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Vegetarian Gardens: Grow in Guyana or is the Grass Greener Elsewhere?

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TEACHING NOTES

Synopsis

The case focuses on a sole proprietor, Cecil Hickerson, who is facing a series of crossroads. His son, Orin Hickerson, will soon be graduating from university and is interested in joining his father in this business—although this need not necessarily involve him returning to Guyana. (Where is Orin most valuable, at home or abroad?) Cecil has ambitions to take his successful vegetarian food products business beyond its current market—the hometown city of Georgetown—which must be nearing saturation. Cecil Hickerson is a "one-man show," handling nearly all aspects of the business. Cecil imports product from the United States and then has it re-packaged and labelled. From there, he personally delivers the product and makes the sales calls himself.

Moving the enterprise forward is something both Cecil and Orin would like to do. Taking the business beyond the metropolitan region of Georgetown to other areas in Guyana is a possibility. So too is international expansion; beyond national borders, the enterprise can go as far as resources and imagination will allow. Neighbouring Suriname is a small market with similarities to Guyana. Brazil and Venezuela are large lucrative markets with language barriers of their own. Trinidad and Tobago has commonalities with Guyana but its inhabitants' high incomes set it apart. And of course Orin has experienced the Western world (chiefly North America and Europe); his assessment is that Veggie Gardens could successfully compete in that venue.

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Key Issues and Discussion Points

The case centers on the need for an enterprise in an emerging market to formulate a strategy. This is a bit of a twist, in that the firm seeking growth is contemplating departure **from** an emerging market. This move could be taken in bold leaps or incremental cautious steps.

The options are wide ranging:

- from maintaining control of all activities to hiring and contracting for help with selling, distributing, transporting, etc.

- choosing which countries to enter; how and when.

It may be worthwhile to leave time to discuss a progression from the first steps to the final destination; maybe Brazil and Venezuela are not something to pursue in the near term, but are best kept on the horizon—whereby one success builds on another. Is there any urgency from the environment? It appears to be entirely personally constructed.

Discussion of entrepreneurial teams merits consideration. Is this father-son duo an ideal match? They both bring different skill sets and come from different stages in life. “Co-preneurs” are usually husband-wife combos, but could include siblings or—as in this instance—parent-child. Piano manufacturer Steinway & Sons is perhaps the most famous moniker for a multi-generation business. Students may be asked to develop pros and cons for such arrangements and some advice on making the partnership work.

Potential Audience and Uses

This case is intended for an undergraduate or graduate course in entrepreneurship (particularly small business management or family business strategy). It also could be usefully employed in an international business class or a marketing class to broach issues of exporting and market prospecting/development. Succession is not addressed but could be explored. It may also be worth drawing attention to the topic of serial entrepreneurship.

The case centers on venture growth and calls for developing a plan for attaining the desired market share. Part of the decision will invariably rely on the preferences of the entrepreneur. The setting for the case is novel, but the story has many of the same nuances as in more familiar contexts. There are certainly some unique features to doing business in an emerging market. These lessons resonate with students, even those who prior to reading the case would have incorrectly placed Guyana in Africa.

The situation shows the tension between the deliberate and tightly planned modes of growth we often describe in management education, and the opportunistic, helter-skelter growth that so often characterizes micro-scale family firms. The case introduces what market research decisions actually look like in small enterprises.

Suggested Teaching Approach

It is likely that this case will generate visceral reactions. This case deals with seemingly wide-open prospects. The only limitations are the participants' imaginations and the resources that they can muster. Students should be prompted to take the perspective of the founders for most of the discussion, but at some point an outsider's view is warranted: either of investors, customers, or competitors.

Starting class by polling students what they would do if they were Cecil or Orin can be revealing. There is usually a mix of approaches and levels of enthusiasm. If this were Proctor and Gamble, Sony, or Wal-Mart a team of professionals would be assigned to the market research task and thousands of hours would be invested before a decision was made—something that can rarely be accomplished in a small enterprise. This case can be a catalyst for discussing how large and small firms differ in their aims and approaches.

