

# Managing Entrepreneurially Business Report:

## Introduction:

Entrepreneurial management [*henceforth: EM*] practices have recently become increasingly significant within both corporate management structures and academic research (Stevenson & Jarillo, 2007; Hitt et al, 2011); with challenges posed by post-COVID economies further promoting the use of adaptive and resourceful entrepreneurial approaches (Sharma et al, 2022; Ketchen & Craighead, 2020). Notoriously difficult to define due to its broad nature, EM looks to contest pre-existing corporate assumptions to create value in “more innovative and creative ways” (Hisrich & Ramadani, 2017, P. 2). EM can be a complex system to perfect, as the interplay of both entrepreneurial and managerial characteristics can be highly diverse: exemplified by figure 1.0. This report will explore EM through the case study of BrewDog, a controversial yet popular example of contemporary entrepreneurship (Smith, 2018). The report begins with an overview of the company: exploring their current financial report, shareholder structure and company philosophy. This is supplemented by an entrepreneurship analysis, examining how entrepreneurial the company is/has been, specifically in relation to marketing, finances and human resources [*henceforth: HR*]; with predictions given over the future performance of the business in each area. Alongside each business vector discussed, proposals will be put forward for areas of the business which would benefit from increased entrepreneurial attention, with the predicted outcomes of such changes also explored across all forms of value.


The Entrepreneur		The Manager
✓ Discover	 <p>The Entrepreneurial Manager</p>	✓ Forecaster
✓ Visionary		✓ Planner
✓ Innovative		✓ Organizer
✓ Creative		✓ Coordinator
✓ Calculated risk taker		✓ Communicator
✓ Opportunity seeker		✓ Facilitator
✓ Resource leverage		✓ Motivator
✓ Self-confident		✓ Leader
✓ Drive and intrinsic motivation		✓ Controller

Figure 1.0: table demonstrating interplay between *The Entrepreneur and Manager* (Hisrich & Ramadani, 2017, P. 12).

## BrewDog Business Overview:

Founded in 2007 by James Watt and Martin Dickie, BrewDog was initially a craft beer brewery; before later diversifying into pubs [2010] and hotels [2018] (BrewDog, 2022A). The company was founded on an anti-big brewery philosophy, looking to subvert the oligopoly which controlled beer industry at the time by promoting their 'craft' drinks (Smith et al, 2010). Currently, BrewDog is the "UK's fastest growing beer brand" (BrewDog, 2022B) and now conducts operations on a global scale: with distribution, pubs and hotels across the UK, USA, Europe, Asia, and Australasia. With revenue of £286m and a 53% gross profit margin (BrewDog, 2022B), BrewDog is now valued around \$2 bn (Lobel, 2021), with the company looking to file an Initial Public Offering to the public stock exchange once post-COVID market conditions have stabilised (Glover, 2022). The company's flagship IPA brand *Punk IPA* currently holds a 21% off-trade craft beer market share within the UK, positioning it as the second most popular brand (Conway, 2022). Currently, Watt and Dickie collectively own 47% of the business, with TSG and subsidiary board members holding a 28% stake. The final 25% of the business is owned by 205,000 members of the public through their Equity For Punks [henceforth: *EFP*] scheme which launched in 2009; thus making the business ¼ partner owned (BrewDog, 2022A; 2022D). The BrewDog philosophy looks to promote 'good beer' alongside corporate social responsibilities [henceforth: *CSR*], primarily focused on combating climate change (BrewDog, 2022B).

