

SEMESTER/YEAR: SPRING 2010
COURSE MEETING: Saturday 9-11:50AM
DATES: 1/16 1/30 2/13 2/27 3/13 3/27 4/10 4/24
LOCATION: SOUTHWEST CENTER
CREDITS: 3

Course: BUS 491-1S Business Policies Capstone
Instructor: Tim Burke
Maryville Voice Mailbox: 3142
Cell phone: 314-239-4736
Office Phone: 314-553-3174
Home Phone: 314-487-9965
Email 1: tim.burke@emerson.com (NOTE: Send to both email addresses)
Email 2: tim_burke_stl@sbcglobal.net (Note the underscores)

Meeting Dates: 1/16, 1/30, 2/13, 2/27, 3/13, 3/27, 4/10, 4/24 Saturday Mornings

The primary contact telephone number is my cell phone. You may also call me at my office anytime. If I am traveling please leave a message on the cell phone and you will be contacted as soon as possible.

REQUIRED TEXT: Pearce and Robinson: Strategic Management, Formulation, Implementation, and Control, McGraw-Hill, 2009, 11th. Ed.

PREREQUISITE: This is capstone course and requires senior standing and FIN 312.

PRE-ASSIGNMENT: Read Chapter 1

COURSE DESCRIPTION:

Strategic Management is the capstone course of the Business curriculum. The purpose of the course is to integrate the student's knowledge of business management. Development of the business plan and debating current issues in business are the two cornerstones of this course.

OBJECTIVES: Upon completion of this course, each student will be able to:

- Define how various functions and activities interact within a business enterprise.
- Apply the case study method to decision-making roles in an organization.
- Formulate strategic alternatives and select from among them.
- Incorporate competitive advantage into the strategic management process.
- Identify the critical role of the manager as a strategy formulator.
- Match structure and control to strategy.
- Diagnose organizational culture and describe its power.
- Communicating clearly your thoughts analysis, and observations utilizing formal presentation skills

INSTRUCTIONAL NOTES:

The course methodology includes a combination of lecture, discussion, case study analysis, classroom participation, and oral/written assignments. Concepts covered during the course will be applied to current events through the review/discussion of articles appearing in selected business publications. The overall class schedule may be changed at the instructor's discretion to achieve learning objective.

INDIVIDUAL CASE: Each individual will do a written case analysis and power point presentation on an assigned case from the book. You will be required to not only answer the questions but also to defend your answers during your presentation. Ensure that your answers address the theories found in the assigned chapter.

The power point presentations should be no longer than 15 minutes in length. As a guideline:

1. Review the abstract on the case assignment to get everyone grounded
2. Give your opinion on how this case relates to the relevant chapter
3. Answer each of the questions in detail on the case assignment sheet

INDIVIDUAL CASE CHOICES

Class	Chapter	Case	Case Title
2	2	2	Saving Starbucks' Soul
2	2	13	Getty Images' Future?
2	3	8	Microsoft in Europe: The Real Stakes
2	3	3	Facebook Faces Up
3	4	4	MySpace Goes Hollywood
3	4	49	Warner Music Group and the Industry
3	5	6	Ice Cream Wars: Nestle vs. Unilever
3	5	11	VW's Plan to Triple US Sales
4	6	5	AT&T Rebrands, Again
4	6	14	SAP's Very Big Small Biz Challenges
4	7	40	Procter and Gamble: The Beauty/Feminine Care Segment
4	7	29	Exxon vs. Conoco Phillips on Going Green
5	8	1	Planet Apple
5	8	12	Volvo Wants Rugged – and Safe
5	9	7	Getting Inside Google's gPhone
5	9	16	The Last Rajah
6	10	20	The Battle to be Top Dog – Petsmart vs. Petco
6	10	21	Six Sigma Kick Starts Starwood
6	11	9	Philips Maps Out a New Direction
6	11	15	Mittal and Son
6	12	10	Wal-Mart's Midlife Crisis
6	12	18	Nintendo's Quirky Hit Game
7	13	23	A Red-Hot Big Blue in India
7	13	26	Coca-Cola Gone Flat

7	14	17	Nokia Aims Way Beyond Handsets
7	14	24	Radical Collaboration IBM Style

STRATEGIC PLAN: Teams will be formed with no less than 3 and no more than 5 in a team. The team will agree on a publicly held company to analyze and do strategic planning for that company. The group's point of view is that your team has been hired as an outside consultancy company to review and make recommendations on the strategic direction the company is following.

A strategic plan is to be presented in oral executive summary format utilizing graphics, handouts and power point during the last class.

A formal paper utilizing and following the table of contents outlined below will be turned in.. You will be graded on the quality of your work, not the quantity.

The following table of contents is to be followed for the presentation and the formal paper. The formal paper is to be contained in a white three ring binder with 10 separation tabs. Group points will be deducted if this rule is not followed.

- 1 Executive Summary
 - Identify the mission statement of the corporation
 - Identify the central issues in the case
 - Identify the competitive advantage currently employed by the company
 - Recommendations for maintaining and/or developing new competitive advantage
- 2 External Analysis
 - Identification of industry opportunities and threats
 - "Twisting" threats into an opportunities
- 3 Internal Analysis
 - Identification of the companies strengths and weaknesses
 - Leveraging capabilities, core competencies, and competitive advantage
 - Value chain analysis
- 4 Functional Level Strategy
 - Is the corporation effectively utilizing efficiencies, quality, innovation, and customer responsiveness to attain the corporate strategic goals?
- 5 Business Level Strategy
 - Are the company resources and distinctive competencies being effectively utilized to maintain or enhance competitive advantage thru the use of cost leadership, differentiation, and focus?
- 6 Corporate Level Strategy
 - Is the corporation structured to participate in the proper business area to maximize long-run profits and attain the corporate mission statement?
- 7 Organizational Structure
 - Is the corporation's structure matched efficiently to the strategy to gain and maintain competitive advantage?
- 8 Control Mechanisms

- Does the company measure results against standards?
 - Is the corporation in sound financial condition?
 - How do the financial ratios compare with the competition?
- 9 Conclusions and Recommendations
- What have you found that needs to be changed?
- 10 Bibliography and Appendix

LATE WORK: Penalty of 10% of your grade for that assignment will be assessed for late submissions or mid-term make-up exams regardless of the issue. Absenteeism or failure to participate in class discussion or group discussion cannot be made up by “make-up assignments”.

