on all paint products to achieve parity with national paint brands. Look here. In today's newspaper, we advertise a price-off special on our exterior paint, and our price is still noticeably higher than a mass merchandiser's everyday price. With both ads on the same page, a customer would have to be an idiot to patronize one of our dealers.

Vice President of Sales: Forget the DFW market. We ought to be putting our effort into non-DFW areas, where half of our sales and most of our dealers exist right now. I hate to admit it, but our sales representatives could be more aggressive. We have added only five new accounts in the last five years; our account penetration in non-DFW areas is only 16 percent. I'm partially at fault, but I'm ready to act. We should add one additional sales representative whose sole responsibility is to develop new retail account leads and presentations or call on professional painters to solicit their business through our dealers. I've figured the direct cost to keep one rep in the field at $60,000 per year, excluding commission.

Vice President of Finance: Everyone is proposing a change in our orientation. Let me be the devil's advocate and favor pursuing our current approach. We now sell to both the homeowner and the professional painter in DFW and non-DFW markets through our dealers. We have been and will continue to be profitable by judiciously guarding our margins and controlling costs. Our contribution margin is 35 percent. Everyone suggests that increasing our costs will somehow result in greater sales volume. Let me remind you, Ron, we have said that it is our policy to recoup noncapital expenditures within a one-year time horizon. If we increase our advertising by an incremental amount of $350,000, then we had better see the incremental sales volume as well. The same goes for additional sales representatives and, I might add, any across-the-board cut in prices.

Mr. Burns: We keep going over the same ground. All of you have valid arguments, but we must prioritize. Let's think about what's best for all of us.

Increased advertising seems reasonable, since national paint firms and mass merchandisers outspend us tenfold in absolute terms. You are right in saying people have to be aware of us before they will buy, or even consider, Janmar. But I am not sure what advertising will do for us given that about 75 percent of the audience is not buying paint. Your reference to DFW as being our major market has been questioned by others. Can't we take that $350,000 of incremental advertising and apply it toward newspapers and catalogs in non-DFW areas?

The price cut is a more drastic action. We might have to do it just to keep our gallonage volume. It would appear from our sales representatives' forecast that gallonage demand for paint in our service area will not increase next year and we can't increase our prices this year. Any increases will have to come out of a competitor's hide. Moreover, since our costs are unlikely to decline, we must recoup gross profit dollars from an increase in volume. Is this possible?

The idea of hiring additional representatives has merit, but what do we do with them? Do they focus on the retail account side or on recruiting the professional painter? Our survey of retail outlets indicated that 70 percent of sales through our DFW dealers went to the professional painter, while 70 percent of our sales through our non-DFW outlets went to do-it-yourselfers. Our contractor sales in DFW and other areas are minimal. We would need a 40 percent price cut to attract contractors, not to mention the increased costs, expertise, and headaches of competitive bidding for large jobs.

Now that I've had my say, let's think about your proposals again. We're not leaving until we agree on a course of action.

Case

Breeder's Own Pet Foods, Inc.

In January 2011, Breeder's Own Pet Foods, Inc. executives looked forward to their meeting with representatives of Marketing Momentum Unlimited, a marketing and advertising consulting firm. The purpose of the meeting was to review the introductory program for the company's entry into the retail branded dog food market in the Boston, Massachusetts, metropolitan market area.

Breeder's Own Pet Foods, Inc. executives viewed the retail dog food market as a growth opportunity for Breeder's Mix, its primary brand, following discussions with food brokers. These brokers had become aware that a product similar to Breeder's Mix was being sold in the freezer section of selected supermarkets in a few large cities in the southwestern and midwestern United States.

THE COMPANY AND THE PRODUCT

Breeder's Own Pet Foods, Inc. is a major producer of dog food for show-dog kennels in the United States. The company has prospered as a supplier of a unique dog food for show dogs called Breeder's Mix. Breeder's Mix was originally formulated by a mink rancher as a means of improving the coats of his minks. After several years of research, he perfected the formula for a specially prepared food and began feeding his preparation to his stock on a regular basis. After a short period of time, he noticed that their coats showed a marked improvement. Shortly thereafter, a nearby kennel owner noticed the improvement and asked to use some of the food to feed his dogs. The dogs' coats improved dramatically, and a business was born.

