

Chapter 5

Entrepreneurial or Not?

Asymmetrical Business Models of UK Fashion Micro-Enterprises

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ABSTRACT

UK fashion micro-enterprises, often founded by creative individuals, need to be entrepreneurially oriented and develop a business model that sustains their growth during the critical early phase. Literature on this phase offers guidance in best practice and survival strategies for the operational challenges that emerge, however the business models that sustain enterprise development and provide the blueprint for growth strategies have not been examined. This chapter explores how micro-enterprises integrate entrepreneurial actions into their business models. By applying literature on best practice in fashion designer businesses and entrepreneurial orientation (EO) to the business model concept, a conceptual framework is developed and serves as a point of reference to analyse the current business models of five micro-enterprises. The study finds that business models in this segment of the fashion sector are asymmetrical and EO emerges in some components of the business model and not others.

INTRODUCTION

Fashion is inspiration, creativity and intuition. But it is also organization, strategy and management. These two apparently contrasting sets of elements have to come together to ensure the success of a business idea. (Renzo Rosso, Diesel)

Taking a largely UK perspective, this chapter examines entrepreneurial behaviour during the early growth phase of a fashion enterprise. This study aims to offer insights, based on empirical research, both to the prospective fashion entrepreneur as well as to current research on entrepreneurial orientation and actions in the fashion context. The experience of premium and designer fashion enterprises have been selected

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for the focus of this study, because this segment of the fashion industry has garnered considerable interest among domestic government and trade associations due to its high global profile as a leading exemplar of British creativity and design talent (British Fashion Council, 2009, 2014). Within the international fashion industry, UK emerging designers are recognised as enjoying considerable creative acclaim, but commercial success is not always consistent.

This chapter builds on previous research that explores the challenges facing designer fashion businesses and applies the framework of key survival strategies and best practice (Caro & Basso, 2014; Malem, 2008; Meadows, 2012) to identify how and if fashion entrepreneurs have implemented these strategies in their current business models. Through analysis of early phase business models, the study aims to identify the thresholds and the breakthroughs in this growth phase that could positively impact the development of different areas of the micro-enterprise.

The chapter begins with a literature review of the background of the topic and explores the three key strands of literature that underpin the research study. Firstly, the fashion industry context and the particular challenges facing the designer fashion business segment are explored (Braham, 1997; Burrows & Ussher, 2011; Caro & Basso, 2014; Malem, 2008; Meadows, 2012). Secondly theories on entrepreneurial orientation, opportunity recognition, discovery and creation are discussed for their relevance to the creative or fashion industries where products are consumed for their symbolic meaning over and above functional properties (Solomon, 1983). Lastly selected business model concepts are reviewed to assess how opportunities are discovered, ideated and enacted within the structure (Andersén, Ljungkvist, & Svenssen, 2015; George & Bock, 2011; Moore & Birtwistle, 2004; Osterwalder & Pigneur, 2010; Ries, 2011).

The main body of the chapter presents the empirical research on the current business models of five selected UK premium and designer businesses that are in the early growth phase. The conceptual framework derived from the literature review on best practice and survival strategies is used as a point of reference to analyse the current business models of these micro-enterprises. The impact of entrepreneurial orientation is examined and the impact on different parts of the business is evaluated. General lessons are drawn from this analysis on entrepreneurial actions, business model asymmetry and development, as well as the prospects and opportunities that these pose for micro-enterprises in the fashion sector.

The following section discusses the contribution of this study to Strategic Entrepreneurship research in two aspects: firstly, the sector-specific focus of fashion offers insights into the business models for symbolic products, and secondly, the relevance of a practice-oriented perspective in Entrepreneurship research. This may offer insights and solutions for entrepreneurial actions and business models that may also be useful to sectors that function in a similar manner to the fashion sector, due to the type of products or to the volatility and responsiveness of the consumer. New directions for research are suggested that extend the notion and understanding of how entrepreneurial actions impact the components of a business model, and how these business models may evolve over time. The chapter concludes with an overview of the key insights that have emerged from the research and its contribution to Entrepreneurship research.

The aim of this chapter is to provide empirical evidence *about* the entrepreneurial actions and business models of early growth fashion micro enterprises to elucidate these actions and structures *for* the practice of entrepreneurship in the fashion sector in the UK.

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