It's Making Money, but is it Entrepreneurship? - A case study

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This paper provides an overview of N Brown Group plc (N Brown), Britain's 'most successful family business.' (1) The case is not intended to reflect either good or bad management practice but to provide a basis for considering whether the Company exhibits entrepreneurial behaviour. The paper has three principal parts. Part one introduces N Brown reviewing its activities, ownership, finance and internal measurements of success. Part two focuses on J.D. Williams & Co. Ltd. (JD Williams), the largest part of the Group. The paper introduces Sir David Alliance and reports on the management style, strategy, organisation, quality, human resources management and key current issues facing the business. The final part of the paper, after defining entrepreneurship, considers whether N Brown is an entrepreneurial organisation.

The first two parts of the paper are based on the 1993 Report and Accounts for the Group, the 1992 BBC Matters Programme which examined family businesses and discussions with Iain Macfarlane, Administration Director. The third part consists of the author's thoughts and reflections.

Key Words: Entrepreneurship; strategy; ownership; retail; home shopping; success.

1. Introduction

N Brown featured in a BBC Business Matters programme as 'Britain's most successful family business' measured on a basis of share price performance. This paper reviews the company to provide a basis for discussion of whether it should be considered entrepreneurial. Earlier versions have been used as a basis for classroom discussion and to identify critical success factors.

2. N Brown Group plc.

N Brown consists of four operating companies; J.D. Williams & Co Ltd, specialising in home shopping by catalogue; Dunlop Heywood & Co Ltd, consultant property surveyors; Morfitt & Turnbull Ltd, life assurance and pension brokers; Morfitt & Turnbull (Management Services) Ltd, investment managers. J.D Williams is the largest of these businesses accounting for around 96% of group turnover (1992/93). That company is featured in the second part of this paper.

2.1 J.D. Williams: Home Shopping

Home shopping by catalogue, while perhaps regarded by some as slightly old fashioned and down market, remains a significant element of the British retail scene. The UK direct catalogue sector grew fivefold in the 1983-1993 period. J.D. Williams's traditional market is amongst the less well-off sectors of the community and it makes a particular appeal to members of this group by offering a low cost credit facility. Such a facility would not normally be available to this consumer group whose incomes, or even home address, may disqualify them from obtaining the credit and account cards offered by banks, finance houses and the major retailers e.g. John Lewis Partnership, Marks and Spencer.

CATALOGUES	TARGET MARKET
JD Williams Oxendale Ambrose Wilson	Middle to late middle age, generally requiring credit and value for money products.
Heather Valley	Middle to late middle age, higher price range products.
Fashion World Candid	Mid thirties to late forties.
Whitfords Aldrex	Retired.
Special Collection	Clothing for customers with dressing difficulties.
Odhams	Home entertainment and publishing products sold by continuity clubs.
Langley House	Clothing and hardware products sold through national newspapaers.

JD Williams: Current Catalogues
Figure 1

JD Williams targets seven distinct markets through its range of eleven catalogues. These are detailed in figure 1. It seeks to maintain an old fashioned image which, according to Iain Macfarlane, Administration Director, offers ‘ a good match with the customers.’ However, JD Williams’ operations appear anything but old fashioned. It operates a computerised database which contains information enabling the Company to continuously adapt its offered products to changing customer expectations and to despatch catalogues to those customers who have the highest probability of buying. A second example of JD Williams’s commitment to obtaining value from contemporary technology is the microwave link between the Corporate Headquarters in central Manchester and its automated warehouse facility at Shaw on the outskirts. This new facility has fully automated sorting equipment and used laser scanning of bar codes a system which, on installation, enabled a reduction in unit costs coupled to improvement in speed and accuracy.

Combined with this technology approach is a business philosophy which ensures that the Company continues to offer an extremely wide range of sizes and fittings, many of which are difficult to obtain in High Street stores. It seeks to create brand value by clearly differentiating its products. An example of this is the recent research undertaken by the Company into the changing physical characteristics of its customers and the subsequent redesign of a number of products to reflect these changes. The product changes have reduced the number of items returned by the customers and increased their recorded level of satisfaction.

The Company's commitment to its customers, together with its clearly focused catalogues, is aimed at achieving a high level of loyalty throughout the consumer's purchasing life.

