



# GoApe! Live Life Adventurously

## Case Study Part A: Monkeying Around?

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**Abstract.** The case study tells the story of GoApe!, a fast-growth entrepreneurial success story started in 2002 by the husband and wife team of Tristram and Rebecca Mayhew. The case study is split into Parts A and B. Part A poses the question whether the couple should abandon well-paid corporate careers and take a step into the unknown to realise their dream of living in the country and achieving a better balance between their family life and earning their living. They have identified a unique opportunity to take an outdoor leisure concept developed in France and introduce it into the UK, in partnership with the British Forestry Commission. This particular opportunity will allow them to create a business which is sustainable, environmentally responsible and in line with the couple's values and beliefs. At the end of part A their dilemma is should they start the business and give up corporate life, play safe and commission market research, or take the chance of a lifetime. A detailed Teaching Note with an analysis and suggestions for questions is also available to stimulate discussion in the classroom. GoApe! was a category winner in the 2009 UK National Business Awards, the most prestigious awards ceremony of its kind organised in partnership with Orange.

**Keywords:** entrepreneurship, new venture creation, sustainability, sources of finance, start-up valuations, UK.

### Part A: Monkeying Around?

*Introduction: Shall We Stay or Shall We Go?*

In November 2001 Tristram and Rebecca Mayhew were facing the biggest dilemma so far of their married life. In a few days' time Tristram's employer would need to know whether the Mayhews would be heading from London to start a new life in Barcelona. At stake was a major promotion in Tristram's corporate career, a salary of £110,000, a compensation package for Rebecca's loss of earnings and all the other trappings of multinational life. For many ambitious

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1. The case has been prepared by Dr Stephanie Hussels and David Molian, both Lecturers in Entrepreneurship at the Bettany Centre for Entrepreneurial Performance and Economics at Cranfield School of Management, with help from the MBA class of 2008. The authors would like to thank Tristram Mayhew for his generous support and kindly provided insights into GoApe!. The case is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of management situations. The case study was awarded the 2009 EFMD Annual Case Writing Competition prize in the category of Entrepreneurship.

thirty-somethings this was the stuff of dreams. Right now, as he looked out of the window at the rain, Tristram asked himself who would not want to exchange the grey skies of south London for a penthouse apartment in the bright Spanish sunshine. Were they crazy not to leap at this? Was he, as the father of a six-month old daughter and with another child on the way, doing the right thing for the family? His head told him one thing, but his heart told him something else.

After four years climbing the management ladder of multinational businesses, what Tristram really wanted to do was start his own business. Moreover, he knew exactly what it was he wanted to do. Rebecca understood his frustration and disillusionment with his current job. She was sold on the concept of the new business as well, but she was by nature more cautious, a foil to Tristram's sometimes impulsive enthusiasm. It was a good combination in a married couple. Once convinced, however, each would support the other's decision. They were both agreed that in the long-term the demands of a multinational career simply did not work with the family life that was important to them. His ideal job, Tristram had come to realise, would allow them to live in the countryside and to walk out of the house and into his office every day.

Rebecca and Tristram had been discussing how and when to change their lives for some time. The conversation had suddenly changed, however, two months before, when they had taken a few days holiday in France. By sheer chance they had happened on an enterprise in the forests of the Auvergne and Tristram experienced what he describes as "a light-bulb moment". They had seen nothing like it in the UK – and equally they were convinced that the concept would work as well as it did in France. In fact, they were so impressed that from the moment they had come back from holiday the couple had spent every spare minute working out how they could start the same type of business themselves. One month later Tristram had returned to France and got agreement in principle from the owners that they would come to England to create a similar site for him. He even had a potential agreement with a partner who could provide the forest locations and infrastructure – not just for a single site, but for multiple locations across Britain. To get started they would need £80,000, money which – in theory – the sale of Rebecca's flat could provide.

So, they had agreed between the two of them that today was decision day. Option one was the safe bet. Option two was a leap into the unknown. There was a lot of talking still to do...

