# Training materials

# Business start-up

MENTORCERT project
Work Package 3

Leeds, 2019

## Table of Contents

# Introduction and learning objectives

These training materials have been prepared for the MentorCert Project. They aim to help business mentors or potential business mentors acquire knowledge and skills associated with the development of knowledge in specific business sectors. They are to be used as a resource to underpin the development of (1) project related e-learning materials (2) Face to face training.

Aim of the materials

The aim of the materials is to support business mentors and potential business mentors to achieve the 'hard' skills identified in the MentorCert skills card and outlined in the table below

| Learning outcome |
| --- |
| To understand options available to identify the scale and scope of the sector |
| To be able to identify relevant value creation models and apply at least one in a relevant sector context |
| To understand options available to map the sector eco-system and to apply at least one |
| Hypothesize about the future of the sector |

Structure of the training materials

The training materials are ordered in the following way:
- A brief introduction to the Business start-up horizontal issue
- Examples of techniques that can be applied in the sector to achieve the learning outcomes (e-learning materials) (including case studies)
- Short case studies to be used in face to face teaching and learning
- Further references and resources

The training materials contain eight case studies to encourage work-related learning.

Long cases (to be used in the on-line training materials)
- Big Beer (1) – This case describes the use of SWOTS to help a start-up owner develop business strategy

- Stain Away (2) – This case draws on SHAPE to explore the value creation process and illustrate how it can be used by a business mentor as a start-up grows to maturity
- Fish Food (3) – This case introduces the concept of a business ecosystem and the role that it can play in mentoring an entrepreneur starting a business
- Organic Beer (4) – This case describes the use of Future Search, reflecting the dynamic nature of a series of mentoring encounters

Short cases (to be used in face-to-face training)
- Cereal Delight (5) provides an opportunity to use SWOT in the mentoring process
- Summertown Containers (6) provides an opportunity to use SHAPE in the mentoring process
- CEF – Chicken Egg Farming (7) provides an opportunity to explore the use of eco-system mapping in the business mentor start-up context.
- Eds Coop (8) provides an opportunity explore the role of Future Search in the mentoring process

Time and materials needed

These materials should be used in combination with other resources developed during the MentorCert Project and the TRUST ME project.

- A methodology handbook introducing a selection of thirty two tools and techniques that can be used to identify the scale and scope of the sector, value creation, eco-system mapping and hypothesise about the future of the sector (MentorCert available here)
- A TRUST ME Handbook for trainers available here

To complete the full e-learning module should take about fifteen hours in total (eight for the methodology module and seven for the Business start-up module). It will take about 4 hours to complete the face to face element of the training.

# Overview of the sector

In this section of the training materials we provide an introduction and overview of the Business start-up horizontal issue and an illustration of the key factors driving its development.

## Brief overview of the horizontal issue: Business start-up

Start-up enterprises, particularly those with the potential to innovate, create jobs and add social, environmental and economic value are a key element of European economies. However, few of these enterprises go on to grow to a substantial size and many of them will fail by the third year of operation (OECD, 2017).  Statistics to determine how many start-ups there are in Europe are often incomplete or lack comparability due to different definitions applied to what constitutes a start-up.  For example, the statistics may include self-employed (businesses employing no employees) and at times these businesses may be excluded or separated out from start-ups employing workers.  Sometimes micro businesses (employing less than 10) are used as a proxy measure of business start-up activity although many of these businesses may be relatively mature.  There is some variance related to the use of the age of a business and its classification as a start up with the OECD including businesses up to two years old and the European start-up monitor embracing businesses up to 10 years old (ESM, 2016).  There are also blurred boundaries between activities undertaken in a pre-start-up phase and the start-up phase itself as illustrated in the Global Entrepreneurship Monitor that includes individuals in the process of starting a business (nascent entrepreneurs) and those starting businesses (under 42 months old).

The OECD publication, Entrepreneurship at a Glance provides an international comparison of start-up activity.  The latest report (2017) suggests that the number of new businesses created has been rising in most OECD countries.   At the same time, the number of bankruptcies has fallen back to pre-crisis levels in most of the economies surveyed. These positive signals are also observable when looking only at incorporated businesses, with creations trending upwards in ten of the twelve countries where data are available including Belgium, France, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Self-employment has also increased in recent years, in part reflecting the rise of the "gig economy" (See Figure 1).

*Figure 1 Self Employment Rate*
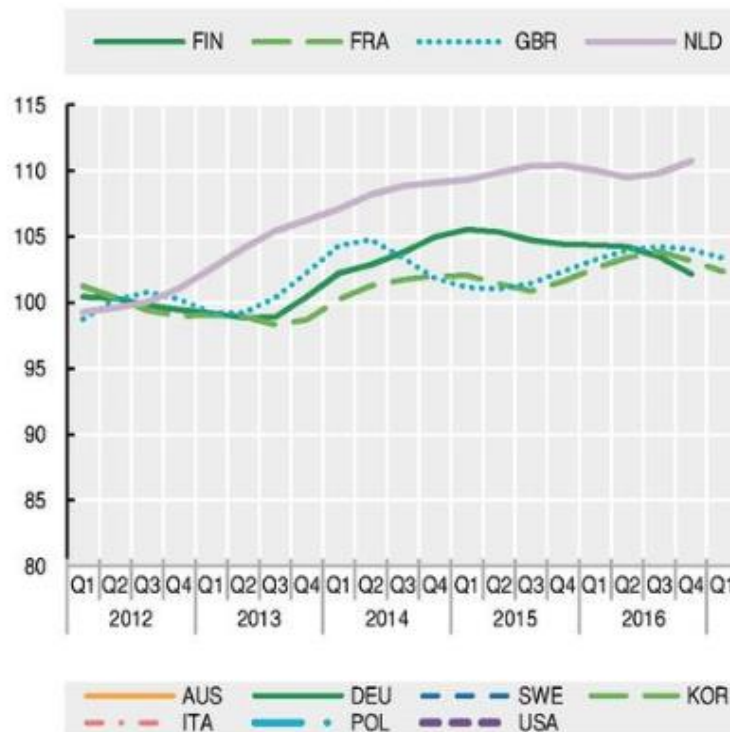


OECD (2017, p 28)

## Global trends and Challenges

Much of the policy analysis is guided by assumptions about the start-up, survival and growth of small and medium sized enterprises (SMEs) influenced by life-cycle models of development embodied by for example (Figure 2), Churchill and Lewis (1983)[1].

*Figure 2: Churchill and Lewis 5 stage growth model*



---

[1] There are many other models including Adizes, Greiner or Petch

Churchill and Lewis recognise that categorising the problems and growth patterns of small businesses in a systematic way that is useful to entrepreneurs is a challenging task. They argue that for owners and managers of start-up businesses, such an understanding can aid in assessing current challenges and anticipate key requirements at various points in the journey from small start-up to large, mature organisations (e.g. the need for delegation and changes in managerial roles when companies become larger and more complex).  Churchill and Lewis suggest that the organisation in the start-up stage is a simple one where the owner-manager does everything and directly supervises a small number of subordinates.  Systems and formal planning are often minimal or non-existent and the businesses strategy relies largely on survival. The owner-manager is the business and performs all the important tasks.  He or she is the major supplier of energy, direction and with relatives and friends, capital.

However, many start-ups never mobilise sufficient demand for their goods or services, are able to deliver to the required consumer standards or generate the working capital necessary to sustain the business. In these cases the owners close the business when the start-up capital runs out and, if they are lucky sell the business for its asset value.  In some instances, the owners cannot accept the demands the business places on their time, finances and energy and they quit.  Others may learn from the experience and start again. The model suggests that those businesses that successfully negotiate the start-up phase continue their journey towards survival, growth and becoming a larger organisation. The OECD (2017) suggest that many newly created businesses fail within the first few years of life although there are big differences between countries. The one-year survival rate of firms started in 2013 was above 90 percent in Sweden, Luxembourg, Lithuania and Britain; between 60 and 70 percent in the Czech Republic and Poland; but below 55 Percent in the Slovak Republic.

