

Marc Dressler

Sustainable Entrepreneurship



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Sustainable Entrepreneurship

A Guide to Strategic Business Management
for Small Entrepreneurs in the Wine Industry
and beyond

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Foreword

This guide to sustainable entrepreneurship targets business management students and practitioners. To that end, I have made every effort to make the book an enjoyable read of basic but compelling managerial theory and concepts and to provide readers with exciting and provocative good-practice concerning entrepreneurship and sustainability management. For in my experience, in order for a business of any size to achieve success, it is essential that its managers and executives maintain a strategic and sustainability mindset in their everyday practice.

The life expectancy of today's products, business models and companies is shortening and alarmingly brief. Forward-looking initiatives and operational agility are the keys to professional good practice in the realm of business management. This is especially true of small businesses, which can only achieve lasting commercial success over the long haul if their leaders regard improving the competence of their managerial practices and the implementation of strategic management not as a burden or duty, but rather as goals whose fulfillment will be hugely beneficial to their company and them personally. In addition, sustainability needs to be addressed with all entrepreneurial power – but it can be a strategic clue. And so, in the interest of inspiring you, the reader, to adopt this kind of mindset and set these goals for yourself in your daily practice, in this book I discuss and analyze a carefully selected series of management tools and methods that have proven their worth in practice, along with highly relevant illustrative examples of how these tools are employed in real-world settings. I have also included links to websites or videos (QR codes) that provide additional information and guidance in this regard and shed further light on the topics covered.

The business management material in this book mainly centers around the wine, drinks, food&beverage (f&b), and agricultural industries. My intention is for the examples from these industries that I cite and discuss in the book to provide new insights, fresh motivation and foremost impetus for strategic, sustainable management to practitioners in the wine industry and beyond.

About this book

Structure and pedagogic aims of the chapters

This book bases on my academic research, longstanding entrepreneurial experiences, classroom teaching at diverse universities, as well as my related management consulting activities. Thus, it is my hope that business management students, small to medium sized business entrepreneurs, and founders of startups will find in this book an up to date and practical guide to sustainable business management. Each chapter opens with definitions of key terms followed by a presentation of the basics of business management theory and instruments that relate to the subject matter of the chapter at hand. The discussed topics, approaches, concepts, and managerial insights are highlighted by illustrations, and using this as a springboard, I present related practical examples that shed light on the ins and outs of sustainable entrepreneurship. The key points of each chapter are emphasized by means of questions so that you can reflect and apply the content in your context. I have furthermore included various videos and links to websites that support and foremost illustrate the pedagogic aims of this book. The bibliography confines to those works that I have relied on and consulted the most in writing this book.

Advisory for students

- The illustrative examples that you will find in this book are to provide you with a sound basis for seeking practical solutions, possibly by adopting, in whole or in part, the actual solutions described in the examples.
- The QR codes that you will see scattered throughout the text contain videos that expose you to related material in a different medium and that contain additional valuable insights into the subject at hand.
- For further reading on any of the topics discussed in this book, see the bibliography.
- If you are studying for an exam whose subject matter is relevant to the subject matter of this book, you may find it useful to study the practical examples, as well as the highlighting questions.
- The questionnaires that accompany this book can be used by business management students either based on companies that the user is already familiar with, or via a case study for purposes of simulating and developing your own business models.
- Be motivated to access and read relevant literature provided in the bibliography to delve more deeply into subject matter of your interest.

Advisory for practitioners

- This guide builds upon theory, frameworks, and instruments that hopefully enrich your managerial decision-making being presented in a motivating and “easy-to-use” manner.
- My hope is that you will find the practical examples in this book both informative and inspiring.

- I have found that such examples encourage practitioners to reflect on their own approach to sustainable entrepreneurship – specifically in terms of the following question: What are the takeaways from the material in this book for my industry and my enterprise?
- The purpose of the various questions concerning good entrepreneurial practice that you will find throughout this book is to provide further clarification about the book's core themes and information.

Advisory for instructors

- The questionnaires I have provided are meant to serve as a basis for instructors in devising questions for their own exams.
- The case studies can serve as a basis for class discussions.
- The videos that shed light on the various topics covered in this book allow instructors to employ a range of media in the classroom that will encourage student participation in classroom discussion.
- Contact the author for supportive material.

About the text

In cases where personal pronouns come into play, I have decided to use the pronoun for reasons of simplicity. However, it should be noted that in the realm of entrepreneurship diversity in general and especially gender diversity is of utmost importance. The time when the wine industry was predominantly a male endeavor is, fortunately, no more. The industry has benefited greatly from the fact that many women are now vintners, run wineries or both. This applies not only to gender, but also to diversity in all aspects. Direct citations, if not written in English, have been translated to best reflect their essence and still marked as direct quote.

Encyclopedic definitions and brief explanation of key terms are framed in a box.

The practical examples and cases either in the text or marked as illustration are based on company's websites, citing journal articles, or other media. Sources are provided in the appendix "examples and business illustrations".

About the practical examples

The practical examples and short case studies you will find in this book are in the interest of shedding light, in an entertaining fashion, on the practical aspects of the material I'm discussing. In some instances the "classics" have been included and in others I've used less famous but to my view interesting examples because of high fit to the topic at hand, or because they provide vital additional insight into topic in question. It should be noted that my having included this or that practical example in this book by no means constitutes or implies an endorsement or value judgment of any kind concerning the company referred to. I would also like to take this opportunity to thank all the entrepreneurs, colleagues, publishers and holders of rights to images for allowing me to cite and to refer to or reproduce their material.

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1 Why is sustainable entrepreneurship so important in today's world?

