

Entrepreneurial Marketing at Big Ass Fans

Introduction

The purpose of this work is to identify an organisation that seems to illustrate the art of being a small business owner/manager. The company chosen for this report is Big Ass Fans (hereafter BAF), a Kentucky-based firm that primarily manufactures fans and lights for industrial and commercial use. It meets the criteria of the Small Business Administration's (SBA, 2016) definition of a small business as it has less than 500 employees. It was chosen for that reason but also because it is a quirky company, which attracted the author to it, and because there was enough data on the company's practices to align it with the theory introduced in the module. The organisation spun off from a small fan manufacturing shop that Carey Smith (the BAF's founder) had established in 1999 (Sloan, 2012). However, a fall out between the partners and other changes prompted Smith to move out on his own and rename the company from HVLS Fan Co to 'Big Ass' (since customers were calling in and asking for the fans by that name) (Sloan, 2012). The way BAF markets to customers aligns well with the theme of entrepreneurial marketing that was discussed in the module. To demonstrate this, the work will show how, by comparing and evaluating practice against academic articles on entrepreneurial marketing (Hills et al., 2008; Stokes, 2010; Jones & Rowley, 2011), the way Big Ass Fans engages in marketing techniques.

Entrepreneurial Marketing

The uniqueness of marketing in the context of a small business was recognised by scholars from decades ago (Morris & Paul, 1982; Hills & LaForge, 1992). In fact, many proposed that SME marketing could be characterised as entrepreneurial marketing (Stokes, 2000; Burns, 2012), a distinctive style that is "inherently informal, simple and haphazard approach" (Jones & Rowley, 2011, p. 27), resulting from the unique factors that are relevant to the small business, including the small size, marketing limitations, lack of formal and organisational structures, communication systems and other factors (Bridge & O'Neill, 2013). Thus, although marketing textbooks (Kotler & Keller, 2006; Kotler, 2014) traditionally advocate top-down approach called STP whereby (i) segments of the market identified and developed, (ii) an assessment of each segment is executed and (iii) selected, and then finally (iv) the marketing mix, or the four P's, is executed in a unique way to differentiate the offerings from competitors

so obtain a unique positioning, small organisations do not use this approach. Indeed, Stokes (2000) challenged this traditional view by suggesting an alternative paradigm; namely, that successful entrepreneurs execute marketing and unconventional ways. Through a 4I entrepreneurial marketing model. Unconventionality happens to define BAF, and Stokes 4I entrepreneurial marketing model is aligned with BAF's strategy, and in many ways, as assessed more below.

Innovation

The first 'I' of the 4I model is innovation (Stokes, 2010). Although there are several different definitions of what innovation is (Baregheh et al., 2009), it may be understood as making incremental adjustments to products and services (Stokes, 2010). Certainly, innovation is applicable at BAF, and it has to be considering that the company manufactures what it believes to be the "world's most efficient fans" (BAS, 2016) for residential, commercial and industrial purposes. Innovation can be seen in the way that its products, such as the Haiku fan, has more than 19 international design and technology awards (Sloan, 2012). These awards have been achieved because BAF relies on those skills, experience, and knowledge of its employees, namely, the more than 40 engineers who drive product development and innovation (Skea, 2013). But also the research and development lab that it has built specifically for the development of fans (what was called "Badonka Donk," now called, "The Kitchen" (Mochari, 2014). As well as the strategic partnership that it has established with the American Society of Interior Designers provides them with the opportunity to improve the product design and make it more traffic to customers (Skea, 2013). The investments in these functions are likely able to elicit innovation orientation (Siguaw, et al, 2006), whereby the entrepreneur demonstrates our investment activities that allow for customised approach the market for innovation in products, strategies or services (Jones & Rowley, 2011), and likely what contributes to the s 95 patents (with 129 pending) that BAF has secured.

It is likely that the employees who work for BAF are more willing to be creative and invest their time and energy for the firm considering the amount of care and attention the company gives to its employees. To give some examples, the average wage for the employees exceeds the national average by 30% (approximately \$25 an hour, before benefits) (Skea, 2013), BAF allows engineers to pursue the projects they want, they encourage employees

to rotate into different jobs to keep them "happy and motivated" (Stelle, 2013, p. 1) and other reports (Watson, 2021) also indicate that the firm has a five o'clock quitting time that is "legendarily enforced", offers work-life balance policies, has pool tables on the job site so employees can relax, offers company picnics and creates a family atmosphere that likely increases intrinsic motivation for most of the individuals working there. These are all factors that increase perceived organisational support (POS) (Rhoades & Eisenberger, 2002). This is also likely facilitated by the lack of hierarchy where, according to the UK Institute for Workplace Innovation, at BAS "people from different departments and managerial levels tend, and are encouraged to come easily access one another" (Werner & Swanberg, 2012, p. 18). The overall goal of these policies likely leads to innovation and employee retention, the latter being a key goal because as Smith observes

"It's not always just about the skills; it's about understanding the business, and that takes some time for a new employee. To be able to hang on to your staff that's been there, and that understands the business is a real advantage." (Pullen, 2015, p. 1).