2.2 Dunlop Heywood: Property Services

The UK has a large and active property market, both for private and commercial premises. Dunlop Heywood is Manchester's leading firm of commercial property agents and consultants. While 1992-93 activity in the commercial sector was low throughout the UK, the strong reputation of Dunlop Heywood in the Manchester area enabled it to increase its billings by 9% and operating profit by 29% for that office. The operations in the south east of England saw fee income fall by 30% leading to a loss of £0.4 million.

Dunlop Heywood offers a full range of professional products including property management, valuations, rating and plant and machinery services. Recovery in Dunlop Heywood's fortunes may be expected to follow from the increase in commercial property activity seen in the UK throughout 1994 and the first part of 1995.

2.3 Morfitt & Turnbull: Financial Services

The two Morfitt & Turnbull companies offer independent financial advice to a wide range of clients, principally other companies and high net worth individuals. The Company has offices in Manchester, Birmingham, Glasgow and Edinburgh.

Investment business provides the bulk of income, supported by commissions on pension and life business. Morfitt & Turnbull offers its own 'Broker Bond' which, of all broker funds monitored by Micropal, has been amongst the top performers over the three years to April 1993.

2.4 Ownership

Although N Brown is a public limited company it is family controlled. Sir David Alliance CBE is Chairman and owns 45%, his brother Nigel Alliance around 14%. The other reportable shareholders – those holding more than 3% of the issued share capital – are investment funds and the N Brown Group plc Employee Share Ownership Trust. Taken together these owned 13.5% of the Company on 5th May

1993. Sir David became a director of N Brown in 1968 and reversed his mail order operations into it in 1970; he is also Chairman of Coats Viyella plc. A number of other directors have minority interests in the Group through share holdings and three on going share option schemes.

2.5 Group Financial Performance

The BBC (1) programme initially compared a group of businesses in which 25% of the equity had been held by one family over the period 1970 – 91 with those having more disparate shareholder groups. This comparison showed that the compound growth rate of all companies was 10.8% against 12.1% for the family businesses. In cash terms, £1000 sterling invested in a 'Family Business' would have grown to £11000 as against only £9000 for an 'All Share' index. This is a significant difference.

To select N Brown as 'Britain's most successful family business,' the BBC looked more closely at performance during the 1980s. This showed that £1000 invested in the Financial Times & Stock Exchange All Share Index in 1980 would have grown to £4000 by 1991. By contrast, £1000 invested in N Brown would have grown to £26000 in the same period – a 'staggering' (1) difference. The Group accounts for 1993 show that, for Capital Gains Tax purposes the shares, with a par value of 10p each, were valued at 5.3p on 6th April 1965, and 25.6p on 31st March 1982. The quoted market value on 29th March 1994 was £4.58p.

	1989	1990	1991	1992	1993	Growth (89-93)
Turnover £m	107.70	126.60	140.20	152.60	170.80	59%
Pre-tax profit	5.90	12.40	14.00	15.70	19.00	322%
Earnings per share (pence)	6.89	13.84	15.67	15.10	17.74	257%
Dividends (pence)	5.00	5.25	5.65	6.00	7.00	40%

N Brown Group: Financial Summary
Table 1

Share price and investment return represents only one method of evaluating the Company's performance; it is essentially a single success criterion. Working from the Group Report and Accounts for 1993 we can evaluate other measures. Table 1 provides a financial summary for the five years from March 1989 to March 1993. It should be noted that during this period Britain was considered to move through a deep recession with record numbers of corporate failures, many in the retail sector. Tables 2 & 3 record the Group Profit & Loss Accounts and Balance sheets for the 1992 & 1993 financial years.

	1993 £'000	1992 £'000
Turnover	170,842	152,616
Cost of Sales	(82,889)	(74,075)
Gross Profit	87,953	78,541
Distribution Costs	(15,172)	(15,690)
Sales and Admin Costs	(51,729)	(42,629)
Operating Profit	22,052	20,222
Exceptional Profit	522	0
Interest Payable	(3,305)	(4,052)
Gift to Employee Trust	(400)	(650)
Income from Listed Investments	176	166
Profit on Ordinary Activities before Tax	19,045	15,686
Tax on Ordinary Activities	(6,094)	(5,019)
Profit after Tax	12,951	10,667
Dividends	(5,111)	(4,372)
Retained Profit	**7,840**	**6,295**