Entrepreneurship – in the sense of socially responsible, goal-oriented stewardship of a business enterprise to ensure its long-term viability as a going concern – is not something that occurs as a matter of course. All businesses, whether large or small, are subject to rapidly evolving business climates, changing market related factors, caesural external environments, and limitations inherent in any innovation or other initiative that a business's leaders might decide to undertake. In order for stewardship to have the desired effect, it needs to exhibit nimble flexibility that is alert and responsive to the whole spectrum of options and possibilities. Business governance and operational management are taking on growing importance in the realms of both training and hands-on practice, especially in sectors consisting predominantly of small businesses. Although innumerable books and articles already exist containing extensive and detailed discussions of countless aspects of business management and stewardship, I strongly believe that a book is needed that addresses the practical, hands-on side of entrepreneurship, and that provides a how-to guide for strategic entrepreneurial sustainability management, particularly for small businesses.

1.1 Strategic management for entrepreneurs and small businesses – new wine in new bottles?

Although business management is a relatively new academic discipline compared to natural sciences, thousands of books and articles on the subject have already seen the light of day. My purpose in writing this book is to provide both business managers and business management students with a practical guide to strategically oriented governance of small businesses. This book targets **at current and future entrepreneurs and company executives**. In small businesses, such individuals know just about everything there is to know about their company's product and service portfolio, and this detailed knowledge is a key motivator. Entrepreneurs are highly skilled when it comes to the technical and hands-on dimensions of their products but sometimes lack in the managerial skills department. This applies in particular to relatively complex and intermeshed business management tasks involving strategizing, achieving and maintaining sustainability, and promoting innovation – all of which can prevent a business from achieving a harmonious and coherent organizational design and all of whose parts intermesh smoothly. This book, which is based on the real-world and empirical elements that go to make up a business enterprise, focuses on the practical side of business management – and I believe, will help you to manage your business in a more goal-oriented fashion than ever before.

Small-size enterprises are companies with fewer than 50 employees, and medium-size enterprises are ones with fewer than 250 employees. Micro-companies employ up to 10 employees. The economy of the European Union strongly depends on small and medium enterprises (SME) and EU expresses a vested inter-

est to foster entrepreneurship: SMEs make up for 99% of the businesses and safeguard growth and innovation (Commission, 2018a). Equally, family ownership nurture welfare (Gottschalk et al., 2019): 60% of the European enterprises are family owned (Commission, 2018b)

Writing a guide on sustainable entrepreneurship targeting at leaders of small and medium enterprises (SME) can also be justified by their value creation. Small-business entrepreneurs play a pivotal role, particularly at the local level, when it comes to job creation and keeping supply chains running smoothly.

An economy in which **entrepreneurship** is a major force tends to come up with workable solutions to the challenges facing society, and in so doing makes a major contribution to social progress. Furthermore, an economy characterized by a robust **small-business** infrastructure profits of **strategic diversity**, this will tend to create a kind of built-in firewall against economic risk. Indeed, the actual but ongoing discussion whether for example banks should be limited in size to avoid major financial turbulence and economic crises in case of mismanagement of individual players illustrates the risks of an economy dominated by large multinationals. Social and political hazards tend to be far more prevalent so that government regulators set limits to the market dominance that may result from a proposed merger and acquisitions deal involving major players in a given industry, and sometimes prohibit such initiatives. Nevertheless, it continues to be the case in the current economic climate that advocates of government intervention in the affairs of large corporations argue that such companies are **too big to fail** and must be rescued at all costs. This, however, undermines the risk diversification that is held in such high esteem by so many entrepreneurs and private investors. An economy characterized by market structures comprising myriad and thus relatively small entities fosters risk diversification. Diversity in these realms, whether it be for product and service portfolios, or providers themselves, should be regarded as being in the national interest in the economy of any advanced industrialized nation. Diversity is one of the main levers of sustainability in that it fosters experimentation, improvisation, nimbleness, and capitalizing on any opportunities that may arise. For small businesses, strategic entrepreneurship is the key to the optimization of both professionalism and these companies' future prospects – especially in an era, such as ours, where all businesses, but especially small ones, face unprecedented challenges.

Press article about Swiss bank **UBS** taking over the rival **Credit Swiss**: “Too big for Switzerland? Credit Suisse rescue creates a bank twice the size of the economy. Worries that Credit Suisse’s downfall would spark a broader banking meltdown left Swiss regulators with few good options. A tie-up with its larger rival, UBS (UBS), offered the best chance of restoring stability in the banking sector globally and in Switzerland, and protecting the Swiss economy in the near term. But it leaves Switzerland exposed to a single massive financial institution, even as there is still huge uncertainty over how successful the mega merger will prove to be. There are also concerns that the deal will lead to huge job losses in Switzerland and weaken competition in the country’s vital financial sector, which overall employs more than 5% of the national workforce, or nearly 212,000 people.” (Ziady 2023)

Many entrepreneurs and small business owners frequently find use of the tools associated with strategic management daunting and are prone to avoid using such tools altogether. If you ask a **small-business owner why they tend to shy away** from strategic management, they will often tell you that they simply lack the time to reflect upon, much less deal with, whatever might be coming down the pike; or they might make the argument, by which they of course mean that plans can and often do go awry. But given the ever-growing **intensity of competition** in today's economy small businesses have to figure out how best to (1) persuade both current and prospective customers to engage with their products; (2) communicate what makes their products special, unique and desirable; (3) convey why their products are eminently affordable; (4) persuasively argue that their products are durable and their business model sustainable. Small business owners are forced to determine the keys to lasting long term success – the essence of strategic, sustainable management. Unlike large corporates, small businesses generally lack a strategic-planning department or task force, and this in turn severely limits their risk capacity. My goal in this book is to propose tried and true business management methodologies and highly relevant practical examples to help SME owners, managers, as well as students, to **acquire managerial skills** that they see the process of shaping the look, feel, culture and operational aspects of their organizations as enriching, from both a personal, professional and bottom-line standpoint. In doing so, I place emphasis on the nuts and bolts of **strategizing** and strategy implementation, as well as efforts to render a given business as sustainable as possible.

