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Special Editor

Maria Claret M. Ruane

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LETTER FROM THE EDITOR

Hafa adai from Guam, U.S.A.!

It is with great pleasure that I welcome you to this Special Issue of the *Journal of the International Academy for Case Studies*, a journal published by the Allied Academies to expand the boundaries of case teaching by supporting the exchange of case teaching materials.

This issue features the teaching cases about businesses on the island of Guam, U.S.A. and the Philippines. It is the second issue designed to bring to educators and their students around the world the stories of entrepreneurs from the Asia-Pacific region and highlight the universality of the entrepreneur's persistent and untiring spirit and the rewards for his/her hard work. May these stories serve as an inspiration to aspiring entrepreneurs, wherever they may be.

The teaching cases are published first, and their companion Instructors' Notes are published secondly in this combined Special Issue of the *JACS*.

The teaching cases featured in this issue show how businesses are affected by and respond to many challenges, including:

- recognizing opportunities and going outside one's area of academic preparation and business expertise to seize them as in the case of Reliable Builders, Inc.;
- defining a concept for one market, finding out that it is not as feasible and strategically transplanting the concept to a more suitable market as in the case of the anonymous company whose "Brand is Born";
- transforming a mediocre company into a leader competitor in telecommunications as in the case of MCV Broadband;
- starting a business during troubled economic times because the entrepreneur believes she has what it takes to succeed and takes the chance as in the case of Mainstreet Delicatessen and Bakery; or
- refocusing the business, targeting a new clientele and reevaluating its marketing strategy in response to changing market conditions as in the case of Diana's Floral Studio
- pursuing business strategies aimed at sustainability, thus changing over time in response to changes in business conditions but always focusing on core competencies and creating value for customers as in the case of V. Angoco Trucking, Inc.

I express my sincerest gratitude and appreciation to my dean at the School of Business and Public Administration at the University of Guam, Dr. Anita Borja Enriquez, for her support and encouragement of this collaborative work between several of our faculty and our select students. I am also grateful to the Academy for providing us with the outlet through which we can share with scholars, educators, students and entrepreneurs around the world the stories of business hardships and successes from our islands in the Western Pacific. Special thanks are due to the members of my Editorial Review Board for their collegiality and service to our profession.

Consistent with the editorial practice of the Academy on all 17 journals it manages, each paper in this issue has undergone a double-blind, peer-review process.

Information about the Allied Academies, the JIACS, and the other journals published by the Academy, as well as calls for conferences, are published at <http://www.alliedacademies.org>.

Si Yu'os Ma'åse
From the Editor,

Maria Claret M. Ruane, Ph.D., University of Guam

**JOURNAL OF THE INTERNATIONAL
ACADEMY FOR CASE STUDIES**

Teaching Cases

V. ANGOCO TRUCKING, INC.: 37 YEARS OF SERVICE ON GUAM

Eileen Agahan, University of Guam
Gina M. Angoco, V. Angoco Trucking, Inc.
Anita Borja Enriquez, University of Guam

CASE DESCRIPTION

This case highlights the importance of effective business strategies that a company must develop to remain competitive. Business strategies that change over time to fit environmental conditions, focus on core competencies, and create value for customers are presented in this case. This case has a difficulty level of three and up, appropriate for Junior level and beyond. The case is designed to be taught in two class hours in an entrepreneurship, strategic management, managerial economics, or marketing course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region as well as with some knowledge of the transportation industry.

CASE SYNOPSIS

This case is about Vicente S. Angoco, a local entrepreneur, and the successful family-owned trucking business he created in Guam in the early 1970's. The case traces through his history, from his experience launching an entrepreneurial start-up and managing a growing business amid a changing environment. In doing so, the case illustrates an example of a hard worker who is dedicated to a philosophy of sustainability that is applied to every strategic business decision. It also gives a personal account of the economic and socio-cultural environments faced by the entrepreneur, and issues that present a crossroad for further decision-making to survive other dynamic challenges faced by the business.

INTRODUCTION

Upon retiring from 20 years of service in the United States (U.S.) Navy, Vicente S. Angoco found himself embarking on another life long venture. In June 1972, with a single rundown Hino truck, a family to provide for, a vision of independence, and no formal business

training, Mr. Angoco established the foundation for a company that has thrived for over 30 years.

Mr. Angoco started his business as a sole proprietor under the auspices of V. S. Angoco's Equipment Rental. His wife, Norma, managed the administrative responsibilities out of the family's home. Several years later, the company grew to meet the greater demand in the construction industry. Mr. Angoco obtained more equipment that would later include ten dump trucks, three backhoes, a loader, a farming plow and miscellaneous trailers and accessories to enhance the services offered by the company. V. S. Angoco's Equipment Rental took part in such historical projects as the construction of the Guam Power Authority Power Plant in Piti; the construction of the Ammo Wharf on Naval Station; the ground work for the Micronesia Mall in Dededo; the groundwork for the Pacific Star and Westin hotels in Tumon; the groundwork for the Apra Heights military housing project; the emergence of Ypaopao Estates in Dededo; the construction of the Guam Housing and Urban Renewal Authority housing projects in Agat; the groundwork for the sewer and waterlines in Talofofo; the groundwork for the Sumitomo Golf Course in Yona, the Machananao Golf Course in Dededo and the Mangilao Golf Course; the hauling of boulders from Hawaiian Rock for the construction of the Agat Marina; the groundwork for the fuel tanks on Andersen Air Force Base, along with numerous other projects over V. S. Angoco's Equipment Rental's 20 years in the heavy equipment industry.

After the construction boom declined in the early 1990's, V. S. Angoco's Equipment Rental maintained its business status, but altered its services from that of heavy equipment to the transportation of ocean freight and miscellaneous heavy hauling. The company divested most of its heavy equipment and invested in three tractors and trailers. Although the company remained within the trucking industry, the transformation from heavy equipment to tractor-trailers presented the company with some obstacles. V. S. Angoco's Equipment Rental began hauling containers in 1993 with three tractors and some coaxing from the general manager of one of Guam's domestic shipping lines. The clientele during these initial stages were the military and a single commercial customer. The company was still being operated from the family home. In May of 1995, Mr. Angoco further developed the company by acquiring the assets of another local trucking company. V. S. Angoco's Equipment Rental expanded from having three tractors to a fleet of ten tractors with chassis, trailers and other miscellaneous equipment. With the increase in assets, V. S. Angoco's Rental sought to expand its working parameters by broadening its customer base and that, they did.

Since 1995, V. S. Angoco's Equipment experienced many changes. In March 1997, the owners acquired a commercial lot less than a quarter mile from the entrance to the Naval Base. This became the new home for what is now V. Angoco Trucking, Inc. Within the first two years of acquiring the lot, a 58' x 60' warehouse was erected to house the mechanic shop for the company's tractors and miscellaneous repairs. In June 2000, V. S. Angoco's Equipment Rental changed its name to better suit its current business and became V. Angoco Trucking, and the company ownership changed from Angoco to his wife, Norma. In June 2001, the company transferred its operations and administrative functions out of the family home and in to a 16' x

50' office built adjacent to the warehouse. The company occupies the second floor while the first floor remains vacant, yet available for future expansion. In February 2004, a 30' x 60' open-air shop was completed. This shop will allow for further growth and expansion of the services the company is able to provide for itself as well as a vision to provide these expanded services to outside clients. In 2006, the company incorporated, which provided ownership shares to members of Angoco's immediately family, with his wife possessing the majority of ownership shares.

Over the years, V. Angoco Trucking, Inc. has serviced many local and U. S. based companies. It serves as an in-house trucker for Matson Navigation Company and an approved trucker for Horizon Lines and the various foreign carriers that service Guam. The company transports cargo island-wide, inclusive of all U.S. military installations. V. Angoco Trucking, Inc. is registered with Research and Special Programs Administration (RSPA)—which provides regulations on transportation, loading, unloading, and storage of hazardous materials--and the U. S. Department of Transportation. The operators are Hazardous Material-certified and participate in various hazardous refresher activities that promote greater safety awareness.

By February 2004, the company had grown to include fifteen tractors and had increased its number of chassis and trailers available for service. The company is situated on a privately owned commercial lot where a two-story office, a tractor-trailer maintenance warehouse and an open-air shop for repairs are located. The maintenance shop is managed and operated by the owner's sons Paul E. Angoco and Steven S. Angoco, who have formal training in mechanical skills, and the trucking operation managed by his daughter Gina M. Angoco with formal training in business.

CHALLENGES

V. Angoco Trucking, Inc., has sustained itself over the years, with its very informal and less structured management style. The 2008 global economic crisis and the challenges it faces in its competitive environment has left room for pause to re-evaluate its position and how to avail of new opportunities for growth. The local trucking industry on Guam has experienced the entry of several "new" competitors over the past two to three years. These companies are awaiting the U.S. military build-up on Guam that will span through the year 2014.

The anticipated \$10 billion U.S. military buildup involves the transfer of approximately 8,000 U.S. Marines and their dependents from Okinawa, Japan to Guam. Along with U.S. Department of Defense contracting opportunities on the U.S. military base on Guam due to this buildup, and corresponding related activities outside the military base to support an anticipated increase in the civilian population off-base, this buildup promises to generate a tremendous increase in trucking transportation demand on Guam. This has attracted competition across all related businesses, and corresponding threat of large off-island competitors that the company

may not be able to compete with. Since the exact timeframe for the buildup is not definite, V. Angoco Trucking, Inc. is unsure of when expansion to meet the anticipated demand should be pursued. If done too soon, it may result in a financial deficit for the firm, and if done too late, it would lag at a competitive disadvantage.

The threat of excessive influx of off-island companies vying for the same contracts that local companies such as V. Angoco Trucking, Inc. depend on to sustain their businesses has been a cause for concern by the company. Although small minority-owned businesses such as V. Angoco Trucking, Inc. is eligible for U.S. Department of Defense small business set-aside contracts, many larger off-island U.S. Department of Defense contractors either qualify as “small businesses” with larger capital to compete with smaller local businesses, or may pursue these contracts as prime contractors with qualified off-island small businesses. Both serve as perceived threats to local small businesses that may not be at a level playing field. The problem is compounded when the larger U.S. Department of Defense contractors or businesses import their own equipment, in lieu of sub-contracting to local businesses.

With little to no significant increase in commercial trucking, competition has grown extreme with trucking rates mirroring that of 1995, but with operating expenses rising at the same rate as the price of the oil barrel. With increase in competition, the industry has become more saturated, decreasing market share for the firm. This posed new challenges for the company, which included how to balance out retention of current customers and acquiring of new ones, the resulting reduction of prices and profit margin, and the need to survive in the process.

There were identified concerns raised by management on market development. V. Angoco Trucking, Inc., does not possess “unique” or “special” services that differentiate it from the competition. Customer demand for trucking services remains fixed. The services offered by the firm are purchased by the same pool of customers that all trucking services are aware of and knock on their doors. Although the services offered are not considered a “specialty,” they are also not required by the general population. It faces a concern on how to set itself apart from other trucking companies without having to compete too much on price. In effect, the firm wonders how it can create a niche or bona fide service value to differentiate itself from its competitors.

With regard to financial issues, V. Angoco Trucking, Inc. would like to pursue creative avenues towards obtaining capital. This includes the ability to effectively build capital on its own, given reduced profit markets from slow demand in the market, current fixed costs, and the multiplier effect of increased fuel costs to the cost of doing business across all industries. The company is also assessing the type of resources that will be helpful towards assisting in streamlining operational expenses.

On June 23, 2009, V. Angoco Trucking, Inc. celebrated its 37th year of providing trucking services to the island of Guam. Its owners would like to hold and maintain its current position in the market, while surviving in the process. Its future goal is to grow, but not sacrifice any

ownership to outside investors. It has the potential to diversify into the equipment repair business since the firm already possesses a facility and certified mechanics. Despite the ongoing financial challenges and competitive threats, the firm is committed to being a part of Guam's business community for many years into the future.

DISCUSSION QUESTIONS

1. What are Vicente S. Angoco's main business strategies?
2. What occurred that made the company decide it needed to make major business changes?
3. What type of competitive advantage is V. Angoco Trucking, Inc. trying to achieve?
4. What strategic issues does the company need to address?
5. How could V. Angoco's Trucking, Inc. diversify its business, so as to not have all its "eggs in one basket"?
6. With the anticipated U.S. military buildup from the transfer of 8,000 U.S. Marines and their dependents from Okinawa, Japan, how could V. Angoco Trucking, Inc., expand its business to prepare for this buildup, given its current constraints of fixed capital, slow economy, and the need to maintain sole control of the business?
7. How could V. Angoco Trucking, Inc. obtain "reasonable" capital with the current lending issues with banking institutions?
8. What business strategy or strategies could V. Angoco Trucking, Inc. pursue, to sustain itself into the future while solidifying its current foundation and supporting future growth?

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RELIABLE BUILDERS, INC.: AN ENTREPRENEUR SEIZES OPPORTUNITIES FOR SUCCESS IN THE CONSTRUCTION INDUSTRY

Philsan Kim, University of Guam
Karri Perez, University of Guam
Jackie Tenorio, University of Guam

CASE DESCRIPTION

This case highlights the importance of recognizing opportunities and seizing them in areas that may not be one's expertise. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

The entrepreneur in this case is a Korean national who moved to Guam in the 1970's with a degree in English. Issues examined include recognizing opportunities and challenges and opportunities for growth in various market segments. The entrepreneur in this case study used diversification from the private sector into the military and federal projects sector as a strategy for growth in a confined island market. Implications of diversifying into this market are identified and discussed, along with other growth and confined market challenges.

