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Aparigraha Yoga: Balancing the Tensions of Sustainable Entrepreneurship

Kent Walker and Ian Stecher wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Founded in 2012, Aparigraha Yoga (AY) was sustainable entrepreneur Erica Arshad’s baby. For years, her dream was to operate an inclusive yoga studio in her small, southern Ontario locale that was able to accommodate members of all experience levels and backgrounds. She had set out to conduct business using the foundational principles of sustainable entrepreneurship as a guideline. This meant integrating the financial, social, and environmental implications of operating with a triple bottom line (3BL)[[1]](#footnote-1) into her business decision-making process, while also trying to balance the often frictional nature of these three considerations.[[2]](#footnote-2) However, as time passed, and tensions began to arise as a result of operating a business in this way, Arshad became less certain in her application of sustainable entrepreneurship. Various circumstances had led her to wonder whether she could continue attempting to synergistically incorporate these values into her business model, or if she should instead begin to make sacrifices and follow the more conventional rules of profit maximization.

When the studio and its membership were small, Arshad had no trouble communicating her belief in sustainable entrepreneurship and its practices to all stakeholders. However, as her business scaled, so did the tensions inherent in the 3BL. By the summer of 2018, environmental decisions, such as banning the use and sale of plastic water bottles in favour of loaning out reusable bottles for free, or social decisions, such as keeping yoga lessons inclusive, no matter how disruptive some clients’ behaviours were, were starting to result in lost revenue and members. Ultimately, the time had come for Arshad to re-evaluate her way of doing business. In a competitive business environment, where competing yoga studios were regularly opening—either as boutique studios or in gyms—and often blatantly copying many of Erica’s successful business innovations, could she realistically commit to the integrative nature of sustainable entrepreneurship? Or was it time to “grow up” and protect her business by making decisions that focused on profits alone? After all, she would always make the environment and society key aspects of her business, but she wondered if she needed to react to the aggressiveness and encroachment of her competitors. Sustainable entrepreneurship meant that the business owner balanced the competing tensions of the 3BL, but exactly how this was done was unknown and almost always situation specific.

BACKGROUND, VALUES, AND SUSTAINABLE ENTREPRENEURSHIP

When AY opened in November 2012, it was a relatively small operation offering accessible yoga classes to its community. It had a small membership base, only four teachers, and offered four classes per day, on average. However, since then, AY had experienced tremendous growth in just a few short years. The number of teachers had grown to 13, a second yoga studio had been opened in the community in July 2017, and AY had begun offering 10 classes per day, on average. In addition, membership had grown to its highest ever at 300, with even more non-members purchasing individual class passes. Gross profit in 2018 had more than doubled since opening and was currently over CA$500,000.[[3]](#footnote-3) Of course, expenses had also increased significantly, especially with the opening of the second location. Rent had more than doubled, as now there was not only rent to pay on two locations but also an annual increase in rent written into the original rental agreement for the first studio. Salaries for the teachers had increased by one-third with the new location, but because it still offered fewer classes than the first studio, this cost had not doubled. Lastly, the franchise fees had increased threefold—both because of the new location and because the fees had been increased twice since 2012. The fees were also tied to gross profit, so as Arshad’s gross profit increased, so did her franchise fees. All in, net profit had decreased since the opening of the second location, which was to be expected, as Arshad had built the clientele for the new studio. In the latest fiscal year, net profit was at a respectable $50,000. This growth had thrilled Arshad because, up to that point, it validated her 3BL approach to business and allowed her to grow the positive impact her business had on her community.

Upon its founding, AY had joined an international yoga organization, Dharma, focused on establishing independently owned and community-focused studios throughout the world. Dharma encouraged its member studios to combine traditional yoga techniques, community outreach programs, and a love for the environment (all of which aligned almost perfectly with Arshad’s business plan of an integrated 3BL) into all business operations in an effort to make the world a happier and healthier place. From this, Arshad identified some of AY’s core values as “Live Green,” “Be Accessible,” and “Reach Out.” “Live Green” meant simply that AY needed to plan for conservation and environmental protection in all of its actions. “Be Accessible” and “Reach Out” meant that the yoga classes offered at the studio should be available to people of all backgrounds, budgets, and ethnicities, and that this inclusivity should foster strong community relationships and improve lives. Arshad strongly believed in the mission Dharma wished to achieve and the business values she had derived from it. From there, however, she had elected to take her approach even further by adhering to the concept of sustainable entrepreneurship as she developed her business.

