Case Study Analysis – The Rise and Fall of an Entrepreneur

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# Questions

## Q.1. What factors do you think Abdul Wahid had in his favour, which made him a successful entrepreneur and explain why you think so?

Abdul’s stint at his uncle’s grocery store during college provided firsthand experience. He learned about inventory management, customer interactions, and the ins and outs of running a small business. This experience would offer him a great benefit over someone who had no idea what to do on a venture of this kind.

Born into a middle-class family, Abdul did not face extreme financial pressure. His father, a government employee, gave him a job alongside him in the government sector, this boosted his finances, and he was not lost on his path, searching for a job outside of college. Then when he decided he wanted to find a business of his own, it was his father who provided the start-up money and a safety net if the business was not to be profitable initially.

Before founding his business, he did not have many financial responsibilities so his government job allowed him to save up money which would be a second safety net alongside his father’s investment.

Abdul sought advice from a seasoned entrepreneur who was another family member, this experience helped Abdul overcome obstacles that many must discover for themselves without having to suffer the consequences of getting over difficult hurdles.

Abdul was also able to hire staff and a garage near his office so did not have to just rely on himself from the onset of the business, to have other staff supporting your business is a huge gain in productivity in comparison to braving it alone.

When his business failed initially, he was then able to secure additional funding from a friend with the promise to pay him back within a year. Unlike a bank or other lender, a promise is not legal and if Abdul would have been unsuccessful again then it is unlikely that there would have been real consequences.

Fortunately for him, the business did take off, this is largely due to the fact that he was exploring a gap in the market that nobody was in being door-to-door sales of a cool confectionary good in an area of high temperatures where travelling to the shop to buy your own ice cream may not be worth the journey.

Overall, I would say that the vast majority of factors in Abdul’s favour are nepotistic, and he had large amounts of safety nets that made up for his lack of initial entrepreneurial success but then he did see a gap in the market that was wise to go for and could turn his eventual success into a larger business.

## Q.2. In its initial years, when faced with crisis, how did Abdul Wahid revive “Faisal Ice cream”?

Wahid was convinced that there was nothing wrong with the idea rather he was not able to execute the idea well

He turned to one of his friends for financial help who agreed to give money on the condition that Wahid would return the money within one year

This time he also took professional help from an experienced entrepreneur who was his relative. He hired a new production supervisor who could better take care of the quality aspect of ice cream production. He advertised his business using low-cost mediums. He increased the commission percentage for his salespeople and offered more profit margins to retailers.

Abdul passionately believed that the concept behind “Faisal Ice Cream” was solid. Rather than abandoning it, he analysed what went wrong during the initial phase. His unwavering confidence in the idea fuelled his determination to revive the business.

Abdul turned to a trusted friend who agreed to provide financial assistance. The condition was simple: Abdul would repay the borrowed funds within a year. This injection of capital allowed him to stabilize the business and focus on necessary improvements.

Abdul sought advice from an experienced entrepreneur, who happened to be a relative. This mentor shared battle-tested wisdom. Learning from someone who had faced similar challenges helped Abdul make informed decisions.

Recognizing that product quality was paramount, Abdul hired a new production supervisor. This supervisor had expertise in maintaining ambitious standards for ice cream production. The focus shifted to ensuring that every scoop of “Faisal Ice Cream” met customer expectations.

Abdul leveraged low-cost advertising mediums to promote his business. These included local channels, community events, and word-of-mouth. By being resourceful, he reached potential customers without straining the budget.

Abdul increased the commission percentage for his salespeople. This incentivized them to actively promote “Faisal Ice Cream.” A motivated sales force became instrumental in expanding the customer base.

To secure wider distribution, Abdul offered higher profit margins to retailers. Building strong partnerships ensured that “Faisal Ice Cream” gained prominence on store shelves.

Abdul Wahid’s revival strategy combined stubbornness in the idea, yet the foresight to change his approach to improving quality and relations with his staff and partners. His changes weren’t revolutionary or inspiring, but he did well to make them as many would hope for change without altering their tactics.

## Q.3. In your opinion what are the reasons that led to the downfall of “Faisal Ice Cream” and explain why you think so?

The first major issue was the lack of succession planning. Abdul Wahid’s son had graduated with an MBA degree from a local business school, which would ideally position him to take over the business. However, his son was more interested in working for a large corporation rather than continuing his father’s legacy. This lack of interest in the family business left a significant gap in the company’s leadership and strategic planning. Succession planning is crucial for family businesses as it ensures continuity and the preservation of the founder’s vision.

The second factor was the intense competition from a multinational company (MNC) that had acquired “Polka”. This MNC adopted a door-to-door selling strategy for ice cream, which directly competed with Faisal Ice Cream’s business model. Moreover, the MNC used a low-cost strategy to drive out small-scale producers. This put significant pressure on Faisal Ice Cream, which struggled to match the prices and reach of this new competitor.

