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Cases, Notes and Articles

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California State University, Los Angeles
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The Western Casewriters Association (WCA) is the Western regional association of business casewriters. WCA is associated with the North American Case Research Association (NACRA) and the Western Academy of Management (WAM). Its purpose is to train, develop and support business case writing for research and pedagogical purposes. WCA organizes an annual conference for experienced and new case-writers and academics using cases for teaching and publishes the ***Journal of Case Research and Inquiry***. Visit the WCA website at www.westerncaswriters.org

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The North American Case Research Association (NACRA) is a nonprofit, voluntary professional association whose mission is to promote excellence in case research, writing and teaching in business and other academic disciplines. WCA is NACRA's western affiliate, and the WCA president is a member of NACRA's Board of Directors. Visit http://nacra.net

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JCRI Editorial Policy

Approved by the **JCRI** Editorial Board March 9, 2017; updated September 15, 2022, April 6, 2024.

Aim and Goals

The ***Journal of Case Research and Inquiry*** (**JCRI**) is a publication of the Western Casewriters Association (www.westerncasewriters.org). **JCRI** publishes peer-reviewed case studies (cases) prepared from primary and secondary research, as well as pedagogical articles, notes and exercises. The journal publishes one issue per year, and if submissions so merit, may publish additional issues with editorial board approval. **JCRI** publications are available online, full text, and free of charge at www.jcri.org.

Scope and Content of the Journal

The journal publishes cases that address significant contemporary and perennial issues faced by organizations and managers in the areas of business and public administration, nonprofit management, social entrepreneurship, economics, education, and public policy. The journal publishes both Teaching Case Studies and Consulting Case Studies. Cases may be derived from primary field research, secondary research, or a combination of both. **JCRI** does not accept fictional cases, nor cases, notes, or articles previously published elsewhere.

Teaching Cases are primarily intended to support classroom instruction, including decision-making and the application of theory and best practices, and may or may not require a managerial decision. Teaching case studies have been used in higher instruction for more than

125 years. Teaching cases are necessarily accompanied by detailed Teaching Instructor Manuals (TIMs) that are not published but may be provided to instructors.

Consulting Cases ask the reader to develop solutions to issues faced by managers and organizations, with emphasis on practical solutions; these cases may be appropriate for final exams or other assignments. Consulting cases are accompanied by a detailed Consulting Instructor Manuals (CIMs).

All cases, IMs, notes, exercises, and articles are double blind peer-reviewed by at least two reviewers. IMs submitted should follow the guidelines provided at www.jcri.org. Case authors are required to obtain signed release forms, when necessary, from the organizations studied. The journal also publishes peer-reviewed articles, notes, and exercises. **Articles** are scholarly papers on case research, teaching with cases, and related pedagogical issues. **Notes** are industry or theoretical analyses or summaries of research or law to accompany cases. Finally, **Exercises** provide a *"case like"* learning experience in the classroom and may be associated with teaching cases or stand-alone; exercises are typically accompanied by a peer-reviewed instructor manual.

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At the editor's discretion, a submission to the journal may be rejected without a full review, particularly if the manuscript does not align well with the aim and scope of the journal. Otherwise, all submissions shall be blind peer reviewed by at least two qualified reviewers. Authors shall receive reviewers' comments, together with a decision (reject, revise and re-submit, conditionally accept, or accept) by the Editor. Unless approved by the Editorial Board, no cases or papers shall be invited, and none published without undergoing the peer review process. The journal's Publication Ethics policy, including requirements for reviews, retractions, corrections, and appeals is available at www.jcri.org.

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There shall be no fees to publish in the journal, however the policy of the journal is that at least one author of each case, article, note, or exercise must be a WCA member for the year in which the case is published. To join WCA, please visit www.westerncasewriters.org. Attendees at the annual WCA conference are automatically members of the association for the year following the conference.

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Authors of cases presented at the WCA conference will be invited and encouraged to submit their work to the journal. However, all submissions (whether presented at WCA, NACRA, or another conference) will undergo the peer review process. No paper - even a WCA award-winning case - shall be guaranteed publication in the journal.

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The journal shall require signed release forms from organizations, which must be collected by case authors for any case to be published that was carried out using primary research. A sample release form can be found at www.jcri.org.

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Authors must be fully transparent regarding the use of generative AI in their submissions. If authors used AI or AI-assisted software to aid in writing any portion of their submission, this use must be declared in full in the instructor's manual of a case study and/or in a statement at the end (prior to references) of an article, note, or exercise. Authors must include what program was used, prompts, and details of outputs and any adaptations of outputs that appear in the submission. Authors should also include a footnote on the first page of the case, article, exercise, or note indicating that some of the content in the case was written by an AI or with the support of an AI tool. AI and AI-assisted software tools cannot be considered co-authors on submissions. (Adapted from North American Case Association (NACRA) submission details, March 22, 2024.)

JCRI Journal of Case Research and Inquiry

JCRI Publication Ethics Policy

Approved by the **JCRI** Editorial Board March 9, 2017; updated September 15, 2022.

1. ***Board Accountability***. The **JCRI** Editorial Board shall be responsible for establishing and updating, as needed, the Publication Ethics Policy of the ***Journal of Case Research and Inquiry***.

2. ***Editor Responsibilities.*** The **JCRI** Editor shall be responsible for the content of the cases, notes, articles, exercises, and letters published in the journal. In consultation with the Editorial Board, the Editor shall endeavor to ensure that the content of the journal meets the standards of quality expected by the Western Casewriters Association (WCA) through the application of the blind peer-review process. The Editor shall also be responsible for ensuring that any non-peer reviewed content of the journal is clearly identifiable.

3. ***Records.*** The **JCRI** Editor shall keep accurate records of submissions to the journal, reviews, revisions, acceptances, and all other pertinent information to be able to inform the Editorial Board and WCA members of the status of the journal. The Editor shall also maintain a list of qualified reviewers for the journal that is updated based on reviewers' performance (availability, quality of review, and timeliness).

4. ***Continuous Improvement.*** The Editor shall strive for continuous improvement of the quality of the journal and the quality of the published cases, articles, notes, and exercises in each issue. The Editor shall seek the advice and input of Editorial Board and WCA members on ways to improve the quality, appeal, and usefulness of the journal.

5. ***Retractions and Corrections.*** The **JCRI** Editor shall be responsible for the publication of retractions, corrections, or clarification as needed, and shall keep the Editorial Board aware of any issues that might necessitate a retraction, correction, clarification, or apology.

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8. ***Decisions and Appeals.*** Decisions to accept or reject cases, articles, notes, and exercises shall be based on each paper's importance, originality, clarity, and pedagogical relevance as well as adherence to the submission requirements provided at www.jcri.org. Editorial decisions shall not be affected by the origins of the manuscript, including the institutional affiliation, nationality, ethnicity, political beliefs, race, gender, religion, or sexual orientation of authors. Authors whose submissions to **JCRI** have been rejected may appeal to the President of the Western Casewriters Association at www.westerncasewriters.org.

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11. ***Case Release Permissions.*** Authors of cases shall be required to reveal the sources of information (primary, secondary or both) and to obtain signed release forms, when necessary, from the organizations studied, prior to publication of cases. Specifically, signed release forms shall be required when primary data have been used as source of information.

Letter from the Editor

This is the 11th volume of the ***Journal of Case Research and Inquiry***. With this volume, so far **JCRI** has published 80 **case studies** prepared from primary and secondary research by 202 casewriters, each one accompanied by a detailed peer-reviewed **instructor manual**. In addition, we continue to publish outstanding case-like pedagogical **exercises** for use in the classroom, alongside **notes** and **scholarly articles** related to case research and case teaching. Each case has been thoroughly reviewed and is ready for the class. Instructors who use **JCRI** cases or exercises may request from the journal the accompanying instructor's manual. The cases published in **JCRI** address diverse issues in business and society. They include studies of for-profit, nonprofit, and governmental organizations in several countries around the world. While most of the cases published were based in the United States, **JCRI** publications have also included cases on truly global companies, as well as organizations operating in Argentina, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Egypt, El Salvador, Honduras, India, Ireland, Japan, Mexico, Moldova, Mongolia, Nepal, Niger, Pakistan, The Philippines, The Solomon Islands, S. Korea, Thailand, and the Ukraine. We welcome submissions about classic or contemporary business issues anywhere in the world.

Instructors will find cases on everything from entrepreneurship and small business management to decisions by major multinational organizations. Cases, notes, exercises, and articles published in the journal are available online, full text, and free of charge at www.jcri.org. The editor is also available to support authors' tenure and promotion.

In the volume, we publish 9 new case studies and one pedagogical case-like exercise. Topics in the present volume include leadership and business ethics, entrepreneurship, small businesses management, finance, business valuation, strategic diversification, and international business. **JCRI** cases and exercises are ready for use in the classroom, and instructors may include in course syllabi links to cases at www.jcri.org.

JCRI is the publication of the Western Casewriters Association (WCA). On the WCA website, http://www.westerncasewriters.org/, authors will find a call for cases for the next WCA conference. The WCA annual conference is a unique opportunity to engage with other casewriters in a small group format to exchange feedback and polish-up a case, learn about teaching with cases, and enjoy presentations from leading case authors and case educators. The WCA is held in association with the annual meeting of the Western Academy of Management. We are grateful to our authors for their submissions and especially grateful to our reviewers for their detailed, insightful comments on the case submissions for this volume. We look forward to receiving well-written cases, notes, exercises, and article submissions for **JCRI** in 2027.

Steve McGuire, Editor
Journal of Case Research and Inquiry

Yang Zhang, Associate Editor
Journal of Case Research and Inquiry

Letter from the Special Issue Editor – Consulting Cases

In 2025, JCRI launched a new, practitioner-oriented track for CONSULTING CASES, providing authors with a platform to assume the role of consultants. The emphasis in Consulting Cases is on practical solutions over theoretical applications; they contribute to the authors' portfolio of validated work on challenges faced by managers and organizations.

The authors of Consulting Cases receive support and the opportunity to submit their cases to the annual "Making Your Consulting Case" Competition, where each case undergoes blind review by at least three judges — peers, consultants, and practitioners in the field — and receive their valuable feedback. Two of the finalist consulting cases of the 2025 competition have been revised based on judges' suggestions, submitted to the Journal of Case Research and Inquiry, and accepted for publication in the 2026 volume.

Julia Ivy
Special Issue Editor – Consulting Cases
Journal of Case Research and Inquiry

TABLE OF CONTENTS WITH CASE SYNOPSES

TEACHING CASES

By Connie D.M. Allsopp and George L. Whaley

The unexpected death of the Canadian-based Suntracker Technology Ltd.'s (STL's) co-founder, Ian Ashdown, highlighted an often-overlooked issue of succession planning in small, closely held firms. Whenever the topic of succession planning had come up, co-founder Wallace Scott emphasized the need for leaders to communicate often and remain flexible so that the company could pivot quickly. The importance of succession planning became more urgent after Ashdown suddenly passed away in June 2023, and the management team found that Ashdown's knowledge, skills, and expertise were difficult to replace. The remaining company CEOs were in the career stage that would suggest an exit strategy over the next five years, and a departure plan would be needed to sustain the firm in either a one-company or dual-company format. The CEOs were uncertain whether their intentional leadership work of knowledge transfer through informal communications would remain the focal point or whether a more formal succession plan based on leadership would become the major change driver as the company evolved.

Readers are asked to analyze the case from the perspective of CEOs Lang and Scott and recommend what succession approach should be taken to address their legacy, the legacy of the deceased co-founder, and the sustainability of the company over the next five years.

Key words: Succession Planning, Communication, Knowledge Management, Leadership, Lighting Design Industry

This case covers the saga of Kayla Lemieux, a high school teacher who donned large breasts with protruding nipples at the start of the 2022 school year at the Oakville Trafalgar High School. It chronicles how the Halton District School Board (HDSB) in Ontario, Canada reacted to the situation as it was unfolding and prompts students to answer the question: What should the board do? Legally, morally, and responsibly, the HDSB needs to arrive at what it 'can' (or cannot) do next. Are the school board's hands (perhaps) tied? Sometimes organizations like to be constrained – saying 'sorry cannot help,' so even if it wanted to help, it simply does not have authority to do so.

Key Words: School board, tolerance in the workplace, inclusive environment, freedom of expression

The California Department of Pesticide Regulation (CDPR) introduced a Strategic Pest Management (SPM) Roadmap to phase out high-risk pesticides, focusing on health and environmental safety, especially for vulnerable communities. This posed a strategic challenge for TriCal CEO Dean Storkan, who aimed to enhance stakeholder education on sustainable pest management. Founded in 1961, TriCal specialized in soil fumigation for California's high-value crops, treating around 53,000 acres in 2021. Despite diversifying, the company maintained a focus on soil fumigation, navigating strict regulations to support growers. Global agriculture faced mounting pressure, with food demand projected to rise up to 56% by 2050, underscoring California's $59 billion agricultural sector's role. Advances in agricultural science had enabled high yields even with fewer farms, and soil fumigation remained crucial for specialty crops like strawberries and almonds. Demand for AgTech, including precision agriculture and sustainable farming practices, was increasing, yet balancing productivity with sustainability remained challenging. To address CDPR's new regulations, TriCal needed develop a proactive non-market strategy to influence stakeholders and promote its sustainable initiatives.

Key Words: Non-market strategy, Stakeholder management, Business-environment, Sustainability

UNITING EAST BOSTON FOR POST-PANDEMIC RECOVERY: STAKEHOLDER APPROACH, p. 83

By Julia Ivy

The case focuses on stakeholder analysis for product development. It takes readers to East Boston, a majority-minority community where most residents are immigrants from Latin America who settled in Boston in the mid-twentieth century and launched local businesses. In the 2000s, East Boston became a target of gentrification by educated Millennials, drawn by the neighborhood's lower housing costs and proximity to Boston's downtown and waterfront. Immigrant-run small businesses and affluent Millennials in East Boston rarely interacted with one another, leaving the neighborhood divided into two worlds. The COVID-19 pandemic deepened this divide, with educated Millennials and local small businesses suffering the most severe damage. Dr. Ivy and her team aimed to create an event that would bring together these two groups of stakeholders, enabling them to benefit from one another. Immigrant-run local small businesses would invite new residents and involve them in problem-solving, while highly educated Millennials would invest in their edge-focused employability. Other stakeholders included officials from the City of Boston, who were interested in neighborhoods' recovery and the development of an inclusive economy.

Keywords: *Boston, immigration, Millennials, stakeholder management, entrepreneurship, project management, new product development, value proposition, gentrification.*

SNOW PEAK: DOES THE DIVERSIFICATION STRATEGY HAVE TO BE TWEAKED OR HAS IT PEAKED? p. 101

By Nakato Hirakubo, George L. Whaley & Craig Davis

Snow Peak was a Japanese outdoor and camping gear company founded by President and CEO Yukio Yanai in 1958 that operated stores nationwide and gradually began to expand into overseas markets. Although Snow Peak experienced a few downturns, the company grew steadily after diversifying from a traditional hardware wholesaler into a premier brand of outdoor and camping equipment. In 2014, Snow Peak found success in the fashion apparel industry, and the CEO who led this diversification resigned amid a personal life scandal in 2022. The former President and CEO, Tohru Yamai, returned as CEO, continued expansion in the fashion apparel sector, explored opportunities in the restaurant and homebuilding sectors, and launched a lifestyle store selling indoor furniture, kitchenware, and home decor. Loyal customers expressed dissatisfaction with his expansion strategy due to concerns about brand dilution. President Tohru Yamai was concerned about the impact of recent diversification and declining financial performance, as well as questions from core outdoors and camping equipment customers about brand dilution. Students are asked to determine whether Snow Peak had peaked and its business model required major adjustments or merely needed tweaking.

Key words: Strategy, Diversification, Outdoor and camping, Japan, USA

The Writers Guild of America (WGA) members were engaged in a strike over terms and conditions of employment, exercising their right to withhold labor and engage in picketing under federal labor law. During the strike, *The Drew Barrymore Show* attempted to resume production without its unionized writing staff; announcing the show would be "*completely unscripted"* and that it would not perform any writing work covered by the WGA strike. This decision raised legal and ethical questions and prompted immediate criticism from the WGA which maintained that any writing performed during the strike would be considered a violation of the collective bargaining agreement. Although Barrymore's role was governed by a separate agreement through the SAG-AFTRA's Network Television Code, the situation revealed the legal and ethical tension that can arise in workplaces governed by multiple union agreements.

Should Barrymore have delayed the show in support of the striking writers? Or was she justified in fulfilling her contractual role and protecting the employment of non-striking staff?

Key Words: business law, contracts, labor relations, union strikes, ethics, reputational risk, stakeholder conflict, risk management

CONSULTING CASES

Pacific Air Heating & Air Conditioning served Los Angeles and Orange County since 2008. It offered HVAC solutions for residential and commercial needs, including installation, maintenance, and service. To stay competitive, Pacific Air's performance should be measured against industry standards and local competitors, and the necessary actions should be taken to improve. Along with the desire to improve, the owner, Brian, had plans to expand the business across additional local regions. The Pacific Air team consisted of four employees: Brian, the owner and lead technician; Lauren, the administrator; Ellie, the office assistant; and Jason, the technician. Pacific Air had a dedicated team of employees, but potentially problems in the company's structure and leadership. While the owner, Brian, was well-rounded in many aspects of the business, he was often pulled in multiple directions.

Key words: small business management, family business, HVAC, Expansion, Management, Employee Turnover, Leadership, Psychodynamic, Motivation, Los Angeles, USA

KYIVSTAR: A TELECOMMUNICATIONS COMPANY UNDER INVASION, p. 183. By Jack Scott Jamroz

Oleksandr Komarov, the CEO of Kyivstar, faced the monumental challenge of maintaining operations while providing critical support to those afflicted by the Russian invasion of Ukraine from 2022 through the present. Kyivstar remained the largest provider of network, telecommunication, and data services in Ukraine, despite the necessity of constant infrastructure repairs to damaged towers and the provision of free services to displaced citizens, both of which significantly affected the company's overall profitability and cash flow. The heightened climate of uncertainty in Ukraine demanded that Kyivstar diversify its revenue streams by expanding into international markets to hedge against domestic volatility.

In addition to navigating financial stress, the company had to account for reputational damage and operational disruptions caused by sophisticated cybersecurity attacks targeting its critical infrastructure, factors which limited expansion opportunities and potentially hindered customer adoption. The company faced the risk of failing to meet the CEO's dual goals of rebuilding national infrastructure and supporting afflicted communities, all while suffering further financial decline and resource depletion. A decision on which market entry strategy to pursue had to be made to ensure long-term sustainability in the face of conflict: whether to expand Kyivstar's digital network into Bulgaria or Moldova, another country, or none at all.

Key words: Kyivstar, Ukraine, Moldova, Bulgaria, Global Business, Market Entry, Emerging Economies, Telecommunications, Telehealth Services, Global Expansion

STEPPING IN, p. 208

By Andrea Camacho & Jonathan A. Perez

Isabella, a recent Fine Arts graduate with bilingual skills in Spanish and English, began her career in the arts and entertainment industry by working at the Shining Star Recital Hall in San Diego, California. The arrival of a client whose production team only spoke Spanish, while the venue's technicians spoke only English, created a communication barrier that could potentially jeopardize the execution of the clients' performances throughout their three-week residency. Although Isabella did not hold a formal leadership title, the situation required her to step into a leadership role to coordinate between both teams during the full booking of the client.

To address the case, two complementary leadership frameworks can be applied: Transformational leadership, which explains how Isabella inspired collaboration, trust, and a shared sense of purpose among both groups, and Path-Goal theory, which accounts for her situational leadership behavior in removing obstacles and clarifying tasks.

Key words: Performing Arts Management, Multicultural Teams, Organizational Communication, Adaptive Leadership, Transformational Leadership, and Situational Leadership.

EXERCISES

PRISM CAPITAL PARTNERS: INVESTMENT DECISION, p. 220

By Seung Hee Choi and Thomas Patrick

This exercise introduces readers to the operations of a private equity firm and outlines the similarities and differences between private equity investing and hedge fund strategies. The narrative explains mezzanine financing and illustrates how a private equity fund raises capital and uses leverage to extend its investment capacity. It also outlines the criteria used to determine whether an investor qualifies as an Accredited (Qualified) Investor and clarifies the distinctions between individual and institutional accreditation standards.

The exercise requires evaluating two potential acquisition opportunities and determining which, if either, Prism Capital Partners should pursue. One opportunity involves a camper rental business, while the other consists of a chain of dog daycare centers. The assignment also invites consideration of alternative financing structures and how these might influence overall risk, return, and flexibility within Prism's investment model.

This case can be used at both undergraduate and graduate levels with appropriate adjustments. For undergraduates, the case offers an introduction to private equity, valuation multiples, and due diligence fundamentals, especially when paired with supplemental videos or introductory materials if journal articles are not assigned. For graduate settings, the same core analysis can be expanded to include deeper consideration of capital structures, alternative financing mechanisms, risk-adjusted returns, and the strategic implications of Prism's fund thesis.

Keywords: Private Equity, Hedge Funds, Accredited Investor, Due Diligence, EBITDA, Mezzanine Financing, Senior Debt, Capital Structure, Investment Valuation, Risk Assessment, Growth Strategy, Leverage, Alternative Financing Structures

TEACHING CASES

SUCCESSION PLANNING: SUNTRACKER'S TECHSTRATEGY

CONNIE D.M. ALLSOPP
The World's Registrar

GEORGE L. WHALEY
San José State University

Introduction

Succession planning was not a major concern when Canadian-based SunTracker Technologies Ltd. (STL) was founded. Ian Ashdown and Wallace Scott co-founded STL in 2011 to provide advanced professional design software for the lighting industry. In 2021, Ashdown and Scott co-founded a second company, HelioSol Software Solutions Inc. (HSSI), that focused on marketing and licensing STL's products. The combination of a world-renowned scientist and a lawyer with a business background shaped the startup's management perspectives.

See a video overview of Horticultural Lighting Design software to illustrate the type of product STL offered to the lighting industry: https://youtu.be/DEJKBXqRDA4?si=ChLbZAlhIG39CYgl

The co-founders believed that knowledge transfer through daily communication and documentation of their work projects were components of effective leadership and were sufficient to address any concerns about succession planning. However, in 2022, when serial entrepreneur Shirley Lang joined STL as Chief Administrative Officer (CAO) and subsequently became the HSSI's Chief Executive Officer (CEO), she raised a concern for their consideration.

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. The author and the ***Journal of Case Research and Inquiry*** grant state and nonprofit institutions the right to access and reproduce this manuscript for educational purposes. Contact Connie Allsopp, The World's Registrar, 420-1433 Faircliff Lane, Victoria, BC, Canada, V8S3J6, +1(250) 216-8975 (WhatsApp), connie@theworldsregistrar.com

During a company retreat in 2022, Lang asked the co-founders about the importance of succession planning. Scott replied, *"I believe daily communication is the best succession planning any company may want as everyone stays well informed."*

Succession planning and intentional leadership moved to the forefront after Ashdown suddenly passed away in June 2023. Scott pointed out that, *"Daily communication helped me to pivot and take on the role of CEO while also maintaining his Chief Financial Officer (CFO) and Chief Legal Counsel (CLO) duties."* Ashdown had been the company's exclusive face for twelve years due to his expertise in global lighting design, and he held awards in the field. In late June 2023, the industry podcast, ***Today in Lighting,*** paid tribute to Ian Ashdown in the latter part of the episode as a key loss to the global lighting industry (see *Today in Lighting* video, https://www.youtube.com/watch?v=86LzULo5dN0).

Scott, now as CEO, said, *"It will be near impossible to replace Ian's lighting expertise."* Scott noted that ongoing communication within a small firm was its superpower. He believed that being a small, agile tech firm gave the company the advantages of a flat organizational structure, and ongoing informal communication and leadership kept everyone *"in the know"* without a formal documented succession plan.

Concerning leadership, communications, and succession planning, Lang and Scott offered:

> *"Selecting new employees to replace Ashdown's skillset is important for future success, as is communication with all stakeholders, and our goal is to keep Ashdown's legacy alive."*

Lang and Scott concluded that licensing and updating their unique lighting design software required more staff. They concluded that the company may also need a structural change, while they continued to monitor the leadership and financial progress. HSSI's CEO, Lang, divulged, *"We are attempting to do succession planning without calling it that, simply a context* *that is often misunderstood."* Lang and Scott admitted that effective leadership and succession planning would play a prominent role as the company grew and day-to-day-management became more complex, yet they were uncertain whether knowledge transfer through their informal work of ongoing communications would remain the focus, or whether a formal succession plan based on a specific leadership style would become the primary driver of change in the future.

Management Background

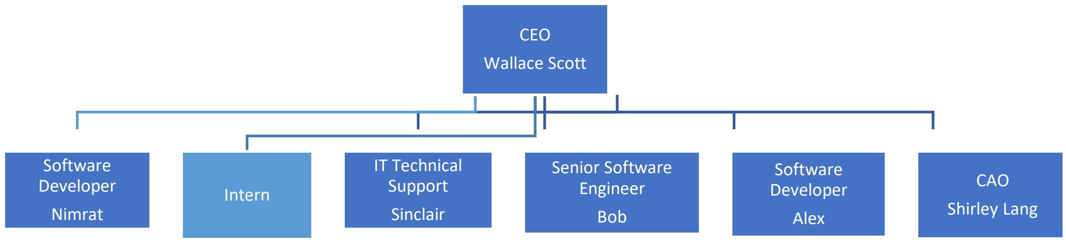
Wallace Scott served as the Chief Legal Counsel (CLC) and Chief Financial Officer (CFO) of STL, while the late Ian Ashdown, as CEO, Senior Scientist, and co-founder, contributed significantly to the company's research and software development legacy. STL management believed that for a profitable company, the company's size, the number of levels in the organization, growth, and employee turnover were key factors in the need to replace or add new employees.

STL Flat Organizational Structure

The entire STL team comprised a Senior Software Engineer, two Researchers and Developers, IT Technical Support, an Intern, and Shirley Lang as CAO (see Exhibit 1). The 2025 company structure, as seen in Exhibit 1, had only one level below the CEO, six employees, little turnover, and one new hire.

Exhibit 1. STL Company Organization Chart

Source: Author's Notes (2025)



Since nonmanagement employees were not required to go through a manager to talk with each other or the CEO, everyone felt that goals, tasks, new practices, and interpersonal issues were easy to handle when they compared the STL structure to larger organizations. The CEOs, Scott and Lang, experienced the same ease of communication and knowledge transfer. In parallel, HSSI maintained a smaller team of three, led by Shirley Lang as CEO, alongside a marketing assistant and an administrative assistant, and maintained a similar flat company structure.

Knowledge management was a key priority for Scott, who had extensive experience in leadership and business as did Lang in start-ups, and both understood the value of sound decision-making through good judgement. Judgment was one of those traits' leaders invoked but rarely defined. It was often a factor for staff promotion, and it became increasingly more important over time as individuals advanced in the company taking on more responsibility for day-to-day decisions. Judgment could be defined as *"the capacity to act wisely in situations where rules by themselves are insufficient—by recognizing what matters, weighing competing priorities, anticipating consequences, and deciding under uncertainty"* (Duncan 2026). Duncan (2026) provided five ways this was evident within the workplace, and specifically how leaders promoted good judgement:

1. Evaluative, recognizing when something is good/ bad, strong/weak, appropriate/off base;

2. Contextual, knowing when general rules apply and when the situation is different enough to require an exception or team discussion;

3. Trade-offs, weighing competing objectives when no option is clearly right;

4. *Anticipatory*, seeing second-order consequences before they materialize; and

5. *Ownership*, deciding when to personally own a decision and its risks rather than deferring or escalating under uncertainty. Scott met weekly with his team and promoted the daily communication among the team to encourage good judgement habits as well as how he might guide his team to create the conditions for success.

Wallace Scott's Professional Background

Wallace Scott was called to the British Columbia Bar in 1996 and practiced law extensively, where he provided advice, planning, implementation, management, and due diligence to clients across technology, intellectual property, corporate commercial, business, finance, and litigation domains. (See Scott's LinkedIn profile, https://www.linkedin.com/in/wallace-scott-cd-14141261/).

Scott's diverse expertise encompassed software engineering, human biology, biomechanics, and experience in the optoelectronics industry; he co-invented US patents and served as a founder and director of STL. Previously, he held in-house roles, including General Counsel at TIR Systems Ltd., where he managed over 170 US and foreign patents and applications, and Senior IP Counsel at Philips Intellectual Property and Standards in Eindhoven, Netherlands. In 2011, he departed in-house counsel to establish his own practice tailored to startups and small businesses.

Ian Ashdown's Contributions

Ian Ashdown, Senior Scientist and co-founder of STL, authored *Radiosity: A Programmer's Perspective* (John Wiley & Sons 1994), with featured software undergoing continual development thereafter and licensed to entities such as Lighting Analysts, Inc. for AGi32, ElumTools, Licaso products, and Glamox AS for OptiWin 3D Pro. Throughout his over four-decade career, Ashdown demonstrated profound passion for lighting, unwavering scientific integrity, and exceptional expertise, yielding numerous academic articles, lighting standards, and software innovations. A TCI.com podcast interview *("It's just a hobby")* elaborated on his software details. Beyond technical renown, Ashdown exhibited remarkable compassion, assisting many individuals personally and professionally. (See *"In Memory of Ian Ashdown"* on the STL website, https://www.suntrackertech.com/about/).

Shirley Lang's Professional Background

Shirley Lang served as Chief Administrative Officer (CAO) of STL and CEO of HSSI, (see HSSI website https://www.heliosolsoft.com/about-us/), bringing over 40 years of leadership and management experience as a proven entrepreneur who founded several successful and innovative enterprises. She held influential executive positions in both the private sector and non-governmental organizations (NGOs), thereby serving industry and community alike. Her extensive expertise encompassed communications, marketing, and public relations. Previously, Lang functioned as Vice President of Marketing and Communications at STL, where she played an instrumental role in leading HSSI and negotiating the exclusive license arrangement between STL and HSSI.

Leadership in the Executive Suite

The CEOs knew it was not unusual for company founders in any industry to have the largest influence on the leadership process and culture of start-up firms (Jones & George 2019). Moreover, Lang and Scott believed that *intentional leadership* was a key process in organizations, and that leadership at the top or executive suite was important for effective succession planning (Jones & George 2019; Marshall 2001). Scott stated:

> *"If anyone has a desire for training and development, regardless of the field, we support them both financially and professionally. That's our job to support them as leaders!"*

Additionally, the STL and HSSI founders believed that leadership and company culture were important factors in a firm's strategic competitive advantage, which were identified as strengths in the company's current and future (see Exhibit 5, Appendix C for a SWOT analysis). When Ashdown and Scott co-founded STL, they wanted to lead by example and build a collaborative culture to achieve profit, as well as achieve their Mission, and Core Values.

As the two companies, STL and HSSI, developed, specific leadership styles of the CEOs emerged. The CEOs connected leadership style to other behavioral styles and effective teamwork. Scott and Lang observed that the founder, Ashdown, did lead by example, but he had a more hands-off, directive, **Theory X**, and an autocratic style when working with company teams. This observation was confirmed by company advisors, who described Lang's style as democratic, participative, **Theory Y**, and supportive. Scott's self-assessment and observation by others described him as a mix of participative, direct, X, and Y, and supportive leadership styles. Scott wondered about what leadership approach was preferred over the next five years and agreed to take behavioral and leadership style surveys. A summary of Scott's scores on two leadership surveys, a conflict management style, and a personality style survey is shown in Exhibit 7 (Appendix C).

Succession Planning

"All CEOs will inevitably leave office, yet research has long shown that most organizations are ill-prepared to replace them" (Harrell 2016). But Lang and Scott had asked their shareholders, peers, and company advisors to recommend examples for formal and informal succession planning. Generally, the advisors noted that small and medium firms, such as STL, would benefit from succession frameworks that combined SME succession research with theories explaining

team learning, knowledge translation, and ongoing innovation (Gakure, et al. 2013; Gumbo, et al 2012; Reeves 2010). In practice, company advisors thought this usually meant building on a small set of complementary frameworks rather than searching for a single 'Tech-only' model.

An additional source for succession planning was provided to CEOs in the form of a book, *The Succession Solution: The Strategic Guide to Business Transition* (Franc 2019) with its **Succession Solution Scorecard**. The Franc scorecard (see Exhibit 6 in Appendix C) revealed the risk of failure or success of a company's strategy for succession planning through a series of 25 questions.

The advisors proposed seven models of succession planning, from traditional to internal promotion to employee shares to legacy planning, or a combination, that the CEOs might consider as the best one, or a combination to implement over the next 5 years (see Exhibit 2).

Exhibit 2. Seven Frameworks for Succession Planning

Source: Authors' notes (2025)

Internal promotion: Internal replacement promotion/heir placement (human capital, leadership-pipeline, family-business succession). Longenecker & Schoen (1978) and the *Japanese Times* (2026) reported that Kongō Gumi, a temple-building firm founded in 578, was the oldest continuously operating company in the world, (https://www.japantimes.co.jp/business/2026/02/09/companies/japan-1000-year-old-business/).

External replacement: External replacement buy-outs (entrepreneurial succession, private-equity and strategic buyer logic), for example in 1988 the RJR Nabisco Takeover (Finance Blitz 2024, video on YouTube https://youtu.be/Lpd0R_ZK8n8?si=ZmUL1Uk7rmJd-ogE).

Major takeover: Takeover by major corporation (resource-based view, synergy, and integration issues), such as General Motors (*GM News* 2025) fully acquired ownership of Cruise, https://news.gm.com/home.detail.html/Pages/topic/us/en/2025/feb/0204-cruise.html).

External sale: Sell only one company (portfolio and carve-out logics; focus on strategic fit), such a Qualcomm Inc. and Hewlett-Packard Co. https://www.qualcomm.com/news/releases/2014/01/qualcomm-acquires-palm-ipaq-and-bitfone-patent-portfolio-hp).

Governance shift: Keep both, change only the governance model (stewardship and stakeholder governance), such as *What's Patagonia's Succession Strategy?* (Roshitsh 2020, https://wwd.com/business-news/retail/patagonia-sudden-succession-strategy-1203651470/) and (Trelstad, Hsieh, Norris & Pinskney 2023, https://www.hbs.edu/faculty/Pages/item.aspx?num=638340).

Employee shares: Teamshares, Inc. Canada-style transfer (broad-based employee ownership, *"permanent home"* ownership and incentive alignment), such a Canadian based Root Cellar Grocer sale to Teamshares, Inc. (https://www.teamshares.com/canada) and Chan's (2025) *The Root Cellar* (https://cheknews.ca/root-cellar-founders-sell-grocery-store-chain-launch-employee-ownership-model-1291584/).

Legacy plan: creating a membership style opportunity for clients to participate in the legacy plan of the company by owning shares and/or membership in the company, such as Canadian-based Coast Capital Bank, (https://www.coastcapitalsavings.com/about-us/social-purpose/social-purpose and https://www.coastcapitalsavings.com/become-a-member/personal).

Lang and Scott were pleased to receive the academic models and practical steps for succession planning and agreed to use the scorecard (see Exhibit 6) in their decision-making process. However, they felt that ongoing effective communication would still be needed to transfer unique knowledge and adopted a supportive leadership approach to implement succession planning.

Knowledge Management and Transfer through Communication

Knowledge management (KM) was understood by the CEOs as the deliberate and systematic governance of organizational knowledge resources, including their creation, storage, sharing, and application to sustain performance, innovation, and learning (Antunes & Pinheiro 2020; Argote 2012). Within this framework, knowledge transfer to new employees served as a critical sub-process that ensured continuity and skill diffusion. Lang and Scott knew that companies' design, structures, technologies, and social practices that enabled newcomers to organizations such as STL for learning codified procedures and the tacit know-how embedded in experienced members’ routines were essential to business success (Liao & Wu 2009).

Core Relationship

Scholarly literature positioned KM as closely related to organizational learning: the former structured and coordinated knowledge processes, while the latter represented collective cognitive and behavioral change resulting from those processes. Effective KM, therefore, acted as both an input to and an outcome of continuous organization learning (Liao & Wu 2009). The CEOs held weekly meetings with each team member to envision their work projects, to hear their successes and challenges and to consider how each moved the needle on the company’s mission and vision.

Newcomer Knowledge Transfer

Scott understood that STL knowledge transfer (KT) to new employees was described as multi-level, socially embedded process through which newcomers acquired task, role, and cultural knowledge (Basten & Haamann 2018). STL had integrated formal mechanisms such as onboarding and training with informal ones such as mentoring, shadowing, and peer guidance to convey explicit and tacit knowledge alike. Drawing on organizational socialization theory, researchers emphasized institutionalized tactics – collective, formal, sequential, fixed, serial, and investiture – that reduced uncertainty and facilitated adjustment. Lang met with each newcomer to provide insights on the company systems and how each person could plan his or her goals then share with the team at the weekly team meeting and with the CEO.

Socialization Tactics

While Lang, as the CAO of STL, intentionally staged organizational socialization, studies further demonstrated that mentoring, peer networks, and supportive cultures acted as socialization resources enhancing performance and learning (Antunes & Pinheiro 2020). Within STL and HSSI, KT referred to the intentional movement of both explicit and tacit insights among individuals or teams, producing observable changes in practice or outcomes. It required adaptation to contextual differences and involved both decontextualization and recontextualization supported by social networks, technological and structure enablers within the company culture. Weekly "*wet Fridays"* were held with the entire team to share experiences as well as monthly lunches to socialize and chat about the bigger dreams and goals.

Key Processes

KT involved *"knowledge push"* and *"knowledge pull,"* relying on relational trust, shared language, and cultural compatibility (Argote 2012). It mitigated staff turnover risks, knowledge hoarding by individuals, and silos within the firm, especially during onboarding or succession. Organizations that fostered sharing cultures by embedding psychological safety, recognition methods, and leader-modeled learning behaviors had greater success. The weekly team meetings enabled each team member to share projects, new learning and challenges for group solution finding.

Practical Methods

Structured capture methods - including mentorships, job shadowing, storytelling sessions, and after-action reviews - systematically retained critical IP and supported succession continuity. (Fitriastuti, et al. 2019). For example, the senior software engineer at STL took two years to absorb unique company knowledge and was tasked with passing it on to the new graduates joining the team. Together, they created videos for customer learning and future staff training.

Learning Perspective

From an organizational learning perspective, KT operationalized the encoding of knowledge, skillsets, and expertise into routines and repositories while allowing reinterpretation through newcomer engagements and active communication (Argote 2012; Antunes & Pinheiro 2020). Team learning and sharing became the norm as the conversations and planning between team members continued to be encouraged and modelled by the CEOs. Opportunities to share professional growth opportunities and readings, and shared judgments to create success in various projects through debates among the team members.

Company Structure

Although it was not uncommon for small tech firms to create a flat organizational structure, the STL and HSSI company structures were rather unique; all employees in the two companies reported directly to the CEO (see Exhibit 1). There was no evidence of formal departmental divisions or multiple office locations. The STL flat structure changed the usual definition of the executive suite (Jones & George 2019), as only the CEOs were top management or members of the executive suite for STL and HSSI.

The flat structures affected the ongoing daily communication strategy and leadership within STL and HSSI. The two firms operated as a partnership with a flat management structure, emphasizing collaboration between software engineers, researchers, and technical support staff. Leadership in the executive suite indicated that although the relationship with one CEO was hands-on, it was also participative. Seldom was expertise shared in an authoritarian, take-it-or-leave-it style. Since informal communication was where work knowledge transfer usually happened, Scott and Lang agreed that leadership style was associated with communication style and employee growth and performance. The CEOs and employees held weekly team meetings to network and share information and expertise. Scott and Lang believed that the flat structure, leadership approach, and emphasis on informal knowledge transfer allowed teams to work closely together, often partnering with academic institutions and industry organizations to develop and refine their lighting design software tools.

Lang and Scott were aware that STL was in the creativity stage for startups, and it would be difficult to maintain a flat structure if succession planning meant fast growth (Greiner 1972). They acknowledged that their leadership approach, knowledge transfer strategy, and the succession planning framework would influence their ability to keep a flat structure as their superpower-ongoing communication within a small firm.

STL Mission and Core Values

STL was a small privately held technology firm that specialized in computational lighting science. STL's mission was to promote and advance innovation in lighting across the architecture, horticulture, entertainment, and health sectors. The company's vision positioned it at the forefront of this domain, where it drove continuous innovation and established new standards for lighting design software tools, while its core values underscored scientific integrity, technical excellence, and collaboration. In the context of succession planning, these elements exemplified how the co-founders' legacy plan—particularly that of co-founder Ian Ashdown—shaped long-term governance, as a firm committed to upholding rigorous standards through partnerships with academic and industry bodies to ensure knowledge transfer and sustainability beyond key leadership transitions.

Succession Planning Implications

Succession planning in a small tech firm like STL necessitated embedding the co-founder's vision into institutional frameworks to mitigate risks associated with leadership and communication voids. The emphasis on advancing Ashdown's legacy highlighted proactive strategies, such as documenting core values and collaborative networks to facilitate the identification and development of potential successors capable of maintaining the technical excellence that Ashdown had designed and STL had patented.

Strategic Knowledge Transfer

STL's partnerships with external entities exemplified effective knowledge management, preserving specialized expertise in lighting science and design. This approach aligned with governance best practices for privately held tech firms, where formalizing mission and values into succession protocols ensured continuity in innovation and technology-driven sectors.

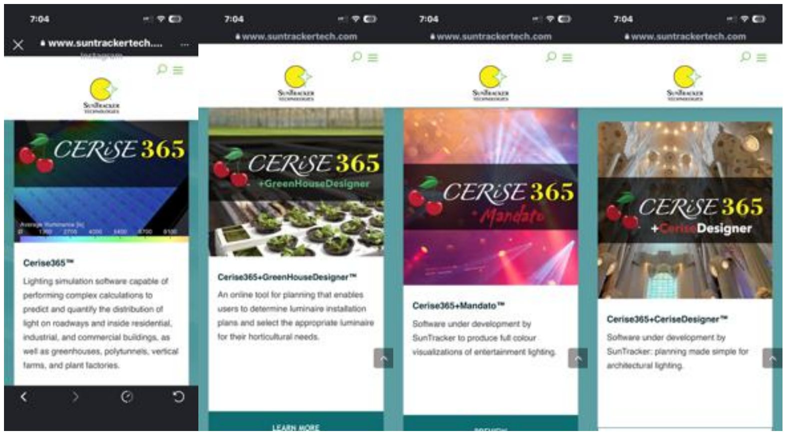
STL Product Line

STL offered specialized product portfolios that focused on professional lighting design, primarily for horticultural and architectural applications (see Exhibit 3). The products were Cerise Software Suite, Cerise365+GreenHouseDesigner, Daylighting Tools, and TM-33 Photometric File Conversion.

