

# **Transformative Corporate Entrepreneurship**

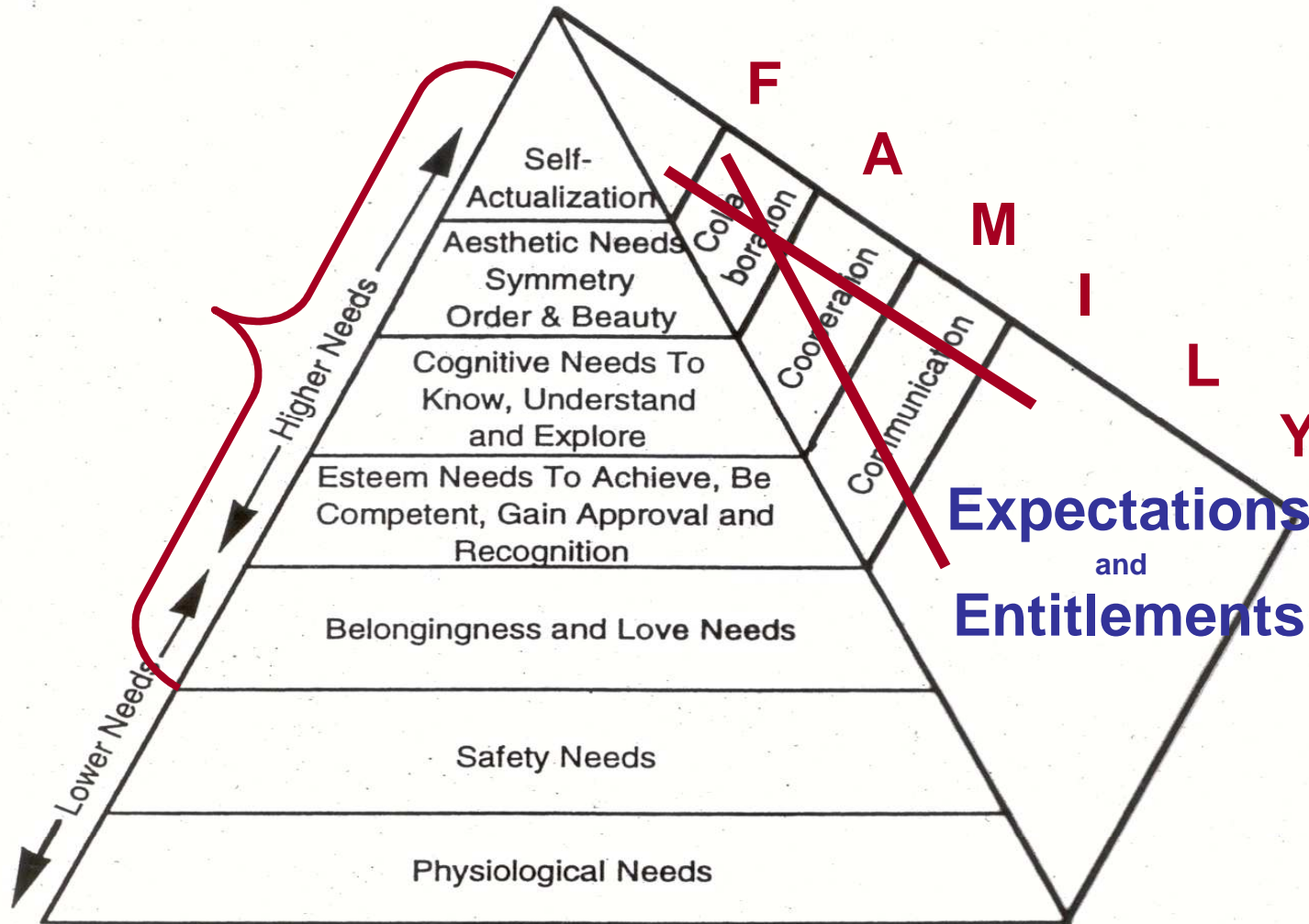
## **Case: Worcester Beef**

Prof. Michael E. Gordon

**BABSON COLLEGE**

## ***Worcester Beef Case Issues***

- 1) Leadership***
- 2) Family***
- 3) Financial***
- 4) Industry Dynamics***
- 5) Strategy***
- 6) Succession of CEOs***
- 7) Corporate Culture***



## Maslow's Pyramid of Needs

*The three components of entrepreneurial transitioning are shown at the appropriate higher levels. Communication is of paramount importance as everything is built upon it.*

# Family Issues

( Often in conflict with business goals )

- **Emotional Concerns**
- **Family Needs**
- **Decision Making**
- **Control**
- **Culture**
- **Sibling Rivalry**
- **Expectations**
- **Careers**
- **Conflicts**
- **Governance**
- **Family Agreements**
- **Visions, Values, Goals – Family / Individual**
- **Politics**
- **Communications**
- **Loyalty**
- **Non-family Outsiders**
- **Commitments**
- **Management Business Philosophy**
- **Succession / Training of Future Leaders**
- **OTHERS ?**

- *Human side of the firm*
- *Shared beliefs and goals*
- *All-for-one mentality*
- *Together we can do it*
- *We are a team !*
- ***OR, THE WORST NIGHTMARE !***

*What Characterizes an Entrepreneurial Culture ?*

**RATE: 0 - 10**

- **Enlightened LEADER**
- **Breeding ground for Entrepreneurs**
- **Idea-rich environment**
- **OPPORTUNITY OBSESSION !**
- **Tolerance for failure**
- **Entrepreneurial Intensity:**  
**Risk-taking, Innovativeness, Pro-activeness**
- **Bottom up / Top down**
- **Resource availability**
- **Competitor and market sleuthing**
- **Compensation / Motivation**
- **Darwinian adaptation**
- **Conducive physical environment**
- **Team spirit , Us against them , We all win together !**

