

Mall Connection

Entrepreneurship, consolidation and challenges of a regional family business

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Abstract

Purpose – The purpose of this paper is to provide a tool for the integration of knowledge and the development of students' capacities for analysis in the area of strategic management of companies. Mall Connection is a Chilean company that has developed mainly in the business of the commercialization of technological devices and their accessories. From this base, it has constructed a portfolio of related business and currently has expansion into neighbouring countries as one of its most important challenges.

Design/methodology/approach – The case has been developed from primary sources of information, in-depth interviews with the management team of the company and secondary information obtained mainly from the Passport Euromonitor database. This information was processed, analysed and presented in the document so as to give support to the learning outcomes defined in the teaching notes.

Findings – The breadth of the case offers flexibility in its application in corporate strategy and business courses. It allows external and internal competitive analysis of the strategy of the company. One central aspect is that it requires students to integrate the theory learnt in their courses with the practical experience described in the case to propose answers to the questions asked.

Originality/value – The case is of great value in motivating the learning in MBA students and in courses of business strategy at undergraduate level. It is an original case that allows students to know experiences of entrepreneurship and strategic management in a Latin American context.

Keywords Internationalization, Entrepreneurship, Business strategy, Technological devices

Paper type Case study

Hours before the start of the 15th anniversary dinner of the founding of Mall Connection, Daniel Jiménez (CEO) prepared the speech that he would give later. In his home, he and Jimena, his wife, business partner, manager of the company and life-long partner, went over the speech and reminisced happily over some of the big moments and anecdotes of those 15 years. They also remembered proudly how it had gone from being a small business where two people worked to a holding of mobile technology with more than 500 employees. They talked over the work done, difficulties overcome and went over names and faces of people who had accompanied them along the way. In that moment, a message on Jimena's phone told them that everything was ready in the Patagonia reception centre and that the guests would begin to arrive in 30 min.

An hour later, the main hall of one of the most exclusive reception centres of Concepción was full of managers, employees and some strategic partners – providers and clients – that had been an important part of the company and had contributed to taking it to the privileged competitive position it currently found itself. Daniel and Jimena considered all of these people as an essential part of the DNA of Mall Connection and were proud that they could



accompany them in this great moment. When the time for making speeches arrived, there were moment when the happiness and nostalgia overflowed. When Daniel's turn came, before starting the dinner, he opened a small piece of paper and summarized the main events of the company, thanked his collaborators, whom he called his "family", and closed with a allocution that few would forget.

At the end of his speech, Daniel said:

We have built a beautiful company, a welcoming family. We have grown together over these 15 years and have become a relevant player in our industry. We are no longer teenagers [...] (laughter). The 15 years we complete have allowed us to strengthen our capacities as an organization and hand us new opportunities. But they also impose new challenges and today I want to give an invitation. I invite you to keep dreaming with a big, successful company, I invite you to build the company we all dream about, I invite you to construct this organization to which we are all proud to belong, I invite you to keep fighting when the results don't come in the moment we expect, I invite you to enjoy your work and feel proud of what we are building [...]

In this speech Daniel announced that the company had plans to continue growing, strengthening its distribution network, incorporating new partners like Huawei and he even indicated that the internationalization of the company was not a distant dream, but rather part of the medium term objectives that they needed to start evaluating. Daniel's speech gave way to champagne, happiness filled the room and Jimena hugged Daniel in a gesture of mutual recognition. The party had started in the best way possible, but everybody knew there would be challenges to face.

The story of the company

Mall Connection was born in the year 2001 at the hands of Daniel Jiménez when he opened his first store in the Ruiz-Tagle shopping centre in the centre of the city of Talcahuano[1]. After having worked in telephone companies such as Bellsouth and Telefónica (previously Startel), Daniel realized that he had acquired valuable knowledge, useful in an emerging, but fast-growing industry and that this was a great source of opportunity for him. Daniel had been observing closely the behaviour of the market in more developed countries like Spain. He knew intuitively that great changes would soon come to Chile and that these changes would open a new world of opportunities in an industry that would require providers of agile, innovative and flexible services that were capable of adapting to a highly dynamic and demanding market. It was in this way that only three months after opening his first store, Mall Connection signed a contract with Telefónica-Startel to operate the modifications of telephones in new clients. In just six months, he had managed to begin the consolidation of his business.

In the beginning, the focus of the company was in the programming of cell phones, a repair service for the same phones and the sale of related articles and services. However, Daniel's entrepreneurial spirit and his vision for anticipating technological change led him to quickly open new stores, diversify his range of services and develop new products. The contract with Telefónica-Startel required them to quickly develop a network of services, through the system of subcontracts to serve a market of more than 2 million people from Santiago to the south of Chile. In the following 18 months, Mall Connection opened two new stores, Chillan and Temuco, as well as changing the small store at the beck of the aforementioned shopping centre for a larger one with Street Access. Making the most of the low rate of internet penetration in homes that still persisted in those years, the shops also incorporated cybercafé services.

At the beginning of 2004, Jimena formally entered into the work of the administration of the company. The strong growth of the company from its initial years was being limited by