ATTENDANCE: This capstone course utilizes and emphasis group discussion in analyzing and resolving issues in strategic management. Failure to attend class degrades the synthesis in utilizing this methodology.

FAILURE TO ATTEND TWO CLASSES OR A TOTAL OF 6 HOURS CUMILATIVE OR MORE WILL RESULT IN A DELAYED GRADE IN THE COURSE AND YOU WILL HAVE TO REPEAT THE ENTIRE COURSE.

FAILURE TO ATTEND THREE CLASSES OR MORE WILL RESULT IN FAILURE OF THE COURSE.

ACADEMIC

ACCOMODATIONS: Maryville University provides accommodations and supports for students with disabilities as defined by the Americans with Disabilities Act. If you have a documented disability and wish to discuss academic accommodations, please contact the course instructor and/or the Director of the Academic Success Center located in the University Library (314-529-6850).

CLASS

PARTICIPATION: Students are expected to attend class and actively participate in discussions and in-class activities. The participation grade is based on forty points per assigned session per the following schedule:

No Participation	0 pts.
Partial Attendance	10 pts. (Minimal Participation)
Some Participation	20 pts. (Expresses relevant viewpoints)
Active Participation	40 pts. (Demonstrates conceptual synthesis)

EVALUATION: A total of 1000 points will be assessed for the course.

Individual Condensed Case	100
Group Business Plan: Written	200
Individual: Presentation	100
Mid Term	220
Individual Participation	280 (7 @ 40 pts)
Group Participation	100
Total	1000

GRADING SCALE IN POINTS

A	= 940 to 1000
A-	= 900 to 939
B+	= 880 to 899
B	= 840 to 879
B-	= 800 to 839
C+	= 780 to 799
C	= 740 to 779
C-	= 700 to 739
D	= 630 to 699
Failure	= < 629

SEQUENCE OF STUDY

Class 1

Syllabi Class Overview
Chapter 1 Strategic Management Overview

Class 2

Chapter 2 Defining the Company Mission
Chapter 3 Corporate Social Responsibility and Business Ethics

Homework

Identification of the Industry (Individual)
Mission Definition (Individual)
Group Roadmap Accountability (Group)
Prepare for Case Discussion (Individual)

Class 3

Chapter 4 The External Environment
Chapter 5 The Global Environment

Homework

Industry Identification (Individual)
External Outline Analysis (Group)
Prepare for Case Discussion (Individual)

Class 4

Chapter 6 Internal Analysis
Chapter 7 Long-Term Objectives and Strategies

Homework

Internal Outline Analysis (Group)
Prepare for Case Discussion (Individual)

Class 5

Chapter 8 Business Strategies
Chapter 9 Strategic Analysis for Multi-business

Homework

Mid-Term To Be Turned In (Individual)
Functional and Business Strategies Outline Analysis (Group)
Prepare for Case Discussion (Individual)

Class 6

Chapter 10 Implementation
Chapter 11 Organizational Structure
Chapter 12 Leadership and Culture

Homework

Structure/Organization Outline Analysis (Group)
Prepare for Case Discussion (Individual)

Class 7

Chapter 13 Strategic Control,
Chapter 14 Innovation, and Entrepreneurship

Homework

Comprehensive Case Paper Reviews (Group)
Control Mechanism Outline Analysis (Group)
Prepare for Case Discussion (Individual)

Class 8

Group Presentations

This syllabus is subject to change at the discretion of the instructor to accommodate instructional and/or student needs.

STUDY TEAM EVALUATION FORM

NOTE: This form is to be completed by each team member in confidence to be turned in at the final class. Your input will have an impact on the individual's grade for group participation. The faculty member will maintain confidentiality.

Team Name: _____

Your Name: _____

NOTE: Evaluate yourself as well as the other team members.

[1]	[2]	[3]	[4]	[5]	[6]
Names	Prepared Materials 25 pts max	Participated Actively 25 pts max	Demonstrated Voluntary Cooperation 25 pts max	Fulfilled Responsibility in Class 25 pts max	Overall Evaluation (total is 100 pts max)
1.					
2.					
3.					
4.					
5.					

0 = Lowest Evaluation

20 = Highest Evaluation

1. List names of each team participant. Be sure to list and evaluate yourself.
2. Scale 0 to 25— Did the team member prepare materials as assigned?
3. Scale 0 to 25—Did the team member actively participate in team meetings?
4. Scale 0 to 25—Did the team member cooperate in a positive manner with other team members?
5. Scale 0 to 25—In class, did the team member fulfill his or her team responsibilities (e.g., in presentations or case discussions)?

Mid-Term Essay Case Studies

To be a successful manager you will be required to think “outside the box” to position your company to have a significant sustainable competitive advantage. The purpose of using Sherwood Enterprises is that it is a fantasy, not fact. This allows you to look outside of the bounds of what has been tried before and not be constricted to following the “facts” but still being constrained by the reality the company faces.

SHERWOOD ENTERPRISES (A case analysis of Robin Hood)

Robin Hood is an entrepreneur and president of Sherwood Enterprises. His company has achieved great success in its first year of operation. The growth of his company has been exceptional it has also been uncontrolled. Like many companies that experience uncontrolled growth in its formative years the original business strategy is now rendered obsolete and must be rethought, or does it? This is your decision to make.