Sustainable entrepreneurship was broadly defined as an approach that holistically integrated economic, social, and environmental considerations into all organizational efforts.[[4]](#footnote-4) Entrepreneurs in this field were driven by their desire to find balance between changing the world for the better and making money.[[5]](#footnote-5) The common belief was that while this was a noble goal, inevitably these three competing logics generated tension and inefficiency, at which point financial performance was prioritized above all else when making business decisions.[[6]](#footnote-6) On the other hand, social entrepreneurship and eco-entrepreneurship had emerged as concepts that aim to prioritize social and environmental considerations, respectively, when faced with the reality of business tensions.[[7]](#footnote-7)

Sustainable entrepreneurship was unique in that it applied an integrative logic of all 3BL components and aimed to value each part equally and holistically, regardless of tensions.[[8]](#footnote-8) A business that truly embodied sustainable entrepreneurship attempted to transcend the tensions inherent to the 3BL by developing creative solutions to complex, multi-faceted problems.[[9]](#footnote-9) Sustainable entrepreneurs believed that this transcendence and creativity would lead to the development of powerful synergistic solutions.[[10]](#footnote-10) This concept had led to Arshad operating AY in such a manner. She genuinely believed in the potential for synergistic solutions, where creativity could lead to all 3BL components being satisfied. Arshad determined that caring for her community and environment would not hamper AY’s financial performance but instead greatly improve it. Likewise, equal consideration for financial performance would allow her to increase AY’s community impact and environmental care measures. By integrating the performance of each 3BL component into her decision-making process, she aimed to develop positive feedback loops among the seemingly competing logics. However, this belief was challenged by the rise of ostensibly insurmountable tensions, where compromise seemed inevitable.

SUSTAINABLE ENTREPRENEURSHIP—Issues

As AY grew, two major sources of tension between the 3BL components developed. These tensions came from AY’s commitment to environmental conservation and community inclusivity potentially damaging financial performance. It seemed that the synergistic solutions promised by sustainable entrepreneurship had not been realized in certain areas, and, as a result, Arshad needed to decide how she would handle these issues.

Aparigraha Yoga and the Environment

Through various activities and initiatives, AY had managed to adhere to its “Live Green” value. Wherever possible, Arshad sought opportunities to mitigate her environmental footprint and contribute to conservation efforts through her business. Most notably, Arshad had gone paperless at her studios, paid for energy-usage offsets through an independent third-party organization that invested the money in local (to the contributor) renewable energy projects and carbon offsets, and strictly enforced a no-chemicals policy that meant utilizing a locally invented ozonated-water cleaning apparatus that used nothing more than tap water. All these decisions had yielded the synergistic effects promised by sustainable entrepreneurship, as going paperless and chemical-free had reduced costs in the long run, and the offsets and investments in renewable energy seemed to both attract and ease the minds of clients.[[11]](#footnote-11)

The decision to go paperless had been an easy one for Arshad. After two years of running AY, she realized that paper marketing (encompassing flyers, newspaper advertisements, brochures, and billboards) incurred a significant cost to her business without any large payoff, as most new customers came due to word-of-mouth or online promotions. As a business championing environmental responsibility, Arshad felt disingenuous utilizing so much paper in her operations, marketing and otherwise, especially for such little gain, so she elected to transform every facet of AY’s operations into a paperless process. This meant no business cards, no printed class schedules, no paper participant registration and waiver forms, and, of course no paper marketing. In the short term, this policy posed some significant issues for AY. For example, long-time members became annoyed when they could no longer have printed class schedules or business cards to distribute—or even posters to put up at their work to promote AY. Further, Arshad needed to purchase multiple iPads to handle the signing and management of a new online waiver and had to pay to have the electronic waiver form, complete with signature, developed. However, Arshad was confident that the long-term benefits outweighed the short-term costs. Not only were there direct savings in paper, for example, but marketing costs were also significantly reduced, as she focused everything on social media. Additionally, it allowed Arshad to promote her environmental commitment, something that was not only very important to her personally but also to many clients, based on numerous discussions she had had with them. It seemed that the synergistic promises of sustainable entrepreneurship were a reality.

