

The Good Fill - A Unique “Zero Waste” Business Deals With Unexpected Success and Potential Expansion Opportunities

Joseph Bamber
Lipscomb University

Rick Holaway
Lipscomb University

Joe Ivey
Lipscomb University

This case study follows a female social entrepreneur on her journey as she starts a zero-waste retail business with unexpected press and success. Based on interviews with the entrepreneur and her family, this case puts students in the decision-making process, considering questions of purpose, sustainability, opportunities, and work-life balance. The case features an accompanying website with press articles, videos, case timeline, financial documents, product prices, and other resources. The case is intended to be taught in a team format with teams advocating for a potential scenario. This case is suitable for students in upper class courses in strategy, management, entrepreneurship, or social entrepreneurship.

BACKGROUND

Megan Gill looked out across the beach in Jaco, Costa Rica. Rundown shacks contrasted sharply with multi-story hotels for tourists. Some came for the surfing, while others came for the booming sex industry. A hairdresser by training, Megan had a passion for social justice that had led her to start Love and Scissors, a non-profit to help keep youth out of sex trafficking by giving them hope and potential employment in hair styling. She had spent several years on this project and was proud that three of her graduates had found employment in the styling industry.

Other issues flooded Megan’s mind as she contemplated her next steps. She had seen the exploitation of workers in Costa Rica and other developing countries to satisfy US demands for cheap goods. She also thought about the amount of waste created in the whole supply chain, and took pain in the thought of how many plastic bottles she was throwing away in her work as a hairstylist. The final straw was when Megan took a hike with friends in the jungle in Costa Rica. The group was looking for a spot where a beautiful waterfall should have been. Instead, all they found was a huge pile of trash in the middle of the rainforest.

Megan spent the next three years researching and dove head-first into learning everything she could about the emerging “Zero Waste” movement, where hardcore devotees vowed to keep all of the trash from their whole life in a one gallon bucket.

In a world ordered on convenience and filled with throw-away containers of all sorts, the seeds of a business idea came to Megan. She would create a business based on daily needs, such as shampoo, soap,

and other household necessities. All her products would be on a Zero Waste model - people would bring their own containers to fill them up in bulk, or she would ship them out in reusable plastic pouch that could be refilled over and over. She would also focus on organic products created in a sustainable manner, such as cotton shopping bags, bamboo cleaning brushes, reusable coffee cups, and other accessories to help people reduce their waste.

Megan had little idea that in just two years she would be facing several critical decisions about how to best operate her business and maintain her sanity.

FIRST VERSION - ONLINE STORE AND POP-UP MARKETS

The Good Fill launched first as an online store in October 2017 and then in a series of pop-up markets beginning in March 2018 inside a local plant shop near Megan's home in East Nashville with the mantra "Re-fill, Re-use, Re-think". These markets were a valuable learning experience for Megan to discover what customers wanted. She noticed that there was a huge educational component to the store - people wanted to learn more about the lifestyle changes that went along with buying sustainably sourced products in a way that reduced waste.

Megan was conflicted. Despite decent sales at these pop-up markets, Megan kept saying to herself "this isn't going to work, I am just going to give up." She was daunted by how many people had never heard of the Zero Waste movement or had no clue about the number of plastic bottles that were never recycled and filling up landfills instead. She feared that not enough people would be interested in her concept. In addition, she had just given birth to her first child in late October 2018. She decided she would not have time to pursue the business.

However, the very next morning while recovering at home, multiple orders totaling thousands of dollars in products came in after someone shared the link to her store on a popular blog. She also remembered all of the encouraging feedback she had received from her customers both verbally at the pop-up markets and when customers ordered products online.

Megan knew that this store was not about her anymore - it was a necessity for the market. She spent the next 6 months in research and prepared to open a tiny retail space in July 2019. Her hope was to combine what she had learned from her online store and the pop-up markets into a retail location in East Nashville that she could operate by herself without too much stress.

See the "timeline" page on the case website for a breakdown on the beginning of The Good Fill. bit.ly/goodfillcase

"SOFT" LAUNCH

Megan worked diligently to prepare for the launch of The Good Fill in a retail incubator space in a trendy neighborhood with other new stores. It was 300 square feet of retail space in front and 300 square feet of storage in the back.

Megan set a "soft launch" date for July 10th, 2019, with plans for a grand opening that September. This gave her time to improve the business and prepare for more traffic. Her plan was upended when Newschannel 5 heard about her store through a social media post and showed up on her first day of business. The results were incredible and yet challenging. Megan sold out of several of her more popular products within the first few days and had to wait weeks for refills. Several other news outlets did TV stories, newspaper articles, and social media posts about her innovative business. (See the "Press" section in the Appendix or on the case website for examples.)