As president of Sherwood Enterprises Robin Hood must evaluate the current strategy and determine what changes are necessary to survive, grow and prosper. Put yourself in Robin’s shoes and develop strategies that will ensure the continued success of Sherwood Enterprises while meeting the goals of the organization.

Think in terms of the theory we will discuss and how to apply to a hypothetical case. Most importantly, let your imaginative juices flow and have fun with this case. Challenge yourself to be a creative problem solver. There is no right or wrong answer per se, just poorly thought out strategies with no supporting arguments justifying the strategic choice. You will be graded based on not just your strategic choices, but also the logic and rationale supporting those choices.

The Story:

It was in the spring of 1322, the second year of his insurrection against the High Sheriff of Nottingham, that Robin Hood took a walk in Sherwood Forest. As he walked he pondered the progress of the campaign, the disposition of his forces, the Sheriffs recent moves, and the options that confronted him.

The revolt against the Sheriff had begun as a personal crusade. It erupted out of Robin's conflict with the Sheriff and his administration. However, alone Robin Hood could do little. He therefore sought allies, men with grievances and a deep sense of justice. Later he welcomed all that came, asking few questions and demanding only a willingness to serve. Strength, he believed, lay in numbers.

He spent the first year forging the group into a disciplined band, united in enmity against the Sheriff, and willing to live outside the law. The band’s organization was simple. Robin ruled supreme, making all-important decisions. He delegated specific tasks to his lieutenants. Will Scarlett was in charge of intelligence and scouting. His main job was to shadow the Sheriff and his men, always alert to their next move. He also collected information on the travel plans of rich merchants and tax collectors. Little John kept discipline among the men and saw to it that their archery was at the high peak that their profession demanded. Scarlock took care of the finances, converting loot to cash, paying shares of the take, and finding suitable hiding places for the surplus. Finally, Much, the Miller's son had the difficult task of provisioning the ever-increasing band of Merry-men.

The increasing size of the band was a source of satisfaction for Robin, but also a source of concern. The fame of his Merry men was spreading, and new recruits poured in from every corner of England. As the band grew larger, their small bivouac became a major encampment. Between raids the men milled about, talking and playing games. Vigilance was in decline, and discipline was becoming harder to enforce. "Why," Robin reflected, "I don't know half the men I run into these days."

The growing band was also beginning to exceed the food capacity of the forest. Game was becoming scarce, and supplies had to be obtained from outlying villages. The cost of buying food was beginning to drain the band's financial reserves at the very moment when revenues were in decline. Travelers, especially those with the most to lose, were now giving the forest a wide berth. This was costly and inconvenient to them, but it was preferable to having all their goods confiscated.

Robin believed that the time had come for the Merry men to change their policy of outright confiscation of goods to one of a fixed transit tax. His lieutenants strongly resisted this idea. They were proud of the Merry men's famous motto: "Rob the rich to give to the poor." "The farmers and the townspeople," they argued, "are our most important allies." "How can we tax them, and still hope for their help in our fight against the Sheriff?"

Robin wondered how long the Merry men could keep to the ways and methods of their early days. The Sheriff was growing stronger and becoming better organized. He now had the money and the men and was beginning to harass the band, probing for its weaknesses. The tide of events was beginning to turn against the Merry men. Robin felt the campaign must be decisively concluded before the Sheriff had a chance to deliver a mortal blow. "But how," he wondered, "could this be done?"

Robin had often entertained the possibility of killing the Sheriff, but the chances for this seemed increasingly remote. Besides, killing the Sheriff might satisfy his personal thirst for revenge, but it would not improve the situation. Robin had hoped that the perpetual state of unrest, and the Sheriff's failure to collect taxes, would lead to his removal from office. Instead, the Sheriff used his political connections to obtain reinforcement. He had powerful friends at court and was well regarded by the regent, Prince John.

Prince John was vicious and volatile. He was consumed by his unpopularity among the people, who wanted the imprisoned King Richard back. He also lived in constant fear of the barons, who had first given him the regency but were now beginning to dispute his claim to the throne. Several of these barons had set out to collect the ransom that would release King Richard the Lionhearted from his jail in Austria. Robin was invited to join the conspiracy in return for future amnesty. It was a dangerous proposition. Provincial banditry was one thing, court intrigue another. Prince John had spies everywhere, and he was known for his vindictiveness. If the conspirators' plan failed, the pursuit would be relentless and retributions swift.

The sound of the supper horn startled Robin from his thoughts. There was the smell of roasting venison in the air. Nothing was resolved or settled. Robin headed for camp promising himself that he would give these problems his utmost attention after tomorrow's raid.

Salvation, the drink to save the world!

You are an entrepreneur that believes you've created the ultimate solution to the global health and food problems. You have developed, tested, and produced as a prototype, a new product; a patented, plastic collapsible bottle coated with a secret formula. All the consumer has to do is add water and it becomes a wonderful chilled, carbonated beverage that in consumer taste tests beats Pepsi and Coke 5 to 1.

In addition this secret formula contains:

- water purification chemicals that allow any type of water to be used (river, pond, sanitary)
- 100% of the daily requirements for vitamins, and minerals
- fiber and roughage
- electrolytes
- anti-cancer toxins
- antibodies for dysentery
- anti-aging formula to keep your skin looking young
- reduces bad HDL's and the associated reduction in heart attacks
- stops loss of hair in men and women
- for disposal the plastic bottle will biodegrade in a matter of days and break down into a natural, environmentally safe fertilizer for growing crops
- as the bottle biodegrades it release ozone to patch the holes in the ozone layer
- drink to much and it blocks additional calories intake, stopping obesity, your body only absorbs the nutrition needed to maintain ideal weight
- consumption produces endorphins to maintain proper mental health