Another source of synergy AY identified was in its energy-procurement methods. Concerned about the various sources of non-renewable-energy generation in her community, Arshad partnered with Bullfrog Power to help build renewable infrastructure and promote sustainability. Every month, Bullfrog Power measured AYs energy usage and charged the company an additional fee, on top of what the company paid to the utility provider. This fee went toward the development and upkeep of several renewable-energy projects throughout Canada and the local community; for every kilowatt hour of energy used by AY, an equal amount of kilowatt hours were pumped into the grid from renewable sources, offsetting the company’s emission footprint. The process yielded no direct financial savings for AY. The company was essentially paying more for energy than its competitors. Arshad saw it as an internalization of the environmental costs of doing business—something she thought any sustainable entrepreneur should strive to do. For a small additional charge, AY was able to pay what it saw as the true cost of energy, effectively paying what the company should have paid in the first place, while also helping build more a sustainable infrastructure. Arshad saw synergy in this solution because—for no true additional cost—she was able to foster a positive environmental reputation, while developing her community.[[12]](#footnote-12)

A third example of synergistic solutions from AY could be found in its cleaning methods. Instead of harmful cleaning chemicals, AY used ozonated water to sterilize the facilities. At each of the studios, AY had installed ozone units that would take in normal tap water and treat it via a special process, adding an additional oxygen atom to its makeup, which would allow it to kill germs and any harmful micro-organisms without the addition of chemical cleaners and while using 90 per cent less water than traditional methods.[[13]](#footnote-13) Sources indicated that ozonated water was two times more effective than bleach, 50 times faster-acting than bleach, and entirely non-toxic, safe for human touch, and fully eco-friendly.[[14]](#footnote-14) The implementation of this cleaning procedure was fairly painless, with AY only having to buy two ozonating units and regular filters once the old ones were used up. The company then used buckets and mops, and briefly trained employees on its use. Arshad realized that by switching to this eco-friendly product, she would be able to save money in the long term by using less water and by never purchasing expensive cleaning products. Again, this synergistic solution was an easy decision to make, because it paid for itself in the long term and allowed AY to honour its organizational values.

However, a decision to ban the use and sale of plastic water bottles, which Arshad had hoped would yield synergistic results for AY, had not worked out. In addition, AY was the only studio in the city to implement such a ban, so the move was competitively risky. AY yoga classes were all held in hot environments designed to relax muscles and promote concentration. This meant that water was a necessity. In an effort to promote environmental conservation, Arshad had made the decision when she founded AY to prohibit any form of plastic, non-reusable water bottle from entering her studios. To compensate for this restriction, AY would loan out reusable bottles to any customers who forgot or were unaware of the rule, free of charge. Although she was aware of other Dharma studios that charged $2 for reusable water bottle rentals, Arshad did not feel it was right to force people to pay when they had brought plastic water bottles with them, essentially telling clients “Oh, you can’t use that water bottle here, but you can pay to use this one. And you’ll definitely need water because it’s so hot in the room.” Arshad, however, was unable to identify any synergistic benefits from this policy, which seemed to favour the environmental impact. New clients were often surprised at being told they were not allowed to bring their water into the room because it was bad for the environment, and Arshad certainly did not want first-time customers to feel bad or guilty. In addition, the policy eliminated a form of potential revenue without offering any long-term financial benefit. Even though Arshad was not charging a $2 rental fee for reusable bottles, many other competing yoga studios sold cold bottled water with a major mark-up to a client base that was often desperate for cold water after a hot yoga class. Arshad estimated that water bottle rentals would bring in at least $20 per day (equating to over $7,000 per year)—and significantly more than that if she was willing to sell plastic water bottles. According to Arshad, a rough estimate was that the decision to ban plastic water bottles had resulted in the loss of $20,000 of revenue per year per studio, or $40,000 in total—a significant sum for a small business. While it was possible that it also attracted clients to her studios, she was not sure how well known the ban was or whether clients even cared, because many yoga practitioners just expected people to use reusable water bottles and never purchase plastic ones.

