

## LESSONS IN ENTREPRENEURSHIP

# Growing up

Stuart Read and Saras Sarasvathy report on an entrepreneur who prospered by cultivating partners and sharing in her success

**A**s an executive at diversified mail-order retailer Avion Group, Ruth Owades saw opportunity. Choosy gardeners did not have easy access to premium speciality gardening equipment. But these amateur horticulturalists could be profitable, easily reached and extremely loyal if well served. She proposed the business to Avion, but it had no interest. She asked if she might take the idea and develop it on her own. Surprisingly, Avion agreed.

### HARSH ELEMENTS

Owades had not worked outside the comfortable confines of a corporate environment before. A brief investigation into setting up her own operation revealed that investment money for an unproven entrepreneur with an unproven idea was not exactly forthcoming. Her best offer for funding involved her providing 25 per cent of the money for the venture from her own bank account, while giving up 49 per cent of the company to the investors. Determined both to make it work, and not to need another penny of investment, she plunged into business, naming her new venture Gardeners Eden.

### SEEDING RELATIONSHIPS

As Owades put her idea into action, her approach was simple. Figure out who would benefit from her success. Tell them the story about what she was trying to accomplish. Explain to them why they were critical to the venture and how they would be successful when she was. And push each entity to



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make an investment to help her be successful.

### PRUNING AT THE PRINTER

Owades' first stop was the printer. To a mail order company, the single largest expense is typically the printing and mailing of the catalogue – a line item that can account for up to half the costs in the business. Owades needed both a fantastic job and good financial terms – two elements that are usually mutually exclusive. So she proposed a scheme where

the printer would bid on not just her first catalogue, but her first two. This showed the printer that she was willing to make a commitment to them, in exchange for favourable treatment on their part. Her suggestion was novel to the industry and was well received. So when she went in and said, "The other printers are offering me 90-day terms. Can't we do better than that?", the printer gave her six months to pay.

### DIGGING DEEPER

Gardeners Eden needed more than catalogues, however. And Owades doggedly pursued each

supplier necessary to make the venture happen. She negotiated with the utilities so that she did not have to tie up her cash with deposits for the electricity and the telephone. She arranged long credit windows with the suppliers that manufactured the exotic gardening items she intended to sell. She drove hard bargains with both her landlord and the credit card company for unusually low terms. She even pursued her local postmaster, visiting him again and again until he turned up a forgotten regulation that enabled her to collect her daily mail without any service charge.

### CULTIVATE WITH PARTNERS

As the picture came together, Owades had built an environment where everyone around her had a reason to do something special to make her successful; an environment where she had transformed suppliers to the venture into partners with the venture; an environment where Gardeners Eden was able to flourish. Owades' revenues well exceeded \$1m when Gardeners Eden was acquired by home products retailer Williams Sonoma fewer than four years after she launched the venture. Not bad. As you get ready to dig in the field of opportunity, think about who will benefit from getting their hands dirty with you, and how they can help you to be successful.



Stuart Read is professor of marketing at IMD,



Lausanne, Switzerland. Saras Sarasvathy is associate professor of business administration at the University of Virginia's Darden School