N Brown Group: Profit and Loss Account

Table 2

	1993 £'000	1992 £'000
Fixed Assets		
Tangible Assets	27,083	27,550
	3,224	2,835
	30,327	30,385
Current Assets		
Stocks	23,717	19,764
Debtors	81,549	76,149
Investments	-	350
Cash at bank and in hand	942	2,314
	106,208	98,577
Creditors		
Amounts due within one year	(36,392)	(34,116)
Net Current Assets	69,816	64,461
Creditors		
Amounts due after more than one year	(27,000)	(30,000)
Provisions for liabilities and charges	(1,087)	(818)
	72,056	**64,028**
Capital and Reserves		
Called up Share Capital	7,301	7,301
Share Premium Account	24,880	24,880
Revaluation reserve	4,615	4,206
Other reserves	366	587
Profit and Loss Account	34,894	27,054
	72,056	64,028

N Brown Group: Balance Sheets

Table 3

The accounts are prepared according to the historical cost convention but allow for revaluation and depreciation of land, properties and investments where appropriate.

Stocks are valued at cost or net realisable value; foreign currency balances are valued at the balance sheet date.

Staff costs amounted to £20,741 million in 1993 against £19,383 million in the previous year, an increase of 7%. This should be seen against the background of an increase in staff numbers of 5% from 1392 to 1461. The total cost per employee has therefore risen slightly.

2.6 Financial Policy

Financially, N Brown seeks to strike a balance between the demand for good dividends driven by the outside interests and for capital growth associated with family ownership. It is important to note that neither of the Alliances is dependent upon the Company as a primary source of income.

Iain Macfarlane considers that there is a compromise between the ‘outside’ and ‘inside’ interests, particularly in respect of the time scale for return on investments. He suggests that, if the Company were owned exclusively by the Alliance family, then a longer term view would be possible on some issues than is currently the case.

The Group’s high share price is considered to be driven by two key factors. First, dividends have shown steady growth, as has earnings per share (see table 1). Second, the limited supply of shares in the market may be a major contributing factor, the shares perform well, and there are few sellers.

An indication of the level of confidence in the Group is provided by the recent rights issue which was timed to fund the new warehouse at Shaw. Initially funded by bank borrowing until final costs could be ascertained, the Alliances led the way on the rights issue by investing a further £10 million of their own money in the venture. The balance of funding, a further £10 million was easily raised. The reinvestment by the Alliances may be thought to have had two principal benefits. First, they demonstrated their own confidence in the investment, a feature which is always attractive to outside investors. Second, the balance of shareholder power was maintained. If they had not invested their own funds, there would have been a significant dilution of their stake in the business and it is conceivable that the balance of funding would have been more difficult to obtain.

2.7 Other Aspects of Success

The Group recognises that there are other aspects and measures of success than the purely financial. For example, they recognise a social obligation to the communities in which they operate, seeking to ensure continuity of employment and growth in numbers consistent with the needs of the business. N Brown has a reputation as a good employer, although naturally this suffered when the opening of the new warehouse reduced the overall staff numbers. The Group aim to reward staff properly for their efforts and achievements and are also involved in sponsorship of local events.

Customer retention is regarded as a prime measure of success. If customer needs are satisfied it is to be expected that they will transact further business with the Group.

Perhaps a little cynically, it may be considered that each of these measurements converts to a gross financial indicator and is undertaken because it is good for business rather than from any explicit desire to contribute to social and individual well-being. For example, existing customers are cheaper to service than new ones and there is a lower marketing cost. Staffs who consider themselves fully rewarded for their work will be more loyal, and may be harder working, and it is certainly cheaper for the Group to develop and work with existing staff members than it is to recruit and train new ones. Sponsorship and involvement in community events may simply be viewed as another form of advertising. This issue of social contributions will be pursued in the final part of this paper.

2.8 Summary

This section of the paper has introduced the four constituent companies of N Brown Group plc. Ownership and financial matters have been considered and aspects of success discussed. The next section will focus on JD Williams, the largest of the four companies.

3. JD Williams

This section of the paper makes an in-depth examination of the way in which JD Williams, the catalogue home shopping arm of N Brown, is managed. It begins by introducing Sir David Alliance CBE, Chairman and majority shareholder of the Group and the Company.

3.1 Sir David Alliance CBE: An “Elite Entrepreneur?”

Sir David Alliance is considered by Jennings et.al. (2) to be an “elite entrepreneur,” that is, a multi-millionaire business leader who operates his/her own firm to develop growth potential. Born in 1932 and initially educated in his native Iran, Sir David came to the UK aged 17 as a textile buyer. With a family background in textiles, he became interested in business as a whole and in production in particular. He recognised the good opportunities for the mail order retail sector and acquired his interest in N Brown in the 60s remaining in that business ever since.