Breeder's Mix dog food contains federally inspected beef by-products, beef, liver, and chicken. Fresh meat constitutes 85 percent of the product's volume, and the highest-quality fortified cereal accounts for the remaining 15 percent. The ingredients, with no additives or preservatives, are packaged frozen to prevent spoilage of the fresh uncooked meat.

This case was prepared by Professor Roger A. Kerin, of the Edwin L. Cox School of Business, Southern Methodist University, as a basis for class discussion and is not designed to illustrate effective or ineffective handling of an administrative situation. Certain names have been disguised.

PACKAGING AND DISTRIBUTION MODIFICATIONS

Breeder's Own executives recognized that modifications in the packaging of Breeder's Mix would be necessary to make the transition from the kennel market to the retail dog food market. After some discussion, it was decided that Breeder's Mix would be packaged in a one-pound stand-up pouch with 12 pouches per case. The cost of production, freight, and packaging the meal was $7.87 per case, which represented total variable costs.

The discussions with food brokers indicated that distribution through supermarkets represented a growth opportunity for Breeder's Own Pet Foods, Inc. Frozen dog food is sometimes sold in pet superstores, independent (specialty) pet stores, natural foods grocery stores, and by Internet retailers. A timely entry into supermarkets would preempt competitors from gaining access to valuable space in the frozen-food aisle.

Food brokers would represent Breeder's Mix to supermarkets and would receive a 7 percent commission based on the price to retailers, which had yet to be determined. Supermarkets typically receive a gross margin of 22 percent of their selling price for dog foods.

THE MEETING

Company executives listened attentively to the presentation made by representatives from Marketing Momentum Unlimited. Excerpts from their presentation follow.

During the course of the meeting, Breeder's Own executives raised a number of questions. The questions were primarily designed to clarify certain aspects of the program. One question that was never asked but that plagued Breeder's Own executives was "Will this program establish a foothold in the market for Breeder's Mix?" This direct question implied several subissues:

1. Was the market itself adequately defined and segmented?
2. What was a reasonable estimate of market potential?
3. Could the food brokers get distribution in supermarkets given the sales program?
4. What should be the recommended selling list price to the consumer for Breeder's Mix?
5. Could the company achieve a 15 percent return on sales in its introductory year?

Company executives realized that they had to answer these questions and others before they accepted the proposal. The cost of the proposed plan could be $500,000 to $700,000, exclusive of slotting fees, which company executives considered reasonable, although it would certainly stretch their promotional budget.

PROPOSAL OF MARKETING MOMENTUM UNLIMITED

The following is an excerpted version of the proposal presented to Breeder's Own executives.

The Situation

Our goal is to introduce and promote effectively the sale of Breeder's Mix dog food in the Boston market area in 2011. Breeder's Mix is among the costliest dog foods to prepare and will be available through supermarkets.

Breeder's Mix is a nutritionally balanced frozen dog food. It is of the finest quality and has been used and recommended by professional show-dog owners for years.

Yet, in spite of this history, Breeder's Mix is essentially a new product and is generally unknown to the general public. The fact that Breeder's Mix will be the only dog food located right next to "people food" in the frozen-food section of the supermarket is an advantage that must be capitalized on. The company's history of blue-ribbon winners is another plus. So, in essence, to market Breeder's Mix successfully, we must accomplish two objectives:

- Make the public aware of the Breeder's Mix brand name, what the packaging looks like, and the fact that Breeder's Mix is a high-quality dog food.
- Direct dog owners to shop for dog food in the frozen-food section of supermarkets.

The Environment

Sales of dog food will total about $14 billion in 2011 at manufacturers' prices. Still, fewer than half of the dogs in the United States are regularly fed prepared dog food, which means the dog food industry has yet to tap its full potential.