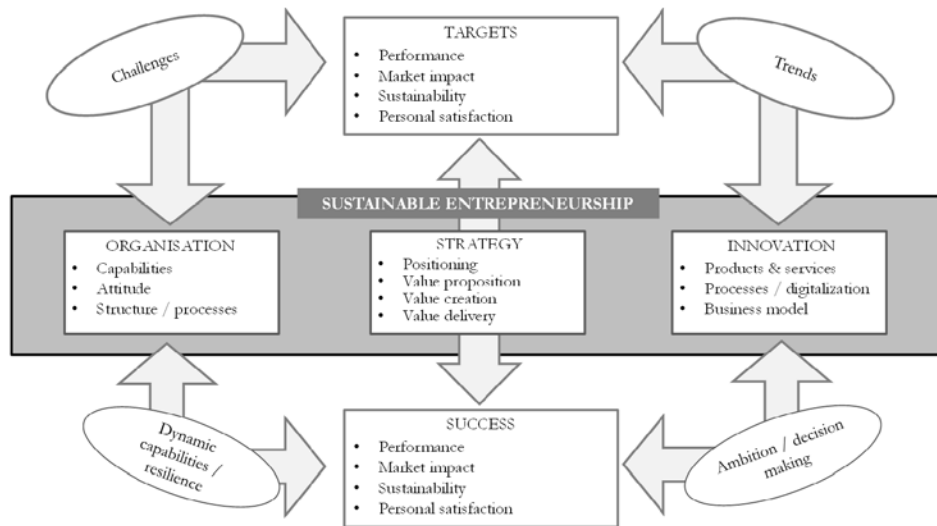


Figure 1: Sustainable entrepreneurship – overview

The **wine industry** hereby serves as a kind of **illustrative case** industry because of certain specific facets. For instance, the German wine industry as well as other European neighbor wine sectors is composed of **myriad small businesses** and the attendant personnel, and the activities of these organizations create jobs, and help to sustain and support countless infrastructural and institutional elements that make life worth living, while also making a substantial contribution to landscape beautification.

The indirect effects of regional wine industry activities on suppliers, tourism and the like multiply by an order of magnitude the added value generated by the industry. The wine industry – by virtue of its multifaceted production and marketing activities – has a direct effect on regional economies, primarily via vintners (through regional value creation). But wine also has an indirect effect as a lever of value creation in the food and beverages, tourism and agriculture sectors, in the business sector in general, and as a consumer of manufactured goods. It is notable that although only 1 percent of Germany's arable land is used for vineyards, the wine industry accounts for more than 7 percent of Germany's GDP, value creation, and tax revenue. Although the management challenges discussed in this book are illustrated referring predominantly to the wine industry, they are much the same for small businesses in **other sectors and industries**. Wine has been around for a **very long time**, a “track record” that is in and itself redolent of **sustainability**, in the truest sense of the term. Wine is **impacted by climate change** and therefore wineries cannot neglect sustainable management practice in their own interest. Wine pops up in a **broad range of sectors**, such as food and beverages, agriculture, alcoholic drink, consumer products of various sorts, luxury products, durable goods, and asset alternative for investments. Nowadays, wine production involves the interplay of traditional and modern elements. Producing a bottle of wine is a **complex** undertaking. Customers can choose from cheap products to very high-priced wines. Exhibiting an increased interest in going **back to nature**, working the land, and producing an experience good can be stilled by wine. Creating a business out of a culturally rooted, complex natural product serving enjoyment and winning consumers in a highly competitive environment requires managerial professionalism – from small wine production to a large scale businesslike manner. The examples presented in the book are just that – **examples**, and the attendant solutions are applicable to other sectors. One of the main advantages of referring to the wine industry is that wine is a product that is **beloved of many** as a hedonistic enjoy, and wine industry actors tend to earn **highest respect** of their peers and society for their skills and acumen.

In writing this book, I have consulted much of the relevant theoretical and practice-oriented literature. The main sources upon which the book is based can be found in the **bibliography**, which also contains suggestions for further reading. This book also reflects my extensive research (and is thus based on the tenets of empiricism), in the ambition to be fruitful valid for the day-to-day operations of small and medium sized businesses.

Empiricism is an epistemological view that holds that true knowledge or justification comes from sensory experience. Empiricism emphasizes the central role of empirical evidence in the formation of ideas, rather than innate ideas or traditions. Empirical work emphasizing experience especially of the senses or the practice or method of relying upon observation, experimentation, or induction rather than upon intuition, speculation, deduction, dialectic, or rationalistic means in the pursuit of evidence.

Since 2012, I have been conducting **online surveys**, once every two years of strategy and innovation in the German wine industry. My findings from these surveys and many additional market research and projects in the wine industry and outside provide “hands-on” empirical support for the various assertions I make on all matters and

all of the topics discussed in. Apart from the insights and graphics you will find in this book based on the surveys, I also cite and discuss a great many examples from actual research and practice. It is my hope that this emphasis on the **practical side of strategic management for small businesses** in general and the wine business in particular, will inspire you, the reader, to identify and capitalize on opportunities that arise to reshape and optimize your entrepreneurship and entrepreneurial success.

1.2 The long view in challenging times

According to the French author Victor Hugo “... *the future has many names: For the weak, it means the unattainable. For the fearful, it means the unknown. For the courageous, it means opportunity.*” Human beings have the capacity to **learn** not only from the past, but to **anticipate** and shape the course of future events. Admittedly, no one can make exact predictions concerning such events, but attempting to make forecasts about what’s coming down the pike isn’t necessarily the sole province of futurologists. For in point of fact, imagining what might occur within a certain time frame and the implications of such events is absolutely essential for entrepreneurial success – and above all the sustainability – of any business. This holds true in particular for eras such as our own where rapidly unfolding trends, fundamental change on a global scale, and tectonic socioeconomic change become the norm rather than the exception. These phenomena include, to mention only a few, globalization, climate change, technologization, digitization, market concentration, and ever-changing moral and social values. Covid-19, wars, as well as natural catastrophies such as floodings with disastrous collateral results for businesses and human populations, clearly show that crises can have a profound impact on economies, and our social and ecological environment.