INTRODUCTION

In 1977, Reliable Builders, Inc. (RBI) began its operation in construction when Guam was greatly devastated by Super Typhoon Pamela in the previous year. Buildings were ruined, houses were destroyed, electric posts were uprooted, and cables were cut. Debris and ruins were everywhere. This created an opportunity for RBI to actively engage in the construction business by accommodating the high demands for building and repairs of residential houses. Approximately 120 houses were built for programs funded and financed by the Farmers Home

Administration (FHA). FHA is an agency under the Department of Agriculture that facilitates loans for low-income, rural areas in the U.S. for farms, homes and community facilities and the Small Business Association (SBA) up to 1984.

In 1985 to 1990, there was an influx of investors from Asian countries that triggered the booming of the construction industry. Hotels, business establishments and residential homes were constructed thus creating the need to expand the construction company pool.

RBI performed several government projects as a Prime Contractor and joined in the development of condominiums and hotels under the labor subcontract with Sumitomo construction Company from Japan. This expanded the coverage of work that RBI could perform.

During the 1990's, the construction industry on Guam plunged due to various environmental factors including the Korean Airlines (KAL) 801 crash in August 1997, Typhoon Paka in December 1997 and the Asian IMF currency crisis in 1998 (Guam Economic Development Authority-Invest Guam). On an island which relies heavily on tourism, the unemployment rate in 1999 was 15.2% (Guam Department of Labor, n.d.). Investors pulled back funding and crippled the local construction industry.

STRATEGY ANALYSIS

Unable to bid for projects in the private commercial sector, RBI realized that the company had to diversify. In 1991, RBI began venturing into small sized military projects both for the Navy and Air Force on Guam along with the local private sector. RBI decided to shift its strategy to focus solely on government contracts.

Though the company was successful in acquiring various projects through competitive bidding from the U.S. Navy and Air Force in the 1990's, the U.S. Federal government replaced the competitive bids method to the Request for Proposal (RFP) method, by which meant that the government would not automatically award the project to the lowest bidder, but also considered a company's technical qualifications. Though the company's prices were often lower than its competition, RBI could not compete with the larger contractors' technical qualifications. The larger contractors also had a higher bonding capacity, which allowed competitors to bid for jobs that RBI could not bid for.

On January 22, 2001, Reliable Builders was certified as a participant in the U.S. SBA's 8(a) BD Program. The SBA BD Program is designed to assist eligible small disadvantaged businesses to compete in the U.S. economy through business development (Small Business Administration). Simultaneously, RBI was awarded the Basic Ordering Agreement (BOA) under SBA program through Hawaii. Through the 8(a) program, RBI had the opportunity to competitively bid on Federal Government projects along with other small sized contractors.

RBI submitted a bid and was awarded the contract for the 8(a) set-aside Multiple Award Construction Contract administered by Department of the Navy thru NAVFAC Marianas on

September 18, 2002. The (Small Business Administration) contract included new construction, renovation/modernization and routine repair/maintenance of Government shore-based facilities. The facility types include, but are not limited to:

- Operations & training facilities
- Maintenance and production facilities
- Supply facilities
- Hospital-medical facilities
- Administrative facilities
- Housing and community facilities
- Utilities and underground improvements.

The total contract amount awarded to RBI was \$3,262,089.60

From 2002 to 2006, RBI was chosen as one of the successful bidders for NAVFAC Marianas Design-Build Multiple Award Construction Contract. This is an Indefinite Delivery Indefinite Quantity (IDIQ) Design Build Construction Contract. The work generally provide all design, labor, transportation, equipment, materials, tools, supplies, engineering, supervision and administration services needed to complete the scope of work.

The scope includes new construction, renovation/modernization and routine repair/maintenance of Government shore-based facilities at various locations on Guam. The work further included sampling, testing, removal and disposal of lead contaminated paint, asbestos and other control system for the replacement or disposal of storm water. The total contract amount was \$28,264,354.39.

In 2004, RBI won the contract to construct the University of Guam, Jesus and Eugenia Leon Guerrero Building, Guam. The total contract amount was \$12.1M. Work involved the construction of a new two-storey school building with the state of the art classrooms, underground power, water, and sewer.

Prior to construction RBI performed the demolition of existing two storey reinforced structures which contained floor tile with asbestos containing materials (ACM). RBI cleared and grubbed approximately twenty thousand square yards of land area and excavated and disposed of approximately ten thousand cubic yards of hard rock. This was the first venture of RBI for a single project in excess of \$10 million dollars.

Additionally RBI undertook the design and construction of the new free-standing branch for First Hawaiian Bank with a building area of approximately 11,500 square feet. The facility include fire protection, air conditioning and ventilation system, plumbing, interior and exterior lighting CCTV, LAN, telephone and intrusion detection system.

To date RBI has gone a long way from merely building single family dwellings to Design-Build Construction Contract for Federal and Private Clients, which includes new construction, renovation and additions/upgrades to a variety of facility types, including but not

limited to: barracks/dormitories, administrative facilities, communication facilities, educational facilities, medical/dental/hospital facilities, dining facilities, recreational facilities, retail facilities, industrial facilities, warehouse facilities, ranges, operational/training facilities, roads, streets, bridges, site utilities/infrastructure, waterfront/marine facilities, piers/wharves, dredging, and sea wall restorations.

GROWTH CHALLENGES

As the company has grown, there have been challenges along the way, especially in the recruitment of skilled labor. As a small sized business, it was suffice to hire through referrals and word of mouth, but the process affected the company negatively because none of the hires were screened and interviewed. Management's response was to establish a formal hiring program where potential employees were pre-screened by the company's recruitment company. Potential hires are then interviewed by engineers and are also tested on their trade in carpentry, masonry, metal workers/welding and heavy equipment operations.

GUAM'S CURRENT CONSTRUCTION MARKET OVERVIEW

The United States and Japan will relocate the Marine Base from Okinawa to Guam beginning in 2014. The move includes 8,600 marines, 9000 family members and an additional 1,800 U.S. Department of Defense civilian workers by 2020. The Marine Base relocation is estimated to cost approximately \$13 billion to build the infrastructure needed on an island where the current population is 178,000 and is expected to increase by 39,000 in the next 10 years. It is estimated that about 15,000 to 20,000 workers will be needed for the construction industry on island (Marine Corps Times).

MARKET COMPETITION

There have been a growing number of large contractors from the United States and foreign countries around the world who have been trying to position themselves to participate in the construction build up on Guam. Currently, local firms who have the management and engineering knowledge of the environment, along with the manpower and equipment have the advantage of understanding the market. The overhead costs for foreign construction companies to establish themselves are high and so many have been working to establish teaming agreements and joint ventures with local construction companies on Guam.

RBI TODAY

Since 1977, RBI has developed into a successful construction company on Guam. With the military construction boom beginning, it appears that the company has prepared itself for further growth and is well positioned as an established construction company to competitively bid for upcoming projects.

DISCUSSION QUESTIONS

1. The entrepreneur did not have experience in the construction industry. What are three skills a leader must have to be successful?
2. Discuss why it is important to track economic trends and understand economic opportunities. Why is timing critical?
3. Guam is a small island in the middle of the Pacific. Why and how does that affect the construction business?
4. Why is it important to understand the private and federal military construction segments? How are they different?
5. What are challenges that may be faced when doing construction projects on an island?
6. What challenges are faced by small construction companies that large companies may not face?

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A BRAND IS BORN: TAKING A CREATIVE CONCEPT TO REALITY IN THE RESTAURANT INDUSTRY

Karri Perez, University of Guam
Juliet Damian, University of Guam

CASE DESCRIPTION

This case highlights the importance of defining the concept and determining the market when launching a new themed brand. The brand was initially scheduled for launch in a smaller international market, but after market research, the launch was rescheduled for a larger, more upscale market. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, marketing or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with trends and opportunities in the restaurant industry.

CASE SYNOPSIS

Most companies do not seriously go through a branding and market exercise prior to launching their business. This case is a review of a thorough exercise that was conducted prior to the launch of the themed brand to determine “who you are and what you stand for” while developing the theme.

INTRODUCTION

The entrepreneurial concept was born based on the renewed interest in caring for the environment and the concept that food that is good for you does not have to taste bad. An investment group was formed to engage in and pursue innovative opportunities in the food service industry in association with branded strategic alliances. A key goal of this combined relationship is leveraging profitability while enhancing human sensitivity to the global environment, an objective achieved through the creation of the innovative and environmentally sound concepts of the themed restaurant venture.

The themed restaurant was created as a quality restaurant targeted towards the above average socioeconomic status Asian, European and American affluence (the international

market). The restaurant also caters to well-established corporate clients and higher-end local patrons with an affinity for the environment. The initial restaurant is located on an island whose main industry is tourism. The tourism market is Asian, European and American. The customers are a blended mix of both hotel and local guests.

The branded restaurant was anchored by a popular and well-known environmentalist's name and positioned on well-known properties within the travel and hospitality industries. An innovative restaurant and bar conveying the love of land and the ocean, this restaurant is designed to reflect the environmentalist's passion through quality cuisine derived from sustainable resources from around the world. The restaurant theme invigorates guests with a respect and sensitivity to the earth's environment. The environmentalist's spirit is depicted through the exciting restaurant/retail concept with an environmental theme.

THE MANAGEMENT TEAM

The restaurant's team was selected to provide a unique blend of operationally seasoned individuals in diverse disciplines and broad backgrounds, all of whom have proven success and experience in:

Restaurants: From concept to construction and management of profitable operations

International: Business and Tourism: Supply chain management, tourism and destination management, government relations, and non-government organizational involvement

Marketing and Human Resources:

Human Resource systems and organizational structure in multicultural settings, market development, finance and human resource management

Environment: Forest and natural resource management academic background

THE BUSINESS ENVIRONMENT

The business environment was scanned thoroughly to determine the needs and demands of the consumer. Restaurant market trends change frequently giving way to the need for concepts that embrace new and innovative dining environments. 2008 studies conducted by the National Restaurant Association reveal that American consumers are becoming more adventurous with

the types of flavors and menus they are willing to explore. Most notable is the growing trend in preferences for alternative ingredients such as locally grown produce, organics, sustainable seafood, and grass-fed and free-range items. This measure of the restaurant industry shows that the restaurant consumers are producing a high demand for environmentally conscious eating establishments.

Also driving this development is a newly revived health direction, a movement that is receiving great response from the American people. Restaurants are adding health food options that provide healthy substitutes, smaller portions, and complete menus that cater to daily nutritional needs. Statistics from the 2008 Restaurant Industry Forecast show 76% of Americans are opting for the health conscious restaurant, a similar trend amongst 73% of teenagers. This notable attention to the need to reform the American diet is being realized across the spectrum, from upscale restaurants to fast food chains.

Today's energy crisis has created a need to change the process of daily business operations and routine lifestyle choices. Both businesses and households are making shifts to energy efficient causes by 'Going Green.' The restaurant industry is embracing this trend by purchasing energy efficient kitchen equipment, installing low wattage light bulbs, printing on recycled paper, and the like. This eco-friendly mission is even making its way to menus that are now offering organic health food choices.

This environmental excellence is at the core of this restaurant concept. The unique fusion of environmental awareness, organic and fresh cuisine, and quality dining bring to the restaurant industry a sense of appreciation for healthy dining, artistic expression, and protection of the natural surroundings. The restaurant serves as a prototype for how all restaurants should be run in the future. Everything will promote the stewardship of the ocean, love of ocean animals, recycling, respect for fish stocks, and the humane treatment of animals. The dining experience at restaurant brings a sense a contribution to a healthier planet and a healthier self.

According to the National Restaurant Association's 2008 Restaurant Industry Forecast, the industry will reach its 17th consecutive year of real growth in 2008. Despite the economic downfalls that have recently slowed the United States economy, Hudson Riehle, senior vice president of Research and Information Services for the Association, states that the industry will see a 4.4 percent sales growth within 2008. Many factors contribute to the large demand of good restaurants. People want more leisure time. There are more two-wage earner families today, and more discretionary income. The competition is strong, with many formidable chains competing for the consumer dollar.

Due to intense competition, restaurateurs must look for ways to differentiate their place of business in order to achieve and maintain a competitive advantage. The owners of this restaurant company realize the need for differentiation and strongly believe the way the restaurant concept has been devised is the key to success. There awaits a window of opportunity for this concept and an entrance into a profitable niche in the market.

The food service business is the third largest industry in the country. This year alone, it will account for over \$550 billion annually in sales with a total economic impact of more than \$1.5 trillion and 13.1 million employees. This offers a substantial opportunity for the restaurant to succeed should the concept meet the requirements and desires of the customer base.

THE CONCEPT

The intent was to create a fun and comfortable restaurant that is the ultimate place to gather and enjoy with friends and family. The restaurant is the place to “hang” with friends and enjoy a great atmosphere, first-rate food, and superior beverages. Above and beyond being a great dining experience, the complete operation of the restaurant is dedicated to preserving the land and oceans through sustainable operating practices which will raise education and awareness while instilling an appreciation of the natural resources.

Combining a mission to encourage environmental awareness through art and the delivery of exceptional food, while supporting sustainable agriculture, is the essence of the restaurant’s appeal. We realize that the journey from farm to table has become nebulous over the years. The menus are designed to be appropriate to the season, showing off the finest ingredients obtainable, including beef, fish and poultry. This helps bring a rainbow of color to the diners. The diners are not only enjoying a world-class meal in an environmentally sustainable setting, prepared with the finest and freshest ingredients available, but they are also supporting small family farms around the region.