Four trends indicate that this optimism is well founded. First, the dog food industry has benefited from increasing dog ownership. The U.S. owned-dog population of 78.2 million, spurred on by the owners' desire for companionship or need for protection, is growing steadily and is expected to continue growing. A second important trend is that pet owners continue to invest their animal companions with human qualities and view them as members of the family. For example, research shows that "A person who owns a dog actually identifies with the pet, assigning human characteristics to the dog such as language, thoughts, feelings, and needs." Not surprisingly, 75 percent of dog owners consider themselves "Mom and Dad" to their animal companions and 95 percent pet and hug their dog every day. Therefore, it comes as no surprise that dog owners spend more than $25 billion annually for veterinarian fees; medication for dogs; and dog toys, clothing, accessories, and furniture. A third trend is the growth in premium and superpremium dog foods. These higher-quality, higher-priced dog foods have fueled the growth in dog food sales along with the increase in dog ownership. A fourth trend is the growing emphasis on all-natural, no additives or no preservatives, and vitamin-and-mineral-enriched claims made for new product introductions.

The choice of supermarket distribution focuses on the single largest retail channel for dog food. Supermarkets (and grocery stores) dispense about 36 percent of all dog food sold in the United States, which represents $5 billion in sales at manufacturers' prices. The other 64 percent is sold by mass merchandisers such as Walmart (25%), pet superstores such as PETCO and PetSmart (20%), farm/feed stores (7%), veterinarians (6%), and Internet retailers and independent pet stores (6%). These percentages also apply to the greater Boston market.

Finally, the Boston market is ideal for launching a new dog food. We estimate that the greater Boston area has 1.2 percent of the U.S. population (and 1.2 percent of the dog population since dog and human populations are highly correlated). Also, expenditures for pet products in the Boston market approximate the national average.

The Competition

There are about 50 dog food manufacturers and 350 dog food brands in the United States. However, five companies—Nestlé Purina PetCare (owned by Nestlé SA), Iams (owned by Procter & Gamble, Inc.), Hill's Pet Nutrition (owned by Colgate-Palmolive Company), MasterFoods USA (owned by Mars, Inc.), and Del Monte Foods, Inc.—account for about 75 percent of U.S. dog food sales. Nestlé Purina PetCare, MasterFoods USA, and Del Monte Foods brands are most prominent in the supermarket/grocery store and mass merchandiser channels. Hill's Pet Nutrition is prominent in pet superstores and veterinarian offices. Private label dog food accounted for about 9 percent of total supermarket dog food sales.

Competitor advertising spending and forms of media used will be major considerations in planning the Breeder's Mix's introductory marketing strategy. Total spending for advertising in the dog food industry is about 2 percent of sales. Nestlé Purina PetCare is the leading U.S. dog food advertiser.

The Problems and Opportunities

Introducing a New Dog Food in a New Form This is an opportunity to educate the consumer. Until Breeder's Mix's program breaks, dog foods fall into three categories: dry, canned, and treats. Exhibit 1 shows each category's supermarket share of dog food and brand shares in each category based on our research.

Dry dog foods are usually produced as flakes, small pellets, or large chunks containing about 10 percent moisture and 90 percent solid ingredients. They are chewy, usually well rounded, and priced lower than canned foods. About 95 percent of dog owners feed their dogs dry food during the course of a year. Nestlé's Purina ONE is a brand leader in this category. Its dollar share of the total dog food market is about 4 percent.

Canned dog goods average about 75 percent moisture and 25 percent solid ingredients. They are marketed either as a complete food or as a supplementary food. About one in three dog owners feed their dog canned dog food during the course of a year. Pedigree, marketed by Kars, Inc., is a brand leader in this category. The brand accounts for about 7 percent of total dog food market dollar sales.

Dog treats have a wide variety of ingredients and, while tasty, are not recommended as a complete food. Almost 80 percent of dog owners feed dogs treats. Milk-Bone, marketed by Del Monte, Inc., is the brand leader in this category. The brand captures almost 3 percent of total dog food market sales.