### *Tristram Mayhew*

Tristram Mayhew was born in 1968, into a family with a tradition in the law and public service. After university Tristram joined the army, where he spent six very happy years as a cavalry officer, leaving with the rank of captain. He enjoyed the army hugely, in particular the ethos that anything could be achieved if you set

your mind to it. If you could sell your idea to your team, they would work relentlessly to deliver it.

But much though he loved the army, Tristram decided that his long-term future lay elsewhere. He had by now met his future wife, Rebecca, who enjoyed a successful career in magazine publishing, and they had reached the decision that the life they wanted to lead was not compatible with serving in the armed forces. Tristram considered a number of options, including taking an MBA, before concluding that a job with a multinational would give him the right type of challenges while enabling the couple to live a more balanced life. His career with a large US firm progressed rapidly, but it gradually became clear to Tristram that his heart was not really in it. He joined another multinational, but the basic sense of frustration remained. While he could do the job but he was not in sympathy with the culture of this type of organisation. Rapid promotion could not compensate him for feeling that he wasn't achieving goals that were important to him, and he despised corporate politics.

### *Taking Stock*

By 2001 Tristram was three years into his job with the second company and Rebecca had moved into the charities sector as a fund-raiser, both jobs were based in London. In their early thirties, the couple found that they were asking themselves the same questions as many of their contemporaries: is this the life that we want for ourselves and our children and, if not, what should we do about it? The arrival of their daughter made the questions more urgent, and by mid-year Tristram and Rebecca felt that they were clear in their own minds. What they really wanted was:

- To run their own business from home
- To be based in the countryside
- A business which was outdoors-focused, not desk-bound
- To do something that they could be passionate about.

Both had seen too many families where material success had not necessarily brought happiness, and they were determined this would not happen to them.

For months they talked about different ideas without reaching any firm conclusion on what to do. Then, in September, they took some holiday and drove through France. Their route took them into the Auvergne, a region of woods and lakes and, there, deep in the Auvergne national forest, they came across the Forêt de l'Aventure. Tristram had never seen anything quite like this before. From his

time in the army he was familiar with various types of assault courses, and he had experienced one or two high ropes courses in the UK. These were typically constructed from wooden poles, like telegraph poles, on a piece of ground cleared for the purpose. The set-up in the Auvergne was quite different. It was a challenging treetop course, thirty to forty feet high that took a couple of hours to complete from the moment you clipped yourself on with your safety harness. Not only was the course challenging and exhilarating; it was ingeniously constructed so that the rope walkways, zip wires and other features used the trees themselves as the basic supporting structure. This was much more dramatic and aesthetically pleasing than a conventional high ropes course, and the environmental impact was minimal.

Exhibit 1: Images of a tree-top course



Source: GoApe!

He and Rebecca were struck both by the concept and the impressive attention to detail of the Forêt de l’Aventure. They particularly liked the sense of integrity conveyed, that the promoters, a company called Altus, were not motivated solely by money (see [www.foret-aventure.com](http://www.foret-aventure.com) and [www.altus.soc](http://www.altus.soc)). Furthermore, they were impressed by the construction methods used, which had minimal impact on the forest and inflicted no damage on the trees (see *Exhibit 1A*). Although the couple had discussed numerous business ideas, this was the first to have the same impact on both of them. “From the moment we set eyes on it,” said Tristram, “We both thought ‘what an inspiring business’ ”.

### *Devil’s Advocate*

Back home, they set to work to research the market. It turned out that there were around 400 high ropes courses in the UK, but all of them were based on the “telegraph poles” concept. Generally speaking they were aimed at the training and management development market, not at the public at large. Nothing comparable to Forêt de l’Aventure existed. Tristram was well aware that a gap in the market did not mean that there was a market in the gap. There could be two sets of reasons why no one had done this in the UK yet:

- The financial model simply didn't stack up: Tristram knew that land rents in France were typically well below those in the UK, and that insurance would be much more expensive, (if it could be obtained at all).
- Or that an increasing emphasis on health and safety in Britain mean that any attempt at doing something like this would fail or be prohibited.