Staged growth models have been criticised on a number of fronts including a tendency to oversimplify the complexity of start-ups and the challenges of leadership and management. In the thirty-five years since the publication of the Churchill and Lewis model a consensus has emerged amongst researchers that businesses do not develop according to a pre-set sequence of stages, rather they appear to evolve through their own unique series of stable and unstable states largely related to changes in the internal and external environment.  Central to the survival and success of the enterprise is the leader's capability to find new knowledge, to resolve new challenges and an ability to implement this knowledge so that the business can succeed in a complex and competitive environment (see for example Phelps, 2007).

A number of models of business start up are proposed by academics and practitioners. For example the European Young Innovators Foundation (YIF, 2018) propose six stages that include

- Discovery – where the entrepreneur identifies a problem or opportunity, comes up with a solution and checks to see if anyone – especially potential users and clients – might be interested in the idea. This first phase requires developing a 'minimum viable product' that will provide a foundation to assess market need
- Validation – the entrepreneur moves from a hypothetical product to a first offer to the market.  This will enable validation by the potential market.
- Efficiency – where the entrepreneur has to establish a viable business that can adjust to the environment. The aim is to increase the customer base in the most effective way possible, preventing growth from stifling the project.
- Scale – the entrepreneur has to prove the scalability of the business and its capacity to grow in a sustainable manner (keeping costs down).  The entrepreneur has to be ready to compete in international markets.  Access to further external funding can be a key element of this phase.
- Maintenance – where the entrepreneur establishes the structures to ensure the sustainability of the business
- Sale or renewal – the business model works or is seen to be credible and two routes are proposed (i) sell to a giant (ii) go public and try to become a 'unicorn'

There are several international institutes that provide an insight into global trends and challenges associated with start-ups.  For example the European Startup Monitor (ESM) provides a comprehensive study of the European ecosystem.  It identifies some demographic characteristics of founders e.g. on average 29.9 years old, 85.2% male and have 79% the citizenship of the country in which they set up their company.  It also identifies sales and customer acquisition as the biggest challenge facing start-ups. The ESM shows that startups are international and cooperate with established companies to cope with their challenges.  Start-up entrepreneurs identified differences in legislation and regulation between countries as the biggest hurdle to internationalisation.  A further example is an Annual Report published by Startup Genome and the Global Entrepreneurship Network (GEN) which provides an insight into features of eco-systems to support start-up including strategic startup, investment and policy insights.  It draws on evidence from cities around the world including several in Europe.

 At the micro level of the startup it is widely recognised that learning is an integral part of the personal development of leaders and start-ups.  The emphasis of learning in a start-up enterprise is two-fold (i) the personal development of the individuals and (ii) the capability of the organisation to survive and reach its potential. Burgoyne and Hodgson (1983) identified three levels of learning which are relevant to leaders of start-up enterprises and useful to contextualise the mentoring process that lies at the heart of the MentorCert project.

- Level 1 learning describes the assimilation of factual information and whilst this may help to inform business decision making at the operational level it does not usually have long-term developmental implications.  It is nevertheless important in the start-up phase as new leaders may be tackling business issues (e.g. marketing, finance, recruitment, strategy) for the first time.
- Level 2 learning involves the transfer and assimilation of knowledge from one context to another.  It also involves the application of new knowledge in the start-up context which may influence personal and enterprise development.
- Level 3 learning is important in terms of stimulating fundamental change, encouraging the individual to reflect on and question established ways of doing things and the underlying perceptions that drive behaviour

As well as recognising different levels of learning it is useful to identify some different forms of learning.  In particular in the context of start-up, the importance of learning by doing, sometimes described as experiential learning which creates a gradual change in personal and/or organisational capability.   Rarely is the learning process planned; rather it is the result of a series of reactions to events in which the start-up leader learns to process information, develop strategies and take decisions.  This type of learning is often grounded in the business - experienced-based, non-routine and tacit in nature.  Burgoyne and Hodgson differentiate between deliberate learning – how to solve an identified problem and more reflective learning when managers are thinking about the problem but not 'in the thick of it'.  This is similar to Megginson's (1996) conclusion that learning is both planned and emergent.  It is argued that in order to engage in higher level learning, start-up leaders need to proactively reflect on their experiences in order to learn how to learn more effectively.   If the start-up leader relies too heavily on preconceived perceptions and established ways of working formed through previous experiential learning, they may fall into a 'learning trap' as they rely on outdated situational stereotypes (West and Wilson, 1995).

For an enterprise to start-up, an individual or group of individuals will come across a variety of tasks that they need to complete. In many instances they will be completing these tasks and solving a variety of problems for the first time and will need to learn how to navigate them. How to become established in the marketplace, manage cash flow and deal with multiple business issues all at once are some of the most common challenges start-up leaders face.  Many start-up leaders will be dealing with the challenges of establishing the business and some will be doing this whilst at the same time looking ahead to the future.  Far from the straightforward process that is implied by some of the growth models, situated qualitative research reveals the start-up phase as a difficult and sometimes traumatic process with leaders often having to learn harsh and sometimes expensive lessons as mistakes are made.

It is also important to recognise that business leaders may have to experience difficulties at first hand in order to develop higher level learning outcomes from what occurred and to fully understand the value in avoiding the same mistakes occurring again in the future. This brings into question just how much start-up leaders can learn vicariously and how much they need the experience to learn from.

## Best practices in answering the start-up challenges

Start-up leaders may need and seek practical support of immediate value as they face a steep learning curve establishing the enterprise. More reflective or long term development may only be necessary as the start-up leader establishes a firm foundation for the business. One of the most important decisions facing an entrepreneur relates to the type of business they want to develop. A simplistic way of looking at this is whether it is mainly a substitute for a different job, a lifestyle business or a growth business. The start-up leader will need to align their personal goals with their business goals both in terms of work-life balance but also in terms of the development of a sustainable business and the balancing of social, cultural, environmental and economic goals (as contrary to some stereotypes not all small business leaders seek profit maximisation).

One important issue to recognise is that mentoring support will be highly contextual and individualised. Effective support will be aligned with the specific needs of the start-up leader in relation to their business. To create such facilitative, dynamic assistance requires a detailed knowledge of both the start-up leader and the business. At the start of the relationship the start-up leader is probably looking for encouragement, positive support, helpful advice and useful ideas. This is particularly relevant for people who have not had any previous experience of starting and running a business. In the start-up phase the mentoring approach is more likely to be tactical than strategic i.e. winning the first customer, getting the cash in quickly, keeping correct financial records etc. The mentor in this situation is often someone who not only understands what the mentee is experiencing but can also give meaningful and immediate practical advice. Within this process, a mentor can also help the start-up leader to step back from what is happening and engage in more reflective learning as to the nature of the problem/opportunity and what the most effective solution may be.

If start-up requires basic advice – getting sales and creating an infrastructure the second phase required mentees to change gear especially during the 9-18 month period which can be the most challenging time for start-ups. Mentors will need to encourage their mentees to develop or keep an eye on their business plan as a way of monitoring the progress being made and to determine the platform for survival or growth. It often requires the mentor to keep the mentee motivated and encourage them to persist. (Cull,

2006). The mentor can be more strategic and developmental and involve bringing forward the experience of the start-up leader to understand more clearly events that have happened and where the enterprise is at present in order to try to avoid certain critical incidents or more prolonged critical periods that may threaten the sustainability of the enterprise in the future. Gibb refers to this as 'generative learning' and describes it 'an interactive process of reflecting on the vision, performance and capability of the business and the ways in which new threats and opportunities impact upon it (Gibb, 1997, p19).

During the mentor-start-up leader relationship there will be times when the mentor offers a safe place for the mentee to share their agenda, interests and goals and to offer support by listening, asking the right questions and drawing out the mentees own answers to problems. At other times, particularly when the start-up leader is inexperienced, the mentor may be called upon to stimulate questions, offer creative ideas, challenges, knowledge, success stories, models and tools.