In 1956, at the age of 24, Sir David made his first acquisition – financed by a loan from a 'car dealer.' (2 page 13) The loan was taken at what might be considered a usurious true interest rate of 34%! Bank rate at the time was 4.5%. The business purchased was Thomas Hoghton of Oswaldtwistle. Sir David subsequently acquired Spirella in 1968, Vantona in 1975, Viyella in 1983 – forming Vantona Viyella, Nottingham Manufacturers in 1985 and Coats Paton in 1986. This led to the formation of Coats Viyella plc, a very large group, of which Sir David was Group Chief Executive until 1990, and remains Chairman.

Coats Viyella absorbs much of Sir David's time, being much larger than his family Company. However, he still finds times to speak with the executive of N Brown Group every day "wherever in the world he happens to be," and normally visits the business on a weekly basis.

Sir David, who is described as being a 'private person', is believed to have achieved his success through a number of factors. N Brown is not considered by its executive as a 'personality' dominated organisation, but rather one built on hard work, clear direction, focus and some luck. There is tremendous senior management loyalty to Sir David and the company; some staff at this level having been with the company for over twenty years.

Despite being a private person Sir David is publicly well respected. He became a Commander of the Order of the British Empire (CBE) in 1984, a Companion of the Textile Institute in the same year, a Companion of the British Institute of Management in 1985 and a Fellow of the Royal Society of Arts in 1988. Sir David was awarded his knighthood in 1989. He has also been honoured by the academic community, becoming an honorary Fellow of the University of Manchester, Institute of Science and Technology in 1988 and an honorary Doctor of Laws in the University of Manchester in 1989.

3.2 Management Style

Despite his active daily interest in the progress of JD Williams, there is no 'personality' cult at the company and Sir David "does not run the business". It is run by the Chief Executive Jim Martin (who is also Chief Executive of N Brown Group) and his fellow Directors. Jim admires Sir David's approach, particularly his ability to stand back and look at the Company as a whole. Sir David is careful in his selection of staff, but once appointed, he believes in letting them fulfil their function saying that "it is important to have the right people doing the job they are best at and let them get on with it."

The Senior Management group at JD Williams is evidently very cohesive and there is a strong "corporate ethos – an atmosphere" (3) – a sense of the way things are done around here. This has created a situation where emerging issues and problems are openly discussed, pitfalls largely foreseen and avoided and, in the main, collective responsibility is accepted for the decisions of individuals – a kind of collegiate ratification of individual behaviour.

Historically, the Company had a blame culture – one in which those responsible for a failed action would be sought out. Considerable movement has been made away from this pluralist environment towards a more unitary view which:-

> "places emphasis on the achievement of common objectives. The organisation is viewed as being united under the umbrella of common goals and striving towards their achievement in the manner of a well-integrated team" (4)

Suggesting that "they tend not to fall off cliffs" because of foresight and close support, Iain Macfarlane advises that the company, in the limiting case, asks those they regard as *maverick* staff to leave, although they initially try to reorient their activities and attitudes to conform to the group norms and expectations.

All staff of JD Williams know the senior people in the organisation and direct communication is encouraged. There are few evident barriers, for example, Chief Executive Jim Martin answers his own telephone and calls are not normally intercepted by a secretary. In 1992 and 1993 corporate videos were commissioned to communicate important aspects of the Company's performance to all staff and these were supported by briefing sessions and presentations by senior managers to groups of 20-25 staff. This represents a significant commitment of both time and money when staff numbers are approaching 1500, needing between 60 and 70 separate meetings. A 'customer care line' is also operated to allow customers to register problems and complaints. This facility is regularly used by staff to air their own views and the problems which they encounter in their daily work.

The concerned and generally caring approach is also clear in the Company's consideration of whether or not to purchase goods from lesser developed countries. A significant proportion of goods are imported and there has been internal debate on the moral issues surrounding this aspect. As a result the Company seeks to establish long term relationships with its suppliers and, once having found the appropriate merchandise at the right price and quality, seeks to ensure continuity of supply. This is seen as maximising satisfaction for their customers, their suppliers and themselves. Inevitably these relationships do occasionally break down when the supplier fails to perform on price or quality.

JD Williams is run in a cost conscious and profit oriented way with continuous adaptation to match changes in the market place. The Company believes that it anticipates the market well. It is careful to avoid activities which it regards as not being central to the business.

