



Ernst & Young Entrepreneur of the Year Case Series

TEACHING NOTES

JOANNA GARDINER OVELLE PHARMACEUTICALS

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These teaching notes were prepared by Dr Colette Henry, Maeve McArdle and John Sisk* 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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1. CASE SYNOPSIS

Ovelle Pharmaceuticals is a family business, founded in 1934 and is based in Dundalk, County Louth, Ireland. Traditionally, the company manufactured old-fashioned creams and lotions, such as Calamine Lotion, Silcock's Base and emulsifying ointments. Today the company has expanded its product range to include the Elave[®] brand - a range of irritant-free body washes, shampoos, lotions, oils, facial cleansers and intensive creams

The current Managing Director - Joanna Gardiner - took over in May 2000, facing some tough business decisions. This was a market that was undergoing some dramatic changes; people had more disposable income and were looking for more from their healthcare products. Joanna was determined to be part of this new market.

From a marketing perspective, the time is right – the general toiletries market, within which the skin-care market is categorised – is forecast to grow by some 16% over the next 5 years. However, competing at the global level and “taking on the big players” will inevitably mean more changes within the company.

Ovelle's product range includes emollients, antiseptics, muscle and skin treatments, coal tar preparation and sun blocks for the domestic and export market which they supply to pharmaceutical wholesalers, pharmacy chains and independents. Highly recommended by pharmacists, dermatologists and GPs for the treatment of a wide range of skin conditions, Elave[®] products are now sold nationwide in selected multiples, including Boots, McCabes and MacCauley retail pharmacy chains, as well as in some of the Dunnes Stores, Tesco and Superquinn outlets.

Niche or Global Player?

The newly expanded product range includes body washes, shampoos, lotions, oils, facial cleansers and intensive creams. However, expanding the product range has also expanded the scope of the competition which the company may have to deal with in the coming years. The question now facing the company is to decide where to position itself in the marketplace - whether to be in the consumer skin care, general toiletries or personal care market.

The Worried Well

The “save your skin” slogan recently activated by Ovelle is indicative of a new mood in the marketplace. This mood reflects the growing health concerns faced by consumers on a daily basis.

Mild problems are described as serious disease, so shyness becomes a sign of ‘social anxiety disorder’, and pre-menstrual tension is turned into a mental illness – ‘pre-menstrual dysphoric disorder’. Just being at risk of an illness has become a disease in its own right. (Cassels & Moyihan. (2006). US: selling to the worried well, *Le Monde Diplomatique*, May).

Expansion Phase

Ovelle are clearly geared up for the expansion phase, which will obviously mean new markets as well as a new strategy. Joanna is planning to double their turnover within the

next 3 years, and if she is serious about that, then she needs to get really serious about the export business.

The core challenge now facing Ovelle is how to successfully develop an international presence, and how to deal with the subsequent challenges expected from the key competitors.

2. TEACHING OBJECTIVES

This case may be used at third level in both undergraduate and post graduate programmes. It may also be used at second level within the Leaving Certificate Business Studies module. The case can be used to analyse the critical variables for business success and growth, particularly those concerning the market, competition and growth strategy. Essentially, discussion and analysis should focus on the following:

1. the product range and competitive edge
2. competition, customer base, pricing strategies;
3. resources (including finances) required for growth
4. sales and export channels
5. the individual entrepreneur's characteristics (i.e. age, work experience, education, background, family situation);

Each of the above can be discussed against traditional theories in the literature, with the issue of gender presenting itself as a potential added topic for discussion in the context of female entrepreneurship. In addition, the particular geographical location of the business (i.e. Co Louth, Ireland) and the impact of Ireland's economic environment (including the prevailing enterprise support policy and current initiatives) on the potential growth of the business, can facilitate further commentary, providing an interesting and "realtime" dimension to the discussion.