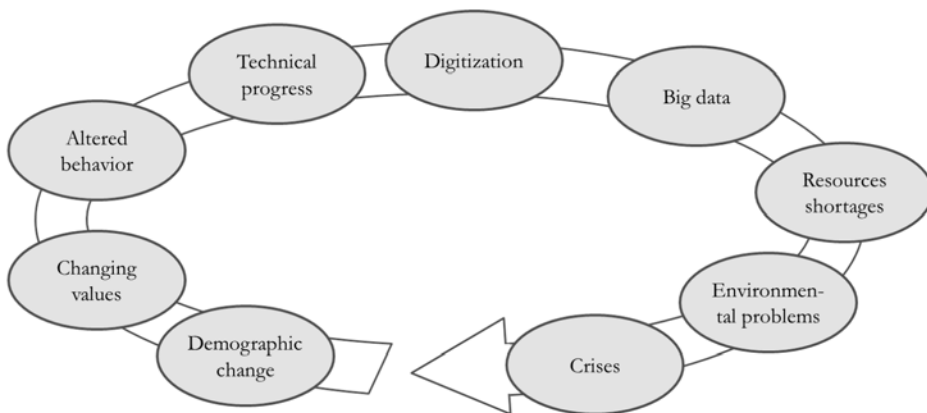


Figure 2: Illustrative drivers of an external environment in constant flux

One of the most visible effects of rapid change are **shortened life cycles**, not only of products but obviously many businesses are short-lived. In 1920, the average lifetime of publicly held American companies was 67 years, whereas today it amounts to a mere 15 years (Foster 2012). As the famous economic Joseph Schumpeter postulated in the shortened phenomenon of “**creative destruction**” in the first half of the 20th century by related principles: (a) The destructive power of innovation is a sine qua non for social change; and (b) in order for the requisite developments to unfold, the

ability and willingness to change is indispensable. In our era, Covid is wreaking havoc in a whole host of realms, including massive losses of earnings in the food and beverages industry, and has at the same time spurred unusually rapid growth and other changes in areas such as e-business. The war in Ukrainia propelled energy costs and in the following prices in general, resulting in bankruptcy of many businesses. Indeed, for years now, we have been seeing far-reaching structural change in the agricultural sector and the craft with a drastic **decline in the number of businesses**. These tectonic shifts in the business climate are engendering ever greater challenges for business leaders, having weathered one challenge successfully but immediately facing the next potentially shocking disaster.

“It is perhaps unsurprising that the country where people live the longest is also home to some of the oldest companies in the world. In Japan, there are more than 20,000 companies that are more than 100 years old, with a handful that are more than 1,000 years old. The list includes **Nissiyama Onsen Keiunkan**, a hotel founded in 705. There is even a specific word for long-lived companies in Japanese: *shinise*. So what is the key to their longevity? Professor Makoto Kanda ... says that Japanese companies can survive for so long because they are small, mostly family-run, and because they focus on a central belief or credo that is not tied solely to making a profit. Local factors could be another key to their success ... and they benefit from a corporate culture that has long avoided the mergers and acquisitions that are common among their Western counterparts.” (Gittleson 2012)

Tab. 1: Oldest still existing companies (wikipedia 2023)

Year	Company	Current location	Field
578	Kongō Gumi	Japan	Construction
705	Nishiyama Onsen Keiunkan	Japan	Hotel
717	Koman	Japan	Hotel
718	Hōshi Ryokan	Japan	Hotel
771	Genda Shigyō	Japan	Paper
803	St. Peter Stiftskulinarium	Austria	Restaurant
862	Staffelter Hof	Germany	Wine
864	Monnaie de Paris	France	Mint
885	Tanaka-Iga	Japan	Religious goods
886	The Royal Mint	United Kingdom	Mint
970	Nakamura Shaji	Japan	Construction
1000	Château de Goulaine	France	Wine

Apart from the burdens imposed by such untoward developments, the tendency (and need) engendered by crises such as Covid to create and operate with a sense of urgency has become a lever of social change. An increased sense of urgency motivated new product and service portfolios that have become available, and the new providers that have entered a broad range of markets. Technological progress and change occasioned by digitization and the like is opening up new opportunities for business concepts and **startups**.

*WineJump is a new direct-to-consumer marketplace launched in March 2020 across Europe. **WineJump** changes the way you buy quality wine and changes how much you pay for it, too: “Thomas Winther couldn’t have picked a better time to launch his new winery. Just a few days before the advent of Covid, the Danish-born Winther’s startup known as WineJump went live online. The online wine business enables people to order wine from wineries throughout Europe, and Winejump earns a one-euro commission on each bottle of wine sold. “Given the mammoth change Covid has wrought in consumer purchasing behaviour, I wouldn’t be at all surprised if the German e-commerce wine market didn’t double in size over the next five years,” Mr. Winther said.” (thehub.io 2023 & Hufner 2020)*



Startups often origin in **self-realization**. In some cases, their new concepts initiate paradigmatic shifts that appear to unfold at the speed of lightning and can render former business models obsolete just as quickly. Ideally, a new venture comes up with a great idea. But in order to achieve success, the startup must be infused with entrepreneurship from the moment of inception – which is why only about half of all startups make it through the first four years.

“The world’s preeminent hub for technology, **Silicon Valley** is a byword for innovation. Today, it is home to the headquarters of many of the world’s largest high-tech corporations, including more than thirty businesses in the Fortune 1000 as well as thousands of promising startups. Further, Silicon Valley accounts for one-third of venture capital investment throughout the USA.” (Athanasia 2022)

Hence, it is vital that the practicality of the manner in which a startup’s concepts are to be implemented, and the ideas underlying this implementation, be validated early on. Sustainability should be a **touchstone** for new business concepts, for such are oftentimes the *raison d’être* of a startup. In Germany, every fifth startup deals with the protection of the climate or the eco-environment, out of a desire to make a positive contribution to safeguard the future of our planet.

