



## Ernst & Young Entrepreneur of the Year Case Series

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# TEACHING NOTES

**EAMONN AND BRIAN FALLON**

**DAFT.IE**

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These teaching notes were prepared by Dr. Thomas M. Cooney\* as the basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

The *Ernst & Young Entrepreneur of the Year Case Series* highlights the entrepreneurial pathways and strategies of successful Irish entrepreneurs. By platforming positive role models, the cases aim to foster entrepreneurial endeavour among students. The cases are based on the Ernst & Young Entrepreneur of the Year Award finalists and are edited by Dr Colette Henry at the Centre for Entrepreneurship Research. This project is a joint initiative of Ernst & Young, the Centre for Entrepreneurship Research (DKIT) and InterTradeIreland. InterTradeIreland is responsible for the promotion of trade and business on an all-island and cross-border basis.

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## **Case Synopsis**

Eamonn and Brian Fallon originally came up with their business idea in 1997. Nothing happened for some time as Eamonn pursued his studies in engineering at university and Brian was still at second-level education. However, a ‘business ideas’ competition for second-level students prompted Brian to explore the possibility of using the online properties idea for his business plan, and so he started to develop a very basic website. He began by building a homepage which offered two options: house sharing and property to let. For a number of months people would email their requests to [brian@indigo.ie](mailto:brian@indigo.ie) and he would copy and paste them onto the website, where they remained until such time as the property was taken. It was a free listing service and the website was promoted by Eamonn through posters, primarily located in the third-level colleges about the city. The only income stream was through businesses advertising on the site, but that remained small for a considerable time. However, more heartening was the discovery that a very large accountancy firm in Dublin was telling its new recruits to check out the website when looking for property, as this endorsement took its target market away from the student market for the first time.

It was September 2003 before Eamonn joined the business in a full-time capacity with Brian following in the summer of 2004. The company initially employed a part-time person in December 2003, but since then, has expanded to employing 10 full-time employees. As part of the development of the business, the company needed to improve its customer service capability and so dedicated one employee to give a customised response to every email that they received, as well as delivering other highly-tailored emails to all of its different types of users. They also added features such as a time-delay to give the impression that automatically generated responses had been highly considered and that the company had a large support team. As part of their customer service strategy, they were not prepared to pay large sums of money for above-the-line advertising for their website, and so they focused on word-of-mouth promotion. They sought to “build a community” of people who would tell their friends about the service in much the same manner that eBay had succeeded. They now have 350,000 registered users whom they believe act as advocates for their services. In 2004, the Fallon brothers were rewarded for their efforts by being nominated as finalists for the very prestigious Ernst and Young

Entrepreneur of the Year awards. They have since gone on to receive an array of awards, including 4 Golden Spider Awards in 2004 and the Small Business of the Year Award in 2005. Interestingly, these awards have also given the company significant promotion without the need to spend any money.

Daft.ie is now not only Ireland's largest property website, but also the busiest website. An independent audit of internet traffic by ABC ELECTRONIC confirmed that Daft.ie received requests for over 27 million pages of information (Page Impressions) in May 2006, the largest ABC ELECTRONIC audited figure for any Irish website to date. These figures make Daft.ie Ireland's busiest certified website at 17th July 2006, ahead of other well-known sites including; RTE.ie (22 million, May '06), Eircom.net (22 million, January '06) and MyHome.ie (18 million, October '05). Throughout their growth, the brothers have remained faithful to three key principles: using word of mouth as the sole promotional tool, spending only retained funding to finance growth, and staying focused on properties only.

However, daft.ie is currently facing a fresh variety of challenges and it needs to decide upon its new strategy. A brief review of the options considered included: (1) go international, (2) develop the area of overseas property, (3) upsell opportunities for existing customers, (4) develop the commercial property sector, (5) have other classifieds such as jobs and motors, (5) develop different language versions for foreign nationals coming to work in Ireland, (6) develop the mortgage centre activities, and (7) place a greater focus on the advertisers rather than the users. One critical issue for the Fallon brothers is should they keep the three key principles that have served them so well thusfar.

### **Teaching Objectives**

Case studies are often used to consider the problems that a struggling company is facing. This is an excellent case for examining the challenges that a successful company can experience, particularly when faced with second stage growth. The teaching objectives of this case study are as follows:

1. To assist the student in understanding the process of starting a new business and to consider how ideas for a business can be generated;
2. To enable the student to evaluate different opportunities within a business;
3. To encourage the student to offer a rationale for the recommendations that they would offer the management team;
4. To highlight how a successful business can also experience problems.

This case may also be used to discuss the concepts of entrepreneurial teams (multiple founders), family members starting a business together, and the benefits of student enterprise competitions. Indeed, the case is rich in terms of the number of ways in which it can be utilised to explain different entrepreneurial situations.

### **Suggested Teaching Approach**

The time available is a critical concern for all teachers/lecturers, so, rather than allocate time, the suggested teaching approach is broken into key sections that need to be addressed during the course of the case study analysis. These sections are as follows:

1. Idea Generation
2. New Venture Creation Process
3. Business Development
4. Affect of Environmental Forces
5. Analysis of Current Situation
6. Evaluation of Future Opportunities
7. Recommendations
8. Other Issues (e.g. family members working together)
9. Video plus Closing Discussion.

It is suggested that each of these sections is given equal time during class so that the student can understand how the process works from beginning through to second stage growth. It enables to student to see how success can be built and the challenges that such success can bring. Some of the comments made by the brothers in the video help to round

off the discussion in terms of demystifying entrepreneurship by talking about it in terms of a series of steps that need to be taken.

## **Questions**

### **Second-Level**

1. In your opinion, how creative is this business idea?
2. What were the main reasons for their success to date?
3. Describe the key threats to their business and why they are happening now?
4. Evaluate the major growth opportunities?
5. What would you do if you owned the company?

### **Third-Level**

1. Identify the new venture creation process that the brothers went through with daft.ie.
2. Determine the key success factors to date.
3. Analyse the current situation for the company.
4. Evaluate each of the opportunities.
5. Should they keep the business principles of word of mouth, retained funding, and focus on properties?
6. What recommendations would you make, and why?

## **Support Material**

### **Websites**

[www.daft.ie](http://www.daft.ie)

[www.myhome.ie](http://www.myhome.ie)

[www.propertypartners.ie](http://www.propertypartners.ie)

[www.sherryfitz.ie](http://www.sherryfitz.ie)

### **Video**

A 1.5 minute video of the Fallon brothers discussing their business is available on the 2006 Ernst and Young 'Entrepreneur of the Year' learning pack.