Exhibit 3. Company Products

Source: The STL Lighting Software website https://www.suntrackertech.com (2025)

Below are examples of the product line promotions:



The company's product descriptions were informative for external and internal purposes. Products were designed for professional users in niche markets such as agriculture, architecture, entertainment, and health, emphasizing scientific legitimacy and specialized functionality. Additionally, the product descriptions were provided as a help with knowledge transfer for new employees and others who wanted to get up to speed quickly on a specific product. Further knowledge transfer was available through three YouTube videos:

https://youtu.be/DagqxN5bP_4?si=vcfAabMXhAEOTFH5 ;

https://youtu.be/18GgTAzL41M?si=FNp3D5DtPN46qWgS ;

https://youtu.be/m1QRcZC6csc?si=V0CxiJTFMINHR3s7

Financial Performance Indicators and Metrics

Canadian law and regulations did not require public financial disclosure of privately owned firms such as STT and HSS. Management was thus concerned about public disclosure of their financial records that could fall into the hands of competitors. Nonetheless, management knew that an analysis of financial trends would be an important element of future succession planning decisions and provided a summary of key financial performance indicators for 2022, 2023, and 2024. (The numbers in Exhibit 4 were based on the company's non-consolidated financial statements prepared by its CPA firm and were slightly modified to meet JCRI case writing protocols.)

Exhibit 4. Key Financial Indicators

Source: Personal Communications 2025; adapted from Authors' Notes, 2025

($ Canadian Values, 000)	2022	2023	2024
Current assets	806,978	803,224	1,078,764
Current liabilities	202,594	132,076	11,638
Working capital	604,384	671,148	1,067,126
Total assets	1,268,074	1,230,716	1,497,068
Total liabilities	1,268,074	1,230,716	1,497,068
Revenue	1,435,286	1,612,862	2,080,368
Profit/(loss)	642,714	217,860	583,390
Cash and cash equivalents	395,150	521,960	798,908
Book value of equity	1,067,480	1,098,640	1,485,430
Retained Earnings	1,065,478	1,096,638	1,483,428
EBIT (Operating income)	425,014	540,784	1,513, 440

Management Challenges

In the final quarter of 2025, it had been eighteen months since the unexpected death of Ian Ashdown in 2023. Although the financials (see Exhibit 4) appeared to have improved, Lang and Scott felt the numbers needed to be analyzed to inform future decisions regarding succession planning. They pondered over five questions that were based on whether their informal approach to knowledge transfer through daily communications, leadership, and succession planning would remain as their strategic advantage and drivers of change. The CEOs recognized they both desired to remain professionally active for at least five more years, yet what strategic leadership approach would be needed to sustain the enterprise beyond five years? Scott posed several critical questions to Lang for them to consider in an off-site meeting with company advisors:

1. Should Lang and Scott consider a formal succession plan now using Exhibit 6 as an internal audit?
2. If a formal succession plan were needed, should Lang and Scott begin to groom an internal heir candidate, search for an experienced external successor (Hellaner, et al. 2026), or select one of the other succession plan models offered above in Exhibit 2?
3. Would leadership become the key criterion for the succession plan?
4. Should the company structure and knowledge transfer be included as a key component of the succession plan?
5. How would financial performance protect the sustainability, social, and personal legacy goals?

Lang and Scott pursued answers to these five questions in the areas of communications (knowledge transfer), leadership, and succession planning to address their personal legacies, Ian Ashdown's legacy, and the company's mission sustainability.

Appendix A. STL Design Software

Source: Authors' Notes (2025)

In 2012, STL was granted its first patent for predictive daylight harvesting in commercial buildings. It currently had two granted patents and eight patent applications for greenhouse and commercial building control systems, circadian and spectral lighting, geometric simplification, real-time dynamic lighting simulation, and neural network controllers (*The STL Lighting Software website* https://www.suntrackertech.com, 2025).

In 2015, STL recognized the need for horticultural lighting design software for greenhouses, polytunnels, and vertical farms. In addition to developing its *Greenhouse Builder* software, the company was working with academia on botanical research projects and with the American Society of Biological and Agricultural Engineers (ASABE), the Illuminating Engineering Society (IES), the Commission Internationale de l'Eclairage (CIE), and other organizations on the development of international standards for the lighting industry worldwide.

STL was at the forefront of software development for horticultural, architectural, and entertainment lighting design (see Technical Notes, Appendix C).

Appendix B. STL Data

Source: Authors' Notes (2025)

STL offered a specialized product portfolio focused on professional lighting design, primarily for horticultural and architectural applications(*The STL Lighting Software website https://www.suntrackertech.com*, 2025). The specific details of each product are as follows:

- **Cerise Software Suite**: Recognized as an industry standard in North America and parts of Europe, the Cerise suite was built on over 30 years of experience and decades of lighting R&D. It was known for deep technical expertise, multiple patents, and contributions to academic articles and standards, making it highly credible among engineers and advanced users.

- **Cerise365+GreenHouseDesigner**: This award-winning product received the AE50 award from the American Society of Agricultural and Biological Engineers, highlighting its innovation in food and agriculture engineering. It was specifically designed for greenhouse and horticultural lighting applications, offering dedicated tools for climate-based daylighting simulations and advanced photometric analysis.

- **Daylighting Tools**: STL provided specialized tools for daylighting, including climate-based simulations that allowed for precise modeling of natural light in architectural and horticultural environments. These tools supported complex design challenges and were used by professionals in the architecture and health sectors.

- **TM-33 Photometric File Conversion**: The company offered utilities for converting photometric files according to the TM-33 standard, which was essential for accurate lighting analysis and compliance in professional lighting projects. This feature was tailored for advanced users needing precise photometric data handling. All products were designed for professional users in niche markets such as agriculture, architecture, entertainment, and health, emphasizing scientific legitimacy and specialized functionality.

Appendix C. What are Lighting Software Companies ?

Source: Authors' notes (2025)

Competitors*:*
STL in Victoria, BC competed globally with specialized solar and climate-data providers such as Solargis, Solcast, Steadysun and, on the software side, tools like PVsyst and other solar farm assessment and resource-assessment platforms. These firms offered overlapping services around high-resolution solar irradiance, weather, and PV performance modeling that project developers, utilities, and financiers used for planning and operating solar assets.

Key competitors in SLT's niche of solar resource and climate/renewables data included:

- **Solargis**- global solar and meteorological data, PV energy modeling, and bankable energy assessments across the full lifecycle of solar plants. https://solargis.com/

- **Solcast** (a DNV company) – global solar, wind and weather datasets, with APIs for historical, real-time and forecast data used by asset owners, grid operators and market participants. (FlyPix AI, 2025 March10P https://flypix.ai/solar-farm-assessment-tools/)

- **PVsyst** – widely used PV system design and simulation software that relied on external irradiance datasets and was a standard tool for engineering and bankability studies. https://www.pvsyst.com/en/

- **Steadysun** – focused on accurate solar power generation forecasts and live irradiance data for optimizing grid injection and PV plant operations. https://steady-sun.com/

- Other data providers sometimes used as benchmarks in the same space included **SolarAnywhere** and **Vaisala/3Tier** for solar irradiance and weather modeling.

These players competed on data coverage, accuracy, integration into design/forecasting workflows, and credibility with financiers and utilises.

Exhibit 5. 2025 SWOT Analysis

Source: STL Lighting Software website https://www.suntrackertech.com; Authors' Notes (2025)

S – Strengths (Internal)	W – Weaknesses (Internal)
Deep technical expertise and legacy: Cerise suite positioned as an industry standard in parts of North America and Europe, backed by 30+ years of experience and decades of lighting R&D.	*Co-Founder dependence and succession risk*: Heavy reliance on the late co-founder Ashdown's unique technical knowledge and relationships, creating continuity and credibility risks.
Strong scientific legitimacy: Multiple patents, academic publications, and standards contributions provide high credibility with engineers and standards bodies.	*Limited marketing and sales capacity*: Technical, content-heavy sites with little pricing, onboarding, or customer success messaging; likely constrained salesforce and global distribution.
Specialized, award-winning products: Cerise365+GreenHouseDesigner earned an AE50 award, signalling recognized innovation in horticultural and agricultural engineering.	*Narrow market and product focus*: Concentration on lighting design and horticultural niches may limit diversification into adjacent software verticals.
Focused professional portfolio: Dedicated tools for horticultural lighting, daylighting simulations, and TM-33 photometric conversion serve demanding professional users.	*Commercial vulnerability in broader market*: Reputation-rich but commercially exposed versus larger simulation/CAD platforms with stronger brands.
Reputation in niche communities: Strong links to universities, standards bodies, and associations position the firms as reference points for complex lighting problems. Along with highly recognized in situational leadership given the positive internal culture as staff were support professionally and finally to take academic courses.	*Potential resilience issues*: Specialization may reduce robustness against sector downturns or regulatory shifts in horticulture and related markets.

Exhibit 5. 2025 SWOT Analysis, cont.

O – Opportunities (External)	T – Threats (External)
Leverage niche authority for growth: Use recognized expertise in lighting design and standards involvement to deepen penetration in horticultural, architectural, and related professional segment.	*Intensifying competitive pressure*: larger simulation, CAD, and building-performance platforms can outspend on marketing, distribution, and integrated offerings.
Expand into adjacent verticals: Extend lighting and daylighting tools into broader construction, building performance, and smart-building ecosystems.	*Technological change risk*: Rapid shifts in lighting, simulation, and data standards could erode existing product advantages without sustained R&D.
Build award recognition: Use AE50 and similar recognitions in targeted campaigns, partnerships, and case studies to attract new institutional clients.	*Reputational impact of founder loss*: Clients may question long-term stability and innovation capacity after the co-founder's passing.
Partnerships and licensing: Collaborate with OEMs, greenhouse builders, and software platforms to embed cerise tools or data into broader solutions.	*Sector-specific volatility*: Exposure to horticulture and greenhouse sectors leaves revenues vulnerable to policy, energy, and agriculture market swings.
Codifying and scaling expertise: Systematically capturing legacy know-how in documentation, training, and automated tools could reduce key-person risk and enable scaling.	*Regulatory and standards shifts*: Changes in lighting or horticultural standards could require major re-engineering, straining small-firm resources.

Exhibit 6. The Succession Solution Scorecard

Source: Franc (2019)

This survey poses 25 questions for CEOs to conduct an audit of their company's succession plan. CEOs either complete their own self-assessment, or a trained advisor assists their decision-making process. Questions are then scored with the number that best reflects the answer, using 1- Strongly disagree to 4- Strongly agree, and rubric at the bottom to calculate results.

1. You have identified a date when you would like to exit or relinquish control of your business.	
2. You have calculated the value for your business.	
3. You have talked with your family about the succession of your business.	
4. You have a written succession plan in place for your business.	
5. You have identified a specific successor for your business.	
6. Your identified successor is motivated and prepared to assume your role in management.	
7. You have identified who will receive the ownership of the business.	
8. Senior management is in place to operate your business in the event you are unable to do so.	
9. If there is more than one owner of your business, then a written agreement is in place to transfer ownership.	
10. You are not personally liable for bank debt or to any business creditors.	
11. You have calculated the death taxes, expenses, and other costs that will occur at your passing.	
12. Your estate has the liquidity to pay the death-related expenses in the event of your passing.	
13. Your business has no bank or other debt which becomes due at your passing.	
14. You have an estate plan that reconciles with your succession plan.	
15. You have a Power of Attorney that addresses your business.	
16. Your business and the rest of your estate can be divided fairly (as determined by you) among your family.	
17. The business has a defined dividend policy.	
18. No family members wish to own or work in your business.	
19. You have a family employment policy.	
20. You have a competent team of professional advisers (CPA, attorney, etc.).	
21. You have decided how you will transfer ownership of your business, either by gift, sale, or other form of transfer.	
22. You have developed your personal goals for after you leave your business.	
23. You know how much income/assets you will want before you exit from your business to maintain your lifestyle.	
24. There is a consensus among your key stakeholders over the current succession plan.	
25. You have an active board of directors involved in the succession of your company.	
TOTAL	

Exhibit 6. The Succession Solution Scorecard, cont.

Scoring Rubric:

Once each question is answered, tally the total value and this number demonstrates where the firm lands regarding succession planning:

0-60 Significant risk of failure of succession to next generation.
60-75 Potential risk of failure of succession to the next generation.
70-85 Significant progress has been made, continue the good work.
86-100 Congratulations, you’re set to have a strong succession plan in place.

Exhibit 7. Wallace Scott's Behavior and Leadership Style Survey Results

Source: Authors' Notes (2025)

Below are the results of Wallace Scott's scores on a battery of behavioral style surveys. Several surveys are leadership surveys, and the others relate to leadership style.

Survey Name	Wallace Scott's Scores				
Supervisory Attitudes Theory X-Y (Self)	Self-Score 35	Actual Survey Score 29	X 10-20	Mixed 20-30	Y 30-40
Supervisory Attitudes Theory X-Y (Lang)	Self-Score 31	Actual Survey Score 23	X 10-20	Mixed 20-30	Y 30-40
T-P Leadership Style	Task Orientation 7	Shared Leadership medium-high	People Orientation 14		
Jungian Type Personality Style	Extrovert/Introvert Reserved (I)	Intuitive/Sensing Intuitive (N)	Thinking/Feeling Reasoning (T)	Perceiving/Judging Judging (J)	
Conflict Management	Avoiding 2	Smoothing 12	Bargaining 7	Forcing 6	Problem-Solving 11

Notes:

The **X** score is an Authoritarian style, and **Y** is like the Participative or People style.

The **T**= Task score is like **Theory X**, and the **P**= People score is like **Theory Y.**

Actual Survey Scores are better predictors than Self Scores.

INTJ score is usually described as reserved, friendly, rational, and decisive.

The highest possible score for each conflict management style is 12. Problem-solving is considered the best style because it focuses on the problem, positive outcomes, and uses a combination of other styles. Therefore, an 11 score on problem solving is better than a 12 score on other conflict styles.

CONNIE D.M. ALLSOPP works as a business and education consultant and was a former supervisor/ instructor at the University of Victoria, B.C., Canada. Connie has over twenty-five years of practical experience in teaching and leadership while concurrently working as an entrepreneur. Dr. Allsopp holds a B.Ed. In Education, an M.Ed. in Administration with Business courses, and a Ph.D. in Leadership with a cognate in Public Administration from the University of Manitoba, along with a Post Doc in Mental Health from University of Victoria. More recently, she serves as the Co-Editor of the *Journal of Critical Incidents.* She has given public talks in China, Brazil, Vietnam, Turkey and Switzerland about her chapter published in Axonjay's (2026), "THE SHIFT." Her research focus has been on leadership, knowledge mobilization, entrepreneurship, strategy, sustainability, IDEA, technology, and program evaluation.

GEORGE L. WHALEY is Emeritus Professor of Human Resource Management at San José State University. He worked in the private and government sectors before his career in education. He received his B.S. degree in Engineering Mathematics and M.B.A. from the University of Arizona and Ph.D. in Organizational Behavior from the University of Colorado. Professor Whaley has published empirical articles and cases in a variety of peer-reviewed journals in the fields of organizational behavior, strategy, human resource management, transportation management, and sustainability. His articles have been published in books such as the *Handbook of Transportation Engineering* and *SYMLOG Field Theory*. Dr. Whaley is a former co-editor of the *Business Case Journal*, as well as a member of numerous academic, professional, and service organizations, and serves on the editorial boards of several academic publications.

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A PROVACATIVE HOAX OR BODY SHAMING?

A SCHOOLTEACHER SHOWS UP FOR WORK LEAVING A SCHOOL BOARD TO SCRAMBLE

NATALIE ASSAAD
Wilfrid Laurier University

PRESCOTT C. ENSIGN
Wilfrid Laurier University

Warning: This case study concerns sensitive material which may be upsetting for some readers. The issues brought out include discrimination, body dysmorphia, body challenges, body shaming, gender expectations, gender identity, gender expression, and being sexualized.

With Just a Post

It was a crisp September morning in 2022 as Kayla Lemieux, a 39-year-old shop class teacher at Oakville Trafalgar High School, headed in for another busy day. It started out like any other – kids socializing, others ditching class – until it was not. Unbeknownst to Lemieux, students were snapping images of Lemieux and posting them online. The photos and videos went viral almost immediately and thrust the Canadian high school and teacher aggressively into the spotlight.

What drew controversy and the number of social media shares were Lemieux's breasts. Parents were outraged, claiming the teacher's appearance was a distraction to students (Morphet and Oliveira 2023). Threatening messages and posts, including ominous warnings of shootings, were repeatedly directed at the secondary school and protests were held outside it.

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. The author and the ***Journal of Case Research and Inquiry*** grant state and nonprofit institutions the right to access and reproduce this manuscript

Shortly after the news broke, the Halton District School Board (HDSB) released a statement to *blogTO* stating, *"The Halton District School Board is committed to establishing and maintaining a safe, caring, inclusive, equitable and welcoming learning and working environment for all students and staff"* (O'Neil 2022). However, as the severity of the risks increased, HDSB passed a resolution in late September 2022 requesting a report, which according to Curtis Ennis, HDSB's Director of Education, would address *"various considerations regarding dress codes"* before the end of November (DeClerq 2022a).

In January 2023, Ennis was asked by the HDSB for a draft *"professionalism policy"* that would include a *"dress code"* as an element (DeClerq 2023). The situation escalated such that Lemieux was then placed on paid leave in an attempt to quell the bomb and gun violence threats against the teacher and school (Morphet & Crane 2023).

Exhibit 1. Photos of Lemieux That Went Viral

Source: Kennedy (2023)

As things began to spiral out of control, the HDSB was faced with difficult decisions. Could it get Lemieux to provide medical reasoning as to why the breasts were so large? Could it ask Lemieux to dress differently? Could it take a stance that the teacher's breasts were not a distraction for students' wandering eyes? Were the breasts even real, or was this part of a stunt or political message? Did it even matter; was this simply a matter of freedom of expression?

The School Board

In operation since 1967, as of 2019, the Halton District School Board was made up of 105 elementary and secondary schools within the region. In total, the board served 64,000 students and had over 8,000 staff. The HDSB was one of the largest English school boards in Ontario (Halton District School Board 2019).

The HDSB's mission was to *"inspire every student to learn, grow, and succeed."* Its vision was to enable students to explore their potential, passions, and strengths while contributing positively as a global citizen. The key pillars of the HDSB were engagement and achievement, stewardship of resources, and equity and well-being for students, staff, and the system. It required staff to be a part of that positive change (Halton District School Board 2018).

Evidence or Explanation?

Kayla Lemieux was registered with the Ontario College of Teachers under the name Kerry Luc Lemieux. Since 2006, Lemieux had been listed as a teacher *'in good standing.'* Despite a spotless reputation, once the images spread online, there were swarms of parents, students, and internet sleuths itching to figure out if Lemieux's breasts were real or not. The teacher made two proclamations in an attempt to put an end to the drama: Lemieux was intersex and suffered from gigantomastia (Morphet, Klein, and Golding 2023).

Intersex: *"An umbrella term used to describe situations where a person is born with reproductive or sexual anatomy that does not fit within the binary of "male" or "female"* (Planned Parenthood n.d.).

Gigantomastia: *"With roughly 300 known cases reported worldwide, gigantomastia is a rare condition where those assigned female at birth*[1] *will experience excessive breast tissue growth that leads to the development of extremely large breasts"* (Cleveland Clinic 2022).

However, once Lemieux *"admitted that she had nothing from a doctor to back up the claims"* to provide to news outlets, Lemieux's candor only served to fan the flames (Kennedy 2023). Whether Lemieux had medical documentation may have been immaterial if the dispute moved toward free expression.[2] The HDSB was seeking to resolve whether the public had a right to know the contents of Lemieux's private health records. If the HDSB could get Lemieux to release them, that could serve as a defense to silence noisy critics. Otherwise, it looked to be an uphill battle for the board to decide whether it wanted to support Lemieux and how it would navigate this ethically ambiguous and culturally contentious territory.

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[1] Notable erudites Sokal and Dawkins (2024) spoke against the medical establishment's recent adoption of the "assigned at birth" qualifier: *"A baby's name is assigned at birth; no one doubts that. But a baby's sex is not "assigned;" it is determined at conception and is then observed at birth, first by examination of the external genital organs, and then, in cases of doubt, by chromosomal analysis. Of course, any observation can be erroneous, and in rare cases the sex reported on the birth certificate is inaccurate and needs to be subsequently corrected. But the fallibility of observation does not change the fact that what is being observed — a person's sex — is an objective biological reality, just like their blood group or fingerprint pattern, not something that is "assigned"."*

[2] A similar situation had occurred; a 50-year-old trans swimmer had been competing against teenage girls. Melody Wiseheart (who previously competed as Nicholas Cepeda) had been showering and changing in the locker rooms with those as young as 13 years of age. Swimming Canada and Swim Ontario, which sanctioned competitive events, defended Wiseheart's participation (Koenig 2023).

The Right to Medical Privacy

According to the *Personal Health Information Protection Act* 2004, c. 3 (PHIPA) of Ontario, each region ought to have Health Information Custodians who had a duty to ensure that each patient's health information was stored securely, and that confidentiality and privacy were protected. The only instance where a patient's personal health information was shared was if consent was given first, or if it was to other health units in a scenario where health care must be administered. Lemieux was under no legal obligation to provide evidence as to why the breasts were the size that they were. Plus, while Lemieux had little control over the general public's reaction to their body, Lemieux had to be able to trust that their employer had Lemieux's best interests in mind. Attempting to defend Lemieux by exposing their medical history to the public could subdue parents' anxiety and quiet internet trolls, but it would be an invasion of privacy.

This capitulation would have drastic ramifications for teachers across Canada. What if a teacher started wearing a hat and the board demanded to know whether they had cancer, alopecia, or a receding hairline? Nonetheless, as substantial threats of gun violence and bombings continued to mount, the board wanted little more than to put the affair to rest. Would an exception for this exceptional incident set the precedent for teachers and school boards moving forward?

The Right to Equitable Treatment

The HDSB recognized *"the rights of students, staff, parents/guardians and community members to equitable treatment without discrimination based upon gender identity and gender expression"* (Rocca 2022). This entitlement was also protected by the Ontario Human Rights Commission, the Code *"prohibits discrimination because of gender identity, such as that faced by* […] *intersex persons."* Given that Lemieux identified as a member of the LGBTQIA+ community as an intersex person, they had a legal right to be treated with equal dignity and respect (Part I – The context: Sexual orientation, human rights protections, case law and legislation). However, the HDSB wrestled with how much self-expression was tolerable. A cisgender teacher choosing to get breast augmentation surgery or wear a push-up bra had been and continued to be acceptable (Bovy 2022). It was not as though the board was privy to cisgender women's undergarment or cosmetic choices to begin with. Did it have a right to judge how Lemieux presented? Could the HDSB say what the cup size of obscenity was? What about its staff and/or students with naturally large breasts? It seemed inconceivable that a schoolboard could mandate reduction mammaplasty.

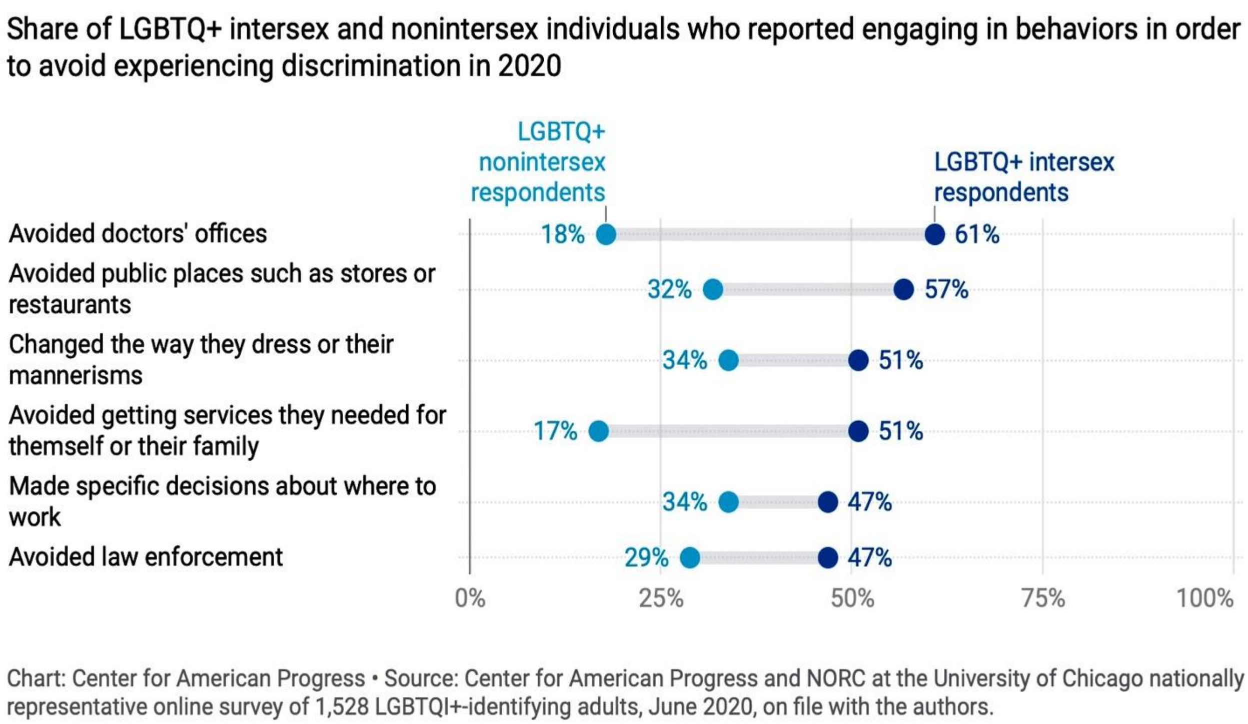
Suppose that Lemieux's breasts were, in fact, prosthetics. It could be argued that the large breasts were not a necessity for them to express their identity as female or to present in a more feminine manner. From cup sizes A to F, there were lots of options before Z that may have appeared more natural and in line with social norms and expectations. Students who snapped the images likely would have been publicly shamed for taking and sharing pictures/videos had that been the situation - even more so if Lemieux were a cisgender woman. However, who is to say that wearing large breasts was not how Lemieux felt most comfortable and most like themselves? Given that Lemieux had scarcely been interviewed, no one could assume to know what they were thinking nor what made them most comfortable in/with their body.

The *Ontario Human Rights Commission* made it clear that everyone had a right to define their own gender identity. It had gone so far as to note that the root causes of discrimination and harassment were the harmful social stereotypes about gender perpetuated in society (Part I – The context: Sexual orientation, human rights protections, case law and legislation). Was Lemieux's choice to don huge breasts with erect nipples a choice at all? It was a protected right by the *Ontario Human Rights Commission*.

According to the Center for American Progress's survey to collect data on the experiences of LGBTQIA+ individuals, done in partnership with the University of Chicago, intersex respondents reported that they experienced higher rates of discrimination compared to other non-intersex LGBTQIA+ individuals (see Exhibit 2). The duality of having to hide one's true self at work while being open outside of it was known to induce feelings of alienation and self-loathing (Yilmazok 2023). If Lemieux's life being thrust under a microscope was for the *"crime"* of presenting how they felt most comfortable, that would be a disheartening reality for other LGBTQIA+ youth and adults alike in Oakville, Ontario and beyond. The HDSB was legally required to provide an environment that protected Lemieux and all other LGBTQIA+ persons who interacted with its services, be it as a student, parent, or staff member. The HDSB surmised that some backlash against Lemieux's gender expression was triggered by fear of the unknown.

Exhibit 2. Discrimination faced by Intersex and Non-intersex LGBTQIA+ Individuals

Source: Medina and Mahowald (2021)



The Plight of Being a Woman

Regardless of whether Lemieux's breasts were real, the situation exposed the dark underbelly of being a woman or female-presenting individual in society. Regarding the dress code dilemma faced by school boards, Sagan (2015) stated, *"Schools have tended to restrict girls' clothing to prevent distracting their male counterparts."* Biases in dress codes not only negatively affected girls, but such prejudices also instilled girls with the belief that their bodies were sexual, evil distractions that must be covered, and boys were taught that they could not or need not control their actions or think for themselves. It was unlikely that a boy would be sent home for wearing a shirt that showed off his muscles too much, distracting the girls.

The polarizing difference between how each binary gender's body was governed led to mental health issues including anxiety and eating disorders in young girls (Hartnett 2022). If Lemieux had felt most like themselves when presenting as male and donned prosthetic abs or had pectoral muscles enhanced that popped out of a fitted muscle shirt, would there be this much backlash against those choices? Who would determine what body parts constituted as a distraction, regardless of gender? As seen in Exhibit 1, Lemieux's arms and midriff were both covered. The school could potentially penalize Lemieux for wearing shorts if the length or style did not abide by the requirements of decorum. However, there was no province-wide policy and few school boards in Ontario, including HDSB, had teacher dress codes. There was, however, a general expectation of professional attire that emphasized a positive and conducive learning environment.

If the changes that one's body underwent during puberty were not a choice, what about gender identity? It could be argued that Lemieux's life would have been easier if they were male presenting. Even assuming the breasts were not natural, did Lemieux have a choice in *how* they presented themselves as female? Regardless of whether Lemieux's choice in bust size was a sincere reflection of who they were, did it hover too close to inappropriate? What if they presented male one day and wore a tightly fitted translucent dress shirt with the buttons undone and Ricky Martin hot pants (Exhibit 3)? Could such a line be drawn, and how and who decided when and where to move it next?

One student who spoke with *Daily Mail* indicated they were not bothered by how Lemieux presented themselves:

> *"I don't really care. It won't affect me,"* said a male student enjoying football with friends on the field behind the school on their last days of summer vacation. *"I guess everyone will be taking videos of her for TikTok and whatever, but I won't."*

His friend agreed. *"My parents told me about it, but I don't give a s**t. Let her be. It shouldn't be such a big deal"* (Kennedy 2023).

Exhibit 3. Singer/songwriter Enrique Martin Morales

Source: Livin La Vida Loca tour promotional photo

The School Board's Next Move

The uproar was fueled in part by anxiety that students' education was in jeopardy by an oversize bosom. If students were saying that they did not care, did it truly matter how Lemieux presented? Should the school board be debating this at all? By December 2022, the school did threaten students with suspension if they photographed the teacher (Rogers 2022; Warmington 2022).

Satire or Honesty ?

But what if all of this was a stunt? A prank done in bad faith by an individual who was so fed up and irritated with the *'woke culture'* in today's world that they wanted to strike back. Redditors and "X" users alike speculated that Lemieux was perpetrating a mischievous act to exploit/expose the system. That in reality, Lemieux's objective was to dress provocatively, get fired, sue for discrimination and then walk away with a hefty payout (see Exhibit 4), or perhaps be put on leave with pay. An anonymous user claiming to have a friend in Lemieux's class relayed that Lemieux was almost fired for creating an environment rife with toxic masculinity and for dropping Red Pills in class (@718Tv 2022). The post suggested that perhaps it was the school board that pushed Lemieux to take this action, a backlash or response to school board policies and positions.

Exhibit 4. Reddit Post Speculating on the Reality of the Situation

Source: @718Tv (2022)

stained hanes
@718Tv
Follow

Big if true

Anonymous (ID: +37lw1b0)
09/21/22(Wed)21:30:10 No.396375358

This dude is gaming the system. An anon here yesterday was in this dude's class. This teacher was almost fired for 'toxic masculinity' last year, as well as not embracing woke culture. He'd drop redpills to his class, such as how silly gender neutral bathrooms are. The school board hates him.

He's now upping the ante to exploit the very clown world the school and society itself created. His long game is most likely to get fired, and then sue for discrimination. There is no other explanation... No better way to troll clown world than to become an over-the-top caricature of a woman.

>>396375466 # >>396375702 # >>396375724 # >>396376943 #
>>396377394 # >>396377424 # >>396377636 # >>396378065 #

3:17 PM · Sep 23, 2022

322 Reposts 160 Quotes 3,396 Likes 186 Bookmarks

186

The *'manosphere'* referred to a growing number of boys'/men's groups, active both on and offline, that promoted misogyny and sexism. Being *'red pilled'* implied a man learning about male supremacist ideas and accepting that feminine forces and feminist ideals oppress men (McCullough 2023). Such ideals went directly against the HDSB's mission, vision, and values. If the anonymous claims were true, the board would be extremely frustrated with Lemieux duping them (Harrington 2022). Would the HDSB not be derelict in its duties if it did not push this far enough to find out? If there was a possibility Lemieux was a women-hater, should the HDSB not investigate?

Even if this was a stunt performed by Lemieux to poke holes into LGBTQIA+ matters, did that change anything? The board stood firmly by Lemieux's side at the start and continued to support them despite the merciless backlash that had the potential to have harmful real-world consequences for the safety of students, staff, and community. Likely the only person who knew the truth was Lemieux. While the world might have only been able to speculate on whether Lemieux's actions were sincere or not, the ramifications this situation had on the LGBTQIA+ community, whether in school or beyond, were palpable. Moving forward, LGBTQIA+ teachers and students would likely think twice about how they expressed their gender identity or might even reconsider being 'out' in school.

Conclusion

The HDSB needed to decide what the right next step(s) were in this predicament. Could it request Kayla Lemieux's private health records to better defend them? Should HDSB demand Lemieux dress differently to appease parents? Should it fire Lemieux to stop the onslaught of threats? If so, on what basis or grounds? What was the best path forward for the board, the community, and Lemieux? Precedent was about to be set.

NATALIE ASSAD obtained a Bachelor of Science in Computer Science as well as an Honours Bachelor of Business Administration, both from Wilfrid Laurier University. Prior to that she was a student in the Halton District School Board. She has served in volunteer roles, has credentials and certificates in technology and computer related realms. She has experience working in five programming languages and loves developing, testing code, and data analysis. She currently works at PepsiCo as an analyst to understand trends and uncover insights that drive data-driven decision making. She previously worked for TD as an analyst, PepsicCo in IT support and analytics, and Nissan Motor as a development analyst.

PRESCOTT C. ENSIGN is a Professor of Strategic Management at the Lazaridis School of Business and Economics, Wilfrid Laurier University. His PhD is from École des Hautes Études Commerciales, Université de Montréal. He has served on the faculties of state universities in California and Ohio as well as several in Canada. He is a recipient of a Fulbright Scholarship and has received recognition for his teaching and research. Recent publications focus on applied business ethics; Indigenous entrepreneurship; social enterprises and innovation; and economic and social development in rural and remote areas. The latter includes on-going research on the impact of federal and provincial policies on the survival of Canada's 60+ short line freight railways serving rural and remote enterprises and communities.

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TRICAL'S FUTURE IN CALIFORNIA'S CHANGING REGULATORY LANDSCAPE

JOHN FRANCIS

San Diego State University

Food Security vs. Sustainability

According to the Food and Agriculture Organization (2017), global food production needs to increase by an estimated 60% by 2050. The California Department of Food and Agriculture Statistics (2023) reported that the state's *'salad bowl'* provided over 33% of the United States' vegetables and 75% of its fruits and nuts (2023). Nonetheless, the California agricultural engine relied heavily on soil health. For the growers of high-value specialty crops such as strawberries and almonds, the presence of soil-borne pathogens could result in catastrophic yield losses of 20% to 50% if left untreated (Sustainable Pest Management Working Group 2023). As a premier distributor and applicator of soil fumigation products, TriCal, Inc. served as a critical infrastructure partner to California growers, providing the sophisticated chemical treatments and precision soil engineering essential to safeguarding the state's agricultural output.

The California Department of Pesticide Regulation (CDPR) released a strategic roadmap signaling an unprecedented intent to eliminate the use of *'high-risk'* pesticides by 2050.

The author developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. Contact John Francis, Fowler College of Business, San Diego State University, 5500 Campanile Dr., San Diego, CA 921822, (619)594-5339, john.francis@sdsu.edu.

While not specifically defining what chemicals were to be considered *'high-risk,'* CDPR stated:

> *"Exposure to harmful pesticides carries risks to our health and to our environment and these risks are disproportionately borne by communities already overburdened by pollution. If we truly want to build a healthy and safe California for all, we must phase out and replace the highest-risk pesticides"* (States News Service, 2023).

The statement by the CDPR created a high-stakes strategic paradox for TriCal: as a vital element of agricultural productivity, the firm needed to navigate an environment where its core products might be defined as primary obstacles to public and environmental safety.

Soil fumigants, a category of pesticides, had been used by farmers since the 1950s for the elimination of destructive fungi, parasites, disease-causing pathogens, and weeds and had come under increasing social and regulatory pressure. While soil treatments using pesticides had led to the dramatic growth of California crop health and harvest yields, fears regarding impacts on soil health, worker safety and possible negative impacts to the environment had created a volatile political and regulatory environment. Specifically, key ingredients of TriCal fumigants such as 1,3-dichloropropene (1,3-D, brand name Telone) had been classified by the state as a Toxic Air Contaminant and a Proposition 65 carcinogen. Chloropicrin was a known potent respiratory and eye irritant, with reports of illnesses linked to wind drift into residential areas. These externalities were the primary justification for the CDPR's mission to phase out *'highest-risk pesticides'* through the Sustainable Pest Management (SPM) Roadmap.

For **Dean Storkan**, the 2nd generation CEO of family-owned TriCal, the difficulties of navigating the California regulatory environment had become increasingly challenging. TriCal, founded in 1961, got its start as a distributor and applicator of soil fumigation products focusing specifically on fruit, nut and vegetable growers in California. Its three founders, a chemical engineer, a plant pathologist, and an entomologist combined their specialized expertise on solving California's farming issues related to crop-killing pests and pathogens. With its climate and water infrastructure, agriculture in the state had long been considered a farmer's paradise. TriCal, along with other industry players, continued to use technology, agronomy and engineering to develop advanced methods for crop protection and farm performance. Over the decades, TriCal's growth paralleled farm growth in California with the company now serving over 1,000 California growers.

With California's tightening pesticide regulations, the future of farming and its related sectors hung in the balance. As TriCal and Storkan approached the end of the fiscal year, the need for decisive action became critical. Despite the vagueness of the CDPR's phase-out timeline, Storkan knew the cost of waiting was strategically prohibitive. Scaling a credible alternative to fumigants required a minimum 18-month lead time for field testing and regulatory approval; not to mention that there was no effective existing chemical or biological substitute, in terms of aiding crop yields, available. TriCal risked being unable to supply its key customers in California. Across California, businesses increasingly turned to non-market strategies—efforts beyond traditional competition that involved political, social, and regulatory engagement to protect their interests. Was it now the time for TriCal and Storkan to explore these strategies, not just to adapt, but to actively shape the future of agricultural policy and secure the company's future?

TriCal's Role in California's Agricultural Engine

TriCal, Inc. was an agricultural technology (AgTech) company founded in 1961 by Richard Storkan, a chemical engineer working in pest control, Jerry Hanes, an entomologist (the scientific study of insects), and Robert McCaslin, a plant pathologist. Both McCaslin and Hanes had worked for the Los Angeles County Agricultural Commissioner's office. All three had first-hand exposure to the problems local farmers were having battling crop-killing pests and soil diseases. The three began to work on solutions to develop commercial applications for soil fumigation which had proved effective in treating diseases. They started with trial-and-error hand-drilling soil procedures, evolving into more precise, specialized products methods that led to greater soil health, plant survival and harvest results.

A key aspect of enhancing their products lay in advancing chemical compounds that were effective in addressing soil issues. Many pesticides were applied topically, with the pesticide being sprayed, dusted, or dripped via irrigation on the plant or soil. TriCal's innovation lay in the pre-plant application process involved in underground soil treatment. For example, TriCal designed and experimented with tractors dragging 18+ inch, knife-like shanks digging under the soil to release the chemical treatment prior to planting crops. This led to increased safety and h became a standard practice throughout the industry. Another innovation largely credited to Richard Storkan and Dr. Stephen Wilhelm, a plant pathologist at the University of California, Berkeley, was the practice of using plastic tarping to cover soil as it was treated (see Exhibit 1). This practice, along with the underground release of the product made each soil application much more effective as the chemical compounds were directly applied to the diseased areas and contained there. In addition, the process of underground release and plastic tarping, along with advancements in personal protection equipment, made the application process safer for workers, bystanders and surrounding areas.

Exhibit 1. TriCal Application Innovation

Source: Adapted from TriCal archives 2024.

These advancements led to breakthroughs in California farmland productivity for soil health which had been plagued by diseases and pests such as pathogenic nematodes (destructive microscopic worms), plant wilts, root rots, weeds, and insects. Soil fumigation was credited with helping to bring California strawberry production back to farmland that had been labeled *"worn out"* (Olver and Zilberman 2022). The economic necessity of TriCal's services was best illustrated by the *'Yield Gap'* (see Exhibit 2), which revealed the catastrophic revenue losses farmers faced without effective soil treatment.

Exhibit 2. The "Yield Gap" Financial Impact

Source: Sustainable Pest Management Working Group 2023

Crop Type	Yield with Treatment (per acre)	Yield without Treatment (per acre)	Revenue Loss (%)
Strawberries	~65,000 lbs	~20,000 lbs	**-69%**
Fresh Tomatoes	~40 tons	~22 tons	**-45%**
Almond (New Orchard)	100% Tree Survival	65% Tree Survival	**-35%**
Carrots	35 tons	18 tons	**-48%**

As advancements in soil fumigation took place, TriCal became a leader in this segment, treating approximately 53,000 acres of California farmland in 2021. Headquartered in Hollister, California, TriCal established itself as the dominant force in the soil health industry, employing over 350 personnel across its distribution and application divisions (Dun & Bradstreet 2024). While the company remained privately held, industry analysts estimated that TriCal's annual revenues were between $150 million and $250 million (ZoomInfo 2024). The firm maintained a commanding 60% to 70% market share for soil fumigation services in California's high-value specialty crop regions (California Department of Pesticide Regulation [CDPR] 2024). TriCal was ranked the #1 soil fumigation specialist in the Western United States, supported by a specialized fleet of over 100 GPS-guided application rigs (California Air Resources Board 2024).

To achieve dominance, TriCal focused on providing support to specialty growers who were concerned with both the quality and the quantity of their crops. These types of crops are extensively scrutinized by customers based on the size, shape, color, firmness, and the absence of damage or blemishes. Producing healthy looking crops was particularly important to growers due to customer preferences. While TriCal considered itself a leader in research and development in the area of managing soil pests and pathogens, it also worked to find the safest approaches for the application of its products. Additionally, the firm was known for its long-term trusted relationships with growers, working with many of them for over the past 50 years. One employee commented, *"I take great pride in being able to offer growers something very important and needed – we provide them something that not everyone can do."* TriCal developed into a vertically integrated chain of manufacturing, distribution, sales and application of soil fumigants that dominated the California market.

TriCal's Pivots from fumigation to Integrated Crop Solutions

From its core California business, TriCal grew into the TriCal Group (TCG) by adding 13 U.S. and 14 international companies. While TCG's operations were diverse, its primary business remained anchored by its fumigant manufacturing and application divisions, which maintained the soil fumigant chloropicrin as its most profitable product line. Another TCG business utilized the chloropicrin by-product, bleach, to develop products aimed at disinfecting industrial facilities, processing plants, and community pools. Further diversification turned TCG into a multi-segment service provider with a portfolio that included precision irrigation, nutrient management, and soil/plant diagnostics. With these moves, TriCal effectively captured the entire value chain of soil health—from diagnosis to treatment and irrigation. TCG also developed a state-of-the-art facility offering disease-resistant plant grafting. Additionally, with the company's expertise in engineering machinery, TCG diversified into the manufacturing of custom agricultural equipment. While these additional businesses were organized under the TriCal Group, they retained their regional identities and structures. Overall, TCG estimated that approximately 25% of its revenues came from California operations. Another large business unit, TriEst, also provided 25% of TCG revenues, focusing primarily on diagnosing crop issues and distributing fumigation products for farmers throughout the U.S. (excluding California and the Pacific Northwest). TCG's international businesses constituted roughly 10% of total sales for the group.