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## Entrepreneurship Analysis:

### Marketing:

Since its conception, BrewDog has been associated with "publicity-based" and guerrilla marketing techniques (Smith et al, 2010, P. 162) based around a tightly-woven brand ideology. The BrewDog philosophy lies at the nexus of human-centric marketing, positioning their brand as being the antithesis to big-brewery beers <sup>[1]</sup> and invites the consumer to help them change the market landscape (BrewDog, 2022A; 2022C). Both their prior and current marketing approaches have attracted media attention and spread their product further by word-of-mouth; summarised by co-founder Martin Dickie as trying to "get the marketing for free" (In: Smith et al, 2010, P. 161). There have been several instances of this:

*Example A:*

To promote their Punk IPA and highlight the need for corporate accountability over the gender-pay gap, Brewdog re-named their drink to Pink IPA. This came alongside a slogan of 'beer for girls', with the company charging 20% less for the beer to reflect the difference in pay. They promised to donate 20% of the drink's profits to charities which help close the gender pay gap (BrewDog, 2018; Sweeney, 2018)

*Example B:*

During the World Cup 2022, BrewDog looked to advertise their Lost Lager by 'anti-sponsoring' the sporting event. This saw the placement of billboards throughout the UK which looked to highlight the corruption and deadly working conditions which have shadowed the build-up to the event in November, 2022. Statements such as 'Eat, Sleep, Breathe Bribe Football' and 'First Russia, Then Qatar. Can't Wait For North Korea.' sat beside a promotion for their Lost Lager, with additional text explaining that all profits will help fund charity/humanitarian efforts in the Middle East (BrewDog, 2022D; Haynes, 2022).

These examples show the extreme nature of BrewDog's advertising: blurring the lines between CSR and marketing. The campaigns are inherently opinionated, with all three receiving significant media backlash and dividing public opinion. This strategy does present a risk, as sometimes the complex nature of the stunts means they are misunderstood by the public; especially in relation to example A where BrewDog experienced major public backlash and had to release multiple statements. However, it does represent a calculated risk, as the company has also received a massive growth in sales after each event resulting from the additional media attention. Therefore, these strategies are inherently entrepreneurial (Kraus et al, 2010), as they innovate on pre-existing forms of traditional marketing to include multiple forms of value.

*Marketing Predictions:*

Despite their [partial] successes so far, if BrewDog continues to advertise this way there may be some increased risks ahead as the company continues to grow. Advertisement campaigns with secondary forms of value must be clear and easily understood by the consumer (Bartlett, 2022); unlike example A as discussed previously. Currently, the validity of their 'anti-sponsoring' of the World Cup has also been questioned, as every match has been shown in

BrewDog bars (Maurice-Jones, 2022). Therefore, if the business continues to advertise this way, they may lose the emotive and human-centric core of their advertisement model, pushing both clients and customers away rather than enticing them in. This could lead to a drop in sales of on/off-trade products, and further alienate both pre-existing and new customers; holistically causing a reduction in economic and social value.

I propose two changes to reduce the impact of marketing-based issues:

1. BrewDog should look to redesign/create a tight and easily understandable positioning statement in-line with the current brand identity. A positioning statement explains how BrewDog “should be seen by external stakeholders and/or by employees” (Wallström et al, 2008, P.43). They should have clear understanding of what additional value their advertisements are going create, alongside a succinct brand identity in line with their global brand. Currently, this would likely focus on their anti-climate change position. This allows BrewDog to continue to diversify their marketing strategy with less negative media attention; whilst retaining their brand philosophy and quasi-marketing/CSR approach.
2. Test both their positioning statements and potential advertisements with EFP shareholders before showing them to the public. BrewDog has a large and readily available group of shareholders who could act as a sounding board/focus group. BrewDog must be aware that they will receive biased feedback, as the individuals have an economic/emotional stake in the brand. However, some additional out-of-house feedback could prevent many of the issues associated with former campaigns, and ensure maximum social value is created.