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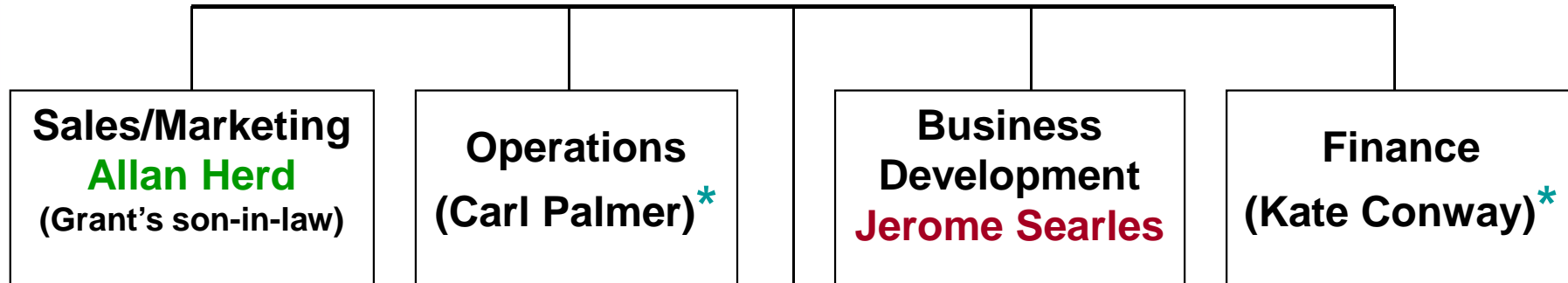