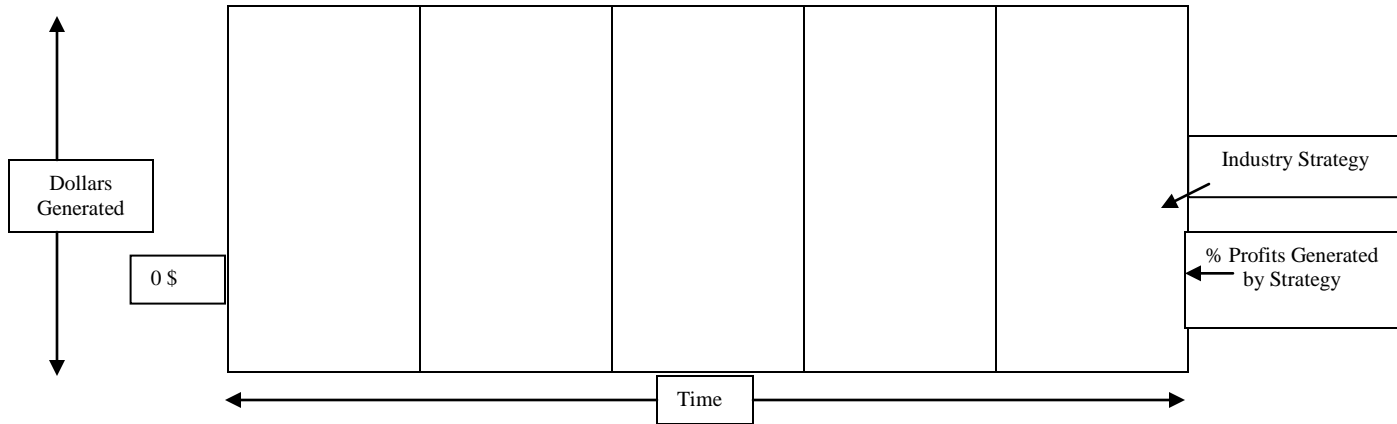
No waste, environmentally friendly, and good for you! The cost to produce is 25% less than Coca-Cola or Pepsi. You own the patent and the processing rights. Unfortunately you have no capital and no infrastructure to take this product to market. Your goal is to develop the strategy to secure capital to roll the product out. How would you approach your strategy in developing your business plan to get the capital to make this product a reality? Once you get the capital, how do you roll the product out to the masses, or do you? If you figure it out you could save the world and be the next Bill Gates, or you could fail and doom mankind to extinction.

ESSAY QUESTIONS FOR MID-TERM CASE ANALYSIS

- 1- In the opening paragraph identify which case you are writing on: Circle which case are you writing on: **SHERWOOD ENTERPRISES** or **SALVATION**
- 2- Define:
 - a. The industry that you believe your company is participating in.
 - b. Identify the competition.
 - c. Identify in detail who your customers are.
- 3- Write a mission statement for your company
- 4- Do a SWOT analysis for your case (minimum of 5 items for each component)
 - a. For the internal analysis how would you “twist” identified weaknesses into strengths. Site at least three examples
 - b. For the external analysis how would you “twist” identified threats into opportunities. Site at least three examples
- 5- Michael Porter’s Five Forces Model. Draw a picture of the five forces model.
 - a. Identify each component and give a definition of what each means when developing your strategy.
 - b. Identify, in your opinion, which is the strongest force that will shape your strategy.
 - c. How should your strategy be shaped to leverage the strongest force to maintain competitive advantage and create value for your customer.
- 6- Strategic Life Cycle

- a. Fill in the blanks on strategy/industry life cycle below. Ensure you identify each of the components that have the (_____ ?) blank.

_____ ? _____ ? _____ ? _____ ? _____ ?



- b. Based on your definition of the industry where is the industry strategy on the life cycle on the chart below.
 - i. Why did you place the industry where you did?
- c. Identify where your company’s is strategically in relation to the industry on the life cycle
 - i. Why did you place your company where you did?

Individual Case Analysis (See syllabus for due dates)

Chapter 2, Case # 2 Saving Starbucks' Soul

CASE ABSTRACT

The CEO of Starbucks, Howard Schultz, has set very ambitious goals for the company. He wants to triple the sales of the company to \$23.3 billion by 2012 and open 40,000 stores from 13,500 that the company operates today. However, he is concerned that over the past few years, in their frenetic growth the company has taken actions that have resulted in the watering down of the brand. For example, the company moved to automatic espresso machines to speed up store operations. In addition, Starbucks started using packaged bags of coffee instead of roasting it fresh at the store level. The case details a memo that Schultz sent to his top managers warning them of the commoditization of the brand. His goal is to grow, yet, maintain the essence of what the company stands for.

DISCUSSION QUESTIONS

1. What issues does Howard Schultz have with the recent growth of Starbucks?
2. What goals has he set for Starbucks?
3. Schultz wants Starbucks to emulate the wine business. What does he mean by that?
4. How is the dulce de leche latte a harbinger of what is ahead for Starbucks?

Chapter 2, Case # 13 Getty Images' Future?

CASE ABSTRACT

Getty Images is the dominant player in the stock image business. It was founded in 1993 by two investment bankers, Jonathan Klein and Mark Getty. Getty Images is in the business of owning a vast library of photos that they sell to customers. At the time of the company's founding, the stock image industry consisted of numerous small agencies. Getty Images was formed to buy up these mom-and-pop companies and digitize all their collections.

Getty Images has acquired many such smaller agencies over the years and it now owns a 40 percent market share in the industry. It is so large that it has become the subject of anti-trust scrutiny. It faces a number of challenges as it seeks to grow and prosper in the industry.

DISCUSSION QUESTIONS

1. What is the nature of Getty Images' business?
2. How did Getty Images become so dominant?
3. What bargaining power issues does Getty Images have with photographers?
4. What challenges does Getty Images face?