There are a number of good practice principles that can underpin mentoring with business start-up leaders. These include

- Screening of prospective mentors
- Matching of mentors and mentees
- Pre-match and ongoing training
- Frequency of contact

Both mentor and mentee must want to have a relationship. There is a view that most tricky issues can be navigated if there is willingness to do so on both sides. The technical skills and experience of the mentor are important as are attitude and personality. There is a need for good chemistry and this can be enhanced if there is a willingness to listen to each other

In contrast there is a danger when any of the following conditions apply

- Social distance
- Mismatch between the values of the mentor and mentee
- Inexpert or untrained mentors
- Mismatch between the aims of the mentoring scheme and the needs of the person being mentored
- A conflict of roles where it is not clear if the mentor is acting on behalf of the mentee or another person/institution

Indicators of a relationship not working include

- Lack of communication

- Lack of follow through
- Lack of commitment
- Lack of respect

There is a range of examples of good practice in Europe that may be found in the work of organisations such as the Global Entrepreneurship Network, Start-up Europe and the European startup network.  MentorCert project partners in Budapest suggested further examples including

- governmental initiatives: Hungarian National Training House, TechCity, Be Startup Manifesto, MaGIC Malaysia
- university based initiatives: Zell Entrepreneurship Program, Team Academy
- for-profit business initiatives: KiBu sponsored by T-Systems, K&H Start it sponsored by KBC
- non-profit initiatives: Demola
- mixed initiatives: Design Terminal, Bridge Budapest

## Lessons for curriculum development

A curriculum for training start-up mentors will contain concepts and theories relevant to mentoring and an assessment process that allows the learner to demonstrate a

- Clear grasp of relevant concepts
- Ability to link theory to practice, and
- Ability to communicate clearly in the relevant discipline at the expected level for the qualification

It will include elements of co-production of materials between stakeholders involved including entrepreneurs, mentors, academics etc. It will draw extensively on practice-based learning which is explicitly designed to reflect the start-up context and professional practice. It may include learning which is work-based or immersive in nature and reflect the start-up context and preference for 'learning by doing' exhibited by entrepreneurs.

The curriculum can include elements of work-related learning including guest lectures by entrepreneurs who have successfully navigated the start-up process, case studies that highlight the opportunities and challenges associated with start-up that reflect the sectors featuring in Mentor Cert.

It may also be necessary to recognise that many enterprises are started by more than one individual – as a partnership or team – and that learning may be collaborative and distributed which can be reflected in the curriculum.

With the development of e-learning, technology may play a role in the development and delivery of a curriculum that reflects (to an appropriate degree) the benefits afforded by e-mentoring.

Ethical issues associated with manipulation, control and use of power should not be ignored and should form part of mentor education and assessment. The ethical issues may reflect business (sector) or cultural variances between nation states.

The EntreComp Framework established by the European Commission can be used as a reference for the design of curricula in the formal education and training sector. . It can also be used for activities and programmes in non-formal learning contexts (for instance, to foster intrapreneurship with existing organizations). It aims to establish a bridge between the worlds of education and work as regards entrepreneurship as a competence.



EC (2016) p6

## Definition of skill card elements

The start-up process requires the entrepreneur to develop a range of hard and soft skills.  In the current version of the Trust-Me Skill card, the hard skills are largely related to specific business skills such as marketing, finance (budgeting) and employing and managing workers (HRM).   The soft skills are associated with for example adult learning styles, communication and conflict management.  These skills directly or indirectly map onto the EntreComp framework introduced above.  However there would appear to be some areas notably vision, planning and coping with ambiguity, risk and uncertainty that may usefully inform the development of the MentorCert Framework.  The notion of learning through experience, relationships with others, generative learning and the need for a strategic orientation to support the sustainability and development of start-up business are also key characteristics that emerge from this review.

## References

Burgoyne, J.G. and Hodgson, V.E. (1983) Natural learning and managerial action: a phenomenological study in the field setting, Journal of Management Studies 20, 3 p 387-399

Churchill, N.C. and Lewis, V.L. (1983) The Five Stages of Growth Model. Harvard Business Review. May [online] accessed October 2017

ESM (2016) European Start up Monitor 2016 http://europeanstartupmonitor.com/fileadmin/esm_2016/report/ESM_2016.pdf

Cull, J. (2006) Mentoring Young Entrepreneurs; What leads to success. International Journal of Evidence Based Coaching and Mentoring, 4, 2, p8-18

EC (2016) EntreComp: The Entrepreneurship Competence Framework. https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/entrecomp-entrepreneurship-competence-framework

Gibb, A.A. (1997) Small Firms training and competititveness. Building on the small business as a learning organisation, International Small Busines Journal, 15, 3, p13-29

Megginson, D. (1996) Planned and emergent learning – consequences for development, Management Learning, Vol 27, 4, p411-428

OECD (2017) Entrepreneurship at a Glance 2017 https://read.oecd-ilibrary.org/employment/entrepreneurship-at-a-glance-2017_entrepreneur_aag-2017-en#page88

Phelps, R., Adams, R. and Bessant, J. (2007) Life cycles of growing organizations. A review with implications for knowledge and learning. International Journal of Management Reviews, Vol 9, Issue 1, p1-30

West , G.P, and Wilson, E.V. (1995) A simulation of strategic decision making in situational stereotype conditions for entrepreneurial companies, 26, 3, p307-327

Young Innovators Foundation (2018) http://younginnovator.eu/2015/06/6-stages-of-startup-life-cycle-how-to-survive-each-of-them/

# Case studies

to the selected Hard Skills of the MentorCert Skill Card

# I. Strategic planning

# Long Case

Big Beer

Introduction
This case introduces a visioning process, which helps to determine the business' short, medium and longer-term strategy. SWOT analysis is a well known and worldwide used strategic management tool that has been designed for supporting its users in making a better understanding of those external and internal factors that positively or negatively influence the actual status of a business or the achievement of an objective. The additional S is to encourage thinking about the data that comes from the SWOT to build a strategy for the future. This case study takes the mentor through the process of SWOT and reflects the dynamic nature of a series of mentoring encounters.

Case Example - The Big Beer Company
The mentor is Peter. He is an experienced trainer and executive coach. His background is in Human Resources Management within the brewing and leisure industries.

The mentee is David. He is a passionate about his business and works very hard. He would like the business to develop and grow and is keen to try anything that will contribute to that aim. David has a chemistry degree and a very logical mind.

Peter thinks that a SWOT is just the right process to use with Peter.

The Business
David started The Big Beer Company three years ago. It is a small-scale start-up microbrewery located in a growing industrial centre. The product is traditionally brewed craft beer, targeted at both white collar and blue-collar beer drinkers. Currently, as a start-up, it is trading with a small network of local bars and hotels. The business employs 30 people and has a turnover of just over £600k per year.

Peter has volunteered to mentor David. In the first meeting, they get to know each other and establish groundrules. In the discussion that follows this, David says that he really wants to grow the business but he is not sure how to go about it and how to get others involved in the decision-making. There are three managers in the business and Peter suggests that he invites this team to a SWOT analysis. He explains the process and David agrees to try it. Peter and David agree to meet a month later after the SWOT event.

The Second Meeting

Peter opens the meeting by asking David how he is and what he has been doing since the last meeting. David says that the SWOTS exercise was really helpful and insightful but he isn't too sure how he can take it forward. Peter asks David to share with him the results of the SWOT process.

The SWOT Analysis

S

- Good stock supply
- Capital asset base good - brewery
- Marketing – focussed local campaigns
- Management team - experience and knowledge
- Local distribution networks are good
- Committed staff
- Positive learning culture
- Consistent quality
- Traditional brew recipes
- Good local distribution

W

- Poor IT knowledge and use of social media
- Fast expansion with a number of new hires who need training
- New entrant, low reputation and lack of cash
- No local outlet owned by the Big Beer Company

O

- Packaging – design something new for a new beer
- New generation of consumers coming through
- Craft beer niche
- Government export support for new businesses
- Extending customer base further afield and consider opportunities in Night Clubs and student bars

T
- Larger players with deeper pockets and established supply chains
- Price fluctuations of core ingredients

Mentor Task 1
1. What do you think Peter could ask or say after hearing the SWOT?

Possible Answers

Mentor Task 1

After hearing the SWOT, it is time to think about the Strategies.

Peter needs to listen to the SWOT carefully.  He could ask David, *"So given this, how can you maximise the strengths, turn the weaknesses into strengths, maximise the opportunities and mitigate the threats?"* (but maybe not all in one go!)