This plastic water bottle policy forced Arshad to question her belief in the promise of synergistic solutions. She was desperate to discover if there was a way to tackle this problem without negatively affecting any component of the 3BL. She wondered if this was proof that the tensions of a 3BL could not always be overcome and that everyone, even sustainable entrepreneurs, would face times when compromise was necessary.[[15]](#footnote-15) She hoped to find a solution that would allow AY to transcend these tensions.

Aparigraha Yoga and Inclusivity

“Be Accessible” was also a value strictly adhered to by AY through its operations and various initiatives. Arshad had found that this focus on inclusivity enabled the company to accomplish AY’s “Reach Out” goal by improving the lives of people in the community and bolstering the company’s social impact. On a day-to-day basis, the studio offered classes for people from all skill and experience levels, which made yoga accessible to everyone. Beyond that, AY had an energy-exchange program, which allowed community members who could not afford yoga to trade cleaning services at the studio for free yoga memberships, as well as monthly $5 “karma” classes (compared to the normal drop-in fee of $17), where all revenues were donated to local or international charities.

The energy-exchange program let community members, who could not afford to pay, to enjoy unlimited yoga in exchange for five hours of cleaning services each week. Program participants were expected to work the same five-hour shift each week and were viewed, essentially, as employees. As a sustainable entrepreneur, Arshad had found this program a no-brainer; it enabled her to strengthen AY’s social impact without damaging any other component of the 3BL. The program did not financially cost the studio anything, because classes that were offered did not have any marginal costs by adding extra students (i.e., teachers were paid a flat rate, irrespective of class size), and the company was not damaging its own membership revenue stream because members of the energy-exchange program would not have been able to afford the regular price membership regardless. In fact, Arshad found that the program saved AY money by not paying employees or a contracted service to clean the facilities. The implementation and success of this program thrilled Arshad due to its beneficial, synergistic nature. The program did have its downside, however, which included the management of approximately 40 people in what was often a revolving door of participants whose commitment varied tremendously. Consequently, the program took approximately 30 per cent of Arshad’s overall time—time she could have been putting toward other things, such as growing the business.

Karma classes were another way in which AY was able to uphold its values and maximize its social impact. Held once a week at each studio, these classes offered yoga at a massively reduced rate of $5, donating all revenue to community or international charities. Through this program, AY donated money or partnered with homeless shelters, fire stations, police forces, Big Brothers and Big Sisters, Autism Ontario, cancer programs and research, and several other organizations. The effect was palpable, as the karma classes were often at capacity (60 people per studio), and AY was able to donate thousands of dollars a year to various charities. In addition, many people involved in the charities became members at AY following donations or partnerships. Partnerships included, for example, donating all karma funds for one month to the local fire department’s charity, while simultaneously offering all firefighters free yoga for that month. After the success of this program, other similar programs were run with teachers, nurses, and the local police force. Other synergies included the transferring of clients from karma classes to memberships. Arshad found that the discounted karma classes and partnerships convinced many people to try yoga for the first time, often those people who otherwise would have never paid full price for a class, which created enough new members to more than offset the lost revenue from the karma classes. The initiative had allowed AY to donate roughly $1,000 per month, per studio, to various organizations: a direct investment in the community, without damaging the bottom line—further evidence of the sustainable entrepreneurship logic.

AY’s commitment to total inclusivity and accessibility, however, was called into question when a member with brain damage began disrupting the environment and focus of classes. Frequently, this individual had spoken out in silent yoga sessions or ignored the teacher’s sequence of poses, distracting and irritating other members in the class. The disruption led to several affected members requesting a refund after each class, which AY agreed to because the class atmosphere had, in fact, been disrupted. From a utilitarian and financial perspective, it made sense to ask this single customer to leave, to accommodate all other clients that were negatively affected. After all, Arshad was sure she was losing money by allowing this disruptive client to practise yoga at her studios. However, Arshad felt that it would be wrong to exclude someone who was intellectually challenged, or anyone for that matter, and tried to appeal to the patience of her customers.