Chapter 3, Case # 8 Microsoft in Europe: The Real Stakes

CASE ABSTRACT

In 2004, the European Commission's competition regulator delivered a landmark decision against Microsoft. It ruled that Microsoft was using anti-competitive means and ordered the company to offer a version of Windows without a built-in, or "bundled" digital Media Player. It also required the company to share proprietary technical information to help rival software products communicate better with Windows desktops and servers. The body also levied a fine of \$613 million, to which \$390 million was added when Microsoft failed to comply with the technical disclosure ruling.

Microsoft appealed the EC ruling and is now waiting to hear from the Luxembourg-based Court of First Instance. Depending on the Court's ruling, Microsoft could face a future in which its product design decisions and licensing policies are subject to scrutiny by governments around the world.

DISCUSSION QUESTIONS

1. What is Microsoft's legal battle with Europe's competition regulator about?
2. How has the initial European Commission's decision changed the way Microsoft does business in Europe?
3. What challenges does Microsoft face in Europe?

Chapter 3, Case # 3 Facebook Faces Up

CASE ABSTRACT

Mark Zuckerberg, the founder of Facebook, faces a number of challenges. As he defends himself in court on charges of stealing the site's concept from a different collegiate social networking site, Facebook is itself facing problems. Facebook is a social networking site where people can post information about themselves to facilitate interaction. The site's frequent malfunctioning causes people to believe that there are serious security breaches that leaks out personal information. Also, while the site has grown rapidly, it has not yet shown an ability to make money using its business model. Adding to these issues is the recent growth of competitors such as CollegeOTR.com, CollegeTonight.com, and CollegeWikis.com, all of whom go after the same target as does Facebook.

DISCUSSION QUESTIONS

1. What issues do Mark Zuckerberg and Facebook face?
2. How are competitors stepping up to challenge Facebook?
3. Why are college campuses considered an attractive niche market? Why do they interest mainstream players?
4. How is Facebook responding to these challenges?

Chapter 4, Case # 4 MySpace Goes Hollywood

CASE ABSTRACT

MySpace is an online social network site owned by the deep-pocketed News Corp. The company recently launched a new strategy of going after major Hollywood talent to provide content for the site. MySpace contracted with producers Marshall Herskovitz and Edward Zwick to produce a series of 8-minute videos titled “quarterlife.” MySpace has also partnered with NBC to create a new site called Hulu that offers prime time TV programs. Using these means, MySpace attempts to distance itself from competing social networking sites such as Facebook.

DISCUSSION QUESTIONS

1. What is MySpace’s recent strategy of going Hollywood?
2. What has MySpace given up to attract Hollywood talent? Do you think the company made the right decision?
3. How is MySpace using Hulu to differentiate itself from social networking sites such as Facebook?

Chapter 4, Case # 49 Warner Music Group Inc. Recorded Music Segment – Entertainment and Media Industry

CASE ABSTRACT

In 2006, Edgar Bronfman, Jr., the CEO of the Warner Music Group faced a number of challenges. These challenges centered on the need to develop a strategy to survive against the competition and declining sales in the recorded music industry. Companies in this industry had experienced declining sales since 1999. The industry under study is the recorded music industry. Since the 1999, the industry began experiencing negative growth rates, because of an increase in digital piracy. Other drivers of this decline were the overall recessionary economic environment, bankruptcies of record retailers and wholesalers, growing competition for consumer discretionary spending and retail shelf space, and the maturation of the CD format, which has slowed the historical growth pattern of recorded music sales.

DISCUSSION QUESTIONS

1. Provide an overview of the recorded music industry and its structure.
2. What are the keys to success in the industry?
3. Prepare a comparative competitive position evaluation of the industry players.
4. What options are open to Warner Music? What should Bronfman do?

Chapter 5, Case # 6 Ice Cream Wars: Nestle vs. Unilever

CASE ABSTRACT

The \$59 billion global ice cream industry is dominated by two multinational giants, Nestle and Unilever. Together they control more than one-third of the worldwide market and half of the U.S. market. Global ice cream sales are expected to grow by an annual 2.5 percent and are poised to hit \$65 billion in 2005. Western Europe is the biggest market followed by North America. Emerging economies such as Brazil and China are the most promising areas.

Both Nestle and Unilever grew via acquisitions. Nestle acquired Haagen-Dazs, Dreyer's, and Movenpick, while Unilever bought Breyer's Ice Cream and Ben & Jerry's. The ice cream business is highly attractive because of high margins and good growth prospects.

DISCUSSION QUESTIONS

1. Why is the ice cream business so attractive for Nestle and Unilever?
2. What are the pros and cons of focusing on the superpremium ice cream category?
3. What attraction does Asia have for Nestle and Unilever?

Chapter 5, Case # 11 VW's Plan to Triple U.S. Sales

CASE ABSTRACT

Volkswagen of America is in a dire predicament. While sales were flat in 2007 as compared to 2006, 2007 sales were 100,000 units lower than that of 2003. Sales of the popular New Beetle are down 20 percent and higher than average sales incentives are dragging down margins. The company announced the layoff of 400 employees which has affected morale.

Amidst this, Stefan Jacoby has taken over as the new head of Volkswagen of America. To ensure the company mandate of achieving break even by 2009, Jacoby has embarked on a host of bold measures, including shifting the headquarters away from Detroit, to avoid the shadow of the Big Three automakers, to Virginia, and launching a low priced SUV. It remains to be seen how Jacoby's strategic moves would payoff for the beleaguered German automaker.

DISCUSSION QUESTIONS

1. Examine Volkswagen's fortunes in the U.S.
2. What challenges does Stefan Jacoby face as the new head of Volkswagen of America?
3. What strategies does Jacoby have for Volkswagen of America's turnaround? Do you think they will work?

Chapter 6, Case # 5 AT&T Rebrands. Again

CASE ABSTRACT

AT&T's \$86 billion merger with BellSouth gave it control of Cingular, the wireless company. Concluding that the Cingular brand name was more valuable in the cellular market than the AT&T brand name, the company has adopted a rebranding strategy. Right after the merger, AT&T began downplaying the Cingular brand name. But it has changed its strategy in the rapidly evolving wireless market.