The Business of Agriculture

Agriculture remained one of the largest and most significant industries in the world to meet the needs of a growing population. Historical trends showed the dramatic rise in efficiency required of farmers: in 1930, one farmer was estimated to feed four people; in 2026, that number was over 155. To keep pace, global food demand was projected to increase between 35% and 56% by 2050 (van Dijk, Morley & Rau 2021). Rising demand has driven U.S. agricultural trade to record levels. The world's top supplier countries—including the U.S.—relied on extensive agricultural land, favorable trade policies, and the utilization of agricultural technologies to improve crop yields and stability (Tahir 2024). Reliance on high-productivity methods was the central economic foundation for companies like TriCal. For California, agriculture had long been an important industry in the state with an estimated market value of $59 billion top among U.S. states (California Department of Food and Agriculture 2023). The state had over 68,000 farms and accounted for 4% of total U.S. farming production. California farms were typically small with 70% having fewer than 100 acres, yet producing over 400 different agricultural products, including almost 75% of the nation's fruits and nuts (USDA 2025). With its diverse growing conditions only found in certain regions, California was critical to the nation's food supply by producing the vast majority of all crops in several categories (see Exhibit 3).

California agriculture was not only a vital contributor to the U.S. food industry but also exported over $23 billion worth of products internationally, an increase of 4.4% from the previous year (CA Agricultural Exports 2022-2023). However, based on the size of farming regions, California was extremely effective in land usage and was the location for some of the most valuable farmland in the U.S. (see Exhibit 4). A recent trend regarding agriculture had been the increased price of food and produce. Due to inflation that affected food and specialty crops over the past few years, California consumers had grown sensitive to increases in price. While the state has seen a slowdown in inflation, Sarah Bohn, economist and director of the Public Policy Institute of California Economic Policy Center, suggested that while this *"is great news,* *it's not like those prices are declining,"* and that *"when you go to the grocery store, your total bill is still much higher overall than a few years ago"* (Sumagaysay 2024).

Comparing the prices of organic crops to conventionally grown crops, increases were even more pronounced. For example, the USDA estimated that for the period of 2018 to 2022, organic strawberries were priced 74% to 88% higher than conventional strawberries even with domestic organic strawberry acreage tripling in California (USDA Specialty Crops Resources 2023).

Exhibit 3. California's Rank in the Production of Specialty Crop Categories

Source: Adapted from California Agricultural Resource Reports 2023

Crop and Livestock Commodities in which California Leads the Nation [1]

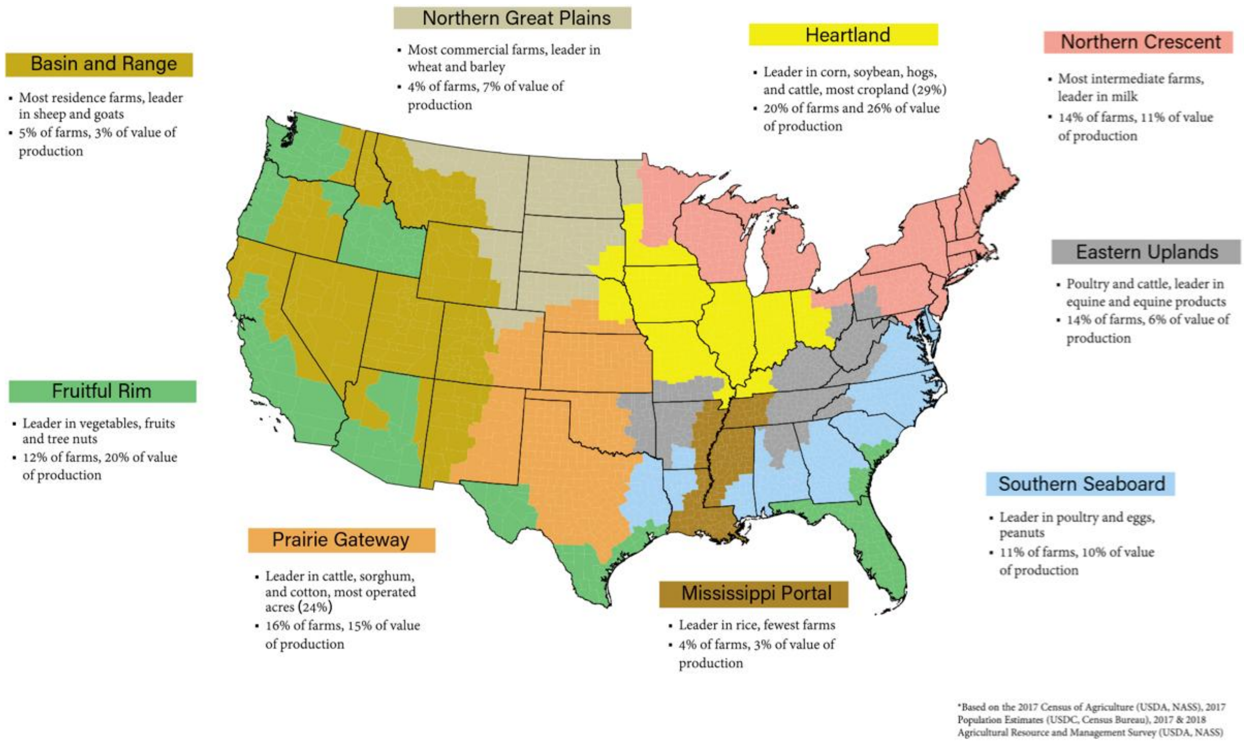
Almonds	Flowers, Bulbs	Mandarins & Mandarin Hybrids [2]	**Plums, Dried**
Apricots	Flowers, Cut	Melons, Cantaloupe	Pluots
Artichokes	Flowers, Potted Plants	**Melons, Honeydew**	Pomegranates
Avocados	**Garlic**	Dairy products, Milk	Raspberries
Beans, Dry Lima	Grapefruit	**Nectarines**	Rice, Sweet
Blueberries	**Grapes, Raisins**	Nursery, Bedding Plants	Safflower
Broccoli	Grapes, Table	Nursery Crops	Seed, Alfalfa
Brussels Sprouts	Grapes, Wine	**Olives**	Seed, Bermuda Grass
Cabbage	Hay, Alfalfa	Onions, Green	Seed, Vegetable and Flower
Carrots, Fresh	Herbs	Oranges	Spinach
Carrots, Processing	Jojoba	Parsley	Squash
Cauliflower	Kale	**Peaches, Clingstone**	Strawberries
Celery	**Kiwifruit**	Peaches, Freestone	Tomatoes, Processing
Cotton, American Pima	Kumquats	Peppers, Bell	Triticale
Daikon	Lemons	Peppers, Chili	Vegetables, Greenhouse
Dates	Lettuce, Head	Persimmons	Vegetables, Oriental
Eggplant	Lettuce, Leaf	Pigeons and Squabs	**Walnuts**
Escarole/Endive	Lettuce, Romaine	**Pistachios**	Watercress
Figs	Limes	**Plums**	

[1] *California is the sole producer (99 percent or more) of the commodities in **bold**.*

[2] *Includes tangelos, tangerines, and tangors.*

Exhibit 4. Cross state comparisons of crops and crop value

Source: USDA/NASS 2022



The Technology of Agriculture

Scientific advances increasing the productivity of agriculture and farm crop yields had allowed farmers to produce more with less as the U.S. and global population had grown while the number of farms decreased. The USDA 5-year Agriculture Census indicated that the number of farms declined nationally by 141,733 and California by 7,387 in the period between 2017 and 2022 (Report on 2022 Agriculture Census 2024). Soil fumigation had long been considered the primary method for growers of specialty crops to improve crop yields and quality. Pests and pathogens were unavoidable and wreaked havoc on these kinds of crops, costing California up to $6 billion per year in crop loss (University of California, Riverside Center for Invasive Species Research n.d.). As such, IBISWorld (2024) estimated that pesticide manufacturing in the U.S. would remain strong at approximately $18.5 billion in revenue.

As an example of soil fumigation's importance, the University of California Cooperative Extension (UCCE) conducted two studies on farms with conventionally treated soil and organic farms (Bolda et al. 2022; Tourte et al. 2022). The two reports indicated that organic yields for strawberries were significantly lower than conventional farms that utilized fertilizer and fumigation (for illustration see Exhibit 5).

Exhibit 5. Strawberries treated and untreated comparison

Source: TriCal archives 2024

Fumigated

Untreated

Based on study estimates, if California farms were not able to utilize conventional farm practices, 48 million fewer people per week would have access to fresh strawberries. Additionally, based on the UCCE per acre assumptions for yields and resource utilization, it was calculated that converting all strawberry acres to 100% organic, and maintaining current total production levels, California would need:

- 9,714 additional acres devoted to strawberries;
- 5.4 billion additional gallons of potable water;

- 3.33 million additional gallons of diesel;
- 1.72 million additional gallons of gasoline;
- 3-18 million additional pounds of agricultural plastics (organics cannot use biodegradable films);
- 1.6 billion additional pounds of organic fertilizers;

Additional material inputs to support organic-only production would generate an additional 49.3 million pounds of greenhouse gasses (carbon dioxide equivalents) per year.

Organic farming provided one alternative, but it was distinct from the emerging movement of Regenerative Agriculture (RA). While *'Organic'* was a strictly regulated USDA production standard defined by the absence of synthetic inputs, RA was an outcome-based philosophy focused on restoring soil health through practices like cover cropping, composting, and reduced tillage (Rhodes 2017). A tension existed here: many organic growers relied on heavy tillage to manage weeds without herbicides, which could inadvertently disrupt soil biology and release stored carbon. In contrast, RA prioritized minimal soil disturbance to sequester carbon and improve the water cycle. For California's specialty crop sectors, both models faced a harsh *'Yield Gap.'* Research indicated that moving to purely regenerative or organic systems without soil fumigation could result in a 25% to 50% drop in yield for crops like strawberries and almonds due to the resurgence of aggressive soil-borne pathogens (Bolda et al. 2022). Furthermore, maintaining current production levels under an organic or regenerative-only model would require an estimated 9,714 additional acres of land, increasing water consumption by 5.4 billion gallons annually (Alliance for Food and Farming 2023).

Given the growing need for food both in the U.S. and globally, even though farms were experimenting with both organic and RA alternatives, overall the increased demand for crops had continued to result in continued increases in the use of soil fumigation (Agricultural Soil Fumigants Market) and fertilization (Fertilizer - Statistics & Facts 2024).

Other AgTech innovations included precision agriculture such as the use of GPS technology, drones, and IoT (Internet of Things) devices to monitor and manage crops, water, fertilizers and pesticides more precisely. Additionally, artificial intelligence, the use of big data to analyze weather patterns, soil conditions, and crop performance, and robotics were being applied to increase farm effectiveness. Another area of innovation included biotech development of crops that were more resistant to pests, diseases, and extreme weather conditions. Lastly, there were technologies focused on sustainable farming practices, such as no-till farming, crop rotation, and integrated pest management such as the use of biopesticides which were derived from natural materials. Many of these practices focused on sustainability and did not deliver the effectiveness of current farm solutions. Therefore, continued innovation in agricultural technology to improve agricultural productivity and sustainability remained an elusive goal.

While all farmers wanted to increase their agricultural productivity, how they went about it varied greatly based on country or region. In the U.S. or Western Europe, there was very little wasted land, infrastructure was well-developed with farmers leveraging the benefits of soil fumigation and fertilization (Investopedia 2023). In other regions such as Africa and much of South Asia, the lack of infrastructure created problems in transporting crops or other tools such as fertilizer causing farms to be less effective (Investopedia 2023).

Regulatory Pressure and the Ticking Clock

While there had been an increase in the need for fertilizer and fumigation to meet growing food demands, governments faced mounting pressures to regulate the use of these chemicals and ensure that they were applied in ways that protected both human health and the environment. In the U.S., the primary governing entity for agriculture science, including the use of chemicals, was the U.S. Environmental Protection Agency (EPA). In addition, California had developed its own regulators including Cal/EPA, CDPR and other related California agencies such as the California Department of Food and Agriculture (CDFA) and County Agricultural

Commissioner Offices (CACs). These agencies created an additional layer of regulatory control and oversight under which California growers and AgTech businesses operated.

The CDPR (California Department of Pesticide Regulation) began championing an Integrated Pest Management (IPM) system actively in the 1990s, recognizing the need for sustainable pest control practices in response to concerns about the environmental and health impacts of chemical pesticides (Flint, 2003). IPM was defined as

> *"a pest management strategy that focused on long-term prevention or suppression of pest problems with minimum impact on human health, the environment, and nontarget organisms. Preferred pest management techniques include encouraging naturally occurring biological control; using alternate plant species or varieties that resist pests; selecting pesticides with a lower toxicity to humans or nontarget organisms; adopting cultivating, pruning, fertilizing, or irrigation practices that reduce pest problems; and changing the habitat to make it incompatible with pest development. Pesticides are used as a last resort when careful monitoring indicates that they are needed according to pre-established guidelines. When treatments are necessary, the least toxic and most target-specific pesticides are chosen"* (Flint 2003).

California's efforts led to impressive results. In the CDPR's most recent study on pesticide residues based on 3,281 produce samples collected from 500+ California businesses reported the following key findings:

- 97% of fresh produce tested had no detectable pesticide residues or had residues below health-protective thresholds set by the federal government.
- 37% of all samples collected had no detectable pesticide residues, while another 60% had residues below federal benchmarks. Just 3% of all samples had illegal residue levels.
- Only 1% of domestically grown produce sampled and tested contained illegal residues.
- No illegal residues were found on 78 types of produce tested, including highly consumed products like avocados and apples.
- Of the illegal residues found, 82% were on imported produce (California Pesticide Residue Monitoring Annual Report 2022).

The soil fumigant primarily utilized by TriCal, chloropicrin, had become a leading choice by farmers, after methyl bromide was banned by the U.S. EPA in 2017 due to its impact on depleting ozone (Guthman 2018). While Chloropicrin was a hazardous or noxious liquid, it was considered safer for the environment and humans if applied under strict guidelines. Chloropicrin also had the advantage over other topical pesticides because it decomposed in the soil and had a half-life of approximately 20 days (Chloropricrinfacts.org).

The EPA provided direction for safe applications by requiring no direct exposure to reduce skin, eye and lung irritations. Also, the procedure for each soil treatment was extensive, requiring licensed Pest Control Advisors (PCA) to provide growers with written recommendations addressing thirteen impact areas. To conduct a chloropicrin application, the PCA needed to (1) obtain a restricted materials permit, (2) file a notice of intent (NOI) to apply a restricted material, and (3) complete a fumigation management plan (FMP) detailing everything from soil conditions and application method to buffer zone information and emergency preparedness plan to air monitoring and surrounding area notification. Finally, the PCA completed the Post Application Summary (PAS) and submitted a Pesticide Use Report to the county.

PCAs were college educated in Crop Health, Pest Management Systems and Methods, Crop Production Systems, and Physical and Biological Sciences with at least 24 months applicable field work experience and 40 hours of continuing education every two years. All applicators and handlers had to certify completion and fit-test of Personal Protective Equipment (PPE) and respirator training. Personnel needed to comply with federal and state Worker Protection Standards (WPS), Good Agricultural Practices (GAPs), and with federal, state, and county stipulations pertaining to labels and other regulations. Based on these strict requirements, TriCal estimated that a sensory irritation caused by direct exposure to the fumigant via a leak, application error, or extreme weather condition occurred once every ~6,000 applications, or 0.018% of the time it was utilized (US EPA 2008).

More recently, the CDPR had released what it called its *"Strategic Pest Management (SPM) Roadmap,"* which a set of initiatives designed to promote even safer, more sustainable pest management practices across California. The goal was to reduce the risks associated with pesticide use, minimize environmental impact, and protect human health while managing pest populations effectively. The program emphasized various control methods with a focus on minimizing reliance on chemical pesticides. Key components included:

1. **Integrated Pest Management (IPM)** encouraged the adoption of past IPM principles aiming to focus on prevention, monitoring, and control methods.
2. **Pesticide Use Reduction** reduced the overall use of high-risk pesticides.
3. **Pesticide Regulation and Safety** enforced regulations to ensure safe and proper use.
4. **Education and Outreach** educated pest management professionals, farmers, landscapers, and the public on the benefits and practices of IPM.
5. **Research and Innovation** supported research into new, safer pest management techniques and alternative pest control methods, such as biological control agents, organic solutions, and advanced technologies.
6. **Environmental and Health Impact Assessments** assessed the risks and impacts of pesticides on human health, wildlife, and the environment. CDPR evaluated and monitored pesticides and pest management practices to ensure they meet safety standards and to identify opportunities for improvement.
7. **Collaboration with Other Agencies.** The CDPR worked closely with other state and federal agencies, universities, agricultural organizations, and environmental groups to coordinate efforts on pest management issues, promote best practices, and develop policy solutions (California Department of Pesticide Regulation)

To accomplish its new mission, the CDPR maintained a staff of about 390 individuals and an annual budget of approximately $91 million. As part of the Governor's proposed budget for the 2024-25 fiscal year, the agency had asked for an additional 117 positions and $25 million annually by raising sales taxes to 35% on pesticides to farmers (California Department of

Finance 2024). The CDPR also sought approval for the ability to impose additional future sales tax increases. These proposals signaled that the CDPR was ramping up for a major push toward implementing the new Strategic Pest Management (SPM) program. SPM was defined as *"a holistic, whole-system approach to managing pests in agricultural and other managed ecosystems and urban and rural communities that builds on the concept of IPM with broader consideration of human health and social equity, environmental protections and economic vitality."* The expectation was that the CDPR would determine which pesticides would be reduced or eliminated and determine what human health and environmental impacts would be measured.

Nongovernmental Organizations and the Media

Beyond the governmental agencies, NGOs were also actively involved in influencing politicians and advocating for stricter regulation in California. Organizations such as the Environmental Working Group (EWG) and Pesticide Action Network (PAN) worked to create policy changes by raising awareness and supporting research. These groups pushed for transparency in food labeling and highlighted pesticides' environmental impact on soil, water, and biodiversity. Additionally, the media, including traditional news outlets, social media platforms, and digital media and blogs were involved as well, amplifying concerns, informing the public about health risks from pesticide residues in food and environmental impacts. These platforms shaped public opinion by reporting on issues related to pesticide use, offering commentary, and highlighted the broader social, environmental, and health impacts.

At the Crossroad: Architecting TriCal's Next Move

TriCal worked hard to meet the regulatory requirements of the various regulatory agencies that provided oversight. It continued to invest in R&D safety and impact testing, conducted hundreds of field trials to meet standards and labeling approvals set by the U.S. EPA along with the additional regulations required by the state of California. It safely transported its products from its manufacturing plant in North Carolina to mixing facilities and storage locations throughout California. In addition, it had developed an extensive pool of qualified licensed applicators and Pest Control Advisors.

The launch of the new SPM Roadmap presented a fresh set of challenges for TriCal's future.

As Dean Storkan reviewed his options, he recognized three potential regulatory shocks looming on the horizon: a total regulatory ban on chloropicrin, higher environmental mitigation taxes, or a doubling of required buffer zones that would effectively render thousands of acres untreatable. The urgency of this transition was underscored by the rapidly shifting economic landscape. Over the past decade, TriCal had faced a 300% increase in regulatory compliance costs, while the number of approved active ingredients in their portfolio continued to shrink (see Appendix 1). For Storkan, this raised questions about the long-term financial viability of a business model within a tightening regulatory environment.

Storkan recognized that the enactment of potential regulations would pose a serious threat to his company. He realized that TriCal could no longer afford to be a passive observer of increasing regulation. Instead, he had to decide: Should TriCal double down on its technological advantages and proven safety, leading a cross-industry coalition to protect food security, or pivot its business model toward other non-chemical alternatives? Storkan realized that this moment represented an opportunity to engage with decision-makers and address potential misinformation surrounding TriCal's products. With the 2050 SPM Roadmap deadline set, Storkan had to architect a non-market strategy that would determine if TriCal remained a chemical distributor or evolved into a broader agricultural solutions partner. The clock was ticking.

APPENDIX 1. Regulatory Compliance & Market Trends

Source: Data synthesized from California Department of Pesticide Regulation (2025) Pesticide Use Reports; Hamilton & McCullough (2024) Cal Poly Regulatory Compliance Study; and AgbioInvestor (2024) Agrochemical Product Study.

Regulatory Metric	10 – Year Trend	Impact on TriCal
Pesticide Use Restrictions	+45% Increase	Higher operational complexity
Product Registration Time	Up to 10 Years	Slower innovation cycle
Compliance Costs	300% Increase	Margin compression
2050 SPM Roadmap Goal	100% Phase-out	Complete business model threat

JOHN DAVID FRANCIS is an Associate Professor of Strategic Management at San Diego State University's Fowler College of Business, where he teaches undergraduate Strategic Management and MBA Strategic Thinking. He is also the Director of the Aztec Consulting Program, overseeing critical support for diverse small businesses in the region. His research investigates strategic decision-making in global contexts, bridging the gap between theory and the complexities of business practice.

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UNITING EAST BOSTON FOR POST-PANDEMIC RECOVERY: STAKEHOLDER APPROACH

JULIA IVY

Northeastern University

Following a conversation with Mr. Alvaro Lima, the Director of Research for the Boston Planning and Development Agency at the City of Boston, Julia Ivy, a strategy professor and author of the concept of boutique employability, began to think about projects that might bring together three entities that lie close to her heart to deal with the challenges raised by market disruption from the COVID-19 pandemic: (a) the small businesses for whom she did research and strategy consulting; (b) educated Millennials with whom she regularly connected in her work as a professor; and (c) the government and leadership of East Boston, the neighborhood she called home.

Dr. Ivy's knew that these three groups needed each other. Local small businesses had been hit hardest by COVID-19; they desperately needed help to deal with their challenges to become the post-COVID market. Millennials, the most educated and proactive (but least employed) generation sought more ways to connect with their community, make their voices heard and, hopefully, invest in their employability. East Boston, with its long history and a strong Latino community, delt with gentrification and needed to bridge the Latino community's *'old timers'* and educated Millennials as newcomers, and to find ways for both new arrivals and established high-income earners to succeed in the post-pandemic.

The author developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. Contact Julia Ivy, Northeastern University, 360 Huntington Ave, HA 313A, Boston MA 02445, j.Ivy@northeastern.edu.

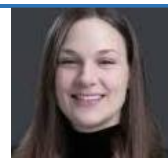
Dr. Ivy had previously developed the **BE-EDGE** method that allowed the parties to synchronize at several levels, and she thought that BE-EDGE might help East Boston as well. Mr. Lima loved the idea. The question was about the ways to transform the idea into a product that would serve the purpose and satisfy the needs of stakeholders.

The pressure was on. Every day, more and more businesses were realizing that the *"good old times"* were gone. Severely hit by COVID-19, East Boston urgently needed an injection of positive change as more businesses went under water and more Millennials filed for unemployment.

The City of Boston's Small Business Development department was looking for proposals that would have the most significant potential impact. Mr. Lima connected Dr. Ivy with the New Urban Mechanics Department of the City of Boston Mayor's Office, and Laura Ballek Cole of New Urban Mechanics said that she was on board. Two volunteer master students, both Boston residents, joined the team, driven with a passion to make an impact (see Exhibit 1). Everybody was ready to start. Everybody waited for specifics of the project design. The momentum to make a difference was there, with no time for a wrong move.

Exhibit 1. The Team

Dr. Julia Ivy, Executive Professor, Northeastern University. Founder, BE-EDGE Strategy, resident of East Boston



Laura Ballek Cole, Program Director, City of Boston Mayor's Office of New Urban Mechanics, resident of East Boston

Dana Bogatko, Student, MS in Project Management, Volunteer, resident of East Boston

Emily Murphy, Student, Master of Business Administration, Volunteer, resident of South Boston

Small Businesses and COVID-19

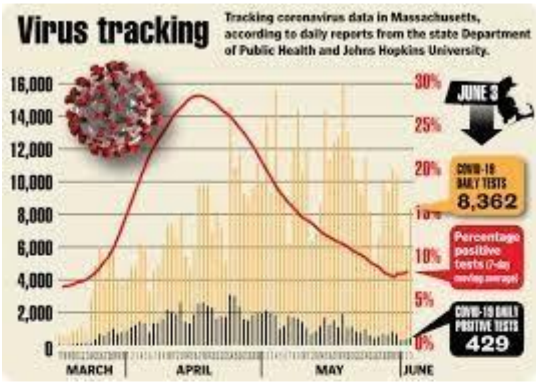
Besides being a deadly disease that by June 6, 2020 had infected 103,132 and caused the death of 7,289 people in Massachusetts (Mass.gov 2020), COVID-19 had incited the worst economic slump since the Great Depression (Georgieva 2020). In April 2020, retail sales declined by 8.7%, the most significant monthly drop since the government began tracking the data (U.S. Census Bureau 2021). Manufacturing output experienced its worst decline since the 1940s (Board 2021).

Boston's business community came to a standstill when the state issued a shelter-in-place order in March 2020 (see Exhibit 2). On April 14, 2020, Boston Mayor Martin Walsh said, "*When we feel the surge is past us, we will start to continue to go forward... We are going to be working with businesses when that time comes*" (Fortier 2020). In response, The National Federation of Independent Businesses said, *"Time is running out quickly for small businesses."* To cite just one example, Wormtown Brewery lost 70% of its customer base, according to sales manager David Fields (Palumbo 2020).

Exhibit 2. COVID 19 in Numbers

COVID in MA: March 3-June 3 Dynamic

Source: (Cohan, 2020)



COVID by Boston's Neighborhoods

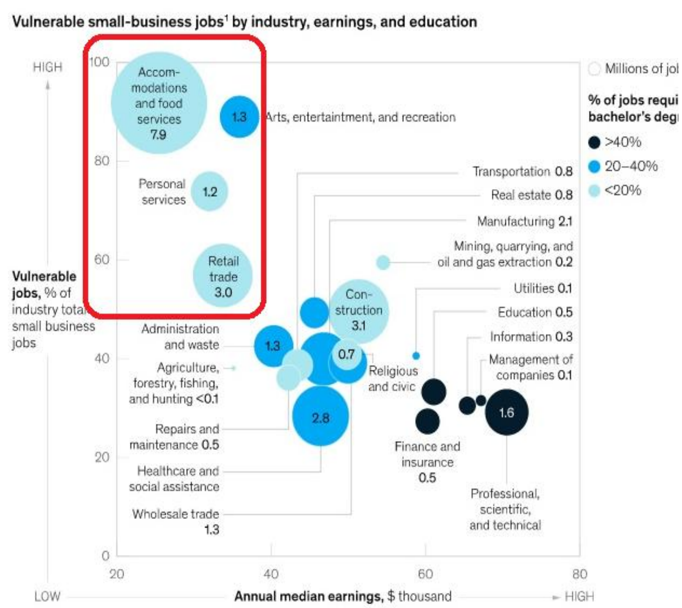
Source: Lynds, 2020

Impact on Boston's Small Businesses

Source: (Curran, 2020)

Vulnerability of Small Businesses, by Industry

Source: (Dua et al, 2020)



Jon Hurst, president of the Retailers Association of Massachusetts, anticipated that most of the group's 4,000 businesses would continue to struggle, considering the current rule capping grocery stores at 40% of their usual capacity. Boston.com summarized that point: "*Getting back to business may not mean business as usual in Mass*" (Borchers 2020).

Dr. Ivy was horrified with the news. On a more optimistic note, she found historical examples of how major market disruptions had initiated business innovations, ultimately demonstrating business resiliency and initiating business model changes to drive down costs and enable entirely new categories of businesses to emerge (Mudassir 2020). For instance, the SARS pandemic of 2002-2004 catalyzed the meteoric growth of the once-small Asian e-commerce company Ali Baba. The financial crisis of 2008 presented an opportunity for the business models of Airbnb and Uber, which enabled people to share assets and cover expenses. East Boston's small businesses needed a boost of ideas to help them rejuvenate after the COVID.

Sadly, crisis deepened inequality in American society and disproportionately affected communities of color. On April 10, 2020, Mayor Marty Walsh said, "*We do see disparities, and it does concern me*." The city released additional data that showed that more than 24% of residents that had contracted the disease were Black, 32% White, 31% Latino, and 5% Asian or Pacific Islander. Those numbers indicated that Latino residents, who made up 25 percent of Boston's population according to census data, were coming down with the disease at much higher rates (DeCosta-Klipa 2020). "*We need to focus more on the Latino community around Boston*," Walsh said, adding that the city had observed *"clusters"* of cases and pointing to East Boston as an example (DeCosta-Klipa 2020). Geographical data supported Mayor Walsh's point, revealing that COVID-19 hit harder in some neighborhoods: in East Boston, 46.8% of residents tested positive (Gavin 2020).

East Boston: Ethnically Rich and Attractive for Millennials

East Boston was located near downtown Boston and the city's Financial District, as well as Logan International Airport, but was separated from other Boston neighborhoods by water (see Exhibits 3 and 4). The geography and history of East Boston had defined both its vibrancy and generated some controversy. Home to beautiful harbor access and breathtaking views of Boston, it had also served as the backyard for Boston's industrial needs, which had left a legacy of oil tanks, scrap metal collections, the salt piles across Chelsea Creek, a push from Eversource for its substation, and pollution from Logan Airport-related traffic. Such geographical and historical context made East Boston a home for three distinct groups. The first, the current majority of East Boston, was composed of immigrants from Latin America.

Exhibit 3. East Boston

Source: LandVest (2018)

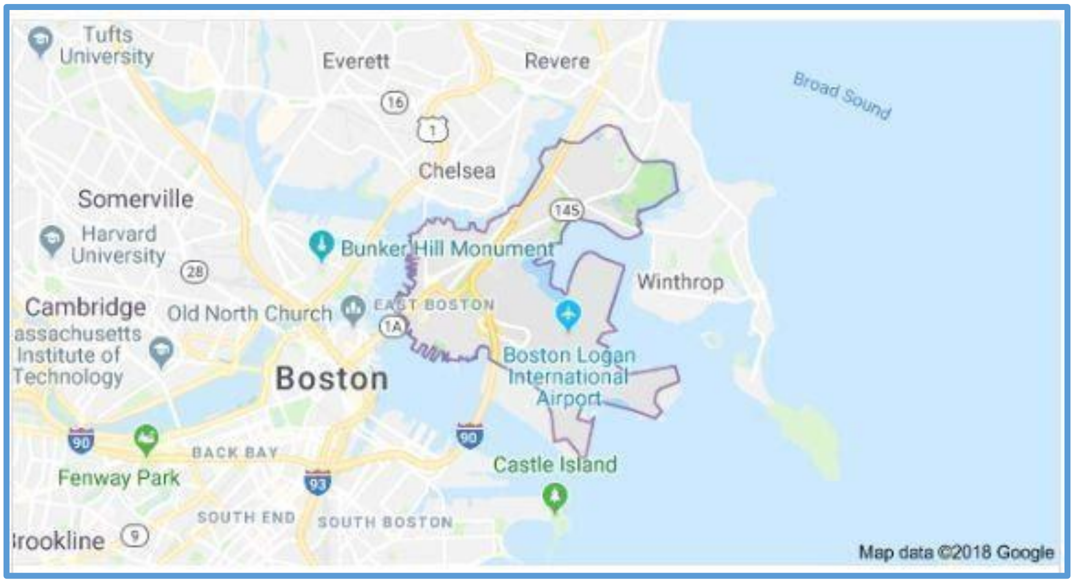
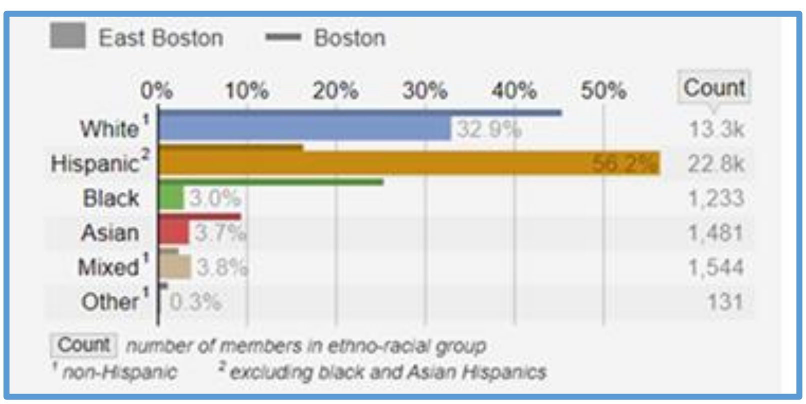


Exhibit 4. Bost and East Boston Ethnic Populations

Source: Statistic Atlas

Percentage of the total population of Boston and East Boston

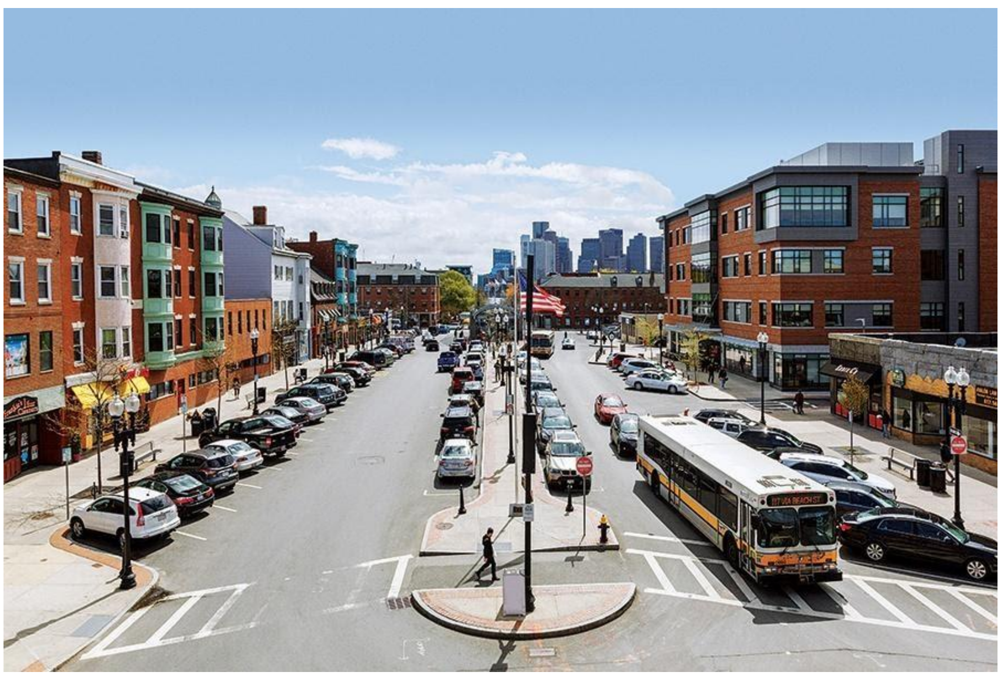


The second and most recent wave included many well-educated Millennials who worked in Boston's Financial District. As the Boston Planning & Development Agency has reported, the percentage of East Boston residents ages 25 and older with a bachelor's degree doubled between 2000 and 2015 (Boston Planning 2017). The situation initiated *"The Battle for Eastie's Soul,"* where the question of "*Who will win in the fight for the city's last frontier?"* revealed East Boston's divide between the old-timers, represented by old-fashioned Bostonian political powers, Millennials and developers for luxury residences, and majority-minority immigrants from Latin America (Sweeney 2019).

Exhibit 5. Divided East Boston

Source: Photo by Bob O'Connor

A view of Maverick Square in East Boston shows the divide between old and new



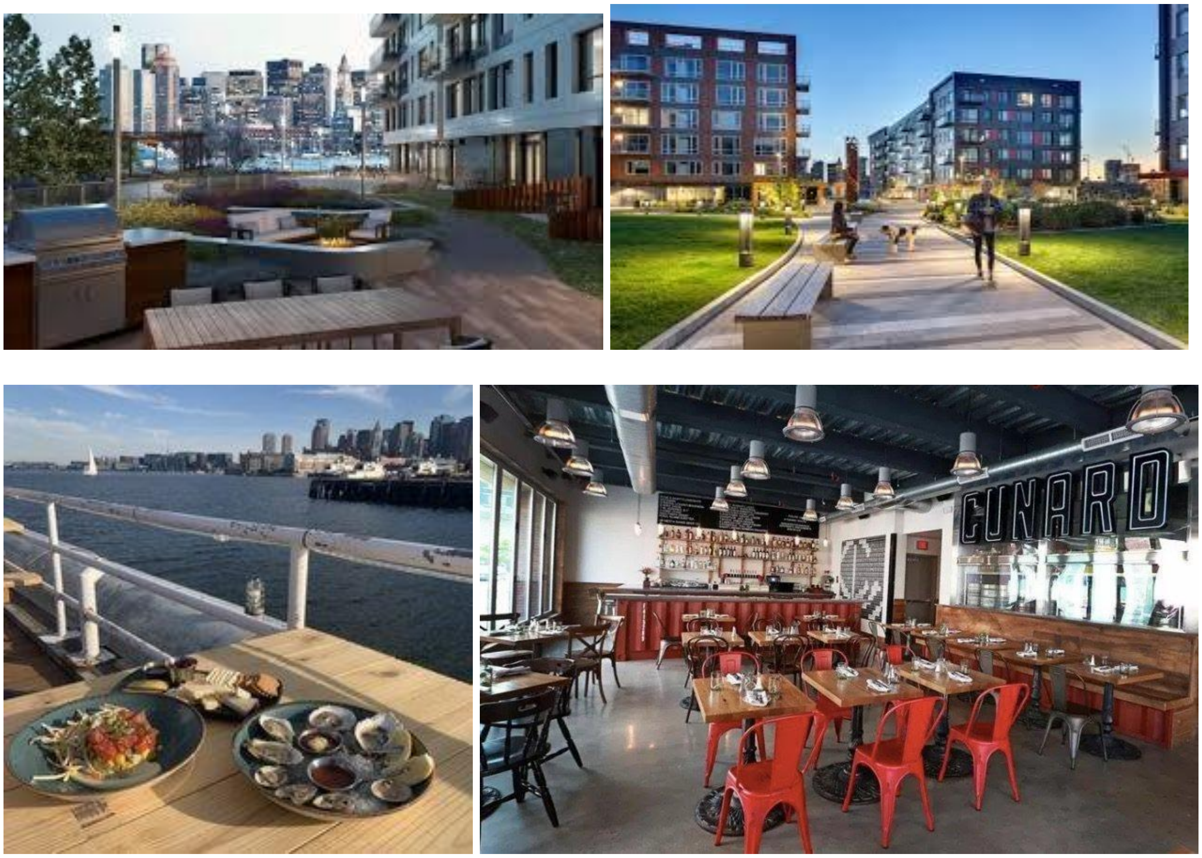
Local businesses and the neighborhood life in East Boston reflected its demographics. While the scope of these enterprises was diverse, East Boston was mostly known for its ethnic cuisine and art. Places like *La Chiva*, *Pollos A La Brasa Beto's*, *El Palmar*, *El Peñol*, and *Rincon Limeño* were run and frequented by Latin American immigrants (Exhibit 6). At the same time, Millennials had their waterfront restaurants, such as Pier 6, Canary Tavern, or ReelHouse (Exhibit 7). These two groups rarely interacted or visited each other's small businesses, making East Boston appear to be a tale of two disconnected realities.

Exhibit 6. Ethnic Restaurants in East Boston

Sources: Google search "Latino Restaurants East Boston" and author photos

Exhibit 7. Millennials of East Boston: Trends

Sources: Source: (Elevated Residential, n.d.) and
Google search--Waterfront restaurants East Boston for Millennials



Millennials in a Time of Market Disruption

Millennials, the generation born between about 1980 and 2000, represented a growing group not only in East Boston; by the time of COVID-19, they made up half of the American workforce and, by 2025, were projected to represent 75% of the global workforce (Economy 2019).

By April 16, 2020, four weeks into the COVID-19-induced economic crisis, more than 22 million Americans and 572,000 Massachusetts residents had filed new claims for unemployment aid, with Millennials being disproportionately affected. A staggering 52% of Millennials lost their jobs, were put on leave, or had their hours reduced because of the pandemic, compared with 26% of people from older generations (Swasey 2020).

Millennials perceived psychological profile also distinguished them from other generations, which annoyed many. Cognovi Labs found that Millennials' perceived nonchalance angered previous generations more than COVID itself. Specifically, 22.7% of adults in the United States expressed anger toward COVID-19, and 66.7% of the same adults expressed anger toward Millennials' general nonchalance (Cognovi Labs 2020). *Time* magazine had labeled Millennials the *"Me, me, me"* generation—narcissistic, fame-obsessed, convinced of their greatness, critical of the establishment, and technologically addicted (Stein 2013). *Forbes* referred to Millennials' overconfidence, high expectations, inward focus, misplaced education, and low attention to building their credit scores (Alton 2016). In a highly routinized work environment lacking flexibility, impact, and opportunities for growth, Millennials were likely to feel disengaged and would eventually leave the job: 21% of Millennials changed jobs within the past year—more than three times the rate of non-Millennials (Adkins 2019).

While Millennials generally disagreed with the negative connotations attached to their generation by publications such as *Time* and *Forbes*, many agreed that their generation was different from the preceding ones. Millennials described themselves as connected and tech-savvy multitaskers and innovators (Holland 2016). As an example of their ability to view the world differently and being digital natives, Cisco found that 87% of Millennial executives believed video had had a significant and positive impact on their organization — a view they held long before the advent of the pandemic (Economy 2019). Millennials were also the most educated demographic in the workforce. Historical data on educational levels among people aged 25 to 29 showed that in 2016, 40% of Millennials held advanced degrees, compared to 32% of Generation Xers in 2000, 26% of Boomers in 1985, and 16% of Silents in 1964 (Graf 2017). Finally, the *Wall Street Journal* reported that Millennials made up most of the new gig economy by their self-reliance and ability to innovate; in 2020, self-employment in the United States had reached 42 million workers, and 42% of those were Millennials (Monahan 2018).

Millennials were also a generation that was not afraid to take a stand on social issues. They sought to make an impact on issues that mattered to them, refused to expend their energy on those who did not, and firmly believed in the power of activism (Case 2017). *Fast Company* reported that this generation wanted to help humanity and save the planet in ways that went beyond the efforts of previous generations, possibly with far greater outcomes (Paynter 2019). It was clear to Dr. Julia that Millennials would be the best chance for small businesses to find innovative solutions for rejuvenation, if she were able to find a way to connect them in a meaningful way.

The City of Boston for Small Businesses and Neighborhoods

The third stakeholder in Dr. Ivy's equation was the city government and its policies for both small businesses, Millennials, and neighborhoods.

The City of Boston had taken the lead in securing federal aid and other grant money where it was needed, rolling out $6 million in grants for small businesses ready to reopen. Mayor Walsh said, "*We want our business owners and workers to have access to the appropriate resources to stay safe*." Walsh added, "*These additional grants will help level the playing field for Boston's small businesses and support both our public health and economic equity priorities*." The first wave of funding was aimed at assisting businesses with fewer than 15 employees, where most employees had to work nearby. Another $7.5 million was intended to support similarly sized small businesses in paying their bills as COVID-19 continued to affect the economy (Cotter 2020).