### Finance:

In his own book, co-founder James Watt consistently stresses the importance of having clear financial understanding in business (Watt, 2016). BrewDog began with minimal funds, having to sign multiple loans to fill product orders (BrewDog, 2022A). However, their EFP model has been revolutionary in the company’s financial stability and capital growth. EFP allows individuals to purchase shares in BrewDog, acting as a form of “equity crowdfunding” (Giudici, 2016, P. 424; Smith et al, 2010). This was extremely entrepreneurial at the time, and has been cited as one of the first movers in the subsequent success and popularity of crowdfunding for

businesses in need of quick capital. In their most recent crowdfunding event, they managed to raise £30.2 million. Many shareholders express the multiple forms of value being a shareholder provides them with: with economic value from rising shares and social value derived from being part of a wider community (Daly et al, 2022).

Moreover, BrewDog has managed to balance the growth of their own finances alongside the continual promotion of widespread CSR throughout the businesses. As previously mentioned, multiple promotional campaigns have targeted issues such as the World Cup, gender-pay gap and environmental sustainability. Such promotions work in tandem with advertising campaigns to increase sales, thus partially offsetting the cost associated with such donations/CSR activities (Bartlett, 2022). Currently, the main form of BrewDog promotion-based CSR is the Lost Forest: where a tree is planted for each EFP shareholder, supplemented by funds raised via their Lost Lager brand. This also presents a highly entrepreneurial form of managing finances, as economic and social/environmental forms of value become intertwined, focusing on holistic value creation.

#### *Finance Predictions:*

Whilst BrewDog's financial model is extremely entrepreneurial and diverse, there are some concerning predictions associated with its continuation. Regarding the EFP scheme, when 22% of the company was sold to TSG, the private equity firm paid a considerably lower price-per-share than that offered to the individuals through EFP (Daly et al, 2022; Davies, 2017). This undermines the individual consumer as well as the brand's 'anti-corporate' identity/philosophy, meaning that future EFP programmes may be less successful or current shareholders may become disaffected and withdraw their stake. Furthermore, there has been contested evidence over the actualisation of promises made as part of the Lost Forest campaign. The company has been accused of greenwashing, with claims of planting trees in the stated area being unsubstantiated so far (Carrell, 2022; Daly et al, 2022; Bartlett, 2022). BrewDog does promise they are planting trees soon; however, their current inactivity can alienate and disgruntle both new and pre-existing customers.

I propose two changes to ensure financial clarity:

1. Have a dedicated website sub-directory which explains the current shareholder structure, as given the nature of EFP it changes very often. This should explain the current value of each class of share produced by BrewDog, as well as ensuring that customers know that they are valued the same as external investment groups. This should be done swiftly, before their IPO is undertaken, as the situation will change to a more complex one then. This security will encourage further individual economic investment and sustain high levels of social value associated with the scheme.
2. Produce a more detailed quarterly/annually document which outlines spending on CSR projects such as the Lost Forest. In my research, there is not one clear statement which outlines this; similarly raised in discussion with Daly et al (2022) & Bartlett (2022). The company should also use their social media platforms to show the continued progress of their investments, through either a dedicated sister page or a highlight on their main channels; thus ensuring high levels of corporate accountability.

### Human Resources:

Although BrewDog has been extremely entrepreneurial in some areas of business, the company's HR and leadership teams require immediate attention. BrewDog has consistently been associated with a 'toxic work culture' (Bartlett, 2022; Davies, 2021), with alleged sexism and discrimination common occurrences in the workplace. Many of these comments were focused on James Watt (Daly et al, 2022; Daly & Bonnar, 2022), however this report focuses on the overall business, rather than the actions of one individual.

Employee diversity is a necessity for any business, with research proving that racial and gender diversity in teams can lead to increased economic and social value (Lorenzo & Reeves, 2020); thus creating a more sustainable business overall. BrewDog appear to have high rates of gender and racial diversity, with 52% of USA bar staff being female (Infante, 2021) in addition to working alongside black-owned breweries: such as Crowns & Hops (Eaton, 2020). Despite this, there are significant issues with the workplace culture, especially relating to sexism. Female employees have reported consistent sexual harassment in the workplace from more senior staff members (Infante, 2021; Bartlett, 2022; Daly et al, 2022); forcing some women to leave the business out of fear. Furthermore, when interviewing for promotions,

some women have reported that the criteria for female promotion was focused on potential children they may have in the foreseeable future, sexually discriminating and punishing employees who were looking to start families alongside their work (Bartlett, 2022; Daly et al, 2022). Such claims against BrewDog management were highly upsetting, yet incredibly common; with 300 employees <sup>[2]</sup> coming together under 'Punks With Purpose' to sign an open letter to BrewDog management in hope of change (PWP, 2021).