Investing in innovation as BAF does, whether it is investing in research and development or using the policies that are discussed above, provides them with the opportunity to carve out new markets and reach out to new customers, too. Gwelen Paliaga, who is part of the American Society of Heating, Refrigerating and Air-Conditioning Engineers said that there is "literally no one else in the industry who is taking ceiling fan products and pushing them" (Sloan, 2012, p. 1), rethinking them and trying to make a revolution in them in the same way that BAF's engineers and designers are doing. As Smith said, "with manufacturing, people assume you're making a fan, and it's always the same fan, and you're always trying to cut the cost But that's not how it works at all" (Sloan, 2012). Innovation thus provides the company with the ability to add value in the product and increase the value proposition (Piercy, 2001) that is delivered to the customer, as Smith seems to be hinting at in the quote above.

Identifying Target Markets

Identification of target markets is the next aspect of Stokes (2010) model, and what it confers is that small businesses like BAF tend to occupy niche markets where they serve a unique group of customers (for BAF, mostly industrial/commercial). However, the execution of identifying target markets is done differently, through

'entrepreneurial targeting' (Stokes, 2010) where the small business owner or manager will (i) identify a market opportunity, (ii) attract an initial customer BAF and (iii) expand by word-of-mouth. This is then 'bottom-up' instead of the 'top-down' marketing approach that is commonly found in marketing textbooks, and the theoretical approach that is described by Stokes (2010) does apply at BAF.

Indeed, as it pertains to (i) the identification of the market opportunity could be seen with the way that Smith started BAF. Smith had worked on cooling industrial roofs but, as he said, "it became apparent that being able to move air within a space with fans was interesting" (Pullen, 2015, p. 1). With the help of others in his team (including Dr. Richard Ainsley, the head of R&D and the "leading mind" behind the technology), they came up with the idea of giant airflow-altering fans, hence the creation of the HVLS Fan Company (high volume, low speed) (Pullen, 2015) that would later be renamed to BAF. So the first part, identify market opportunity, was evident. Also, from the way that the company's founder, Smith, identified the opportunity and decided to take on risk, does suggest that he has what scholars (Jones & Rowley, 2011) call an entrepreneurial orientation, which is usually defined in accordance with specific characteristics such as risk-taking, proactiveness as well as innovation.

As pertaining to (ii) attracting an initial customer BAF, that was a huge concern for Smith and explains why he encouraged free trial periods as it was initially a means in which to get the product into factories and warehouses (Werner & Swanberg, 2012): "it is still one of our main selling trends; we get people understand so that they can see that they do work and have them talk to their existing customers" (Werner & Swanberg, 2012, p. 17). In this way, BAF is able to elicit positive word of mouth and generate further sales, while also building equity in the brand name, hence showing evidence of (iii) generating word of mouth. Thus, the process of entrepreneurial targeting that Stokes (2010) described, in theory, does actually apply in practice.

Interactive Marketing

Stokes (2010) also suggests that in smaller firms, the ability of the owner/managers to be able to establish relationships or dialogs that the customer is the fundamental selling point and so there is much emphasis in responsiveness and interaction, or relationship building, with clients and perhaps in comparison with traditional firms. Indeed, in traditional marketing, most organisations emphasize a transactional relationship (Li & Nicholls

2000), whereas with small businesses the relationship view is much more critical. Interactive marketing, like the other 'I's in Stokes (2010) model is also applicable to BAF.

To give an example, Smith at BAF explains that today, as it has from the start, creates customers by emphasising relationships. Hence one of the core aspects of marketing at BAF is that it has a direct sales team. As the company website states, "no middlemen, no mark-ups, no B.S." (BAF, 2016), implying the firm's executives value working directly with the customers. Indeed, the organisation's executives indicate that, in so doing, it enables them to have a better standing about customer problems so that they can figure out better ways to solve them, and thereby build relationships that are longer lasting and more valuable than having high turnover rate (Werner & Swanberg, 2012). This is likely very useful in generating a customer orientation (CO) (Jones & Rowley, 2011), which fundamentally involves having a thorough understanding of customer needs and wants, building relationships and demonstrating an attitude towards "consistent customer dedication" (p. 28). BAF in fact not only uses a direct sales team for its fans to sell to customers (industrial and residential) but they also have employees who, in Smith's words, "focus exclusively on our relationships with interior designers" (Skea, 2013, p. 1) so that they are able to create relationships in that way, too.

The desire to emphasize relationships also explains why the company does not use traditional marketing techniques that large organisations may use, like television or other kinds of mass marketing techniques (something SMEs tend to avoid, anyway) (Burns, 2012). Instead, BAF seems much more value in "listening to our customers" (Rooney, 2010) and so find social media particularly helpful, having an active Facebook and Twitter account (Rooney, 2010). This aligns with the broader literature (Taneja & Toombs, 2014) that shows since 2008 the number of small businesses using social media has doubled as owners/managers of small businesses see it a useful way to not only increase awareness and visibility but to attract new customers and communicate directly with customers. They do however use magazine such as Elle Decor and others in order to raise awareness about the product, as well as local papers like the New York Times or USA Today (Rooney, 2010).