# Worcester Beef

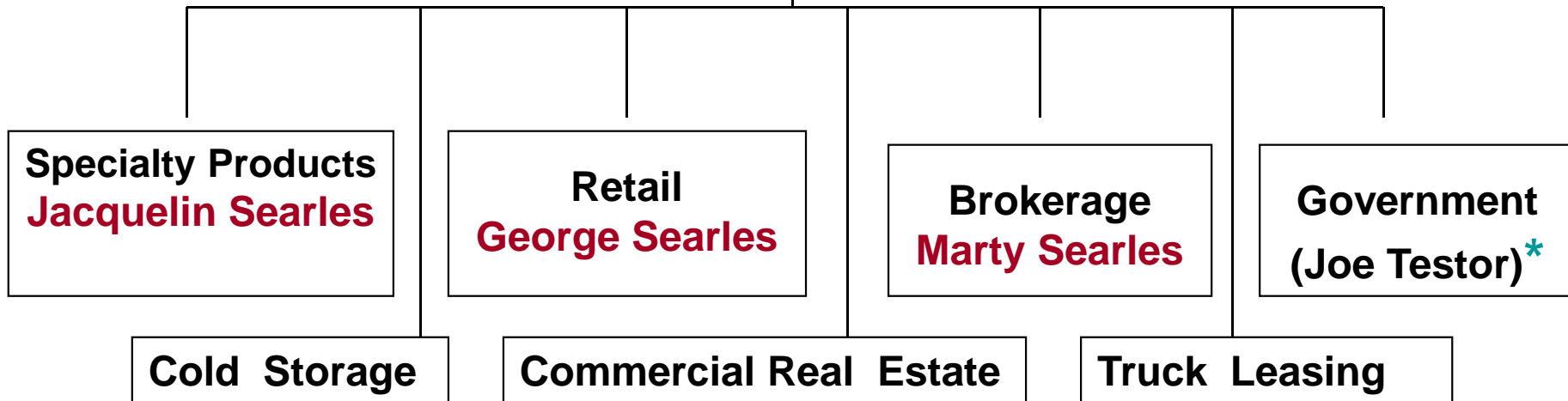
**Grant** and **Searles**

January 6, 2006

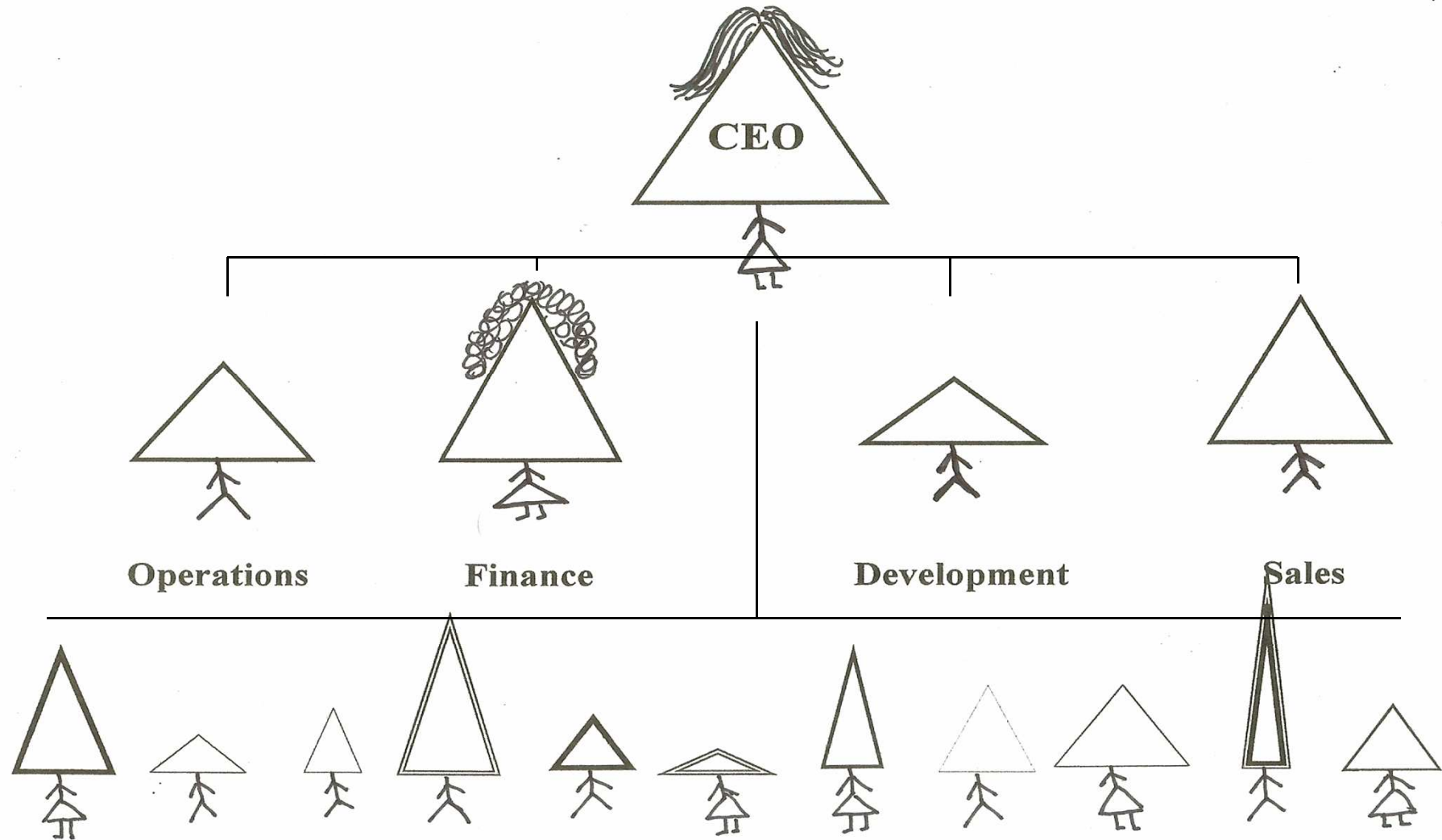
## HEADQUARTERS



## BUSINESS UNITS



# Culture: Human & Organizational Needs



**WORCESTER BEEF BALANCE SHEET**

**December 31, 2005**

(all numbers \$ 000)



Current Assets

Cash \$ 340

Inventory 1,580

Receivables 1,220

Total Current Assets 3,140

Long Term Assets

Property, Plant, Equipment 3,330

Other Long Term Assets 260

Total Long Term Assets 3,590

**TOTAL ASSETS \$ 6,730**

Current Liabilities

Accounts Payable 2,850

Short Term Debt 1,100

Total Current Liabilities 3,950

Total Long Term Liabilities 2,400

**TOTAL LIABILITIES \$ 6,450**

**ASSETS - LIABILITIES = NET WORTH (Shareholders Equity) \$ 280**

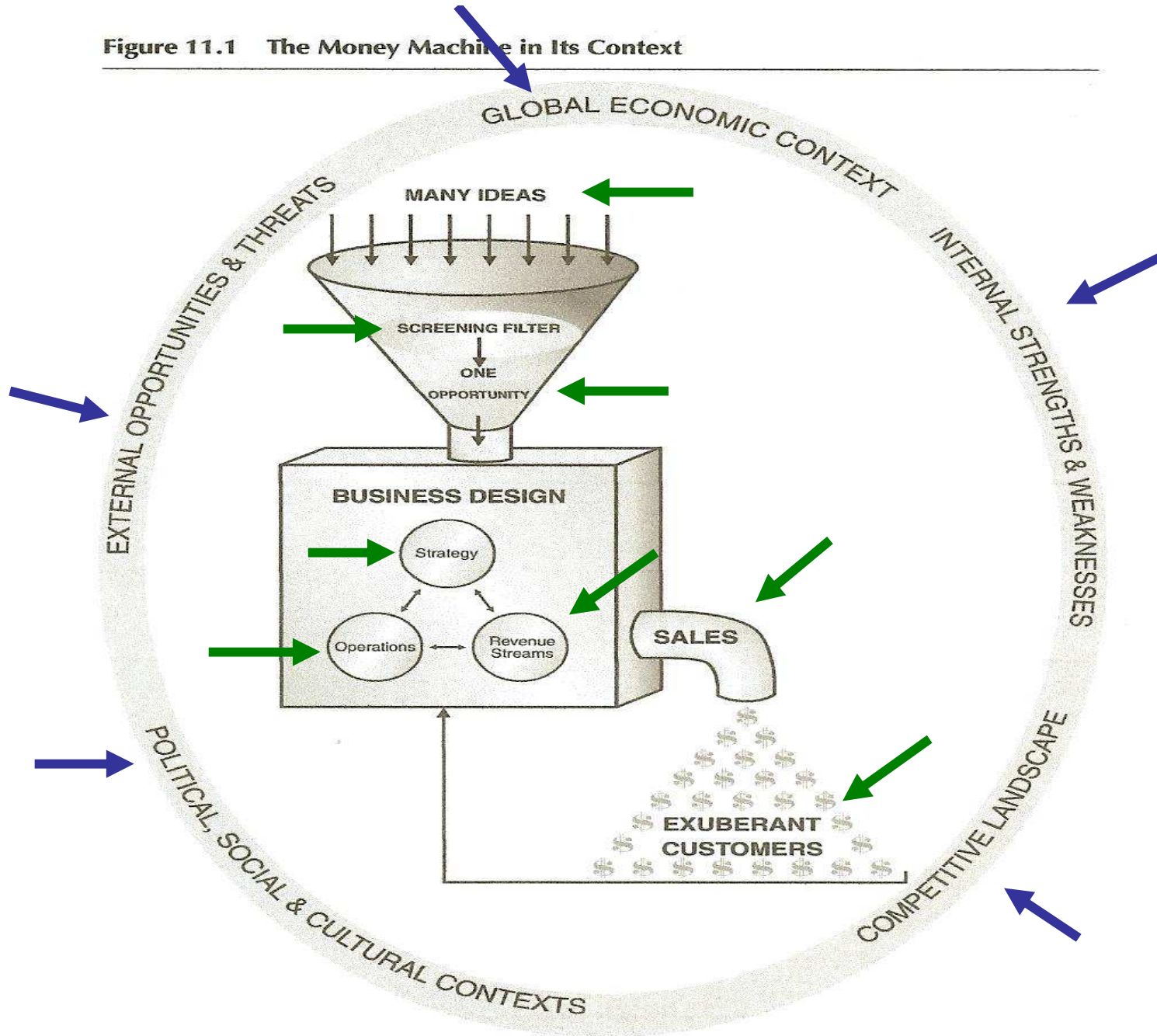