THE TARGET MARKET

The initial geographic location was a smaller tourism destination island, but after much research, it was determined that the concept may be too upscale for that market. It was determined that in that smaller market the concept may not be positioned at the right level. The entrepreneur did not abandon the concept, but began searching for a market that would “fit” the concept. After several months of research, it was determined that a nearby larger island tourism market be large enough and match the flavor and character of the concept.

A desirable location was found. The restaurant market covers a large and diverse populated group of locals and tourists. It is located in a setting where people travel to eat, shop, and relax, and one that is known for catering to the exact demographic groups which restaurant is targeting. The food concept and product image of the restaurant has the unique advantage of appealing to different customer profiles. The following profiles demonstrate the wide-ranged customer base that a restaurant with this focus should be able to attract, adding to its longevity potential:

Busy Professional

The working professional looks for an atmosphere appropriate for a “power lunch” - quick service, moderate prices, and professional atmosphere. The major motivators for this group are eating pleasure and fair deal.

Health Conscious Consumer

The growing trend in America is healthy choice options when dining out. Menus at the most upscale of restaurants all the way down to fast food chains are starting to offer consumers a choice for healthy eating.

The Socialite

This group encompasses the Busy Professional the Health Conscious consumer. They are looking for a restaurant and bar setting that can appeal to their need for an afternoon lunch or an evening unwind scene. This group desires a social atmosphere, reasonable pricing and variety of choices for liquor and spirits.

THE BUSINESS OPPORTUNITY BASED ON THE THEME

The business development team determined that excellence in the following functional areas were critical to the success of the restaurant and developed the following business opportunity section:

Variety is the Name of the Game

The versatility of the cuisine enables guests to choose from an assortment of savory and unique dishes all prepared fresh daily. The distinctive menu gives the customers a welcomed and wanted alternative to the “theme chain burger”. It is often difficult to meet the dining requests of each guest due to individual tastes. However, this restaurant provides something for everyone, everyday of the week.

We surpass the entertainment provided by the competition. The guests view and smell the grill as they walk in; they watch the culinary team prepare dishes in the open kitchen. Guests can view their oysters being shucked before them while enjoying the oceanfront and mountain scenes.

Service and attention to detail is the focus of management, chefs and staff. The concentration is on VIP service for all clients utilizing a state-of-the-art Point of Sales computer system. This system allows staff to track frequent guests, their likes and dislikes and provide us with a database from which to be creative with sales and marketing.

FROM CONCEPT TO REALITY

Creating a restaurant concept or “theme” is the first step in the process of verifying and validating that the market will accept the theme and the business will succeed. Many businesses rush through the above process without putting the amount of time or energy into the business to really get a detailed branding “path” for their brand from concept inception to actual implementation. The business studied for this case is currently in their pre-opening phase for two locations and has plans to open more locations in various countries.

DISCUSSION QUESTIONS

1. What opportunities do emerging trends offer entrepreneurs?
2. What is the difference between a trend and a fad?
3. How can you monitor trends in industries?
4. How do you “define” the concept?
5. How do you move from your concept into the “brand” and what are some long term concerns with brand?
6. How can you determine whether the market you have initially selected is appropriate for the brand and can sustain the brand?
7. How do you change markets once you determine the selected location does not meet the market needs of the brand?

REFERENCES

National Restaurant Association’s 2008 Restaurant Industry Forecast (

STRATEGIES FOR SUCCESS: A COMPREHENSIVE LOOK AT MCV BROADBAND'S STRATEGIC SHIFTS

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CASE DESCRIPTION

This case highlights the importance of business strategies in transforming a company from being merely a “maintenance” company to one that has grown to be a significant player in the telecommunications industry in a relatively small market. The business strategy discussed in this case focuses on two areas: new product development and rebranding and remarketing. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two class hours in a strategic management, managerial economics, or marketing course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region as well as with some knowledge of the telecommunications industry.

CASE SYNOPSIS

Started in 1993 by United Micronesia Development Association, formerly Marianas Cable Vision and currently MCV Broadband has grown into the region's largest telecommunications provider. Since 2005, MCV Broadband has adopted business strategies that effectively transformed this once mediocre company into a leading competitor in telecommunications. This paper will look at the evolution of MCV Broadband and the strategies that have brought success to this company, as well as their future plans to maintain their business success.

The greater part of this paper will cover information gathered from an interview with Craig Thompson, Ph.D. – Chief Executive Officer of MCV Broadband.

HISTORY

Except for who the original owners were, little is known about the pre-2005 history of Marianas Cablevision, although it has been in existence since 1993. This is true for the company's logistics, including start-up costs, staffing, services, prior to it become MCV Broadband. According to Thompson (2009), much of the growth related history of this company and the events that brought them to their current standing began only after the change of ownership took place in 2005.

The early stages of this company, although competitive locally, were not impressive by industry standards for companies that did cable television operations in the United States and elsewhere. As cable television companies in the U.S. continued to expand rapidly, offering an abundance of services, Marianas Cablevision lagged further and further behind. The history of Marianas Cablevision is one that does not contain significant changes in strategic direction save two moves worth noting the first of which is the merger that occurred in 1997, when United Micronesia Development Association – Marianas Cablevision's parent company – bought out their competitor, Guam Cable Vision. The second move that occurred was United Micronesia Development Association's purchase of Kuentos Communications – Guam's first internet company – in 2000. These moves enhanced Marianas Cablevision's potential as it became the sole provider of cable video services and the dominant provider of internet services in the Marianas. However little was made of this potential as Marianas Cablevision did nothing to expand its video or internet product offerings or aggressively market either service. United Micronesia Development Association failed to make the capital investments necessary to grow the company. According to Thompson, before the company was bought out by Seaport Capital in 2005, it was operated in a very "old-school" manner, both as cause and consequence of lack of the investments in the company. He further stated that the MCV Broadband was only being maintained by its owners, who did the bare minimum to simply keep the company afloat and operational, often referred to as a "maintenance company". However, the change of ownership in 2005 changed all this, and turned the company into a successful endeavor for its investors.

FINANCIAL BACKING

In looking at the development of this now successful company, the quote that comes to mind is, "One man's junk is another man's treasure." Unlike the previous owners' approach of simply keeping the company afloat, Seaport Capital – a private equity company based in New York – had a vision, that MCV Broadband could become a leading competitor in the Marianas telecommunications industry. Furthermore, Seaport Capital was well versed in this industry, which gave them the necessary knowledge to drive MCV Broadband in the right direction. They

were also well-prepared to finance this company's growth into the new era of communications technology.

According to Thompson, the initial purchase price for Marianas Cablevision was about \$100 million, an appropriate price for a cable company of this size. Further, the funding to purchase MCV Broadband in 2005 comprised of one-third equity and two-thirds debt. After the purchase, Seaport Capital continued to pump capital into the company at a rate that was three times that of what the former parent company, United Micronesia Development Association, was investing when they owned Marianas Cablevision. Thompson also stated that this continuous infusion of capital was what MCV Broadband needed in order to get it moving away from a "maintenance company" and to a more aggressive business model.

STRATEGIES FOR SUCCESS

The first step that Seaport Capital took in ensuring MCV Broadband's steady growth was to provide new senior management that was well versed in the cable industry. Seaport Capital brought on board Craig Thompson, a cable veteran with more than 20 years of experience with Time Warner Cable and extensive knowledge and background with contemporary product lines. Thompson also holds a Ph.D. in Finance from New York University. Seaport Capital then tasked Thompson with the assignment of taking MCV Broadband from its 2005 state and transforming it to be on par with a U.S. mainland cable company within five years.

Thompson laid out his strategic plan which was comprised of two core strategies that are in line with Seaport Capital's vision: new product development and rebranding and remarketing of the company.

New Product Development

Prior to MCV Broadband's purchase in 2005, their product line had not changed from 1993. The video component of their product line consisted only of analog video that was tape-recorded in San Francisco and air-freighted to Guam for broadcast one week later than shown on the U.S. mainland. The internet component of their product line was only slightly faster than dial-up speed and was often badly congested. Their product line did not consist of any advanced video services such as digital television, high definition television or video on demand, did not offer high speed internet and did not offer telephone services or large circuit data traffic. All of these products were normally available through U.S. mainland cable companies by 2005.

In order for MCV Broadband to grow, it needed to upgrade and revamp many of the existing services and add more. Having noted this, Thompson moved to update the main component of MCV Broadband's revenue, the video service. The first step was to convert the video to real time service by establishing a reception point on the U.S. mainland and then

transporting the video via undersea optical cable to Guam for real time broadcast in the Marianas. Transporting this much video this far was a worldwide cable industry first for MCV Broadband. Once access to real time video was established, MCV Broadband moved to launch digital video, high definition video and video-on-demand; product lines which are all available to U.S. mainland cable customers. Next, MCV Broadband added substantial bandwidth capacity back to the U.S. mainland and to points in Asia as well as local network capacity so that it could upgrade its internet services and offer much higher speeds than were previously available.

In addition to upgrading the existing video and internet services, MCV Broadband also wanted to add to their portfolio of services. Their next investment was in phone services. Currently, MCV Broadband provides service to residential customers and expects to launch business telephone services within the next year. MCV Broadband has captured approximately 25% of the residential phone market within two years and expects to be equally successful with its business telephone venture.

MCV Broadband has a reseller arrangement with a local cellular provider so that it can offer the full suite of telephone services including cell service to its customers. MCV Broadband also has a partnership with a local security company to offer security services monitored through its phone/internet lines so that it can offer its customers security services as well. MCV Broadband can now support large circuit data traffic, supporting the data needs of large local businesses.

Finally, MCV Broadband also launched new hotel video, video-on-demand and internet services offered to all the resort hotels on Guam so that they remain the dominant provider to this important business sector.

It is very evident that MCV Broadband has taken their product lines and successfully expanded their current offerings, with more planned for future introduction. It is important to note that their current and planned product lines are all in line with the five-year goal that they set in 2005. Additionally, Thompson stated that their current product line is at par with those offered to customers mainland cable television customers.

Rebranding and Remarketing

The next steps in moving MCV Broadband forward were to change their dated and stodgy look to a new, younger image and to offer product bundles that were appealing to customers. Thompson stated that Marianas Cablevision's image did not connote any technical innovation or leadership and because their industry is a "techie" one, it is important that their company adopts a more high-tech image. Further, because their products appeal to the younger and middle-aged demographics, MCV Broadband did not want a staid, old brand that offered no marketing sizzle to the younger consumer or to high tech consumers. Within four months of taking leadership at Marianas Cablevision, Thompson renamed the company MCV Broadband and moved to a younger, more high tech image.

Thompson felt it important to keep the “Marianas feel” in the brand image as well as be high tech, a combination which was accomplished by using various shades of water in their color palette and along with a contemporary type MCV Broadband including a wave “C” as a unique twist. The cable vision component of their brand name was also taken out and replaced with broadband to signal the wide array of services that they now offer. Finally, what’s in the name “MCV Broadband”? It is more compact, easy to say, easily identifiable, crisp, clear, and easy to remember.

Aside from the brand name, MCV Broadband also took strategic steps when branding their individual products. MCV Broadband decided to brand the company, versus branding individual products as components of their company. By doing so, they have provided customers with a clearer brand image than their competitors. To illustrate, their products are currently branded as: MCV video, MCV phone, and MCV online. This repetition of the company name aids in securing the company brand in consumers’ minds while clearly identifying the product. The cost to market their brand this way is much less expensive because they only need to maintain one brand (MCV) rather than maintain multiple brands in the marketplace. Thompson noted that this strategy has been very successful in establishing the new name and in selling their product.

Further driving their marketing strategy is the use of bundle plans for their customers. According to Thompson, this method is very attractive to customers for two reasons. First, it reduces the cost of the services to the customer because of the discounts that MCV Broadband offers with their bundles. The next benefit is simplified billing. Customers receive one bill from one company and write just one check.

Although it is important to note the marketing strategies that have generated revenue for this company, it is also pertinent to look at the public relations strategies that have not generated revenue directly, but have worked towards improving their image. MCV Broadband has begun taking an active presence in the community through acts of corporate citizenship. Thompson noted that their activities within the community are geared towards children which is a universally appealing goal. An example of their charity is the recent “Cable Cares Foundation” campaign that they have been running with the Guam Police Department promoting the distribution of free glow sticks during Halloween to promote visibility and safety. Also, they have sponsored events that bring children’s favorite cartoon characters to life, such as Spongebob Squarepants and Dora the Explorer. In addition, MCV Broadband donated airtime to market the University of Guam’s event entitled “Guam Community and Economic Development Forum”, which was held in November 2009. This forum was designed to facilitate discussions on issues that affect the island’s future economic development prospects, including the proposed military build-up as well as longer term visions of how to move the island forward. These examples not only help to promote MCV Broadband, but are also an indication of their commitment to the company’s corporate social responsibility. These are aspects of a company that tend to go over well with customers.

MEASURES OF SUCCESS

The core strategies mentioned above have gone a long way for MCV Broadband and the evidence is readily notable in their numbers. Thompson stated that MCV Broadband has increased their bottom line cash flow by 50% when compared to the cash flow of four years ago when the company was first purchased, which significantly increases the value of this company. This increase in cash flow has also allowed for an increase in staff of 24%, expanding MCV as an employer in the community. The rise in cash flow also goes hand-in-hand with the rise in the number of products sold per customer, which has risen dramatically over past four years. MCV holds approximately 75% of the internet market; holds 25% of the residential market, and currently holds 90% of the video market. As any financial analyst will tell you, “the numbers don’t lie” and these numbers depict significant growth for MCV Broadband over the past four years. With that said, the next part of this paper will discuss the steps that MCV Broadband is looking to take to continue this move towards even greater success.