The case can also be used in a range of modules, including Entrepreneurship, Innovation, Marketing and Business Strategy, to demonstrate issues pertaining to market research, marketing strategy, entrepreneurial characteristics, business planning and strategic development. The key objective of the case is to expose students to a real life business scenario of a small-medium-sized manufacturing company which has undergone a number of major changes in recent years. The company still faces a considerable number of challenges within a dynamic industry. The primary focus of the case is on marketing and marketing strategy. This is directly linked to opportunity recognition. A secondary but directly linked focus is the entrepreneurial flair and personality of the Managing Director. These themes combine to provide students with a rich context in which to further explore and apply marketing and entrepreneurship theories. The suggested questions and teaching approach can be adapted to suit both second and third level teaching.

3. SUGGESTED TEACHING APPROACH

This case was designed for delivery in a small to medium size group of students to facilitate discussion and debate. For second level, each student should be given a copy of the case study at the beginning of the class, with sufficient time allocated for reading.

Two class sessions of 60 minutes each will be required for delivery (including reading time in class).

In terms of 3rd level, students should normally be given a copy of the case study in advance, with questions to prepare, allowing the case to be delivered and discussed in greater depth over a single session of 120 minutes.

It is not necessary to cover all of the questions suggested below in the class session. The teacher/lecturer may select the most appropriate question(s) that best fit with the particular topic under discussion at that point in the curriculum.

The following is a proposed delivery schedule for 2nd level:

First session of 60 minutes:

0-5 minutes:	Introduction/overview/direction
5-20 minutes:	Reading of case
20-30 minutes:	Open case discussion - summary of key points by students
30-40 minutes:	Open discussion on selected question
40-50 minutes:	Open discussion on selected question
50-60 minutes:	Direction on discussion groups for next session on allocated question.

Second session of 60 minutes:

0-5 minutes:	Introduction/recap/direction
5-20 minutes:	Reading of case and discussion in small groups on allocated question from previous session.
20-25 minutes:	Presentation from group 1
25-30 minutes:	Presentation from group 2
30-35 minutes:	Presentation from group 3
35-40 minutes:	Presentation from group 4
40-45 minutes:	Questions and answers
45-55 minutes:	Open discussion on key points
55-60 minutes:	Summary/conclusion – setting assignment.

The following is a proposed delivery schedule for 3rd level:

0-5 minutes:	Introduction/overview/direction
5-10 minutes:	Summary recap reading of case
10-25 minutes:	Open case discussion - summary of key points by students
25-40 minutes:	Open discussion on key themes to selected question
55-70 minutes:	Open discussion on selected question
70-85 minutes:	Discussion (in small groups) on selected question
85-100/110 minutes:	Proposals from selected question briefly presented by each student group (about 5 minutes per group) with open discussion
100/110-120:	Wrap-up and Conclusion

At third level, whiteboard/flip chart should be used by both the lecturer and the student groups in their presentations/discussions. Key themes to emerge from the case, as highlighted in the entrepreneurial literature, should be prepared by the lecturer in advance

and presented to the students at the end of the session by way of summary and conclusion, along with suggested additional readings.

4. CASE QUESTIONS

Question 1: (For 2nd and 3rd level): Using relevant secondary-data sources, identify and assess the domestic market in which Ovelle operates.

The purpose of this question is to allow the student to become familiar with the range of sources of secondary data available domestically. This search for information must be systematic, structured and relevant to the case.

The student is expected to identify research sources dealing with:

- Size of the domestic market, and how it is segmented.
- The scope of the current competitive activity: who are the key competitors, what do they offer, how do they price, how do they distribute.
- Consumer expenditure levels.

Students' responses should draw on the following sources:

- Keynote Reports
- Mintel Reports
- Kompass Directory
- Government Publications
- Relevant Web sites

Question 2: (For 3rd level): What market research would be necessary to confirm the view that "People are going back to basics when it comes to skincare"? The Managing Director asks you to prepare a research brief to address this question.

In answering this question, the student is expected to apply the standard steps of a research design framework.

- Problem definition: what is the nature of the problem facing the company? What are the objectives of the research?
- Research design: exploratory, descriptive, causal?
- Data collection method: what instrument will be most relevant? What secondary research sources should be used? What primary sources/methods should be employed?
- Sampling: how do you ensure that the sample is representative, and that the results can be extrapolated to the wider population?
- Fieldwork: how will the researcher(s) actually set about doing the research. How many days will be required to complete the work? Where and how will the research take place? What are the key deliverables?
- Analysis of data: which information is most appropriate?
- Report writing and presentation

Question 3: (For 2nd and 3rd level): Working in teams, prepare a questionnaire that will identify current consumer attitudes towards available skincare products.

