

To grow or no to grow?
Openness and closure for mainstreaming by sustainable entrepreneurs

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INTRODUCTION

Rising consumer demand, increasing pressure from socio-political actors (e.g. NGOs) and threats of new regulations represent but some of the (external) drivers for the development of more environmentally and socially benign products and services. This triggers companies to look out for alternative options of doing their business and invent and innovate more sustainable products and services and the underlying value creation processes. Sustainability-oriented innovation ranges from rather small piece, incremental innovations (e.g. replacement of critical inputs; more efficient devices) to more radical innovations represented by the introduction of entirely new product ranges (e.g. organic or fair-trade products) or product-service systems (e.g. carsharing) with the aim of orienting firms' core business into the *direction* of sustainability (Hansen et al., 2009; Paech, 2007).

In this paper we focus on the latter radical innovations that also lie at the heart of the related concept of *sustainable entrepreneurship* (Hall et al. 2010; Hockerts & Wüstenhagen, 2010; Schaltegger, 2002, Schaltegger and Wagner 2011; also: ecopreneurship; cf. Schaltegger & Petersen 2000). It can be understood as “an innovative, market-oriented and personality driven form of creating economic and societal value by means of break-through environmentally or socially beneficial market [...] innovations” (Schaltegger and Wagner 2011). Sustainable entrepreneurship often analyses dynamics occurring due to the introduction of sustainability-oriented innovations by new ventures (by entrepreneurs) and related responses by incumbents (by intrapreneurs) together leading to industry transformation (Hockerts & Wüstenhagen, 2010). As of their pivotal role in this dynamic, the present paper focuses on entrepreneurs which have established pioneering companies by making sustainability an integral part of their business model and introducing products and services with very ambitious sustainability characteristics, also called “Bioneers” (cf. Schaltegger, 2002; Schaltegger & Wagner, 2011). Bioneers are mission-driven and thus “hybrid organizations” following both economic and societal goals (Boyd et al., 2009 and hence follow an understanding of “inclusive profitability” rather than “bounded instrumentality” (Hahn & Figge, 2011). Recent research in sustainable entrepreneurship has produced multiple-case studies (e.g. Iilges & Preuss, 2012; Kearins et al., 2010), on the one hand, and single case studies from sectors such as retail (e.g. Holt, 2012) and clothing (e.g. Fowler & Hope, 2007; Plieth et al., 2012) on the other.

A central theme in sustainability entrepreneurship is growth and an open question which remains is related to the two patters (Hockerts & Wüstenhagen, 2010; Wüstenhagen, 1998) called “emerging Davids” (growing into the mass market) and “multiplying Davids” (each maintaining their size). Against this background, two important issues can be drawn from extant research:

- first, bioneers operating in the niche – and thus independent from fierce competition and fixed innovation trajectories in mass markets – are very important to introduce radically new sustainability-oriented innovations. In the textile industry, for example, Patagonia pioneered organic cotton (Fowler & Hope, 2007) and Manomama has introduced a regional production system in Germany (Plieth et al., 2011). Their operation in the niche is thus inherently linked to their innovativeness towards sustainability.
- Second, it remains unclear if and how entrepreneurs have an impact on the industry if remaining in the niche. One important topic which is either implicit or explicit part of the latter case studies is thus the question of growth strategies and related trade-offs of bioneers. Subsequent to the entrance of established large firms into markets for sustainability-oriented products it can become a challenge for bioneers as they either

need to compete with their larger counterparts for market shares or need to find ways for protecting their niche (Holt, 2012). When growing into the mass market, trade-offs between economic, environmental and social goals may occur (Hahn et al., 2010) which puts them at risk of losing their radical sustainability orientation.

Given these two insights, one central challenge is how to develop and open up these pioneers into and for the mass market in order to increase their sustainability impact (Hockerts & Wüstenhagen 2010; Schaltegger & Wagner, 2011; Wüstenhagen, 1998) while not losing sight of their important, radical innovation orientation that explicitly scouts for sustainable options beyond the 'already given' mass market and its 'business as usual' of marketing.

Against this background we are interested in the following research questions:

- (1) Which strategies – openness vs. closure – do sustainable entrepreneurs employ with regard to growing their offerings into the mass market?
- (2) In which manner do these strategies manage to balance the tension between the radical sustainability orientation and economic opportunities from growth?

METHOD

We conducted a single longitudinal case study (Yin, 2003) in the food sector with the small family business Voelkel. Voelkel is family owned in the third generation and has experienced dynamic growth over the decades. It is a producer of exclusively organic juices with a very high share of Demeter certified products, the most ambitious organic certification system worldwide. The company has been successfully diversifying its product portfolio from pure fruit and vegetable juices to lemonades and life-style drinks. This makes Voelkel an “extreme case” of particular interest for case study research (Yin, 2003).

The institute where the authors are based at has been doing research with the company for several years so that a close relationship has evolved. This “engaged scholarship” (van de Ven, 2007) enabled not only better access to (informal) data, but also allowed to analyze processes when they did unfold rather than a mere ex-post analysis (van de Ven & Poole, 1990).

PRELIMINARY FINDINGS

Voelkel has pursued a strategy of organic growth in terms of remaining radical in their openness for sustainability-oriented innovation while concomitantly employing a sensitive strategy of incremental opening for the mass market. The company has been successfully diversifying its product portfolio from pure fruit and vegetable juices to lemonades and life-style drinks. During this process the personal conviction of the owner-manager to “do the right thing” has played an extremely important role. Various trade-offs between growth opportunities, sustainability impacts and consequences for the organizational identity and conviction have been treated with. To give an example, the owner refrained from introducing a product line for new market segments (e.g. sports) as he is strongly opposed to plastic bottles (existing products were all distributed in glass bottles) for reasons of decreased product quality and negative ecological impacts. In this paper we will shed more light into these growth and non-growth processes, the role of the entrepreneur and the organizational measures that have been undertaken to institutionalize both the capacity for sustainability-oriented innovations as well as the capacity of adapting to the demands of the mass market.

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