3.3 Strategy and Planning

JD Williams is clearly focused on the pursuit of excellence in its core activities; equally clearly it takes a dynamic approach, not resting on the laurels of past success. There is obvious concern with providing value for money products to a distinct section of the population to whom this matters – that is those with limited spending power. JD Williams concentrate on matching product quality to customer expectations.

The strategy is best described as one of continuous growth and continuous improvement – perhaps fitting Porter's 'cost- focus' generic category i.e. targeting a specific segment of the market and placing emphasis on providing value for money to that sector of which the Company has (and must retain) a substantial market share. That means operating from a relatively low-cost, high efficiency base. The performance of the Company, and the high level of repeat business, suggest that these things are being achieved.

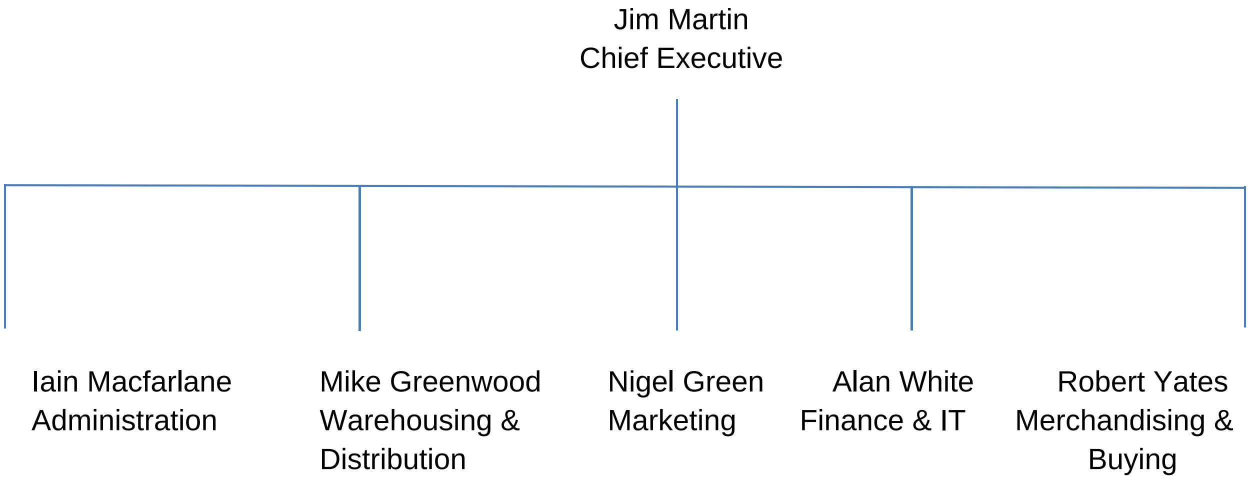
JD Williams is, at the same time, investing to maintain its position. This is evidenced in the use of high technology in its communications and warehousing activities and the extensive customer database. It has already been noted that the Alliance family personally funded 50% of the new warehouse investment.

The Company works to a business plan which has a broad level of accuracy for a forward period of three years. The first year of the plan is fairly precise and, with the extended lead times for selecting goods and preparing catalogues, a high quality and accuracy of forecasting is vital. For example, in January 1994 the Autumn/Winter 1994 catalogues were at a high degree of readiness and the Company was planning its Spring/Summer 1995 catalogues. The second and the third years of the business plan offer much greater flexibility while still following the established broad direction. The Company does not plan beyond the three year horizon, but the plan is regularly updated.

Performance monitoring is through a basket of statistics and indicators which the executive consider highlight the important aspects of the Company.

3.4 Organisation

At the Corporate level N Brown Group operates on the divisional basis as described. It is split into the four distinct businesses with their diverse interests.



JD Williams: Organisation Chart
Figure 2

JD Williams is organised along functional lines as shown in figure 2. Within this structure sales and profitability are monitored through the different catalogue titles (shown in figure 1). Each of the sectors has a marketing board with full responsibility for its success.

All management staff participate in a reward system which includes both bonuses and share options. This scheme goes beyond pure profit performance to include a variety of other objectives for the Company. These are measured both quantitatively and qualitatively, for example the bonus system is driven by both profits achieved and service improvements attained (measured against the level of customer complaints).

A work measurement system is in place for the operations staff. This has a focus on identifying scope for improving performance. At the new Shaw warehouse, all weekly paid staff participate in a bonus system based upon the work measurement results. The present system is under review and consideration is being given to introducing a scheme for clerical staff based upon both quantity and quality of work. In pursuit of continuous improvement Iain Macfarlane indicated that the management group are looking to reorient the Company throughout. The objective is to bring about a cultural 'sea change' aimed at raising levels of motivation for the benefit of the Company, the workers and the customers. A part of this process will be a shift from emphasising quantitative measurement to a focus on qualitative issues.

