jewson, and details of the firm can be found on its website: https://www.jewson.co.uk

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TEACHING NOTE

1. Summary of the case

The teaching objective of the case is to engage students to consider the impact of entrepreneurial business model thinking and business model innovation in creating a sustainable start-up business model. The case is focused on MKM Building Supplies Ltd, an independent builders' merchant based in Kingston-upon-Hull, East Yorkshire, and focuses on David Kilburn, the entrepreneurial co-founder and current executive chairman, and his approach to the development of a new start-up business model. Adopting the metaphor of a story (Magretta, 2002), the purpose of this case is to provide a detailed account of the creation and operationalization of an innovative business model by an entrepreneur that challenged and disrupted the competitive dynamics of an established industry sector, which is also considered to be a poorly understood phenomenon.

2. Teaching objectives and target audience

The key issue identified in this case is whether David should continue solely with his strategy of primarily organic growth or seek to expand in other ways, i.e. by acquisition and/or diversification? If he decides to expand in other ways, how can he achieve this? This case will enable students to understand better the creation and operationalization of an innovative start-up business model by an entrepreneur that challenged and disrupted the competitive dynamics of an established industry sector. This case is aimed at both undergraduate and postgraduate students studying entrepreneurship, innovation and strategy. The case will also

be relevant for students studying marketing strategy. The case provides a starting point for students to engage in evidence-based discussions about how entrepreneurs employ business model thinking and business model innovation as part of the decision-making process. There are three learning objectives:

a. The case enables students to consider how entrepreneurs create, deliver and capture value in pursuit of novel and sustainable business opportunities.

b. The case further challenges students to consider the impact of how an entrepreneur created and operationalized an innovative start-up business model that challenged and disrupted the competitive dynamics of an established industry sector.

c. The case also confronts students to engage in a broader discussion about the unique challenges and opportunities presented to entrepreneurs regarding the future direction of business.

3. Teaching approach and strategy

This case study can be used as the starting point for students to discuss entrepreneurial business model thinking and business model innovation in the context of an innovative start-up business. It allows the application of classroom-based theory to be applied to a real-life situation and encourages active participation in the learning process. The main theoretical points to highlight when using the cases study center round the concepts of entrepreneurial business model thinking and business model innovation. The case study places these two concepts in the context of an innovative start-up business, providing an opportunity for students to gain new insights into the requirements of entrepreneurial business models. The

case allows students to engage in a broader discussion about entrepreneurial approaches to strategy building and development in start-up firms.

Wherever possible, the classroom should be arranged with desks in a semicircle, or a similar layout, that allows students to face each other and work together in small groups. This layout will help to facilitate a direct exchange of views between students. Teaching this case begins by asking students to read and think about the case – either at the start of, or prior to class – depending on the length of the seminar/tutorial. A 5-10 minute introduction to the case by the lecturer might then be useful before beginning any discussion. The introduction should explain David's dilemma; whether to continue solely with his strategy of primarily organic growth or seek to expand in other ways, i.e. by further acquisition and/or diversification? If he decides to expand in other ways, how can he achieve this? The lecturer might wish to present the potential alternatives for the firm and the challenges associated with each of choice. The goal of the case is not to select the correct choice for the firm, but rather to understand the challenges inherent in entrepreneurial decision making within such a firm and how managers can alleviate any associated uncertainties.

Once the introduction is complete, the lecturer might wish to break the class up into teams of three to five students, depending on student numbers. The teams should discuss and summarize their answers to each of the questions presented in the case study and choose one representative to present a summary of their team's answers to the class. The lecturer should work to move the discussion past a listing of challenges to an identification of the potential outcomes of the available choices. To conclude the session, the lecturer might consider asking students to report back – either in their groups or individually – to summarize what they consider being the main learning outcomes of the session. Alternatively, the lecturer

could ask them to take a few minutes to summarize their own thoughts about the main points raised in the case. It is also important to ask students to evaluate the usefulness of the case in their studies in order to help students evaluate their own learning as well as to help the lecturer to evaluate the usefulness of the case and make amendments where necessary.