PLANS FOR CONTINUED GROWTH

If you are a resident of Guam or you have been following the news feeds, it should be no surprise that there is military build-up that is to occur over the next few years. Looking ahead, MCV Broadband has prepared accordingly and is looking at this as an opportunity to grow the company even more. In the interview with Thompson he stated that his company is in a very population driven business – his company grows as the population grows. With that said, the arrival of thousands of Marines, bodes well for MCV Broadband because they have already put in place an abundance of products to offer these military personnel once they arrive, and if strategically managed, are looking at generating large profits.

However, it is important to note that the task of growing this company even more than it has already grown is not an easy one, because of the active presence of competitors. Although, this is the case, Thompson seemed unwavering in discussing this topic, stating that the threat of competition is everywhere, but his company is ready and able to take any of them on. However, increased competition by emerging businesses is something that he may not have to worry too much about due to the barriers to entry that exist in this industry, which include the large investment that is needed to build a wire line infrastructure all over the island. Even so, as stated earlier, competition is everywhere and MCV Broadband believes it is well prepared to handle any that may come their way.

CONCLUSION

To date, it is clear that MCV Broadband has achieved much of the goals that they set out to accomplish in 2005. In fact, in many areas, they have already surpassed their targets, with another year remaining in the five year timeframe. The company's success illustrates that, with a clear vision and intelligent strategic planning, everything is possible. MCV Broadband is no longer the "maintenance company" that it was during the twelve years it operated prior to the change in ownership in 2005. Today, MCV Broadband is a leading force and a driver in Guam's telecommunication industry, with no evidence that it will be slowing down anytime soon.

DISCUSSION QUESTIONS

1. Describe Marianas Cablevision's performance and strategy before it changed ownership in 2005.
2. Describe the shift in business strategy after Marianas Cablevision was purchased by Seaport Capital in 2005.
3. What were the core strategies used by Dr. Thompson to satisfy Seaport Capital's five year plan?

ADDITIONAL NOTES/ASSIGNMENTS:

Instructors using this case in a capstone business course might ask students to address the following issues related but are broader in scope than or not as detailed those covered in this case.

4. Discuss the current external environment faced by MCV Broadband as well as future changes that might occur. In doing so, be sure to include the following macro-level environment:

Economic
Demographic- Sociological- Cultural
Political-Legal
Technological
Natural Environment

as well as the micro-level environments:

- Overall market/industry trends
- Current and Prospective Competitors
- Distribution Channels and Buyers
- Customers
- Suppliers

As a subset of the above analysis, instructors might ask students to analyze in greater detail how MCV Broadband would market to current military population and their dependents on Guam, as well as to those expected to arrive in 2014 as part of the movement of U.S. Marines from Okinawa, Japan. In what ways is the military customer base different from the local residential customer base?

Instructors might ask students to

5. evaluate how well MCV Broadband's corporate social responsibility activities have enhanced its community image, and
6. put forth a recommendation for suggested activities that the company could pursue in the future.

AN INSPIRATION: MAINSTREET DELICATESSEN AND BAKERY

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CASE DESCRIPTION

Throughout U.S. history, economic recessions come and go. However, despite poor economic conditions, many entrepreneurs still venture out and take the risks of starting up a small business. In fact, according to the 2008 Global Entrepreneurship Monitor executive report, entrepreneurial behavior shows positive signs (Ali et al., 2008). Yet, it is important to note that there have been many small businesses that have failed due to economic recessions (Shane, 2009). Although reality can be harsh, entrepreneurs who believe they have what it takes to thrive in spite of the troubled times, continue to step forward and take the chance. This is true in the case of Christina Toves Perez, the proud co-owner of Mainstreet Delicatessen and Bakery.

Despite the fact that her small business started during the recent economic recession, Christina had high hopes and dreams that her business would continue to flourish. From this case, Christina's persistence is exhibited through her endurance of the trials and roadblocks that tested her efforts. This case is a real world example of what many entrepreneurs may experience during an economic recession. Additionally, it may also serve as an inspirational piece to many aspiring and continuing entrepreneurs.

This case is versatile and for the most part has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, managerial economics, or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

This case is about Mainstreet Delicatessen and Bakery, hereafter referred to as Mainstreet. Located in Hagatna, Guam, Mainstreet recently opened its doors to Guam's residents on February 4, 2009. Mainstreet is a family-owned business. It is owned by Christina Toves Perez, Michael E. Perez, and Josefina Eustaquio Toves. The business opened during the current economic recession which started in December 2007, according to CNNmoney.com

(Isidore, 2008). According to Christina, the bakery is an expansion of what used to be Toves Bakery, which is further discussed in the case study. Although Mainstreet is fairly new, a rich history of tradition revolves around the business. Being a new business in Guam's economic market, Christina had to rely on her experience in her mother's bakery business and from there make improvements as days pass by.

HISTORY

Filled with a rich history of tradition, Mainstreet is not the first bakery to exist under two of its current owners. It is, however, the first business owned by Christina Toves Perez. Before the birth of Mainstreet, the bakery business started with Christina's grandfather, Jose Garrido Eustaquio, who was more popularly known as Cinda. In 1923, Cinda, who was a carpenter by trade decided to venture out and explore other business possibilities with the help of his brother-in-law Juan S. Garcia. Their search for a new business opportunity resulted in the opening of Our Home Bakery, which was located across the street from Pedro's Plaza in Hagatna, Guam. According to Christina, the bakery was very popular and marked the beginning of the Cinda Family tradition.

Our Home Bakery experienced many ups and downs, but for the most part, successfully thrived throughout its duration. The bread that can be purchased at Cinda's bakery was said to be very delicious and popular. The recipe for Cinda's bread is what made it so mouth-watering and kept customers coming back for more. Only family members have the knowledge of what the recipe contains, for it is a secret family recipe and has been guardedly passed down from generation to generation.

Although the bakery was forced to close its doors during the Japanese occupation of Guam, Cinda continued to provide loaves of bread to the American prisoners until his supply of flour depleted. Since then, his family relocated to Yona for residency until the war ended in 1945. Soon after, Our Home Bakery was back in business. Subsequently, Cinda not only catered to the residents of Guam but to many official Navy functions as well. Cinda also had the distinct opportunity to serve the U.S. Secretary during his visit to Guam. In return for his services to the military, Cinda was honored and given a new mixer for his bakery. Shortly, thereafter, Cinda had to officially shut down Our Home Bakery around 1950 due to illness and poor health. Ten years later, Cinda passed away on April 30, 1960.

Since then, Cinda has served as an inspiration to his children and many of his grandchildren, who proudly continue the Cinda family tradition of baking using his best kept secret bread recipe. Many of them bake as a craft while others opened their very own home bakery business. Two examples include one of Cinda's younger daughters, Josefina Eustaquio Toves and his granddaughter Christina Toves Perez.

In 1975, Josefina, mother of Christina, more popularly known as “Auntie Fa” opened Toves Bakery in Agat. Auntie Fa baked specialty cakes, wedding cakes, cookies, pies, and pantosta (toasted bread), which was baked with the popular Cinda bread secret recipe. Due to some setbacks that Christina did not elaborate on, the bakery was relocated to Yona in 1989 and it has remained there since. At the age of 79, Auntie Fa had to undergo knee surgery, which limited her ability to stand for long durations having some negative impact on her bakery business. As a result, she had to shut down her business.

THE DECISION

In 2006, Christina had to make one of the biggest decisions in her life. She had to decide whether or not she would be the one to continue the Cinda family tradition of baking. Although the choice was clear, Christina, contemplated the twelve years of service she had devoted to a company, Swatch Group for Guam and Micronesia as a duty free agent. The thought neither crossed her mind, nor did she ever see herself being a baker, what more, owning a bakery. But, there was this sense of obligation that Christina felt, a nagging plea to keep her family tradition alive. She made the hard decision to resign from her job. Reflecting back, Christina proudly affirms, she was not forced to quit her job; rather, she made a conscious decision, of her own freewill, and did it because she is passionate and proud of her family tradition.

THE BIRTH OF MAINSTREET

Beginning in 2006, for two years, Christina worked on Mainstreet’s business plan with the help of the Guam Small Business Development Center (Guam SBDC), located at the University of Guam’s Jesus and Eugenia Leon Guerrero School of Business and Public Administration Building (SBPA). At Guam SBDC, she worked closely with Business Counselor Rodney Webb. He provided her with the guidance and direction she needed. Christina worked day and night in anticipation of completing her business plan making sure every detail was clear and precise. She envisioned Mainstreet with a unique aura consisting of three generations of Cinda while still upholding some of the past traditions of the Cinda Family. She basically wanted to incorporate a new business concept that would include a specialty shop of freshly baked goods and a gourmet delicatessen while keeping the family tradition of baking alive.

When Christina finally finished her business plan, she began to get cold feet and had second thoughts about submitting her plan. She feared that she was missing many essentials and did not think she could pull it off. However, with much persuasion and encouragement from her family, she presented her plan to the Bank of Guam in September 2008. Her years of hard work

and preparation paid off, she was awarded the funds to help her purchase the former Martinez home in Hagatna where Mainstreet would soon be located.

ROADBLOCKS TO SUCCESS

Like many entrepreneurs, Christina experienced several roadblocks along her journey to opening Mainstreet: the business plan, location, contractors, original opening date, financial instability, public health, and fear. Although Christina had a great business plan, reality hit.

While diligently following her business plan and guided by her vision, Christina realized all too quickly that she had to make adjustments because her plan could not be followed to the tee. Soon after, Christina discovered that location would be another issue. Mainstreet's current location was not Christina's first choice. During the initial construction stage, some major issues surfaced that eventually led to the contractors bailing on her without completion of the tasks agreed to. That experience left Christina feeling cheated and desperate with intense feelings of wanting to give up. However, with vision in mind, she persisted and continued to pursue her dream. Mainstreet's original opening date was scheduled for December 2008, but because of the issues she faced with the contractors, the date was pushed back, which in turn caused many other setbacks.

Through it all, Mainstreet was finally ready for opening. During the first few weeks after its opening, Christina began to experience a decline of customers for various reasons she states. One of the main reasons was due to limited seating. Initially, Mainstreets was designed to accommodate a maximum of 10 seated customers. Immediately, there was a need to expand seating capacity towards the back end of the building to accommodate more customers. Christina must also contend with the ambience Mainstreet exudes. Many customers perceive Mainstreet as a coffee shop, a place where they can escape the rush and enjoy a good cup of coffee. This exacerbates the already problematic seating capacity. Christina feels that the seats should be available as a courtesy to those customers having more than a cup of coffee; preferring that those desiring to order food items from the menu and dining in be entitled to a seat. Aside from losing customers due to lack of seating, Mainstreet faced challenges with their initial hours of operations. Mainstreet originally opened at 5:30 am to catch the early commute and closed at 6:00 pm. However, Christina realized that closing at 6:00 pm did not provide much profit opportunity. As a result, Christina made some adjustments and changed the hours of operation from 5:30 am to 4:00 pm.

THE BUSINESS

Market Structure

In Hagatna, there are not many bakeries present in the vicinity, which gives Mainstreet a competitive edge. Bakeries found in the area include OPs Bakery, located in the Agana Shopping Center and Winchell's donut shop across the Bank of Guam Headquarters building. Though, Mainstreet is not just any ordinary bakery that can be found within many island villages such as Dededo, Yigo, or Mangilao. It is a home bakery, which provides customers a cozy, warm environment, almost like home. From first glance, the building looks like an old home, but upon stepping in the door, customers experience the feeling of being part of Christina's family.

In terms of pricing, Christina wants to offer a great deal to her customers. She makes every effort to ensure that the products found at her bakery are not only affordable for her customers, but also provides her the capacity to, at the very least, break-even. Her bakery provides an array of products: the Cinda bread, cookies, cakes, pies, *pantosta*, and gourmet options for the sandwich connoisseur. In addition, her bakery also provides specialty coffee blends and an assortment of teas, which cannot be found anywhere else on Guam. Christina wants to make it known that her products are top-of-the-line.

Competitive Advantage

According to Christina, Mainstreet's competitive advantage is that her bakery provides savory dishes and sweet desserts and pastries under one roof, which builds on a related product link, their Cinda bread. Many of Mainstreet's customers come back because of their bread and guarantee the bakery staff their loyalty.

Strengths, Weaknesses, Opportunities, Threats (SWOT)

Christina conveys, the bakery has opportunity for market growth, business expansion and identifies areas for improvement, but faces the risks and consequences associated with market fluctuation. The Table below displays a sample of Mainstreet's SWOT analysis.

No matter how difficult the road ahead may be or unclear the visibility of the future, Christina is focused on sustaining her business. Her strength of mind is rooted in her unrelenting commitment to keep her family traditions alive. This commitment cultivates the strength and courage she needs to keep moving forward. She did not submit to the fate of wonder and regret questioning what might have been. Rather, she is living her dream, Mainstreet is her reality and she is determined to get through the tough times that may lie ahead.