Peter could also ask:

*"How would you prioritise the elements of the strategy and why?"*
*"What performance indicators would you put in place to help measure and monitor progress?"*
*"What help do you need and who from?"*
*"What would like me to do?"*

Peter could also try 'testing the strategy by using the '6 thinking hats' idea in the TRUST ME Trainer Handbook to help David challenge and test the strategy and perhaps generate further new insights.

*See: https://youtu.be/hp9JSOUzDGo for using thinking hats for mentoring and coaching

*Potential strategies for growth*

Build an online presence. Operating without a website is increasingly rare, and ignoring this weakness for too long could have disastrous consequences.

Develop a plan for building and learning how to manage a basic website could be a huge marketing asset. Developing marketing through the use of social media such as Twitter, Facebook etc....

Stabilise supply. Establish relationships with local suppliers and enter into supply partnerships with them and price stabilising agreements.

Staff education. Developing a comprehensive employee learning and development programme to include mentoring and coaching. On the basis that enthusiastic brewers are likely to be good at selling the product, train brewers as sales people.

Expansion. A potential opportunity is a government financed export operation to target markets in neighbouring countries that are very similar to their home target markets.

This opportunity needs to be explored as a priority, so, gather more market intelligence from further afield and instigate market research in other countries where this type of beer is becoming popular.

Build on the already strong and locally focussed marketing campaign that have worked recently and extend this further afield.

Consider opening a 'tasting' centre within the brewery itself and host open days and other events.

Research national and international beer festivals with a view to setting up a stand at targeted festivals of all types i.e. beer festivals, music festivals etc…

References and further reading

Banks, A. (2015) *Swot Analysis For You!* CreateSpace Independent Publishing Platform

Porter, M.E. (1980) *Competitive Strategy: Techniques for Analyzing Industries and Competitors.* New York: The Free Press

Sarsby, A. (2016) *SWOT Analysis.* London: Spectaris Ltd.

Seth, C. (2015) *The SWOT Analysis: Develop strengths to decrease the weaknesses of your business.* 50minutes.com

# Short Case

## Cereal delight

Andrew Gray, the inventor, was observing his children eating their breakfast one morning. They were complaining about soggy cereal. Andrew had an idea – what if I could design a cereal bowl that kept the cereal separate from the milk. The concept of *eat me crunchy* was born! The concept behind this revolutionary non-soggy breakfast cereal bowl is simple. A removable shelf covers 70% of the bowl's base, holding the cereal above the milk. All you have to do is eat your cereal from the shelf-less section of the bowl where the cereal and milk meet, pushing the cereal in as required.

Stage one for this start-up was to design, make and test a prototype. Eventually, the product was ready and the next stage was to find a manufacturer. The manufacturing cost is 80p. The bowl is produced in dishwasher proof melamine. Some customers like this and others would prefer something more up market. Then came the marketing plan.

This included:
- Establish a website
- Get a celebrity chef endorsement
- Visit exhibitions and take a stand
- Advertise in appropriate magazines
- Give free samples to family and friends
- YouTube (see below)
- Approach cereal manufacturers to see if they would promote the product

Bowls are ordered online through the website and the *eat me crunchy* business dispenses the order by post. The bowls sell (including packaging and post) at £5.95 in the UK, £9.95 in other parts of Europe and £12.50 Globally. Packaging and postage costs are £2.50 for the UK. In recent times there is a new entrant using Amazon to sell the similar product.

There have been over 10,000 sold since start-up but business has now slowed to a trickle.

Use the SWOT process found in the Methodology handbook to analyse this business.

Questions
1. How viable is this business?
2. What are the key challenges?
3. How can this business be grown or developed?
4. How might Andrew move forward from here?

Reference and resources

http://eatmecrunchy.com/

https://youtu.be/vIciBjNtzYE

https://youtu.be/8bG1_LEo0r0

## II. Value creation models

## Long Case

Stain away

Introduction

This case introduces a value creation process called SHAPE.  This is a business life cycle process that focusses mainly on the attitudes and behaviours of the people within the start-up business.  It can enable an assessment of the current state of a small business and can help start-up owners to consider what they might do to add value to the business and develop it.  It also helps to identify where the business is at risk due to the attitudes and behaviours of its employees.

The case provides a description of the start-up business and the stages of SHAPE it went through to become a mature business in just 3 years.  There are some questions for mentors to help them think about how they might make use of this process in their mentoring work.

There are three YouTube videos available to accompany this case:
Video 1: https://www.youtube.com/watch?v=D40eScyGOXY&t=84s
Video 2: https://youtu.be/WXKzrnWWv8A
Video 3: https://youtu.be/-Llq57j3rME

*Figure 1: SHAPE*

This project has been funded with support from the European Commission.
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

22

Shape stands for
- Service/Sales
- Human Resources
- Administration
- Production
- Entrepreneurial Flair

The assignment

The mentee: Jane is obviously intelligent and spotted the business opportunity early on.. She has spent her life so far learning laboratory processes.  She has trained herself as a scientist and she is focussed, hardworking and driven. However, she lacks business experience and her understanding of people and the ways in which they behave could be better.

The mentor: John is not a chemist and has little understanding of laboratory processes. However, he is an experienced businessperson and recognises that Jane needs to not only develop her business acumen but also her people skills.

The case – *brainwave*

Jane has a PhD in chemistry.  Up until a year ago she was working for a major manufacturing business that produced personal hygiene products and domestic cleaning products. The current revenues for this business are £700m in the UK per annum.  There is much competition in the market with super market own-brand personal hygiene and domestic cleaning products manufactures. One of the issues in the market place in this sector are summed up by the following quotation:

*"The dominance of multipurpose cleaners, a lack of product development and reduced advertising spend have created a perfect storm for the hard surface cleaners category, which continues to struggle to show growth despite the rising population and number of households. However, with discounting and product promotions reaching a plateau, growing concern about the impact of household cleaners on health could result in buying decisions being as guided by ingredient transparency and safety profile as by efficacy, convenience and low prices."*

Lucy Cornford – Head of Beauty & Personal Care, Household and Lifestyles Research

Profit margins are also tight in this sector. With the supermarkets being the main customer, it is well-known that they are very hard on price. A typical margin in is sector is 4%.

Jane was working as lead researcher in the Research and Development function of this business looking into new types of cleaning products. In her work, she became very aware that, to test the cleaning properties and product safety, her researchers needed stains to test! These stains need to be chemically created and put on to a range of different surfaces and fabrics in a controlled manner for the researchers to test. This process was time consuming for the researchers and therefore costly (cost being an issue in this sector).

Jane developed an efficient way of producing stains chemically and delivering them onto various fabrics and surfaces in a controlled manner. She discussed the idea of starting a business to produce stains with her boss. Whilst he didn't want to lose her from the company, he agreed that the idea was a good one and he offered his support and a promise that he at least would be her first customer.

The company agreed an exit strategy for Jane and she went part-time in order to give her time to get started. She had some savings put by and she started work on a business plan and managed to secure some investment in the form of a loan from the bank as well as some European seed funding.

At this point she had energy and excitement and the will to 'go for it' to make the business a reality. Her focus was on the product and how to manufacture it.

Mentor Task 1
1. This is your first meeting with Jane. What do you need to do first before anything else?
2. As Jane's mentor, what questions would you ask now?
3. As Jane's mentor how could you make use of SHAPE with her?
4. Where does she think her business is in the life cycle?
5. What does this position tell her about what she needs to do to develop the business?

Progression - *birth*
Jane secured an agreement with her current employer for them to purchase the samples. The employer saw this as a win-win as they no longer needed to have researchers creating the stains and could focus on the product development work. Jane went in search of affordable premises and found a village hall, which she rented. Some of her colleagues

from her current employer agreed to help her on weekends and after work with the production. They set to work producing stains and selling them. After 1 year she was breaking-even. Jane was still part-time but she had employed 3 people on production.

Mentor Task 2
1. As Jane's mentor, how will you help her to use the SHAPE process to identify where her business maybe now?
2. How will you help her to identify the next step.

Progression – *awakening*
Jane decided to look for other customers. She created a database of other cleaning product manufactures and made phone calls to the heads of research (some of whom she already knew through her professional networks). She found the discussion with her mentor about growth very helpful and realised that, with more sales came the need to increase production. The passion for the idea was still there but sales and production had increased in importance. Into her second year of trading and Jane had found five more customers and had secured one in France and one in Poland. The business was beginning to show a small profit and the pressures on her time had increased considerably and she needed more people to help with customer service, sales and production.