Critics are however, skeptical whether by merely overlaying the Cingular brand name and logo on AT&T, the parent company can effectively make the transition to this market segment. In addition, AT&T has teamed up with Apple to launch the iPhone. In this case, however, they are publicizing the AT&T brand name. It remains to be seen as to what effect this would have on AT&T's bottom line.

DISCUSSION QUESTIONS

1. Why is AT&T trying to rebrand itself?
2. Why is the Cingular brand name more valuable than AT&T's?
3. How has the merger with BellSouth worked out for AT&T?
4. What challenges does AT&T face in its rebranding campaign?

Chapter 6, Case # 14 SAP's Very Big Small Biz Challenge

CASE ABSTRACT

SAP, the company based in Walldorf, Germany, is the global market leader in the business software industry, employing almost 42,000 people in 50 countries. It sells software to big companies such as Volkswagen, Aventis Pharma, Siemens, and Deutsche Bank. It owns a 25 percent market share in the corporate software sector. SAP's software is customized painstakingly for each customer and typically require months of implementation.

SAP is embarked on an ambitious strategy of offering off-the-shelf products to small and mid-sized businesses. This is causing a seismic shift in the venerable company because it has to change its organizational culture and way of working to cater to this new market. Even as it faces this challenge, it faces changes in its milieu as it has to deal with the internationalization of its workforce and the movement away of knowledge from its German epicenter.

DISCUSSION QUESTIONS

1. What does SAP do and why is it interested in the small and mid-sized companies segment?
2. Why is SAP's foray into small and mid-sized companies an ambitious strategy for the company?
3. What is the cultural transformation taking place at SAP?

CHAPTER 7, CASE # 40 PROCTER AND GAMBLE: THE BEAUTY/FEMININE CARE SEGMENT OF THE CONSUMER GOODS INDUSTRY

CASE ABSTRACT

In 2005, Procter & Gamble's Chairman, President, and CEO, A.G. Lafley announced record breaking sales and profits. The company was poised to add Gillette to its stable of businesses following the acquisition of the company in October 2005. Yet, Lafley and P&G faced several challenges, the key among them being increased competition in the consumer goods industry. The industry under study is the beauty/feminine care industry. For hundreds of years, people have been interested in beautifying themselves. This interest has created an industry that is constantly growing and incorporating all the changes and trends. Trend is the general direction in which the products in this industry tend to move. There could be a couple of trends at a particular time and each company has to decide if it wants to follow just one or all of them so that it can satisfy its consumer needs. Over the years, this industry has experienced growth in sales and segments.

DISCUSSION QUESTIONS

1. Provide an overview of the consumer goods industry and its structure.
2. What opportunities and threats do consumer goods manufacturers face?
3. What are the keys to success in the industry?
4. Evaluate the comparative competitive position of P&G and its competitors.
5. What options does P&G have?

Chapter 7, Case # 29 Exxon vs. ConocoPhillips on Going Green

CASE ABSTRACT

Exxon and ConocoPhillips, two very large oil companies, present contrasting approaches to environmentalists' criticism regarding oil companies' role in causing global warming. Oil companies' core product, fossil fuels, have been linked to a host of environmental concerns, but Exxon's CEO, Rex Tillerson, is aggressively defensive about his company's role. He believes that the evidence linking fossil fuels with global warming is tenuous at best and wants policy makers to approach the issue on a long-term basis, in decades and not years.

In contrast to Exxon's approach, James Mulva, CEO of ConocoPhillips, acknowledges that fossil fuels are indeed harmful to the environment and has embarked in identifying a host of alternative fuel sources. BP is another example of an oil company that has gone "green." Environmentalists are still skeptical, though, about oil companies jumping on the green bandwagon. They see it as a self-serving gesture, an effort to ward off criticism.

DISCUSSION QUESTIONS

1. What is Exxon's stance on environmental concerns regarding fossil fuels?
2. How does Exxon's stance contrast with that of ConocoPhillips and BP?
3. What is the self-serving pragmatism criticism that environmentalists attribute to oil companies?

Chapter 8 Case #1: Planet Apple

CASE ABSTRACT

The case describes the amazing rise of Apple Computer since CEO Steve Jobs came back to lead the then faltering company. Mac sales outpace that of the PC industry, the iPod is a cultural phenomenon, and the company is poised to introduce the iPhone to an eager market. When Jobs came back he promised to end the isolationist attitude that had pervaded the company in the past. He promised to create an ecosystem of partners who would help Apple and in turn, benefit from associating with the company. Going against the conventional wisdom of focusing on creating a standard software, he supported a focus on hardware that resonated well with customers. Notwithstanding the tremendous success, Apple faces several challenges, the key one being the high profile launch of iPhone.

DISCUSSION QUESTIONS

1. What does the case mean by an “ecosystem?” How do ecosystems help?
2. How did Steve Jobs turn Apple around when he came back to the company in 1997?
3. What challenges do companies face in dealing with Apple?

Chapter 8, Case # 12 Volvo Wants Rugged – and Safe

CASE ABSTRACT

Volvo, the venerable Swedish car maker is owned by Ford Motor Company. For years, Volvo has resonated extremely well with the segment of the market that wants safe cars. Consumers associate the Volvo brand name with trust and safety.

The problem for Ford and Volvo is that it is positioned as a premium car. In automotive lingo, premium is stuck-in-the-middle between mass market and luxury. In addition, although Volvo does not make mini vans, it is associated with the sacrificial parenthood connotation that mini vans convey. Volvo wants to attract single, young people and therefore have embarked on a bold repositioning strategy.

DISCUSSION QUESTIONS

1. Why is Volvo struggling?
2. What is the new brand positioning meant to convey?
3. Why has Ford struggled as owner of Volvo?
4. What challenges lie ahead for Ford and Volvo?

