

Blue Whale Moving Company (A)

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It was a late evening in September, 1988 when Blake Miller sat alone pondering the events that had taken place that afternoon. Earlier in the day, Blake met with Brad Armstrong, a local attorney and entrepreneur. The pair discussed the possibility of starting a new business together and Brad wanted to have a firm answer by the next day.

Blake Miller and Brad Armstrong

Having just graduated from the University of Texas, Blake Miller, 23, was sure that he wanted to enter a challenging and rewarding career. He had put himself through college by working for Advanced Moving, a local moving company in Austin, and had continued to work there since graduation. He was hard working and very motivated, but disliked his current job. He was applying for entry into an MBA program and looked forward to an exciting business career.

At the age of 29, Brad Armstrong was a successful attorney looking to diversify into different types of businesses. He was passionate about business and had already initiated ventures in several industries: a clothing manufacturer that created doctor style scrub shirts out of Hawaiian prints, a federal firearms importing business, and a media company that published a local business newsletter. None of the businesses became an overwhelming financial success, but each turned a small profit.

A few days earlier, Blake called Brad Armstrong because he thought Brad would be an excellent business reference for his MBA application. The two had met a year earlier when Brad hired Advanced Moving for an office move. Brad had been impressed with Blake's energy and requested him by name when he hired Advanced Moving for a residential move a few months later. This time, even more delighted by Blake's commitment to the move, Brad asked Blake to give him a call upon graduation

The Meeting

When Brad agreed to have lunch with Blake, he was clearly approaching the meeting as a business opportunity. Blake, on the other hand, saw Brad simply as a business contact. The discussion quickly moved towards Brad's agenda. Brad posed the idea of Blake expanding some of his already established businesses, but Blake was not very excited by any of them. As the empty appetizer plates were removed and the main course was served, conversation turned more towards Blake's current job as a mover.

Blake explained to Brad some of the intricacies of the local moving industry in Austin. The rivalry among firms was fierce. He described how both customers and movers alike were treated as disposable commodities by moving companies. Furthermore, the movers felt a level of dissatisfaction that created a negative experience for the customers and, in turn, for the movers themselves. The vicious circle was made even worse by the financial situation of the industry as a whole. Competitors understood that price was the determining factor in the customer decision, so sales representatives with the responsibility for quoting prices would do anything possible to