Mentor Task 3
1. As Jane's mentor, how will you help her to use the SHAPE process to identify where her business maybe now?
2. How will you help her to identify the next step.

Progression – *growth*
To grow further, she needed help with both sales and production to free her up to focus on further growth. This she did by wisely by recruiting a production manager, an administration assistant, a sales person and one further production person. As the business grew quite rapidly, she realised that she needed bigger premises as the sales person was making the sales, production needed to increase and made more efficient. She also developed new stains, ones that she knew were difficult to clean off fabrics a variety of surfaces, particular porous ones. This was the *growing* phase, the phase small businesses find the most difficult because it often means that the founder needs to

change their involved or come up with new ideas. There become challenges of cash flow, potential internal conflicts and competition.

Mentor Task 4
1. As her mentor, you have probably established some good trust between yourself and Jane, return to the SHAPE process and ask her where does she think she is now with her business?
2. What needs to be done to keep the business moving forwards?

Progression – *maturity*

As the business approached its third anniversary it moved into a new premises on the Science Park and 30 employees. Jane and her management colleagues needed to develop more sophisticated customer databases, service contracts and systems to track supplies and suppliers, marketing and a strong online and establish a social media presence.

Staff development processes and succession planning started to become an issue. Jane was thinking about her future role in the business. It was important to keep her workers happy in their work and help them to have a good work-life-balance in order to retain them. She allowed them to create their own work patterns and hours of work so that they could balance work with family commitments.

Mentor Task 5
1. Discuss with Jane where the business is now on the SHAPE process.
2. Ask her about the implications of becoming a mature business and what the risks are?

Stability? - *established*

Jane and her management team have started to notice that these internal people and admin issues have started to occupy much management time. Jane is still passionate about the business but is concerned that maybe she is at the limit of her abilities here. Perhaps the business might need some new perspective? The workforce has increased to 40 people.

Mentor Task 6

1. The agenda for your discussions is changing. Jane is encountering administration and people behaviour challenges.  Discuss these with her.
2. What might Jane need to do?
3. Given Jane is beginning to think about her role in the business, ask her about it, 'where does she see herself in 3 year's time?'

## Sliding down the other side of SHAPE - *Faltering*

The business is still recruiting more staff. Jane has found herself sucked into administration, control systems and rules.  Jane is keeping a few members of staff because they were there at the start. She is keen to maintain the balance in the business. The incentive scheme hasn't really worked.  A few customers are switching to the competition.

Mentor Task 7
1. How will you get Jane to refocus on what made the business successful?
2. The business is at risk or faltering now, want challenging questions as mentor do you need to ask?

## Conclusion

Jane had many helpful discussions with her mentor over time and at this point she decided to become Chair of the company and to recruit a new CEO with a new vision to take in forward.  The business returned to the Mature/Established position on SHAPE.

## Possible answers to the mentor tasks
Mentor Task 1

In the first mentoring meeting it is a good idea to get to know each other a bit. Say something about yourself and invite Jane to say something about herself. Establish some ground rules.

Here is a helpful framework to guide you:
Discuss:
- what it is you expect and what the mentee expects to happen in the mentoring
- how you will give and receive feedback to each other
- issues of confidentiality

- each other's responsibilities
- when and where and how long meetings will take place
- the issue of note taking – who are they for, what are they for?
- who does what under what circumstances
- contact in between meetings

Groundrules help to get you started and help to get your mentee talking. Groundrules set the tone and help you review and sustain the relationship. Groundrules are essential.

Like many early start ups, Jane was focussed on her product.  As a mentor, it is your role to help her think about other elements that need to be in place for the business to really start.

Explain the SHAPE process and ask Jane to consider where her business is in the framework.  Get her to think about each element, for example, what does she have now and what is she lacking?
- A Customer who is willing to buy (S)
- A means of production (P)
- Finance
- She is bursting with ideas (E)

She is lacking:
- Premises (P)
- People to help her produce (H)
- Only one customer (S)
- Administrative processes to control the production and develop a data base of potential customers (A)
- Marketing plan (A)

In the Brainwave stage, E is very strong but the rest of shape is in place. It is a time of new ideas, energy and excitement, dedication and hardwork with long hours. The start-up entrepreneur will be wearing many 'hats' and doing the sales and service, human resources, administration and production themselves.  It will be the idea or the entrepreneurial flair that will drive the business forward at this stage.

The business is probably somewhere between shapE and ShaPe.  Over time, it will need to develop some of the other elements.

Mentor Task 2

It was clear that selling these 'stains' to her current employer had limited value and was not sustainable in the longer term. By returning to the SHAPE process, ask Jane to consider where she thinks the business is now. She will probably understand that she needs to find other customers - other manufactures of cleaning products. This will require marketing and sales skills. Often, the founder of the business is a good sales person to do this because they have the passion for the product. Discuss with her, what she might do to get more sales and what the consequences are for increasing sales as this often creates challenges in other parts of the business.

As the business is born, S becomes very important. E is still strong and the others are in balance. It is a time of energy and drive to promote the idea or new product. There is a lot of faith that someone will be interested and that sales will come but results are needed and needed now!

The business is probably somewhere between ShaPe and ShaPE. Over time it will need to develop some of the other elements.

Mentor Task 3

Return to the SHAPE process and discuss with Jane where she thinks she is and what she needs to do next. The business is probably something either like this – ShaPe or ShaPE. Help Jane think through the challenges of growth and the knock-on effect of increased sales.

The business awakes and the entrepreneur has made many sales but delivering on those sales now becomes the challenge. Here, P becomes important along with S. The other elements are present and in balance. Customers have high expectations, resources become stretched and production problems may start to appear. But, with effort, the business will survive is the strong mantra!

It is also important to be getting a new injection of E i.e. product development and widening customer base. It may also be time to start thinking about taking on more people if finance allows.

Mentor Task 4

As mentor, help Jane to think about the challenges of growth. Now is the need for new ideas and so S, P and E become important. The business is becoming aware of competitors and internal conflicts start between sales/ service and production because often sales sell what the customer wants (variations of product) and production has trouble meeting the production requirement – standardisation becomes an issue. The

business may also experience cash flow problems at this stage and thinking about credit controls and early payment incentives becomes important.

Mentor Task 5

As the business becomes mature, the shape alters again S is still important as is P but growth brings with it the need for stronger administrative systems, more formalised management. There is probably a good customer base to grow further from but ideas have become less important and there are conflicts between Sales and Administrative processes.

At this point, Jane needs to develop new products and create service enhancements for customers. This helps to keep the SHAPE in balance and keep the positive energy of progress alive. The business is probably like this ShAPe. However, there are risks ahead that SHAPE starts to get out of balance. As the focus starts to shift onto the H and A.

Mentor Task 6

Whilst the overall staff numbers have increased, staff turnover is increasing and management need to do more for people to help retain them.

Help Jane to consider her pay structures and incentive schemes.

Some staff may be playing political games and some managers maybe manoeuvring for promotion. Jane may need to be thinking about staff development work for her staff and her own personal development now. The business is at risk as e reduces in importance.

Help Jane to think about her future and what her personal plans are for the business and herself. She may want to step aside and take on the role of, say chair of the business and hand the CEO role to someone else for example. Clearly this won't happen immediately but she may be thinking on those lines.

Mentor Task 7

Three years from the birth of the business, Jane needs a rethink! It is time to decide who to retain and who to let go. The business is saveable at this stage but it requires a big injection of E for this to happen. H and A need to be reduced in significance as they are beginning to dominate. It may be time for Jane to step down. It may be time to recruit a new CEO with a new vision for the future or it may be time for Jane to sell whilst she can.

# Short Case

## Summertown Containers Ltd

### Introduction

Summertown Containers Ltd is a start-up business based in the UK. Summertown started as a service and maintenance business for stainless steel tanks and containers used in the dairy industry. After a year of trading and as a result of customer requests, it started making other stainless steel containers for use in agriculture built to customers' specifications. The industry as a whole has about ten major producers and a number of smaller ones about the same size as Summertown.