**NUMBER OF SHARES OWNED: Manuel Searles: 10,000; Edward Grant: 10,000**

# Worcester Beef Statements of Operations

(All numbers in \$ 000)

	1955	1965	1975	1985	1995	2005
<u>Sales</u>						
Wholesale	4,100	19,900	41,800	74,000	101,000	89,000
Retail	1,200	2,600	3,700	4,200	5,700	6,400
<u>Total Sales</u>	5,300	22,500	45,500	78,200	106,700	95,400
<u>Cost of Goods Sold</u>						
Wholesale	3,200	17,900	37,600	66,600	90,800	80,500
Retail	840	1,900	2,800	3,200	4,300	4,800
Total	4,040	19,800	40,400	69,800	95,100	85,300
<u>Gross Profits</u> (Combined)	1,260	2,700	5,100	8,500	11,600	10,100
<u>GS&amp;A</u> (Combined)	1,142	2,270	3,900	6,300	10,500	10,540
<u>Operating Income</u> (combined)	118	430	1,200	2,200	1,100	( 440 )
<u>Net Profit</u>	10	170	310	550	170	( 610 )

Figure 11.1 The Money Machine in Its Context



Source: The Center for Competitive Success, "Money Machine." Copyright © 2000 by Michael E. Gordon. Used with permission.