Chapter 9, Case # 7 Getting Inside Google’s gPhone

CASE ABSTRACT

The mobile phone platform is currently dominated by Nokia (Symbian OS), Microsoft's Windows Mobile, mobile Linux, Palm, and other such operating systems. Search giant, Google has let it be known that it is interested in entering this space. This is causing a lot of apprehension in the wireless industry which has just seen the onslaught of Apple's iPhone.

Google developed its gPhone with the know-how from a startup called Android that it acquired in 2005. The gPhone platform is designed to enable lower-priced "smartphones" featuring more robust Web browsing and multimedia applications. It is important to Google because it works well with the company's mobile search engine and other Google applications. Google is being tight lipped about the details of its gPhone.

DISCUSSION QUESTIONS

1. What is the gPhone? Why is it causing concern in the wireless industry?
2. Why is wireless important for Google?
3. What challenges does Google face in its gPhone launch?
- 4.

Chapter 9, Case # 16 The Last Rajah

CASE ABSTRACT

The Tata group is India's biggest conglomerate with interests in software, cars, and steel, among others. The head of this group is the 69-year old Ratan Tata. Ratan Tata has transformed the Group from a stodgy regional player into a global heavyweight with key acquisitions and investments. The market value of the 18 publicly owned group companies was \$62 billion in 2007, in comparison to \$12 billion in 2003.

The case describes the visionary role that Ratan Tata plays in the Group. The company faces a number of challenges, the key of which is succession planning. Ratan Tata hopes to step down in two years time and the Group has to find a leader as versatile and visionary as Ratan Tata.

DISCUSSION QUESTIONS

1. What is the Tata Group and what does it do?
2. What was Ratan Tata's strategy for the Tata Group?
3. What is Ratan Tata's role in the company?
4. What challenges does the Tata Group face?
5. How does the Tata Group achieve control over its subsidiaries?

Chapter 10, Case # 20 The Battle to be Top Dog – PetSmart vs. Petco

CASE ABSTRACT

PetSmart and Petco are two retail chains that dominate the \$41 billion animal care industry. PetSmart is the larger of the two with 908 stores versus 850 for Petco. PetSmart also has \$4.5 billion in revenues in comparison to \$2.2 billion for Petco. While PetSmart's prices are 11 percent lower on an average than Petco's, it stresses the services offered in its stores to boost revenues and profitability. Petco's strategy is to have smaller stores with more space for merchandise. Both companies compete in the industry using a different strategic approach.

DISCUSSION QUESTIONS

1. What is PetSmart's strategy?
2. How does Petco compete with PetSmart and other pet food stores?
3. How did PetSmart react to the tainted pet food recall?
4. Why is Petco slow to embrace the services strategy?

Chapter 10, Case # 21 Six Sigma Kick-Starts Starwood

CASE ABSTRACT

Six Sigma is a quality control mechanism, originally developed by Motorola in the 1980s. Six Sigma focuses on reducing defects and cutting business costs. It has become an integral part of corporate America. Starwood, the hotel chain, swears by Six Sigma and has used it repeatedly to eke out a competitive advantage in the services sector.

While Six Sigma helps improve efficiency, companies such as 3M have seen a loss in creativity because of it. Starwood has avoided this shortcoming because it superimposes Six Sigma on a culture steeped in creativity.

Starwood uses a grounds up process to identify practices that would benefit by a Six Sigma approach. In 2006, the company saved more than \$100 million due to Six Sigma.

DISCUSSION QUESTIONS

1. How does Six Sigma help Starwood?
2. For many companies, Six Sigma stifles creativity. Why is it not the case for Starwood?
3. Explain briefly how Six Sigma works at Starwood.

Chapter 11, Case # 9 Philips Maps Out a New Direction

CASE ABSTRACT

When Gerard Kleisterlee took over as CEO of Royal Philips Electronics in 2001, the Dutch company's growth had stalled and its margins were challenged. The company was a motley mix of products such as toasters, electronic components, and semi-conductors. Divisions of the company barely communicated with each other and skeptics were writing the company off as a moribund dinosaur.

Kleisterlee masterminded a quick turn of this multibusiness company. He made key divestitures and acquisitions and reorganized the company into three divisions. He made Philips more market driven and innovative. However, he has been unable to increase revenues past the 30 billion Euro mark, nor deliver the earnings growth that investors demand. His reorganization work is not yet complete.

DISCUSSION QUESTIONS

1. How has Royal Philips Electronics performed since Gerard Kleisterlee took over as CEO?
2. How did Kleisterlee reorganize Philips?
3. Is Philips' reorganization complete? What challenges does the company face?

Chapter 11, Case # 15 Mittal & Son

CASE ABSTRACT

Lakshmi Mittal is the head of the \$88 billion Arcelor Mittal. Arcelor Mittal controls 10 percent of the world's steel and has operations in Asia, Europe, and North America. The case details the workings of Lakshmi Mittal and his 31-year old son, Aditya, the financial brains behind the company. It was Aditya Mittal who spearheaded the takeover of the European giant, Arcelor. Arcelor thwarted a friendly bid by the Mittals only to be stymied by the dogged determination of the father-son duo. The Mittals persisted in wearing down the board of Arcelor and succeeded in buying the company.

The Mittals took on \$20 billion in debt to finance the Arcelor bid and consequently are vulnerable to a global downturn for steel. In addition, their takeover of U.S. steel mills and subsequent lack of attention to them have allowed competitors such as Nucor to steal customers from them. The Mittals have their work cut out for them in steering their company in a competitive environment.

DISCUSSION QUESTIONS

1. How did the Mittals become dominant players in steel?
2. What was the rationale for Mittal Steel acquiring Arcelor?
3. What challenges does Arcelor Mittal face?

Chapter 12, Case # 10 Wal-Mart's Midlife Crisis

CASE ABSTRACT

The once high flying Wal-Mart now seems to have hit a wall. The global retailing behemoth has seen declining growth, increased competition, a sagging stock price, and all signs of a large company in a mid-life crisis.