Summertown Containers had grown quickly from its nascent beginnings due to its highly competitive pricing policy. However, the competition has become extremely strong recently, especially in product innovation. Summertown engineers have so far been able to place a close product substitute on the market soon after each competitive innovation.

Summertown has always seen technical service as very important. Due to its reputation for giving customers individual attention, Summertown grew quite quickly. Many of Summertown's sales staff have been with the Company since it started and were originally service engineers.

### Sales Procedures

The Summertown sales team is regionally organised with sales offices in 6 rural areas in the UK. The sales people are active and effective in terms of sales and customer relations. Whenever a need arises for a new type of container or a modification to an existing model, the sales staff contacts the design engineers at the manufacturing plant in Leicester. The design engineers supply a preliminary design and cost estimates so that specific details on capacity, size, cost and shape may be shown to a potential customer quite quickly. Summertown has very competent engineers, who know the various technicalities of designing and building stainless steel containers.

The Present Situation

Some competitors are able to make these containers much faster than Summertown and at a lower price. Recently, there have been a number of complaints from the engineers about the sales staff. The problem started when the sales staff sold a large order for a radically new type of container. The engineers had previously provided preliminary designs and cost estimates to the sales staff, but the sales staff said that what they had sold was completely different from these designs.

The complaints of the engineers are summarised as:

*"The sales staff come in here and ask for preliminary designs for a new container and we break our backs to provide them with all the information they need at very short notice. Then they have the gall to come back and tell us that they have sold a completely different container, for which we have done no preparation. It seems to me that they will sell anything the market wants, instead of what we can design for them."* Another point of irritation to the engineers is the sales person's habit of bargaining on the prices of containers with each customer. An engineer's comment on this practice is: *"Hasn't anyone around here ever heard of standard price?'"* Finally, an engineer observed: *"Some months we stand idle waiting for business to come in and at other times they rush us off our feet. We go into excessive overtime and even then let down half the customers who've been given impossible promises. They all come on the phone to us and we end up as a damned PR department. It's time someone sorted sales people out."*

Questions
- Using the SHAPE process, where do you think Summertown is in its progress?
- What are the clues in the case study that suggest that to you?
- In terms of the SHAPE process, what do you think Summertown needs to do now?
- As a mentor to the founder of the business, what is your plan of action?

## III. Understanding the ecosystem

## Long Case

Fish food

Introduction
This case introduces the concept of a business ecosystem and the role that it can play in mentoring an entrepreneur starting a business.

The case [2]
This is a relatively new entrant into the fish feed market for farmed fish. This is a global market place of fish farming and, in particular, in the salmon feed industry.  The farmed salmon business alone is worth £0.5 bn to the UK economy.

The business is growing due to its successful marketing and high quality of product.  It has a small-scale research and development capability headed by Penny. Its culture is that of a flexible, devolved business in which working relationships are generally relaxed and friendly and staff feel secure and valued.

In the second year of operation, some of its customers reported problems that threatened the existence of the business. The fish were developing eye cataracts that affected their vision.  Their inability to feed efficiently resulted in poor growth and behavioural changes when they swam at the surface resulting in sunburn, leading to increased disease incidence and slow growth. The customers questioned whether the feedstuff was responsible.

The fish feed company faced potentially high costs of litigation from the farmers', who in turn were under pressure from their customers, the potential to diminish the value of salmon and reduction of market share for many in the ecosystem.

The assignment
Jane is the mentor.  She has had many years' experience in the animal feed market.  She reached the level of Chief Executive in a large animal feed business and with her

---

[2] Case based on Garvey, B. and Williamson, B. (2002) Beyond Knowledge Management: dialogue, creativity and the corporate curriculum, Pearson Education, Harlow, UK Chapter 3

background in food science, she is well placed with her knowledge and experience to support Penny, the lead scientist in the threatened fish feed company.

Penny is the mentee. She is a PhD biologist specialising in fish nutrition and behaviour. She is the lead scientist in the fish food company and she has been charged with heading the investigation into the current problem. Penny has her first meeting with Jane, her mentor coming up soon, so she decides to ask her about this issue.

Mentor Task 1
1. How would you start the first meeting?
2. How would you handle what Penny tells you in the meeting?
3. What mentoring process would you use to help facilitate Penny?
4. What would expect to be the result of the meeting for Penny?

During the first meeting, Jane explained the concept of a business ecosystem and shared with Penny how it worked from her experience of working in the animal feed business.

Following the first meeting, Penny developed an emergency fact-finding strategy to get at the root of the problem. She talked to many people to work on the problem. Contributors included

- Customers in the farmed fish industry
- Animal food scientists through international networks and conference attendance
- A network of veterinary scientists specialising in fish
- Lawyers
- Insurance
- Universities
- Suppliers
- Competitors
- Finance specialist
- Other scientific research based organisations
- The farmers' customers

Fish food accessed the most up to date veterinary information from global sources. It involved detailed supply chain investigations to track down possible failures in the quality of the feeds. It involved assessment of farms where fish were continually tested on a fortnightly basis. Careful assessment of the feeding regimes of farmers was set in train to establish whether the problem was localised or not. Further research was commissioned from a local laboratory in a university. Legal and insurance teams were assembled to

anticipate the ways in which any litigation might be handled should customers seek to lay the blame on the company.  Competitors were also contacted and it was discovered that they had similar problems. Suppliers, farmers and competitors collaborated to finance the commissioned research.

Finally, all this information was gathered through the ecosystem in the spirit of collaboration on a serious problem. They hoped that they had covered all eventualities.

It was found that there were not any problems within the supply chain nor within the farmers' feed regimes. However, the university research found that the problem was mainly due to the changes in the water temperature and high levels of ultraviolet (UV) due to the exceptionally hot and sunny weather. This caused a deficiency in the dietary micronutrients so the fish were undernourished.  This caused the fish stress levels to rise and the cataracts to grow. The fish could not see their feed due to the cataracts, so they were coming to the surface to intercept the food as it entered the water where they could see it more easily and this caused the sunburn and a version of skin cancer on their scales.

During this period, Jane continued to support Penny solve the problem through regular meetings. Now the problem was identified, Penny needed to go to the next stage – implement the solution.   The scientific information was translated quickly into a commercial strategy to deal with the problems for the fish, the customers and deal with any ensuing legal obligations in ways that were satisfactory to everyone.

However, it was not just the science that solved the problem. This new knowledge was discovered in an organised way but it required access to the business' whole ecosystem. It required teamwork across disciplines, openness, trust and very high levels of commitment within the ecosystem to share information, analyse data and share working practices openly.  Without this kind of organisational climate, scientific work alone would not have helped solve this problem. This was solved by good relationships with all parties and these relationships had been cultivated over time.

Mentor Task 2
1. With the problem resolved, what could Jane say now?

Possible answers for the case

Mentor Task 1
As in the other start-up cases, Jane should share something about herself and ask Penny to do the same.  They also need to establish groundrules with Penny about the mentoring relationship and their mutual expectations. When this done, invite Penny to outline what she would like to talk about – *"What would you like to think about in this session"?* Jane then listens very carefully. Depending on what Penny tells, Jane can then formulate her questions to help Penny to find the key points in what she is explaining.

It is probably a good idea for Jane to follow a process framework for the meeting.  The three stage process[3] is probably as good as any.  The process is:
- Exploration
- New Understanding
- Action

The theory of the process framework is that through appropriate exploration, new understanding is gained and then actions can be considered in relation to the understanding.  The typical questions and prompts asked by the mentor in the Exploration stage might be:

*"What would you like to talk about today?*
*Tell me about your experience of…*
*Let's explore this issue some more.*
*You've said very little about X, but that seems to be central to the issue we are discussing.*
*What I understand you to be saying is…(paraphrase/summarise). Does that seem right?*
*Shall we start by recapping on our last meeting?"*

The typical questions and prompts asked by the mentor in the 2nd stage might be:
*"The way you're talking now reminds me of the time I…*
*Now that doing X looks like a viable option, there is some useful information I could share with you.*
*You've shown real commitment in the situation, but there are also things you've done that you regret. Is that a fair comment?*
*What are your options here and what, for instance,  might be the consequences of doing X?*

---

[3] (Alred & Garvey, 2010)

*What is there to learn here, what's the most important thing to work on, now that you're seeing the situation differently?*
*Well done, that feels like a breakthrough."*

It is in the 2<sup>nd</sup> stage that Jane may introduce the idea of the Business Ecosystem. It is important that the mentor allow the mentee to have sufficient space to talk and not to be too keen to get to suggestions or advice. Often, the mentee can work things out for themselves.