This case lends itself well to group work. Teams can discuss the situation at Vegetarian Gardens Inc. and develop a plan of action for expansion. Students can be asked for their initial thoughts about the Hickerson's enterprise. Students can be instructed to spend some time considering Cecil's managerial preferences. Doug Sundheim (2013) in the book *Taking Smart Risks: How Sharp Leaders Win When Stakes Are High* states:

> The dangers of taking too much risk are very clear. We're reminded of them in the news every day... Unfortunately, we rarely hear any warnings about playing it safe... The dangers of playing it safe aren't sudden, obvious, and dramatic. They don't make headlines... The dangers of playing it safe are hidden, silent killers.

It can be helpful for the teams to consider asking Cecil a few questions. If you had a moment to sit with Cecil Hickerson, you might explore: How big does the founder want his company to become and why? Cecil appears to appreciate some of the risks of the status quo, but a founder who loves the daily work of the business is different than one who will happily turn over the reigns to a professional manager; a founder who needs to ready the firm for a disposition by sale is different from the one who plans to turn over the enterprise to a successor from the family; a company staring down a much larger competitor is different than one whose market position is relatively secure. Cecil's logic driving expansion is not clear. Students might also want to ask: What other information do Cecil and Orin need? This may allow discussion to turn toward tradeoffs of certainty and cost, and between risk and reward. How much market research should they do? How much experimentation is reasonable? Depending on time and desired objective for the class, groups might be given the task of examining resources (identifying gaps between what they have and need), performing market analysis, and developing a brief presentation to the rest of the class.

The decision in this case is not based entirely on gut reaction, there is a lifetime of learning to draw from and there is no discounting both Cecil and Orin's experiences in South America and the Caribbean. Instructors may ask students: Where to begin? What do they know? What do they not know? What can they find out easily in the near term? (e.g., visit grocery stores in Brazil, make a few phone calls, surf the World Wide Web.)

The case may be taught sequentially, breaking down the various items of interest and decision points: what market(s) should be served, partnership arrangements, etc. or starting with the close of the case and the general question: What are the Hickersons' next steps?

It is essential that students stick with an insider's vantage—that of the founder and/or the son. If students take the perspective of someone at arm's length (advisor/consultant) it allows them to make technically "correct" but unfeasible or unpalatable decisions.

The following questions may be used to generate classroom discussion or can be assigned for written work or class preparation:

1. What would you do if you were Orin Hickerson? Return home to Guyana or move to Canada or Europe? Does Orin have a choice?

2. Should Cecil Hickerson request that his son return home to help out? Should Cecil encourage Orin to pursue other options?

3. What market(s) should Vegetarian Gardens Inc. pursue? Which countries/locations would you select and why?

4. What about competitors (current and potential), none are overtly considered in the case? And what about stepping on suppliers 'toes' (current and potential markets)?

5. What have the Hickersons done right and wrong? Identify any mistakes and wise moves.

6. Where will this enterprise and these entrepreneurs be in 2-3 years and in 10+ years?

Many entrepreneurs do not want their offspring to follow in their footsteps. Many children of entrepreneurs do not want to pursue the family business. They have seen a small business up close and are turned off to the prospects of running one themselves. Jean Lee (see Supplementary Resources below) notes the following important elements: family cohesion and family adaptability which influence the outcomes: organizational commitment, job satisfaction, life satisfaction, and propensity to leave. An open decision making process is key and it appears that Cecil Hickerson and his son Orin maintain healthy dialogue. They serve as sounding boards to each other. Lee (2006: 188) would warn Cecil "It is especially important for the owners/founders of the family enterprises to understand their roles as leaders and how their behaviors can demotivate the commitment and work satisfaction of their younger generation." Cecil appears not to have yet reached the point of conservatism that Zahra (2005) warns about and Orin, despite his youth, is not entirely void of risk-aversion, but rather has a sensitivity to the subject or an understanding of not disrupting what his father took time and effort to create. Cecil might acknowledge that there is danger in the long tenure of CEO founders, he seems to be directly trying to counteract stasis; 'over time, some family firms become resistant to change and follow conservative strategies' (Zahra 2005: 23). Actively seeking to break free of "strategic simplicity" appears to be second nature for both Orin and his father.