When Dr. Ivy inquired which city department might be most appropriate to approach with a neighborhood-focused project, Mr. Lima immediately pointed to two departments that could be the best stakeholders. The first was the Director of Small Business Department, Natalia Urtubey, who previously served as Executive Director of Imagine Boston 2030 and was active in the Latino community (City of Boston 2018). Mrs. Urtubey's department worked with local residents and existing businesses to ensure the city support for growth without displacement, and coordinated with other departments to remove any barriers to doing business in Boston. She also oversaw the distribution of more than $3 million in small business resources under the Community Development Block Grant (CDBG) Program and over $3 million in investments in small businesses within and outside the 20 Boston Main Streets Districts. Additionally, Mrs. Urtubey started the Mayor's Latinx Employee Resource Group (ERG) and served as the liaison to the Diversity Office for the ERG.

Mr. Lima also pointed out that Dr. Ivy should consult with the New Urban Mechanics group, the mayor's civic research and design team that worked across departments and communities to explore, experiment, and evaluate new approaches to government and civic life, and a first of its kind in the country.

> *"The New Urban Mechanics' team are all Millennials, and they are all interested in creative ideas to improve the city. They would be a great help for a pilot project, and if the project works, they will hand it to another City of Boston department,"* said Mr. Alvaro.

Weighing the Options

At the end of June 2020, when Julia Ivy shared her idea with Alvaro Lima, Natalia Urtubey, and two members of the *New Urban Mechanics* team, Nigel and Laura, to launch a project that would bridge local Millennials and local, ethnically rich, small businesses. All parties agreed on the project's needs, while also emphasizing the differing needs of various stakeholders. Alvaro said: "*I think focusing on the businesses and their urging needs should be the priority in such a harsh time*." Natalia said, "*Connection between the groups should be key*." Nigel mentioned that if the project could develop the mechanics behind involving Millennials in local projects, it would be groundbreaking for many city governments.

By the end of the summer of 2020, the team was formed. It included Julia Ivy as the content leader and the author of the BE-EDGE method, Dana Bogatko, a master's student in project management to cover the operational aspects of the project, and Laura Cole from New Urban Mechanics to oversee local small business outreach and contact with city offices. Emily Murphy joined the team as an MBA student after learning about this project in Dr. Julia Ivy's class. She became a core team member and specialized in understanding the Millennial's point of view.

Fall 2020: Team members collected data on stakeholders' expectations and boundaries:

- Emily collected the data on Millennials' expectations;
- Laura stayed connected with small businesses;
- Julia stayed in contact with the government officials;
- Dana was deeply embedded into East Boston's fabric.

November-December 2020*:* The team arrived at the idea that the focus should be on how it could help local businesses reimagine their business models and operations to reach new target groups of clients, suppliers, or employees. The team had three the options of how to proceed with that focus (see Exhibit 8).

Exhibit 8. An Overview of the Options under Consideration

Descriptors	Option 1: Solving the Case	Option 2: Making Your Consulting Case	Option 3: Hackathon-style event
In a nutshell	Solving a business case	Making a real-time consulting case	Exploratory programming
Why: The meaning for participants	Demonstration of problem-solving skills within the allocated time.	Synchronization on personal, social, and professional levels between talents and businesses.	Advancement in a targeted area. Demonstration of programmer skills within the allocated time.
What: The challenge the participants worked on	Professionally written *"real world"* case on a theme, defined by organizers.	Businesses define the challenges they needed to be solved. Talents select the challenges that fit their career or personal interests.	Could be for a cause or purpose, application type, programming language, demographic group, or corporate innovation.
Who: The participants	Students, job candidates, or employees.	Edge-crafters (multidimensional talents) interested in connecting with the industry of their choice, or interested in consulting.	Usually, programmers and project managers.
Needed coaching	In problem-solving.	In case method for consulting.	In coding.
How: The process	**1: A team** **2: Case**. Hosting an organization (e.g., a business) provides a case on a relevant for the theme. **3: Teamwork**: for solving the case **4: Delivering**: PPT or case write-up **5: If contest**: Judging by industry leaders and/or hosting organization.	**1: Core**: business defines a challenge; talents define the scope of their interest. They find a match. **2: Trust**: the business provides company data. Talents put it to the industry context. They connect through making a case **3: Value**: Talents solve the case they have made. **4: Delivering**: Case Brief & Consulting Report **5. If contest**: Judging.	**1: Goal and terms** **2: Qualification**: Developers register and are qualified based on background **3: Programming work** **4. Sharing**: A log about results, share progress on social media **5: If contest**: Demonstrations and judging
Formality	Usually formal.	Semi-formal. Defined by the business-talent pair.	Usually informal.
So what: The deliveries and impact	Case solution *"you"* – for business value.	Statements *"Me"*– for focus on a core; Company case, *"Us"* – for trust and connection; Consulting Report *"You"*– for business value; Case Brief *"Me for you"*– for portfolio.	Demonstration of results and work-in-progress *"for me"* Often, open-source *"for us"*

Option 1: The ***"Solving the Case"*** option would be run as a weekend-long event, like traditional case competitions. Dr. Ivy would write the case on East Boston and its challenge of gentrification and the need for connection. Participants would receive a case on Friday night and would have to submit their solutions within 24 hours. On Sunday morning, they would present their case solution to city officials, industry leaders, and investors who might support this or that idea. This option would require Dr. Ivy to write the case that participants would attempt to solve. Participants would have the freedom to provide any solution if it brought together the community and included small businesses. The City of Buston seemed to like this option.

Option 2: The ***"Making Your Consulting Case"*** option would refer to Dr. Ivy's BE-EDGE method for synchronization between Millennials' personal strategies for employability and competitive strategies of local businesses. If they followed this option, local businesses would share the challenges they faced in dealing with COVID-related issues. Millennials would select the challenge relevant to their career aspirations in industries of interest, forming teams around each small business. It would enable businesses and Millennials to align at the core level and share a common vision. Then, they would connect socially by learning specifics of the local business, industry, and market – and summarize them in a company case. Next, Millennials would generate value for the business they had connected with by applying their multidimensional competencies by formalizing it all in a consulting report. Finally, the case and the consulting report would be delivered to the client and evaluated by the City of Boston's professionals and industry leaders. Small businesses would benefit most from that option.

Dr. Ivy's experience of working with this method showed that the entire process realistically took from four to eight weeks for participants to complete the project.

Option 3: Finally, the ***Hackathon*** option that Emily suggested would be similar to the "*Solving the Case*" case competition in its weekend-long format and similar to the "*Making Your*

Consulting Case" option on the focus of the business challenge that Millennials would choose to work on. The goal would be to replicate the value generated in the *"Making Your Consulting Case"* option and keep the fast-paced energy of the *"Solving the Case"* option. This was an idea that no team member had any experience with, but they were intrigued by it. The quality of deliverables and their value for the neighborhood or for the local businesses was unknown.

Time For a Decision

In January 2021, the team met after the Christmas break and decided that the event would start in late March if they were ready, or would be moved to early November if they were not. The team planned to launch the project in the Spring of 2021. As Laura said, "*Because it will be virtual, let us do it while it is cold and grey outside*." Julia and Laura reported that the discussions with the city, local businesses, and possible judges confirmed their interest. Emily and Dana shared their data on Millennials and neighborhood. Their expectations stayed unchanged. Preliminary conversations with members of the media confirmed their interest as well. All they asked for was a one-page press release.

Julia, Laura, Emily, and Dana looked at the shared screen of their Zoom meeting. All were in place except for the design of the product they would offer. Each option was perfect for one stakeholder but less attractive for others: the city seemed to like Option 1, small businesses were excited by the relevance help their challenges of Option 2, while Millennials were excited with Option 3. Which proposition provided the highest value to stakeholders? While the November 2021 option was on the table, the team recognized that momentum to unite East Boston, which had suffered the most from COVID, was present, so the March 2021 option remained a goal.

JULIA IVY is an executive professor of strategy and international business at Northeastern University, Boston, USA. Julia Ivy's interests fall in the intersection of psychology, strategy, and entrepreneurship. She is the author of the concept of Boutique Employability and the book "*Crafting Your Edge for Today's Job Market: Using BE-EDGE Method for Consulting Cases and Capstone Projects*," which applies her BE-EDGE method for crafting and implementing a personal positioning strategy for a competitive edge in the reality of the future of work.

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SNOW PEAK:

DOES THE DIVERSIFICATION STRATEGY HAVE TO BE TWEAKED OR HAS IT PEAKED?

NAKATO HIRAKUBO
Brooklyn College

GEORGE WHALEY
San José State University

CRAIG DAVIS
Ohio University

In 2024, President Tohru Yamai acknowledged that he had overestimated the long-term market potential of Snow Peak's expansion strategy since returning as CEO in 2022, and he did not want to overestimate it again (Tomioka 2025). Industry observers noted that the Japanese outdoor and camping firm had implemented several successful expansion and diversification strategies since its founding in 1958, yet post-COVID strategic moves were questioned. The most recent expansion and diversification decisions led to net sales dropping from $209 million in 2022 to $175 million in 2023, with net profit plummeting from $13 million to just $68,000, and a dramatic 86% increase in inventory (Snow Peak 2023).

President Tohru Yamai, who returned as CEO in 2022 following the resignation of Risa Yamai amid significant media scrutiny, now faced a stark set of financial realities.

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. Contact George L. Whaley, Lucas College and Graduate School of Business, San Jose State University 1 Washington Square, San Jose, California, 95192-0070, (408) 924-3564, george.whaley@sjsu.edu

By December 2023, the strategic landscape for Snow Peak had shifted fundamentally. The company had just completed a management buyout (MBO) in February 2024 and delisted from the Tokyo Stock Exchange in June 2024 to gain operational flexibility for its aggressive diversification strategy.

Flexibility came at a time of severe financial strain. Key indicators revealed that net profit had dropped from $13 million in 2022 to just $68,000 in 2023, while finished goods inventory had surged to $71.2 million—an 86% increase over two years. With the *"COVID boom"* in outdoor activities having ended, Yamai reached the end of 2024 needing to decide whether his strategy of expanding into apparel, real estate, and lifestyle stores was a sustainable path forward or a risk to the brand's core identity. Did he need to tweak the Snow Peak business model or severely overhaul the business model?

Year-end 2024, the returning CEO had to decide whether to tweak or overhaul the Snow Peak business model by focusing on internal stabilization to clear inventory, halting expansion to protect the brand's premium reputation, or continuing an aggressive diversification strategy into international markets such as the U.S. and China.

Snow Peak History and Family Leadership Transitions

Snow Peak was a rare example of a multi-generational legacy that successfully balanced industrial craftsmanship with a deeply philosophical approach to the outdoors. Founded in the Niigata Prefecture of Japan, the company evolved over more than 60 years from a niche mountaineering equipment maker into a global lifestyle brand. Its history was a narrative of three generations of the Yamai family, each responding to the social needs of their time by turning to the healing power of nature.

The Foundation: Yukio Yamai (1958)

The story began in 1958 with Yukio Yamai. After returning to his hometown of Tsubame-Sanjo following World War II, Yukio sought personal renewal in the rugged terrain of Mt. Tanigawa. Known for its treacherous cliffs, the mountain became his sanctuary.

Frustrated by the subpar quality of available climbing gear, Yukio leveraged the rich metalworking heritage of Tsubame-Sanjo—home to master blacksmiths and craftsmen—to design his own equipment. His philosophy was rooted in trust; he believed the bond between climbers linked by a single rope represented a purity that could benefit all of society. He named his company *"Snow Peak"* after the summits he loved and established a brand built on technical excellence and a spiritual connection to the environment.

The Evolution: Tohru Yamai and Car Camping (1980s)

The second chapter began when Yukio's son, Tohru Yamai, joined the company. After working in Tokyo's financial sector, Tohru felt trapped by the *"modern monotonies"* of urban life. He returned to Niigata, bringing with him a perspective gained from road-tripping and camping across the Western United States during college.

Tohru realized that while mountaineering was for the elite, *"car camping"* could bring the outdoors to the masses. In 1980, he became CEO and pivoted the brand toward this vision. Under his leadership, Snow Peak released iconic products like the *"Amenity Dome"* tent and the *"Takibi"* Fire & Grill. The Takibi, a portable fireplace that protected the ground from scorch marks, transformed camping into a communal ritual. Tohru noted that while he started the brand for enjoyment, he eventually realized the company was *"healing humanity"* by offering a reprieve from urban stress.

Crisis and the "Snow Peak Way"

In the mid-1990s, Japan's camping boom faded, and Snow Peak's sales declined for six consecutive years. The turning point came when a young employee suggested that the leadership go camping with their customers to understand their perspective. This led to the first *"Snow Peak Way,"* a camping event where staff and customers shared meals and stories around a fire. The initiative saved the company, shifting Snow Peak from a manufacturer to a community-driven brand. The events became a global tradition, ensuring the company never lost touch with its users.

The Modern Era: Risa Yamai and Apparel (2014)

The third generation entered in 2014 when Tohru's daughter, Risa Yamai, joined Snow Peak. Like her father, Risa had lived in Tokyo and found herself retreating to Niigata on weekends. Recognizing a gap in the market, she launched Snow Peak's apparel line. Her vision was *"Home ⇄ Camp"*—garments technical enough for the wilderness but stylish enough for the city. This expansion transformed Snow Peak into a holistic lifestyle brand, merging fashion with function and further bridging the gap between urban life and the natural world.

Global Expansion: Snow Peak USA

Snow Peak entered the U.S. in 1999, and the following decades saw a rapid expansion of its *"Noasobi"* (playing in the field) philosophy. In 2020, the company opened its North American Headquarters (HQ4) in Portland, Oregon. Thie facility included a flagship retail space and *"Takibi,"* a restaurant that applied the brand's outdoor cooking philosophy to a professional kitchen. The company also expanded into hospitality, developing *"campfields"* in the U.S. to offer reimagined, restorative camping experiences.

A Legacy of Restoration

Snow Peak remained headquartered in Niigata, guided by a mission to achieve global leadership through *"elevating the essential life values inspired by being with nature."* By maintaining family leadership and a steadfast belief in the restorative power of the outdoors, Snow Peak transitioned from a maker of climbing gear to a global advocate for the human spirit. In an age of digital saturation, Snow Peak's history served as a reminder that the most sophisticated technology for happiness was often a tent, a fire, and the open sky.

The Outdoor and Camping Equipment Category

The outdoor and camping equipment (OCE) industry in Japan was driven by geography, age, disposable income, and unexpected events (Snow Peak 2023). Approximately 80% of the country was mountainous and surrounded by coastlines, providing abundant opportunities for outdoor activities. Although Japan's population was aging and declining, it remained the world's fourth-largest economy, with a population of 125 million. Many retirees possessed both disposable income and time for leisure, offering continued potential for the outdoor and lifestyle markets. The COVID-19 pandemic sparked unprecedented growth for Japanese companies in the OCE industry. Despite the post-pandemic slowdown, Japan remained an attractive environment for the outdoor recreation industry. (See Exhibit 1.)

Overseas sales accounted for 33% of total sales, including 11 stores and 49 shop-in-shop outlets (Snow Peak, 2024). The corporate objective in 2024 was *"to open more stores overseas, attract new customers in the United States and China, and continuously strengthen outdoor product development"* (Snow Peak 2024). (See Exhibits 1 and 2.)

Exhibit 1. Expansion in Overseas Sales

Source: The Q4 2023 Results Presentation

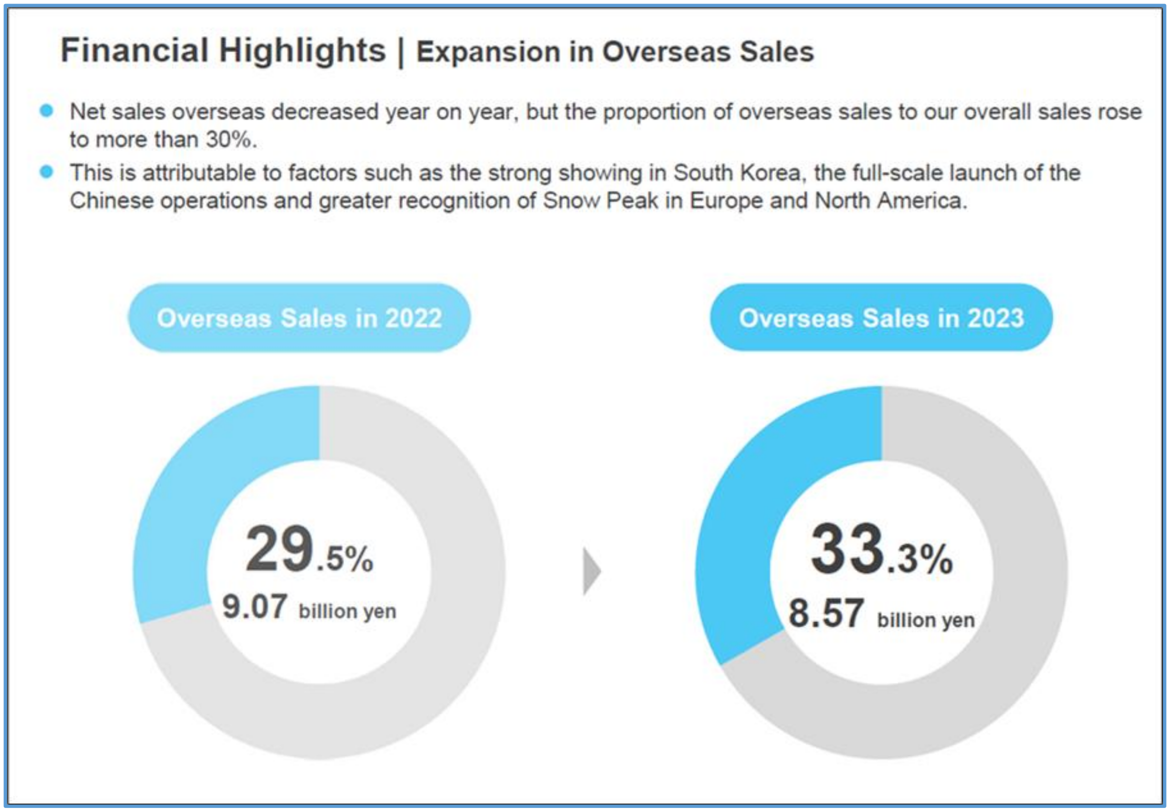


Exhibit 2. Status of Overseas Sales

Source: The Q4 2023 Results Presentation

Status of Overseas Expansion

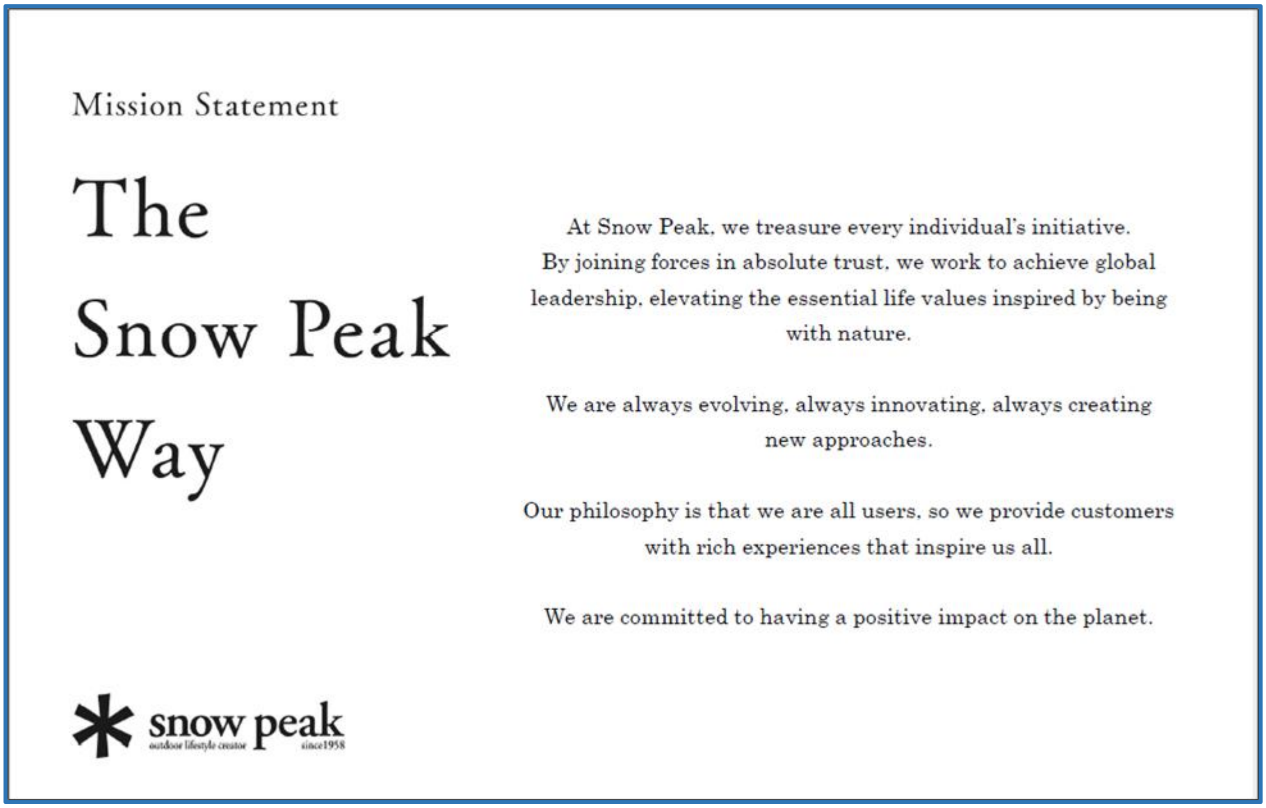
		Deployed product category	Business base	Store	EC	Membership system
Asia	Japan	- Outdoor products - Apparel products - Urban outdoor products	○	○	○	○
	South Korea	- Outdoor products - Apparel products - Urban outdoor products	○	○	○	○
	Taiwan	- Outdoor products - Apparel products	○	○	○	○
	China	- Outdoor products - Apparel products	○	○	○	(Preparing)
Europe and the US	United States	- Outdoor products - Apparel products	○	○	○	○
	United Kingdom	- Outdoor products - Apparel products	○	○	○	(Preparing)

Snow Peak, Inc.

Snow Peak operated at the intersection of design, nature, and community. The brand's mission statement and identity illustrated how the company delivered value to its diverse stakeholders—from customers and partners to employees and the planet. (See Exhibit 3.)

Exhibit 3. Snow Mission Statement and Brand Identity

Source: The Q4 2023 Results Presentation

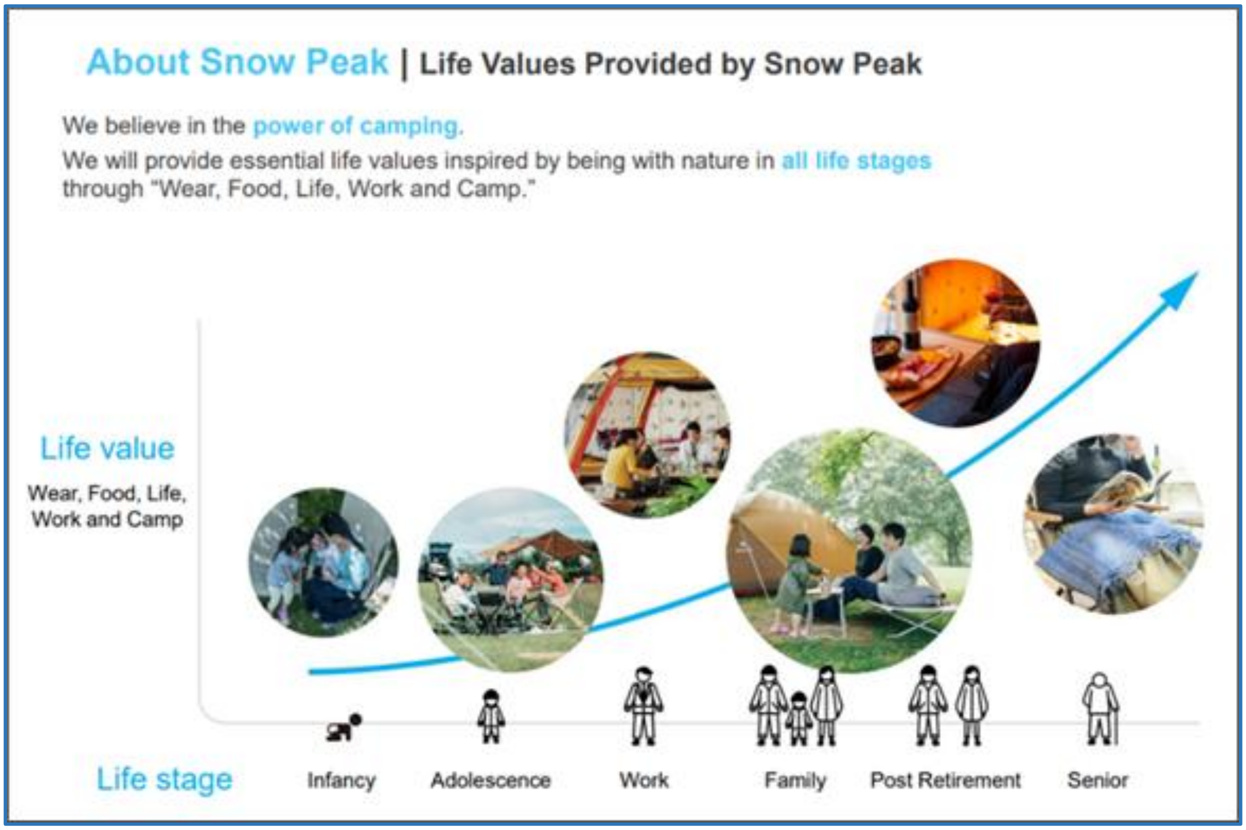


Industry and Market Dynamics

Snow Peak operated within the high-quality outdoor products industry, where it managed the full lifecycle of development, manufacturing, and sales. Following a demand surge during the COVID-19 pandemic, the market entered a stabilization phase, with growth returning to pre-pandemic levels as consumer interest shifted toward general travel and diverse leisure activities. Despite this cooling, competition intensified as the sector became crowded with overseas local brands and new entrants from adjacent industries, including sporting goods, DIY retailers, and apparel brands. To counter these pressures, Snow Peak pivoted its growth strategy toward aggressive global expansion—specifically targeting the U.S. and China—and broadened its brand mission from traditional camping equipment into *"life value"* areas that integrated outdoor elements into daily living. (See Exhibits 4 and 5.)

Exhibit 4. Snow Peak Life Values

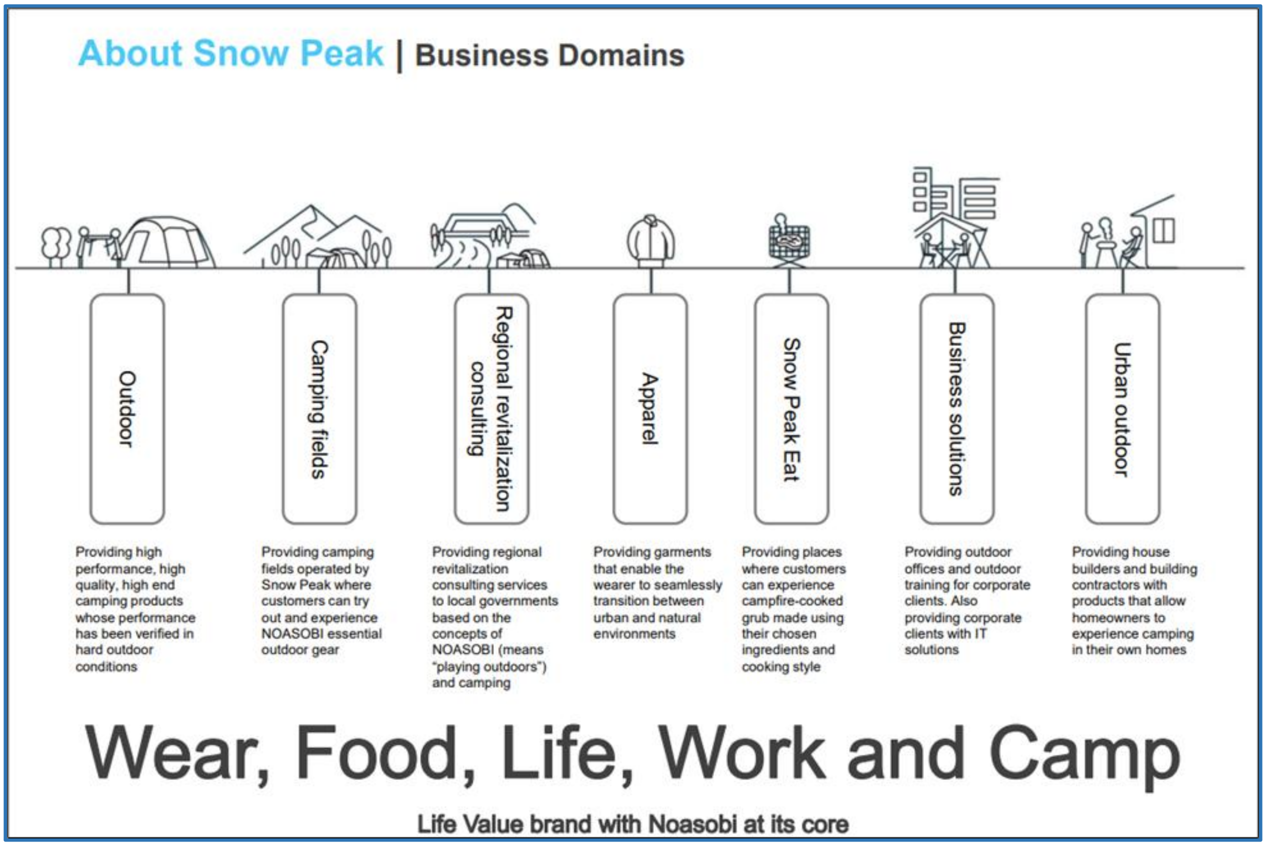
Source: The Q4 2023 Results Presentation



The Snow Peak life values served as the foundation for Snow Peak's seven core business domains. Snow Peak's management strategy translated the *Noasobi* concept across seven diverse domains, ranging from high-end manufacturing and hospitality to corporate consulting and residential partnerships. Extensive brand stretching across the pillars of *"Wear, Food, Life, Work, and Camp"* necessitated a sophisticated approach to mitigate the risk of brand dilution.

Exhibit 5. Snow Peak Core Business Domains

Source: The Q4 2023 Results Presentation



Competitive and Benchmark Analysis

Snow Peak's competitive landscape was multifaceted, consisting of high-end international brands in Western markets, large-scale DIY retailers entering the value segment, and apparel companies diversifying into outdoor lifestyle wear. These included: Patagonia, North Face, REI, Montbell, Logos, Coleman, Decathlon, Uniqlo, and others. (See Exhibits 6 and 7.)

To evaluate its standing, the company utilized a rigorous benchmarking framework centered on its *"rock-solid"* brand equity and high customer loyalty. Financially, the company measured success against its *"Mid-term Management Plan (2023–2025),"* which established targets of JPY 50 billion in net sales and JPY 9.7 billion in operating income for fiscal year 2025. Furthermore, during its transition toward privatization via a Management Buyout (MBO), Snow Peak benchmarked its valuation—specifically its Price-to-Book Ratio (PBR) and tender offer premiums—against 56 comparable MBO cases within the Japanese market.

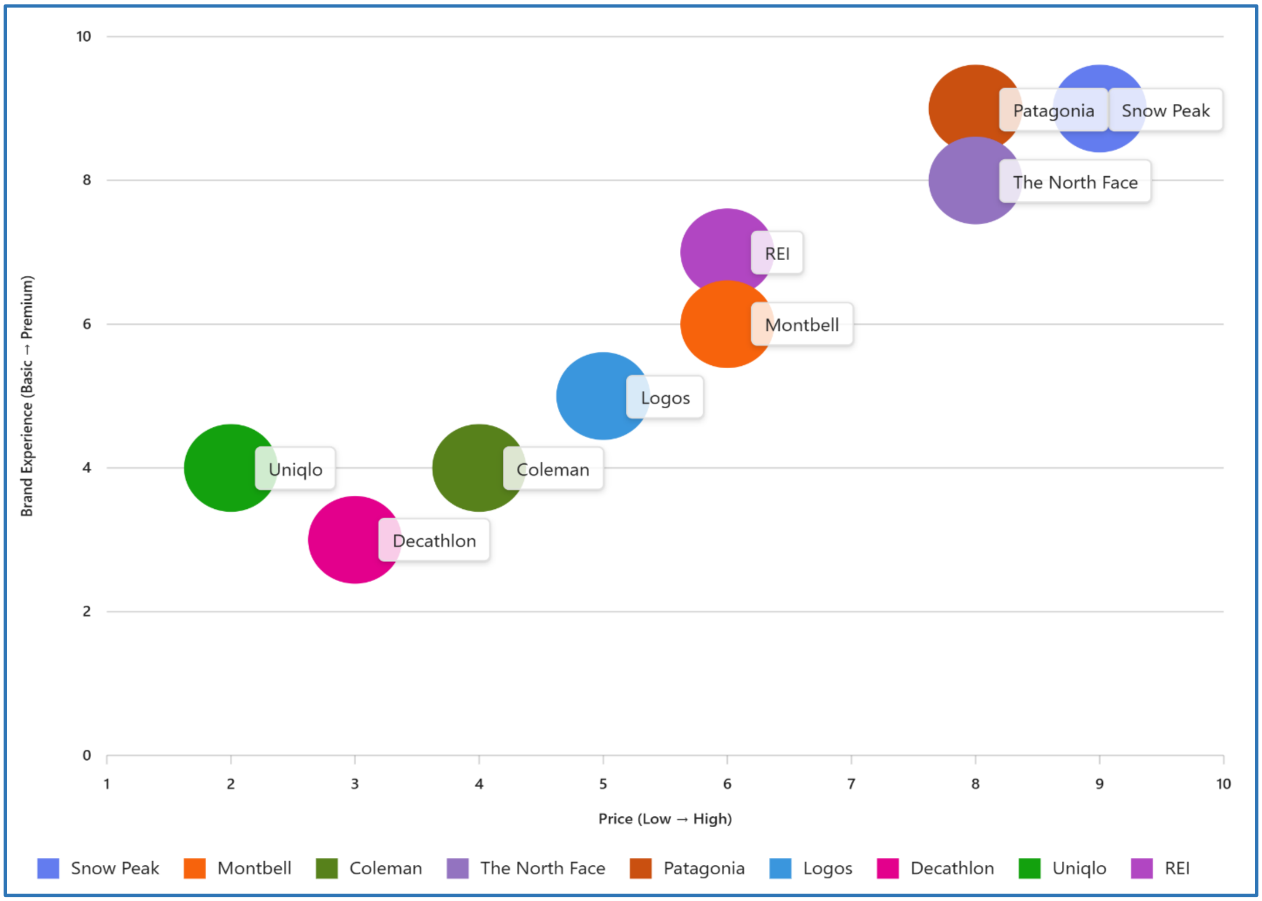
Exhibit 6. Snow Peak Competition

Source: The Q4 2023 Results Presentation

Brand	Product Focus	Pricing Strategy	Geographic Reach	Brand Positioning
Snow Peak	Premium camping gear, apparel, campfields, urban outdoor concepts	High-end, premium pricing	Japan, U.S., China, South Korea, UK	Luxury outdoor lifestyle, experiential brand
Montbell	Camping gear, lightweight apparel	Mid-range, value-for-quality	Japan, Asia, and some global presence	Functional, lightweight, practical gear
Coleman	Camping gear (tents, stoves, lanterns)	Affordable to mid-range	Global (strong in the U.S., Japan)	Mass-market outdoor essentials
The North Face	Outdoor apparel, footwear, gear	Premium to high-end	Global	Performance-driven, adventure lifestyle
Patagonia	Outdoor apparel, gear	Premium, sustainability-focused	Global	Eco-conscious, ethical outdoor brand
Logos Corp.	Camping gear, family-oriented outdoor products	Affordable to mid-range	Japan	Accessible outdoor gear for families
Decathlon	Wide range of sporting and outdoor goods	Budget-friendly	Global	Affordable, functional gear for all levels
Uniqlo	Outdoor-inspired apparel	Affordable	Global	Everyday wear with outdoor functionality
REI (U.S.)	Outdoor gear, apparel, and community experiences	Mid-range to premium	U.S. (strong domestic presence)	Community-driven, sustainability-focused

Exhibit 7. Snow Peak's Competitive Positioning

Source: The Q4 2023 Results Presentation



Product and Customer Segmentation

Guided by *"The Snow Peak Way,"* the company's product philosophy prioritized safety, durability, and functional beauty across four primary categories: core camping equipment, technical apparel, experiential services (such as *"Campfields"* and Snow Peak Eat restaurants), and urban/office solutions. The portfolio allowed the brand to segment its audience effectively, ranging from *"Loyal Customers"* who participated in annual community events to *"New Campers"* attracted by trial-based experiential hubs. (See Exhibit 8.) Additionally, the company reached *"Non-Campers"* through its lifestyle and urban furniture offerings, while specifically positioning itself as a premium aspirational brand for middle-income earners in major Chinese metropolitan areas.

Exhibit 8. Snow Peak's Brand Architecture and Product Line

Source: SnowPeak.com (n.d.)

Brand Classification	Brand Name	Product Line	Specific Product Names
Primary Brand	Snow Peak	Tents/Shelters	Amenity Dome, Land Nest, Living Shell, Alpha Breeze, Rigel Suite
Primary Brand	Snow Peak	Campsite Living	Takibi Fire & Grill, Low Beach Chair, Single Action Table, Jikaro Table
Primary Brand	Snow Peak	Apparel	Takibi Jacket, Flexible Insulated Cardigan, 2.5L Rain Jacket
Sub-Brand	IGT	Modular Kitchen	IGT Slim, Entry IGT, IGT Frame, IGT Sitting/Standing Legs
Sub-Brand	GigaPower	Stoves/Fuel	GigaPower Stove 2.0, GigaPower LI Stove, GigaPower Fuel
Endorsed Brand	Field Barista	Coffee Systems	Field Barista Grinder, Field Barista Kettle, Field Barista Drip
Endorsed Brand	Home & Camp	Urban Gear	Home & Camp Burner, Home & Camp Lantern
Co-Branded	Toned Trout	Fishing Apparel	Toned Trout Active Vest, Wading Jacket, River Graphic Tees
Co-Branded	Mt. of Moods	Snow/Alpine	Mt. Tanigawa Fleece, Snow Bib Pants, Puffed Snow Jackets
Co-Branded	Jūbako	Architecture	Jūbako Mobile Home (designed by Kengo Kuma)

A Customer-Centric Culture and Marketing Approach

Snow Peak's headquarters was located on a 40-acre campground, facilitating direct engagement among employees, executives, and customers. The setting enabled designers to gather customer feedback during company-hosted events (Fushimi 2018). Hence, Snow Peak became known for its customer-centric marketing and design culture. Instead of traditional market research, product ideas were based on customer-specific outdoor experiences, continuing the founder's ethos of *"user-driven innovation"* (Idomoto). Nonetheless, all products were field-tested to ensure durability and performance. This led to products based on quality craftsmanship, reliability, lifetime warranties, and a top-quality brand. Snow Peak's culture supported its marketing approach. By 2022, the firm had built an exceptionally loyal customer base of approximately 720,000 loyalty club members, who received discounts and invitations to exclusive events depending on their membership rank (Kubota 2022; Murakami 2021). Snow Peak relied minimally on advertising—only 2.2% of sales in 2023 were allocated to media spending (Snow Peak 2023).

Snow Peak's Consumer Perceptions, Word of Mouth Reputation

According to consumer reviews and sentiment data from the Japanese reputation platform Minhyo, Snow Peak's reputation was defined by a *"high-price, high-trust"* paradox that divided consumer sentiment into three categories: positive, neutral, and negative sentiment (Minhyo n.d.).

Positive feedback centered on the brand's attention to detail and its lifetime commitment to users. Customers highly praised the *"no expiration date"* repair policy, with one Japanese reviewer noting, *"Snow Peak can still repair items that were discontinued 20 years ago... that aspect deserves high praise."* Sturdy items like fire pits were viewed as lifelong investments, and the brand's cost was seen as a direct reflection of *"great trustworthiness."*

Neutral reviews acknowledged Snow Peak's durability but questioned its accessibility for the average camper. While users admitted the brand offered superior performance, they often felt the high prices were only justifiable for those seeking long-term reliability. One Japanese reviewer noted,

> *"Compared to other outdoor brands, the prices are a bit high, but many of the products—such as their tents—are solidly built, so I would recommend them to camping beginners."*

Negative perceptions focused on *"ridiculous"* pricing for basic items, which created a significant barrier to entry. Critics argued the brand was *"expensive for no good reason,"* with one reviewer stating,

> *"I can't really recommend Snow Peak to people who are just starting to camp... they even sell camping items like chopsticks, but the price is a ridiculous ¥3,000".*

Snow Peak's Expansion and Diversification Strategy

Although Snow Peak experienced a couple of short downturns, the company grew steadily after diversifying from a traditional hardware wholesaler into a premier brand of outdoor and camping equipment (OCE). (See Exhibit 9.) In 2014, Risa Yamai, the founder's daughter, launched a successful apparel division and became CEO of Snow Peak. After a brief pre-COVID market decline, the COVID-19 pandemic sparked Snow Peak's sales, and sales more than doubled between 2019 and 2022 (Camp Boom 2023). As pandemic restrictions eased in 2022, product demand and financial metrics declined, and broad media attention grew concerning the firm's expansion, diversification, and brand stretching.

While the company's core outdoor division suffered declining sales, the apparel segment grew from $22 million in 2022 to $26 million in 2023 (Snow Peak 2023). Risa's strategic vision was to integrate outdoor performance with streetwear fashion (Kamizaki 2024). In September 2022, Risa resigned following media scrutiny of her extramarital affair and pregnancy, which drew significant social criticism in Japan, and her retired father returned to serve as CEO (Hayashi, 2022). When Tohru Yamai returned as CEO in 2022, he refocused on the outdoor and camping gear business, continued the expansion of Snow Peak's apparel division, and diversified further into lifestyle and real estate ventures. Furthermore, Snow Peak began offering residential properties featuring outdoor-inspired amenities, such as backyard bonfire pits, BBQ areas, and camping amenities, through collaborations with local developers (Noasobi 2024).

Snow Peak's Brand Stretching and Dilution Dilemma

Snow Peak's strategic evolution provided a clear study in brand stretching, as the company transitioned from a specialized manufacturer of climbing pitons into a holistic outdoor lifestyle brand. This stretch was executed by leveraging the core brand promise of *"Noasobi"*—the joy of playing in the field—to move into categories far beyond hard goods. The firm successfully extended its brand equity into the apparel sector by developing technical garments that mirrored the durability and minimalist aesthetic of its hardware. By introducing specialized fabrics like the fire-resistant *Takibi* line, the brand ensured that its stretching into fashion felt like a functional requirement for its existing customer base rather than a superficial marketing move. Furthermore, Snow Peak expanded into the hospitality and architectural sectors through its *"Land Station"* concept and the development of the *Jūbako* mobile home, which repositioned the company as a provider of restorative experiences rather than just a vendor of camping equipment.

Despite this successful growth, the company faced the constant threat of brand dilution, particularly as it balanced its technical heritage with its growing status as a luxury fashion icon. Dilution risks emerged when the brand's *"home-to-camp"* philosophy pushed products into urban environments where their technical utility was secondary to their status as *"vibe"* accessories. To mitigate the erosion of its premium positioning, Snow Peak avoided mass-market distribution channels that would have compromised its exclusivity and price integrity.