Video link: **Earth Day 2022: Creating a sustainable food future** - YouTube
<https://www.youtube.com/watch?v=L3EKwZPAHGo>



In order to be viable, entrepreneurship, whether for startups or for well established companies in increasingly competitive markets, needs to be forward-looking and agile in everything the company undertakes. **Agility** goes beyond meeting short-term demand to ensure *strategic* flexibility. In order to achieve this, a company must be willing to (a) **make decisions, despite uncertainty** about future events; and (b) **rethink and revisit their decisions** whenever doing so is necessitated by external circumstances. An agile company will have the ability to change course whenever its current path turns out to be a dead end. Hence, instead of withering on the vine by adhering to and detailed five- or ten-year plans, strategic management should be based on close observation of all aspects of the company’s business environment, capitalizing on opportunities the moment they arise, and entrepreneurial risk management. Taking action in a proactive and anticipatory fashion is a *sine qua non* for sustainable business development.

Entrepreneurship can potentially pave the way to a secure and successful future for a company, provided that the company recognizes the relevant opportunities and challenges in its market and implements the measures necessary to achieve its goals. But to do this, a company needs to be willing to take risks. By taking strategic action and

acting strategically, a company can **synchronize** its strategic goals and measures, position itself competitively, manage innovation adroitly, and implement measures aimed at achieving long-term sustainability and robust organizational development. This approach fosters **organizational adaptability** in a dynamically evolving business environment, which is vital if a company is to prosper over the long term. Such an approach can often be catalyzed by a sense of urgency brought on by crises such as Covid-19 or skyrocketing energy prices. Particularly in times of far-reaching change, agility ensures that a company will keep a watchful eye on the big picture and will achieve the resiliency necessary to survive over the long haul. For small businesses, this task is an essential part of entrepreneurship – a task that can be successfully achieved through use of the tools described below, which revolve around asking certain questions, adopting certain mindsets and robust input from the relevant actors.

„After years of historic drought in California, USA, water recycling has become a pressing issue – but just how much can be done with what we've got? A water-recycling company is seeking to answer that question, with help from a local brewery. The result is a beer made from wastewater, and ... it's pretty good. Epic One-Water Brew, from **Epic Cleantec** and **Devil's Canyon Brewing Company**, is made from greywater recycled from showers, laundry and bathroom sinks in a 40-story San Francisco apartment building, where Epic has onsite equipment to capture, treat and reuse water for non-drinking purposes. "We wanted to do something fun that was going to be an engaging tool to talk to people, to get them excited, but also that showcased the untapped potential of water reuse, ... a kölsch, a beer that was going to be sort of more universally liked. A lot of times at a brewery, you turn on the tap and whatever water you get, that's what you brew with. In our case, we have so much control over the treatment process that we were actually able to treat to tweak some of the steps to give the brewers a blank canvas. We're in the 21st century, with all the technological capabilities that we have at our disposal. The fact that we are still reliant on whether or not it rains to know if we'll have enough water for our communities is a problem." (Cantor 2023)



1.3 Sustainability: a key driver of social change

In defining the term sustainability, a good place to start is with a bare-bones definition that equates sustainability with **longevity**. In books on business management, sustainability is often defined as a company seeking to achieve constant surplus return on investment. However, such a reductive take on sustainability will invariably translate into merely superficial sustainability. Today's lifestyles and the economy that supports predominantly justified by surplus or excessive growth are jeopardizing the future of humanity and our planet, whereby climate change is only one example of the role of the business community in this regard – against longevity. In light of the incessant destruction of non-renewable resources that is taking place on a daily basis, sustainability is defined nowadays as meaning that **current actions should not place an undue burden on future generations**.

The PR of **Prinz Salm** winery makes an explicit reference to more than 30 generations of winemaking – a marketing claim that takes its cue from the most fundamental, *intergenerational* connotation of sustainability.



Felix Salm

32nd Generation winemaker

This claim conveys in exemplary fashion the more than 800-year company history of the Salm-Salm family, a period during which know-how and experience were accumulated and certain values were adhered to.

Dr. Wehrheim winery's vintner **Karl-Heinz Wehrheim** views the heritage of the family's winery in this same sense, i.e., not as a mere transfer of assets from generation to generation, but rather "*... as a duty to uphold certain values and assets for the benefit of future generations*".

The concept of sustainability is frequently traced back to German forester named Hans Carl von Carlowitz (1645-1714), who posited that cutting trees is to be limited to the future growth. He thereby is regarded as the father of sustainability as the pursuit of ever greater profits was banned for ecological reasons, and the avoidance of clear-cutting was enshrined as a social good. It was not until the 1970s that concerns about resource use and depletion came to the fore. Fears of planet death by anthropomorphic activity were exacerbated by the oil crisis, and by widespread famine. A 1972 Club of Rome titled **Limits to Growth** warned that the Earth's resources are limited and mismatch the population growth and economic growth ambitions. Another milestone in this regard was a 1987 book issued by the UN called **Our Common Future** (also known as *The Brundtland Report*), which placed environmental issues firmly on the political agenda. It advocated elevating "sustainability" to the status of guiding principle in the interest of **making the world safe for all human populations**. It was also during this period that the term **corporate social responsibility** became a maxim of commitment to factor the good of society as a whole into all of their strategic ambitions and measures.

Corporate Social Responsibility (CSR) effects as voluntary social commitment supported by the company. Companies engage in social activities, employees get involved in charitable projects, companies support disadvantaged groups or finance projects to increase social justice.

The focus of the 1992 United Nations Conference on Environment and Development (also known as The Earth Summit) in Rio de Janeiro was climate policy. Fridays for Future (#FridaysForFuture), a youth-led and -organized movement which began in 2018, is a prime example of how change can be brought about via social activities. The need to take action against global warming has thereby become part of the mission of many companies, also thanks to the results of scientific research that support this concept. **Ecopreneurship**, an offshoot of research on entrepreneurship, has become a major presence in the agricultural realm, thanks to the growing number of organic farms. The food processing and agricultural sectors are a force to be reckoned with when it comes to the realization of ecological aims. The EU is setting the standard in this realm via its groundbreaking and ambitious initiative known as the **European Green Deal**, which seeks to minimize the ecological effects of agricultural activities, e.g., halving the pesticides until 2030. The goal the German government of expanding the organic farming sector to encompass a minimum of 25 percent of arable land by 2030 will greatly increase the number of German growers required to switch to organic farming, given that only 10 percent of Germany's arable land is farmed organically at present. This also holds true for the German winegrowing industry, which has a lot of catching up to do when it comes to ecologically sound farming. Sustainability embeds eco-friendly business processes with social and economic practices.