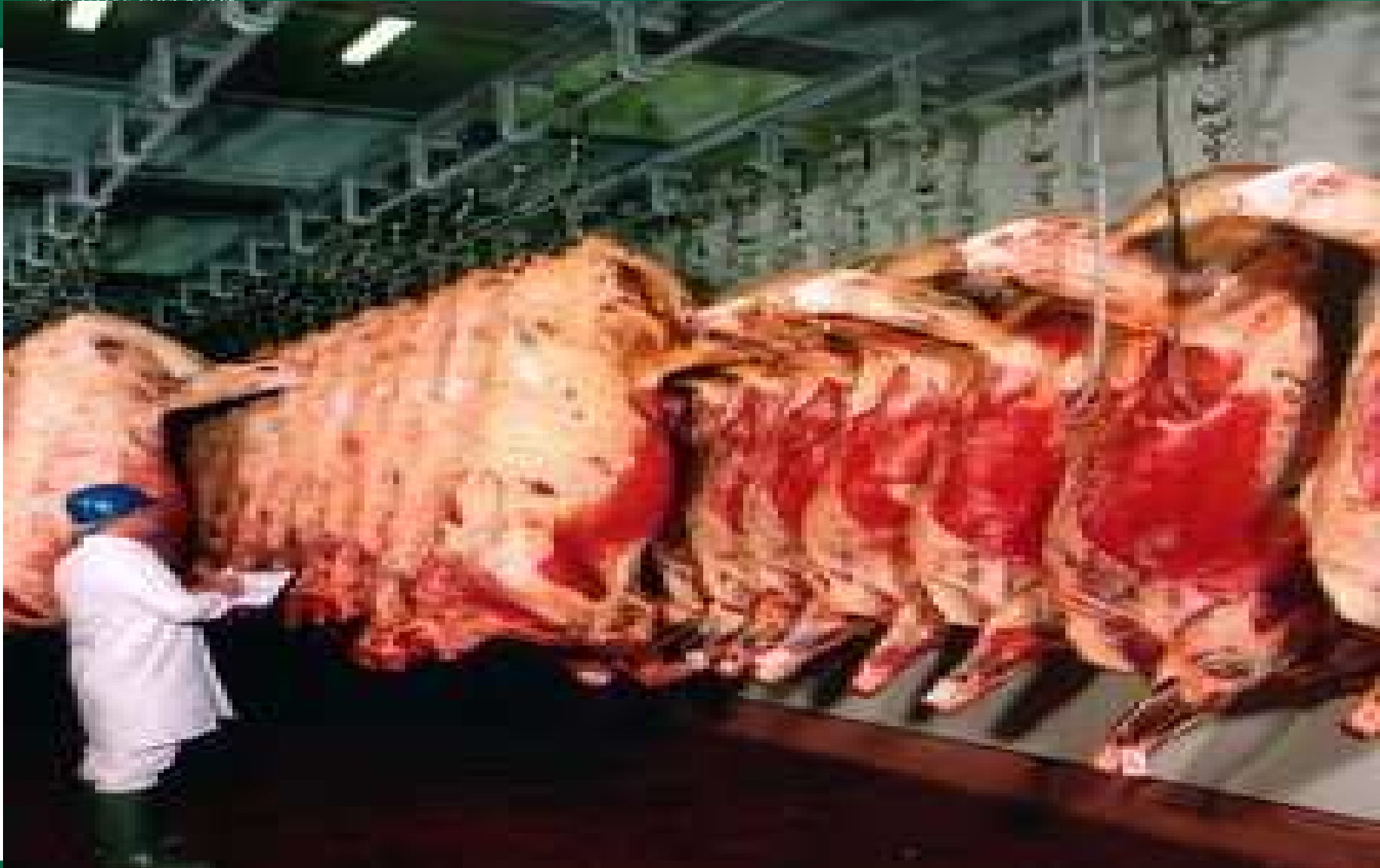
# Value Proposition

Meat packer & wholesale distributor of meats and other food products to restaurants, hotel chains and supermarkets in New England (B2B).



**BABSON**  
EXECUTIVE EDUCATION

# Meat Packing & Food Distribution



# Food Distribution

## We Represent These Fine Companies

### CANNED HAM BRANDS

#### Domestic

Rath

Swift

#### Imported

##### Polish

Krackus

Atlanta

##### Yugoslavian

Adria

Zagreb

Esco

##### Danish

Hafnia

##### Holland

Tulip

Zwan

Twello

Unox

### IMPORTED FROZEN BEEF:

Australian Lamb

Australian Beef

Australian Veal

New Zealand Lamb

New Zealand Beef

New Zealand Veal

### BEEF—LAMB—VEAL & PORK PRODUCTS

Rath Packing Co.

Lundy Packing Co.

Columbia Packing Co.

Riegel Provision Co.

Oscar Mayer

M. M. Mades

Jones Dairy Farm

Swift Brown 'n Serve

Buddig

Genoa Packing

Perri Sausage

Rothman

Cudahy Packing Co.

### POULTRY & DAIRY PRODUCTS

Swift & Co.

Maplewood Poultry Co.