Informal Information Gathering

The last aspect of the model implies that the owner/manager will keep an eye on trends in the marketplace were generally through informal networks, whether speaking to customers, suppliers or staff, rather than executing the more formal approaches to market research as pressure companies may decide to use (Stokes, 2010). Evidence for informal information gathering also exists, such as the way that BAF was pulled into the residential market. Originally, BAF's focus was to get products to commercial or industrial organisation, but they were actually "pulled into" the consumer space because, as Al Barlow, the chief marketing officer at BAF indicates, they started to get more and more requests for customers asking for fans like the ones that they found restaurants or other commercial buildings (Rooney, 2010). According to Barlow, "So we said, "You know what? Let's give it a shot. Let's make an effort in this, let's do it right" (Rooney, 2010, p. 1). Thus, rather than deploy some of the typical marketing tools and tactics that may be used to execute strategy, including for instance PEST (examining macroenvironmental factors like political, social, economic and technological factors) or SWOT or using market research to inform strategy, informal approaches are used so that, again, there is evidence of a 'bottom-up' approach rather than a top-down strategy. This aligns with the literature that shows small businesses or entrepreneurial firms may have different marketing competencies including a better understanding of customer needs (Hill et al., 200).

The application of informal information gathering can even be seen in the way that BAF went from focusing only on fans to focus on offering solutions and creating an entirely new division Haiku Home, focusing on smart home technologies (Crist, 2016). The change was elicited not because the executives invested in qualitative or quantitative market research but because of the way they were able to 'keep their ear to the ground' and stay connected with market trends (Lectures). For instance, BAF executives realised there was an opportunity to tap into the smart, connected home technologies as customers talked to the company about ways to save their electric bills. So as Smith said, "what the consumer is actually asking for is a house where they can walk from their bedroom to their child's bedroom, and it is automatically lit appropriately [...it's an anticipatory, responsive environment" (Crist, 2016). That fostered a new vision for the company, one where it is not focused exclusively on building fans but providing broader solutions for its clients. Vertically integrating into building software for smart homes is easier, according to Smith, because they have already been adding coders for firmware and sees the

transition to software easier than moving from being a software company to a manufacturing one (Crist, 2016). Therefore, this is an example that shows how the corporate strategy might change as a result of the informal information gathering approaches, signalling it might be more effective than formal techniques in being able to identify and respond to opportunities in the market. The use of the strategy also reveals how companies may avoid market myopia (that is, being too product or inward focused) and develop the market orientation that has been hailed as a critical success factor for firms of all sizes, whether small or large.

It is because of the marketing approach that has enabled the company to experience as much growth as it has. Although a private company, which means does not disclose its sales, it did land on Inc. magazine's list of the fastest-growing companies in the United States (Werner & Swanberg, 2012). Smith does not, however, have any plans to take the company public, explaining that it is not a success to him if he sells his business:

"We don't need that because we're able to make money, and we don't need somebody else telling us what to do. We can do whatever the hell we want. There's nobody saying the stock price is down and do this to fix it," he said. "The fact that we're privately held makes a big difference" (Sloan, 2012, p. 1).

As long as Smith is at the helm of BAF then it is likely the unconventional approach used by smaller organisations will continue, as will growth., and it shows the benefit of moving away from the rational, top-down approach. Indeed, as Hills et al. (2008) argues, successful entrepreneurs do not act in accordance with the sequential behaviour assumed by marketing theory; instead, as Smith does, the entrepreneur "continuously with the market, their vision and customers' preferences present in their minds, always thinking of how to improve customer value" (p. 110) and as shown in the evidence provided here, this is insight that applies to BAF.

Conclusion

Overall, the purpose of this work was to assess the literature on a theme chosen, entrepreneurial marketing, to determine whether, in that case, there is alignment with theory and practice. Based on the company chosen, BAF, it shows there is a relationship with theory and practice. Indeed, the components of the 4I model, innovation, entrepreneurial targeting, interactive marketing as well as informal information gathering were all evident. This

shows that, indeed, the way that marketing is carried out by smaller organizations differs from the traditional techniques and strategies that may be preferred by larger firms.

Reflection

This module helped me to understand the way small businesses operate, from start-up to marketing and branding. This assignment helped me to understand the relationship between theory and practice as pertaining to marketing in particular, but in reading the sources on the company, I could have very well wrote about finances (considering the company was self-financed by the CEO), or branding (the firm has a unique name and mascot and uses Twitter for branding). I also learned a lot from the first assignment, using higher standard references and critical evaluation so that, this time, I was able to generate deeper insight and appreciation how executives run small companies in real life (seeing how they apply 'innovation' and 'informal information gathering' for instance). I now understand some of the differences between large MNCs and small organisations and why the latter differs in operation and execution.

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