Sustainability is defined as a paradigm wherein actions realized in the present day will not impose a burden on or be harmful to future generations. This approach takes the form of durable, parallel and synchronized action aimed at achieving and supporting **ecological**, **social** and **economic** goals, which are the **three fundamental pillars** of sustainability.

Sustainable entrepreneurship addresses the **economic pillar** via economic stability and performance, as well as a company's reliability and long-term orientation. The **social dimension** of the three-pillar paradigm pertains to whether a company provides its employees with good working conditions, secure jobs and fair salaries and their practices of social responsibility. As for the **ecological aspect**, it hinges on the judicious use of finite resources; environmentally sustainable technologies; and the environmental sustainability of products and services produced. Given that the three-pillars of sustainability are relevant for all value-producing activities, it behooves all entrepreneurs to adroitly and responsibly manage, monitor and as far as possible exert control over the repercussions of their activities, and to seize upon opportunities to optimize the sustainability of their organizations and actions.

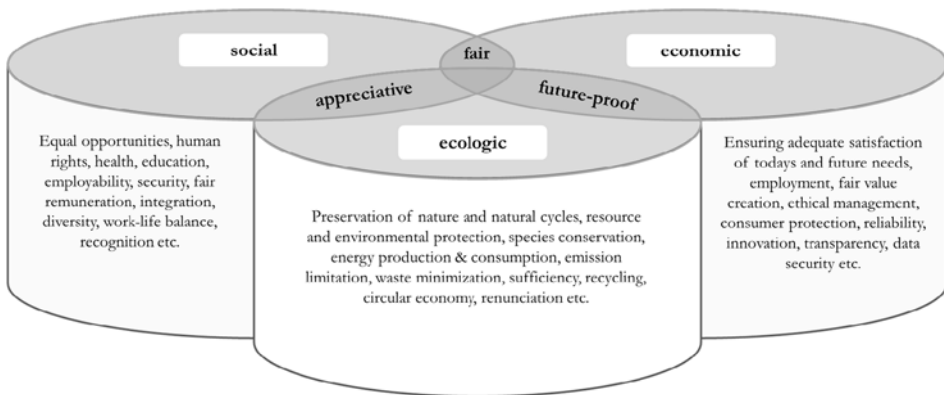


Figure 3: The three-pillar sustainability paradigm



The United Nation has obligated itself to promote sustainable development globally via seventeen social goals. In many countries and for a lot of institutions these goals build a strong manifest for their strategy and operational measures. Germany's sigend political strategy "Agenda 2030" for example, promises to home and to implement these goals by revamping the relevant structures and by bringing about change in the relevant mindsets and behaviours. Indeed, many sectors have taken positive action in response to the agenda (e.g., the German food and beverages industry association). Thus, the growing relevance of sustainability is embodied by more than just policy goals or guidelines for any given industry.

Because sustainability is a factor that influences **purchasing decisions**, it is taking on ever greater importance for consumers, and is prompting businesses to use it as a criterion for their product-line decisions as well. The New Zealand winegrowing industry has even gone so far as to make sustainability the main theme of their nation-

wide public relations and positioning. The fact that policymakers, businesses and consumers are increasingly insisting on the centrality of sustainability for their endeavors is placing increasing pressure on manufacturers to toe the line in this regard, while at the same time furthering the cause of sustainability.



Figure 4: Overall objectives for the achievement of sustainable development (www.un.org)

Sustainability is becoming increasingly important to customers,

... and they are willing to pay for it

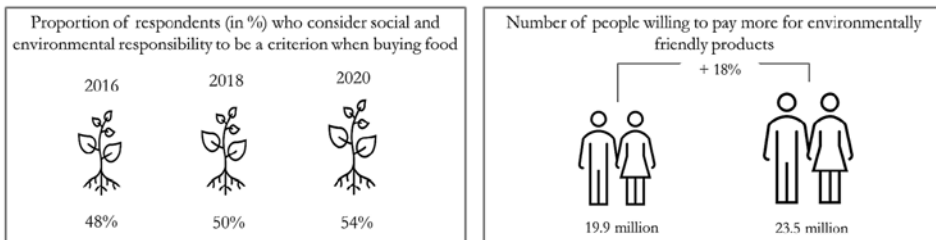


Figure 5: Impact of sustainability on the attitudes of German consumers (*Handelsblatt* 2020)

However, the mere fact of adopting this or that government policy will not and cannot bring about across the board sustainability. This is due to a number of factors and the constraints to which they give rise: the complexity involved; the limited reach of the implications of any given initiative; and the fundamental behavioural changes involved. Implementing across the board sustainability is in fact a goal that it behooves our society at large to achieve over the **long haul**, and with **lasting effect** and **attentive, avid stewardship** – an effort to which each and every individual and specifically enterprises need to contribute. Writing this book was highly motivated by the conviction that sustainability can only be achieved when individual behaviour

and all managerial decisions are determined by contributing to sustainability. Sustainability must become part and parcel of all actions and thinking, neither depending on being private person or company, nor the size of a given enterprise, nor by the phase a given business happens to have reached in its lifecycle. Existing companies will need to adapt their business models to the tenets of sustainability, which should also form the basis for the core concepts of businesses startups. As for handing-over companies, mergers and acquisitions, they, too, should make sustainability a central principle.

