



SIXTH EDITION

# STRATEGIC MANAGEMENT

CASES IN

FRED R. DAVID



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# Preface

The business world today is much different than it was just two years ago when the previous edition of this text was introduced. Today, voice mail, e-mail, the World Wide Web, the Internet, globalization, and concern for the natural environment have radically changed the way managers think and operate. Downsizing, rightsizing, and reengineering, coupled with thousands of mergers and acquisitions, have permanently altered the corporate landscape. Hundreds of recent strategic management articles in journals, magazines, and newspapers have impacted strategic thinking. Great opportunities for export and investment have surfaced worldwide, especially in the developing countries of Southeast Asia and South America. Changes made in this edition are aimed squarely at illustrating the effect that our rapidly changing world has on strategic management theory and practice.

Our mission in preparing this sixth edition of *Strategic Management* was, "to create the most current, well written business policy textbook on the market; a book that is exciting and valuable to both students and professors." To achieve this mission, significant improvements have been made to every item in the teaching package. The time basis for all cases included in this edition is through 1995, resulting in the most up-to-date compilation of cases ever assembled in a business policy text.

## CASES

- ◆ The case selection has historically been one of the most current and varied of any Strategic Management text in the market.
- ◆ Eleven new cases covering such well known companies as Avon, Greyhound, and Carnival Cruises are included in this edition along with twenty-seven fully updated cases from the previous edition.
- ◆ Twenty-nine of the thirty-eight cases feature year-end 1995 financial statements.
- ◆ Cases are organized in seventeen industry groups and most are preceded by a comprehensive Industry Note based on 1995 Standard & Poor's Corp. information.

- ◆ Case selection summary:
  - 19 Service oriented cases such as Citicorp and The Limited.
  - 19 Manufacturing oriented cases such as Boeing and Winnebago.
  - 25 International cases such as Playboy and Weyerhaeuser.
  - 11 Small business cases such as Splatterball and Norwood Furniture Co.
  - 5 Not-for-Profit cases such as Classic Car Club and Audubon Zoo.
- ◆ A special matrix provided at the end of this preface compares all cases in the text on important criteria such as topics covered, size of firm, complexity of case, etc.

## ANCILLARY MATERIALS

To meet the different needs of the many professors who teach business policy or strategic management at the undergraduate or graduate level, this text is accompanied by what we feel is the best ancillary package available.

- ◆ Instructor's Resource Manual with Test Item File—Includes Chapter outlines, Answers to discussion / review questions, Experiential Exercise Notes, Glossary and Test Question Answers. Test Items include a per chapter average of 70 T/F, 45 Multiple Choice, and 20 Essay questions.
- ◆ Case Solutions Manual—Provides comprehensive notes for all thirty-eight cases. Each case discussion is organized into thirteen sections, including summary, major issues, discussion questions, various analytical ratios and matrices, and an epilogue.
- ◆ Transparencies—Fifty four-color transparencies on high quality Mylar featuring illustrations from the textbook.
- ◆ Software—
  - Strategy Formulator*—A DOS based software package that helps students organize case information and data. A master is included in the Instructor's Resource Manual and may be copied.
  - Case Analyst*—Includes year-end 1995 financial data



for most of the cases. A master is included in the Instructor's Resource Manual and may be copied.

*PowerPoint*—100, four-color electronic transparencies available on 3.5" disk with illustrations and tables from text.

*Computerized Test Item File*—PH Custom Test Software with technical support. Instructors can modify existing questions, or add additional questions of their own.

*Instructor's Resource Manual on disk*—IRM on 3.5" disk allows instructors to add their own lecture notes, examples, and information.

- ◆ Videos—Five new color videos to accompany the existing collection of fourteen corporate video case studies. These include Circus Circus, Greyhound, Biomet, Avon, and Boeing.
- ◆ Web Site Support—40 new End-of-Chapter Internet exercises allow students to practice searching for information and using it for strategic decision making. Visit us at <http://www.prenhall.com/davidsm>

## A SPECIAL NOTE TO STUDENTS

Welcome to business policy. This is a challenging and exciting course that will allow you to function as the owner or chief executive officer of different organizations. Your major task in this course will be to make strategic decisions and to justify those decisions through oral and written communication. Strategic decisions determine the future direction and competitive position of an enterprise for a long time. Decisions to expand geographically or to diversify are examples of strategic decisions.

Strategic decision making occurs in all types and sizes of organizations from General Motors to a small hardware store. Many people's lives and jobs are affected by strategic decisions, so the stakes are very high. An organization's very survival is often at stake. The overall importance of strategic decisions makes this course especially exciting and challenging. You will be called upon in business policy to demonstrate how your strategic decisions could be successfully implemented.

In this course you can look forward to making strategic decisions both as an individual and as a member of a team. No matter how hard employees work, an organization is in real trouble if strategic decisions are not made effectively. Doing the right things (effectiveness) is more important than doing things right (efficiency). For example, Digital Equipment Corporation was prosperous in the 1980s, but ineffective strategies led to annual billion dollar losses in the 1990s.

You will have the opportunity in this course to make actual strategic decisions, perhaps for the first time in your academic career. Do not hesitate to take a stand and defend specific strategies that you determine to be the best. The rationale for your strategic decisions will be more important than the actual decision, because no one knows for sure what the best strategy is for a particular organization at a given point in time. This fact accents the subjective, contingency nature of the strategic-management process. Use the concepts and tools presented in this text, coupled with your own intuition, to recommend strategies that you can defend as being most appropriate for the organizations that you study. You will also need to integrate knowledge acquired in previous business courses. For this reason business policy is often called a capstone course; you may want to keep this book for your personal library.

