

THE BLACKSTONE GROUP: A CASE STUDY

Joseph K. Kavanaugh, Ronald L. Earl, Paul R. Reed, Sam Houston State University
Carol J. Cumber, South Dakota State University

Case Objectives and Use

The case traces the first 21 years of operation of The Blackstone Group, and provides the student with information so that they can analyze whether the present strategies should be fine-tuned or new ones adopted.

The case is intended for use at the undergraduate level in classes such as entrepreneurship, organization and management, and strategic management.

Case Synopsis

The Blackstone Group, Inc., located in Beaumont, Texas, is a full-service advertising agency providing design, media, and marketing support for clients in southeast Texas and the Lake Charles, Louisiana, area. The agency was founded April 15, 1978, with its first offices above owners Lawrence and Samantha's garage. They began with three accounts. Prior to beginning their agency, Lawrence worked for two other agencies, serving five years as Art Director of the first agency, and four years as Creative Director for the second agency. Samantha was employed as a bookkeeper in a third agency. Lawrence began as a freelance designer, doing project work. Shortly thereafter, Samantha joined him in the business. They moved out of the garage, and established an upscale business address located quite near their major clients. Once they became an agency, they "pitched" every opportunity. As a result, they captured a wide variety of accounts, requiring that they become knowledgeable in every aspect of the business. Whatever it took – media buys, copywriting, radio scripts, design, television sport, photography – they did it, and learned as they went.

Currently, employing five people plus the principals, the agency is the market leader in the Beaumont area with an estimated 25% market share in those service markets in which they compete. They are recognized as the quality leader in their market, and have garnered an impressive collection of local, regional and national awards for design in both print and other media. Gross billings in 1998 were \$3.9 million. Capital billings, the measure used in the industry to report agency size, approximated \$4.7 million.

Contact Person

Joseph Kavanaugh, Sam Houston State University, Dept. of Management and Marketing,
Huntsville, Texas 77341. Phone (936) 294-1236 FAX: (936) 294-4284.
Kavanaugh.shsu.edu.