Strengths	Weaknesses	Opportunities	Threats
Commitment to family tradition Secret family recipe Passionate owners Loyal customers Good food Local business	Finances Limited seating capacity Slow response to meet demand for growth	Market growth Expansion Delivery service to nearby businesses Location Local economic growth	Slowdown in economy Spending habits of consumers Customer preferences Growing competition industry wide Misconception that they are a coffee shop

FURTHER EFFORTS

February 4, 2010 will mark Mainstreet's first year in business. Christina's lessons of the first year will only improve her ability to minimize, if not avoid, mistakes and strengthen her business acuity to build a successful business enterprise rooted in strong family traditions. Through sharing her experiences, Christina hopes to inspire other family members to live their dreams. With plans to expand her business in the next two years, Christina will create an opportunity for other family members to showcase their various baking specialties. In five years' time, she plans to possibly purchase the lot next door to support future business growth plans.

CONCLUSION

Christina has many dreams and is just taking things one day at a time. She has learned to manage her fears and is learning how to gain the confidence she needs to pursue the dreams she has for Mainstreet. To be an aspiring entrepreneur is one thing, but to actually carry out your dream is another. Christina must now plan for the next growth phase of her company and is excited at the thought. She states that to open up a business, the person must love what he or she is doing. "If your heart is not in it, during the bad times, you're not going to want to be there."

DISCUSSION QUESTIONS

1. What is your evaluation of this organization? What would you say are some of its successful ingredients to date?

2. What potential problems or challenges do you foresee in the near term (1-2 years)? What potential problems or challenges do you foresee in the long term (3-5 years)?
3. What should the owners do to ensure the company's continued success?
4. What is the difference, if any, between a small business owner and an entrepreneur?

The case looks at the organization from one of the three owner's perspective. In anticipation of future growth, the owner has some ideas of how she should respond to the challenges ahead.

ADDITIONAL ASSIGNMENT

Instructors using this case in a higher level business course might want to form student teams and ask them to assume the role of consultant and conduct research beyond the case to answer the following questions. Students may then be assigned to turn in an analytical report as well as an oral presentation.

1. Christina has sought your consulting expertise and asked you to assess the company's strategy, competitive market position, and overall situation, and recommend a set of actions to improve the company's future prospects. Please prepare a report to Christina and the other two co- owners of Mainstreet Delicatessen and Bakery. Be sure your report includes:
 - a. An identification of the key elements of the company's strategy,
 - b. A discussion of which of Porter's five generic competitive strategies most closely match the competitive strategy that Mainstreet Delicatessen and Bakery is employing,
 - c. The pros and cons of the company's strategy,
 - d. An assessment of Mainstreet Delicatessen and Bakery's strengths, weaknesses, opportunities, and threats,
 - e. An evaluation of the key success factors that Mainstreet Delicatessen and Bakery and its rivals compete against,
 - f. The strategic issues and problems that Mainstreet Delicatessen and Bakery's owners need to address, and
 - g. A set of action recommendations to deal with these issues and problems.
2. What are the pros and cons of Mainstreet Delicatessen and Bakery's strategy? What evidence indicates that the strategy is working well or not so well?

3. What does a SWOT analysis reveal about Mainstreet Delicatessen and Bakery's overall situation?

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DIANA'S FLORAL STUDIO: A NEW MARKETING ARRANGEMENT

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CASE DESCRIPTION

The primary subject matter of this case is differentiation of products and services in a relatively competitive market during challenging economic periods. In particular, this case highlights how business owners identified a specific market segment on which to focus their efforts without incurring additional marketing costs in traditional media channels. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, strategic marketing management, or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

The case is about Diana's Floral Studio, a small family-owned business on Guam that today provides floral arrangements and consulting services for the island's functions and events. The case traces the business through the early years of Diana's Floral Studio as a small flower shop to a business that specializes in floral design services. The business had undergone a transformation in focus and strategy in response to trends in the marketplace resulting from macroeconomic conditions affecting Guam's tourism dependent economy. This reorientation of its business operation also resulted in a change from originally serving mainly a clientele of individuals to entering into contractual agreements for business services with larger clients like the island's major hotels. As such, Diana's Floral Studio has changed its marketing strategy from utilizing traditional media channels to reach individual customers to one that relies on word of mouth advertising from existing large clients. With Guam's highly transient population and the impending military build-up, the business owners must continue exploring new marketing strategies to maintain its position as one of the island's leading floral design studios.

BACKGROUND

Diana's Floral Studio, also known as Diana's Florists, began as a small flower shop retailing fresh flowers and floral accessories on Guam. They catered to a limited customer base with average annual revenues of approximately \$18,000. The business began operating in 1991 at its first location, which was out of a retail store with a small window space totaling approximately 1100 square feet. Slowly, the small studio blossomed and made a name for itself among its competitors, many of which were much larger in size of operation and volume of business. The business eventually moved to a second location consisting of a space where there was a large store front studio section displaying various floral arrangements, accessories, and props, staged for prospective clients to preview. In the new location, Diana's had a very retail-like atmosphere in the early years of operation. In the early 2000s, the floral studio moved to a third location where it currently operates, and along the way adopted a new business strategy. This new business strategy led to a change in their marketing strategy, from one that mainly targeted retail sales with individual customers to one that focused on selling floral design services to large clients like the island's well-known hotels. At this location Diana's Floral Studio utilizes 2,500 sq ft, which is one-third of a shared warehouse building located in an industrial area in the central Guam village of Tamuning. These changes were made in response to changes in Guam's economy.

From the early 1990's, Guam experienced severe hardships in the economy. Some of these came in the form of disasters, such as Typhoon Chata'an in July 2002 and Typhoon Pongsana in December 2002, which was recorded as the strongest typhoon to hit Guam in the past century. Even before these two major typhoons, Guam was just in the process of rebuilding and recovering after being devastated by Typhoon Paka in 1997. In addition, regional and global economic and financial problems dating back to the Asian financial crises of 1997-98 plagued the island's recovery from the bursting of the Japanese bubble economy in the early 1990's. Just when signs of recovery were appearing with many of Guam's retailers hitting record sales in August 2001, the September 11 attacks and SARS came along and dropped tourist traffic, from Guam's tourist dependent economy, as much as 60 percent. The rollercoaster ride that Guam's economy has taken made Diana's Florists change from one type of business to another. The adjustments made to the business may not have been obvious, but the family owned flower shop began to make subtle changes.

Diana's Floral Studio is owned by Guam's Yang family. Diana Yang, the principal owner and president took the shop from a small window front store to a large design studio and retail flower shop and transformed the business to what it is today. With the help and guidance over the years of her three daughters, Diana's Floral Studio has survived the economic turmoil of Guam's past decades. Daughter Wennie was the first to assist her mother run the family business, using her University of Guam education. Annie, a University of California-Berkley

graduate, then took her place. Today, Jennie, a graduate of University of California at Los Angeles now runs business operations for the studio. Her mother, Diana, focuses on the floral design and now plays less of a role in the office. The business has substantially grown its annual gross sales with the majority of the revenue generated from floral design services.

Jennie Yang credits the success of the studio mainly on her mother's desire and the drive to work hard to be one of the best floral designers on Guam. However, the three sisters' business degrees have also had a large impact on their decision-making. The input from the daughters was crucial in the decision-making when the family decided to give up being a flower distributor, which involved selling flowers to other retail stores for resale. This decision helped to minimize costs associated with ordering and storing flowers that would not be used for services provided by Diana's Floral Studio. The family also decided to remove the storefront to cut operating costs. In addition, Wennie and Annie, being a few years older than Jennie, had moved on with their careers, leaving their mother to run the business by herself. Streamlining the business was a necessity due to the downturn in the economy. At the time the decision was made, Jennie was still finishing up her education at UCLA. Now, with the youngest daughter handling business operations, Diana's Floral Studio is beginning to pursue new ways of growing their business.

MARKETING STRATEGY ANALYSIS

After selling their share of an established partnership as a flower distributor in 2000, the Yang's shifted gears to being a service provider, contracting with larger customers in the tourism industry while continuing special event services. Though they still provide retail and small custom order services to a small degree, the warehouse location's layout truly reflects their new strategy. Diana's Floral Studio is now likened to a consulting firm or contractor that is paid for recommendations based on expertise in their field. Diana's Floral Studio provides services that include the coordination, design, and placement of floral arrangements for special events such as weddings, funerals, birthday parties, and corporate functions. The business does this with a personal approach. This shift in their marketing strategy can be described as a down-shift in their marketing strategy.

Diana's Floral Studio relies heavily upon its reputation in the small island community to generate new business and positive first experiences encourage repeat business. Their pricing strategy is a large part of their marketing strategy. Commenting on Diana's Floral Studio's marketing strategy and direction, Jennie Yang states, "We want to charge a bit higher than market to convey we provide customized designs for the average customer. Each design is made specifically for the individual thus providing the customer with individualized service" (J. Yang, personal communication, September 10, 2009). In discussing their customized approach, even their large corporate customers, like Guam's Hyatt Regency Hotel, are described and handled as "individuals" symbolizing the personalized approach to the services they provide to them.

As in most cases, pricing above competition works only when the product is distinctive or when the seller has acquired prestige in its field (Etzel et al. 2007: 339). This is the case with Diana's Floral Studio. The business owners accept being known as a pricier option for floral services only because they maintain that the quality and creativity behind their arrangements and services are deserving of the price. It is not within their marketing strategy to be known as a cheap alternative. In fact, that is counter to their goal. They aim to set the bar for floral design services on the island and be the best in their industry. Diana's Floral Studio is arguably one of the best in its field, having won the designation for "best design" in recent years at Guam's annual Bridal Show.

With the prestige that comes with design awards often results in a competitive advantage over competition. However, a business cannot rely only on seeking a competitive advantage but it must also sustain this advantage over the long haul. Sustaining competitive advantage requires erecting barriers against the competition (Jain 1999: 100). For Diana's Floral Studio, one of the key barriers against the competition is the inventory of design skills of the studio's designers. However, this barrier may not be sustainable over the long run unless turnover of designers is controlled and that competitive intelligence, (i.e., the design skills) is not transferred to the competition.

Diana's Floral Studio does little to no advertising via the island's traditional media channels. They rely on the business' reputation and the satisfaction expressed by their clients to other prospective clients. Being one of the longest running floral studios on Guam is a major strength. They are almost at the level of being iconic for their industry. Because of this status, the business owners find little benefit with costly mass media advertising, which would not be most effective in advertising its services to its target market. This conclusion is also based on their newly established focus on being a service provider to a customer base of larger, repeat clients.

SUMMARY OF SUCCESS

The image that Diana's Floral Studio established has clearly positioned them as an above-market priced, high quality service provider similar to quality hotel chains that have used this approach effectively. In this regard, their marketing strategy is a clear-cut success. As a retail store and distributor, the business was successful during the 1990's, which was when they relied on traditional advertising media, such as Guam's Pacific Daily News newspaper, radio, local magazines, as well as word of mouth advertising.

Today, the shift to being a service-providing firm has proven to be a success as well. The new marketing strategy has made the business known throughout the island community as a very reliable special event services provider. This result has been in no small part due to being less focused on individual sales and more aggressive in working with Guam's well-known clientele such as the island's large hotels, which in turn has led to greater exposure.

SUMMARY OF FAILURES

Diana's Floral Studio is constantly losing its individual retail customer base because of the change in strategy. The business owners knew there would be a drop in retail sales to individual customers, but it is nearly non-existent today. According to Jennie Yang, the business only receives a few calls per day for orders and deliveries to individual customers. This was previously a major source of revenue for the business, accounting for well over 50 percent of annual gross revenues. Additionally, they are also losing business to smaller shops and studios that are physically located in more visible and highly trafficked locations. Though the business' reputation precedes them, Guam's relatively small population of 170,000 is growing with the impending military build-up involving the relocation of U.S. Marines from Okinawa, Japan. The relocation is to involve the movement of 8,600 Marines and 9,000 dependents as well as non-military support staff, and an additional 600 Army personnel and their 900 dependents (Joint Guam Program Office 2009). The movement of people is scheduled to happen between 2010 and 2014, with parts of the move already underway. This market segment will be made up of new entrants who have never heard about Diana's Floral Studio or they may hear about them when it is too late, resulting in missed opportunity and loss of revenue.

SWOT ANALYSIS

Strengths

Diana's Floral Studio has a loyal existing customer base. Hyatt Regency Guam, their largest customer, has used their services for over 3 years and even before this period, had conducted business with Diana's Floral Studio on an event-by-event basis. Among its customer base are the local high schools. For over a decade, Diana's Floral Studio has been utilized by Guam's John F. Kennedy High School students for their special events like proms, balls, and graduations. This relationship was well established during the high school years of the Yang sisters. Each graduated from JFK and has continued to support the school with special pricing when asked. This reputation for the business' flexibility with pricing has been conveyed to the rest of the community's high schools.

It is also commonplace for subsequent generations within large families to return to Diana's Floral Studio for the commemoration of life events, such as weddings, funerals, birthdays, and graduations. This is due in part to their reputation and the emphasis on quality, personalized service. Also, their current workspace is organized to fulfill this personalized service. Over 80% of their workspace is a dedicated design workspace. There is very little space used for displays. Additionally, the business' prices, reputation, and quality are well defined.

They can all be described as being above market. Their steeper prices go with a highly regarded reputation of having an elevated degree of quality in their product.