Megan's hope for a soft launch was replaced by an exciting but difficult struggle to keep up with demand.

CHALLENGES

Despite the excitement of the press and buzz around her new retail store, there were many challenges for Megan to navigate. She had given birth to her first child in October of 2018. She navigated the business, ran pop-up markets, and survived the intense months leading up to her July 2019 retail launch with help from her husband and many other friends. However, she was nearing exhaustion as she struggled to keep up with the many aspects of running the store. She called in friends and neighbors and hired them to work for her so she could manage the growing demands of keeping up with inventory, press and media inquiries.

Megan was working 60 hours per week while also being the main caregiver for her daughter, and she was exhausted. She had not slept more than four hours straight for over 18 months, and dreamed of traveling in an RV for a year with her daughter and her husband, a filmmaker working on a project about the foster care system. Her hope was that she could find a manager to run her business and find a way to be less in demand for the day to day business operations.

Megan's prices (see the "Products" page on the case website) were based on what she had always done in her previous work - she would normally take her cost and multiply by 2 or 2.2 in some cases. However, as she looked at her numbers, she wondered if her prices were too low to sustain her business.

In the midst of all of these competing demands for time at home and work, Megan received multiple requests on social media from people wanting to start their own Zero Waste store. Megan realized that her window of being the only retail store of her kind might fade quickly with competitors drawn to a unique business model.

Thankfully, she had recently come across a variety of opportunities that might help her grow her business and realize more freedom for her and her family.

OPPORTUNITIES

"This could blow up, or it could implode." That was a constant thought in Megan's mind as she thought about the opportunities she had already received after just a few months in business. Multiple requests from people interested in investing in her business, wholesaling her products, asking to franchise her business concept were exciting but difficult to evaluate. With the help of a friend, Megan laid out several different possible scenarios for the future of the business.

Keep It Simple - One Retail Location With Digital Presence

In this option, Megan would continue with her current physical presence in East Nashville. She would maintain the existing retail presence with storage space to service online sales. Her primary focus would be on hiring a quality manager and staff so she could optimize profitability while also giving herself the flexibility to work less time at the business as she became confident in her team's ability to operate without her.

Wholesale and Expanded On-Line Business

For this scenario, Megan would look to expand her wholesale and online business significantly. The largest zero waste store in New York City had recently reached out to Megan. They wanted to wholesale her natural dish soap, which she had sourced from a little known company and had received many rave reviews. She would pursue this relationship and also see what other zero waste stores would be interested in wholesaling her products. In addition, she would seek to expand her online sales to consumers as well. She would have to consider finding additional space to store increased inventory, hiring / training new staff to do sales and business development with other zero waste stores, and also hiring / training new staff to increase online marketing and order fulfillment. The initial time investment would be more but over time Megan might be able to reduce her involvement.

Expand Retail Presence Regionally Through Investment

One opportunity was a potential investor who had invested in a company that made compostable diapers and Keurig capsules. He wanted to invest \$100,000 in The Good Fill if Megan would open four other retail shops in the mid-Atlantic region, with the only stipulation that her stores would carry his products. The challenge for Megan was that she couldn't see how diapers would be compostable and was not sure if this was a good fit for her customer base or what kind of control over her store this investment might include.

Expand Retail Presence Nationwide Through Franchising

In the first week her retail space opened, a couple in Oregon had contacted her and asked if Megan would be willing to franchise or sell her business concept to them. Over time more and more inquiries flooded in until she had received almost thirty messages from people interested to know if she would franchise her business. Megan had not documented her business model but thought franchising might be one way to expand her business and revenue with less personal stress in managing each location. She would sell the products to each franchise store at wholesale cost as well as creating a branding and operations manual based on her current retail operation.

This case is designed to be a team-based decision case. Your team will be assigned one of the above scenarios to prepare an analysis based on the following questions:

1. What motivates Megan to make The Good Fill a success? How does that motivation fit with your assigned scenario?
2. What are some of the current macro trends that affect Megan's business?
3. How does The Good Fill compare to its three primary competitors using a Competitive Strength Assessment? (Refer to Appendix for more info on this assessment)
4. Based on a Business Model Canvas, what are the five most critical capabilities that The Good Fill needs to possess? (Refer to Appendix for more info on the Business Model Canvas.)
5. If you were Megan, would you pursue your assigned scenario? Why or why not?