In several key indicators, same store sales, for example, Wal-Mart is not the leader it once was. Astute and nimble competitors such as Target and Costco have beaten Wal-Mart. Wal-Mart finds that its vaunted operations, store merchandising, inventory management, logistics, have not kept pace the company's growth in size and scale over the years. As a classic example, the case points out that numerous sizes and colors of the fast selling George line of clothing are missing from stores because of Wal-Mart's inability to order goods on time.

For both H. Lee Scott, Jr., Wal-Mart's CEO, and the newly appointed Chief Merchandising Officer, John E. Fleming, the challenges are many and immediate. Wall Street is losing its patience with the company and is viewing Wal-Mart as a value stock rather than as a growth stock.

DISCUSSION QUESTIONS

1. The once high flying Wal-Mart seems to have fallen on hard times. What happened?
2. Why is Wal-Mart's everyday low prices strategy not working?
3. What is John E. Fleming doing to improve Wal-Mart's marketing?

Chapter 12, Case # 18 Nintendo's Quirky Hit Game

CASE ABSTRACT

Made in Wario is a video game released by Nintendo. It is a throwback in that it is at once deceptively simple, and yet, offers hours of fun for the player. Nintendo appears to be going against the conventional wisdom in the gaming industry which seeks to push the envelope in terms of imagery and action in each release.

Nintendo is the maker of hit consoles such as the DS and the Wii and games featuring the popular plumber, Mario. Nintendo's new strategy seems to be to capitalize on the industry's predilection for casual gaming. Thus, Made in Wario features hundreds of individual games, five-second playing times, and one-word instructions. Competitors see this as a disruption and are unable to imitate the success of this quirky gaming company.

DISCUSSION QUESTIONS

1. What is Made in Wario?
2. Why is Made in Wario difficult for competitors to imitate?
3. What challenges did Nintendo face in developing Made in Wario?

Chapter 13, Case # 23 A Red-Hot Big Blue in India

CASE ABSTRACT

IBM is the leader in the Indian technology services industry with a 10 percent share of the domestic market. This is a strong recovery by the venerable company which was trounced by its Indian rivals in the early part of the current decade. IBM's technology services division employs 53,000 in India and recruited 10,000 out of 25,000 recruited by all of their Indian competitors combined. The company used acquisitions to get a jump start in India and has since gone on to buy and sign partnership agreements with several local companies. The biggest such partnership is the \$750 million, 10-year agreement with an Indian cellular player.

DISCUSSION QUESTIONS

1. Examine IBM's India fortunes over the last decade.
2. What strategy did IBM use to do well in the Indian market?
3. What is the effect on the Indian labor market because of companies such as IBM?
4. How are IBM's Indian competitors reacting to IBM's ascent in India?

Chapter 13, Case # 26 Will Universal Music Take on iTunes?

CASE ABSTRACT

Doug Morris, the head of Universal Music, is poised to take on the industry juggernaut, Apple iTunes. He has teamed up with Sony BMG Music Entertainment and is talking with Warner Music Group to form Total Music, a rival to iTunes. Total Music wants to open up music downloading to go beyond just one format (i.e., iTunes) to encompass others such as Microsoft's Zune, Sony's Playstation, etc.

Music labels such as Universal and Sony are balking at iTunes' bargaining power. iTunes takes a cut of 29 cents out of the 99 cents downloading fee and this is excessive, according to the record labels. Plus the record labels want to support other formats, too, which is not possible under the iTunes format. It remains to be seen how successful this breakaway venture is going to be.

DISCUSSION QUESTIONS

1. What is Doug Morris of Universal Music trying to do?
2. What is Total Music's business model?
3. What risks does Universal Music face in antagonizing Steve Jobs and embracing the Total Music concept?

Chapter 14, Case # 17 Nokia Aims Way Beyond Handsets

CASE ABSTRACT

Nokia is the world leader in wireless handsets. The Finland-based company has close to a billion customers and longstanding relationships with hundreds of mobile operators around the world. It now wants to move beyond handsets and offer a number of services such as music downloading, navigational maps, etc. In so doing, it gets into the very business that wireless service providers are offering. Nokia's new Ovi service is meant to be a marketplace of content.

Wireless service providers such as Vodaphone have invested heavily into such services and so far have not got the payback. Wireless customers typically "sideload" music from their computers and not use a downloading service. In addition, they go to trusted websites such as Yahoo or Google and not to the wireless provider's own site. It remains to be seen how Nokia will succeed with Ovi when wireless service providers have failed.

DISCUSSION QUESTIONS

1. What is the Ovi? Why is Nokia launching it?
2. How have mobile operators reacted to Nokia's foray into the content area?
3. How is Nokia approaching its venture into the content area?

Chapter 14, Case # 24 Radical Collaboration IBM Style

CASE ABSTRACT

After losing billions of dollars in its chip business, IBM changed its innovation strategy in this segment. It now uses an "open ecosystem" approach to innovation. Such an approach makes use of networks of collaborators who team up to make massive investments and share knowledge with each other. The payoff for IBM is palpable. The chip division that lost \$1 billion in 2002 and \$252 million in 2003 is now making a profit.

Open innovation networks allow companies to seamlessly weave internal and external innovation capabilities to optimize profits and speed products to market. IBM's chip fabrication plant in New York took \$4.4 billion to refurbish. An alliance of companies (of which IBM is one) enabled this plant to be operated profitably. There are risks, though, in innovation networks. Partners have to learn to trust and work with each other.

DISCUSSION QUESTIONS

1. What prompted IBM to think of a different approach to innovation? What was the initial reaction inside IBM?
2. What is IBM's "open ecosystem" approach to innovation?
3. Why is it important for IBM to form a chip alliance?
4. What are the pitfalls of innovation networks? How can they be avoided?