Speaking to the management at Altus, he learned that they had no plans to open in the UK, but were keen to work with others who shared the same vision and values as themselves. They would be happy to supply him with information about the Auvergne site in the form of layout diagrams and photographs, and also to construct a course and provide training if he went ahead with a project in the UK. Tristram's first step was therefore to see whether the idea would be acceptable to the national bodies concerned with health and safety.

### *A Pleasant Surprise*

Based on the information supplied from the French site, Tristram put together a presentation that explained the concept, including a short video he had made of the French course in action. His first port of call was the Royal Society for the Prevention of Accidents (RoSPA), the leading voluntary organisation promoting safety<sup>2</sup>. The reception he received frankly took him by surprise. RoSPA were overwhelmingly positive. As an organisation they had become increasingly concerned that the balance in British society had swung too far against taking risks of any type, and that this was creating a culture obsessed with safety. As a result young people were being denied the opportunity to take part in activities which were potentially rewarding. *Forest Adventure*, as Tristram referred to the project, perfectly fulfilled RoSPA's view that ordinary people should live life adventurously but not recklessly. As long as the site was constructed by people qualified to do so and properly supervised by trained staff, RoSPA would be supportive.

Encouraged beyond his expectations, Tristram now turned to the question of where to build a pilot site. He knew that he would not just need suitable trees, but also infrastructure such as car parking, refreshment and WC facilities, and connection to utilities. Quick internet research revealed that the UK's largest

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2. The Royal Society for the Prevention of Accidents (RoSPA) is a UK registered charity established over 90 years ago. RoSPA's mission is to save lives and reduce injuries by providing information, advice, resources, and training. RoSPA is actively involved in the promotion of safety and the prevention of accidents in all areas of life - at work, in the home, and on the roads, in schools, at leisure and on water. ([www.rospa.com](http://www.rospa.com), 2008)

owner of woodland was the Forestry Commission, owned by the state and responsible for managing hundreds of thousands of acres sustainably, 40% of the nation's forests, as a source of timber and for developing opportunities for leisure activities. Excitingly, the Forestry Commission's website showed that it had 30 Forest Visitor Centres, with all of the infrastructure that Tristram knew he would need already in place.

Tristram did not have any contacts in the Forestry Commission, but managed to get the name of the head of a Forestry Commission district, for East Anglia, through a friend of a friend. Accordingly, Tristram contacted the East Anglian regional office and was duly invited to come along to present what he described as "a recreational idea that may be of interest".

Exhibit 2: Location of the potential first site



Source: *Anglian Directory*

His reception was just as positive as the meeting with RoSPA. The district team's response was: "This is the big idea we didn't know we were looking for". An environmentally-sensitive project which encouraged visitors to existing sites was perfectly in line with the Forestry Commission's remit from government. Tristram was shown around their visitor centre at High Lodge, in Thetford Forest, which had fabulous trees, an existing customer base of 180,000 visitors per year, and all the infrastructure Tristram had on his tick list. Build one course, he was told, and we'll enter into a three-year contract with you.

But Tristram was concerned that a single-site deal would not be profitable enough to justify a career change for both him and Rebecca. Equally importantly, he wanted to be able to roll out the concept to other Forestry Commission visitor centres in other districts if it proved successful, without competitors copying his idea.

To try to secure this, Tristram made a second presentation to the Forestry Commission's England headquarters in Bristol. He negotiated a 6 site deal and a 21 year contract, as well as exclusivity across the Forestry Commission's estate until 2006. As an incentive to get Tristram to roll out future courses quickly, thereby justifying the exclusivity agreement, the Forestry Commission offered to extend the contract and exclusivity to 26 years if Tristram and Rebecca opened at least 5 courses within four years.

This was a fantastic result, where the interests of both parties suggested argued in favour of a long term, multi-site relationship. Tristram left the meeting and called Rebecca before setting off for home. "You're not going to believe this..." he began.

### *Figuring It Out*

While the opportunity was hot, Tristram and Rebecca needed to produce a detailed plan for the pilot site. Based on Forestry Commission data, they estimated their visitor numbers at 10% of the visitors to Thetford Forest, and started to build up a profile of the revenues and costs involved (see *Exhibit 3A* below). An awful lot of guesswork was involved, but Tristram reckoned that if he could get favourable stage payment terms and make as many costs as possible variable, the maximum cash requirement would be around £80,000.