When confronted by angry customers, she pointed out that this individual needed yoga and meditation just as much as anyone, possibly more, due to the person’s condition, and that AY was dedicated to providing yoga to everyone in the community, without exception. At best, this led to some customers understanding the value of the “judgement-free zone” AY provided. However, several people still requested a refund after classes with the disruptive member, which clearly affected AY’s financial bottom line, and Arshad was sure that several first-time clients who happened to practise yoga next to this person would not be returning. Arshad believed that she was doing the right thing from a social and inclusivity perspective by continuing to allow the brain-damaged member to attend classes. She was also aware that this same client had an ongoing membership at a competing studio, so she was wary of being the studio to exclude him. However, she had heard nearly a dozen stories of other disruptive or inappropriate clients having been told not to return to various local yoga studios. In the end, it had become clear to her that this policy was having a distinctly negative impact on AY’s finances, and when people left what should have been a peaceful yoga class feeling frustrated, it created tension in the studios. The synergistic effects of sustainable solutions were not evident with the current policy, which meant that something needed to change.

Arshad faced what seemed to be an impasse in her sustainable entrepreneurship journey. Her decision to allow the disruptive member to continue to attend classes was consistent with her goal of inclusivity, but it also, at times, created tension, frustration, and even anger among customers. Although Arshad was uncertain whether her decision was the right one socially, it was clearly not the correct financial decision. Arshad wondered if this was further evidence that sustainable entrepreneurship was merely a theory with no real substance or methods for practical application.[[16]](#footnote-16) She hoped, however, that the problem simply existed because her solution had not adequately transcended the tensions between 3BL components and that there was a way to creatively embrace that tension and find synergy.

ARSHAD’S DECISION

As Arshad reflected on these complex issues, she swelled with pride due to the impact she had been able to have in her community. By establishing a few core values, namely “Live Green,” “Be Accessible,” and “Reach Out,” she had been able to turn a small yoga studio into a powerful force for good, changing her clients’ lives for the better through the practice and philosophy of yoga, and by donating thousands of dollars to charities, improving the lives of people she would never meet. A commitment to sustainable entrepreneurship and a belief in its promises had fuelled Arshad’s passion and vision of a business that strove to satisfy all three components of the 3BL.

Recently, however, this belief was being challenged. Arshad understood that two of her policies—banning plastic water bottles and allowing a mentally challenged and disruptive client to continue to practise yoga at her studios, despite several complaints—were not generating the synergistic benefits for AY that her other sustainable policies had. This meant that either the promise of sustainable entrepreneurship was an empty one and compromises would need to be made at times, or that more innovative solutions that adequately transcended the 3BL tensions and generated synergies existed but had not yet been implemented. Arshad had to uncover these solutions or be willing to compromise her dream of sustainable entrepreneurship. To reach a decision, she decided to consider the pros and cons of the solutions she had implemented (see Exhibit 1).

EXHIBIT 1: Aparigraha Yoga—ISSUE AND SOLUTION SUMMARY

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Implemented Solution** | **Water Bottle Policy Issue** | | **Inclusivity Policy Issue** | |
| Continue operating with the current policy. | * Prohibit use of plastic bottles. * Loan reusable bottles for free. | | * Allow the disruptive client to continue attending classes. | |
| **Pros** | **Cons** | **Pros** | **Cons** |
| Make finances the priority. | * Sell bottled water. | | * Ban the disruptive client from attending classes. | |
| **Pros** | **Cons** | **Pros** | **Cons** |
| Propose a new synergistic solution. |  | |  | |
| **Pros** | **Cons** | **Pros** | **Cons** |

Source: Created by the case authors.

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3. All dollar amounts are in CAD unless otherwise stated. [↑](#footnote-ref-3)
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10. Tilley and Young, op. cit. [↑](#footnote-ref-10)
11. Ibid. [↑](#footnote-ref-11)
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14. “Safer Chemicals Project—Reducing Toxic and Hazardous Waste in the Health Care Community,” Canadian Coalition for Green Health Care, accessed September 22, 2018, http://greenhealthcare.ca/reducetoxics/. [↑](#footnote-ref-14)
15. Muñoz and Cohen, op. cit. [↑](#footnote-ref-15)
16. Hahn, Pinkse, Preuss, and Figge, op. cit. [↑](#footnote-ref-16)