Research on U.S. dog owners indicates that 1 in 10 dog owners buy frozen or refrigerated dog food on a regular basis. Another 15 percent of dog owners say they are interested in buying frozen or refrigerated dog food, but do not currently buy this product. The primary reason was the lack of availability and convenience. Three-fourths of dog owners expressed no interest in buying frozen or refrigerated dog food.

Not surprisingly, it is estimated that frozen or refrigerated dog food accounts for about 1 percent of U.S. dog food dollar volume, or $140 million at manufacturer's prices. Frozen dog food dollar volume increased by 133 percent from 2008 to 2010.

Dry foods, canned foods, and treats are typically marketed in the same area of the supermarket. The consumer must now be taught to shop for dog food in another part of the store—the frozen-food section. Fortunately, some of the work has been done already. A few Boston-area supermarkets carry a frozen dog treat called Frosty Paws Frozen Treats for Dogs, made by Nestlé Purina PetCare. It sells for $4.59 for 13 fluid ounces. This product is often placed near ice cream.

EXHIBIT 1 Major Dog Food Categories and Brands in Supermarkets

Category	Category Dollar Share of Total Dog Food	Dog Food Brand and Category Share: Category Brands	Category Share
Dry	60%	National brands, such as	68%
		Beneful (Nestlé);	
		Kibbles 'N Bits (Del Monte);	
		Dog Chow (Nestlé);	
		Iams (Iams)	
		Private Label (Store) brands	7
		Other (Regional/Local) brands	25
			100%
Canned (including moist and semi-moist varieties)	20%	National brands, such as	88%
		Alpo (Nestlé);	
		Cesar Select (Masterfoods);	
		Mighty Dog (Nestlé);	
		Pedigree (Masterfoods)	
		Iams (Iams)	
		Private Label (Store) brands	8
		Other (Regional/Local) brands	4
			100%
Treats	20%	National brands, such as	73%
		Milk Bone (Del Monte);	
		Beggin' Strips (Nestlé);	
		Busy Bone (Nestlé)	
		Private Label (Store) brands	12
		Other (Regional/Local) brands	15
			100%

Overcoming Potential Objections to Frozen Dog Food An objection must be anticipated regarding the requirement for thawing time and freezer space. Therefore, we should state on the container the thawing time, suggestions for quick thawing, how long the food will keep in the refrigerator, plus a gentle reminder to pull that container out of the freezer in the morning. Microwave instructions are a possibility.

Lack of Appeal of Frozen Dog Food We can quickly turn this problem into an asset in our advertising ("the first dog food made to appeal only to dogs").

Pricing We have considerable latitude in pricing as shown in Exhibit 2 on page 132. Furthermore, while dog owners in general are price and value sensitive, they are also concerned about the health and welfare of their animal companion. Breeder's Mix's quality suggests a premium price. This view is supported by the food brokers who first recognized the opportunity for Breeder's Mix. They report that Bil Jac, a frozen dog food sold in selected supermarkets in Texas, carried a retail price of $3.59 for a 2-pound package and $6.49 for a 5-pound package.

EXHIBIT 2 **Representative Dog Food Brands, Prices, and Package Sizes in Boston-Area Supermarkets by Product Form**

Dry Foods		*Canned Foods*		*Dog Treats*	
Dog Chow	\$14.99/17.6 lbs.	Alpo Prime Cuts	\$1.50/22 oz.	Milk Bone	\$4.49/24 oz.
Purina ONE	\$13.49/8 lbs.	Mighty Dog	\$ .80/5.5 oz.	Beggin' Strips	\$4.00/6 oz.
Iams	\$19.45/8 lbs.	Cesar Select	\$1.09/3.5 oz.	Pup-Peroni	\$4.60/5.6 oz.

We also recommend a price-off coupon be offered to stimulate trial of Breeder's Mix. The dollar amount of the coupon has yet to be determined.

Summary of Opportunities We see Breeder's Mix seizing upon three opportunities:

1. The opportunity to be first to tap the market potential of a complete frozen dog food in Boston supermarkets.
2. The opportunity to capitalize on the growing popularity of organic dog foods. Organic dog food sales grew 64 percent last year. While still a small share of the total dog food market, consumers are willing to pay premium prices for organic dog foods. For example, Newman's Own Organics dog food is sold in a 12.7-ounce can for \$2.49.
3. The opportunity to lay the groundwork for a national market roll-out for Breeder's Mix.