At issue here is the ability of the student to comprehensively develop a relevant questionnaire. Using the Seven Step¹ process, the team should design a questionnaire for Ovelle.

- Preliminary considerations: What information is needed? Who are the possible respondents? How will the questionnaire be administered (i.e. personal interview, mail, e-mail, web?). How will the resulting data be processed and analysed? How will you decide whether to pre-code, or post code?
- Question content: Is the question relevant? Can the respondent be expected to understand the question?
- Response format: open-ended, multiple choice, dichotomous?
- Question wording: wording must be unambiguous, avoid leading questions as well as interviewer bias.
- Question sequence: flow and layout, questions must make sense to the respondent and must relate to the original objectives.
- Physical characteristics: the layout of the questionnaire - is it easy to read? Is it appropriate for the targeted respondent?
- Pre-test: trial run, reflecting the ultimate target respondents as much as possible.

Question 4: (For 2nd and 3rd level): Drawing on the literature, analyse Joanna's entrepreneurial makeup? To what extent, if any, do you think that her entrepreneurial approach might be different to male entrepreneurs?

In answering this question, students should endeavour to cover the following:

- The definition of an entrepreneur (traditional and modern descriptions of the entrepreneur)
- The psychological approach (key personality traits like drive, enthusiasm, innovative flair, etc)
- The social/demographic approach (Joanna's background, education, age, etc)
- The behavioural approach (the things she does – managerial vs. entrepreneurial)
- Joanna's attitude to risk, her management style

Students should also discuss the key influences on Joanna's entrepreneurial style – her strong focus on ideas and her passion for advertising would be useful references here.

At third level, students answering this question should also include some discussion on entrepreneurial potential and intent, as well as attributes and resources.

¹ For full details on the Seven Step approach to questionnaire design, see Chapter 8 in Domegan, C. and Fleming, D. (2003). Marketing Research in Ireland – theory and practice (2nd edition), Gill and McMillan, ISBN: 071713489x.

Question 5: (For 2nd and 3rd level): To what extent do you think Joanna adopts a different entrepreneurial style/approach to her male counterparts?

This is an interesting, optional question which usually creates a good foundation for lively debate. The literature relating to female entrepreneurs and growth strategies suggests that women entrepreneurs tend not to focus on growth to the same extent as male entrepreneurs. In this regard, consideration of the extent to which Joanna's entrepreneurial approach reflects the literature provides an interesting dimension to the debate. Consideration of the relatively low number of women entrepreneurs in Ireland may also add a broader economic perspective to the discussion.

For third level, this question could also ask students to consider the application of Klofsten's Business Platform (1998) to Ovelle Pharmaceuticals to determine its growth potential from the period Joanna took over.

Assignment: students can be encouraged to build on all of the above questions though the following assignment: One of the key challenges now facing Ovelle Pharmaceuticals is how to significantly grow their export sales. As the case suggests, breaking into the global market will mean competing directly with the "big players". This next phase of growth will inevitably mean further major restructuring. The question remains, is Ovelle ready for this? Is Joanna?

Working in small teams of 3 or 4, develop an outline export-oriented strategy for Ovelle designed to result in breaking into new markets while maintaining the company's position as a niche, high quality manufacturer.

Students will also need to draw on additional substantive market reports to make their case and be mindful of the recent restructuring that has already taken place within the company.

References/Further Reading

Carter, S. and Marlow, S. (2006). "Female Entrepreneurship: Theoretical Perspectives and Empirical Evidence", in *Female Entrepreneurship - Implications for Education, Training and Policy*, N.M. Carter; C. Henry, B. O'Conneide, and K. Johnston (eds), Routledge, London, pp.11-36.

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Klofsten, M. (1998). *The Business Platform: Entrepreneurship and Management in the Early Stages of a Firm's Development*, published by TII (Technology, Innovation, Information), Luxembourg.

On-line resources: "How to Guides", produced by businessseurope.com (download for free from website: www.businessseurope.com).