4. Analysis

Students should be reassured that there are no right or wrong answers, but rather the case study provides a springboard for discussion about the main issues raised in the case. However, students are challenged to think about a real-life scenario where entrepreneurial business model thinking and business model innovation, as evidenced by David, can be analyzed in detail. More specifically, students should consider the following points in their answers to the questions posed:

How is David's approach to building his firm's start-up business model an example of entrepreneurial business model thinking and business model innovation? What alternative business models, if any, might David want to consider? Students should be able to recognize that David successfully co-founded an innovative start-up business model that challenged and disrupted the competitive dynamics of an established industry sector. This was achieved by the creation, delivery and realization of value in the form of superior service focused on customer relationships and local markets supported by a centralized head office. The firm is both ethical whereby humanitarian risks are minimized in their supply chains and also philanthropic whereby the firm, including its branches, is also a benefactor to their local communities. David believes he should continue with his hitherto successful strategy of primarily organic growth and has hence identified further locations for the development of new branches. David has even stated that he is looking forward to the opening of the one

hundredth branch for the firm. Students should also be able to identify, for example, that the firm currently has no branches in Northern Ireland or Wales. Students should be encouraged to consider the challenges inherent in building a long-term sustainable entrepreneurial business model. Students might want to explore the company website: (https://www.mkmbs.co.uk) in order to find out more about the background to the firm. In order to contrast the firm with one of its largest competitors, students might also want to explore the website of Saint-Gobain Building Distribution Ltd, trading as Jewson: (https://www.jewson.co.uk).

Discuss the statement: 'The firm has been likened to a franchise, albeit with important differences'. What are the important differences with the firm's entrepreneurial business model referred to by David? Students should be able to recognize that a franchise is based on a marketing concept which can be adopted by a firm as a strategy for business expansion. Where implemented, a franchisor licenses the use of its business model, brand, know-how, intellectual property, and rights to sell its branded products/services etc. to a franchisee (see for instance Grunhagen and Mittelstaedt, 2001). From the case material, students should be able to clearly recognize that, unlike with a franchise, (a) the ownership of each branch business is incorporated as a separate limited company, with MKM Building Supplies Ltd owning a seventy-five per cent share with the remaining twenty-five per cent share being owned by the branch manager, (b) there is no fixed time period that each branch business can operate and hence no requirement for a contract, associated fees or for its renewal, (c) there is no risk to the firm in securing protection for its intellectual property, and (d) the firm's head office provide administrative support to the branches. However, similar to a franchise, students might also identify that each new branch requires an investment of approximately

three quarters of a million pounds which is underwritten by a risk-taking landlord with the completed property taken on a long-term lease arrangement by the firm.

Discuss how David creates, delivers and realizes customer value within the entrepreneurial business model? Based on the case material, students should be able to recognize that value is attached to a product in proportion to its customers' perceived ability to meet their needs or solve their problems (Levitt, 1980). David's strategy was to create, deliver and realize value by involving both customers and complementors (Massa et al., 2017) within the entrepreneurial business model. In terms of customers, students should be able to clearly recognize that the firm is built on the notion that its locally-based employees, who understand the needs of its locally-based customers, should serve the local trade by the delivery of superior levels of customer service. In terms of complementors, students should also recognize that the firm is both ethical and philanthropic, whereby humanitarian risks are minimized in their global supply chains and whereby the branches are committed to supporting their local communities.

Why did Mark challenge David's use of the term entrepreneurs when referring to the firm's branch managers? Entrepreneurs are characterized as being innovative and risk-taking (see for instance DeLeon, 1996). Students should be able to identify that David stated that all the risk of establishing and operating each branch business is borne centrally by the firm, not by the individual branch managers. Students should also be able to identify that Mark stated that despite opening over seventy branches, the wrong branch manager had been recruited only 'four or five times' and therefore have demonstrated a 'very good track record of employing the right branch managers.'

The firm is philanthropic and a benefactor to its local communities. How does this philanthropy serve to create additional economic benefit for these local communities? Students should be able to recognize that the additional economic benefits can be both tangible and intangible. Building the reputation of a local business through supporting charities can be the most effective advertising a firm can do. Firms who support other local businesses can have a positive effect on the employment in local communities. Statistics show that for every GBP £1 spent with a local business means between GBP £0.50 and £0.70 circulates back into that local economy. This is because the local businesses that the firm is purchasing from, will then put that money back into the local community, thus circulating the money and allowing the local community to thrive.

5. Feedback

Please take time to reflect and consider how the case worked in different situations (for example, with different student groups, or on different modules). The case has been tested and has been an effective part of teaching entrepreneurship and innovation to a range of undergraduate and postgraduate programs, including Business and Marketing, International Business and Marketing, International Marketing, and Marketing. This case could also be used on other programs of study such as Master's degrees in enterprise, entrepreneurship and/or innovation, MBA courses, or with doctoral students. Potentially, the case is suitable for use as a written assessment or for an examination, role-playing, or for other purposes.

6. References (including additional suggested reading)

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Maine E, Soh PH and Dos Santos N (2015) The role of entrepreneurial decision-making in opportunity creation and recognition. *Technovation* 39: 53-72.

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