#### *HR Predictions:*

After the Punks With Purpose open letter, the company has been swift to reply. James Watt has been chiefly in charge of setting up new ethics hotlines and trying to change the working culture within (Bartlett, 2022; BrewDog, 2022C). Whilst these are in their early stages, many external commentators and internal employees have argued that the measures put in place are insufficient (Infante, 2021; Daly et al, 2022). If so, the company would see a large reduction in female employee rates, leading to an overall drop in diversity; subsequently causing reduced economic and social value output as discussed previously.

I propose that BrewDog must make both in-house and external changes to overcome the issues they currently face.

1. Seek to promote women in beer brewing regardless of their affiliation to BrewDog. The industry is inherently male orientated (Daly et al, 2022), and BrewDog must look beyond their own staff to create meaningful change. This would involve economic funding of women in the industry, as well as utilising their social-media platforms to bring increased media attention to the industry.
  2. Identify, name & dismiss individuals who have transgressed workplace boundaries previously, to bring about new change in the business management.
  3. Speak directly with Punks With Purpose to identify the best options to make women and wider groups feel safer at work. Currently, most areas for development have been identified by James Watt directly (Bartlett, 2022), so conversing with the affected group[s] would be a more suitable approach to bring about change.
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## Conclusion:

Holistically, BrewDog is a highly entrepreneurial company which has experienced rapid growth because of their innovative marketing and financial strategies; with a succinct brand philosophy and generous capacity for multiple CSR projects. However, such extremely rapid growth has meant that other areas are severely under-developed and require immediate entrepreneurial attention to secure the future of the business: namely working culture and leadership under human resources. Despite now being a multi-national company, James Watt still has a managerial hold of the company by directly making key decisions over multiple areas of the business himself (Bartlett, 2022; Daly et al, 2022). More than ever before, the business requires a collective focus on EM to continue financial growing and enact meaningful changes to the work environment.

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## Appendix:

1. For Example: Heineken, InBev, Carlsberg.
2. 'Employees' included both past and present employees.

### Pre-Module Task:

An example of entrepreneurship which I personally find inspiring is WaterLight. Created by E-Dina and Wunderman Thompson (owned by WPP), the device is able to turn regular sea water into a usable energy source; in the form of both a torch and charging outlet for small devices. The company claims that 500ml of sea water can provide enough energy to emit light for up to 45 days. I find this example of entrepreneurship extremely inspiring for multiple reasons. Firstly, the product itself is extremely impressive, creating a paradigm shift in energy production, especially within lower income countries where access is far less universal. In its design process, the traditional practices undertaken by the Wayuu tribe were examined to ensure it was in-keeping with their culture; demonstrated by the use of traditional symbols and patterns on the external material. The device is also created using 100% renewable materials, showing that both cultural and environmental sustainability were at the nexus of their design process. Secondly, the companies also worked with non-governmental organisations to pinpoint areas which could benefit through the use of the product. The company has plans for a global roll out (currently only supplying Venezuela, Syria, Sierra Leone and Somalia), which means up to 840 million people could benefit from the product. This example shows the power of "technology, creativity and humanity" (Bas Korsten, Chief Creative Officer, Wunderman Thompson) coming together to improve the quality of life for millions, by enabling communities to continue to trade and studies in the night-time, and keep other - increasingly necessary - electrical devices charged through renewable methods.

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