The brand also utilized a strategy of specialized sub-brands and expert collaborations, such as *Toned Trout* for fishing, to prevent its identity from becoming too generalized. By maintaining a high price floor and an *"heirloom-quality"* narrative, the company sought to protect itself from the dilution that typically occurred when a niche enthusiast brand reached a mainstream, fashion-conscious audience.

Snow Peak's history showed that during the early growth cycle from 1958-1980, Snow Peak was able to maintain the top-quality brand, and the same type of outdoors-oriented customers bought camping gear that was perceived as similar to other company products (Our history n.d.). When the company expanded its product offering in the 1980s, the strategy appealed to similar outdoor camping customers, with few complaints about a decrease in product quality.

Some brand stretching was experienced by customers when the Snow Peak Way was introduced in 2001; however, the brand dilution risk was deemed minor because customers were encouraged to talk to one another about their unique experiences (Our history n.d.).

Perceptions of product quality became a concern for the core camping equipment customers as Snow Peak expanded its product line into areas not viewed as similar (fashion clothing and real estate) and customers (urban and lifestyle enthusiasts) who were clearly different from the outdoors, natural environment customers.

The sales success of the apparel division suggested to Tohru Yamai that company growth was possible if Snow Peak could add new customers without losing its core customers *("Camp boom"* 2023). For example, in March 2024, when Snow Peak opened its first camping field in the U.S., it included an outdoor gear and apparel store, as well as a hot bath facility, marking an attempt to develop a luxurious camping culture previously unfamiliar in the U.S. (Snow Peak 2024). However, the financial indicators showed that inventory growth was accelerating. It was unclear to Tohru Yamai whether internal issues such as changes in inventory, customer growth, and sales were related to the COVID-19 growth and decline or social criticism about his daughter's lifestyle (Hayashi 2022).

Tohru Yamai was aware of common business marketing advice, reflected in marketing research (Viot 2011), that a large proportion of brand stretching efforts failed when there was no symbolic fit with the new products. Moreover, when Snow Peak went private in 2024 through a management buyout (MBO), he seemed convinced there would be added product value for new customers and new markets, addressing the question of symbolic fit (TMI Associates acts on 2024).

In 2024, Snow Peak opened the **Life Biotope Store** in Tokyo and expanded into the restaurant business amid concerns about diluting its core outdoor and camping business (Noasobi 2024). Additionally, as the brand gained mainstream popularity, early adopters lamented the loss of exclusivity and expressed discomfort with the growing presence of beginner campers using Snow Peak products (Kubota 2022).

Financial Performance Indicators and Metrics

CEO Tohru Yamai worried about the disappointing 2023 financial indicators in Exhibit 9 and rising customer concern about Snow Peak brand dilution. He focused internally on technology and monitoring-related inventory reduction, product diversification, a management buyout (MBO) in February 2024, and delisting the company stock on the Tokyo exchange (Kusakari 2024; TMI Associates acts on 2024). Tohru Yamai believed the MBO and delisting of stock provided operational flexibility and maybe some financial advantages in the future (Kusakari 2024; Snow Peak 2024; Tomioka 2025).

Exhibit 9. Snow Peak Key Financial Indicators 2020-2023

Source: Authors' Notes, 2025

($ Values, 000)	2020	2021	2022	2023
Current assets	47,238	67,279	113,396	134,476
Current liabilities	24,358	34,684	62,240	93,932
Net working capital	22,880	32,595	51,157	40,544
Total assets	114,735	145,025	209,073	236,313
Total liabilities	42,769	50,810	105,283	128,721
Revenue	114,041	174,922	209,346	175,020
Profit/(loss)	7,129	18,553	13,240	68
Book value of equity	71,966	94,215	103,790	107,592
FG Inventory	11,870	21,016	44,583	71,272
Retained earnings	20,840	37,790	45, 460	42,390
EBIT	11,490	27,340	19,210	5,370

Note: U.S. dollar exchange rate of $1 = ¥147.

Conclusion

Had Snow Peak reached a tipping point, with the business model needing only minor tweaking, or had it peaked and the model required major adjustments for future growth?

Some business partners and investors thought that further expansion was a great idea. Some industry observers were increasingly uneasy about the riskiness of Tohru Yamai's expansion and diversification strategy since his return as CEO in 2022 (Kubota 2022; Tomioka 2025). Also, CEO Tohru Yamai was disappointed in Snow Peak's 2023 financials. Yamai questioned the sustainability of his firm's strategy (Tomioka 2025).

As the 2024 fiscal year drew to a close, the question was no longer just about growth, but about the very definition of the Snow Peak business model. Tohru Yamai was prepared to finalize the

2024 strategic plan, knowing his choice would determine if the company had reached its peak or if it merely required a strategic and tactical tweak to survive. The central dilemma remained whether the recent downturn was a temporary post-COVID correction or a permanent shift. Tohru Yamai had to weigh three distinct recommendations: focusing on internal stabilization to clear inventory, halting expansion to protect the brand's premium reputation, or continuing an aggressive diversification strategy into international markets such as the U.S. and China.

Appendix A

Exhibit 10. Snow Peak Leadership

Sources: Snow Peak.com (n.d.)

Era	Leader	Role	Key Contribution
1958 – 1992	Yukio Yamai	Founder & President	Established "Yamai Shoten"; revolutionized mountaineering gear (crampons/pitons) using Tsubame-Sanjo metalworking.
1992 – 1996	Toki Yamai	President	Succeeded her husband, Yukio, following his passing to maintain the company's stability during a transitional period.
1996 – 2020	Tohru Yamai	President & CEO	Pivoted the brand to "Car Camping"; launched "Snow Peak Way" and expanded the brand globally to the USA.
2020 – 2022	Risa Yamai	President & CEO	Introduced Snow Peak Apparel; focused on the "Home ⇄ Camp" lifestyle and modernized the brand for younger urbanites.
2022 – 2025	Tohru Yamai	Chairman & President	Resumed the Presidency to stabilize global operations and reinforce core company values during a growth surge.
2025 – Present	Takafumi Mizuguchi & Tohru Yamai	CEO & Chairman	Launched *"Buddy Management;"* pairing Mizuguchi (global scaling expert) with Yamai (brand visionary) to co-lead the company. Pivoted the brand to "Car Camping"; launched "Snow Peak Way" and expanded the brand globally to the USA. Tohru is the son of Yukio and Toki. Introduced Snow Peak Apparel; focused on the "Home ⇄ Camp" lifestyle and modernized the brand for younger urbanites. Risa is the daughter of Tohru.

NAKATO HIRAKUBO is an Associate Professor of Marketing and International Business at Brooklyn College. He earned his doctorate from Pace University. His research centers on consumer behavior, marketing strategy, and Japanese business practices. Dr. Hirakubo is the author of five books and more than 30 scholarly articles and case studies. He previously served as a columnist for a Japanese advertising magazine and is currently working on a new book exploring the concept of happiness.

GEORGE L. WHALEY is Emeritus Professor of Human Resource Management at San José State University. He worked in the private and government sectors before his career in education. He received his B.S. degree in Engineering Mathematics and M.B.A. from the University of Arizona and Ph.D. in Organizational Behavior from the University of Colorado. Professor Whaley has published empirical articles and cases in a variety of peer-reviewed journals in the fields of organizational behavior, strategy, human resource management, transportation management, and sustainability. His articles have been published in books such as the *Handbook of Transportation Engineering* and *SYMLOG Field Theory*. Dr. Whaley is a former co-editor of the *Business Case Journal*, as well as a member of numerous academic, professional, and service organizations, and serves on the editorial boards of several academic publications.

CRAIG DAVIS is an educator and author currently serving as a Professor of Advertising and Public Relations at Ohio University's E.W. Scripps School of Journalism. With a career dedicated to bridging the gap between academic theory and industry practice, Professor Davis has become a vital resource for both students and fellow educators worldwide.

He has authored four textbooks that serve as foundational resources for students entering the media and communications workforce. He has published an extensive collection of case studies and teaching notes, providing real-world context to complex theoretical frameworks. His instructional materials are widely adopted by professors globally in specialized areas, including Advertising Management, Public Relations, Strategic Communication, and Brand Communications.

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THE DUALITY OF AMERICA'S TALK SHOW SWEETHEART: DREW BARRYMORE'S DECISION TO RETURN DAYTIME SHOW TO AIR AMID WRITERS' STRIKE

DEVEENA BHARAT
Wilfrid Laurier University

DESTYNIE SEWELL
University of Nebraska – Omaha

PRESCOTT C. ENSIGN
Wilfrid Laurier University

Just a few months prior, Drew Barrymore had been widely regarded as America's talk show sweetheart — lauded as an authentic, kind, and in-touch television personality. Barrymore was dubbed the "*millennial Oprah"* for her intimate interviews (Valdez 2023). However, amid the then-ongoing writers' strike, Barrymore announced on September 10, 2023, that *The Drew Barrymore Show* was returning to air for its fourth season without its three unionized writers (Abad-Santos 2023). On Instagram, she said:

> *"I am also making the choice to come back for the first time in this strike for our show, that may have my name on it, but this is bigger than just me. I own this choice,"*
>
> *"We are in compliance with not discussing or promoting film and television that is struck of any kind. We launched live during a global pandemic. Our show was built for sensitive times and has only functioned through what the real world is going through in real-time. I want to be there to provide what writers do so well, which is a way to bring us together or help us make sense of the human experience"* (Acuna 2023).

In this context, *'struck work'* meant any work produced during the Writers Guild of America (WGA) strike that violated the strike rules, such as using pre-written content by WGA writers (Wagmeister 2023).

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. The author and the ***Journal of Case Research and Inquiry*** grant state and nonprofit institutions the right to access and reproduce this manuscript for educational purposes. Contact Prescott C. Ensign, Wilfrid Laurier University, Waterloo, Ontario, Canada (226)748-6199, ensign@wlu.ca or scott.c.ensign@gmail.com.

It was estimated that the WGA was comprised of approximately 30,000 WGA members of whom 25,000 were affiliated with the WGA West and 5,000 affiliated with WGA East. Although the West and East guilds were two separate unions, they operated in unison and writers were free to move from one guild to the other. Fewer than half of the WGA membership were current members, that is, had worked enough hours to qualify in the past three years and paid their full dues (Robb 2023).

Exhibit 1. Members of the Writers Guild of America on Strike

Source: https://www.flickr.com/photos/UFCW770/52992516548/

Barrymore immediately received widespread backlash not only from writers on strike, but seemingly from her long-time fans as well. In a September 10 social media post, one individual commented:

> *"Writers made you your career. They gave you lines. You wouldn't have gotten where you are without them. I always thought of you as someone with great empathy. Not anymore. Not if you do this"* (Lowe 2023).

Barrymore issued an apology (https://www.youtube.com/watch?v=8WMFdHQIFCk) six days later, but stated that the show would continue despite the criticism. In a now-deleted video, she stated, *"I know there is just nothing I can do that will make this okay to those that it is not okay with. I fully accept that. I fully understand that"* (Ali 2023).

The host's attempt to justify her actions were received poorly, resulting in an even harsher social media backlash. As a result, Barrymore announced that the show would not return to TV until the end of the strike (McKay 2023). With ratings 70% greater than in the previous year, the show had been renewed in January 2023 for the following season, 2023-2024 (Schneider 2023). This would be the fourth season, broadcast on hundreds of CBS stations across the United States. If an opportunity was not seized to get the show back on the air, it seemed as if a critical window might close. Viewers might move on.

Barrymore's change in stance did not elicit sympathy from the three WGA writers on her show. After the writers' strike came to an end and the show began production, the writers declined to return to the show. Eric Haywood, a writer, director, WGA West board member, and 2023 Negotiating Committee member, outlined the magnitude of the writers' decision not to return:

> "I think the Drew Barrymore writers choosing to not go back to what is basically a guaranteed paycheck after five months on the picket line was a phenomenal act of courage, [...] workers are really ready to demand what they feel they deserve" (Zornosa 2023).

However, the issue of *The Drew Barrymore Show* returning to air amid the writers' strike was not so black and white. By not returning to air, Barrymore faced potential legal repercussions from Paramount Global for not following through on her contractual duties of hosting the show as it was a nationally syndicated daytime talk show (i.e., under contract to produce a certain number of episodes for hundreds of local stations through each TV season) (Adalian & VanArendonk 2023). There were also employees not represented by the WGA whose jobs were being put on hold, including production workers (Bushard 2023). Not everyone in the entertainment industry was free of financial worries; pay cheques mattered for most and not working was a real concern.

With that being said, did Barrymore make the right decision when she initially announced her eponymous show's return? Should she have stood in solidarity with her writers despite the personal legal ramifications of not returning to air and the non-striking workers whose jobs were on the line, or did she make the right choice in trying to fulfill her contractual obligations? And how could Barrymore have handled her conflicting obligations to both parties (the writers and Paramount Global) in a way that kept her image — and conscience — clean?

Background on Drew Barrymore

Drew Barrymore was born to actors Jaid and John Drew Barrymore in 1975. Barrymore did not have a significant relationship with her father, who divorced her mother when she was nine (Stump 2018). Fitting for a child born into a Hollywood dynasty, Barrymore's career in acting began at just 11 months old when she was cast in a dog food commercial (Hattenstone 2015). By age seven, Barrymore was a household name — her big break was in the blockbuster movie *E.T. the Extra-Terrestrial* (IMDb n.d.).

By then, her childhood had seemingly been cut short and her personal life had already begun a downward spiral. Barrymore had been public about her childhood substance abuse, with her mother taking her to notorious New York nightclub *Studio 54* instead of school; she began smoking marijuana by age 10, developed an alcohol problem by age 11, and started using cocaine by age 12 (Sharf 2023). Her cocaine consumption led to her being blacklisted in Hollywood at just 12 years old. Barrymore was checked into rehab by her mother as a teenager due to her alcohol and drug use, then put in a mental institution due to suicide attempts (Stump 2018). In her 2015 memoir, *Wildflower*, Barrymore said, *"When people found out* [about her substance abuse and being institutionalized], *they just wrote me off as damaged* *goods, and I sadly understood that"* (Barrymore 2015).

At age 14, Barrymore emancipated herself from her parents. She moved into her own apartment in West Hollywood and frequented an old laundromat and bookstore instead of attending high school (Syme 2022). Barrymore outlined the reasons for her emancipation in *Wildflower*:

> *"I was never unprofessional, but I was on a hiatus from being employable. And when I turned 14 and wanted to start my life over, I wanted to do things on my own terms. On the day of my hearing, my mother was there in full support of my emancipation, which would mean me living on my own"* (Barrymore 2015).

Despite – or perhaps because of – her tumultuous upbringing and ostracization in Hollywood, Barrymore did not give up on her acting career. At 17, she landed a role in the film *Poison Ivy*, which marked her successful return to the acting world and by 2023 had been in nearly 60 films. She started her own production company, Flower Films, in 1995 when she was 20 years old. Flower Films released hugely successful projects, including Hollywood classics such as the *Charlie's Angels* franchise, *He's Just Not That into You*, and *Donnie Darko* (Atkinson 2020).

Barrymore went on to have three marriages. She was married to film producer Jeremy Thomas from 1994 to 1995, actor Tom Green from 2001 to 2002, and finally actor Will Kopelman from 2012 to 2016, with whom she shared two daughters, Olive and Frankie (Murphy 2022).

Barrymore's most recent project was launching her daytime talk show, *The Drew Barrymore Show*, at the height of the pandemic in the fall of 2020 (Syme 2022). *"I know I'm making a show for other people,"* Barrymore said during an interview, outlining her purpose for starting the show. *"So, whether they're right here in this room or watching, hopefully, somewhere, then this is for them, for sure. I'm not doing this for myself!"* (Falcon and Ross 2020).

The 2023 Writers' Guild of America Strike

A writers' strike had been looming since February of 2023 when the *Los Angeles Times* reported that both writers and studios were readying themselves for a potential walkout (Sakoui 2023). The WGA put a *"pattern of demands"* — a loose outline that would guide the union's position in future negotiations with major studios — up for a vote by WGA members on February 27, citing complaints about writers' compensation (Maddaus 2023a). The WGA also demanded higher streaming and international use residuals, better streaming data transparency, limits on AI-generated content, mandatory staffing levels for writers' rooms, improved health and pension benefits, and stronger diversity, equity, and inclusion protections (Writers Guild of America 2023). On March 7, the WGA announced that 98.4% of members had voted in favor of the pattern of demands. The negotiations between the WGA and the Alliance of Motion Picture and Television Producers (AMPTP), an association of Hollywood's largest studios and production companies, were slated to begin on March 20, marking the start of the writers' strike (Maddaus 2023b).

The WGA released a report titled *"Writers Are Not Keeping Up"* on March 14th, highlighting how the rise of streaming (where half of the striking writers worked) had stripped them of salary and job stability (WGA 2023).

> *"While company profits have remained high and spending on content has grown, writers are falling behind. The companies have used the transition to streaming to cut writer pay and separate writing from production, worsening working conditions for series writers at all levels. On TV staffs, more writers are working at minimum regardless of experience, often for fewer weeks, ... while showrunners are left without a writing staff to complete the season"* (WGA 2023).

In effect, the report argued the studios and production companies that employed writers were maximizing their profits by cutting costs, namely, compensation for writers. The report went on to state that while series budgets had ballooned over the last 10 years, salaries of writer-producers had lagged far behind — the median weekly writer-producer pay had declined by 4% in the prior decade, amounting to a decline of 23% when adjusted for inflation (WGA 2023).

A key issue highlighted by the report was the increase in TV writers working for the *“minimum basic agreement”* over the last decade, which suggested that more and more seasoned writers were being paid the lowest amount possible despite their years of experience:

> *“In the 2013-14 season, 33% of all TV series writers were paid minimum; now half are working at minimum. Increasing numbers of seasoned writers, including showrunners, are now paid no [fixed additional amount paid on top of the minimum wages] for their years of experience”* (WGA 2023).

The report also raised the problem of shortened TV series (WGA 2023). Traditionally, a network television show would run for approximately 24 episodes a season; the norm became 8-13 episodes per season (Malinsky and Holman 2023). With most writers being paid per episode produced, writers’ pay was seeing a dramatic decrease — they were being paid far less per season for roughly the same amount of work – *“The reality is, it’s hard to enough to get one job per season, much less two”* (Jamin 2023).

The WGA’s demands to combat these issues included: increased minimum pay and residuals (i.e., additional compensation paid to writers credited on the project for the reuse of their work) (Writers Guild of America West 2022), appropriate contributions to health plans and pensions, proper compensation for TV series writing from pre-production to post-production, improved standards, and overall protections for writers (Frank 2023).

On September 24, 2023, the WGA and AMPTP announced that an agreement had been reached. On September 26, the union’s leadership declared that they had voted to end the strike, subsequently recommending that WGA members vote in favor of ratifying the contract (i.e., the striking writers accept the terms and conditions negotiated by the two respective parties, thereby making the new contract legally enforceable).

The strike officially ended on September 27, 2023 after 148 days (Wilkinson and Stewart 2023). The WGA had gone on strike eight times since its formation in 1933. The longest strike had been in 1988 which lasted 153 days and in 2007-2008 there had been a 100-day strike. The union was largely successful in its striking efforts, with the resulting memorandum of agreement between the WGA and AMPTP outlining increases to writers' minimum wage, compensation, pensions, and health fund rates. Writers also gained improvements to the duration of contracts and the size of writing teams (which had both been dwindling rapidly in recent years due to studios and production companies trying to cut costs), increased residuals, and protection against writing positions being reduced or eliminated due to the use of generative artificial intelligence (which allowed studios and production companies to save additional money on salaries).

> *"A writer can choose to use AI when performing writing services [...] but the company can't require the writer to use AI software (e.g., ChatGPT) when performing writing services"* (Wilkinson and Stewart 2023).

Nationally Syndicated Daytime Talk Shows

Nationally syndicated daytime talk shows such as *The Drew Barrymore Show* were under contract to produce a certain number of episodes for more than 200 local stations through each TV season. Local stations, as well as advertisers, expected original content from hosts like Barrymore for the shows they paid large license fees to carry (Wagmeister 2023).

This was in contrast to network talk shows like *The Tonight Show Starring Jimmy Fallon*, which had a permanent spot on a single network's roster and whose only client was the network itself. If Barrymore did not fulfill her contractual obligations (typically to deliver 25 to 40 weeks of new episodes) to her station partners, she could lose her show. And Barrymore would not be the only one losing her job if *The Drew Barrymore Show* were axed — each daytime talk show employed between 150 and 200 staffers, with unionized writers making up just two to four members of the team. By not returning the show to air, hundreds of production workers would continue to be without work despite not being subject to any of the potential benefits that the striking writers might receive if successful (Wagmeister 2023).

Statements from affected daytime talk show staffers illustrated the gravity of the situation and their frustration with effectively being collateral damage; one shared:

> *"If even one major station group pulls out and says they're not going to run our show, even if they have repeats, that affects ratings and advertising. It affects everything. Why would we risk letting a show die and letting people lose their jobs permanently if we can do a show without violating rules?*
>
> *The strike doesn't look like it's anywhere close to being settled. The two sides can't even agree who owes who the next offer. Are we supposed to wait around forever?"* (Wagmeister 2023).

At the time that this statement was made (September 16), there was no end to the strike in sight; the WGA strike did end just 11 days later.

The Other Side: Crossing the Picket Line

Barrymore's decision to return to air fell within a grey area — technically, it was allowed if the show did not use any pre-written content. However, avoiding pre-written content on the show would have been nearly impossible. This included any monologues, interview questions, etc., all of which were traditionally written before taping. If any content were pre-written, then that would constitute *"crossing the picket line"* (Zornosa 2023).

Nationally syndicated daytime talk show hosts were cleared to perform their hosting duties under the Network Television Code of the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA). Although hosts like Barrymore were members of SAG-AFTRA, performing their hosting duties was not in violation of the WGA and SAG-AFTRA strike rules as their work was covered under a different contract than that of the writers and actors on strike (Wagmeister and Bell 2023). However, members from different unions often stood in solidarity with one another. Barrymore herself withdrew from a previous commitment of hosting the MTV awards on May 4, 2023 in support for the WGA (Access Hollywood 2023).

Barrymore's decision to return to air was defended by SAG-AFTRA; a representative of the union told *Variety*, *"*The Drew Barrymore Show *is produced under the Network Television Code which is a separate contract and is not struck. It is permissible work and Drew's role as host does not violate the current* [WGA and SAG-AFTRA] *strike rules"* (Tingley and Maas 2023). At the time, SAG-AFTRA members were also on strike, with actors seeking better pay and working conditions, among other demands (Lowe and Williams 2023).

The WGA disagreed with the above statement. A spokesperson for the WGA said in a statement to *Variety*, *"Drew Barrymore should not be on the air while her writers are on strike fighting for a fair deal. In reality, shows like this cannot operate without writing, and that is struck work"* (Wagmeister 2023). Late-night talk show host Bill Maher announced the re-starting of his show *Real Time* without its usual scripted segments (Exhibit 2). He too was vilified and called a scab, with novelist Stephen King sending strong criticism. Maher reversed course days later (Exhibit 3).

Exhibit 2. Instagram Post from Bill Maher

Source: https://www.instagram.com/p/CxJxjZcpimP/

billmaher Real Time is coming back, unfortunately, sans writers or writing. It has been five months, and it is time to bring people back to work. The writers have important issues that I sympathize with, and hope they are addressed to their satisfaction, but they are not the only people with issues, problems, and concerns. Despite some assistance from me, much of the staff is struggling mightily. We all were hopeful this would come to an end after Labor Day, but that day has come and gone, and there still seems to be nothing happening. I love my writers, I am one of them, but I'm not prepared to lose an entire year and see so many below-the-line people suffer so much. I will honor the spirit of the strike by not doing a monologue, desk piece, New Rules or editorial, the written pieces that I am so proud of on Real Time. And I'll say it upfront to the audience: the show I will be doing without my writers will not be as good as our normal show, full stop. But the heart of the show is an off-the-cuff panel discussion that aims to cut through the and predictable partisanship, and that will continue. The show will not disappoint.

© Bill Maher/Instagram

Exhibit 3. Tweet from Bill Maher

Source:
https://x.com/billmaher/status/1703801159096713583?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1703801159096713583%7Ctwgr%5Ed7b31aa814afbe52c83b1ba843636034eaa402b1%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fpublish.twitter.com%2F%3Fquery%3Dhttps3A2F2Ftwitter.com2Fbillmaher2Fstatus2F1703801159096713583widget%3DTweet

Bill Maher
@billmaher

My decision to return to work was made when it seemed nothing was happening and there was no end in sight to this strike. Now that both sides have agreed to go back to the negotiating table I'm going to delay the return of Real Time, for now, and hope they can finally get this done.

12:00 PM · Sep 18, 2023 · **4.7M** Views

Drew Barrymore posted an emotional and apologetic video explaining her talk show's return amid the writers' strike and later removed it due to social media backlash. She also shared a statement (Exhibit 4):

Exhibit 4. Instagram Post from Drew Barrymore

Source: https://globalnews.ca/video/9964145/drew-barrymore-makes-emotional-apology-for-resuming-talk-show-but-will-continue/

I made a choice to walk away from the MTV, film and television awards because I was the host and it had a direct conflict with what the strike was dealing with which was studios, streamers, film, and television. It was also in the first week of the strike and so I did what I thought was the appropriate thing at the time to stand in solidarity with the writers. And to be clear, our talk show actually wrapped on April 20th so we never had to shut down the show. However, I am also making the choice to come back for the first time in this strike for our show, that may have my name on it but this is bigger than just me.

I own this choice. We are in compliance with not discussing or promoting film and television that is struck of any kind. We launched live in a global pandemic. Our show was built for sensitive times and has only functioned through what the real world is going through in real time. I want to be there to provide what writers do so well, which is a way to bring us together or help us make sense of the human experience. I hope for a resolve for everyone as soon as possible. We have navigated difficult times since we first came on air. And so I take a step forward to start season 4 once again with an astute humility.

Kelly Clarkson had pre-taped shows in advance for her namesake show, so it was not affected at the end of the previous season. Regarding the upcoming season of *The Kelly Clarkson Show*, no announcement had been made, thus avoiding backlash from the WGA. On the same day as Barrymore, Jennifer Hudson announced that her eponymous show would return without writers (Wagmeister and Bell 2023). Daytime shows *Live with Kelly and Mark* as well as *The*

View remained in production throughout the 140+ day WGA strike and continued to air uninterrupted (Richardson 2023). Like others, *The Talk* went dark in May as a result of the writers' strike but was planning to return to air as much of the content was ad-libbed and had only one writer on its staff of 150 employees (White 2023). Approximately 50 writers showed up to picket a rehearsal show for *The Talk* (Kilkenny 2023).

Exhibit 5. WCA picket at "The Talk" in Front of CBS Studios

Source: The Hollywood Reporter, https://www.hollywoodreporter.com/business/business-news/writers-guild-pickets-the-talk-that-work-being-done-is-scabbing-1235590129/

Exhibit 6. Drew Barrymore Signing Autograph at the Toronto Film Festival

Source: Wikipedia Commons, https://commons.wikimedia.org/wiki/File:Miss_You_Already_14_(20764903684).jpg

Exhibit 7. WGA Strike in Los Angeles

Source: Variety, https://variety.com/2023/tv/news/writers-strike-julie-plec-beau-willimon-wga-negotiations-1235632219/

Exhibit 8. UFW in Solidarity with WGA and SAG-AFTRA Stike

Source: Wikipedia Commons, https://commons.wikimedia.org/wiki/File:UFW770_in_Solidarity_with_WGA,_SAG-AFTRA_%26_Starbucks_Workers_United_(53077785416).jpg

The Verdict: Was the Decision to Return to Air Right or Wrong?

Contentions aside, Barrymore's decision to return to air amid the WGA strike was not clear cut. She not only had to consider the writers' strike, but also her contractual obligations, potential legal trouble for not performing her hosting duties, the livelihoods of non-striking employees on the show, and the feelings of her long-time fans.

With all of this in mind, were Barrymore's actions in the right or wrong? How could she have better managed the public's opinions of her decision? And who came first — the striking writers, or herself?

DEVEENA BHARAT obtained a Bachelor of Science in Computer Science as well as an Honours Bachelor of Business Administration, both from Wilfrid Laurier University and has completed three certifications from the Corporate Finance Institute. She has served in volunteer roles for Habitat for Humanity and held leadership roles while in university as ambassador, director, consultant and vice president (2x). She has experience working as an analyst at StandUp Ventures, a product and operations intern at MintList, an investment associate at Front Row Ventures, and presently as an operations associate at Mantle.

DESTYNIE SEWELL is an Assistant Professor of Business Law in the College of Business Administration, University of Nebraska - Omaha. She holds a J.D. from Creighton University's College of Law and is licensed to practice law in Nebraska and Iowa. She worked for the U.S. Department of Veteran Affairs as a Human Resources Manager, as a contract specialist for the U.S. Air Force, a law clerk for Blue Cross Blue Shield of Nebraska, and as an Attorney/Guardian ad Litem for juveniles through the law firm Thomas G. Incontro, P.C., L.L.O. with the Department of Health and Human Services, medical experts, and other collateral sources to investigate facts, participate in negotiations, and make recommendations in court. Her research interests include civil rights and discrimination, technology and space law, as well as fintech law.

PRESCOTT C. ENSIGN is a Professor of Strategic Management at the Lazaridis School of Business and Economics, Wilfrid Laurier University. His PhD is from École des Hautes Études Commerciales, Université de Montréal. He has served on the faculties of state universities in California and Ohio as well as several in Canada. He is a recipient of a Fulbright Scholarship and has received recognition for his teaching and research. Recent publications focus on applied business ethics; Indigenous entrepreneurship; social enterprises and innovation; and economic and social development in rural and remote areas. The latter includes on-going research on the impact of federal and provincial policies on the survival of Canada's 60+ short line freight railways serving rural and remote enterprises and communities.

Appendix. Contracts and Labor Law: What the Decision-Maker Should Know

Labor Unions: Unions emerged as a response to workplaces where employers held all the power over wages, hours, and conditions. Historically, without protection, workers faced unsafe environments, unstable employment, and exploitation. Collective organizing offered a way to shift that balance. Through unions, workers gained the legal right to bargain as a group and, when necessary, to take collective action, including strikes, to advocate for fair treatment.

In the United States, the right to organize and bargain collectively was protected under the National Labor Relations Act (NLRA) of 1935, codified at 29 U.S.C. §§151–169 (https://www.law.cornell.edu/uscode/text/29/chapter-7/subchapter-II). The NLRA established the legal framework for labor relations in the private sector, meaning workplaces that were not run by the government. For example, it covered employees at companies like Amazon or Starbucks, but not public schoolteachers or other state, federal, or local state employees, who fell under different laws (National Labor Relations Board, n.d.). The NLRA prohibited employers from interfering with employees' rights to self-organize,[1] required good faith bargaining with elected union representatives,[2] and protected employees' lawful right to strike[3] and picket[4] in support of their bargaining goals. Additionally, as the NLRA only required that both sides bargained in good faith, it did not compel the parties to reach any agreement. Further, union members, non-union workers, and even audience members who engaged in protected concerted activities in support of labor actions, such as standing in picketing lines, were afforded legal protections.[5]

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[1] 29 U.S.C. §157, https://www.law.cornell.edu/uscode/text/29/157.
[2] 29 U.S.C. §158(d), https://www.law.cornell.edu/uscode/text/29/158.
[3] 29 U.S.C. §157 & 29 U.S.C. §163, https://www.law.cornell.edu/uscode/text/29/157, https://www.law.cornell.edu/uscode/text/29/163.
[4] 29 U.S.C. §158(b)(7), https://www.law.cornell.edu/uscode/text/29/158.
[5] 29 U.S.C. §158(a)(1), https://www.law.cornell.edu/uscode/text/29/158.

Labor Contracts: Labor contracts, also known as collective bargaining agreements, were formal agreements between employers and labor unions. These agreements outlined the rights, responsibilities, and working conditions for unionized employees. They typically addressed wages, hours, benefits, grievance procedures, and other terms of employment. Labor contracts were legally binding and were the result of a negotiation process designed to balance the interests of both workers and management. Under U.S. labor law, unions acted as the exclusive bargaining representative for all employees in the unit, and depending on the agreement, for non-union members performing union-covered work, regardless of union membership. - As a result, individual priorities may have differed from those of the union, especially for employees with minority views or distinct roles.

Labor contracts, such as the Minimum Basic Agreement (Writers Guild of America 2020), between the Writers Guild of America and production studios, or the 2011-2014 AFTRA National Code of Fair Practice for Network Television Broadcasting (American Federation of Television and Radio Artists 2011), covered not only union members but also the types of work that were typically performed by union members. Therefore, employers like production studios may be subject to multiple union agreements (i.e., WGA and SAG-AFTRA) at the same time, depending on the roles involved and the nature of the production.

Compliance Clauses: Compliance was required with labor agreement rules and regulations, such as forbidding employers from unilaterally changing working conditions or replacing striking workers in a way that undermined the union. These clauses ensured that employers adhered to agreements with organizations like the WGA and SAG-AFTRA and not find creative loopholes to avert contractual obligations.[6] Thus, attempts to resume production of *The Drew Barrymore Show* without its WGA writers could be viewed as a potential violation depending on how substitute work was handled.

[6] Compliance clauses can be found in Article 4 of the WGA Minimum Basic Agreement, https://www.wga.org/uploadedfiles/contracts/mba20.pdf.

Force Majeure Clause: A contract provision that excused a party from fulfilling obligations when unexpected events occurred that were beyond their control and made performance nearly impossible. Typical examples included natural disasters like floods, tornadoes, or earthquakes (*"force majeure"* or *"act of God"*); war or government actions (such as new laws); and strikes or labor disputes. Explicitly listing *"labor disputes"* in the force majeure clause allowed a party to delay or cancel performance if a strike or similar disruption prevented them from meeting their contractual duties. When a contract was silent (intentional or not) on important terms, such as what constituted a *force majeure*, courts deferred to industry norms.[7]

Suspension Clause: A suspension clause permitted a party to pause its contractual obligations temporarily under specific conditions, such as a labor strike or another disruption that halted normal operations. This might include the employer's temporary withholding of payroll or other performance obligations for all employees, depending on the contracts. Suspension clauses often appeared alongside or within *force majeure* provisions. Such clauses could be used by studios to navigate interruptions in production while preserving the right to resume once the disruption ended. However, they did not eliminate the contract entirely and typically included time limits or conditions under which suspension must either end or be reevaluated.

Termination Clause: Termination clauses specified the conditions under which a contract could be ended by either party, *e.g.*, a work stoppage that had lasted beyond the agreed to temporary suspension duration period. Courts used industry standards or deemed what was reasonable if no duration was stated in the contract. Thus, production companies could terminate all contracts, including employment and supplier contracts, if production had been suspended too long.

[7] Force majeure language can be found in Article 26 of the WGA Minimum Basic Agreement; however, it is silent on what exactly constitutes a force majeure and defers to the writers' individual employment contracts with their respective networks for definitions.

Talent Agreement Performance Obligations: Talent agreements outlined the host's responsibilities, including minimum episode commitments, promotional duties, and conduct requirements. These obligations were covered under SAG-AFTRA union rules (American Federation of Television and Radio Artists 2011). While these agreements typically included a *force majeure* clause that allowed the host to avoid fulfilling all obligations, personal considerations such as individual circumstances or stakeholder pressure may influence whether the host decided to invoke the clause.

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CONSULTIING CASES

I DID IT MY WAY: PACIFIC AIR'S JOURNEY IN MANAGEMENT

KATELYN GUEVARA

California State University, Los Angeles

After years of ownership and experience, Brian Gonzalez of Pacific Air, Heating & Air Conditioning knew it was finally time to expand his company into the local market, but high employee turnover posed a serious threat. While demand was growing for his services, and his reputation for quality work gave him confidence, Brian struggled to find the appropriate technicians for his anticipated expansion. To expand his business and sustain growth, Brian had to stabilize his workforce and formalize operations within the Company. Without the right team and systems in place, could Brian's vision for growth become reality?

Brian Gonzalez started a small HVAC (heating, ventilation, and air-conditioning) business in 2008, based in Los Angeles. Since 2003, Brian had gained experience alongside a seasoned HVAC technician, focusing on hands-on learning and self-directed research. Fast forward five years, and Brian established his company, Pacific Air, Heating & Air Conditioning. Initially, it was far from perfect. Brian dedicated himself to bettering the company that he established from scratch. Although there were moments when he felt uncertain about solving a problem, his vision kept him focused; no minor obstacle could deter him. He would return home to do extensive research until he could ensure every customer felt satisfied.

Brian is a pseudonym for a real HVAC business owner based in Los Angeles. His name has been changed to protect his privacy. Pacific Air, Heating & Air Conditioning is a pseudonym for Brian's HVAC business. The names of Pacific Air employees are also pseudonyms used to protect their privacy and preserve anonymity.

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. Contact Katelyn Guevara, 14218 Christine Dr., Whittier, CA 90605, (562) 968-6336, Katelynguevara99@gmail.com

Brian's Early Life

Brian experienced economic hardship during his early life, as his family consistently faced financial difficulties. Brian remembered how happy he felt receiving a box of Corn Flakes whenever the church delivered his family's grocery bag from the food pantry. As a child, Brian was unaware of his family's financial struggles until his teenage years.

Following a tragic series of events, Brian and his five siblings were all separated, leaving the young children and teens to fend for themselves. Brian took drastic measures to provide for his younger siblings. Emancipating himself at 16, Brian began working to help support his younger siblings in foster care. At this time, Brian also joined a junior firefighter program. The fire department took him under its wing and gave him life and career stability. From here on, Brian learned from experience and mentorship that there was no room for failure or excuses. In the fire department, he was taught discipline: waking up early and tackling the day, keeping a clean appearance, and performing the task right because performing subpar could cost somebody's life. He would go on to become an EMT, start a business flipping houses, and build Pacific Air. His hard work guaranteed that his own family would never see financial scarcity like he did growing up.

Pacific Air's Early Years

In the initial stages of the business, Brian employed a close-knit team of two technicians, James and Marcus, who were both family friends. Brian gradually imparted his knowledge of the trade to them, creating a relaxed atmosphere filled with playful banter. They consistently produced quality work, but when their performance fell short, Brian did not attempt to hold back his criticism.

Throughout this period, Brian dedicated himself to transforming the Company into its best version. He led a vibrant team that consistently delivered high-quality work and played an active role in marketing initiatives. The Company experienced much growth and established a strong reputation in the local community.

Around the same period, both of his technicians decided to leave. James relocated to be closer to his family, while Marcus believed his pay was insufficient. Marcus had previously requested a raise from Brian, who declined. Instead, Brian opted to give Marcus generous monetary gifts during holidays. As time passed, Marcus began regularly requesting advances, which Brian initially granted until the requests became excessive. Meanwhile, Marcus's work performance began to decline, which frustrated Brian. Ultimately, both recognized they could not meet each other's expectations and mutually agreed to part ways.

From then on, Brian established a pattern of hiring new employees but retaining them only briefly. With an employee turnover ratio of 15:2, Brian explained, *"80% were let go and the other 20% parted ways on their own."* The employees who were let go were due to underperformance and a general lack of expertise, while the remaining 20% departed as they found the work more challenging than anticipated and discovered a dislike for the HVAC industry.

Brian noted that the new generation of technicians tended to be *sensitive*, making conversations challenging. He struggled particularly with less experienced technicians, stating, *"Transparency works well for some, especially older technicians, but it doesn't resonate with the younger ones."* Brian speculated that the training from the local trade schools was insufficient, or perhaps the newer technicians lacked motivation. Unless he could find a way to attract and retain stronger talent, Brian recognized that his vision for expansion might never happen.

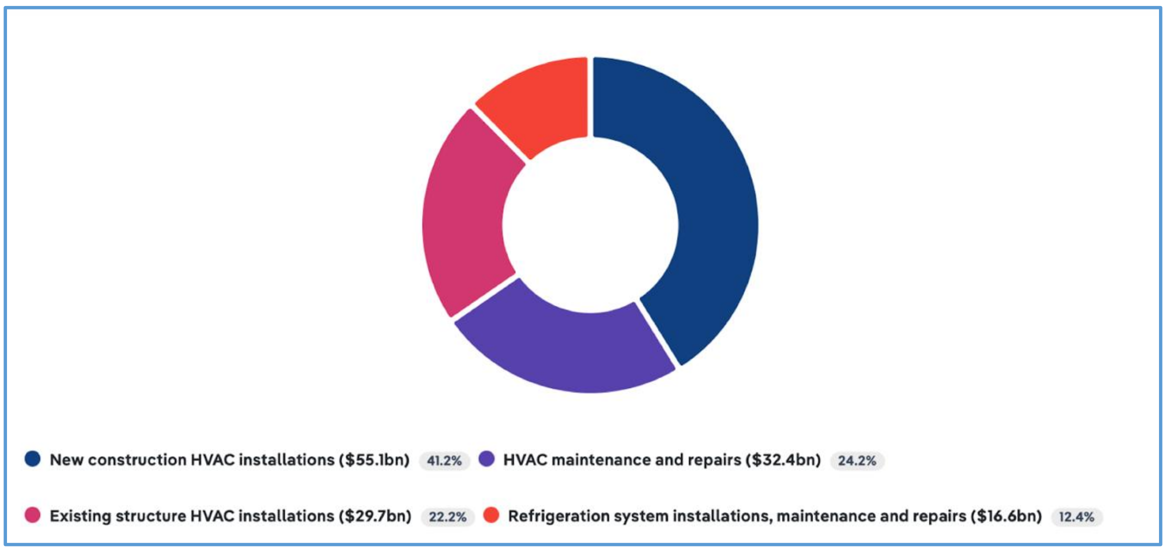
The United States HVAC Industry

The Heating and Air Conditioning Contractors industry (US 23822A) experienced increasing profitability. Revenue was projected to grow by 1.9% from 2024 to 2029 (Pigott 2024). In 2024, the sector had reached revenue of $133.7 billion (see Appendix A). As temperatures continued to rise, there was an increasing demand from households and businesses for climate control solutions to maintain comfort amidst climate change. Although fluctuations in weather catalyzed investments in HVAC systems, elevated interest rates created challenges for consumers to allocate funds, potentially holding back additional industry growth.

Revenue was distributed across different service segments within the HVAC industry. Figure 1 shows significant service segments, including installations, maintenance, and service.

Figure 1. HVAC Service Segments

Source: Pigott, 2024



Job Categories

Installation. An installation referred to the process of *"setting up heating, cooling, and ventilation systems in a building or space to provide a controlled and comfortable indoor environment"* (Arial 2023). This process consisted of electricity, plumbing, and gas systems. The price of installing a system (see Appendix B) could vary dramatically depending on:

- Unit type
- Brand
- Efficiency rating (SEER, AFUE, HSPF) (see Appendix C)
- Size and layout of the property
- Additional material, such as ductwork
- Complexity of the project (Freitas 2023).

Installations could include installing a system where a system did not already exist, or replacing a system with a new one. Replacing a system was sometimes referred to as a *change-out*.