Creative Strategies

Positioning Breeder's Mix will be positioned as the finest dog food available at any price and the only thing you will want to feed a dog that is truly a member of the family.

Target Market We believe Breeder's Mix should be targeted at singles and marrieds between the ages of 21 and 54 with a household income greater than \$25,000. The reason is that single adults and married couples, with and without children, and roommate households regard their dogs as part of the family. The dog sleeps on the bed and has free run of the house or apartment. Industry research indicates that 79 percent of parents with school-age children buy pet food and supplies, compared with 71 percent of parents with younger or older children, 72 percent of roommate households, and 73 percent of young, childless couples. Income also plays a role in pet spending. Only 48 percent of households with annual incomes of less than \$25,000 spend money to keep a pet. However, over 63 percent of households with incomes greater than \$50,000 invest in pet food, supplies, and care according to research by the American Veterinary Medical Association. We see little initial opportunity in targeting older households. Only 30 percent of older singles and 41 percent of retired couples spend money on pets.

Concepts Because Breeder's Mix is such a unique product, a variety of concepts can easily be applied, each with adequate justification:

1. The luxurious fur coat
2. The world's finest dog food
3. The guilt concept (shouldn't your dog eat as well as you do?)
4. Now your dog can eat what show champions have been eating for years

All these will be touched on as the campaign progresses.

Creative Directions Initially, the introduction will focus attention on product identification.

Newspapers will supply a smaller, more retentive audience with facts to justify all claims. The brand name and package will be prominently displayed, and the copy will emphasize the product's quality. Special-interest ads will appear in the society, sports, television, and dining-out sections. This unusual media placement is warranted by the product's unique qualities. Also, placement in these sections will pull a relatively low promotional budget out of the mass of food-section advertising.

Television will provide access to a mass audience. Prime objectives are to register the brand name and the package in the viewer's memory. An imaginative and all-important emotional approach will be taken.

Geographic Directions The entire campaign has been designed to accommodate product introduction outside the Boston market area. When the product goes national, the television spot will be ready, the introductory ads will be ready, the radio spots will be ready, and the immediate follow-up will be ready.

Sales Packet

The sales packet given to brokers should include, in the most persuasive form possible, the following categories of information:

1. Market potential
2. Suggested manufacturer's list price to consumers and quantity discount schedule
3. Information about Breeder's Mix
4. User endorsements
5. Promotional schedule
6. Order information
7. Reprint of ads
8. Sample shelf strip

The packet should be designed to persuade the supermarket frozen-food buyer to provide freezer space to Breeder's Mix. Two major problems have to be overcome. Because of the organizational modes of supermarket buying departments, we will not be dealing with the regular pet food buyer. Instead, it will be necessary to persuade the frozen-food buyer to stock Breeder's Mix. The other major problem involves the usual higher margin for frozen foods. It will be necessary to persuade the buyer that greater product turnover will compensate for a potentially lower margin for Breeder's Mix.

The task will not be easy. Some 15 percent of new products introduced to supermarkets each year are aimed at the freezer case. Eighty percent of these products fail. It is highly likely Breeder's Own Pet Foods will need to budget about \$30,000 for slotting fees paid to supermarkets to buy freezer space.

Creative Strategy by Media

Creative strategies will differ by media. Print media will be utilized to position the product against its competition by comparing it to canned and dry categories. The print campaign will open with an attention-getting ad with a brief product history.

Television will carry the brunt of the attack. The most pressing problem is seen as the difficulty of finding the food in the supermarket, so the TV spot will emphasize location.

In order to give the campaign continuity, each ad will show the package. At the top of each of the ads designed to position the competition, the artwork reproduced on the package will be used.