Should export assistance programs be revisited? They were handily dismissed by Cecil, but his son Orin suspects that they could be leaving money on the table. Programs might be available from: (1) Guyana, (2) the unidentified Caribbean country where product processing takes place, (3) possibly (through very unlikely) from the country you want to export to, and (4) from supra-national organizations aimed at encouraging economic development (e.g., IMF, World Bank, UN, etc.).

Zahra (2006: 24) suggests that some family firms:

> Undertake domestic and international strategic alliances to upgrade their existing capabilities or to acquire and develop new skills that expand their growth options. These are important but risky moves for many family firms—ones that require significant resource allocations and demand major changes in these companies' internal decision-making processes, without significant guarantees of financial success.

Zahra (2006: 24) goes on to note, 'risks of failure in introducing a new product, entering international markets, or joining strategic alliances are substantial, even for experienced companies.' Large multinational enterprises risk failure too. The Hickersons must be cautious, but not overly so. Doing the wrong thing is to be avoided, but so too is doing nothing. In this regard, simply searching and contemplating the next opportunity suggests that the firm is headed in the right direction. This vigilance is important.

While Orin was forthcoming in helping prepare this case, the retained earnings from this venture were unknown to him—outside the obvious, his international tuition and expenses for education being covered. Cecil did not have a war chest full of cash, and even if he had, he was a prudent man. The banks indicated in no uncertain terms that they would fuel expansion. The Hickersons had been a good bet in the past.

What does Orin want to do with his life? Is Orin only available to steer this business if it grows and globalizes? After his North American education and European travels, is he prepared to return to steer a small-scale business?

What Happened

Orin Hickerson knew that his education might prepare him for business, but he has been surprised that his bachelor degree credentials will open doors. This is worth sharing with those enrolled in a degree program. Higher education gives the recipient of it further confidence, but further confidence is placed upon the recipients—particularly in the developing world. Having a bachelor's degree in business will open up doors: (1) permitting access to social networks and professional groups, (2) special allowances/access and favourable rates from banks and other financial institutions, and (3) preferential treatment by government.

Orin has pressed his father, Cecil Hickerson, to further develop his own network of peers and advisors. If Vegetarian Gardens Inc. is going to make the move to other countries—be they developing or developed—Cecil needs to have a group of associates he can turn to for advice. (see Timmons, Spinelli, Ensign 2010 'Build your Brain Trust'). It would obviously be preferable if Cecil could ask questions of those who either have exported or are exporting themselves. Those providing council would thus be able to speak to similar problems they encountered (and hopefully overcame or could recommend how to avoid) and successes they experienced.

Orin completed his bachelor's degree and then completed an M.Sc. in International Marketing and Brand Management at Lund University in Sweden. During this period he devoted time to preparing a business plan for Vegetarian Gardens Inc. Orin also launched an on-line accessories company and joined forces with a Danish classmate for another venture to deliver a line of retail vegetarian products for supermarkets and vegetarian fast food restaurants. Their venture was backed by the food engineering department at Lund University which conducted food testing. Before returning in the fall to complete a Master's degree in Entrepreneurship at Lund University, Orin went to Guyana in the summer:

> I returned home to enlighten my father about branding and international marketing. The intention is to take the Guyanese company into the Caricom (Carribean Community) within a few years. These days I see the world as a market. It is important to develop a solid position in the Caricom before Unilever, P&G, and the other big dogs move in.