APPENDIX

Case Website: bit.ly/goodfillcase

Timeline:

1. "Megan Hawkins looked out over the skyline of Jaco, Costa Rica.": **2010-2013**
2. "Led her to start Love and Scissors": **January 2011- Present**
3. The idea: "She would create a business based on daily needs...": **2015-2016**
4. The physical: "The Good Fill Launched first as an online store and then in a series of pop up...":
October 15, 2017
5. "Megan considered closing the business": **Jan 15, 2018**
6. "Megan gave birth to her first child": **October 28, 2018**
7. Opening of retail space: **July 10, 2019**
8. News Channel 5 article: **July 10, 2019**
9. \$100k investor contacted her: **August 1, 2019**
10. "Megan received multiple requests on requests on social media": **August 7, 2019**
11. People in Oregon asking for franchise information: **August 10, 2019**
12. Tennessean article: **August 11, 2019**
13. New York City wholesale request: **August 2, 2019**
14. Fox article: **September 4, 2019**
15. Offer for Franklin: **August 26, 2019**

Press:

<https://www.newschannel5.com/news/as-plastic-free-movement-grows-package-free-shop-opens-up-in-east-nashville>

<https://www.tennessean.com/story/news/2019/08/12/east-nashville-good-fill-city-first-zero-waste-store/1774179001/>

<https://fox17.com/news/project-nashville/project-nashville-metros-zero-waste-plan-calls-for-mandatory-recycling-and-composting>

Business Assessment Tools:

For students to successfully prepare your case response, they will need to use three tools: PESTEL, Competitive Strength Assessment, and the Business Model Canvas.

1. PESTEL
 - <https://www.business-to-you.com/scanning-the-environment-pestel-analysis/>
2. Competitive Strength Assessment
 - <https://www.delawarebusinesstimes.com/competetive-strength-assesment/>
 - <http://research.uvu.edu/management/mcarthur/Mgt4830web/Comp%20strength%20assessme nt.pdf>
 - <https://edwardlowe.org/how-to-conduct-and-prepare-a-competitive-analysis/>
3. Business Model Canvas
 - <https://www.youtube.com/watch?v=IP0cUBWTgpY>
 - <https://canvanizer.com/>
 - <http://www.alexandercowan.com/business-model-canvas-templates/>

The Good Fill Teaching Note

This case is designed to put students in the shoes of a social entrepreneur at a crucial decision point in her business. The case should be assigned for reading and teamwork preparation before discussing the case as a class. It is also suggested that you direct the teams to the case website: bit.ly/goodfillcase

Learning Objectives: At the conclusion of this case, students should

1. Understand how personal motivation affects business decisions.
2. Improve skills in analyzing specific business situations.
3. Exhibit critical thinking by drawing conclusions from their analysis.
4. Practice making business decisions that are supported by specific evidence and rationale.
5. Understand that business decisions vary based on the context surrounding the decision.

We suggest teaching this case in a team format and have designed this teaching note accordingly. The class will be most effective if you will assign each team one of the scenarios and have them prepare the following questions with that scenario in mind. For the best use of class time, teams should complete this preparation before class and should provide you evidence of having done so.

1. What motivates Megan to make The Good Fill a success? How does that motivation fit with your assigned scenario? (LO 1)
2. What are some of the current macro trends that affect Megan's business? (LO 2, 3)
3. How does The Good Fill compare to its three primary competitors using a Competitive Strength Assessment? (LO 2, 3)
4. Based on a Business Model Canvas, what are the five most critical capabilities that The Good Fill needs to possess? (LO 2, 3)
5. If you were Megan, would you pursue your assigned scenario? Why or why not? (LO 4, 5)

For students to successfully prepare this case, they will need to use three tools: PESTEL, Competitive Strength Assessment, and the Business Model Canvas. If you have not taught these in your class, you should refer them to the links in the Appendix to explain how to use these tools.

We have designed this class for 75 minutes in three movements and a conclusion. We do not believe this case is appropriate for a single 50 minute session unless you take a portion of an earlier class to explain the case and give teams homework to prepare an analysis or presentation advocating their assigned scenario.

The first two movements flow from the preparation questions while the third one requires in-class application. We believe the third movement is most meaningful if students do not prepare specifically for it (although Preparation Question 5 starts the process) and have to respond to it in a more immediate environment.

Movement 1 (LO1: 15 minutes)

For this movement, you will want to engage in a whole class discussion flowing from the first preparation question. We believe this discussion is a good opportunity to explore various business motivations. At the conclusion of this movement, your students should better understand their personal motivation as well as seeing that motivation does not apply to everyone.

You should present the following questions in a rapid question format, calling for all in the class to participate.