Exhibit 3: Assumptions for pilot site

Item	Detail	Assumption	Estimated Numbers or £
Visitors	Thetford Forest site		160,000
	Expected @ Adventure Forest	10%	16,000
Pricing	Adult		12.50
	Child		7.00
Payments to Forestry Com.	Land rent		1,000
	% of cash revenue		15-20%
UK construction costs	Design, materials and labour – all in	If bought	110,000
		If partnership	75,000
			79,500
Insurance (for £5 or 10 million cover)	Fixed	As per France	800
	Variable	Likely to be > in UK	
Salaries	Manager x 1	Full time	25,000
	Additional staff x 3	For 9 months	13,500
Start-up costs	Office – from home		1,000
	Computers, printers etc		1,500
	Stationery/letter heads/cards		1,000
	Legal advice		?
	Accounting		300
	Company name	Use own to start with	3,000
	Car		
Marketing	Website (start)	Use Forêt de	500
	Website (phase 2)	l'aventure	20,000
	Flyers		3,000
Communications	Mobile x 1		800
	Land line		500
	ASDL internet connection		600
	Walky talkies x 3		1,000

If Tristram was right in his assumptions about the start-up costs and future cashflow, and they were prepared to sell the London flat that Rebecca owned, the Mayhews could fund the project entirely from their own resources. The really exciting piece, however, was the projected five year profit and loss forecast, as new sites came on stream. These showed the business turning cash positive from the second year of operation and returning significant profit margins once the visitor numbers grew (see *Exhibit 4A* below). Ever the realist, Rebecca challenged the assumptions behind the model but, having been through them with a fine-tooth comb, was forced to agree that they seemed if anything cautious. By now,



they had even identified GoApe! as the brand name under which the business would operate.

Exhibit 4: Profit and loss model (£)

	2002 (forecast)	2003 (forecast)	2004 (forecast)	2005 (forecast)	2006 (forecast)
Revenue	147,860	1,303,079	2,385,108	3,462,493	3,462,493
Cost of sales	(84,083)	(474,000)	(869,000)	(1,244,250)	(1,264,000)
Gross profit	63,777	829,079	1,516,108	2,218,243	2,198,493
Overheads	(97,203)	(452,625)	(809,497)	(1,161,454)	(1,218,411)
PBIT	(33,426)	376,454	706,611	1,056,789	980,082
Margin	-23%	29%	30%	31%	28%

### *The Clock is Ticking*

To help them arrive at a decision, Tristram and Rebecca had tried to put together a list of the arguments for and against starting Adventure Forest. *In favour of* starting the business:

- This could be their dream business, allowing the Mayhews to live in the country, work from home and organise their work around the rest of their lives
- Commercially they would enjoy the advantage of being the first to start a business in the UK which was already proven in France and in which they would be supported by the French company
- They had a partner all lined up, who would enable them both to get into business and expand it without the need to invest significantly in infrastructure
- If they could fund the business themselves, then they could retain most of, if not all, the ownership
- If they didn't seize the opportunity now, when would they?

### *Against* starting the business:

- Neither of them had run a business before
- The alternative was a lot to lose: a no-risk career, and an assured lifestyle that many people would envy

- This activity was inherently risky: what if something went wrong, resulting in serious injury or even death?
- If their assumptions were wrong they stood to lose more than £80,000 in cash plus their combined foregone corporate salaries of £160,000.

Listing the reasons for and against was the easy part: trying to put a weight on each and arrive at a balanced decision was not so simple. There was a third alternative to either starting the project or walking away. A contact of the Mayhews worked in the market research industry. For around £40,000 Rebecca and Tristram could have a comprehensive, customised piece of market research that would profile the industry, the competitors and conduct consumer research to establish pricing, positioning, and the best means of promotion. It was exactly the kind of approach Tristram in his corporate role would be expected to take, in order to minimise the risks of a new project. The major difference was that his employer had rather deeper pockets than the Mayhews ... and was this anyway what entrepreneurs were supposed to do?