Marval Poultry

Rath

Weaver Poultry

(Turkeys, Ducks, Geese, Capons and By-products)

Land O' Lakes

Clearfield

Hoffman

Cooper

South American Beef

### MOSEY CORNED BEEF CO.

### WINDSOR FROZEN FOODS

### INSTITUTIONAL DIVISION:

Portion Control beef, lamb, pork

Cooked Roast Beef, Corned Beef, Turkey,

Shortenings

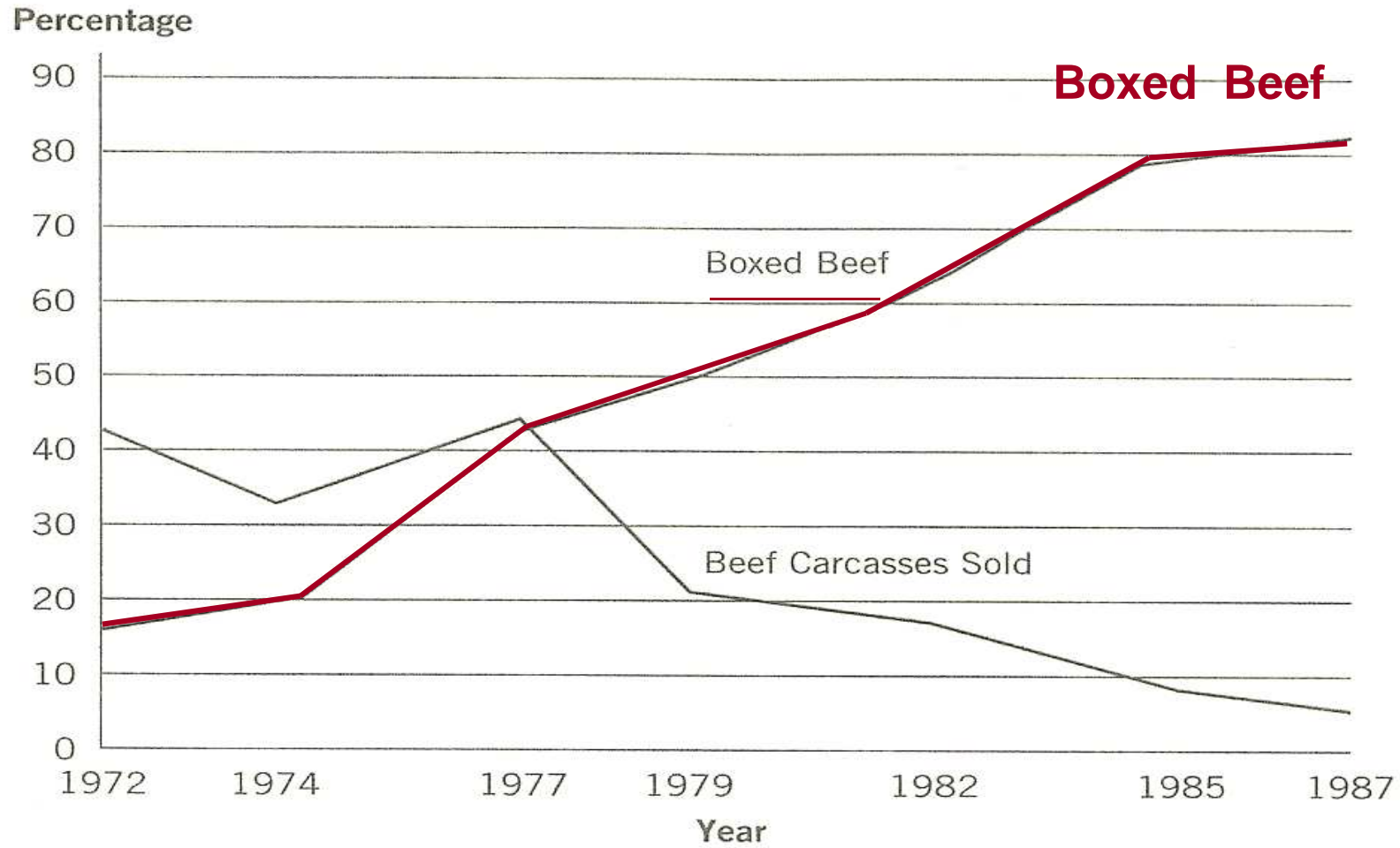
French Fries



*Does the CUSTOMER  
value this  
VALUE PROPOSITION ?*

*Many  
Industry  
Disruptions*

**2** TREND TOWARD BOXED BEEF



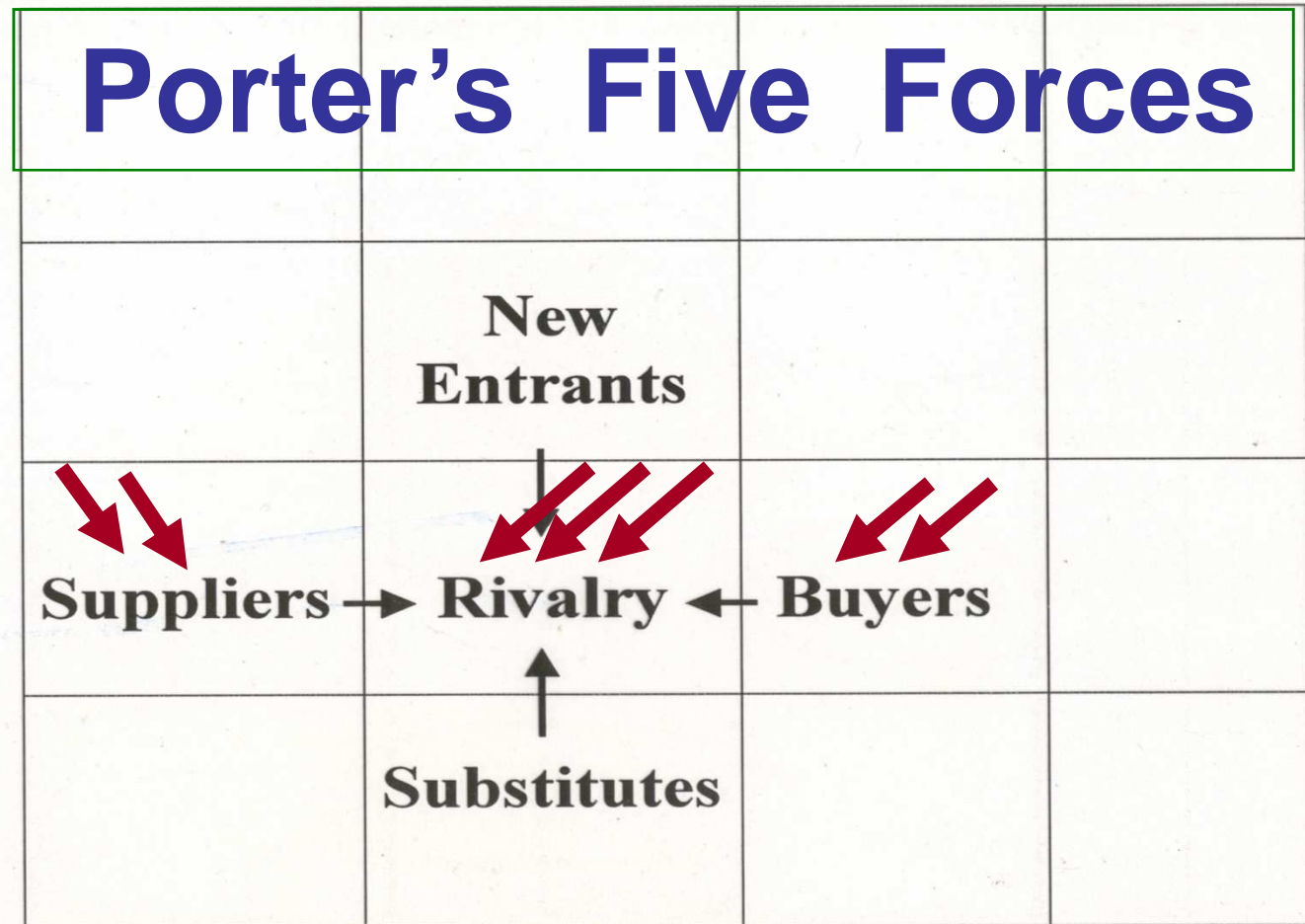
SOURCE: *National Food Review* 12 (1989).