Weaknesses

For the purpose of branding themselves as high quality designers with higher than market pricing, Diana's Floral Studio does very well. However, this strength can also be a major weakness. It leaves the door open for other shops to undercut their prices, but it is simply a risk that the business is willing to take to maintain their image. Another weakness is that despite the layout of their workspace being perfectly geared towards their current strategy, the physical location puts them at a disadvantage. The location is not in a heavily trafficked area. The studio is located amidst other warehouses in an industrial area and their signage is not clearly visible. One other disadvantage with their current location is that it has very little room for displays. The display/welcoming area is roughly the size of a medium-sized living room or family room. An additional weakness not related to their workspace is that there is no tangible way to "brand" their product. Branding is limited to their business name being announced or publicized for acknowledgement associated with various events. Placing a logo on every arrangement or flower is not only challenging, but is also not an acceptable way of doing business in the floral design business. In floral sales, however, logo placement is less challenging. In most occasions people give a bunch of flowers – not just one, wrapped in some paper, plastic or other form of packaging, and where there is packaging, there is scope for branding.

Opportunities

Diana's Floral Studio still has a number of potential clients in hotels that have not yet signed a contractual agreement for their business. An additional contract or two with any of the larger (100-room plus) hotels with food and beverage facilities on island would greatly increase their revenues and allow for expansion. Also, with becoming a sole source for a hotel, negotiated pricing for floral services could be included in packages for special events such as wedding receptions and other functions being held in the hotel ballrooms and restaurants. This sort of joint venturing would create better access to special event opportunities.

Another type of joint-venturing or partnership could be made possible with the island's large retailers like K-mart that do not yet sell floral arrangements. Travel agencies make up another type of clientele that Diana's Floral Studio has yet to approach. The business may provide discounted pricing for the large amount of leis used to greet tourists as they arrive at the Guam International Airport.

Threats

There are approximately twenty to thirty floral businesses that are currently operating on Guam, mainly in the retail sector. Though the actual size of the floral market for Guam is undefined, the number of competitors in business still inherently translates into a great degree of competition for a small geographic area. Guam has 20 hotels that have over 100 rooms (Guam Hotel and Restaurant Association 2009), thus providing the small number of hotels many options that could potentially undersell Diana's Floral Studio in services as they package these with their products.

Another issue that is actually common to almost any industry on Guam is shipping delays. With unpredictable weather (i.e. frequent tropical storms) and increased flow of products landing at the Guam Commercial Port due to Guam's military build-up, interruptions in business due to delays in receiving flowers from the port are even more of a possibility. There is very little that can be done to remedy this due to the limited lifespan of flowers. Increasing the volume of orders will not solve the supply issue, as the flowers kept longer in inventory are likely to wither away before they can be used.

CONCLUSION

Retail firms must identify and respond to significant trends that affect retailing. In particular, companies in the retail arena will have to provide consumers with substantial value that takes into account not just price, but also the quality of products and the shopping experience (Etzel et al., 2007: 429). In the case of Diana's Floral Studio, the business owners have proven to be successful not by underselling the competition, but by providing high quality service in the form of delivering customized floral designs for each client. They recognized the trend for this demand while experiencing the challenges of Guam's fragile, tourist-dependent economy.

There are still various ways for Diana's Floral Studio to re-establish itself as a more formidable front-runner in the floral services industry on Guam. There are business opportunities waiting to be taken advantage of, but these will require changes in strategy. These changes may appear to be more operational, but they would actually require a re-tooling of the business marketing strategy. Re-imaging would be required to again be seen as a customer-friendly storefront that can create potential special event services. This re-imaging will best be done through traditional advertising, teaming with other retail venues, participating in special venues like fashion shows and bridal shows, and receiving positive media exposure in news articles and magazines. It would introduce the business to the new customers entering the market like teens, young adults, and transplants to the island via military build-up or other activity. Reaching these

new customers before any other competitor does can ensure Diana's long term capacity to generate revenue in addition to their contracted tourism-related services.

DISCUSSION QUESTIONS

1. The Yang's of Diana's Floral Studio shifted gears from being a small flower shop and flower distributor to being a service provider, contracting with larger customers in the tourism industry while continuing special event services.
Explain what motivated this business decision. Expand on your answer by describing the risks associated with this or similar business decision(s).
2. How did the family contribute toward the success of Diana's Floral Studio?
3. What can be done by the business owners to maintain Diana's Floral Studio's competitive advantage over other flower shops?
4. Explain how the marketing strategy of Diana's Floral Studio changed over the years. What factors caused the change in marketing strategy? What are some recommended marketing strategies to capture new business with the impending military build-up?

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**JOURNAL OF THE INTERNATIONAL
ACADEMY FOR CASE STUDIES**

Instructors' Notes

V. ANGOCO TRUCKING, INC.: 37 YEARS OF SERVICE ON GUAM: INSTRUCTORS' NOTE

**Eileen Agahan, University of Guam
Gina M. Angoco, V. Angoco Trucking, Inc.
Anita Borja Enriquez, University of Guam**

CASE DESCRIPTION

This case highlights the importance of effective business strategies that a company must develop to remain competitive. Business strategies that change over time to fit environmental conditions, focus on core competencies, and create value for customers are presented in this case. This case has a difficulty level of three and up, appropriate for Junior level and beyond. The case is designed to be taught in two class hours in an entrepreneurship, strategic management, managerial economics, or marketing course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region as well as with some knowledge of the transportation industry.

CASE SYNOPSIS

This case is about Vicente S. Angoco, a local entrepreneur, and the successful family-owned trucking business he created in Guam in the early 1970's. The case traces through his history, from his experience launching an entrepreneurial start-up and managing a growing business amid a changing environment. In doing so, the case illustrates an example of a hard worker who is dedicated to a philosophy of sustainability that is applied to every strategic business decision. It also gives a personal account of the economic and socio-cultural environments faced by the entrepreneur, and issues that present a crossroad for further decision-making to survive other dynamic challenges faced by the business.

DISCUSSION QUESTIONS AND SUGGESTED ANSWERS

1. What are Vicente S. Angoco's main business strategies?

Vicente S. Angoco's main business strategies include expansion, divestiture and corporate rebranding. Angoco promotes growth when he invests in expansion by obtaining more equipment to enhance the services and broaden the customer base of his company. After the construction boom declined in the early 1990's, Angoco divested most of his company's heavy equipment and then invested in three tractors and trailers, altering services from that of heavy equipment to transportation of ocean freight and miscellaneous heavy hauling. Here Angoco attempted to use a period of retrenchment to stabilize his company and restore profitability and competitiveness after his company may have experienced a drop in demand for its services due to the decline of the construction boom. In June 2000, V. S. Angoco's Equipment Rental changed its name to better suit its current business and became V. Angoco Trucking. The company ownership also changed from Angoco to his wife, Norma. The main drivers for the rebranding include a change in the company's structure, strategy and ownership. Angoco aims to communicate a new message – his company has evolved.

2. What occurred that made the company decide it needed to make major business changes?

Key events prompted the company to undertake expansion, divestiture and corporate rebranding. Due to the greater demand in the construction industry, Mr. Angoco obtained more equipment to enhance his company's services, including ten dump trucks, three backhoes, a loader, a farming plow and miscellaneous trailers and accessories. However, after the construction boom declined in the early 1990's, V. S. Angoco's Equipment Rental altered its services from that of heavy equipment to the transportation of ocean freight and miscellaneous heavy hauling. The company divested most of its heavy equipment and invested in three tractors and trailers. In order to better suit its current business and after ownership changed from Angoco to his wife, Norma, V. S. Angoco's Equipment Rental changed its name to V. Angoco Trucking in June 2000.

3. What type of competitive advantage is V. Angoco Trucking, Inc. trying to achieve?

V. Angoco Trucking, Inc. is trying to develop a differentiation strategy because the company does not possess "unique" or "special" services that differentiate it from the competition. Customer demand for trucking services remains fixed. The services offered by the firm are purchased by the same pool of customers that all trucking services are aware of and knock on their doors. Although the services offered are not considered a

“specialty,” they are also not required by the general population. It faces a concern on how to set itself apart from other trucking companies without having to compete too much on price. In effect, the firm wonders how it can create a niche or bona fide service value to differentiate itself from its competitors.

A core competence represents a competitive advantage because the company acquires expertise that competitors do not have. For instance, a core competence may be process efficiency, management skill, or exceptional customer service. The differentiation strategy can be profitable because customers are loyal and will pay high prices for the service perceived as unique. V. Angoco Trucking, Inc. can then create additional value with existing resources, providing a big boost to the bottom line.

4. What strategic issues does the company need to address?

The company will need to address the entry of several “new” competitors in the local trucking industry, especially with the forthcoming U.S. military buildup. These companies are trying to meet the increase in demand for trucking transportation and vying for the same contracts. It may not be a level playing field for a local small business like V. Angoco Trucking, Inc. when it competes against off-island companies that have larger capital. It is also a perceived threat when the larger U.S. Department of Defense contractors or businesses import their own equipment instead of sub-contracting to local businesses. Since the exact time frame for the buildup is not definite, V. Angoco Trucking, Inc. is unsure of when to further pursue expansion to meet the anticipated demand. The firm may experience a financial deficit if it pursues this expansion too soon, or experience a competitive disadvantage if it pursues it too late. With the increase in competition, the industry has certainly become more saturated, decreasing market share for V. Angoco Trucking, Inc. This poses new challenges, which include the retention of current customers and acquisition of new ones, reduction of prices and profit margin, and the eventual need to survive in the process.

5. How could V. Angoco’s Trucking, Inc. diversify its business, so as to not have all its “eggs in one basket”?

V. Angoco Trucking, Inc. has the potential to diversify into the equipment repair business since the firm already possesses a facility and certified mechanics. The company is situated on a privately owned commercial lot where a two-story office, a tractor-trailer maintenance warehouse and an open-air shop for repairs are located. The maintenance shop is managed and operated by the owner’s sons Paul E. Angoco and Steven S. Angoco, who have formal training in mechanical skills, and the trucking operation managed by his daughter Gina M. Angoco with formal training in business.

- 6. With the anticipated U.S. military buildup from the transfer of 8,000 U.S. Marines and their dependents from Okinawa, Japan, how could V. Angoco Trucking, Inc. expand its business to prepare for this buildup, given its current constraints of fixed capital, slow economy, and the need to maintain sole control of the business?**

A small business like V. Angoco Trucking, Inc. can turn to joint ventures, which is ideal when a project is too complex, expensive, or uncertain for one firm to handle alone since costs, risks and resources are shared. The company can effectively build capital, given reduced profit markets from slow demand in the market, current fixed costs, and the multiplier effect of increased fuel costs to the cost of doing business across all industries.

- 7. How could V. Angoco Trucking, Inc. obtain “reasonable” capital with the current lending issues with banking institutions?**

Small businesses are eligible for loans through the U.S. Small Business Administration with a U.S. financial institution. Depending on the type of loan sought, loans or grants may be available through other U.S. federally-funded programs. Micro-credit loans are alternatives.

- 8. What strategies could V. Angoco Trucking, Inc. pursue, to sustain itself into the future while solidifying its current foundation and supporting future growth?**

The company must first determine what business-level strategy to pursue. Subsequently, functional level marketing strategies are critical, most specifically related to positioning, product, pricing, and promotion strategies. The company needs to develop its unique value proposition, with regard to the type of positioning it intends to pursue, and the pricing mechanisms that support its business-level strategy. It may cautiously pursue diversifying into the equipment repair business to attract new revenue streams, given its already fixed costs. In preparation for the anticipated growth in demand from the U.S. military buildup activities on Guam, the company could start exploring prospective partners through teaming arrangements or joint ventures that are complementary to its existing capabilities, capacity, and resources.

RELIABLE BUILDERS, INC.: AN ENTREPRENEUR SEIZES OPPORTUNITIES FOR SUCCESS IN THE CONSTRUCTION INDUSTRY: INSTRUCTORS' NOTE

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Karri Perez, University of Guam
Jackie Tenorio, University of Guam**

CASE DESCRIPTION

This case highlights the importance of recognizing opportunities and seizing them in areas that may not be one's expertise. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

The entrepreneur in this case is a Korean national who moved to Guam in the 1970's with a degree in English. Issues examined include recognizing opportunities and challenges and opportunities for growth in various market segments. The entrepreneur in this case study used diversification from the private sector into the military and federal projects sector as a strategy for growth in a confined island market. Implications of diversifying into this market are identified and discussed, along with other growth and confined market challenges.

INSTRUCTOR'S NOTES

Discussion Questions and Guide

The entrepreneur did not have experience in the construction industry. What are three skills a leader must have to be successful?

The three skills of successful leaders are: setting the vision, setting the example, and encouraging the heart. Each of these traits is important during different phases of the business, as well as leading an ongoing business.

Setting the vision entails setting the course of the business and recognizing opportunities. Even though this leader's skills set was not specifically in the construction industry, he recognized an opportunity and put together a team that had the specific technical skills needed for this industry.

Leaders also must set the example; if they are going to demand performance from subordinates, they must demonstrate that they demand the same or more from themselves.

Encouraging the heart is the "human" element to leadership. It is easy to lead during easy times when business is good. What is difficult is maintaining a positive attitude and not blaming subordinate when events and projects do not go as planned. Other examples of encouraging the heart include developing and training employees and counseling employees when mistakes do occur.

1. Discuss why it is important to track economic trends and understand economic opportunities. Why is timing critical?

As this case exemplifies, communities go through business cycles. Guam went through a tourism industry buildup which offered opportunities in the commercial building and hotel construction areas. After that industrial buildup has been completed, construction companies must seek other job opportunities. Construction is a project and cycle-based business, meaning that once the building phase is completed, companies must look for opportunities in other fields or industries. Also, the construction industry is a bid-based industry. Typically there is a long lead time from bid to awarding of the project, thus accurate scheduling, hiring and timelines become critical to ensure materials and human capital are available when needed. Because of these large and drastic surges and lulls, it is critical to plan accurately.