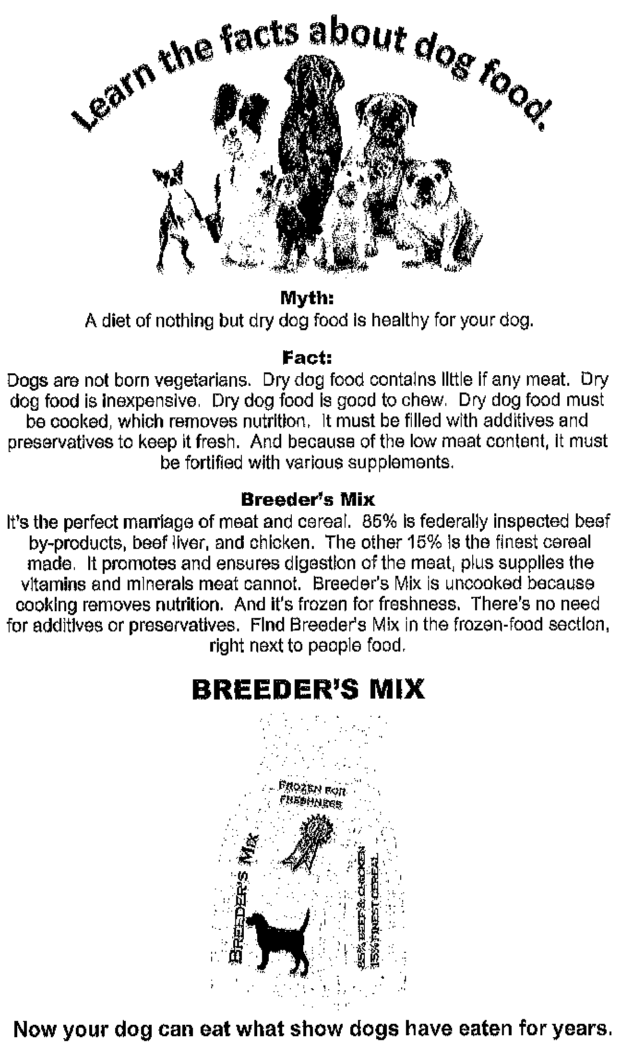
The myth/fact format in newspapers will be utilized to take advantage of the current publicity dealing with the nutritional value of all-meat dog food and the continued trend toward more natural foods. Exhibit 3 shows a rough artistic rendering for the myth/fact format.

The copy block dealing with Breeder's Mix will turn the problem of Breeder's Mix's being frozen into a product advantage.

Media Plan

Because dog food is heavily advertised, Breeder's Own Pet Foods must follow suit to compete.

EXHIBIT 3 **Breeder's Mix Print Advertisement**



General Media Strategy Advertising objectives are as follows:

1. Create awareness of new brand
2. Obtain distribution through supermarket outlets
3. Motivate trial through coupon redemption
4. Motivate trial through emotional impact of television

Collateral Advertising Accomplishment of objective 2, getting distribution in supermarkets, is the main purpose of collateral advertising. The sales packet, containing fact sheets, shelf strips, consumer advertising, and testimonial letters, gives the food broker an impressive story to tell to the supermarket buyer. This is recognized as the critical stage of the campaign, for without sufficient distribution, consumer advertising will be delayed.

Newspaper/Magazine The primary purpose of newspaper advertising is distribution of coupons into the market. This will be accomplished by half-page ads in major Boston newspapers. As a secondary means of distribution, full-page ads will be placed in *Dog Fancy* magazine for distribution throughout most of the Boston market area.

The second phase of coupon distribution will be effected through 30-inch ads in the same newspapers. A final coupon distribution will be made through a 30-inch ad midway through the campaign. Newspaper insertion will be coordinated with TV flights.

Television The bulk of the budget will be placed in TV production and time. A sizable portion of the time budget will be spent on *The Late Show with David Letterman*. Fixed space will be purchased within the first half-hour of the program. The remainder of the budget will reach daytime and nighttime audiences. Each flight will begin on a Monday, and newspaper advertising will be placed on Thursday of the following week.

Two basic approaches can be used for 30-second TV spots. The first approach capitalizes on the love of pet owners for their dogs. A somewhat frowzy, middle-aged, semigreedy woman is shown enjoying a steak dinner—in contrast to an unappetizing cylinder of canned dog food. The spot ends on a close-up of the product.