1. What motivates Megan to make The Good Fill a success?

One approach is to place short answers to this question on the board. After you have collected 5-10 items, ask students for their evidence supporting their views of her motivation. This evidence will get key facts of the case presented. You may also want to pursue whether her motivation has evolved since she began the company.

We believe her primary motivation involves her passion for global justice, including reducing waste and resource exploitation, and her desire to have a small retail store that she could work part time as a mother. This has somewhat evolved from the beginning as press and momentum have led Megan to

consider opportunities for expanding her impact while potentially increasing profit, and also at some point being able to spend less time on the business and more time with her family.

2. How does that motivation fit with your assigned scenario?

Depending on students' view of Megan's current motivation, they may point out that:

- Megan only wanted to have a small retail store in the beginning. Should she change that vision based on outside interests?
 - It seems like Megan wants to work less on the business. Some of these scenarios would involve a lot more time initially at least.
 - Does Megan even care about compostable diapers or Keurig cups?
 - Is she too independent to work with an investor?
3. After you have explored Megan's motivation, you should ask "**How does her motivation for being in business compare to yours?**" We expect that several of your students would have similar motivations as Megan while others will have motivations more focused on wealth creation and success. A rich discussion (extended time) could ensue by asking students to defend their personal motivation position.
4. To wrap up this movement, you can ask for a show of hands to the following question, "**If you were making the decision, which scenario would you choose?**"

Movement 2 (LO 2, 3: 20 minutes)

For this movement, you should put each scenario on the board with the following categories arranged horizontally under each one: Macro Trends, Competition, and Capabilities. (Be sure to leave space for the activities presented in Movement 3.) If you have multiple teams assigned to each scenario, you can decide whether to have separate board space for each team or to have all teams considering a scenario use the same board space. Each team should put short answers to the following questions under the appropriate category. Have them put + or – beside each answer indicating its current affect on the company.

- 1. What are some current major macro trends that could affect her business?**
- 2. What competitive factors will most affect The Good Fill's future?**
- 3. What are the five most critical capabilities that The Good Fill must possess?**

Obviously, the speed of completing this portion of the movement depends on the team's prior preparation. We recommend allowing 10 minutes for the teams to collect their thoughts and place them on the board.

For shorter classes or where you may not have board space, you could instead have student teams share a 2-3 minute presentation of their scenario that they have prepared in advance.

After these boards or presentations are complete, you should spend 10 minutes asking students to provide evidence and rationale for their conclusions of selected items. We suggest you focus on items that show differences in each scenario. If you do this, you can naturally explore why these differences exist.

Movement 3 (LO 4, 5: 15-30 minutes)

This movement requires that students synthesize all of their analysis into salient conclusions and then determine actions based on these conclusions. You should push students to go beyond restatement of their analysis and into making critical judgments about importance.

Each team should determine the answer to the following questions. If using boards, teams should indicate their answers by circling the factors on the board. The + or – markings from Movement 2 should indicate findings of success or hindrance. By this point, the students should be familiar with the analysis; therefore, we suggest allowing 7 minutes to complete this part of the movement.

If you are not using boards, use the following questions to lead a 15-minute class discussion.

- 1. What are the 3 findings that you could address that would most allow your scenario to be successful?**
- 2. What are the 3 findings that could most hinder the success of your scenario?**

The answers to these questions will vary based on the findings from Movement 2. For the purpose of this learning objective, getting specific answers is not as important as the discussion that follows.

At this point you should ask, ***“Why did you select these findings?”*** Use 8 minutes for broad class discussion. Be sure to insist on answers that exhibit critical thought, such as prioritization, strength of evidence, personal motivation and lifestyle changes.

After you have completed this discussion, have each team answer the following: ***Given these findings, what are at least 3 specific and actionable next steps Megan should take?*** Instruct them to be sure that the steps flow from the key findings above. Allow 10 minutes for the teams to answer the question and place the answers on the board. After the answers are on the board, choose some from each scenario and spend 5 minutes exploring why they are different from the actions in the other scenarios. You should be able to trace the differences back to the goal of each scenario or to some of the findings that are unique to a particular scenario.

Conclusion (10 minutes)

To conclude the class and tie together the content, ask, ***“If you were Megan, would you pursue your assigned scenario?”*** As various students respond, you should ask if their responses are because of personal or business reasons. If your time for this section is limited, you may want to call on three students whom you believe would give answers that are appropriate for concluding the class. We believe the key take-aways are that personal motivation affects business decisions, that those motivations are indeed personal and vary by individual, and that context determines what actions are best for a business to take.