The typical questions and prompts asked by the mentor in the third stage might be:
*"Let's look at the pros and cons of this option.*
*How can I help you do this? Perhaps a demonstration of X would help.*
*Now that you've decided to do Y, is there anything you need to do first?*
*Let's spend some time talking about the mentoring itself, as we agreed to review after three months.*
*It is important you have a clear idea of how you will assess your own progress and success. Do you have any thoughts about that?"*

Jane would hope that the process would conclude with an action plan for Penny.

Mentor Task 2
Now that the problem is resolved, Jane needs to help Penny consolidate her learning from the experience by asking her – *"What have you learned about the Ecosystem approach?" "How might you use it in the future?"*

What was true in this case study example about the use and cultivation of a viable ecosystem can be generalised across different sectors and organisations. Those organisations that do not acknowledge that they work in a dynamic ecosystem are not likely to succeed. We do not exist in isolation!

Jane could help Penny with some key questions for example:
What is your product or service?
Who and where are your customers?
Who or where are your suppliers?
What are your links with:
- Business support people i.e. accountants, legal people, mentors, banks?
- Trade associations?
- Government agencies?
- Other regulatory bodies?

- Local authorities?
- Investors?
- Unions?
- Competitors?
- Customers of your customers?

How do you make such links?
How do you cultivate them?
How do you develop your social networks?
From whom do you take support or guidance?

It is by raising these questions that a sense of the whole ecosystem starts to emerge and ways in which to nurture it become apparent.

References and further readings

Garvey, B. and Williamson, B. (2002) Beyond Knowledge Management: dialogue, creativity and the corporate curriculum, Pearson Education, Harlow, UK

Garvey, B. Alred, G. (2010) The Mentoring Pocket Book (3rd Ed) Management Pocket Book Series - Mentoring Arlesford Press Ltd. Hants.

https://www2.deloitte.com/content/dam/insights/us/articles/platform-strategy-new-level-business-trends/DUP_1048-Business-ecosystems-come-of-age_MASTER_FINAL.pdf

https://partneringresources.com/wp-content/uploads/Tool-Ecosystem-Mapping-Short-Format.pdf

http://web.usm.my/aamj/22022017/aamj22022017_6.pdf

https://cambridgeservicealliance.eng.cam.ac.uk/resources/Downloads/Monthly%20Papers/2013JunepaperBusinessModelDesigninEcosystemContext.pdf

This project has been funded with support from the European Commission.
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

38

# Short Case

## Chicken egg farming

Introduction
This case provides an opportunity explore the role of eco-system mapping in the start-up context

Chicken Egg Faming (CEF)[4]
Nora is a chicken egg farmer in Uganda in east Africa. It is a family business that has been trading successfully for almost 3 years. Apart from 4 family members, she also employs a farm manager to oversee everything. The business grew in sales and market share. However, she is very aware that her customers (mostly hotels and tourist venues) are interested in buying food items with special attributes. She says that

> *"One thing my customers have always complained about is the diminished "yellowness" of the egg yolk. In fact, one customer who was buying about 10 crates per week negotiated a lower price of Sh10 per egg instead of the usual Sh20 because her clients were complaining the egg yolk was not "yellow enough".*

At the time Nora felt she had no choice but to accept this cut. However, what might she do to address this problem? She couldn't continue taking this financial hit. One thing she was aware of that the indigenous birds raised under free-range conditions have yellow yolks. However, free-range birds are susceptible to predation and as her business grew and her flock increased in number, the chickens were increasingly kept in more confined conditions. She tried rotating the birds so that some time is in free-range conditions for half of the flock while the rest remain in doors for a few days a week. This made no difference to the yolk colour. To keep costs down, Nora formulated her own feeds to try to address the problem using maize germ, wheat bran, soya and sunflower seeds grown on the farm. This had no effect on the yolk problem. She decided to think about how she might deal with this problem, being aware that she was losing business to other local egg producers. Her problem is:

- She was losing market share
- Taking a financial hit on sales
- The need to produce yellow yolks (rather than grey ones)
- The need to grow the flock to expand the business

---

[4] https://www.nation.co.ke/business/seedsofgold/Poultry-Keeping-Yellow-Egg-Yolk/2301238-3160436-4so49n/index.html

- Keep feed costs down
- Increase her market share and profitability

Nora's mentor suggested that she develop an ecomap of all those within her system. At first, she didn't see the point but later it produced dramatic results.

Questions
- How may the Ecosystem approach help Nora?
- Who might be in her Ecomap of her system?
- What might she ask these people?
- What do you see as the core problem of the business?

References and further readings
Garvey, B. and Williamson, B. (2002) Beyond Knowledge Management: dialogue, creativity and the corporate curriculum, Pearson Education, Harlow, UK

https://www.youtube.com/watch?v=qEFDlclRq2w

https://www2.deloitte.com/content/dam/insights/us/articles/platform-strategy-new-level-business-trends/DUP_1048-Business-ecosystems-come-of-age_MASTER_FINAL.pdf

https://partneringresources.com/wp-content/uploads/Tool-Ecosystem-Mapping-Short-Format.pdf

http://web.usm.my/aamj/22022017/aamj22022017_6.pdf

https://cambridgeservicealliance.eng.cam.ac.uk/resources/Downloads/Monthly%20Papers/2013JunepaperBusinessModelDesigninEcosystemContext.pdf

# IV. Futures

## Long Case

Organic Beer

Introduction

This case has been developed to describe the role that Future Search can play in the development of a start-up. Future Search is a task focussed group process. It is about the stakeholders in a business coming together to discover a common way forward to resolve the business challenges of the future. It is about developing commitment to innovation and change that lasts. Future Search is an interactive planning process enabling diverse stakeholder groups, each with their own agenda, to achieve shared goals through collaborative action. This case study takes the mentor through the process of Future Search and reflects the dynamic nature of a series of mentoring encounters.

The assignment

The mentor is Angela. She has many years' experience in the retail sector, having run her own arts and crafts business supplying the tourist industry. Angela is an experienced mentor.

The mentee is Philip. Philip is a serial entrepreneur. He has tried many ways to make money. One such venture was a 'lucky charm' business where he bought a large quantity of 'lucky charms' and sold them on through a website. Another was when he purchased 500 Leonardo Da Vinci prints for £1.50 a print and sold them on for £12.00 a print. Some may say, he was a chancer with an eye for making a profit! Philip is very personable and able to talk about many things. He can cooperate with people and is a good team player when necessary. He has energy and enthusiasm but he needs to focus and lacks any sense of strategy or vision - apart from 'get rich'!

The Case

*Organic Beer* is a start-up business. Nearly three years after it was established it is a thriving business employing 25 people. It has a turnover of £1.5M and supplies major stores, supermarkets and brewing shops around Europe.

It was started by Philip who bought a canning machine on the internet for a laugh and it was just another one of his money-making schemes! Having experimented with canning fruit and vegetables grown in his own garden and successfully selling them in markets

around his locality.  This provided him with a good income but he decided it was time to develop.

Philip was aware that the market for 'designer beers' was growing and that there was a reviving interest among beer drinkers in brewing their own beers. He experimented with ingredients and recipes.  He tested out different canning processes using beer from his home brew kits. Once satisfied with his efforts, he started getting his friends, existing customers and market traders (where he had good relationships) to try his kits.  Satisfied he was on to something, he started to scale up the business.  He managed to secure a business loan on the strength of his sales and income so far, hired some premises in area of town designated for small business development with favourable rents for start-ups.

In a short period, he had started to employ people, find new markets through social media and his website.  The local press had shown interest in his idea and had featured *Organic Beer* on the local radio, TV and newspapers as the up and coming business in the region. This led to national coverage in the media and eventually a visit from The Campaign for Real Ale (CAMRA), an influential independent consumer organisation in the UK that promotes real ale and cider. CAMRA gave Philip's homemade kits a special award. The business was off and running!

Philip wanted to grow his business but he was not sure how to do it. He was focussed on the current product and finding new customers but that was all.