Orin quoted the philosopher Karl Popper 'If you can't say it simply and clearly, keep quiet, and keep working on it till you can.' Orin went on,

> I tried to get some buyers for our veggie products in Suriname this summer. It was a learning experience. I did not prepare well. In some instances, the product was too far from their mind. Some wanted it to be fully biological. Most of these companies have 25 trucks, 200-500 employees. They were not small companies. One of the purchasing managers, a woman, told me no after three minutes but I went back the next day and the day after that to convince her. It did not work. I don't believe in failing. As long as I am learning, I am not failing! I will attack the Surinamese market in a few years with another try.

Orin continued in a later e-mail, 'Entrepreneurship is about perseverance: try hard or die hard. Never give up. Constructive destruction: making things better all the time!'

Soon after Orin sent the following e-mail message:

> Right now, I am in Guyana working in the family biz this year. I am totally focused on GROWTH.
>
> About two months ago, we gave over a big chunk of our distribution to one of the largest distribution companies but solely for the Guyanese market.
>
> Right now, I am pushing to get into Trinidad, Jamaica, Barbados, Suriname, and the Netherlands Antilles. I only started this month after the website was launched. Some companies asked us to send samples and I have been working magic via phones, email, and fax.
>
> Before, I did it wrong when I attempted to get into the Surinamese market but I am prepared now. Everything is more professional!
>
> My dad is into construction, real estate, hotels these days. He is keen on new ideas. I am loaded with ideas but I know that I have the required skills to make VGI huge. The mission is to make it the number one soya meat supplier/brand in the Caribbean.

The Hickerson family opened the 'Hick's Ville Hotel' which boasted a full scale health food restaurant featuring Vegetarian Gardens Inc.'s products. The vegetarian restaurant and bar claimed to be Guyana's only.

A few months later, Orin provided this update:

> We got our first trial order for Suriname. The first leg into the export market and it is with one of the BIGGEST distributors in the country. I surveyed the market four years earlier but with no luck. I did it again six months ago and now, we got in. Patience!

With 20 employees on staff, the enterprise was poised for further expansion. Ms. Costello worked on international sales and the firm was able to conduct business in English, Dutch, French, Spanish, and Swedish.

Supplementary Resources

Vegetarian Gardens Inc. was located at 78 and 79 West Ruimveldt Estate Housing Scheme, Georgetown, Guyana. Their existence can be confirmed on the Internet. Their plant was located at 37 West Ruimveldt Estate Housing Scheme.

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This case has been vetted by a colleague—a fellow business school professor—originally from Guyana. He attests that the case does not contain any offensive remarks. We thank him for assisting with the accurate portrayal of the Guyanese context.

Appendix: 5 Market Entry Possibilities and Analysis

	1. Guyana	**2. Brazil**	**3. Suriname**	**4. Venezuela**	**5. Trinidad and Tobago**
Population	767,000	188 million	439,000	26 million	1 million
Ethnic groups	50% East Indian 36% Black 7% Amerindian	47% White 43% Pardo (‘brown’ – mixed) 7% Black 1% Asian	37% East Indian 31% Creole 15% Javanese 10% Maroon	53% Mestizo (mixed European and Indigenous) 42% European 3% Black 3% Indigenous	40% East Indian 37% African 20% Mixed 7% other
Languages	English (official) Guyanese Creole (national)	Portuguese (official) Spanish English	Dutch English commonly spoken	Spanish	English (unique dialect) Trinidadian Creole Tobagonian Creole
Advantages			50% of population living in the capital		tourism growing excellent investment for international business
Constraints	1/3 of population in Georgetown 10% of 5,000 mile roads were paved	poor infrastructure corruption income concentration	falls in the middle between option 1 and 2	wealth not evenly distributed Cecil not familiar with business environment political curiosities	population declining 7 miles off coast of Guyana but there are transportation options
GNI per capita	$1,010	$3,460	$ 2,540	$4,810	$10,400