The Company recognise that overall service quality in the UK retail mail order sector has traditionally been poor. It is trying hard to improve. As part of its initiative, a quality programme was introduced in 1991 which has achieved some success.

External support is obtained from Professor Brian Moores of the Manchester Business School, to advise on this and other issues.

3.5 Human Resources

The Group acknowledges that the changing spread of its ownership away from the status of family business, accompanied by significant business growth and increasing investment, requires commensurate changes in its human resource management. This is evident at JD Williams.

A need has been identified to retrain, redevelop and reorient staff and to bring in new staff from outside the Company to enhance and widen their present skills base. One example of this recognition is the recent recruitment of an Operational Researcher from an airline. This individual is seen to contribute to the Company knowledge from a completely different organisational paradigm, although one clearly linking feature between the different industries is the focus on customer service.

In appointing staff, the Company seeks a mixture of highly focused skills relevant to the particular job, coupled to a broader range of more general management abilities. While this may be seen as a very demanding specification, once appointed, the individual is expected to perform his task with a high degree of autonomy and a complementary degree of competence.

Management succession is an issue on which Chairman, Sir David Alliance, has made his view very clear. In relation to his own role he suggests that "It's not who they are, it's what they know, that's what's important." This suggests that it will not necessarily be a member of the Alliance family who will inherit his position when he relinquishes it. A suggestion could be made that, with no natural family successor in the business, this is a relatively easy thing to say. However, to Sir David, what seems to matter is the success of the business.

He recognises that individuals are highly skilled in areas where he himself is not, he appoints them on that basis and expects them to do the job. It is clear that this policy is followed in appointments throughout the Group and, paraphrasing Sir David for N Brown Group, it is not brave or risky to appoint people to a job and let them get on with it, it is:

"Why we're making money."

3.6 Summary

This section has reviewed JD Williams, the principal operating company of N Brown Group plc. introducing Sir David Alliance and considering the management style, strategy, organisation and human resource management. The next section provides a brief connective summary, before progressing to part five of the paper which considers whether N Brown Group is an entrepreneurial organisation.

4 A Connective Summary

The work so fare presented suggests a well- run and successful Company which is adequately prepared for the future. It has sound finances, reasonably accurate financial information, a training and development programme for management staff and has recently appointed Executive Directors for both Personnel and Information Technology. The Group however must face two severe tests in the coming years.

First, Sir David Alliance has provided clear leadership to the Company since his first involvement in the business over thirty years ago. Jim Martin, Chief Executive, has been at the company for twenty years and it is clear that together they have been a successful partnership. However, in preparing for the future, the Company needs to look at the issue of succession to both of these key men. While it is certainly hoped and expected that Sir David will continue his active involvement and control for some considerable time, and Jim Martin appears as his natural successor, it must be appreciated that Sir David is beyond normal retirement age and Jim Martin is over 50. Full preparation for succession now should help to ensure that the success of the Company extends beyond the present incumbents.

The problem of succession has not been addressed in respect of other senior managers either. Iain Macfarlane suggests that any one loss would not be a problem since the collegiate decision making approach would enable all the Company’s needs to be addressed in an emergency. He does acknowledge though that this would be a stop-gap, rather than permanent, solution. He recognises that there is a real need to invest time and effort in dealing with this area.

The second key and connected issue may be expected to emerge over time is that of ownership. It has already been stated that Sir David and his brother own around 59% of the Company, it is quite possible that their successors in ownership will have different requirements and expectations from their own. For example, they may wish to sell their interest, fragmenting the share holdings and leaving it as a manager-controlled, rather than owner- controlled organisation. Alternatively, they may wish to run the Company themselves, bringing in their own management approaches and styles. Sir David’s views and those of his brother have not been sought. It remains an open question.

5 It’s making money: but is it entrepreneurship?

This section of the paper commences by reviewing various definitions of entrepreneurship before selecting one as a device through which to examine N Brown Group.

5.1 What is Entrepreneurship?

A standard dictionary definition of an entrepreneur is of “the owner of a business who, by risk and initiative, attempts to make profits.” (6) This definition adequately represents the standard perception of the subject. Many, if not all, owner-managers would perceive themselves as entrepreneurs in those terms. The perception must be questioned though when the word ‘initiative’ is examined, carrying as it does the implication of initiation, suggesting something novel or innovative. The opening of yet another corner shop, small printing or engineering works, offering established products to a known market, is not suggestive of change and innovation, more realistically it may be considered as opportunism.