Guam is a small island in the middle of the Pacific. Why and how does that affect the construction business?

"Confined markets" display several unique features, offering both opportunities and challenges. Confined markets indicate that there is little contact with other larger markets, and limited market expansion opportunities. In contrast, Los Angeles is a large, sprawling market, one that offers many (and diverse) market opportunities. The affect on construction companies is a "boom/bust" cycle. Meaning for short durations, there are

many construction projects available during buildup, but they rapidly diminish into a low level of mainly renovation and replacement project opportunities.

2. Why is it important to understand the private and federal military construction segments? How are they different?

It is important to understand the policies, process, regulations and laws that apply to each segment. Private sector jobs are much less regulation-bound than federal government (military) jobs. Also, the selection processes may differ, as well as the other criteria and credentials requirements. Performance standards may be more stringent in the federal government (military) jobs, including labor requirements, bonding, etc. that may not be required of private sector projects.

3. What are challenges that may be faced when doing construction projects on an island?

Answers would include the following:

longer lead times for materials to reach the destination
stocking extra materials and spare parts because of lack of available resources
importing labor because of limited skill sets and the temporary nature of construction projects.

4. What challenges are faced by small construction companies that large companies may not face?

Answers would include the following:

Lack of ability to get volume discounts
Lack of ability to offer competitive wage and benefit packages
Lack of ability to get bonding/financing because of limited asset base

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A BRAND IS BORN: TAKING A CREATIVE CONCEPT TO REALITY IN THE RESTAURANT INDUSTRY: INSTRUCTORS' NOTE

**Karri Perez, University of Guam
Juliet Damian, University of Guam**

CASE DESCRIPTION

This case highlights the importance of defining the concept and determining the market when launching a new themed brand. The brand was initially scheduled for launch in a smaller international market, but after market research, the launch was rescheduled for a larger, more upscale market. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, marketing or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with trends and opportunities in the restaurant industry.

CASE SYNOPSIS

Most companies do not seriously go through a branding and market exercise prior to launching their business. This case is a review of a thorough exercise that was conducted prior to the launch of the themed brand to determine “who you are and what you stand for” while developing the theme.

INSTRUCTOR'S NOTES

Discussion Questions and Recommended Answers

1. What opportunities do emerging trends offer entrepreneurs?

Many industries have been well grounded in traditional product offerings. New trends, especially those with global implications, offer these industries opportunities in a variety products and services.

Product changes

Current products and services can be modified to add or delete components, offering updated product offerings.

Current product lines and services can be diversified, offering completely new products that meet the needs of new markets or new tastes of current market customers

Current product lines and services can be edited and products that are no longer relevant can be deleted from the assortment.

2. What is the difference between a trend and a fad?

Fads are short-term in duration with a rapid increase (acceleration) and decrease (deceleration) in sales and market share. Industries tend to gear up for them with short term investments in capital and short term changes to manufacturing and distribution channels. Examples of fads include Beanie Babies and Pogs. The current “go green” trend is global and most industries have made long term investments in capital, manufacturing and equipment and distribution channel modifications. Trends are more long term in duration and far reaching.

3. How can you monitor trends in industries?

The most up-to-date information for trends can be found in professional organization publications and sites that cater to that business group and industry. It is critical to stay abreast of the most current trends in order to lead the industry with new and current product offerings. Every industry has a variety of customers; business to business, business to customer, services to the industry, manufacturing, wholesale, distribution and retail. Many of the business transactions happen within the industry between key industry segments.

4. How do you “define” the concept?

Before you determine the market and market demand, the concept must be defined. There is an old saying in marketing, “When you try to be everything to everyone, you end up being nothing to no one.” Your concept must be clearly articulated from your name through your branding image, marketing information, advertising campaigns and sales information. The concept must not only be clear and simple to understand for your customers; but also for your investors, your vendors and your business peers.

5. How do you move from your concept into the “brand” and what are some long term concerns with brand?

The brand must embody and reflect the concept. Concepts are best articulated quickly and efficiently within a brand, which then is marketed to the consumer market. Brand image, once determined, becomes one of the company’s key assets. Once the brand is established and becomes well known, one of the key concerns is maintaining and updating the company’s brand image, without deleting the brand.

6. How can you determine whether the market you have initially selected is appropriate for the brand and can sustain the brand?

A thorough market research study must be implemented to determine market feasibility and sustainability. To determine market feasibility, it is best to do both “top down” market research as well as “bottom up” research. For this study, the researchers looked at the entire market, then broke it into market segments and determined what percent of each of the key markets the brand would be able to garner from other competitors. They also looked at how much they could increase the market by attracting share from other markets that were above and below their market level, and increasing the market share based on the environmental theme trend.

7. How do you change markets once you determine the selected location does not meet the market needs of the brand?

Once the brand is determined to have appeal to the markets, but the size will not sustain the brand, other markets need to be explored that meet the market size objectives. The best markets to explore are those that currently attract or have a local population that match the ideal market for the brand and are lacking in current or updated product or service offering to meet the demand. Other factors that determine market suitability include ease of entry into the market and market capacity for new concepts.

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STRATEGIES FOR SUCCESS: A COMPREHENSIVE LOOK AT MCV BROADBAND'S STRATEGIC SHIFTS: INSTRUCTORS' NOTE

Maria Claret M. Ruane, University of Guam
Albert C. Pascua, Jr., University of Guam
Craig R. Thompson, MCV Broadband

CASE DESCRIPTION

This case highlights the importance of business strategies in transforming a company from being merely a “maintenance” company to one that has grown to be a significant player in the telecommunications industry in a relatively small market. The business strategy discussed in this case focuses on two areas: new product development and rebranding and remarketing. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two class hours in a strategic management, managerial economics, or marketing course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region as well as with some knowledge of the telecommunications industry.

CASE SYNOPSIS

Started in 1993 by United Micronesia Development Association, formerly Marianas Cable Vision and currently MCV Broadband has grown into the region's largest telecommunications provider. Since 2005, MCV Broadband has adopted business strategies that effectively transformed this once mediocre company into a leading competitor in telecommunications. This paper will look at the evolution of MCV Broadband and the strategies that have brought success to this company, as well as their future plans to maintain their business success.

DISCUSSION QUESTIONS AND RECOMMENDED ANSWERS

1. Describe Marianas Cablevision's performance and strategy before it changed ownership in 2005.

Marianas Cablevision was locally competitive but lagged behind industry standards. It lacked a growth strategy and was being operated as a "maintenance company". This is evidenced by its purchase of competitor, Guam Cable Vision in 1997 and Kuentos Communications (Guam's first internet company) in 2000 but did not expand its product offerings in video and internet services. It also did not make the investments necessary to grow the company.

2. Describe the shift in business strategy after Marianas Cablevision was purchased by Seaport Capital in 2005.

Seaport Capital envisioned a growth company in Marianas Cablevision. To achieve this, Seaport Capital (1) brought in an experienced and competent leader, C.E.O. Dr. Craig Thompson, and (2) required an aggressive five-year plan to bring the company at par with U.S. counterparts.

3. What were the core strategies used by Dr. Thompson to satisfy Seaport Capital's five year plan?

These are (1) new product development, and (2) rebranding and remarketing.

Product development required large capital investments, which were made by the company under new ownership and leadership. Upgrades included real-time video services and faster internet services, while new products included the following:

digital video, high definition video and video-on-demand;

residential phone service; business phone service (soon to be available); and

new hotel video, video-on-demand and internet services offered to all the resort hotels on Guam.

Rebranding and remarketing strategies included the following:

renamed the company MCV Broadband, a more compact, easy to say, easily identifiable, crisp, clear, and easy to remember;

moved to a younger, more high tech image while keeping the “Marianas feel”;

used repetition of the company name (MCV) to secure its brand in consumers’ minds while clearly identifying the products branded as MCV video, MCV phone, and MCV online; and

offered its customers with bundled plans, which gives discounts to customers as well as the benefit of one billing.

ADDITIONAL NOTES/ASSIGNMENTS

Instructors using this case in a capstone business course might ask students to address the following issues related but are broader in scope than or not as detailed those covered in this case.

- 4. Discuss the current external environment faced by MCV Broadband as well as future changes that might occur. In doing so, be sure to include the following macro-level environment:**

Economic
Demographic- Sociological- Cultural
Political-Legal
Technological
Natural Environment

as well as the micro-level environments:

Overall market/industry trends
Current and Prospective Competitors
Distribution Channels and Buyers
Customers
Suppliers

As a subset of the above analysis, instructors might ask students to analyze in greater detail how MCV Broadband would market to current military population and their dependents on Guam, as well as to those expected to arrive in 2014 as part of the movement of U.S. Marines from Okinawa, Japan. In what ways is the military customer base different from the local residential customer base?

Instructors might ask students to

5. **evaluate how well MCV Broadband's corporate social responsibility activities have enhanced its community image, and**
6. **put forth a recommendation for suggested activities that the company could pursue in the future.**

AN INSPIRATION: MAINSTREET DELICATESSEN AND BAKERY: INSTRUCTORS' NOTE

Annette Taijeron Santos, University of Guam
Melanie Cayabyab Santos, University of Guam

CASE DESCRIPTION

Throughout U.S. history, economic recessions come and go. However, despite poor economic conditions, many entrepreneurs still venture out and take the risks of starting up a small business. In fact, according to the 2008 Global Entrepreneurship Monitor executive report, entrepreneurial behavior shows positive signs (Ali et al., 2008). Yet, it is important to note that there have been many small businesses that have failed due to economic recessions (Shane, 2009). Although reality can be harsh, entrepreneurs who believe they have what it takes to thrive in spite of the troubled times, continue to step forward and take the chance. This is true in the case of Christina Toves Perez, the proud co-owner of Mainstreet Delicatessen and Bakery.

Despite the fact that her small business started during the recent economic recession, Christina had high hopes and dreams that her business would continue to flourish. From this case, Christina's persistence is exhibited through her endurance of the trials and roadblocks that tested her efforts. This case is a real world example of what many entrepreneurs may experience during an economic recession. Additionally, it may also serve as an inspirational piece to many aspiring and continuing entrepreneurs.

This case is versatile and for the most part has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, managerial economics, or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

This case is about Mainstreet Delicatessen and Bakery, hereafter referred to as Mainstreet. Located in Hagatna, Guam, Mainstreet recently opened its doors to Guam's residents on February 4, 2009. Mainstreet is a family-owned business. It is owned by Christina Toves Perez, Michael E. Perez, and Josefina Eustaquio Toves. The business opened during the

current economic recession which started in December 2007, according to CNNmoney.com (Isidore, 2008). According to Christina, the bakery is an expansion of what used to be Toves Bakery, which is further discussed in the case study. Although Mainstreet is fairly new, a rich history of tradition revolves around the business. Being a new business in Guam's economic market, Christina had to rely on her experience in her mother's bakery business and from there make improvements as days pass by.

TEACHING NOTE

The fundamental question for any entrepreneur is whether the business idea that he or she is exploring is an outstanding opportunity. The U.S. Small Business Administration, Office of Advocacy (September 2009) reported that small business owners usually seek advice from the following sources: 54% individual mentors; 51% social networks; 44% trade associations; 36% business advisors; 31% internet; 27% Chambers of Commerce. Additionally, women (69%) are more likely to seek business advice than men (47%). This case is a great opportunity for discussing some of the excitement and fears which entrepreneurs are likely to face.

While women represent more than 1/3 of all people involved in entrepreneurial activity, seven out of 10 new businesses survive at least 2 years and about half survive 5 years (Source: Global Entrepreneurship Monitor 2005 Report on Women and Entrepreneurship). How might small business owners like Christina continue to sustain their company's business model from inception to growth on top of a continually shifting environment?

Instructors should spend adequate time assessing the personal and career opportunities and risks, which Christina Toves Perez faced and continues to face. Students should also be encouraged to anticipate other potential issues that might surface in the future, both in the short- and long-term.

The instructor can ask students to assume the point of view of Christina Toves Perez so that they may present their arguments and discuss the varying points of views that may surface.

This case is recommended for use in entry-level entrepreneurship and management courses using the Assignment Questions. For higher-level courses, such as the business capstone course, the Case Analysis Assignment is recommended.

DISCUSSION QUESTIONS

- 1. What is your evaluation of this organization? What would you say are some of its successful ingredients to date?**

2. **What potential problems or challenges do you foresee in the near term (1-2 years)?
What potential problems or challenges do you foresee in the long term (3-5 years)?**
3. **What should the owners do to ensure the company's continued success?**
4. **What is the difference, if any, between a small business owner and an entrepreneur?**

The case looks at the organization from one of the three owner's perspective. In anticipation of future growth, the owner has some ideas of how she should respond to the challenges ahead.

TEACHING OBJECTIVES

1. **To highlight the issues which are likely to surface when starting up a small business venture.**

This is a great case to demonstrate the process that new business owners might face when starting up their business. The case is filled with examples of what a small business owner is confronted with in early start up.