The **Ben and Jerry's** website provides this pithy account of the company's "*humble beginnings in 1978: With a \$5 correspondence course in ice cream-making from Penn State and a \$12,000 investment (\$4,000 of it borrowed), Ben and Jerry opened their first ice cream scoop shop in a renovated gas station in Burlington, Vermont.*" From the very outset, Ben and Jerry made sustainability (a concept that was virtually unknown at the time) a core tenet of their business practices (e.g., "re-using" a gas station as ice cream store or donating part of the profits of their Rainforest Crunch ice cream to reforesting the rainforests). As pioneers of corporate social responsibility, Ben and Jerry's, no more than a blip on the radar screen of the ice cream market at the time, was able to set new standards in the ice cream industry despite competing with the major ice cream brands.

One Hope Winery was founded for the express purpose of making the world a better place. The company describes its avowed goals in these words: "*Selling wine on a mission to change the world. Disrupting the wine industry. Building a Force for Good.*" One Hope supports many charitable causes.

The business concept of the startup German winery **17morgen** is clearly based on sustainability: "*A fresh start (...) with innovative, groundbreaking approaches, in harmony with nature.*"

The desire to bring about sustainability also motivates well established wineries. For example, **Meyer-Näkel**, a German winery now in its fifth generation of family ownership, states the following: "*Sustainability is a pivotal concept for our generation, for it is only through sustainable business practices that we will be able to preserve and protect our winegrowing activities and the ecosystem of Germany's winegrowing industry – and thus our very lives and the lives of future generations.*"

Sustainability can also be a powerful lever for changing the face of existing wineries or implementing a new business concept. The German winery **Weingut Grünewald & Schnell** lives and breathes sustainability, a concept that it has pioneered and in so doing has shared the entirety of its own experiences and thinking about sustainability with other wineries but shared as a network initiative (Netzwerk Nachhaltiger Wein) to promote the implementation and propagation of sustainable winery management.

In order for sustainability to serve as a **guiding principle for business activities** and avoid being reduced to a mere **marketing ploy**, it needs to be seen as a necessary business management goal and at the same time as operational endeavour in daily real-world implementation. To this end, the implementation of sustainable entrepreneurship needs to (a) be embedded in a company's strategic orientation; (b) become part and parcel of a company's day to day operations. Managing this balancing act is a business and personal challenge for business owners and operators.

2 Wine – an industry perspective

People tend to be intrigued by **wine**, though it's a topic that can also be controversial, if not downright polarizing, because when all's said and done, wine is an alcoholic beverage. Wine has been an integral part of the cultures of many nations and peoples, and at the same time it is also a commercial product that produces value in the context of cross-border competition – in beverages but also wine & tourism. Vinification is a multi-faceted phenomenon, encompassing as it does **agricultural** management, a complex production process involving physical, chemical and logistical processes. Wine production thereby demands to cover the realm of consumer goods, the **food and beverages industry**, and the **luxury-goods sector**. Indeed, wine connoisseurship often has high social admiration. All of this opens up tremendous opportunities for current and future entrepreneurs from the winegrowing and other industries, when it comes to achieving robust sustainable entrepreneurship and to spurring the quest for entrepreneurial realization.

“Wine is more than just a beverage. (...) It is an integral part of Europe’s culture and history, a lifestyle unto itself. But for all that, nowadays wine is no longer a vital need, the way it once was in the not-so-distant past, for clean and safe drinking water serves the same basic hydrating and thirst-quenching purpose and involves only a fraction of the cost of a bottle of wine. Which means that wine is something that inherently involves the wish or desire to drink this specific beverage, and thus is by definition a luxury product and in some cases a lifestyle item, whose main virtue is the effect it has on the consumer.”

Dirk Würtz, influencer, wine blogger, winemaker, and winery owner
(Wüst 2017)

2.1 Wine – a product with a history

Archaeological finds from antiquity have shown that wine was being produced as early as 6000 B.C. in regions that are now the Middle East, or in Europe Georgia and Armenia. Evidence was found for Celts in the Mosel region of Germany having produced wine as early as 500 B.C. In the oldest surviving text of a Roman Germania law (Lex Salica), grapevine theft was classified as a crime. Production and consumption of wine spread to Roman civilization. During the era of the Roman emperors, wine was the most lucrative product of Roman trade in Roman Germania. In later years, viticulture was primarily the province of the Church and Christian monasteries, especially via the Cistercian orders and monasteries that were founded in Burgundy spreading winemaking know-how to their sister-monasteries and cross-borders. For **monasteries**, wine was a commercial product and strong lever in making these institutions financially viable. The winegrowing know-how developed in monasteries helped to improve the quality of wine – a phenomenon that still can be traced in modern-day Germany via the now obsolete term *cabinet*, which referred to the storage room for the monks' best wines. However, winemaking was also practiced in secular society. During the Middle Ages, the amount of wine produced reached a new high, at least partly owing to christian ceremonies, claims that wine had health benefits, and the impurities of drinking water. But viticulture has also known tough times. In addition to two world wars, economic crises and winegrowing industry missteps such

as the antifreeze (diethylene glycol) scandal, viticulture has been hit by devastating diseases – the most notable one caused by the aphid phylloxera in the mid 19th century. The pest was introduced by botanists importing specimens of American vines in the 1850s. Phylloxera is native to North America where native grape species are at least partially resistant. By contrast, the European wine grape *Vitis vinifera* is very susceptible to the insect. Estimates are that the epidemic devastated between two-thirds and nine-tenths of all European vineyards. However, such setbacks have not prevented wine from being enjoyed as a **cultivated indulgence** – a trend reflected by various wine related festivals and other events, an expression of wine pleasures as key ingredient in social gatherings and celebration. In many developed countries with higher level of wealth, wine belongs to a modern style of living, and it is interpreted as more cultural and stylish alcohol consumption.