Maintenance. Performing maintenance involved preventative measures to improve and extend the system's life. Maintenance done twice a year, once in spring and once in fall, was standard for keeping units running efficiently and discovering areas for repair or replacement. Routine maintenance could include:

- Cleaning coils, drains, and other elements
- Inspecting connections, motor operations, and thermostat functionality
- Monitoring refrigerant pressure
- Testing safety controls
- Lubricating moving parts.

Service. Servicing involved system inspections that could determine the need for repairs or replacing parts. Replacement parts would be suggested for components that were worn out or to enhance efficiency. Indicators that a unit required service included rising energy bills, unusual sounds and odors, and temperature issues (Strada 2024).

Technician Levels

In the HVAC industry, technicians could have various levels and responsibilities depending on their experience. Some of the major levels of HVAC technicians included Entry-Level Technician, Journeyman, Senior or Lead Technician, and Master Technician (see Appendix D).

Entry-Level Technician. The Entry-Level Technician was typically a recent graduate of a trade school or someone new to the HVAC workforce. This level was commonly referred to as a *'helper'* or *'apprentice.'* After being hired, they worked under the guidance of an experienced technician to gain hands-on experience for fundamental problems. It was recommended that a technician have at least four years of experience as an apprentice before becoming a Journeyman.

Journeyman Technician. A Journeyman was an intermediate-level technician with at least four years of experience. This was someone who had sufficient expertise to solve complex problems and demonstrate leadership to the entry-level technicians.

Senior/Lead Technician. A Senior or Lead Technician has high-level knowledge and five to seven years of experience. These technicians would generally oversee projects, diagnose complex problems, and schedule and train other technicians.

Master Technician. A Master technician was someone who had reached the peak level of expertise. This person was known to have five to ten years of experience and might own his/her own business, or work at a high-level role for a large company (see Appendix D).

Technician Standards

Technician requirements could vary between companies and states. In California, for example, training, certifications, and licenses were typical requirements for employment as an HVAC technician.

Education and Training. While it was not be mandatory, it was recommended that technicians complete training through a trade school or community college. The courses could give technicians a theoretical background and hands-on experience. In a survey from *World of Advice TV*, technicians in the HVAC field were asked what they felt was a sufficient level of schooling for technicians (see Appendix E). Out of 828 votes, a majority believed that school was not needed, and it was best to learn on the job.

Certifications and Licensing. While many in the HVAC felt school was not necessary, certifications would help technicians showcase their knowledge and credibility for better job opportunities. Focused on the fundamentals of job knowledge and skills, the *"Ready-to-Work"* certificate was earned by passing an entry-level exam for technicians just starting in the HVAC field, with little to no formal education or training (North 2025). As technicians surpassed the basic levels of HVAC, higher-level certifications would be expected. A NATE (North American Technician Excellence) HVAC Professional certification was available for technicians with at least three years of experience and focused on HVAC fundamentals, electrical and controls, comfort and airflow, installation, and service. This certification was highly respected and recognized in the HVAC industry (Brownson 2025).

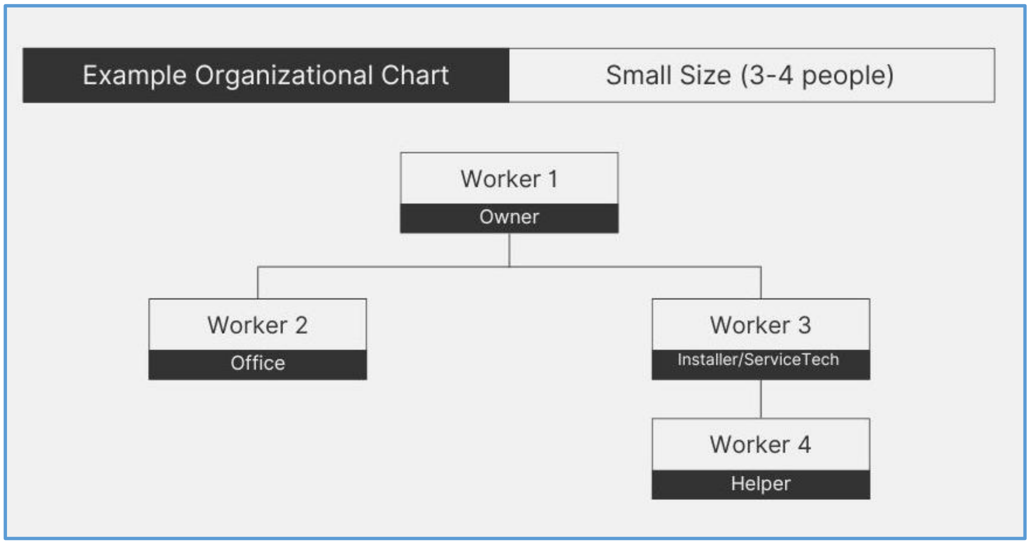
Aside from technical knowledge certifications, certifications were also available for handling specific supplies and equipment. The Clean Air Act required technicians to obtain an EPA Section 608 Certification for those who handled refrigerants. Depending on the type of systems being serviced, the appropriate level of certification should be reflected. There were four types: Type I, II, III, or universal (see Appendix F). Generally, HVAC technicians who worked on residential and commercial properties should be at least Type II technicians (Environmental, 2023). Any person registered as an apprentice with the U.S. Department of Labor's Office of Apprenticeship was exempt from the certification, provided they are closely supervised by a certified technician (Environmental 2023).

Onboarding and Workplace Integration. During the onboarding process, each company had a different approach to preparing the technician to work independently in the field. According to an article on training new HVAC employees, all companies should implement the following five things: (1) a developed and seamless onboarding process that followed a new-by-step process for each employee to align the employee to the company properly; (2) an assessment of the existing skill sets to have identify potential needs; (3) utilized online training services; (4) implemented ride-along requirements for each new hire; and (5) encouraged ongoing collaboration and communication (Ochoa 2023). The ride-along was the most variable part of the onboarding process. Each company would approach the ride-along in its own way. Some technicians were partnered with a journeyman for a period ranging from only a week to eight months, with the average being six months before taking on solo jobs (Reddit 2023).

Staffing the HVAC Company

According to Al Levi, an experienced consultant in trade solutions, a good rule of thumb was, *"For every two techs or installers out there doing the work, there should be one inside (support) person. This is the best of staffing ratios* [… is] *2:1"* (Levi 2009). For a small HVAC company that consisted of 3-4 employees, roles often overlapped. Figure 2 illustrates how a small company would distribute roles internally.

Figure 2. Small HVAC Company Organization Structure Sample
Source: Guevara, 2025



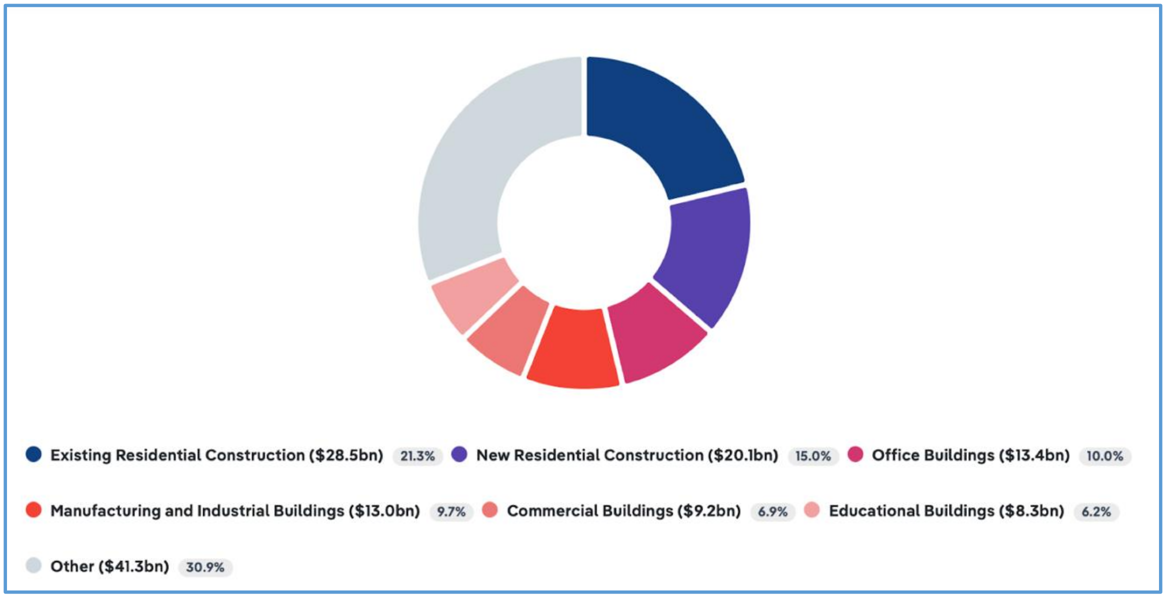
The HVAC Market

The HVAC industry covered various market segments, but as Figure 3 shows, it could be categorized into five general market segments: residential, commercial, industrial, and educational facilities, and other.

- **Residential (36.3%):** referred to homeowners and was the largest segment of the HVAC market.
- **Commercial (16.9%):** consisted of office buildings, retail stores, and shopping centers.
- **Industrial (9.7%):** consisted of manufacturing facilities, warehouses, and factories.
- **Educational Facilities (6.2%):** referred to schools, such as college dorms.
- **Other (30.9%):** consisted of the miscellaneous funds of COVID-19 for essential workers, including healthcare facilities, police and fire stations, and recreational buildings.

Figure 3. Major Market Segments in HVAC Contractors Industry

Source: Pigott 2024



HVAC Key Success Factors

Key elements that could contribute to HVAC business success include:

- **Loyal Customer Base:** Loyal customers tended to stick with the same company even during economic downturns. These enduring relationships ensured steady revenue and fostered satisfied customers who were inclined to share recommendations through word-of-mouth.
- **New Customer Acquisition:** Satisfied customers not only returned but also attracted new clients, perpetuating a cycle of referrals through word-of-mouth and gaining market share.
- **Highly Skilled Workforce:** Experienced and highly skilled technicians delivered exceptional service through efficient work practices, thereby minimizing the occurrence of callbacks. This approach fostered trust and credibility, resulting in repeat business from satisfied customers.
- **Efficient Work Practices:** Efficient work practices resulted in the timely completion of projects within budget. Streamlined operations served to reduce costs and enhance profitability, boosting customer satisfaction.
- **Service and Product Quality:** High-quality products and exceptional work yielded dependable results, distinguishing contractors in a competitive market.

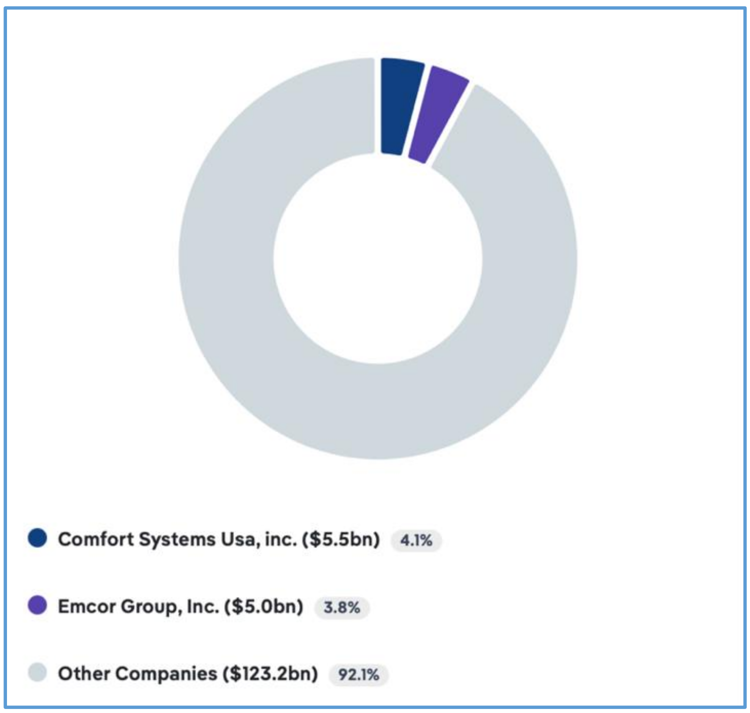
Competition

The HVAC industry had become increasingly accessible, leading to a rise in the number of small businesses and independent contractors, particularly in California (refer to Appendices G and H). The low start-up costs and overall low barriers to entry had lured new entrants, resulting in a fragmented market. With minimal variations among the products offered, these companies sought to stand out by emphasizing unique competencies, particularly in service quality.

According to IBIS World, the principal entities within the HVAC industry included Comfort Systems USA and EMCOR Group, as illustrated in Figure 4. These were publicly traded companies with multiple sectors. They were well-established in the industry; the top competitors primarily in the industrial and commercial sectors. Other various companies collectively dominated a substantial portion of the market.

Figure 4. Major Market Share in the HVAC Contractors Industry

Source: Pigott 2024



Comfort Systems USA, Inc. (4.1%). This Texas-based company had most of its locations in Southeastern United States (see Appendix I). It also had a notable market share in two additional industries: machinery maintenance, heavy equipment repair services, and plumbing.

EMCOR Group, Inc. (3.8%). EMCOR Group was a corporation based in Connecticut. The organization held a market share in two additional sectors: electrical services and plumbing. Within the company, EMCOR operated various divisions that specialized in these sectors. For HVAC services, clients would recognize the brand name *Air Systems, an EMCOR Company.*

Other Companies (92.1%). Since the majority of residential HVAC services were delivered by independently owned and operated contractors, there was no mandated formal reporting requirement. In Los Angeles, major local competitors on the rise included Weather Pros, BestTech, and Air Solutions, Inc. However, while these entities were increasing their visibility within Southern California communities, they remained relatively insignificant in terms of overall market share.

WeatherPros. WeatherPros was a multi-service company offering HVAC and plumbing services for both commercial and residential properties. It became a prominent competitor in the region, establishing a strong market presence through effective marketing. The company quickly grew to eight locations and employed over 400 staff members with higher than average salaries (Figure 5). Since launching in 2016, WeatherPros achieved $30 million in annual revenue within four years and was projected to reach $35 million by 2020 (Lamirand 2020). On May 5, 2022, a private equity firm acquired WeatherPros (Wrench 2022). According to locals who knew the former owner, it is said that WeatherPros sold for $100 million, with the owner serving as CEO for a set number of years. After the company was sold, customers complained of a decrease in the quality of service (Appendix J).

BestTech. Like WeatherPros, BestTech offered services for both HVAC and plumbing for residential and commercial properties. Although employee numbers were not available, BestTech's website listed two locations: one for HVAC and plumbing, and another for plumbing services only. BestTech's technician salaries were competitive with local firms, but installer salaries were below the average (see Figure 5).

Air Solutions, Inc. Air Solutions, Inc. was originally an appliance store that ventured into residential and commercial HVAC in 1977. By 2025, the company employed 15 staff members and operated a single location. Its salaries were right on average compared to local competitors (Figure 5).

Figure 5. Average Salaries of Local Technicians

Source: Indeed, 2025

AVERAGE SALARIES OF LOCAL TECHNICIANS

COMPANY	Average Service Technician Yearly Salary	Average Installer Yearly Salary
PACIFIC AIR	$49,135	$63,683
WEATHERPROS	$69,296	$112,545
BESTTECH	$62,657	$68,637
AIR SOLUTIONS INC	$64,198	$83,278
AVERAGE	$60,572	$82,036

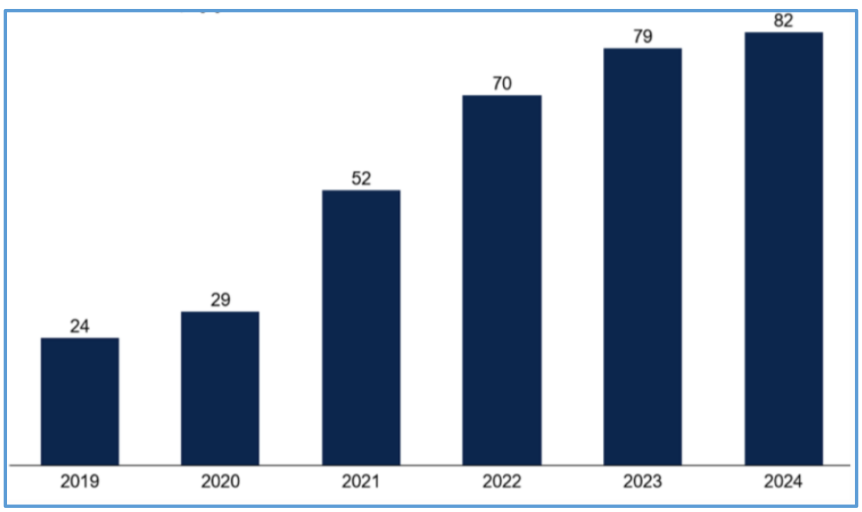
Emerging Trends in the HVAC Industry

The HVAC industry constantly faced evolving trends. Seasonal demand peaks, green technology, and smart home integration were just a few examples that came and went over the years, but two emerging trends had the potential to reshape the future of HVAC.

Acquisitions. From 2019 to 2024, the HVAC industry had seen a rising trend in the acquisition of small HVAC businesses by private equity firms, as seen in Figure 6. The goal of private equity firms was to generate investment returns with a strategy called consolidation, where a base company was used to absorb smaller companies to achieve scale. This strategy enabled the parent company to take on the existing customers of the acquired companies, while also making space for new clients associated with a more well-known local brand.

Figure 6. HVAC Consolidators, by Year

Source: Capital IQ, Factset, Pitchbook data



Investors regarded the HVAC industry as highly appealing due to numerous factors that underscored the potential for substantial returns. Key data trends that backed the acquisition investment include a resilient industry during recessions, a fragmented market ripe for a market leader, growth driven by extreme temperatures, recurring revenue from maintenance contracts, below-average employee turnover, opportunities in both residential and commercial sectors, and potential for diversification into complementary services (McCombie 2024).

The Toolbelt Generation. Another trend that had emerged was Gen Z abandoning college in favor of trade schools, primarily due to concerns over significant college debt (Appendix K), the pursuit of improved job security, and the potential for competitive pay when compared to those in professional services. With the retirement of Baby Boomers, many trade industries experienced a shortage of skilled workers, leading to an increase in salaries and wages. According to Curt Nordal, a California-based recruiter specializing in commercial HVAC roles, some recent trade program graduates faced difficulties securing positions as new construction slowed down. Even with a shortage of technicians, employers preferred experienced candidates (Chen 2024).

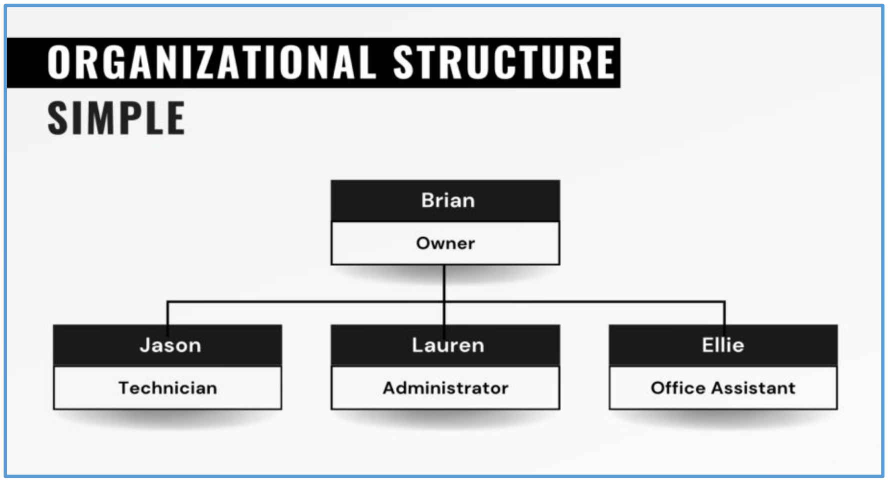
Pacific Air Heating & Air-Conditioning

Management

Pacific Air had a team of four members that operated out of a home office (Appendix L). Figure 7 displays the organizational structure and illustrates how Brian, the owner, oversaw three employees: (1) Jason, the lead technician; (2) Lauren, the administrator and wife of Brian; (3) Ellie, the office assistant and daughter of Brian. Despite no formal structure or job descriptions, the company maintained a simple organizational framework in which all employees reported directly to Brian.

Figure 7. Pacific Air Simple Organizational Structure

Source: Belloso, A., Dondeti, A., Garcia, M., Guevara, K. Personal Communication. 2024



Due to the numerous responsibilities of being a business owner, Brian frequently experienced high levels of stress. One of his biggest challenges as an owner was his struggle with delegation. Lacking proper training, employees often turned to him for assistance, diverting his attention in various directions. While he realized the need for additional managers and technicians, he struggled to find the time to train them.

When hiring new technicians, Brian prioritized candidates with relevant experience and education to ensure they could work independently. Given that Pacific Air charged premium prices, he anticipated that the quality of work would surpass basic expectations. Brian knew he must perform better than his local competitors, Weather Pros and BestTech, who executed the same strategy as Pacific Air, as depicted in Figure 8. However, new hires often exaggerated their qualifications, resulting in Brian being sought after once more for help. They expected that once they got the job, Brian would personally train them. After attempting to perform to standard, the employees often failed. This cycle frustrated Brian, leading him to make condescending remarks toward his staff. Consequently, many of the newly hired employees felt defeated and slowed down in their attempts to impress Brian. Ultimately, the newly hired employees would leave within their first few weeks on the job. As a result of this high turnover, the employee turnover ratio for Pacific Air skyrocketed to 15:2.

Figure 8. Pacific Air's Strategy Compared to Competition

Source: Belloso, A., Dondeti, A., Garcia, M., Guevara, K. Personal Communication. 2024

Training and Procedures

Due to Pacific Air's lack of formal training, each employee adopted a distinct approach to work. Whether in the office or the field, employees utilized their preferred methods. In the office, sometimes both Lauren and Brian prepared invoices; however, Lauren's invoices differed from Brian's, resulting in confusion for both employees and customers.

When technicians checked their schedules, the job description outlined the issues that customers faced as described to Lauren over the phone (Appendix M). Technicians were expected to anticipate the potential causes of the problem the customer faced. Employees loaded their trucks at the home office, where Brian expected them to know the contents and any additional items needed for the job. It was not uncommon for technicians to overlook an essential item, forcing them to either return to the home office to retrieve the item or purchase a replacement, which delayed the job. Such oversights irritated Brian, leading him to express frustration and again make condescending remarks to the staff.

At a job site, service technicians became aware of the problems the system was experiencing. Each technician would use his or her judgment to determine the root cause when diagnosing the issue. Quite often, the technician's first guess was incorrect. Because the technicians were jumping around what should be done in sequence, they spent more time than necessary at the site. This created an excess of overtime (see Appendix N) and caused the next job to be delayed. This chain reaction would lead to upset customers, who were told they would be serviced on a certain day but instead had their appointments canceled and had to make other arrangements. Brian explained, *"A senior technician can burn out 20 calls a day,"* while a *"lower-level technician can do 10 calls."* At the pace they worked, without a proper system in place senior technicians were only finishing 3-5 service or maintenance calls per day.

Company Performance

While Brian knew the Company could do much better, Pacific Air was doing well financially and was experiencing rapid sales growth relative to the industry (see Appendix O). He charged a premium price for the quality work produced, and speaking to the customer personally almost guaranteed that he would close the deal. Clients often liked Brian's personality and trusted that, with their connection, Brian would be available to take care of them when they needed him.

The home office maintained low overhead by keeping only universal items in stock, which generally had a lower cost. When a customer requested a service or repair, the technician diagnosed the issue and identified the necessary part number. Since different systems varied in size and brand, ordering specific parts tailored to each customer's system was essential, and these parts tended to be more expensive. The inventory for these specific parts adhered to a just-in-time inventory system.

Marketing

Most of Pacific Air's customers came through word of mouth, with 75% of clients in the residential sector and 25% in the commercial sector. Some clients discovered Pacific Air via the phone number on work trucks or through Google or Yelp. They were often impressed by the Company's performance, especially given its 4.0 online rating. While Brian enjoyed a solid base of loyal customers who valued him and his business, the few available reviews made negative feedback more prominent. Many of the negative reviews were complaints stating Brian was *"arrogant."* In the few reviews available, Brian's replies were made public, either thanking the positive feedback or deflecting the criticism in a lengthy response paragraph. From his perspective on customer reviews, Brian believed it was up to the customer to decide whether to leave one, and he did not actively seek out any reviews.

Pacific Air aimed to uphold its reputation for outstanding quality service. Consequently, the company exclusively installed top-tier brands unless a customer specified a particular brand. This commitment to high-quality products and services enabled Pacific Air to command a premium for its offerings. In this regard, it aligned itself with most local HVAC companies.

Looking Toward the Future

To expand Pacific Air successfully, Brian needed to address his main challenges of employee turnover, leadership, and organizational structure. Addressing these issues would help Brian assess whether Pacific Air was truly prepared for expansion.

What steps should Brian take to ensure his Company was operationally ready for expansion? Would implementing formal systems like training, clear job descriptions, and delegation truly help his expansion efforts? Should Brian reconsider his current organizational structure or leadership style to promote growth? Making the right choice could mean the difference between sustainable growth and overextending resources.

KATELYN GUEVARA graduated from California State University, Los Angeles, in 2024, earning her Master of Science in Business Administration with a focus on management. She is passionate about supporting entrepreneurship and plans to continue working closely with small businesses. Katelyn is dedicated to fostering community-centered economic development and aims to use her management expertise to empower business owners and inspire long-term success.

Appendix A. Key Takeaways

Source: IBIS World, Oct. 2024

Revenue **$133.7bn** '19-'24 ↑ 0.8 % '24-'29 ↑ 1.9 %	Employees **568k** '19-'24 ↑ 1.7 % '24-'29 ↑ 2.0 %	Businesses **114k** '19-'24 ↑ 2.1 % '24-'29 ↑ 2.1 %
Profit **$7.2bn** '19-'24 ↑ 0.0 %	Profit Margin **5.4%** '19-'24 ↓ 0.2 pp	Wages **$36.0bn** '19-'24 ↑ 1.3 % '24-'29 ↑ 1.9 %

Appendix B. Pricing Based on Unit Type

Source: Bank Rate, https://www.bankrate.com/homeownership/hvac-installation-cost/

A/C unit type	Cost (including installation)
Window and portable units	$150 – $500
Ductless split system	$2,000 – $14,500
Central air conditioning system	$1,900 – $5,500

Furnace type	Cost (including installation)
Electric furnace	$1,600 – $6,900
Natural gas furnace	$3,800 – $10,000
Oil furnace	$6,750 – $10,000

Heat pump type	Cost (including installation)
Air source	$4,500 – $8,000
Geothermal	$6,000 – $20,000
Mini-split	$1,300 – $8,000
Hybrid	$2,500 – $10,000
Solar	$18,000 – $34,000
Supplemental electric	$2,500 – $40,000

Appendix C. Energy Efficiency Ratings

Source: Strada Services, https://stradaservices.com/about-us/blog/what-does-hvac-service-include/

SEER Rating

SEER stands for Seasonal Energy Efficiency Ratio. A SEER rating shows how efficient your air conditioner or heat pump is by comparing the cooling output it delivers against the electric energy it consumes in one cooling season. Most modern systems have a rating of 13 to 21.

A higher rating translates to more comfort and reduced energy bills. Usually, units with a higher rating will cost more than units with a lower rating.

AFUE Rating

AFUE means Annual Fuel Utilization Efficiency. The rating determines your heating system's efficiency by measuring how efficiently it converts fuel to heat in one year. High-efficient units have a rating of 90% to 98.5%, while mid-efficient systems have a rating of 80% to 83%.

According to the U.S. Department of Energy, a system with a lower rating than 80% is inefficient. While shopping for a new unit, you'll find the AFUE rating on the Energy Guide sticker or the owner's manual.

HSPF Rating

Before buying and **installing a new heat pump**, it's essential to consider its HSPF rating. A Heating Seasonal Performance Factor shows how efficient your heat pump is in a heating season.

It measures the heating output your heat pump offers against the energy it consumes. A highly efficient heat pump has an HSPF rating of between 9 and 10.

ENERGY STAR-certified heat pumps have a minimum HSPF of 9.2 and a SEER of 16. ENERGY STAR is a body that helps consumers identify efficient heating and cooling systems.

Appendix D. Technician Levels

Source: Level One HVAC, https://levelonehvac.com/2024/02/21/hvac-career-paths-navigating-the-ranks/

Entry-Level Technician

As a fresh-faced trade school graduate or newcomer to the HVAC field, you'll most likely start your career as an entry-level technician. At this stage, you are typically considered a helper or apprentice, working under the guidance of seasoned technicians to gain practical experience.

Responsibilities:

- Assisting in the installation and maintenance of HVAC systems
- Learning to troubleshoot basic problems
- Acquiring HVAC tools and learning their proper uses
- Understanding safety protocols and best practices in the field

Skills Developed:

- Technical understanding of HVAC systems and their components
- Hands-on experience in varied situations
- Customer service and communication skills

Senior/Lead Technician

As a senior or lead technician, you've built a reputation for expertise and reliability. Technicians at this level often take on supervisory roles and manage projects or teams.

Responsibilities:

- Overseeing HVAC projects from start to finish
- Scheduling and coordinating tasks among team members
- Training juniors and conducting evaluations
- Interacting with customers, providing consultations, and ensuring satisfaction

Skills Developed:

- Strong leadership and project management capabilities
- In-depth system diagnostics and complex problem-solving techniques
- Advanced customer service and business acumen

Journeyman Technician

After gaining experience and potentially passing certain certifications, a technician can graduate to the journeyman level. This intermediate level indicates a solid foundation in HVAC knowledge and hands-on experience.

Responsibilities:

- Independently installing, servicing, and repairing HVAC units
- Reading and interpreting blueprints and schematics
- Mentoring entry-level technicians
- Ensuring compliance with local HVAC codes and regulations

Skills Developed:

- Advanced problem-solving abilities
- Leadership and training capabilities
- Detailed knowledge of regulatory standards

Master HVAC Technician

The title of "Master" is often reserved for those who have reached the peak of practical HVAC expertise. Master technicians may own their own business or work in high-level roles within larger companies.

Responsibilities:

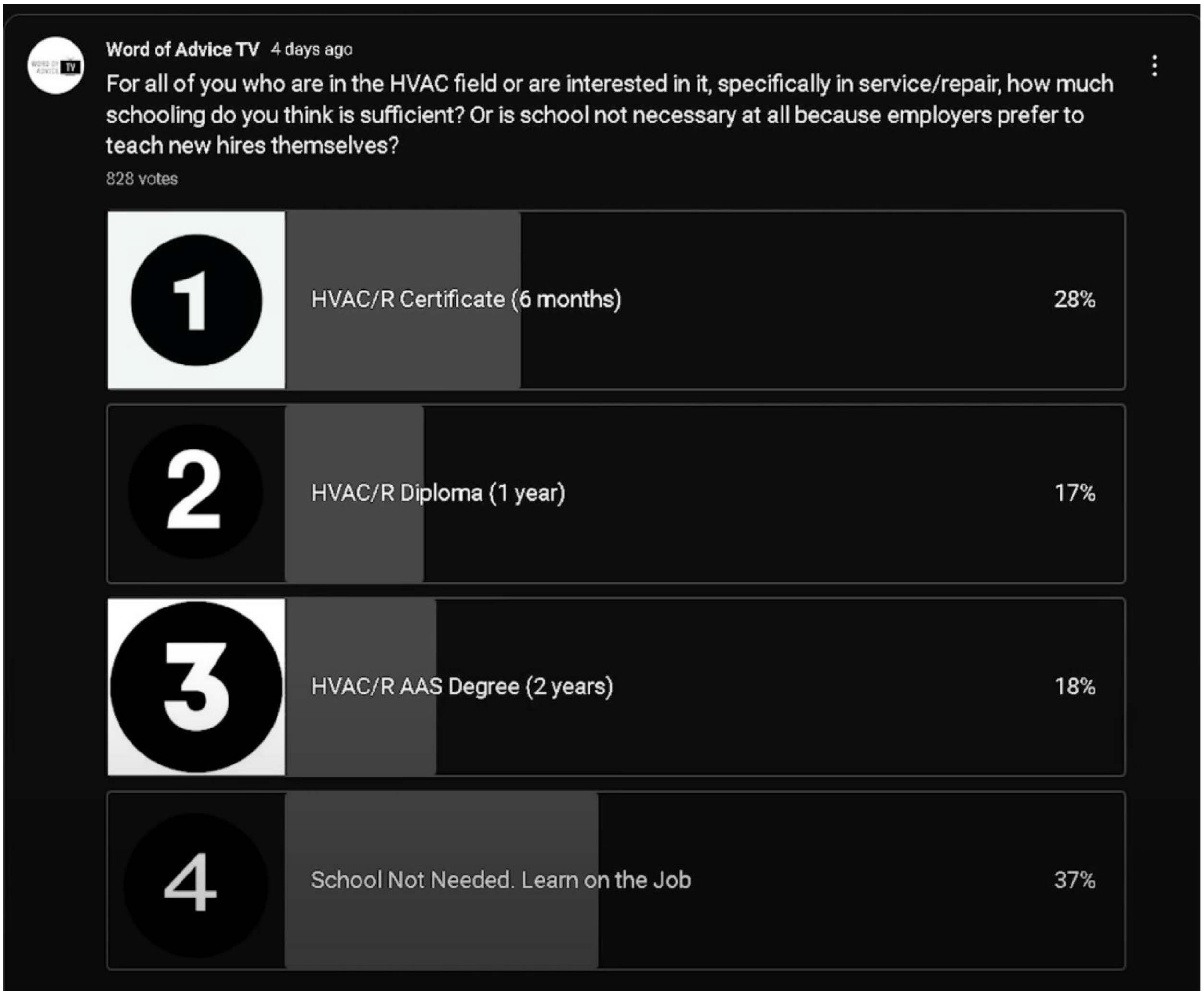
- Directing operations of an HVAC business or department
- Specializing in specific types of systems or technical challenges
- Cultivating client relationships and business development
- Consulting on and resolving the most challenging HVAC issues

Skills Developed:

- Advanced business operations and management
- Mastery of specialized HVAC technology
- Strategic planning and customer relationship management

Appendix E. Survey Results: Sufficient Level of Schooling

Source: Word of Advice TV, April 2025, https://www.youtube.com/watch?v=C_N2vQjz0QQ



Appendix F. Types of EPA Certifications

Source: EPA, https://www.epa.gov/section608/section-608-technician-certification-requirements

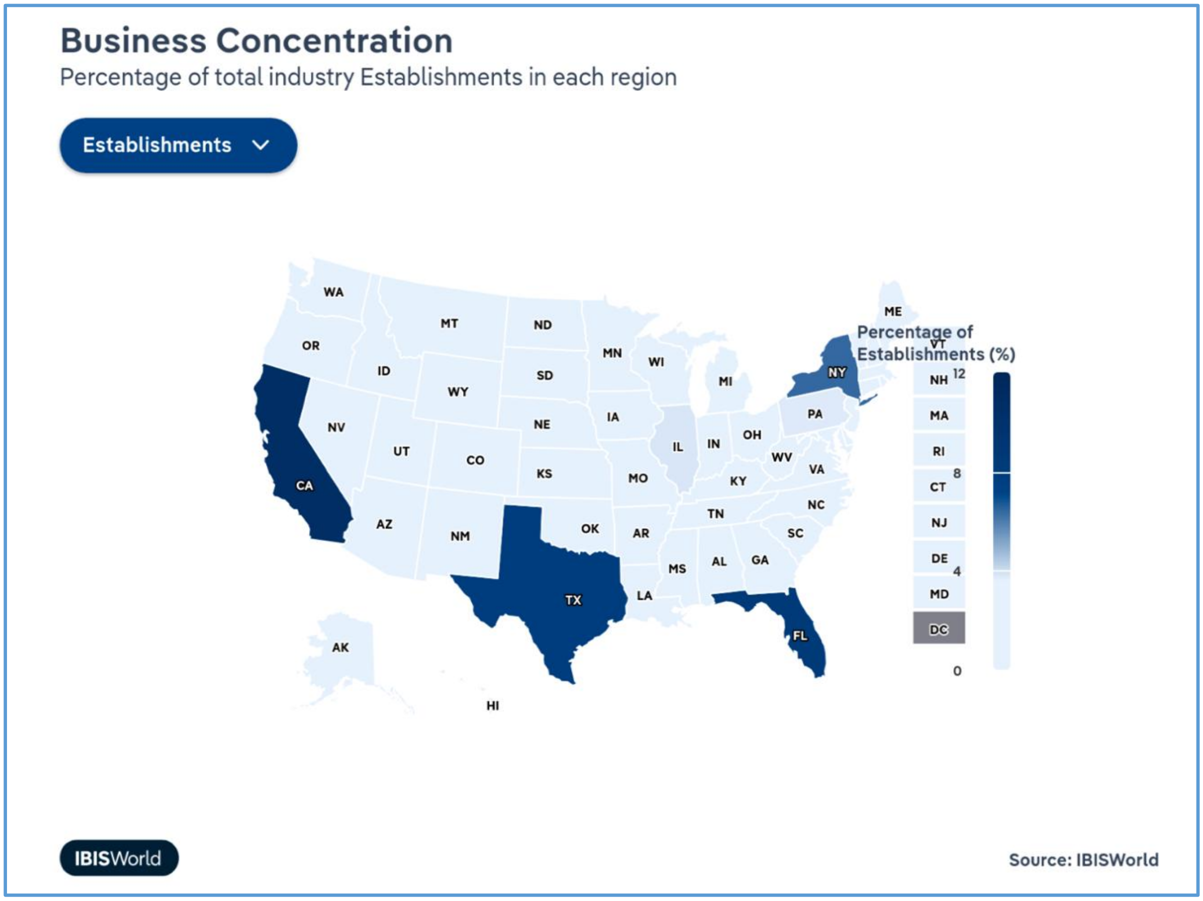
Types of Certifications

EPA has developed four types of certification:

1. For servicing small appliances (Type I).
2. For servicing or disposing of high- or very high-pressure appliances, except small appliances and MVACs (Type II).
3. For servicing or disposing of low-pressure appliances (Type III).
4. For servicing all types of equipment (Universal).

Appendix G. Business Location Concentration in the US

Source: IBIS World, Oct. 2024

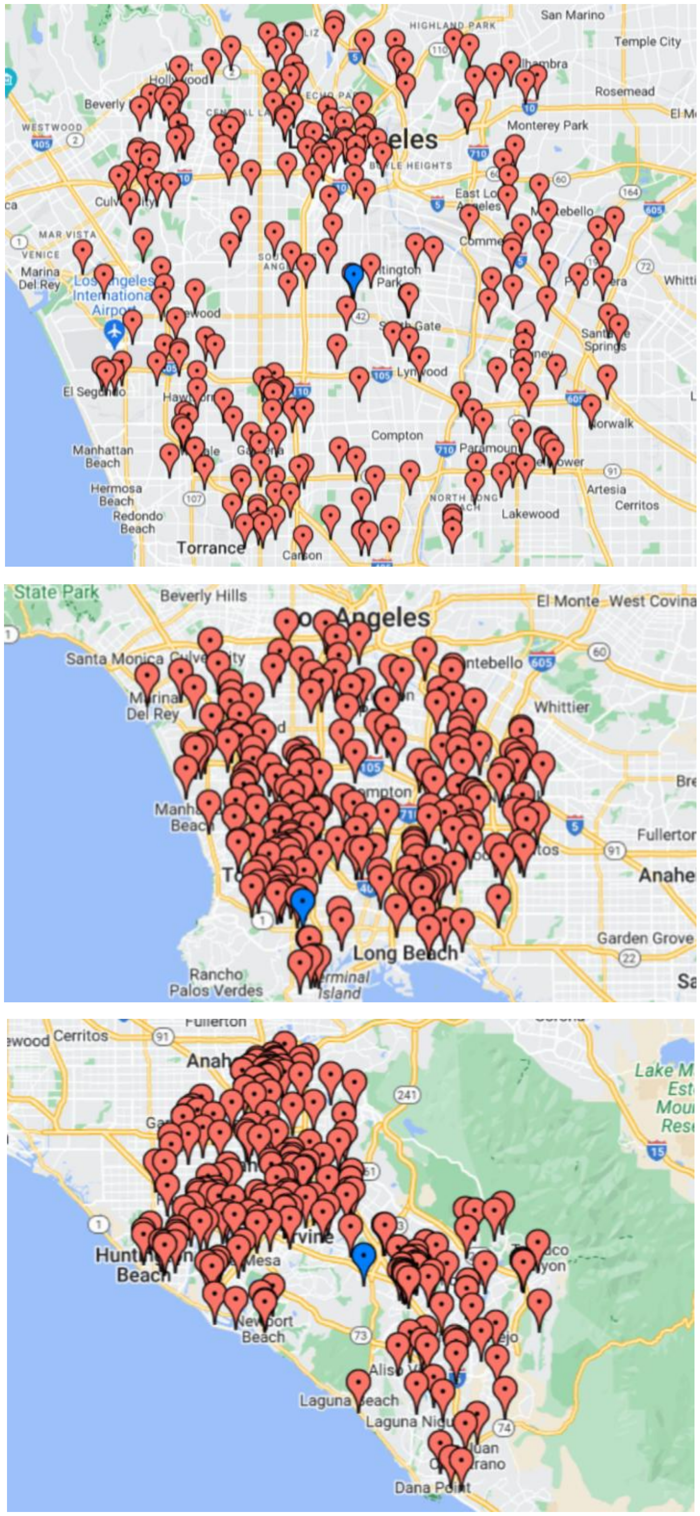


Companies

Company	Market Share (%) 2024	Revenue ($m) 2024	Profit ($m) 2024	Profit Margin (%) 2024
Emcor Group, Inc.	3.8	5,037.7	289.1	5.7
Comfort Systems Usa, inc.	2.8	3,687.7	279.4	7.6
Acco Engineered Systems, Inc.	0.5	713.2	37.8	5.3
US Engineering Company Holdings	0.5	712.6	37.7	5.3
Mckinstry Co., Llc	0.5	683.9	36.2	5.3
Api Group Corporation	0.4	517.7	13.2	2.5
Harder Mechanical Contractors Inc.	0.1	83.3	4.4	5.3

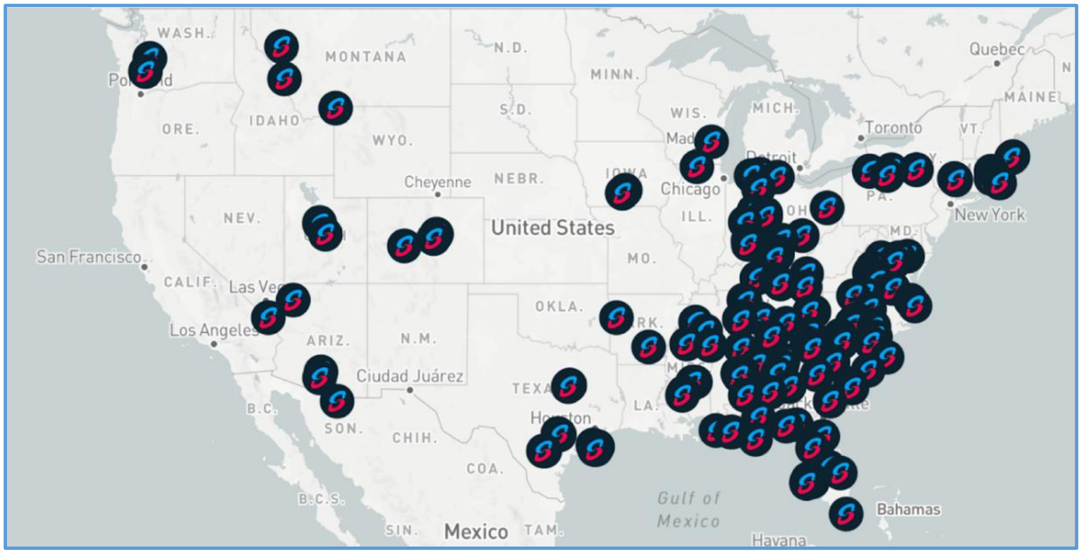
Appendix H. Business Locations in Los Angeles and Orange Counties

Source: Bizminer, 2024



Appendix I. Comfort System Locations

Source: Comfort Systems USA, https://comfortsystemsusa.com/locations/



Appendix J. Company Average Reviews: Strengths & Weaknesses

Source: Angie, n.d.; Birdeye, n.d.; Yelp, n.d.