The third issue was the excessive cost of modernisation. The production machinery of Faisal Ice Cream had become obsolete and needed to be upgraded or replaced. Additionally, the branding of the product needed to be updated to appeal to modern consumers, and the old wooden door-to-door selling boxes installed on bicycles needed to be replaced with tin-made painted boxes with motorcycles. All these changes required major capital investment, which Abdul Wahid did not have.

A sub-reason could be that the business was not generating enough profit to justify the investment needed for modernisation and to compete effectively in the market. This could be due to a variety of factors, including inefficient operations, excessive costs, or a lack of demand for the product. Regardless of the cause, insufficient profitability can lead to a downward spiral where the business cannot afford to make necessary improvements, leading to further decreases in profitability.

Internally, the lack of succession planning and insufficient profitability hindered the business’s ability to adapt and grow. Externally, intense competition and the excessive cost of modernisation made it difficult for the business to stay competitive.

## Q.4. Research continues to help us understand the Entrepreneurial “Mind-Set” with reference to the Entrepreneurial academic literature (e.g. Scarborough & Cornwall as discussed on course), discuss the characteristics often attributed to Entrepreneurs and propose three that Abdul possessed and three he did not possess.

Entrepreneurial characteristics as discussed by Scarborough & Cornwall in their work “Essentials of Entrepreneurship and Small Business Management” include traits such as persistence, risk-taking, problem-solving, innovation, proactiveness, and resource leveraging. Successful entrepreneurs with these characteristics are essential for the successful launch and management of a small business.

Abdul showed a prominent level of persistence and resilience, which are key traits of successful entrepreneurs. Despite facing initial losses and quality issues, he remained committed to his business. Even when his business was running at a loss, he continued in the hope of finding a suitable buyer. This shows his determination to overcome obstacles and his resilience in the face of adversity.

Abdul’s decision to start a business in a competitive market shows his willingness to take risks. He chose to start a part-time business instead of taking bribes like his co-workers, demonstrating ethical standards and a willingness to venture into the unknown. This risk-taking ability is in entrepreneurs who are willing to step out of their comfort zone to achieve their business goals.

Abdul demonstrated critical thinking skills when he identified the need for changes in his business. He sought professional help and made necessary adjustments to improve the quality of his product and increase sales. This ability to identify problems and find effective solutions is a key characteristic of successful entrepreneurs.

While Abdul showed problem-solving skills, he struggled with innovation, a key entrepreneurial trait. His business failed to keep up with the competition, and the machinery, branding, and delivery methods became outdated. The ability to innovate and adapt to changing market conditions is crucial for the survival and growth of a business.

Abdul identified the need for changes in his business but was unable to implement these changes due to financial constraints. This suggests a lack of proactiveness, which is crucial for entrepreneurs to adapt to changing market conditions. Initiative-taking entrepreneurs are often ahead of the curve and can seize opportunities as they arise.

Abdul was unable to leverage available resources, such as his son’s business education, to benefit the business. Successful entrepreneurs often find ways to maximize their resources. This includes not only financial resources but also human resources, such as skills and expertise.

In conclusion, while Abdul possessed key entrepreneurial characteristics, there were others he lacked. This analysis underscores the importance of a comprehensive set of entrepreneurial traits for the successful management of a small business. It also highlights the challenges faced by entrepreneurs and the need for continuous learning and adaptation in the dynamic business environment.

(Scarborough, 2015)

(Scarborough, 2018)

(Scarborough, 2016)

## Q.5. Prior to his demise: What advice would you offer Abdul regarding his business. Justify your advice.

Abdul’s health should be his top priority. If the stress of running the business is causing significant health issues, it may be time to step back. No business is worth sacrificing one’s health over. This is especially true in Abdul’s case, where the stress of maintaining the business could have serious impacts on his health and well-being. If running the business is causing undue stress, it may be in Abdul’s best interest to step away.

If Polka, an established brand, is interested, selling the business to them could be a good option. This would not only provide Abdul with a financial return on his years of hard work but also ensure that his beloved business continues under a well-established brand. Selling to an established brand like Polka could ensure the continuity of the business and potentially lead to its growth under new management. It could also provide Abdul with a significant financial return, which could be a great relief given the financial struggles he has been facing.

Before making such a significant decision, Abdul should consult with his family and trusted advisors. They can provide valuable perspectives and help him consider all aspects of this decision. Consulting with family and advisors is crucial when making significant decisions. They can provide different perspectives and help Abdul consider all his options. This is especially important given the potential impacts on Abdul’s family and employees. Their input could be invaluable in helping Abdul make the best decision for both himself and his business.

Abdul’s situation calls for careful consideration of his health, the potential for selling his business to an established brand, and the need for consultation with family and advisors. These steps could help ensure the best outcome for both Abdul and his business.

# Bibliography

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