Instructors may ask students to construct a Gantt Chart of activities that are required to get a business started. Students may reference the case for some clues to get started on this assignment. Activities may include the following:

- a) The business idea or an inspiration.
- b) Develop the Business Plan (outline the different components of the plan)
- c) Selecting the Legal Form of Business
- d) Secure Business Financing (identify different sources: equity vs. debt)
- e) Choosing a Location (ready to move in vs. construction)
- f) Registration and Licensing
- g) Promoting the Business
- h) Managing the Business
- i) Insuring the Business
- j) Bookkeeping

Using Christina's experience highlighted in the section, Roadblocks to Success, Instructors may ask students to discuss some anticipated obstacles that may confront them along the way.

Additionally, this is a great opportunity to ask students how they might avoid some of the "roadblocks" Christina experienced and how they might minimize the impact of these issues.

Students could also be asked to assume the role of Christina and share their thoughts on how they might respond to the different events she faced as well as foreseeable future events.

Students should be asked to list characteristics that are necessary to be a successful business owner. A list of traits often attributed to Entrepreneurs includes (Hornaday, 1982):

- 1) Confidence
- 2) Perseverance, determination
- 3) Energy, diligence
- 4) Resourcefulness
- 5) Ability to take calculated risks
- 6) Dynamism, leadership
- 7) Optimism
- 8) Need to achieve
- 9) Versatility; knowledge of product, market, machinery, technology
- 10) Creativity
- 11) Ability to influence others
- 12) Ability to get along well with people
- 13) Initiative
- 14) Flexibility
- 15) Intelligence
- 16) Orientation to clear goals
- 17) Positive response to challenges
- 18) Independence
- 19) Responsiveness to suggestions and criticism
- 20) Time competence, efficiency
- 21) Ability to make decisions quickly
- 22) Responsibility
- 23) Foresight
- 24) Accuracy, thoroughness
- 25) Cooperativeness
- 26) Profit orientation
- 27) Ability to learn from mistakes
- 28) Sense of power
- 29) Pleasant personality

- 30) Egotism
- 31) Courage
- 32) Imagination
- 33) Perceptiveness
- 34) Toleration of ambiguity
- 35) Aggressiveness
- 36) Capacity for enjoyment
- 37) Efficacy
- 38) Commitment
- 39) Ability to trust workers
- 40) Sensitivity to others
- 41) Honesty, integrity
- 42) Maturity, balance

A discussion could follow on whether such traits are also found in small business owners and if individuals are born with these traits or whether these traits are learned – the nature vs. nurture discussion. Furthermore, ask students how they might begin to develop or acquire the necessary entrepreneurial traits.

Instructors may also ask, “Is Christina an entrepreneur or a small business owner?” Ask students to elaborate on their responses and begin making connections to business concepts.

2. The use of this case is helpful in teaching students to think critically about transitions that are likely to take place in young organizations and predict its likely consequences on the owners, its employees, and the company as a whole.

In this case, Christina envisions Mainstreet as exuding a unique aura of Cinda family traditions. The business concept includes combining a specialty shop of freshly baked goods and a gourmet delicatessen, the Cinda way. After the first week of opening, Christina noticed a drop in customers coming through Mainstreet’s doors. Instructors may ask students to identify possible reasons for this decline and integrate planning and organizing concepts that should be considered. Students may cite limited seating capacity and an indistinct company identity as the main reasons for the decline in customer traffic. In identifying potential alternatives to addressing the problem, students should also be asked to relate potential impacts on the owners, the employees, and the company as a whole.

It is important that the instructor hold students accountable to identifying potential consequences on different elements of the organization as a result of their proposed solutions.

3. To encourage students to plan strategically for business growth and organizational change.

Instructors should ask students to review the SWOT analysis of Mainstreet Delicatessen and Bakery provided in the case. Upon review and some discussion, students should be asked to take on the role of consultant to advise Christina in her plans for the next growth phase of her company.

Instructors should ask students how they would proceed with deciding on the next phase of growth. Statistics provided earlier in this teaching note indicated that women (69%) are more likely to seek business advice than men (47%). Instructors could preface this discussion segment by asking, “How many of you would seek the advisement of an outside source to make a decision on the next phase of growth for your company?” Next, ask the following question: “How many of you would make this decision on your own?” It would be interesting to determine if the statistics are reflected in your classroom.

Considering the different sources from which small business owners seek advice, Instructors may consider having students break up into teams and have each team assume the role of: individual mentor, social networks, trade associations, business advisor, the internet or Chamber of Commerce. Each team should provide advice to Christina from their different role perspectives. It would be interesting to see what similarities and differences surface as well as the advantages and disadvantages of such sources.

This will also be a great opportunity to tie in the different approaches to decision making. This could incorporate a discussion of the different types of decisions (programmed vs. non-programmed) which tie in the environment and degrees of risk. This would segue into the application of decision making models (which include administrative, classical and political models) and personal decision frameworks (such as behavioral, analytical, conceptual, and directive).

CASE ANALYSIS ASSIGNMENT

This is a great team exercise for students in higher level business courses. The instructor could ask the teams to assume the role of consultant and conduct research beyond the case to answer the following questions. Students may then be assigned to turn in an analytical report as well as an oral presentation.

1. Christina has sought your consulting expertise and asked you to assess the company's strategy, competitive market position, and overall situation, and recommend a set of actions to improve the company's future prospects. Please prepare a report to Christina

and the other two co- owners of Mainstreet Delicatessen and Bakery. Be sure your report includes:

- a. An identification of the key elements of the company's strategy,
- b. A discussion of which of Porter's five generic competitive strategies most closely match the competitive strategy that Mainstreet Delicatessen and Bakery is employing,
- c. The pros and cons of the company's strategy,
- d. An assessment of Mainstreet Delicatessen and Bakery's strengths, weaknesses, opportunities, and threats,
- e. An evaluation of the key success factors that Mainstreet Delicatessen and Bakery and its rivals compete against,
- f. The strategic issues and problems that Mainstreet Delicatessen and Bakery's owners need to address, and
- g. A set of action recommendations to deal with these issues and problems.

The report should be 5-6 pages for a mini case approach. The instructor may also include the following questions in addition to the above for a full case analysis which should be no more than 20 pages. Reports should include an assortment of charts, tables, and exhibits to support the analysis and recommendations.

2. What are the pros and cons of Mainstreet Delicatessen and Bakery's strategy? What evidence indicates that the strategy is working well or not so well?

Students may recognize that Mainstreet Delicatessen and Bakery has the ingredients of a focused strategy. However, it is not clear whether they have decisively positioned themselves as a low cost product as the case indicates, "She makes every effort to ensure that the products found at her bakery are not only affordable for her customers, but also provides her the capacity to, at the very least, break-even."

Ask student to provide input on this strategic approach. What suggestions might students offer to Christina in regards to the Mainstreet's business strategy? What business level strategy would work in favor of Mainstreet? Why?

3. What does a SWOT analysis reveal about Mainstreet Delicatessen and Bakery's overall situation?

Students should evaluate the SWOT analysis presented in the case. The instructor may then ask students to diagnose whether their analysis aligns the business strategy they selected in the previous question with the elements of the company's SWOT.

Additionally, instructors may ask students to adopt the TOWS matrix approach and develop some action strategies that Christina may consider in the company's future planning.

An example of a TOWS Matrix is provided as Appendix 1 (David, 2003).well as the benefit of one billing.

APPENDIX 1: TOWS MATRIX

	External Opportunities (O) <i>List opportunities:</i> 1. 2. 3. 4. 5.	External Threats (T) <i>List threats:</i> 1. 2. 3. 4. 5.
Internal Strengths (S) <i>List strengths:</i> 1. 2. 3. 4. 5.	SO Strategies that use Strengths to take advantage of Opportunities	ST Strategies that use Strengths to avoid (or minimize) Threats
Internal Weaknesses (W) <i>List weaknesses:</i> 1. 2. 3. 4. 5.	WO Strategies that overcome Weaknesses by taking advantage of Opportunities	WT Strategies that minimize Weaknesses and avoid Threats

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DIANA'S FLORAL STUDIO: A NEW MARKETING ARRANGEMENT: INSTRUCTORS' NOTE

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JayChrist Obusan, University of Guam

CASE DESCRIPTION

The primary subject matter of this case is differentiation of products and services in a relatively competitive market during challenging economic periods. In particular, this case highlights how business owners identified a specific market segment on which to focus their efforts without incurring additional marketing costs in traditional media channels. This case has a difficulty level of three and up, appropriate for junior level and beyond. The case is designed to be taught in two to three class hours in a management, strategic marketing management, or an entrepreneurship course, and is expected to require about three hours of outside preparation for students, consisting mainly of reading the case and familiarizing themselves with the business environments on the U.S. territory of Guam in the Western Pacific region.

CASE SYNOPSIS

The case is about Diana's Floral Studio, a small family-owned business on Guam that today provides floral arrangements and consulting services for the island's functions and events. The case traces the business through the early years of Diana's Floral Studio as a small flower shop to a business that specializes in floral design services. The business had undergone a transformation in focus and strategy in response to trends in the marketplace resulting from macroeconomic conditions affecting Guam's tourism dependent economy. This reorientation of its business operation also resulted in a change from originally serving mainly a clientele of individuals to entering into contractual agreements for business services with larger clients like the island's major hotels. As such, Diana's Floral Studio has changed its marketing strategy from utilizing traditional media channels to reach individual customers to one that relies on word of mouth advertising from existing large clients. With Guam's highly transient population and the impending military build-up, the business owners must continue exploring new marketing strategies to maintain its position as one of the island's leading floral design studios.

TEACHING NOTES

This case describes how Diana's Floral Studio, a small family-owned flower shop, successfully carried out a series of major business changes over a period of several years. Changes in operations and marketing strategy were required due to economic conditions and market trends. Textbooks often have simple definitions of these terms and offer examples using large corporate entities that may not exist in the Western Pacific region. The Diana's Floral Studio case provides an opportunity to develop an understanding of these concepts in a real business setting in a small island environment.

DISCUSSION QUESTIONS AND RECOMMENDED ANSWERS

- 1. The Yang's of Diana's Floral Studio shifted gears from being a small flower shop and flower distributor to being a consultant and service provider, contracting with larger customers in the tourism industry while continuing special event services. Explain what motivated this business decision. Expand on your answer by describing the risks associated with this or similar business decision(s).**

Because of various external factors (typhoons, financial crises, SARS, etc.) dating back from the early 1990's, Guam experienced severe hardships in the economy. Guam's tourist dependent economy suffered from these conditions, which impacted many of Guam's small businesses. The rollercoaster ride that Guam's economy had taken during this time made Diana's Florists change from one type of business to another—from a flower distributor and retailer to being a consultant and service provider, contracting with larger customers in the tourism industry while continuing special event services.

The risk associated with this, or similar business decisions, is that of a change in demand for the goods and services produced by the company. If the change is a positive one, and the demand for the services of Diana's Floral Studio increase, the amount of risk is decreased a great deal. However, if the demand from large customers for the offerings decreases, either due to loss of business to competitors or a change in general economic conditions, the amount of risk involved to the business owners will increase significantly.

- 2. How did the family contribute toward the success of Diana's Floral Studio?**

Diana Yang, the principal owner and president, had the help and guidance over the years of her three daughters who have used their college business degrees to assist with running

the business. The daughters have had an impact on important business decisions. The input from the daughters was crucial in the decision-making when the family decided to give up being a flower distributor and to remove the storefront to cut operating costs. Diana is now able to focus on the floral design and now plays less of a role in the office. A key factor of this business case is that the business being reviewed is a family business. Family members have made key decisions to operate the business with a sense of care through the personalized service given to their clients.

3. What can be done by the business owners to maintain Diana's Floral Studio's competitive advantage over other flower shops?

Diana's Floral Studio competitive advantage over other flower shops is that it has captured a niche market by providing superior services in floral design for larger customers like the island's major hotels. One of the key barriers against the competition is the inventory of design skills of the studio's designers. However, this barrier may not be sustainable over the long run unless turnover of designers is controlled and that competitive intelligence, (i.e., the design skills) is not transferred to the competition. In order to maintain this advantage, business owners must provide a working environment that will minimize turnover of its skilled floral designers. Another safeguard will be to provide adequate training to others in the business in order to transfer knowledge and skills to maintain and/or enhance the level of service provided by Diana's Floral Studio.

4. Explain how the marketing strategy of Diana's Floral Studio changed over the years. What factors caused the change in marketing strategy? What are some recommended marketing strategies to capture new business with the impending military build-up?

As a retail store and distributor, Diana's Floral Studio was successful during the 1990's, which was when they relied on traditional advertising media, such as Guam's Pacific Daily News newspaper, radio, local magazines, as well as word of mouth advertising. However, the business is now likened to a consulting firm or contractor and now relies heavily upon its reputation in the small island community to generate new business and encourage repeat business. Their pricing strategy, pricing above the competition, is a large part of their marketing strategy to convey that their service is distinctive due to the quality and creativity behind their arrangements and quality of service. Diana's Floral Studio now does little to no advertising via the island's traditional media channels.

Diana's Floral Studio has moved away from the flower distribution and retail business over the years. This is one of the major reasons for the change in marketing strategy. The business owners now rely on the business' reputation as a consultant and service provider as well as the satisfaction expressed by their clients to other prospective clients. Because of this status, the business owners find little benefit with mass media advertising. This conclusion is also based on their newly established focus on being a service provider to a customer base of larger, repeat clients.

To capture new business resulting from the military build-up, the owners of Diana's Floral Studio can explore various avenues for marketing their services. This can be done via established contacts such as their current clients for joint-promotions and marketing campaigns. They may also consider cost-effective targeted marketing venues such as websites and print media that are specifically made for the military or military-support market, such as the Pacific Stars and Stripes

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