# Industry Segmentation

BUYERS →

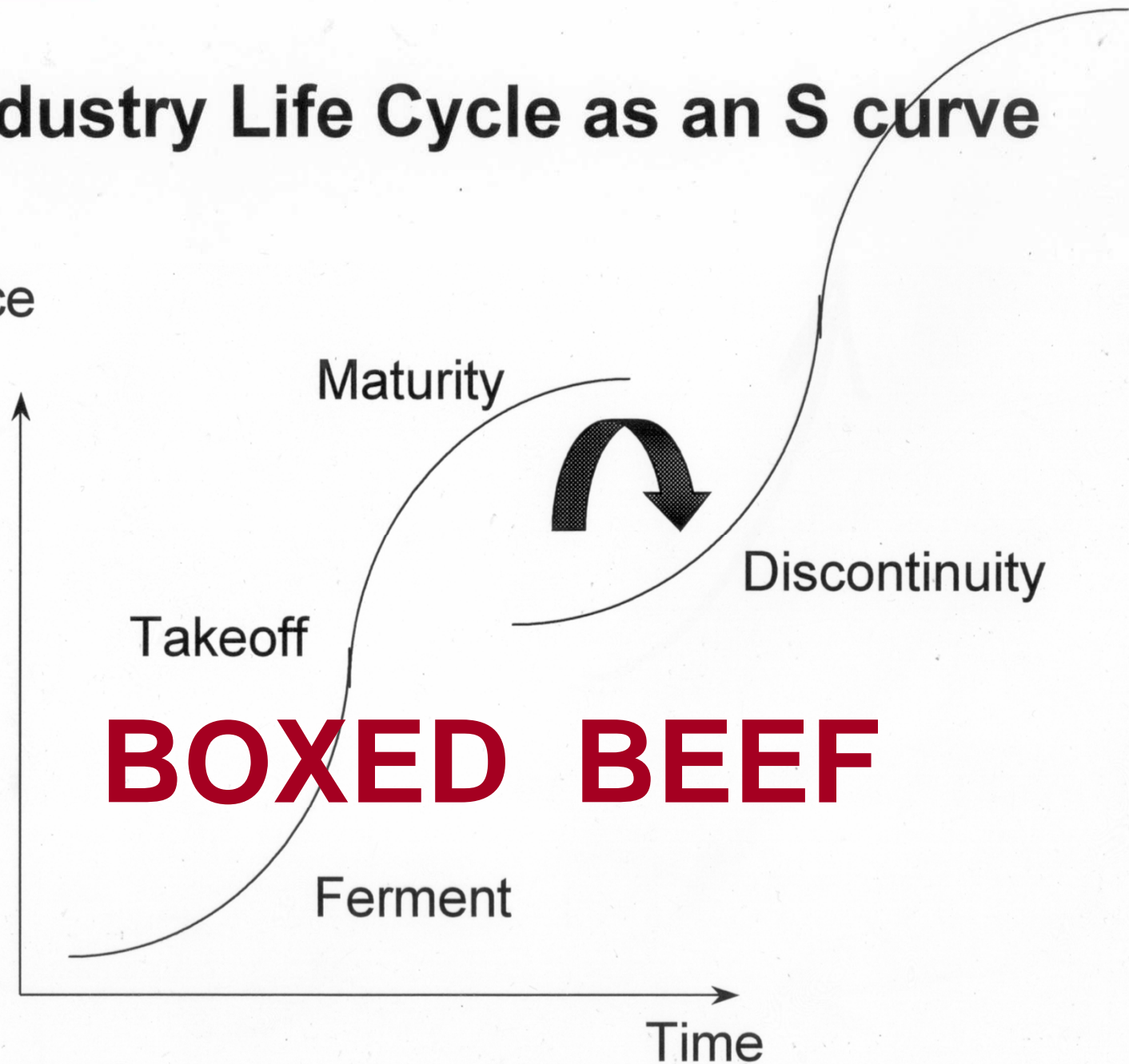
PRODUCT  
VARIETIES ↓

## Porter's Five Forces



# The Industry Life Cycle as an S curve

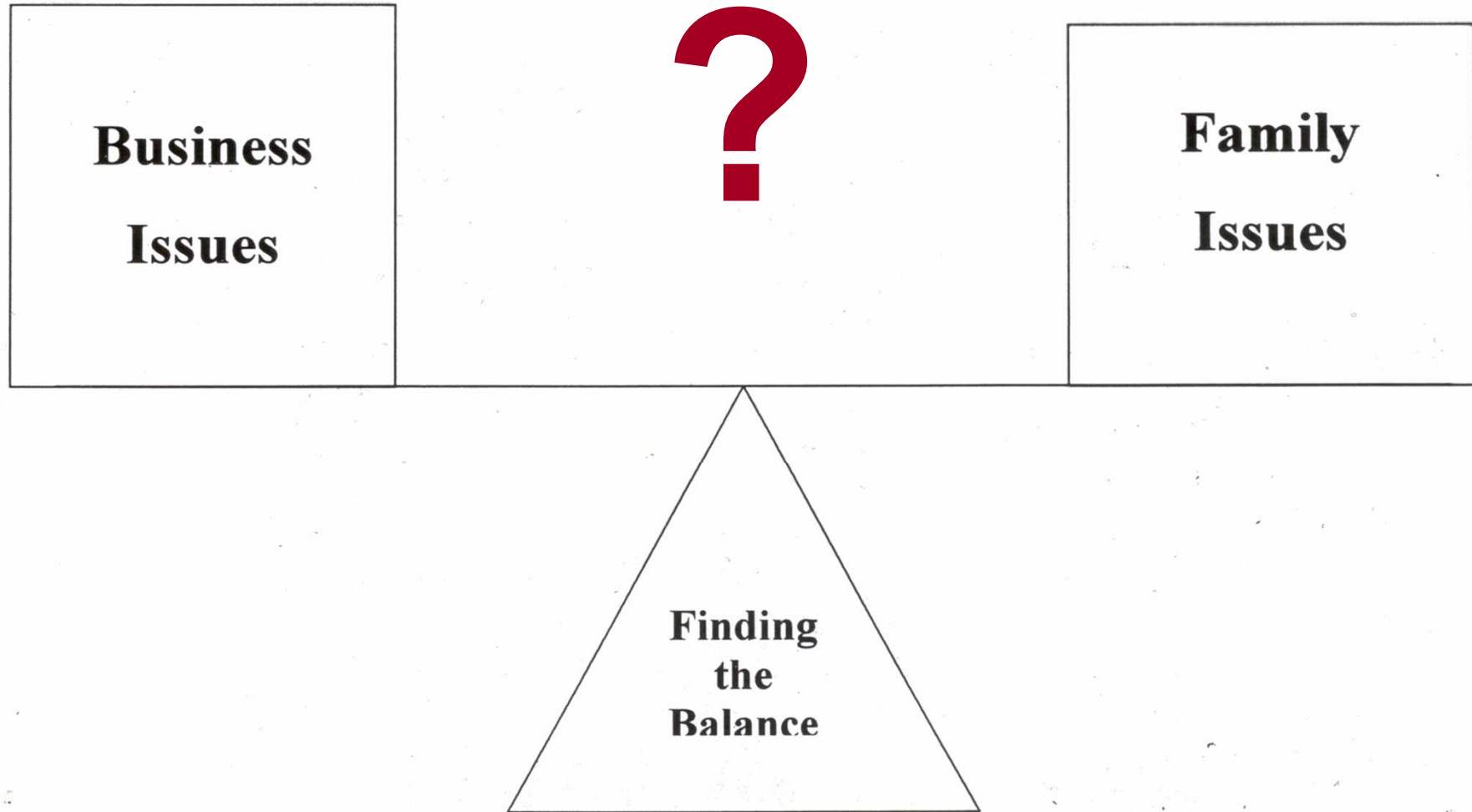
Performance



**BOXED BEEF**

Time

# Family Business Balancing Act



## Dimensions of Leadership

- **Process**
- **Traits**
- **Function**
- **Behavior**
- **Power**
- **Vision and Values**
- **Communication**

- **Lead change**
- **Vision / Mission**
- **Financial Strength**
- **Communicate**
- **Strategy**
- **Tactics**
- **Risk Management**
- **Fixate on New Opportunities**