A second TV spot will emphasize location of the food in the supermarket. A description of the video and audio characteristics of this spot is as follows:

Video	*Audio*
Supermarket—long establishing shot of small boy with bulge under jacket	Announcer: There are many things to remember about new Breeder's Mix.
Close-up of boy, as puppy pops out of top of jacket	Remember, although it's new to you, champion dogs have eaten it for years.
Manager walks by, boy hides dog, looks relieved	Remember, it contains all the vitamins your dog needs.
Close-up of sign indicating pet foods	Remember, Breeder's Mix is a perfectly balanced diet of meat and enriched cereal.
	Remember, it doesn't come in a can.
Dolly shot of boy looking at competitive brands	
Close-up of boy and dog (sync)	Boy: I don't see it anywhere, Sparky.
Boy walks out of store past frozen-food compartment	Announcer: But most important, remember you find Breeder's Mix in the frozen-food (bark) section, where you shop for other members of your family.
People turn to stare	
Tilt down and zoom in on product	

EXHIBIT 4 Alternative Advertising and Trade Promotion Expenditure Levels for Breeder's Mix

	Budget Levels	
Item	*$500,000*	*$700,000*
Television[a]	$359,000	$529,000
Newspapers/Magazine[b]	100,500	130,500
Collateral (sales pack)	9,750	9,750
Miscellaneous	5,250	5,250
Agency fees	25,500	25,500
Total	$500,000	$700,000

[a] The difference in television cost is due to the production of a second commercial and larger television schedule.

[b] The difference in newspaper/magazine cost is due to a larger number of insertions in *Dog Fancy* magazine.

Program Budget The budget for the program described can be either $500,000 or $700,000 (Exhibit 4). We see this expense and the $30,000 slotting fee as being the only incremental costs associated with the launch in the Boston market.

We believe that this expenditure is reasonable, since most major established brands are spending $7 to $8 million annually for ongoing nationwide media promotion. For a new product, a higher initial expense is necessary. For instance, about $34 million was spent on television and print advertising to introduce the hugely successful Beneful, a premium dry dog food. A line extension, Alpo Lite, with fewer calories than regular Alpo, was launched with a $10 million national advertising effort.

Case

South Delaware Coors, Inc.

Larry Brownlow was just beginning to realize the problem was more complex than he thought. The problem was giving direction to Manson and Associates regarding which research should be completed by February 20, 2000, to determine market potential of a Coors beer distributorship for a two-county area in southern Delaware. With data from this research, Larry would be able to estimate the feasibility of such an operation before the March 5 application deadline. Larry knew his decision on whether or not to apply for the distributorship was the most important career choice he had ever faced.

LARRY BROWNLOW

Larry was just completing his MBA and, from his standpoint, the Coors announcement of expansion into Delaware could hardly have been better timed. He had long ago decided that the best opportunities and rewards were in smaller, self-owned businesses and not in the jungles of corporate giants. Because of a family tragedy some three years ago, Larry found himself in a position to consider small business opportunities such as the Coors distributorship. Over $500,000 was held in trust for Larry, to be dispersed when he reached age 30. Until then, Larry and his family lived on an annual trust income of about $40,000. It was on this income that Larry decided to leave his sales engineering job and return to graduate school for his MBA.

The decision to complete a graduate program and operate his own business had been easy to make. While he could avoid such challenges, find an "easy" job, and live comfortably using his investment income, Larry knew such a life would not be to his liking. Working with people and the challenge of making it on his own, Larry thought, were far more preferable than enduring a boring job and taking an early retirement.

Larry would be 30 in July, about the time that money would be needed to start the business. In the meantime, he had access to about $15,000 for feasibility research. While there certainly were other places to spend the money, Larry and his wife agreed the distributorship opportunity could not be overlooked.

This case was written by Professor James E. Nelson, University of Colorado at Boulder. It is intended for use as a basis for class discussion rather than to illustrate either effective or ineffective administrative decision making. Some data are disguised. Used with permission.