Drucker (7) cites J B Say’s definition of an entrepreneur as one who:

> “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.”

Again, the principal focus of this definition is economic benefit, and for the present writer this simply suggests good management practice, rather than anything more. A Manager, whether or not he or she is an owner, who does not maximise the potential yield of all the resources under his or her control, is simply neither effective, nor efficient. The focus on economic benefit, albeit in a 200 year old definition, again appears inadequate for contemporary purposes.

On a global scale, it can be argued that mankind has almost infinite capacity for the creation of products and services. Certainly there seems to be sufficient production capacity to satisfy known demands, there must then be limits to the achievement of economic benefit through “traditional entrepreneurship,” limits imposed and constrained by issues of competition and collaboration between industries and countries. That more adequate and perhaps equitable ways of distributing resources, as opposed to accumulating them, must be found seems to be an area of debate which must be at least implicit in the definition.

Drucker’s own view (7 page 40) is that:

> “everyone who can face up to decision making can learn to be an entrepreneur and to behave entrepreneurially. Entrepreneurship, then, is behaviour rather than personality trait. And its foundation lies in concept and theory rather than intuition.”

This view begins to be much more useful. The definition doesn't mention money – it mentions making decisions. It emphasises ways of behaving, not ways of being, and it seeks concept and theory not guesswork and luck. Luck and risk taking seem to be much over-emphasised aspects of most entrepreneurial stories, Jennings et al (2 p. 114) cite the golfer Gary Player "…. Isn't it funny, the more I practise the luckier I become."

Drucker's definition is action oriented and suggestive of a systematic approach. In his work he stresses the need for entrepreneurship to add new value for the customers or users of the service or product and takes his approach beyond business, into public and not for profit organisations, demonstrating the scope for innovation and change in those areas.

Oliga, (8) in the first editorial of the present journal, criticised the "pratical impoverishment," and "blind preoccupation" with small business that so characterised prior publications in the field of entrepreneurship. He called for a definition and study of entrepreneurship which saw it as:

"enterprising action underpinned by that spirit that embraces challenges of risks which may be economic, social or political in nature."

This is a more useful, if very general, definition. It, again, emphasises action linking this to challenges and broadening it to embrace the whole of society, which we may consider as contained in the "economic, social or political" requirement.

Flood (9 pages 13-25) crystallises the contemporary view. Cautioning that research in the area of entrepreneurship and the achievement of a new definition will not provide a universal panacea, Flood proposes that entrepreneurship and intrapreneurship are linked by a time continuum across the life-cycle of ventures. This requires different ways of behaving at different stages of the development of ventures and demands different definitions of entrepreneurship and intrapreneurship.

He sees the entrepreneur as:

> "a person (or group) who initiates and manages enterprising new ventures."

An intrapreneur is defined as:

> "an innovative person (or group) in a project situation who (re)vitalises management (the five functions) to sustain and strengthen enterprising new, establishing or established ventures."

Flood's requirement that the intrapreneur needs to be in a "project" situation perhaps should be contested – this seems to be an unrealistic constraint in the contemporary world. A world characterised by "discontinuous change" (10) and the levels of economic, political and social upheaval that has been seen in the past decade, and which looks set to continue, probably cannot afford to wait for "projects." For the present writer, the intrapreneur need only be in a management situation, since every manager should have the responsibility, along with the capability and authority, to (re)vitalise management in his or her area. It Tom Peter's (11) world of "spaghetti organisations," "abandonment," "perpetual re-invention" and "liberation management" is the future then entrepreneurship and intrapreneurship represent a new normality.

Flood's work, as amended, seems to address the key issues of the search for a contemporary definition of entrepreneurship. Between the two definitions they capture the notion of a time frame in which changes must occur, they embrace all sorts and forms of organisation and the motivations for creating them, they do not preclude Oliga's concern with the "economic, social and political," and, they hold to the requirement, suggested by Drucker's work, that entrepreneurship be grounded in "concept and theory," in this case that of management theory and systems thinking.

5.2 N Brown Group: Revisited

This section uses the key words (*in italics)* from Flood's definitions to consider whether N Brown Group is entrepreneurial. The time perspective will also be captured.