One of the most renowned vintages in the history of German wines was the year 1811. **Goethe** wrote a poem in which he raved about the qualities of *Elfer* (i.e., Elf = German 11) wine and **Mendelssohn** set the poem to music in his *Türkisches Schenkenlied* op. 50/1: *Don't put the jug down so roughly in front of my nose, you brute! He who brings me wine should give me a friendly look, lest the Elfer wine clouds up right in the glass.*

Wine is a beverage that results **alcoholic fermentation**, a biological process by which sugar in fruits (fructose) with the help of yeast is converted into alcohol (ethanol) and carbon dioxide. In this book, the term *wine* refers to the beverage made from the common grape vine as varieties of *vitis vinifera*, which is the type of grape used for the vast majority of worldwide viticulture. Not neglecting that there are wine products of different fruits (e.g., cherry or apple) or grains (e.g., rice) with oftentimes regional, cultural roots. An illustration in this regard is constituted by apple wines, which are highly popular as a product known as *cider* (in Anglo-American countries) or *cidre* (in the French region, especially of Brittany) but also manifest in a characteristic drink for the German Main region and in Frankfurt (known as *Äppelwoi* or *Äppler*).

Of the more than 20,000 grape varieties, only around 15 percent are for wine production. By dint of various chemical and physical processes and the attendant stages of vinification, cultivated grapes are used to produce wine as a good of high emotional value – reflected by the fact that the price of a bottle of wine can range from less than €2 to exceed €10,000. Wine judgement depends on personal preferences. Wine represents a product of experience affected by vintage year, storage conditions etc. Final quality assessment of wine hence requires consumption. Fine (i.e., pricey) wines have also developed as **asset category in finance**. The same goes for wineries themselves. Hence wine, apart from its basic function as a pleasurable beverage, is closely associated with the agriculture sector, consumer goods, portfolio investments, and luxury product.



Figure 6: The Liv-ex Italy 100 Index

Wine is divided into quality **classifications**. The underlying idea is to inform consumers about the characteristics of the wine based on the concept of “**terroir**” which refers to the complex interaction of the local factors’ microclimate, soil, geology, hydrology, sunshine, grape variety, and region and/or country. The European Union has defined a classification based on origination that distinguishes wines of protected designation of origin and of protected geographical indication:

EU (wine) quality schemes identify or referring the name of a region, a specific place or, in exceptional cases, a country,

- **Protected designation of origin (PDO):** a product whose quality and characteristics are essentially due to a particular geographical environment and which must be produced within a determined geographical area using recognized and recorded know-how. All wine products with PDO status must be produced exclusively with grapes from the area in question.
- **Protected geographical indication (PGI):** a product which possesses a specific quality, reputation or other characteristics that can be attributed to that geographical origin. All products with PGI status must be produced with at least 85% of the grapes coming from the area in question.



Figure 7: Concept of origination of EU wines

For example, a German wine to be classified as a *Qualitätswein* (quality wine – PDO and PGI) must be officially approved as being free of any imperfection. First the wine’s ingredients undergo analytic tests by an officially approved wine laboratory, in order to determine whether the wine meets the relevant legal requirements. Once the wine has cleared this hurdle, it undergoes a sensory test for its color, odor, and taste. The attributes indicated on the labels of quality wines must also be consonant with the attributes and type of the wine itself – all of which is documented by an official test number (in German: A.P.Nr.) to be printed on the label. Each of Germany’s wine-producing federal states has its own official testing organization. Formerly, the sugar content was used to determine grape quality (degree of maturity and time of harvest). In addition to the naming of geographic origin, categories taking their cue from the classic French Burgundy-wine categories *Grand Cru* and *Premier Cru* and the attendant ultra-high-quality standards associated with selected plots of land are used for quality orientation. Likewise, Austria decided to add that classification to their wine marketing rules.

For all the specificity supplied by the elaborate wine classifications described above, **assessing wine quality is a complex** endeavor and in the final analysis comes down to **subjectivity**, given that each person experiences the taste of a given wine idiosyncratically.

The term **taste**, which refers to the sensory experience of ingesting any food or beverage, involves a complex interplay of the senses of taste in the mouth and smell, in addition to the temperature and visual appearance of the good consumed. Aromas are our sense of smell. **Sensitivity** to taste stimuli differs inter-individually and is also determined by a person’s genetic makeup, resulting in

the classifications of normal, heightened and non-tasters. This in turn is determined by the taste receptors (taste buds) on our tongues. Age negatively influences taste sensitivity. The **core tastes** are sweet, sour, salty, bitter and umami. **Taste perception and judgements about taste** are determined by socialization and individual character traits – both of which are able to overcome the innate aversion to bitter flavors, as the widespread consumption of coffee and beer bears out. Pleasure-principle based likes and dislikes of individual flavors mainly result from individual experience. It thus follows that flavors, pleasures and cooking are intertwined culture-specific phenomena that have a particularly strong influence on how the taste of wine is perceived.

Wines come in a literally endless range of **flavors**, which are determined by factors such as grape variety and the clones thereof, and by terroir, vintage, cultivation conditions, condition of the grapes (e.g., if they suffer from noble rot), the conditions under which grapes are harvested and processed, and the vinification. Wine quality is determined not only by the evaluation of the taste of a given wine, but also by factors such as typicity and storability. All the complex and often interacting factors have given rise to a countless variety of wines and determinants of wine quality and price.



Figure 8: Examples of various wines (all images from the respective wineries' websites)

Given the complexity and multiplicity of the various wines available today, it stands to reason that the vast majority of consumers do not pretend to be particularly **knowledgeable about wines**, and thus do not use such knowledge as a basis for their purchase decisions. Wine buying decisions are primarily based on (a) familiarity with the product (b) external clues predominantly communicated via packaging (e.g., the quality classification, varietal, producer brand, ...); and in the end (c) a consumer's reaction (like, dislike, indifference and so on) to the overall appearance of a given bottle of wine. The principal attributes of a bottle of wine are manifold: packaging (bottle shape, material (glass, bag in box, others), value and quality of package, and weight); closure (screw cap, natural or synthetic cork, or glass); label design; textual information on the label. Consumer perception of a given bottle of wine is also influenced by **brand charisma** and **shopping experience** – German consumers can choose among more than 10,000 German brands and a myriad of imported products and brands. If wine purchases are thus subject to a host of decision-making parameters, memorability of the product and wine consumption experience are key.

German winery **Heymann-Löwenstein** illustrates by their customer newsletter