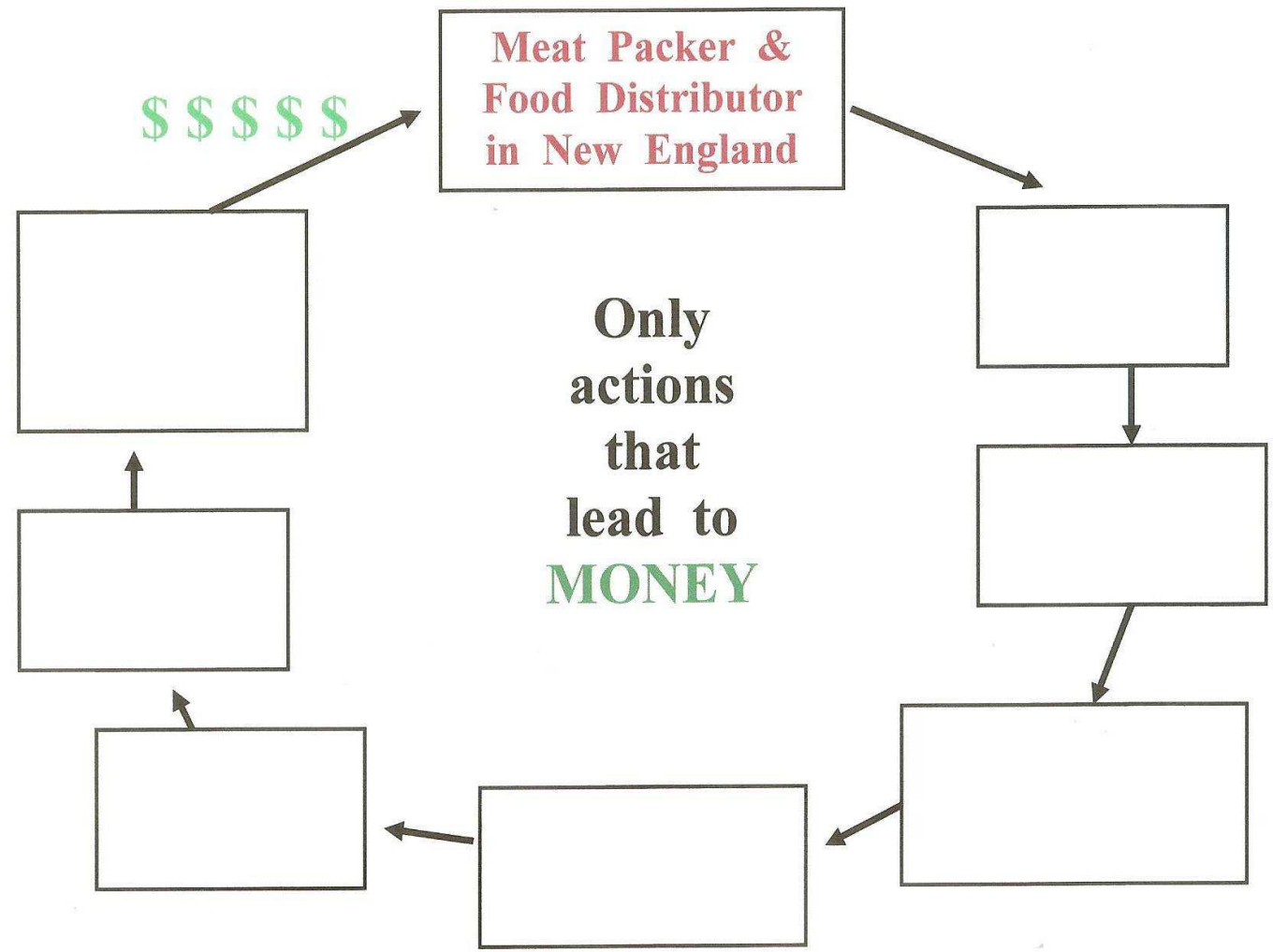


- **Train Future CEOs**
- **Increase Resources**
- **Allocate Resources**
- **Develop Corporate Culture**
- **Moral Tone**
- **Strategic Initiatives**
- **EXECUTE !!!**
- **and more ...**

## *What killed Worcester Beef ?*

- **Non-entrepreneurial Leadership**
- **Lack of Strategic Planning**
- **Significant Industry Disruptions**
- **Marginalized Value Proposition**
- **Dysfunctional Culture**
- **Poor Decision Making**
- **Absence of Transformative Thinking**

# Gordon's Value Cycle (2005)



# Strategic Planning: *AVOID* at your peril !

**A**ssessment

— **V**ision

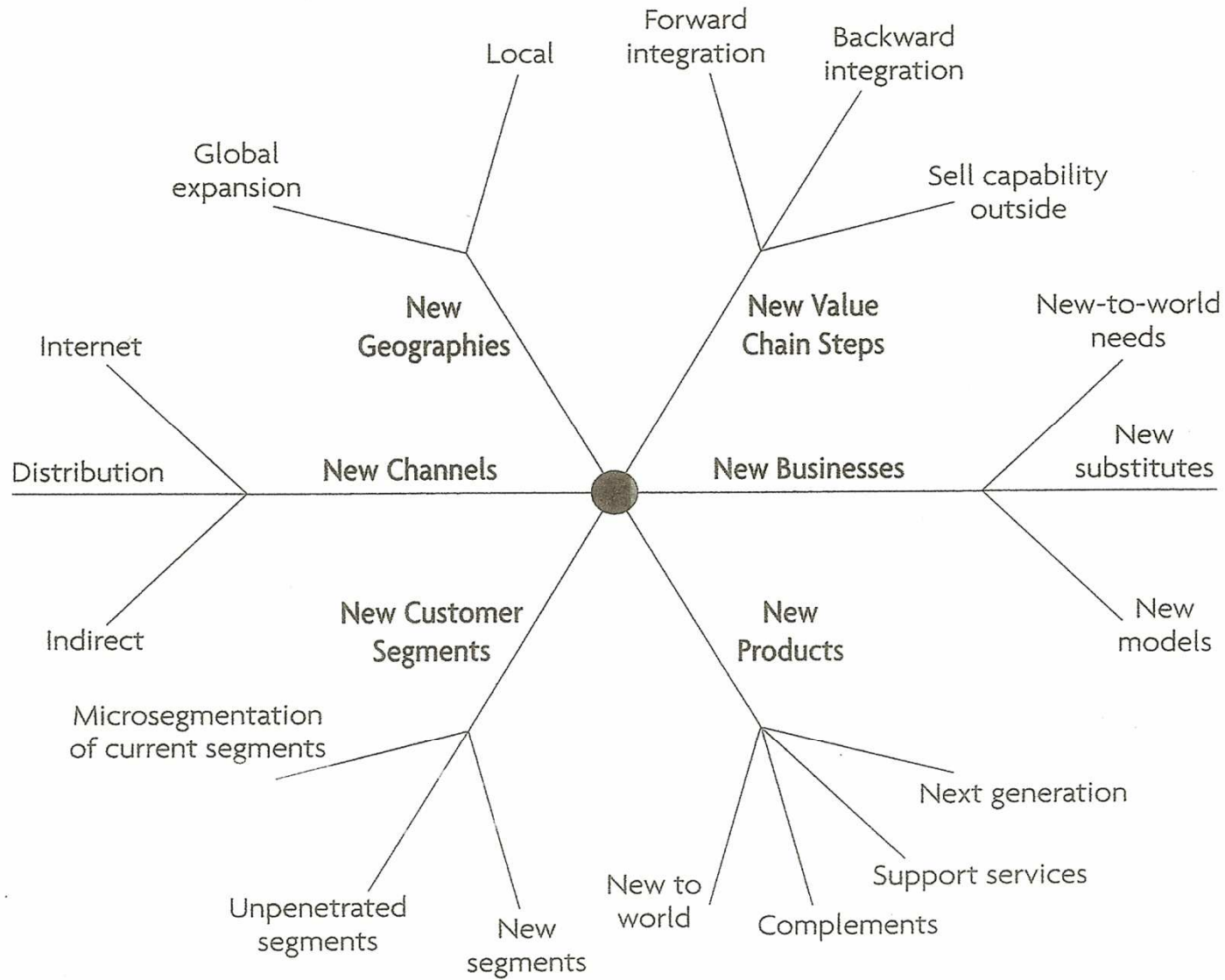
**O**ptions

Monitor  
Progress  
Continuously

Select **ONE**  
Best

**D**o it !

**I**nitiatives



# Adjacency Map – Alcoholic Beverage Company

3-2 The Multistep Adjacency Map of an Alcoholic Beverages Company