COMPANY AVERAGE REVIEWS: STRENGTHS & WEAKNESSES

COMPANY (OUT OF 5 STARS)	Stengths	Weaknesses
PACIFIC AIR (4.6)	• HELPFUL TECHNICIANS • PROFESSIONAL • REPONSIVE	• SCHEDULING ISSUES • FOLLOW-UPS • PRICING
WEATHERPROS (4.4)	• RANGE OF SERVICES • RESPONSIVE • SCHEDULING	• INSTALLATION ISSUES • COMMUNICATION • AGGRESSIVE UPSELLING
BESTTECH (4.9)	• FRIENDLY • COMMUNICATION • CLEAN	• SCHEDULE DELAYS • PRICE MIX-UPS
AIR SOLUTIONS INC (4.6)	• KNOWLEDGEABLE • ON-TIME • PROFESSIONAL	• LONG INSTALLS • HIGH COSTS • CLEAN-UP

Appendix K. Summary of Local Los Angeles & Orange County HVAC Programs

Sources: Los Angeles Trade-Technical College, 2025; El Camino College, 2025; Orange Coast College, 2025; Brownson Technical School, 2025.

SUMMARY OF ESTIMATED COSTS

LOS ANGELES & ORANGE COUNTY

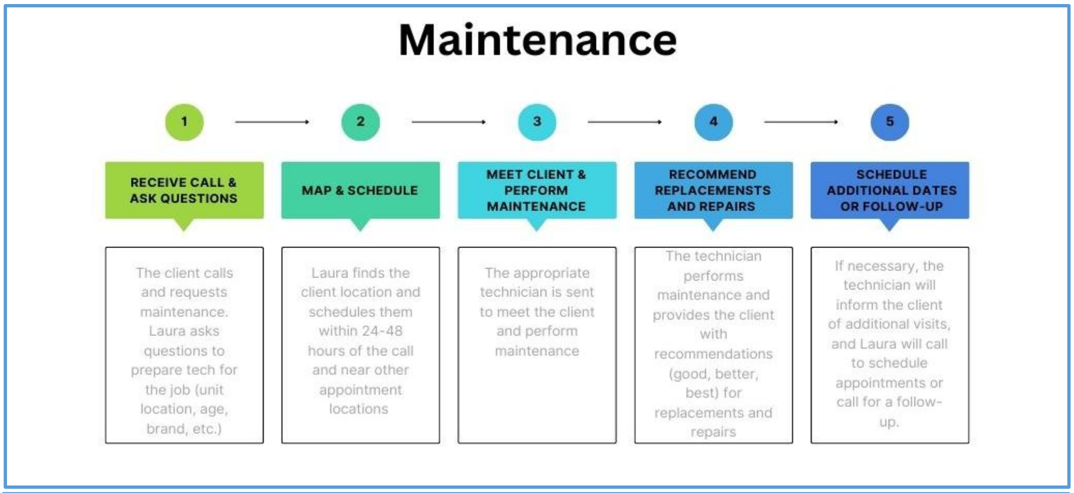
	PROGRAM PROVIDER	PROGRAM TYPE	ESTIMATED COST
LOS ANGELES	LOS ANGELES TRADE-TECHNICAL COLLEGE (LATTC)	AS DEGREE	$2,400
	EL CAMINO COLLEGE	AS DEGREE	$2,208
ORANGE COUNTY	ORANGE COAST COLLEGE (OCC)	AS DEGREE	$1,380
	BROWNSON TECHNICAL SCHOOL	CERTIFICATE	$17,263

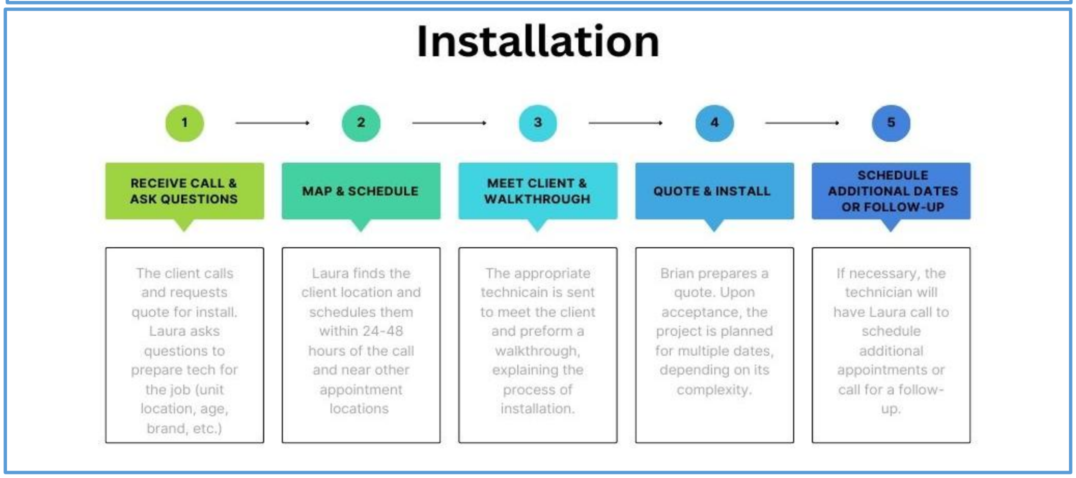
Appendix L. AI-Generated Depictions of Lauren and Ellie's Home Office

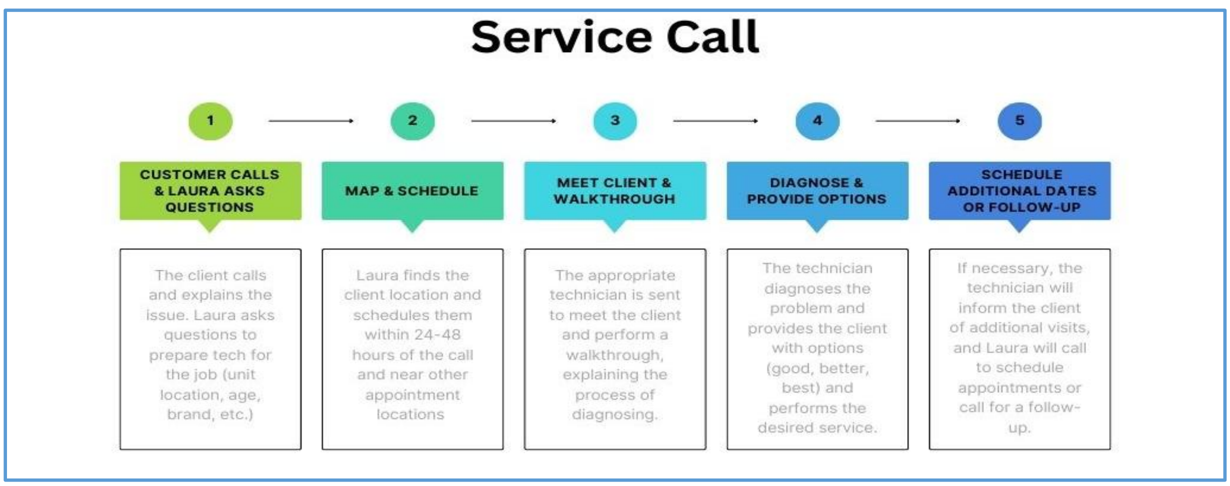
Source: ChatGPT, 2025

Appendix M. Customer Process Based on Service Type

Source: Guevara, 2025







Appendix N. Notable Metrics

Source: Belloso, A., Dondeti, A., Garcia, M., Guevara, K. Personal Communication. 2024

	Pacific Air	INDUSTRY	DIFFERENCE
MATERIAL COST	30.0%	44.0%	- 14.0%
MARKETING	0%	0.6%	- 0.6%
WAGES	34.0%	22.0%	12.0%

Appendix O. Annual Sales Trends

Source: Belloso, A., Dondeti, A., Garcia, M., Guevara, K. Personal Communication. 2024

	Pacific Air	INDUSTRY	DIFFERENCE
SALES GROWTH RATE	15.6%	1.9%	13.7%
PRE-TAX NET PROFIT	5.0%	5.4%	- 0.4%

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KYIVSTAR: A TELECOMMUNICATIONS COMPANY UNDER INVASION

JACK SCOTT JAMROZ

Northeastern University

Introduction

In 2024, Kyivstar, the Ukraine's largest mobile and data service provider, offered a robust network infrastructure capable of supporting Ukraine's telecommunication needs and was projected to be able to fulfill future needs. Up until 2022, Kyivstar held almost 50% of the mobile market and approximately 17% of the fixed internet market. Oleksandr Komarov, the company's CEO and key decision maker, was able to accomplish this feat by positioning the company as a customer-oriented business, adapting to consumer trends while making Kyivstar's services accessible, reliable, and high quality. However, due to the 2022 Russian invasion of Ukraine, Kyivstar's telecommunications network faced a need for continuous repairs and updates to the existing structures to avoid blackouts. Following the displacement of people, Kyivstar continued to offer services and an additional core competency to its business model: HELSI.me, an online telemedicine platform for Ukrainian citizens.

Yet, in 2024, there was still uncertainty with Russia's occupation of Ukraine, meaning that the company might not be able to sustain its business for long without an assured revenue stream; without expansion, Kyivstar's structure and stability could suffer and the company would no longer be able to offer aid to displaced Ukrainians.

Even if its parent company, VEON, continued to offer investments aimed at supporting infrastructure, digital growth, and social initiatives for the reconstruction of Ukraine, Kyivstar

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. The author and the ***Journal of Case Research and Inquiry*** grant state and nonprofit institutions the right to access and reproduce this manuscript for educational purposes. Contact Jack Scott Jamroz, jackjamroz.research@gmail.com.

needed to diversify its customer base and markets to ensure that it had enough capital to achieve its goals. The company's consistent focus on serving those affected by the crisis limited the search for expansion to those countries immediately impacted by the invasion as well as countries that shared a similar view on helping those afflicted; rather than considering countries that were offering support from afar, Kyivstar would ideally look at markets in close proximity to the Ukraine. After conducting a heatmap analysis of potential markets for expansion (Exhibit 1), Moldova and Bulgaria were deemed the most viable on the basis of: (1) promising economic growth opportunities; and (2) because they both hosted a large number of displaced Ukrainians.

Kyivstar Company Background

Company History and Business Model

Since the foundation of the company in 1994, Kyivstar's business model was formed around the concept of being *"more than a service provider;"* the company wanted to be at the forefront of an ever-growing and developing digital world. In addition to having a robust network, the company's main concern was being customer-centric in order to make its services accessible, reliable, and of high quality (Exhibit 2). The company became the largest telecommunications company in the Ukraine; it expanded to own 48 thousand base towers, allowing coverage to all major cities, over 2,800 rural settlements, and the surrounding areas ("Kyivstar Mobile's 3G / 4G / 5G coverage" 2024).

Exhibit 1. Total Heat Map for Potential Expansions

Source: *Image developed by the author; Score of 5 is favorable; 3 is Moderate; 1 is unfavorable.*

	Poland	Estonia	Moldova	Hungary	Bulgaria	Lithuania	Romania	Latvia	Belarus	Germany	France
Ease of Entry ***(Includes Public Perception of Ukraine or tele-services)***	*Ministry of Digital Transformation aimed to develop broadband infrastructure, increase e-services & digital competences* ("2023 International Property Rights Index" 2023). *SCORE: 5*	*Estonian Health Insurance Fund supports the development of telemedicine services since 2020* ("Estonia's Roadmap" *2022) SCORE: 3*	*Internet in Moldova is one of the fastest and least expensive in the world, but medical care is substandard throughout the country* ("Moldova - HealthMoldova" *2024) SCORE: 5*	*Demanded taking Ukraine's acceptance to EU off the agenda at a bloc summit and has blocked financial aid package (Gray et al.* 2023) *SCORE: 1*	*Strong supporter following the Russian invasion. Main exports to Ukraine include pharmaceuticals and electrical products* ("Bulgaria (BGR)" *2024) SCORE: 5*	*Extended temporary residence permits for Ukrainian refugees staying in the country* ("Lithuania to extend" 2024) *SCORE: 5*	*Romanian Institute for Evaluation and Strategy (IRES), found that 62% of respond-ents want to continue support for Ukraine (Aligica* 2024) *SCORE: 3*	*Latvia currently offers relocation services and support services from housing to job opportunities* ("Relocation Services" 2024) *SCORE: 5*	*Publicly aligned with Russia following invasion of Ukraine SCORE: 1*	*41% believe that the West should pressure Ukraine to accept territory loss of territory while others support Ukraine in retaking Russian-occupied territories* ("Politbarometer" *2023) SCORE: 3*	*Offers Ukraine military assistance, civilian assistance, financial support, humanitar-ian support, and emergency support* ("Joint declaration" *2023) SCORE: 5*
Telecom Saturation	*Orange Polska, T-Mobile Polska, and Play SCORE: 1*	*Elisa Estonia, Telia Estonia, and Tele2 SCORE: 3*	*Orange, Moldcell and Unite SCORE: 3*	*Magyar Telekom, Vodafone Hungary, and Telenor Hungary SCORE: 1*	*Vivacom, A1 Bulgaria, and Yettel SCORE: 3*	*Telestra Lithuania, Tele2 Lithuania, Bite Lietuva SCORE: 3*	*Orange, Vodafone, Telekom SCORE: 1*	*Latvijas Mobilais Telfons, Tele2 Latvia, Bite Latvia SCORE: 3*	*Mobile Tele-Systems, A1 Belarus Velcom, SCORE: 1*	*Vodafone GmbH, Telefonica Germany OHG SCORE: 1*	*Orange S.A., SFR S.A., Bouygues S.A. SCORE: 1*
Tele-medicine Saturation	*Telemedi.co, LekarzNa-Wizji, E-dermato-log.pl, Halodoc, etc. SCORE: 1*	*Viveo Health SCORE: 5*	*UN opened a platform in 2019 for refugees but limited other results (Suveica 2022) SCORE: 5*	*Videodok-tor, FirstMed, and Doktor24 SCORE: 3*	*Puls.bg, and DHI Cluster SCORE: 5*	*Teltonika, Fleming, Ovao SCORE: 3*	*I'm Fine, Sanopass, Femyo, Doctore31 SCORE: 3*	*VREACH, DoctoWell, Longenesis SIA SCORE: 3*	*2Doc, Stillfly, AppDoc SCORE: 3*	*Jellyfish Bio, Dr. SAM SCORE: 3*	*FiveLives Health, Alan.com, Colnex Health France SCORE: 1*
GDP Growth	*0.4%*	*-2.6%*	*2.6%*	*-0.7%*	*2.0%*	*-0.4%*	*2.2%*	*-0.2%*	*3.8%*	*-0.3%*	*1.0%*

Kyivstar

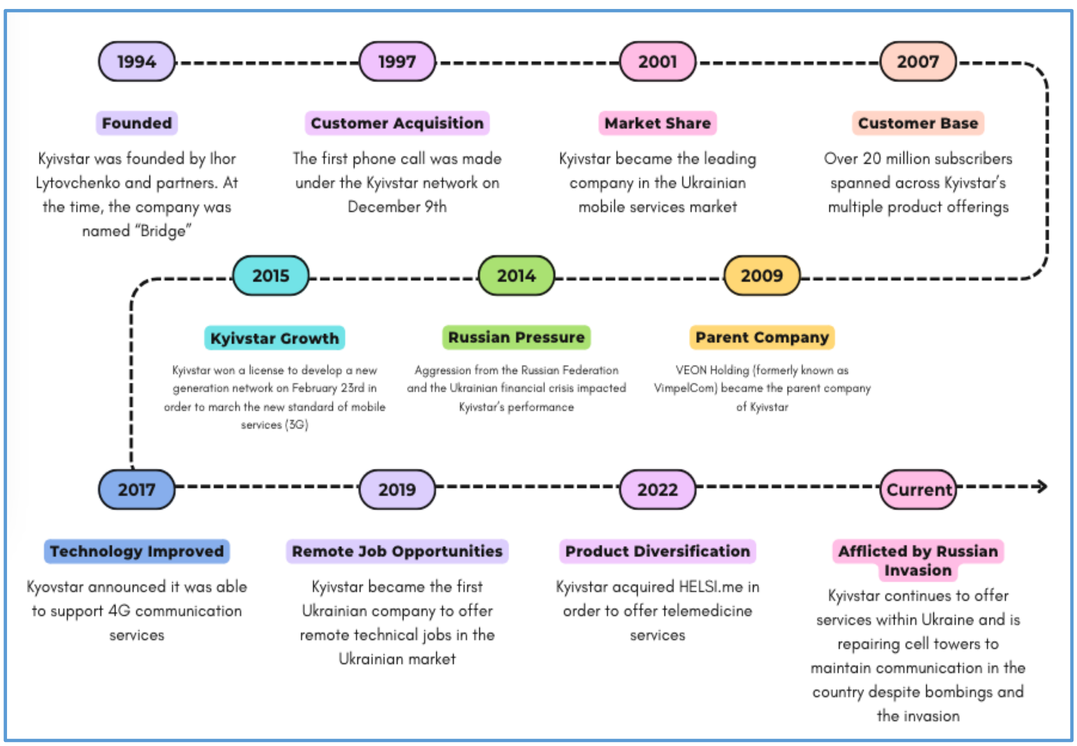
Rate 2023	*SCORE: 3*	*(projected 3.2% in 2024) SCORE: 2*	*SCORE: 5*	*SCORE: 1*	*SCORE: 5*	*SCORE: 1*	*SCORE: 5*	*SCORE: 1*	*SCORE: 5*	*SCORE: 1*	*SCORE: 3*
Porter's 5 Forces	*High competitive rivalry; Low threat of entrants due to high saturation; supplier and buyer power are high due to several alternative companies SCORE: 2*	*Buyer's power is low due to limited competit-ion on tele-medicine; high threat of new entry due to govern-ment backing SCORE: 3*	*Limited competition; limited substitutes for tele-medicine; supplier power is low, resulting in low internet pricing SCORE: 5*	*High competit-ion; high threat of substitutes; buyer power is increasing due to high saturation; low threat of new entrants SCORE: 1*	*Limited competit-ion; low threat of substitutes; low power of suppliers and buyers; moderately high threat of new entrants SCORE: 5*	*Moderate competit-ion; low threat of substitutes; low threat of new entrants and buyer power due to GDP; moderate supplier power SCORE: 3*	*High competitive rivalry; low threat of entrants for telecom & moderate for telemedicine ; buyer power is high in telecom SCORE: 1*	*Moderate competition; low threat of substitutes; low threat of new entrants and buyer power due to GDP; moderate supplier power SCORE: 3*	*High competitive rivalry; high economic depend-ence on Russia; low threat of new entrants due to high government involvement SCORE: 1*	*High competitive rivalry; low threat of entrants for telecom & moderate for telemedicine; buyer power is high in telecom SCORE: 1*	*High competitive rivalry; low threat of entrants for telecom & telemedicin e; buyer power is high due to multiple large brands SCORE: 1*
HDI	*0.876, Rank 34 SCORE: 5*	*0.890, Rank 31 SCORE: 5*	*0.767, Rank 80 SCORE: 3*	*0.846, Rank 46 SCORE: 3*	*0.795, Rank 68 SCORE: 3*	*0.875, Rank 35 SCORE: 3*	*0.821, Rank 53 SCORE: 3*	*0.863, Rank 39 SCORE: 3*	*0.808, Rank 60 SCORE: 3*	*0.942, Rank 9 SCORE: 5*	*0.903, Rank 28 SCORE: 5*
Freedom House	*81/100 SCORE: 4*	*94/100 SCORE: 5*	*62/100 SCORE: 2*	*66/100 SCORE: 3*	*79/100 SCORE: 3*	*89/100 SCORE: 5*	*83/100 SCORE: 4*	*88/100 SCORE: 5*	*8/100 SCORE: 1*	*94/100 SCORE: 5*	*89/100 SCORE: 5*
Displaced Ukrainian Population **("Ukraine refugee situation" 2024)**	*51,860 Ukrainians SCORE: 3*	*38,185 Ukrainians SCORE: 1*	*120,695 Ukrainians SCORE: 5*	*65,585 Ukrainians SCORE: 4*	*51,860 Ukrainians SCORE: 3*	*52,305 Ukrainians SCORE: 3*	*85,710 Ukrainians SCORE: 5*	*43,825 Ukrainians SCORE: 3*	*39,900 Ukrainians SCORE: 1*	*1,125,850 Ukrainians SCORE: 5*	*69,670 Ukrainians SCORE: 4*
FINAL SCORE (Total 40)	**24**	**27**	**33**	**17**	**32**	**26**	**25**	**26**	**16**	**24**	**25**

Due to its successful growth and large investments into technological offerings, Kyivstar was able to gain a strategic and operational advantage over competitors (Exhibit 3). This advantage would lead to the company, and the other brands in its strategic group, to operate almost like an oligopoly for many of its digital services; Kyivstar expanded to include TV services, FMC services (convergence of mobile and landline services), and other digital offerings ("Kyivstar Today" n.d.).

The company's organization followed the typical telecommunication hierarchical model with Kyivstar's parent company having group control, followed by Kyivstar CEO and his C-Suite (Exhibit 4). During the invasion, Kyivstar's CEO was given additional authority, resulting in earnings of $31.1billion in revenues for 2023, a 8.2% year over year growth despite facing setbacks due to the invasion ("Preliminary Fourth Quarter & Full Year 2022 Results" 2022).

Exhibit 2. Kyivstar Company History

Source: *Share UA Potential. Kyivstar- history, operations, financial performance. (n.d.).* http://shareuapotential.com/Emitents/kyivstar.html. *Image developed for illustration only.*



Kyivstar was in the same competitive strategic group as Vodafone and Lifecell. While these companies shared similar cost-to-quality services, Kyivstar on average had a higher net promoter score and a more favorable public reputation ("Kyivstar - comparably" n.d.). This was unique considering in 2023 Kyivstar suffered a cybersecurity attack from Russia that disrupted its mobile and internet services nationwide, destroying thousands of servers and computers, and did not breach user data. Following cybersecurity attack, the company lost some of its customer base and the trust of many customers. However, due to the size of the company relative to its competitors, its technical capabilities, and its competitors' inability to efficiently onboard new customers, Kyivstar believed that competitors could only appropriate up to 10% more of its respective subscriber base (The New Voice of Ukraine 2023). Nonetheless, a significant cybersecurity breach would pose a threat to quality perceptions abroad, potentially hindering its ability to expand to other countries (Balmforth 2024).

Exhibit 3. Kyivstar Business Model

Source: Image developed by the author for illustration only.

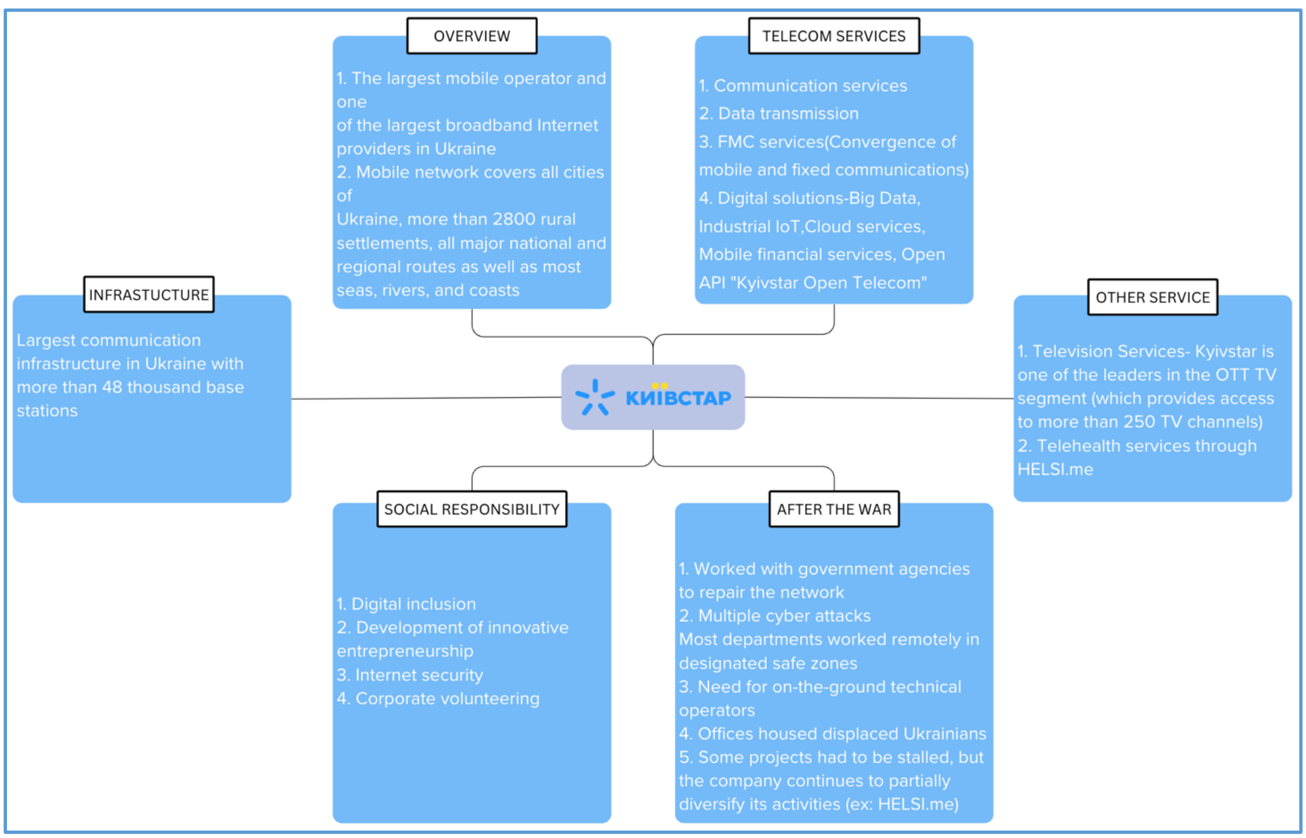
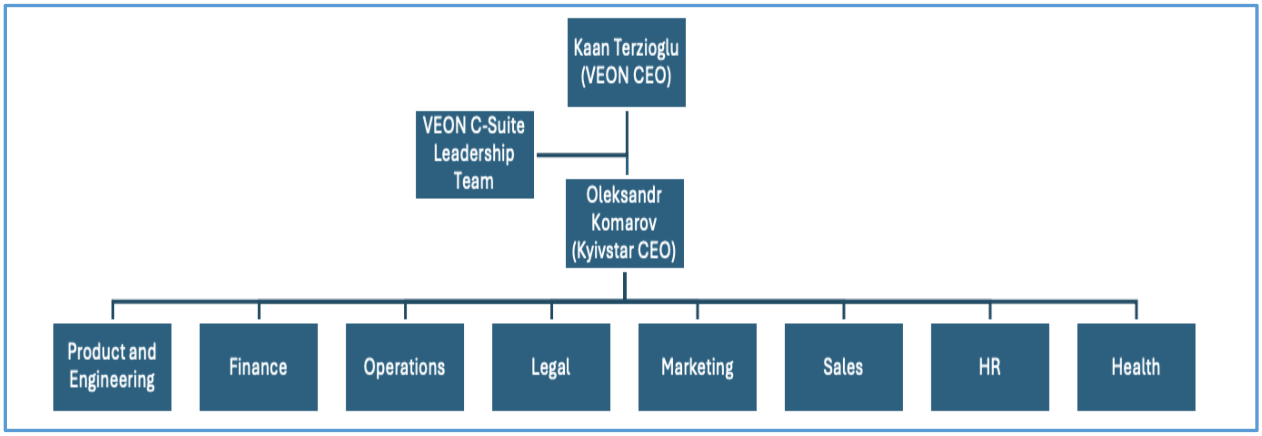


Exhibit 4. VEON & Kyivstar Company Leadership Group

Source: *Київстар management.* rocketreach.co. (n.d.). https://rocketreach.co/kiyivstar-management_b5c63eedf42e0c5f. *Image developed by the author for illustration only.*



Employee Capabilities and Operations

Employees at Kyivstar were described as problem-solving oriented individuals who were continually looking to create solutions and automate processes to simplify complex problems in the telecommunications industry. By leveraging this competency, Kyivstar could undergo an easier and more efficient expansion throughout the Ukraine in the years leading up to the Russian Invasion (VEON Careers 2018). Since the company focused on the learning and development process, staff members believed they were capable of learning the skills necessary to drive continual success. A collaborative and agile work culture allowed Kyivstar to seize market opportunities and learn from mistakes. For example, through continuous optimization of its processes and by looking at market trends, the company was able to automate 90% of alerts, making problem identification significantly easier. As Kyivstar's operations were customer-centric, many innovative ideas stemmed from customer feedback and customer experiences. Moreover, the company attached great importance to social responsibility and resolutely upheld integrity and the highest ethical standards.

As a Ukrainian national company, Kyivstar supported its subscribers and corporate customers during the war. Russian damage to the country's power grid caused frequent blackouts in major cities, lasting for up to 12 hours. Kyivstar responded by providing customers with mobile and landline phone services and access to news and educational resources on the Kyivstar TV platform for Ukrainians ("Kyivstar Today" n.d.). Additionally, to ensure continued operations for their HELSI.me platform, Kyivstar offered bonuses for mobile communications for doctors in war zones. To further demonstrate its prosocial focus and desire to help afflicted Ukrainians, Kyivstar allocated UAH 300 million to restore digital infrastructure. This donation aligned with other charitable projects on the goal of bettering the Ukrainian people. Other projects included: (1) the pre-invasion funding of the GoITeens program which gave laptops and IT education to children and invested in digital healthcare; and (2) an investment in *"the We Live Here"* initiative during the invasion that provided de-mining equipment and funded a drone operator training center.

While the company's cybersecurity breach caused distrust among many customers, Kyivstar believed that its reputation was relatively intact due to its multiple charitable projects, its status as one of the best employers in the Ukraine, and the company's systematic support from the state.

Fork in the Road

Despite having to stall projects due to the war, Kyivstar set its sights on improving and rebuilding the Ukraine. This entire company's dedication was most likely a result of the leader's stance, who aimed to help as many impacted Ukrainians as possible (Krasova 2023). Komarov also made it a goal to repair Ukrainian infrastructure, hoping that the Russian invasion would soon end. However, if the invasion did not end and Russia were to fully invade, then the company might be subject to closing or being taken over. In order to help afflicted Ukrainians and further diversify the company's revenue stream to ensure stability throughout the war and subsequent years to follow, Komarov was faced with the decision whether to expand globally and, if so, what market would prove more viable: Moldova or Bulgaria.

Background on Moldova

Moldovan Telecommunications Industry

Moldova's government had a monopoly on landline communication via the state-run company Moldtelecom. Fortunately, it was speculated that Moldtelecom would undergo privatization in the future (International Trade Administration 2024). 3G and 4G communication cellular networks were provided by Orange, Moldcell and Unite ("Moldova - Telecommunications/Electric Moldova" 2024).

While the industry was somewhat saturated for 3G and 4G carriers, the COVID-19 pandemic accelerated the need for remote work, telemedicine, and e-commerce, which meant that that the industry life cycle was still in the growth stage ("Telecommunications - Moldova: Statista market forecast" 2024). Due to the highly consolidated market, Moldova's cellular communications market demonstrated features of monopolistic competition. With a telemedicine lens, it seemed that the Moldovan government was in support of additional services as it had faced a shortage of access to health professionals since 2019, partnering with the UN to create a telehealth platform (Suveica 2022). While the telehealth platform helped to increase access to health services, after it opened the platform to refugees, the government might have been more supportive of additional expertise, another system, or access to a catalog of additional professionals.

Moldovans preferred smartphones over other types of mobile phones. Smartphones had a penetration rate of 69%, yet Moldova still had one of the lowest smartphone penetration rates compared to other Eastern European countries ("Smartphone Reach in CEE Region 2022" 2024). Parallel to telecommunications, Moldova's IT industry became one of the largest export sectors for the Moldovan economy as of 2023, which accounted for approximately a quarter of service exports ("Actualii și viitorii" 2024). The expansion of IT companies coupled with the Moldovan government's approval of the *"2023-2030 Digital Transformation Strategy"* hastened the expansion of digital expertise and development, offering tax incentives for employees in the country (International Trade Administration 2024).

Administrative

Formally a communist country, since its declaration of independence in 1991, The Republic of Moldova was a parliamentary republic with executive, legislative, and judicial branches ("Moldova" 2024b). Moldova's administrative division consisted of 32 nations (post-Soviet districts), 3 municipalities, 1 autonomous territorial unit, and 1 territorial unit. Since its shift from communism to democracy, many of the older citizens still abided by old traditions regarding politics. This resulted in Moldova being considered a relatively unstable democracy with a score of -0.67 (where -2.5 is considered very unstable and 2.5 strong is considered stable), which was the lowest is had been since 2009. Moldova also scored a 42 out of 100 in terms of corruption, which meant that the country was corrupt but was steadily improving ("Moldova political stability" 2024; "Moldova" 2023). The corruption score may have been related to the government being driven by a desire to change its reputation of being corrupt and unstable, as well as its potential for economic growth and individual rights ("Integrated country strategy Moldova" 2022). Despite its corruption reputation, according to Freedom House (2023b), Moldova was considered partly free with a score of 62 out of 100. Following the Russian invasion of Ukraine, Moldova was granted formal EU candidate status in June 2022 ("Ranking Digital Rights in the Balkans" 2023). While Moldova's official stance was in support of Ukraine, part of the country was still occupied by Russian nationals in an unrecognized breakaway region called Transnistria Greater sought *"protection"* from Moldovan authorities (Edwards *et al.* 2024).

Legally, the country utilized a civil law system that consisted of its constitution, organic, and ordinary laws ("Moldova - 3-Legal Regime Moldova" 2024). Under its constitution, private property rights were guaranteed ("Legal Framework" 1994). Despite these claims, Moldova's Intellectual Property Rights Subindex ranked the country as 4.711 out of 10 in perception of Intellectual Property Protection, 4.933 out of 10 in Patent Protection, there was no rank for

Copyright Protection due to a lack of data, and 6.95 out of 10 in Trademark Protection ("2023 International Property Rights Index: Moldova" 2023). Employees in Moldova received employment rights such as a minimum wage, the ability to join trade unions for all industries, and protection from discrimination within the workplace ("Employment Practices and Legislation in Moldova" 2023).

Economics

In 2022, Moldova reported a nominal GDP of USD 14.5 billion (approximately 257 billion Moldovan Leu, which was Moldova's national currency) with an average real GDP growth of 2.6% ("Moldova Economy" 2022). Prior to 2023, the main economic sectors that contributed to Moldova's GDP were services, manufacturing, and agriculture. However, in 2023, Moldova's IT industry became one of its largest export sectors ("Actualii și viitorii" 2024). Over the course of 2022, the unemployment rate averaged 4.2%, which was below the EU 27 average of 6.1% (Sas 2023). Moldova's GNI per capita and GNI PPP per capita were $5,340, a decrease of -7.36% from 2021, and 15,780 respectively ("Moldova GNI 1997-2024" 2024; "GNI per capita, PPP" 2022). Due to its proximity to European countries and its exports, Moldova signed free trade agreements with 43 countries, such as the Central European Free Trade Agreement (CEFTA) and the European Union (AA/DCFTA) ("Moldova - Trade Agreements Moldova" 2024). Moldova's Human Development Index (HDI) ranking was 0.767, showcasing its high development ("Human Development Insights" 2022); its Global Innovation Index (GII) ranking was 56 out of 132 countries ("Global Innovation Index 2022" 2022).

Cultural

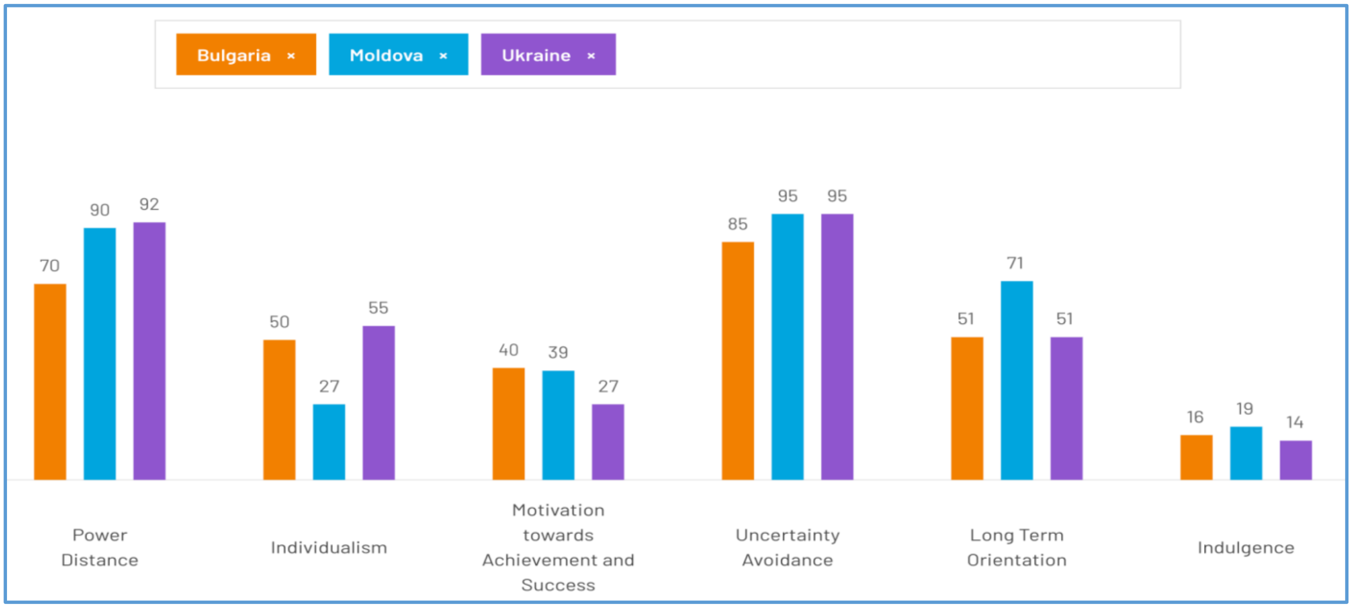
While the official language of Moldova was Romanian, Moldova was a multilingual country with citizens who spoke Russian, Ukrainian, Gagauz, Bulgarian, and Romanian depending on the region ("Moldovan Language" 2023). Following the Russian invasion of Ukraine, Moldova took in 120,695 Ukrainian refugees, increasing the prevalence of Ukrainian speakers ("Situation:

Ukraine Refugee Situation" 2024). Moldova's population was considered rapidly aging, causing some slower adoption of technology (United Nations 2023). Religiously, a majority of Moldovans practiced Orthodox Christianity ("2022 Report on International Religious Freedom: Moldova" 2023). Due to a lack of tourists, many stereotypes emerged around Moldova's safety, cold and unfriendly nature, and political system still being communist (Gilbert 2018). While emotional display rules—the unspoken cultural norms that dictate how people should express their feelings—contributed to these assumptions, these stereotypes were generally incorrect and should not have dissuaded tourists or businesses from entering the market. Even though the country was considered one of the most corrupt in Europe, it was no more dangerous than other Eastern European countries. Businesses who entered this country needed to abide by the Moldovan government's wishes that companies remained honest, demonstrated integrity, fairness, and social responsibility ("Code of Ethics" 2024).

Compared to the Ukraine, Moldova differed culturally in terms of individualism and long-term orientation (Exhibit 5; "Country Comparison Tool" 2024). Historically, Moldova scored lower on individualism, but as the country shifted away from communism and toward a representative democratic republic, it could have seen a change in the long term to a similar score ("Moldova: Government" 2024). Additionally, Moldova had a pragmatic score in long term orientation. This meant that Moldovans believed that truth depended on the situation, context, and time, and were willing to adapt traditions to match their changed conditions. Pragmatic cultures also demonstrated a stronger desire to save, invest, and act frugally in order to achieve long term results. Similarly to the Ukraine, communication in Moldova was often more direct, high context (HC), and operated according to polychronic time (Voevoda 2020). Even in the wake of the COVID-19 pandemic, face-to-face meetings were still considered the norm, even within telecommunications companies, with little business conducted over the telephone. This was manifested in behaviors such as requiring a firm handshake to open and close a meeting, and Moldovans offering food and beverages at business meetings to demonstrate hospitality ("Moldova - Business Customs Moldova" 2024). The industry specific behaviors stemmed from Moldova's common shared culture with Romania.

Exhibit 5. Hofstede Analysis of Ukraine versus Moldova and Bulgaria

Source: Country Comparison Tool. Hofstede Insights. (2024). https://www.hofstede-insights.com/country-comparison-tool?countries=bulgaria%2Cmoldova%2Cukraine. Copyright © 2025 The Culture Factor Group Oy. All rights reserved.