Mentor Task 1
Angela is about to meet Philip for the first time.
1. What should Angela do in the first meeting?
2. What might help Angela to get Philip to focus?
3. How might Angela help Philip to start to develop a longer-term vision for the business?

Philip decides to hold a Future Search event.

The Future Search Event
Philip managed to get 25 people to commit to attend (with the offer of a free beer kit, tea, coffee and lunch!). The "whole system" in the room consisted of friends, existing customers, suppliers, an accountant, a lawyer and a banker.

First, they established their groundrules of how the session was going to be conducted. These included:

- A discussion on the meaning of confidentiality leading to an agreement ;
- Let the speaker finish before interrupting;
- Agreements on use of time;
- An agreement to listen and respect differing viewpoints as helpful and constructive;
- An acceptance that the people who had come are the right people to be there;
- The principle of self-management and self-responsibility.
- A 'notice board' and post it notes to share the key elements of the discussion

Once these had been discussed and agreed, the whole group broke into smaller groups (3 of 4 people and 2 of 3 people). These groups considered the past – how and why are we in this room? How did we get here? They did this in relation to the issue of the developing and growing Philip's business. They then mapped the present situation using the question - What is it like now for the stakeholders?

Then the real fun started where participants worked together to create a range of future scenarios using the question - What could the future look like for this business? Inevitably, the participants had different views about where he should go with the business but the Future Search process took account of this and allowed the diversity of views to emerge and become debated.

Several themes emerged from 'imagining the scenarios'. For example:
- Developing different types of beers in kit form – lagers, stouts, pale ale etc.
- Beers from around the world
- Selling online
- Approaching Amazon to sell through them
- Selling accessories for brewing including bottles, barrels, SG meters, pipes and tubes, gas valves
- Going into organic wine kits
- Attending festivals
- Supplying microbreweries with the ingredients

The participants examined the values that would underpin such a business and the degree of commitment from each participant explored. How much would each person want to be involved in the development of this business and in what ways?

Developing some action plans became the final task. Clearly, the idea required further investigation and discussion. Therefore, task groups explored the possibilities of these

ideas. There was much energy, enthusiasm and commitment as people explored these issues and envisaged the extent of their involvement.

The finance was put in place by the local bank that had been part of the Future Search. Some of the Future Search participants became employees with energy and enthusiasm. Two years later, Organic Beers and Wines is going strong and realising its future.

Mentor Task 2
Following the Future Search event, Philip returns to the mentoring discussion with Angela. He is bursting with the ideas the event created and as always, he is finding it difficult to focus on the priorities.
  1. What should Angela ask now?
  2. How should the mentoring session conclude?

Possible answers for the tasks
Mentor Task 1
In the first mentoring meeting it is a good idea to get to know each other a bit. Angela should say something about herself and invite Philip to say something about himself. Angela should then discuss the groundrules as follows:

She could discuss:
  • what it is she expects and what Philip expects to happen in the mentoring
  • how will they give and receive feedback to each other
  • issues of confidentiality
  • each other's responsibilities
  • when and where and how long meetings will take place
  • the issue of note taking – who are they for, what are they for?
  • who does what under what circumstances
  • contact in between meetings

NB: Groundrules help to get you started and help to get your mentee talking. Groundrules set the tone and help you review and sustain the relationship. Groundrules are essential.

Philip is able to talk very freely but often it lacks strategic focus.  One approach might be to ask Philip an 'Open' question first, for example *"can you tell me something about yourself and how you come to be sitting in this room with me in this very moment?"*  From what he says, Angela will be able to ask a follow-up question, for example, *"Tell me more*

*about 'x' in your business?"* Angela could try *"Where do you see your business in three years' time Philip?"*

Because Philip is so personable, cooperative and a team player, Angela thinks that Future Search is a good process for him to follow. He has plenty of energy and enthusiasm and he is open to suggestion from others. Angela sets about explaining the process to him. Philip agrees to give try it out.

Angela explains the process to him (see Methodology Module) and Philip agrees to get some people together and hold the event at his premises.

Mentor Task 2

Angela first needs to let Philip talk about the event as much as he wants to. She could start by saying – *"Tell me about the Future Search event?"* *"How did it go?"*

Then, Angela needs to take each idea one at a time and help Philip explore them. She could say something like – "What is the first idea that you think may have potential?" *"If you were to do that, what might happen?"* and follow up with - *"Who would be affected?"* *"How might they be affected?"* *"What effect will that have on your plan to grow and develop your business?"*

Having taken each idea and followed it through to its consequences, Angela needs then to ask Philip to prioritise – *"Which idea is the quickest and easiest to implement?"* *"Which idea will have the biggest impact in the shortest time?"*

Angela needs to help Philip to balance the different answers he may have to these questions and make a decision. *"So which one are you going to take forward?"*

Following this, Angela need to help Philip develop the action plan to take the idea forward. He will need to consider the resources needed, build in a monitoring of progress and some success criteria.

All this may take more than one mentoring meeting. Angela's role is to offer support, challenge and to help to keep him focussed.

This project has been funded with support from the European Commission.
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.
45

References and further readings

Marvin Weisbord and Sandra Janoff, *Future Search: An Action Guide to Finding Common Ground in Organizations and Communities* (Berrett-Koehler, 1995)

Marvin Weisbord & 35 International Coauthors, *Discovering Common Ground: How Future Search Conferences Bring People Together to Achieve Breakthrough Innovation, Empowerment, Shared Vision and Collaborative Action* (Berrett-Koehler, 1993)

Additional sources
https://youtu.be/yLRMsTxiels
https://www.youtube.com/watch?v=rmBjrn4yYII

# Short Case

## Eds Co-op

Introduction
This case provides an opportunity explore the role of Future Search in the mentoring process

Eds Co-op
Ed's background is in the organic food industry where he established a food cooperative. He later moved into the health and wellbeing market where he developed an interest in mentoring and coaching. Following a short period in Higher Education as a lecturer, Ed decided he needed to return to his roots and needed an idea to develop. One day he was visiting his local doctor's practice in London and he noticed that the house in which it was located had a large garden to the front that was mainly given over to lawn. He walked around the back of the house and saw a very large garden to the back also given over to grass. This started Ed thinking. This was space that could be given over to food production. He wondered how many other Doctor's surgeries were in similar settings. He was particularly aware that food and nutrition go together to help physical and mental health wellbeing.

This was the start of the London Borough GP Food Co-op. There are now several such garden communities around London.

> *"Food is the single most important factor in health and disease. But what you are achieving is not just about food. It is about physical activity and social interaction which are also very important for health. You are also leading the way in connecting general practice with its community and enabling it to offer something beyond pills and potions."*

> *"As a person with depression and anxiety problems, I find the project a good way to meet people and combat a sense of isolation I often feel. It has also motivated me to utilise my balcony space to grow food and has also reignited my love of cooking...."*

Funding comes from various sources to support the work but this is always a challenge. Most of the funding comes from a hospital charity. Patients, doctors, nurses and Lambeth people work together to grow food on NHS land across the area. It is open to anyone who wishes to help in anyway. The co-operative is particularly beneficial for people with long-term conditions but others probably could as well. The produce is either given to

patients who work in the gardens or sold in a local restaurant. This is clearly such a good idea and has the potential to develop and grow.

Using the Future Search Process found in the Methodologies Handbook:

1. How might a wider common purpose be found for this co-operative business?
2. Who might need to be involved?
3. What are the stages of that need to be gone through with this Future Search initiative?
4. What might be the questions asked?
5. What might be the advantages of a Future Search process for this co-operative?

References and further readings

Marvin Weisbord and Sandra Janoff, *Future Search: An Action Guide to Finding Common Ground in Organizations and Communities* (Berrett-Koehler, 1995)

Marvin Weisbord & 35 International Coauthors, *Discovering Common Ground: How Future Search Conferences Bring People Together to Achieve Breakthrough Innovation, Empowerment, Shared Vision and Collaborative Action* (Berrett-Koehler, 1993)

http://lambeth.gpfoodcoop.org.uk/Find-out-about-us/?Category=3842

Additional sources
https://youtu.be/yLRMsTxiels
https://www.youtube.com/watch?v=rmBjrn4yYII