At the outset, in 1956, there can be little doubt that Sir David Alliance was an entrepreneur – he purchased, with borrowed money, a bankrupt textile mill. He has successfully managed and grown that business in the intervening period – between Coats Viyella and N Brown Group there are 80000 employees. From this simple example, it can be confirmed that the venture was entrepreneurial; Sir David has *initiated* (through his purchase) and *managed* a *new venture* – his own business, albeit built on the bones of one which was moribund. The action was *enterprising* – displaying "boldness and initiative."

The early motivation may have been entirely selfish – the need for an immigrant to generate an income in post-war Britain – or more generously may be seen as having focused on the lower end of Maslow's (12) hierarchy of needs – food, safety and security. This does not explain the subsequent events, nor take account of the other, broader, impacts of Sir David's work.

He maintained and created employment in areas which have seen many job losses in their traditional industries over the last forty years. This action can be suggested to have had a major *social* impact, since employment may be seen as the key to economic prosperity in contemporary society. It is certainly perceived to contribute substantially to societary cohesion and stability. While it cannot easily be demonstrated, it is suggested that the entrepreneurial decision of Sir David Alliance will have prompted, or enabled a number of other entrepreneurial decisions. For example, where there are factories employing people, there is generally demand for other services and industries both on the input, and the output side of the factory. Suppliers will be supported in the sense of transport organisations, engineering and maintenance companies, retailers and professionals will thrive on the incomes generated by the factory employees. In essence a whole local economy may be driven by the presence of a single factory or industry, and perhaps in effect, the economy creates and sustains the society?

It can be seen then, that at a broader level, what has become N Brown Group, also meets the specific criteria for social and economic innovation demanded by Oliga.

Turning to intrapreneurship, the Company again meets the criteria suggested. The case study (sections 2 & 3) reveals that the Company is constantly and continuously *innovating* to adapt and maintain its position. It is *sustained and strengthened* through *product innovation*, through *changes* and enhancements in the use of technology and by *training and development* of staff. It is always seeking to better satisfy its customers. This *innovative* behaviour represents the whole pattern of the organisation, what might be seen as a whole-hearted embrace of the “kaizen” (13) or continuous improvement quality philosophy.

In management terms, looking at the “five functions” (9) a coherent pattern can again be seen. The Group is focused on achievement - *implementation*, its activities are *co-ordinated*, it is tightly *controlled,* while placing emphasis on *development* , and it has clear *policies* , i.e. a clear identity which seems to the observer, to be shared at all levels in the organisation. If shared identity can be measured in any sense, it is probably through culture. In the case of N Brown Group, the culture is apparently common from the shop-floor to Sir David and the Senior Management Group.

We can measure the intrapreneurial stance of N Brown Group on an international scale. The case study shows the belief in stable long term relationships between the Group and its suppliers. Now the social effects can be measured not just for a local society in Oswaldtwistle or Manchester, but in China and the countries of other overseas suppliers. Again the perceived impact is substantial.

Economically of course there are benefits, orders from N Brown Group help to *sustain* and *strengthen* overseas factories, and in so doing, create and maintain employment and wealth generating opportunities. The impacts extend beyond simple economics. Without necessarily seeking to impose western standards and social ideologies on its suppliers N Brown Group does reflect on the moral and social aspects of its overseas business. It recognises limits to what behaviours (employment and social practices) it should implicitly sanction or condone through the placing of orders. The management strive to maintain an adequate balance between the need to satisfy its own investors and customers and what constitutes a satisfactory compromise on operating conditions and continuity in other cultures.

5.3 Summary

"The reasonable man adapts himself to the world; the unreasonable man attempts to adapt the world to himself. Therefore all progress depends on the unreasonable."

George Bernard Shaw

Overall, with its continuing emphasis on innovation and renewal and its tremendous commercial success throughout a challenging forty year period, it has to be said that the behaviour of N Brown Group answers to the criteria of entrepreneurship. There is however one caveat, N Brown Group, outside of its core area, appears as a follower rather than as an initiator, taking advantage of new technology, reacting to changes in customer requirements and demands, rather than initiating adaptation. Corporately, it is perhaps Shaw's "reasonable man" and as such follows progress rather than creates it.

6. Conclusion

This paper has provided an overview of N Brown Group plc. "Britain's most successful family business", with a particular focus on JD Williams, and attempted to discern whether it may be regarded as "entrepreneurial." To achieve this a crystallised definition of entrepreneurship and intrapreneurship in the contemporary context were offered.

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