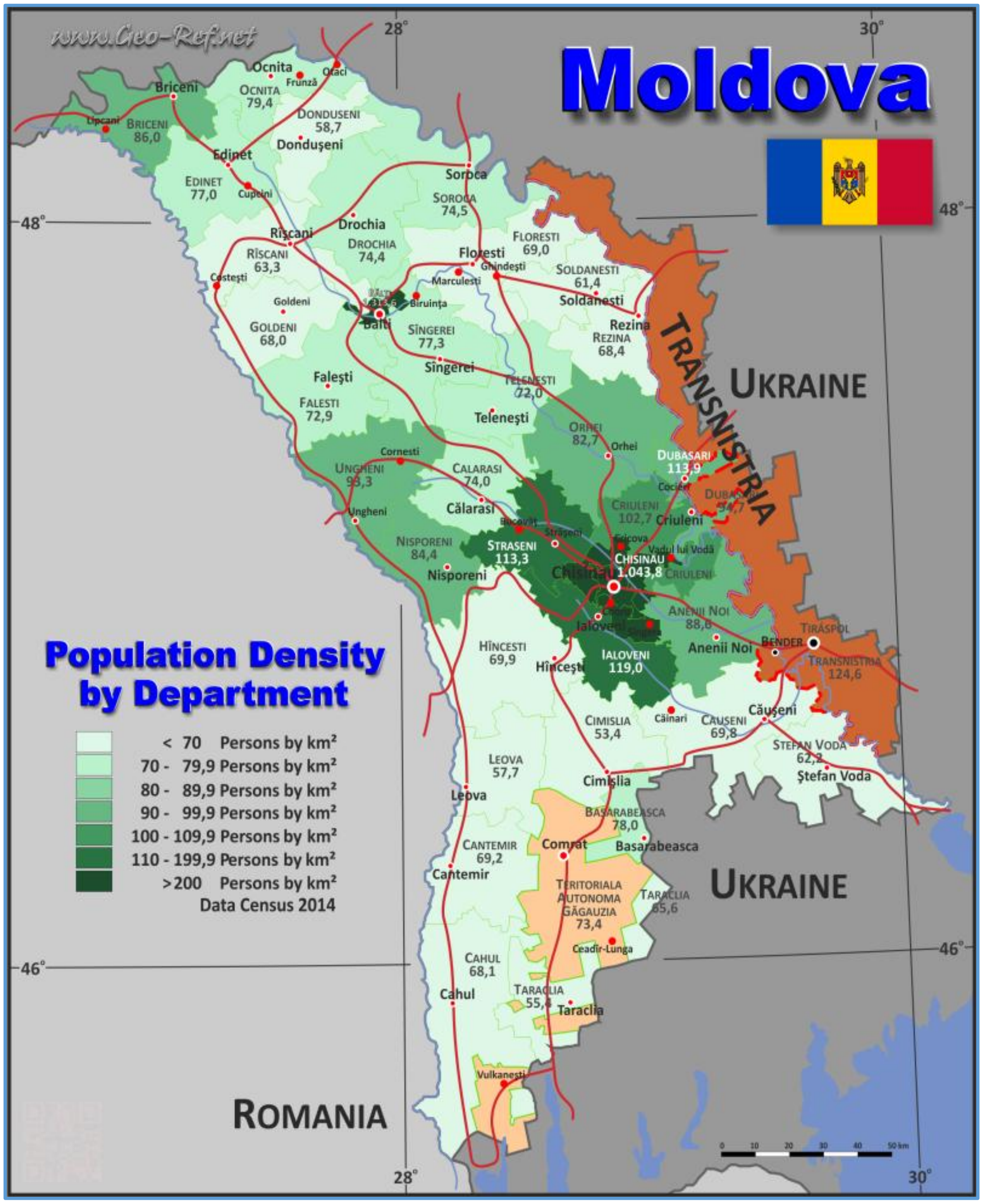


Geographic

The Republic of Moldova was an Eastern European country surrounded by Romania on the western and southwestern borders and the Ukraine on the northern, eastern, and southern borders. While the country had a population of 2.5 million people as of 2022, which was distributed across the country in smaller communities, 43.4% of the total population lived in urban environments, predominantly Chisinau, Tiraspol, and Balti (Exhibit 6; The World Bank 2022; “Moldova” 2024a). Even though the country was situated on a sloping, hilly plain, which typically resulted in coverage gaps, due to the population density being predominantly in three cities, cell towers were not needed in the entire country. Moldova’s climate was considered to be moderately continental which meant the country faced mild winters with little snow and long warm summers (“World Bank Climate Change Knowledge Portal” n.d.). In relation to the telecommunication industry, this meant that their cell towers did not need frequent maintenance relative to other countries.

Exhibit 6: Moldova Population Density Map

Source: Republik Moldau (Moldawien). Moldawien Karte Bevölkerungsdichte und Verwaltungsgliederung. (n.d.). http://www.geo-ref.net/de/mda.htm



Background on Bulgaria

Bulgarian Telecommunications Industry

The Bulgarian telecommunications infrastructure was very stable and the country's mobile providers included Vivacom, A1 (Mtel), and GLOBUL (Cosmo Bulgaria Mobile). Vivacom used to be a state-owned enterprise but later shifted to a private business model which increased competition ("Bulgaria- Business Travel" 2024; "Company - About us: Vivacom" 2024). Within the Bulgarian telecommunication industry, there was monopolistic competition in a growing but approaching mature market. There were several telecommunication companies that offered similar services, but not perfect substitutes. The industry was very competitive as there were many telecommunication providers in Bulgaria. The telemedicine industry in Bulgaria was an emerging strategic health priority, even before the COVID-19 pandemic. Bulgaria's government had placed a strategic emphasis on building up telemedicine services especially since the telecommunications structure in Bulgaria was stable. Despite the government's efforts, however, Bulgaria fell behind in the telemedicine space and needed to boost production and accessibility if the country were to provide a modern telemedicine infrastructure system (Dimitrova *et al.* 2023). Fortunately, the government e-health sector reform strategy encouraged modernization and provided upgrades to the system at large. The country was also expected to receive $350 million from the European Resilience and Recovery Fund. With Bulgaria's strong telecommunications network, the hope was that Bulgaria would continue to improve and create a strong telemedicine network capable of reaching every corner of the country ("Bulgaria - Healthcare and Life Sciences" 2024).

Bulgarians preferred smartphones over other types of mobile phones, having a smartphone penetration rate of 68%, yet Bulgaria had one of the lowest smartphone penetration rates compared to other Eastern European countries ("Smartphone Reach in CEE Region 2022" 2024). The penetration rate could have been linked to digital skill gaps, where only 41% of the population had the basic digital skills to use complex features, as well as 85% of the population preferring to use the Internet for phone and video calls ("Bulgaria - Information and Communications Technologies" 2024). Bulgarians typically preferred to bundle services as this provided the best one-stop service for all their customers; bundled services provided better value for Bulgarians over traditional telecom plans (Business Wire 2019). Bulgaria had a growing IT industry as seen from its IT-Outsourcing market which grew from $95 billion in 2018 to $110 billion in 2022, yet the country lacked the required essential personnel for further growth of the industry (Demchenko & Borusiuk 2022).

Administrative

Bulgaria was a parliamentary republic established in 1991 and was granted EU membership in January 2007. Its government was created similarly to the United States in that it consisted of an executive, legislative, and judicial branch ("Bulgaria" 2024b). Bulgaria was made up of 28 nation states, or *oblasts*. Regarding politics, Bulgaria was considered a relatively stable democracy with a score of 0.25 and a corruption score of 45 out of 100 ("Bulgaria Political Stability" 2024; "Bulgaria" 2024c). The corruption score suggested that it was looking at internal options to bolster its stance on anti-corruption in order to make it more desirable for foreign investment opportunities. While the country attempted to decrease corruption, Bulgaria still relied on greasing palms in various business situations. Freedom House (2023a) reported Bulgaria as a mostly free country with a score of 79 out of 100. After the Russian invasion of Ukraine, Bulgaria became a strong supporter of the Ukraine ("Bulgaria (BGR) and Ukraine (UKR) Trade" 2024).

Legally, Bulgaria utilized a civil law system that ranked its constitution as the highest legal act in the country, with other laws, decrees, and rules stemming from the main legal document (European Commission 2024). Bulgaria's Intellectual Property Rights Subindex scored 5.68 which ranked it 59th in the world. This overall score included 4.499 out of 10 in perception of Intellectual Property Protection, 6.25 in Patent Protection. Data wasn't available to measure Copyright protection, and 6.291 in Trademark Protection (Property Rights Alliance 2023).

Employees working in Bulgaria had rights that included employment contracts, healthy and safe working conditions, equal treatment, and the right to receive information regarding their relationship with their employer ("Employee Rights in Bulgaria" 2024).

Economics

In 2023 Bulgaria had a nominal GDP of USD $89.0 billion (approximately 160.9 billion Bulgarian lev, which was Bulgaria's national currency) and an average real GDP growth of 3.2% (World Bank Group 2023; "IMF: Bulgaria" 2023). The main economic sectors that contributed to Bulgaria's GDP were services, manufacturing, and industry ("Bulgaria: Economy" 2023). Over the course of 2022, the unemployment rate averaged 4.4%. Other economic measures such as GNI per capita and GNI PPP per capita showed that Bulgaria reported $13,250, and $32,740 respectively ("Bulgaria GNI per capita 1982-2024" 2024; "GNI per capita, PPP" 2024). Bulgaria also charged zero export taxes on Information and Communication Technologies (ICT) companies ("Bulgaria - Information and Communications Technologies" 2024).

Focusing solely on the telecommunications industry, the COVID-19 pandemic led to a greater need for more high-tech technologies and garnered an increased need for reliable access to the internet and other telecommunications services. Customer demand was heavily reliant on the expansion of 5G services, advancements in Internet of Things (IoT), and innovations in AI ("Digital & Connectivity Indicators" 2024). Bulgaria became a member of the World Trade Organization in 1996, joined the Central European Free Trade Agreement (CEFTA) in 1999, and joined the EU in 2007. Bulgaria had also signed free trade agreements with China (1995), Turkey (1999), Macedonia (1999), Israel (2002), Albania (2003), Serbia and Montenegro (2004), Bosnia and Herzegovina (2004), and Moldova (2004) ("Bulgaria - Trade Agreements" 2024a; "Bulgaria - Trade Agreements" 2024b). Bulgaria's Human Development Index (HDI) ranking was 0.795 ("Human Development Insights"2022) and its Global Innovation Index (GII) ranking was 38th, which was especially impressive metrics for a former communist nation ("Bulgaria - Global Innovation Index 2022" 2022).

Cultural

The official language in Bulgaria was Bulgarian, but many citizens also spoke Macedonian, Romani, and Turkish, as well as other dialects such as Gagauz, Tatar, and Albanian ("Languages Across Europe - Bulgaria" n.d.). Since the Russian Invasion of Ukraine in 2022, Bulgaria received 67,770 Ukrainian refugees, which made the Ukrainian language more prominent ("Situation: Ukraine Refugee Situation" 2024). Bulgaria's culture was heavily influenced by its religious roots in Eastern Orthodox Christianity as well as other religions such as Islam, Protestantism, and Catholicism (European Commission 2023); the mixture of religious beliefs resulted in a very unique culture. Generally speaking, Bulgarians were described as a warm, friendly people. However, many Bulgarians were easily upset if traditions and customs were not respected, such as leaving shoes on while in the house or eating a meal too quickly at dinner or lunch (Kadyova 2015).

Compared to the Ukraine, Bulgarian culture demonstrated less of an emphasis on power distance. Bulgarians were more willing than Ukrainians to take on ambiguity (less uncertainty avoidance) (Exhibit 5; "Country Comparison Tool" 2024). Bulgaria also demonstrated cultural practices that did not promote individualism. Individualistic and democratic trends often took time to implement given the country's previously long-standing relationship with the former Soviet Union; future generations would need time to implement their beliefs ("Division of Powers - Bulgaria Introduction" n.d.). During business meetings, it was important to be punctual and if someone was going to be late, it was advisable to call ahead and give some rationale. Based on Bulgarian business etiquette, it was also advisable to bring gifts ("Business Etiquette" 2013). Bulgarians were still hesitant to conduct online transactions, making online platforms susceptible to slow adoption rates ("Bulgaria - Information and Communications Technologies"2024).

Geographic

Bulgaria was an Eastern European country surrounded by Greece, Macedonia, Romania, Serbia, Montenegro, and Turkey. It also shared a border with the Black Sea ("Bulgaria Geography" 2024). The population of Bulgaria was roughly 6.8 million people of which 76% lived in these urban cities, predominantly the capital city Sofia (Exhibit 7; "Bulgaria" 2024a). The country was also a strategic point due its location near the Turkish Straits, having controlled key land routes from Europe to the Middle East and Asia as well as ports on the Black Sea, which were major trading routes, communication hubs, and access points to other trading partners. The climate in Bulgaria was continental with many variations, but all areas were considered relatively stable; the country was pleasantly warm from May to November and snowy and cold from November to April. These favorable weather conditions meant that there was a limited risk of damage to infrastructure and cell towers ("Bulgaria Geography" 2024).

Exhibit 7. Bulgaria Population Density Map

Source: Republic of Bulgaria. Bulgaria Country data, links and map by administrative structure. (n.d.). http://www.geo-ref.net/en/bgr.htm

Decision to Make

As the uncertainty around the end of the Russian invasion remained, Oleksandr Komarov was faced with a pressing need to make a decision regarding expansion. Driven by a desire to help keep Ukrainians connected in a time of need, he needed to decide where Kyivstar should expand. Which foreign market, if any, would be best to enter?

JACK JAMROZ holds an MBA from Northeastern University's D'Amore-McKim School of Business with a dual concentration in Marketing and International Business. He also earned his combined Bachelor of Science in Business Administration and Psychology from Northeastern University, graduating *summa cum laude*. Upon completion of his undergraduate studies, Jack was inducted into the international business honor society *Beta Gamma Sigma*. Leveraging his background in management, industrial psychology, and organizational behavior, Jack has served as a consultant for public, private, and non-profit sector entities both domestically and internationally across different industries. His research interests lie at the intersection of international strategy, cross-cultural management, and digital marketing with a specific focus on how technology enables global business success.

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STEPPING IN

ANDREA CAMACHO

California State University, Los Angeles

JONATHAN A. PEREZ

California State University, Los Angeles

In September 2023, Isabella, a recent Fine Arts graduate with bilingual skills in Spanish and English, began her career in the arts and entertainment industry by working at the Shining Star Recital Hall in San Diego, California, a mid-sized performing arts venue renowned for hosting diverse cultural events. Despite her enthusiasm, Isabella felt that her contributions often went unnoticed by her manager and team. One afternoon, the venue faced a significant challenge: a client, booked for a three-week residency, arrived with a production team who spoke only Spanish, while the venue's technicians spoke only English. In a fast-paced industry, a day of delay had a major impact on operations. Miscommunication caused tension and client frustration. As the only bilingual staff member on duty, Isabella saw a chance to step in."Miscommunication caused tension, schedule delays, and client frustration. As the only bilingual staff member on duty, Isabella saw a chance to step in.

Should she intervene in order to demonstrate her capabilities and thus advance her career in the organization, or would that be stepping out of bounds? What was the best way for her approach the situation? The way Isabella responded would determine not only the success of the event but also her standing and future opportunities within the organization.

The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the ***Journal of Case Research and Inquiry***, Vol. 11, 2026, a publication of the Western Casewriters Association. Qualified educators may request the instructor's manual at editor@jcri.org. Contact Andrea Camacho, California State University, Los Angeles, (646) 301-1010 acamac81@calstatela.edu

Industry Background

The arts and entertainment industry in the United States has had a growth of 11.4% over the past few years and was expected to reach an estimated $511.9 billion in 2025 (Dalal 2025). Globally, the entertainment and media industry grew by 5% in 2023, reaching $2.8 trillion, and was expected to continue expanding at a compound annual growth rate (CAGR) of 3.9% through 2028, surpassing $3.4 trillion (PricewaterhouseCoopers 2024).

This industry was divided into several sectors, as shown in Exhibit 1, each with its unique characteristics, such as:

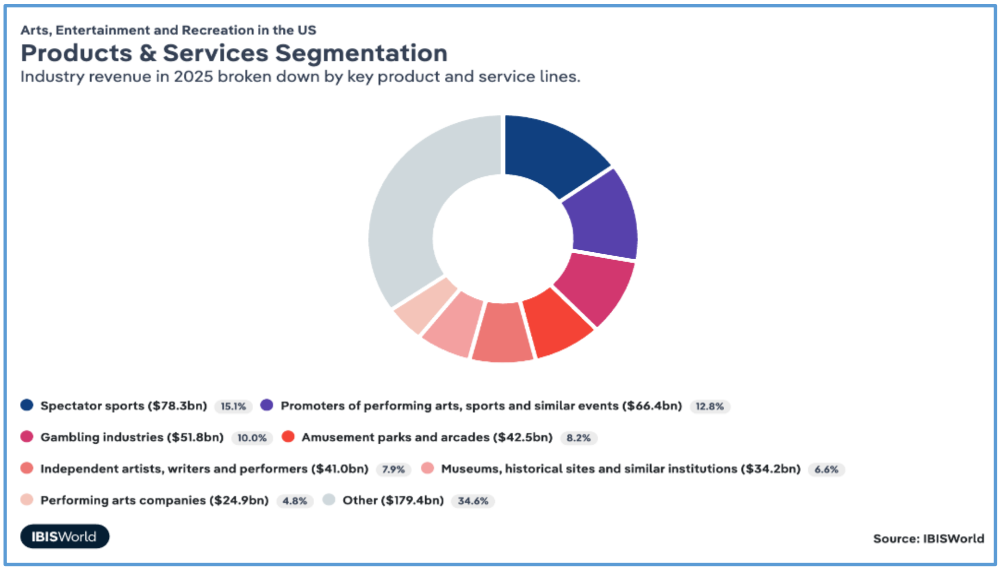
- **Film and Television:** This sector included movie studios, production companies, directors, actors, screenwriters, and technicians. In recent years, it also included bringing the comfort of cinema to people's homes through streaming services like Netflix, Amazon Prime, HBO Max, Disney+ and others.
- **Music:** This sector was of great importance in the industry as it included music scores for television, movies, and theatrical performances. Additionally, this sector included record labels, musicians, composers, producers, and distribution networks such as radio, streaming platforms, and concerts.
- **Theater and Performing Arts:** The exhibit of this art form in venues like theaters included performances such as plays, dances, and musicals. This sector combined artistry with live performance.
- **Visual Arts:** This sector included painting, sculpture, photography, and digital art, which could extend to galleries, auctions, and museum exhibits.
- **Literature:** This sector included writing creativity found in poems, screenwriting, and journalism.

- **Digital Media:** This sector referred to internet-based content like blogs, podcasts, and social media, streaming services such as YouTube, TikTok, and other platforms that influenced popular culture.
- **Gaming:** This sector referred to video games, game development, or e-sports. It was one of the largest sectors within entertainment, having a massive global audience and high revenue generation.

While the arts and entertainment industry continued to grow year after year, it faced numerous challenges and obstacles that needed to be overcome to have the best possible outcome. One of the most significant challenges was the encounter of various cultures and languages that were joined together to make art. *"Culture, in popular usage, has two broad meanings: it can relate to people and society, and it can relate to the performing and creative arts,* […] *The cultural industries tend to rely on a process of collective creativity"* (Walmsley 2011 p. 168,170). In addition, the arts could vary according to the region of the world, as each region had the opportunity to share its culture with the rest of the world through its dances, movies, music, and literature.

Exhibit 1. Products and Services Segmentation in the Industry

Source: IBISWorld (2025)



Live Performance in Theaters

This was a dynamic sector in the arts and entertainment industry as it combined live performance and artistic expression with economic impact. Live theatre had its origin in ancient Greece; the Greek word *theatron* translated to *"a place of seeing"* (Bay et al. 1998). The ancient Greek theater was a major civic event in which people would gather for a festival in honor of Dionysus, the god of dancing, theater, and wine (see Exhibit 2).

The history of theater was a rich connection between culture, social, and artistic development that had been evolving alongside the evolution of humanity. According to the Metropolitan Opera (n.d.), *"One of the festival's highlights was a competition between the most important playwrights of the day, and it was for this competition that all of the Greek tragedies we know today were written."* Since then, live performances had gained popularity as *"theater has taken its place within a broad spectrum of performance, connecting it with the wider forces of ritual and revolt that thread through so many spheres of human culture"* (*Theatre and the USA* n.d. p. 6).

Exhibit 2. Ancient Greek Theater

Source: image from Greekacom

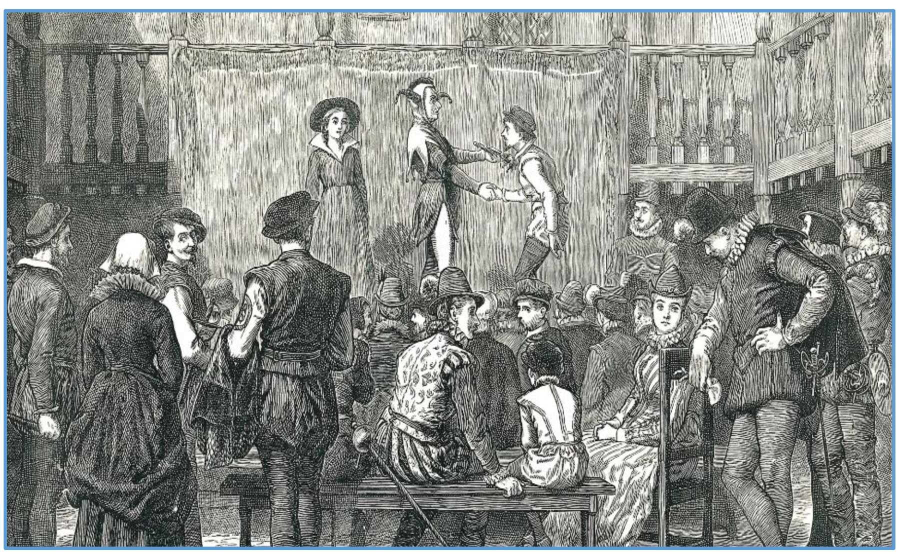
Evolution of Live Performances

Theater had been an enduring and dynamic part of human culture for thousands of years, serving as a mirror to society and a vessel for storytelling, rituals, and entertainment. Its evolution from ancient civilizations to actuality reflected human adaptations to stories and the delivery of the performance, from including more scenery in plays to the use of digital effects on screen. The evolution could be divided into the following categories:

- **Ancient theater:** including ancient Egypt's ritual performances, ancient Greece's major playwrights, and ancient Rome's elaborated stagecraft, engineering, and spectacle.
- **Medieval Theater:** In this era, after the fall of Rome, theater became mostly religious and liturgical. Performances took place in churches or town squares.
- **Renaissance Theater:** This era was the rebirth of classical knowledge and humanism. Personalities like Shakespeare were presenting their plays (see Exhibit 3).

Exhibit 3. Renaissance Theater Era

Source: image from Rackin (2019)



- **18th and 19th Century:** In this era, theaters introduced electric lighting to custom-designed performances. Additionally, Opera gained popularity with composers like Mozart, Verdi, and Wagner.
- **20th Century:** The rise of musical theater in this era was primarily focused in New York, as Broadway emerged as an important birthplace of the genre. Some Broadway show productions are portrayed in Exhibit 4.
- **21st Century and Beyond:** The integration of digital technology, projection, and interactive theater takes place in this era, including live-stream formats to watch online.

Exhibit 4. Broadway Shows Playbills
Source: image from playbillstore.com

Theater continued to evolve in response to technological innovation, global interconnections, and cultural landscapes. The digital era introduced new forms such as virtual theater, immersive experiences, and streaming productions. Issues of identity, representation, and social justice were at the forefront, as artists used theater to engage with urgent contemporary issues. At the same time, traditional plays remained vital, coexisting with modern innovations, passing the love of the art form from generation to generation, keeping the theater alive and present in our world.

Company Background

The Shining Star Recital Hall opened its doors in 2002, and since then numerous clients had used the facilities for performances. The performances ranged from local school graduations, dance and music academies' recitals, musical theater programs, and international performers. The fully equipped theater seated over 540 spectators and housed Broadway-quality shows and symphonies. The venue featured a 2,732-square-foot stage, orchestra pit, fly space, and support facilities like dressing rooms, meeting spaces, and more (see Exhibit 5). Additionally, the space rental provided clients with a minimum of four stage technicians and a production technical manager who would each be in their designated position for the show: the light board, sound board, or deck.

Exhibit 5. Theater

Source: image from Logograph

California, the state with the second-highest percentage of 13.2% of the theatre business (after New York), could guarantee a flow of performances year-round (see Exhibit 6). Furthermore, there had been a growth in this live performance sector by renting the venue to clients who sought to maintain modern audience engagement through major musical productions such as *Wicked*, *The Lion King*, and *Phantom of the Opera*, to mention a few. Additionally, alternative cultural experiences, such as the *Candlelight Concerts* (see Exhibit 7) invited older and younger audiences who sought something different to experience in the theater (Wood 2024).

Exhibit 6. Business Concentration Map of the United States of America

Source: IBISWorld (2024)

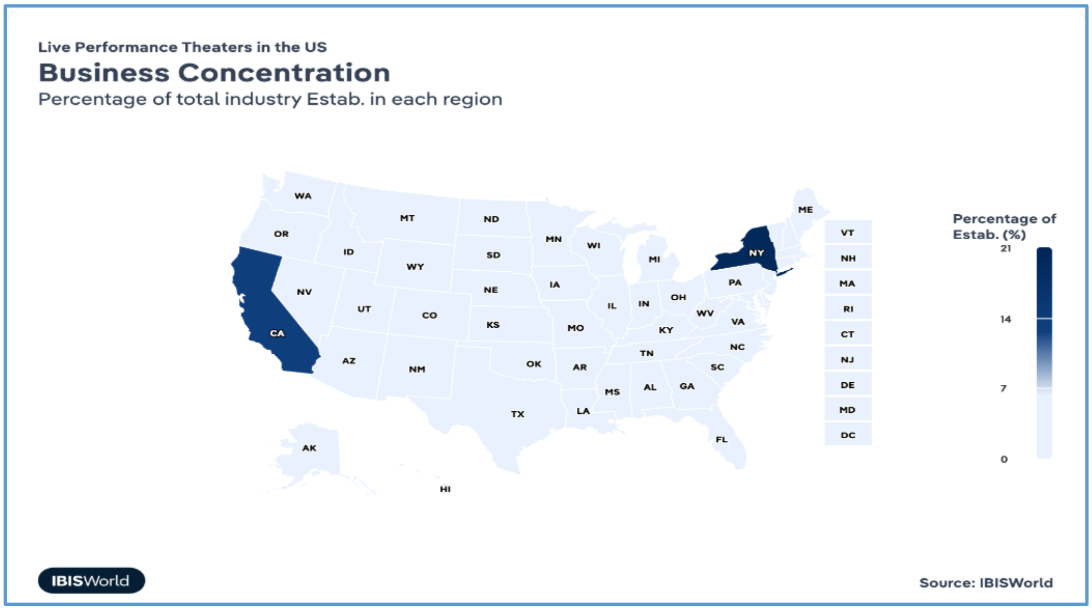


Exhibit 7. Candlelight Concert presented by Fever

Source: image from Candlelight Concerts (2024)

Shining Star Recital Hall's Dilemma

The recital hall's team encountered difficulties when welcoming a Spanish-speaking client group who had booked a three-week residency at the Shining Star Recital Hall. The language barrier between the client's production team and the Shining Star's English-speaking technicians disrupted event preparations. Recognizing the growing frustration, Isabella stepped in to offer translation assistance. She observed the struggle her manager faced and requested permission to manage communications for the booking, explaining that her bilingual skills could streamline coordination throughout the client's residency. Hesitant but willing to try, the manager allowed her to take over temporarily.

Isabella's initiative paid off; her clear instructions and leadership helped both teams collaborate effectively. Her manager was impressed by her performance and noted that the shows ran smoothly without any further issues. He mentioned that,

> *"her style of management allowed her to see the bigger picture of what was best for the client and us (the crew), not only what benefited us. And her time management was key when executing everything that was asked of her. Not only in that situation but in many others, I can see that she can lead a team and maintain a calm and friendly environment towards her co-workers and clients who come and work with her."*

Isabella's determination to fulfill her role showed a promising future for her in every scenario. The experience affected her directly in a positive manner, as it gave her hands-on experience of how to lead a team. Additionally, it helped her develop and better understand her own leadership style. Through the challenge, she had the opportunity to demonstrate her full potential as a leader and proved to her manager and team that she could do more than her limited tasks. However, there were more Spanish-speaking clients booked for the rest of the year, and Isabella needed to decide if she should continue to Step In. What would be the best approach for Isabella to manage the next situation while earning respect and recognition from her team? How could these interventions help her grow in the organization?

ANDREA CAMACHO is an MBA candidate in Management at California State University, Los Angeles, expected to graduate in Spring 2026. She holds a Bachelor of Fine Arts degree in Dance, Music, and Theater from the University of New Jersey, which she completed in partnership with the Joffrey Ballet School in New York City. Her academic and artistic background reflects a strong interdisciplinary foundation that bridges the performing arts and business management.

JONATHAN ALEXANDER PEREZ is a Master of Business Administration (MBA) candidate at California State University, Los Angeles, concentrating in Financial Management. As a dedicated entrepreneur, his work excels in e-commerce with hands-on experience in data analysis, market research, and online marketing. He is pursuing a career in strategic financial planning to help businesses achieve sustainable growth and long-term value.

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EXERCISES

PRISM CAPITAL PARTNERS: INVESTMENT DECISION

SEUNG HEE CHOI

& THOMAS PATRICK

The College of New Jersey

1. Introduction

Prism Capital Partners was a private equity firm that raised funds from accredited investors to acquire and improve companies before selling them at a profit. Prism had recently been approached by investment bankers with two potential acquisition targets and needed to determine whether to pursue one of them, or neither. Because Prism did not have sufficient capital allocated to make both acquisitions, the firm needed to compare the opportunities and select the option that best aligned with its investment strategy and fund thesis.

One of the prospects was a camper rental business, and the other was a chain of dog daycare centers (Kaplan & Strömberg 2009). The case provides high-level operational and financial information for each business. Participants must identify the due diligence questions they would need to ask to complete a deeper evaluation, recognizing the limits of the information provided.

 Contact Seung Hee Choi, 2000 Pennington Rd, Ewing Township, NJ 08618, USA, choi@tcnj.edu

2. Hedge Funds and Private Equity Characteristics

Private equity firms were similar to hedge funds in that both accepted capital only from accredited or otherwise qualified investors. Requirements differed for individuals and for entities such as funds or trusts. Individuals needed to demonstrate that they earned income of at least $200,000 if filing singly or $300,000 if filing jointly with a spouse for the previous two years, with a reasonable expectation that income would remain at that level for the current year. They also needed to have a net worth of at least $1 million, excluding their primary residence. Entities, including private equity partnerships or trusts, qualified under separate standards, generally by holding more than $5 million in assets (Metrick & Yasuda 2011). These criteria were intended to ensure that only those with sufficient financial capacity and sophistication participated in high-risk private market investments.

Exhibit 1. Requirement to become accepted as an Accredited (Qualified) Investor
Source: Authors' notes

- Earned income is greater than $200,000 if filing as a single person or $300,000 when filing jointly with spouse for two consecutive years.
- Reasonable expectation that income will be at least the same for the current year.
- Net worth greater than $1 million excluding primary residence.

or

- Be a hedge fund partner.

or

- Be a trust fund holding more than $5million in assets.

Another similarity between hedge funds and private equity firms was their fee structure. The most common arrangement was the *"two and twenty,"* under which the fund charged a 2% annual management fee based on committed or invested capital and retained 20% of any profits as a performance fee. For example, if an individual invested $1 million, the fund charged a $20,000 management fee ($1 million × 0.02). If that investment earned $200,000 in profit, the firm kept $40,000 as carry ($200,000 × 0.20). After both fees were deducted, $140,000 was returned to the investor.

There were major differences between hedge funds and private equity firms. Hedge funds usually acquired only a portion of a company's equity and might pursue activist strategies to gain influence or board representation. They typically operated with short time horizons—often two or three years. Private equity firms, by contrast, usually purchased all or most of a target company and expected to hold the investment for seven to twelve years. Many corporate management teams were wary of hedge fund involvement due to concerns about proxy contests or leadership turnover. Private equity firms, however, were often welcomed when owners sought capital, face financing constraints, or wished to retire or pursue other interests. In some cases, the acquiring firm might hire an industry expert to run the purchased company.

Both hedge funds and private equity firms raised money from accredited investors who could commit significant capital and accept long lock-up periods. These funds specified withdrawal restrictions and guidelines that governed when and under what circumstances capital could be redeemed (Metrick & Yasuda 2011).

3. Prism Capital Partners Sources of Funds - Mezzanine Financing

When Prism made a purchase, it used only a small percentage of its own capital. The remaining funds typically came from senior debt and mezzanine financing. Prism's first fund raised $200 million, which it aimed to leverage across several acquisitions. For example, if an investment was expected to cost $100 million, approximately seventy-five percent ($75 million) would come from senior lenders, ten percent ($10 million) from mezzanine financing, and the remaining fifteen percent from Prism's fund. If this capital structure was maintained, the $200 million fund could support approximately $1.33 billion in total acquisitions. (See Exhibit 2.) This approach reflected Prism's general investment thesis, which emphasized control acquisitions of established, cash-flow-generating businesses rather than distressed, early-stage, or pre-IPO companies.

Exhibit 2. Breakdown of Prism Partners Source of Funds for Target Purchases

Source: Authors' notes

Senior lenders	75%
Mezzanine financing	10%
Prism Capital's funding	15%

Prism, like other private equity firms, needed to raise money from investors continually. A typical fund ranged between $200 million and $400 million. When the committed capital was fully deployed, a new fund was launched. To maximize the number of acquisitions that could be completed, each purchase was highly leveraged. Mezzanine financing played an important role in this structure. It was a hybrid of debt and equity financing that gave the lender the option to convert to an equity interest if the borrower defaulted. Mezzanine debt often included equity-linked features, such as warrants, which increased the value available to holders of subordinated debt and provided flexibility when negotiating with senior lenders (Metrick & Yasuda 2011). At the time of Prism's investment decisions, recent data highlighted a shift toward more creative financing structures in a slower deal environment (McKinsey & Company 2024).

Since mezzanine financing bridged the gap between debt and equity, it was a high-risk and expensive type of debt. Prism was accustomed to paying six hundred basis points over the Treasury note rate to obtain this type of financing. Mezzanine debt was subordinated to senior debt, but senior to equity. The providers of this type of funding were frequently long-term investors, and having them on the balance sheet could make the firm more attractive to other lenders because it signaled stability and patient capital.

Mezzanine interest was tax-deductible, and borrowers often structured interest payments into the loan balance. If Prism were unable to meet scheduled interest payments, some or all of the interest might be deferred. Because mezzanine financing was relatively expensive, Prism typically sought to pay down this layer of debt as quickly as possible using the acquisition's earnings.

4. Sourcing Business Opportunities

Prism got most of its referrals from investment bankers. Other solicitations for business sales come from business brokers, commercial banks, and accounting firms. The managing directors also maintained personal networks that generated referrals. Most businesses offered for sale were marketed through an auction-style process in which bankers specified a minimum acceptable bid. For larger transactions, a *"road show"* might be held to present details of the opportunity to qualified bidders.

Prism has been informed of two businesses currently available for purchase. The first was a camper rental business operating in five U.S. cities. The second was a chain of dog daycare centers with thirty locations. Based on Prism's general fund thesis, which focused on acquiring established, cash-flow-producing companies that could be improved operationally rather than speculative or early-stage ventures, both opportunities preliminarily fell within Prism's scope. However, detailed evaluations would depend on the due diligence process, and the narrative did not provide audited financial statements, asset-level documentation, or location-specific operating data. These gaps needed to be addressed directly with the sellers.

Prism also has a distinctive exit strategy. It was one of the few private equity firms that committed to selling its investments back to the employees of the acquired company (Kaplan & Strömberg 2009). Like other private equity investors, Prism sought businesses that could be made more profitable and eventually sold at a substantial gain. The commitment to an employee-based exit did not alter the firm's focus on operational improvement, but did play a role in selecting companies whose management teams were strong enough to operate independently after the sale.

Camper Rental Opportunity

Six Australian businesspeople formed a partnership to enter the camper rental business. Their model involved purchasing vans at an average cost of $10,000, each having been driven approximately 150,000 miles. An additional $5,000 was invested to retrofit each van for rental use, including painting them in bright, eye-catching colors. The vans rented for $2,000 per week, with optional insurance offered for an additional fee. After finding success in Australia, the partners expanded the business to the United States.

The U.S. operation consisted of 200 campers with facilities in San Diego, Seattle, Phoenix, Denver, and Miami. Vans could be rented from one location and returned to another for an additional charge. Combined annual EBITDA for these locations is approximately $2.7 million. The partners planned to retire and wished to sell the U.S. business. They retained Morgan Stanley to conduct the sale and established a minimum acceptable bid of $20 million. Morgan Stanley has committed to closing this transaction in approximately six months if at least one bidder was willing to meet this price. (See Exhibit 3.)

Exhibit 3. Camper Rental Basics

Source: Authors' notes

- Assets included 200 restored vans.
- Each van had at least 150,000 miles of use.
- Each van was purchased for an average of $10,000.
- Each van has been retrofitted for an additional $5,000.
- Vans rented for $2,000 a week.
- Retail centers were located in San Diego, Denver, Phoenix, Seattle, Miami.
- This business had been successful in Australia.
- Minimum acceptable bid was $20 million.
- The market value of the campers was approximately the same as the outstanding loan balances on the campers.

A condensed income statement for the camper opportunity is shown in Exhibit 4. The business generated approximately $4 million in annual revenue. Insurance averaged $1,000 per camper each year, while wages, rent, and repairs composed most of the operating expenses.

Depreciation and interest expense are excluded because Prism based its valuations on EBITDA. Depending on the industry and growth potential, Prism might offer between five and seven times EBITDA, applying higher multiples only when the target had significant upside. The camper business reported EBITDA of roughly $2.7 million (See Exhibit 4.) Industry data indicated that the median buyout entry multiples had remained in the 10–12× range in recent years, although smaller service businesses like Prism's targets often transacted at lower multiples (Bain & Company 2023).

Private equity firms preferred EBITDA because it approximated a measure of operating earnings independent of tax positions and financing structures, which varied among investors. Some firms thought of EBITDA as a cash flow proxy. Target-company owners focused on cash-based profitability and value maximization, not on the acquirer's tax or leverage configuration.

Exhibit 4. Income Statement for Camper Rental Opportunity

Source: Authors' notes

Revenue	$ 4,000,000
Cost of goods sold	
Insurance	$ 200,000
Repairs	$ 50,000
Wages	$ 180,000
Rent	$ 120,000
Total cost	$ 550,000
Selling, marketing, and admin expense	$ 400,000
Replacing and retrofitting cars	$ 372,000
EBITDA	$ 2,678,000

The COVID-19 pandemic highlighted risks inherent in the camper rental industry. Periods of restricted travel or reduced tourism could sharply reduce demand, making earnings highly sensitive to economic and public-health conditions.

Dog Daycare Centers

A veterinarian opened a dog daycare center with the idea that it would steer business to his medical practice. While this did not happen, he found that the daycare center generated substantial income and involved minimal investment. This led him to open more centers around his geographic area. When he found that new centers were cannibalizing the older centers, he ceased expanding. He was contacted by a corporation that sought to purchase his six operations. The corporation was successful in obtaining the six centers.

There was a growing trend of consolidation of medical practices. Doctor’s offices, medical lab test centers, dental practices, physical therapy clinics, veterinarian practices had increasingly been sold to corporations. Part of the reasons for the trend was that sole practitioners were tired of the paperwork and keeping up with changes in government regulations, or they were in need of cash. There were also economies of scale to be achieved, and professional managerial experience could improve the bottom line.

Over time, the corporation obtained a total of thirty-one dog daycare operations. Six of the thirty had turned out to be unprofitable and would be closed. Of the remaining twenty-five centers, six had undergone facelifts and new signage and were expected to become more profitable. As can be seen in Exhibit 5, the typical center had an EBITDA of $200,000. Most centers operated in rental space. Thus, rent and wages were the primary expenses. A typical center generated about $1 million in annual revenues. Since most transactions were paid for by credit cards, cash was the greatest current asset. (Credit card transactions turned to cash in less than twenty-four hours.) There was little inventory and almost no fixed assets. The current CEO was expected to stay on after the change in ownership. The CFO needed to be replaced. The opportunity was brought to Prism Partners by J P Morgan. Prism had been informed that it would take at least $30 million to close the deal (See Exhibits 5 and 6).

Exhibit 5. Dog Daycare Basics

Source: Authors' notes

- Minimum purchase price: $30 million.
- Number of day care centers being sold: 25.
- Number of day care centers that had been newly renovated: 6.
- Average annual EBITDA per day care center: $200,000.
- Personnel facts: The current CEO would remain with the purchasing investor.
- The current CFO will needed to be replaced.

Exhibit 6 provides an income statement for a typical dog daycare center. To get a total picture of this investment opportunity, all entries on this income statement should be multiplied by twenty-five. Thus, total EBITDA would be approximately $5 million. Because these centers had few fixed assets, depreciation and interest expenses were minimal.

Exhibit 6. Income Statement of a Typical Dog Daycare Center

Source: Authors' notes

Revenue	$ 1,000,000
Cost of goods sold	
Wages	$ 250,000
other costs	$ 100,000
Rental expenses	$ 150,000
Total cost	$ 500,000
Selling, marketing, and administrative expense	$ 300,000
EBITDA	$ 200,000

5. Your Assignment

You are a senior analyst at Prism. The managing director has asked you to evaluate the two investment opportunities presented. The first step, as part of due diligence, is to develop a set of questions for the appropriate parties involved in each opportunity. The case narrative intentionally provides only high-level operational and financial information; it does not include audited EBITDA figures, seasonal revenue breakdowns, asset-level inspection reports, or detailed cost histories. Identifying these gaps is an essential part of the due diligence process, and your task is to determine what additional information would be required before Prism could make a fully informed decision.

After identifying your due diligence questions, analyze each opportunity and prepare a recommendation for the investment committee regarding whether Prism should pursue one, both, or neither of the projects. Your recommendation should explain the merits and drawbacks of each option and specify the amount that Prism should consider offering for any viable target. In addition, describe how Prism could expand or grow the investment you recommend, assuming one is chosen. The structure of any offer should follow the general framework shown in Exhibit 1, while also considering whether alternative financing structures might offer advantages beyond Prism's typical model.

a. Due Diligence Questions - Camper Rental Opportunity

As part of your due diligence for the camper rental opportunity, you should begin by reviewing the company's financial records. Determine whether historical EBITDA figures have been audited, and request revenue breakdowns by location and by season to assess performance variability, recognizing that these details are not provided in the case narrative. Pay particular attention to insurance and maintenance costs and how they fluctuate from year to year. Next, evaluate the firm's assets and operations. Consider the current condition of the 200 vans, the schedule for replacing or retrofitting vehicles, and whether any liens or loan obligations are associated with them. From a market perspective, compare U.S. demand patterns to those observed in Australia, taking seasonal factors and risks—such as declines in tourism during economic downturns or pandemics—into account. You should also assess legal and regulatory matters, including compliance across the five U.S. locations and any outstanding liabilities. Finally, review management and staffing to understand the organizational structure and to determine the extent to which operations rely on the founders' experience (IBISWorld 2024).

b. Due Diligence Questions - Dog Daycare Opportunity

For the dog daycare opportunity, due diligence should begin with a careful review of financial performance. Confirm whether the financials for the twenty-five centers are consolidated, whether they have been verified, and how profitability varies by location. Identify the proportion of revenues coming from recurring versus new customers. On the operational side, review property and lease agreements, and compare the performance of the six recently renovated centers to the others to evaluate whether renovations translate into improved returns. From a market perspective, assess opportunities for expansion while avoiding cannibalization of existing centers, and evaluate how competition influences pricing, customer acquisition, and occupancy rates. Review management and staffing considerations, including the importance of the current CEO's leadership and plans for replacing the CFO. Finally, examine regulatory and insurance issues, including licensing requirements, historical insurance claims, and compliance with health and safety standards that may affect operations (IBISWorld 2025).

SEUNG HEE CHOI is a Professor of Finance at The College of New Jersey, renowned for her extensive research and teaching across a broad spectrum of topics. Her expertise encompasses Corporate Finance, ESG, Real Estate Finance, and Investment, demonstrating a diverse and impactful research and teaching portfolio. She can be reached at choi@tcnj.edu.

THOMAS PATRICK is a Professor of Finance at The College of New Jersey where he created the Finance department. His expertise is business valuation. He has served as a consultant to over one hundred corporations, several trade associations, and several government agencies. He was a pioneer in on-line education. He can be reached at tpatrick@tcnj.edu.

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