This text is practitioner-oriented and applications-oriented. It presents strategic-management concepts that will enable you to formulate, implement, and evaluate strategies in all kinds of for-profit and nonprofit organizations. The end-of-chapter Experiential Exercises allow you to apply what you've read in each chapter to the Hershey Foods Cohesion Case and to your own university.

Be sure to use *Case Analyst*, *Strategy Formulator* because this software will save you time in performing analyses and will make your work look professional. Read and follow the guidelines provided after this preface for using the software and for making oral presentations. Work hard in policy this term and have fun. Good luck!

## ACKNOWLEDGMENTS

Many people have contributed time, energy, ideas, and suggestions for improving this text over six editions. The strength of this text is largely attributed to the collective wisdom, work, and experiences of business policy professors, strategic-management researchers, students, and practitioners. Names of particular individuals whose published research is referenced in this text are listed alphabetically in the Name Index. To all individuals involved in making this text so popular and successful, I am indebted and thankful.

Many special people and reviewers contributed valuable material and suggestions for this edition. I would like to thank my colleagues and friends at Auburn University, Mississippi State University, East Carolina University, Pembroke State University and Francis Marion University. These are universities where I have



served on the management faculty. Professors at these schools who shaped development of this text are Bill Holley, Achilles Armenakis, and Bob Neibuhr at Auburn University; Johnny Giglioni, Dennis Ray, and Dan Cochran at Mississippi State University; Louis Eckstein, Tilton Wilcox, and Buc Keush at East Carolina University; and Don Kelley, Bob Pugh, Jack Goebel and Bob Barrett at Francis Marion University.

Individuals who develop cases for the North American Case Research Association Meeting, the Midwest Society for Case Research Meeting, the Eastern Casewriters Association Meeting, the European Case Research Association meeting, and Harvard Case Services are vitally important for continued progress in the field of strategic management. From a research perspective there is no question that writing business policy cases represents a valuable scholarly activity among faculty. Extensive research is required to structure business policy cases in a way that exposes strategic issues, decisions, and behavior. Pedagogically, business policy cases are essential for students in learning how to apply concepts, evaluate situations, formulate strategies, and resolve implementation problems. Without a continuous stream of up-to-date business policy cases, the strategic-management course and discipline would lose much of its energy and excitement.

The following individuals wrote cases that were selected for inclusion in this text and helped develop the most current compilation of cases ever assembled in a business policy text:

David Adams, Marywood College  
 Claire Anderson, Old Dominion University  
 Robert Anderson, College of Charleston  
 Jill Austin, Middle Tennessee State University  
 Stephen Barndt, Pacific Lutheran University  
 Henry Beam, Western Michigan University  
 David Bradbard, Winthrop College  
 James Camerius, Northern Michigan University  
 Thomas Carey, Western Michigan University  
 Dr. John Champion, University of Florida  
 James Clinton, University of Northern Colorado  
 Carol Cumber, South Dakota State University  
 Charles Doryland, Francis Marion University  
 Bahman Ebrahimi, North Texas State University  
 Caroline Fisher, Loyola University  
 Giovanni Giglioni, Mississippi State University  
 Jack Goebel, Francis Marion University  
 Doug Gray, Business owner  
 Jean Hanebury, Texas A & M University at Corpus Christi

James Harbin, East Texas State University  
 Paula Haynes, University of Tennessee at Chattanooga  
 Marilyn Helms, University of Tennessee at Chattanooga  
 Charles Hofer, University of Georgia  
 Sharon Johnson, Baylor University  
 Mike Keeffe, Southwest Texas State University  
 Gerald Kohers, Sam Houston State University  
 Charles Kuehl, University of Missouri, St. Louis  
 Joseph Lampel, New York University  
 Kay Lawrimore, Francis Marion University  
 Ted Legatski, Texas A & M University  
 Dean Lewis, Sam Houston State University  
 Robert Losik, New Hampshire College  
 Charles Manz, Arizona State University  
 John Marcis, Francis Marion University  
 James McFayden, Francis Marion University  
 Bill Middlebrook, Southwest Texas State University  
 Francine Newth, Providence College  
 Shelby Nickell, Business owner  
 Joni Norby, Sam Houston State University  
 Sharon Oswald, Auburn University  
 Dr. Dennis Patzig, James Madison University  
 Rich Priesmeyer, St. Mary's University  
 Valerie J. Porciello, Bentley College  
 Paul Reed, Sam Houston State University  
 Lawrence Rhyne, San Diego State University  
 John Ross, Southwest Texas State University  
 George Rubenson, Salisbury State University  
 Pete Schoderbek, University of Iowa  
 Amit Shah, Frostburg State University  
 Jamal Shanusic, New York University  
 Frank Shipper, Arizona State University  
 Charles Shrader, Iowa State University  
 Christy Sloan, University of Tennessee at Chattanooga  
 Matthew Sonfield, Hofstra University  
 Timothy Stearns, Marquette University  
 Carolyn Stokes, Francis Marion University  
 John Stanbury, Indiana University  
 Craig Tunwall, Ithaca College  
 Joan Twenter, Iowa State University  
 Andrew Varanelli, Pace University  
 Richard Wagner, Indiana University  
 Charles Watson, Miami University, Ohio  
 Steve Williams, Baker College  
 Lucretia Zienert, Auburn University

Prentice Hall employees and salespeople have worked diligently behind the scenes to make this text a leader in the business-policy market. David Shafer, Natalie Anderson, Lisamarie Brassini, Tom Nixon, Bill Oldsey, Cynthia Regan, and Brett Moreland, for example, have



supported this text immensely. I appreciate the continued hard work of all Prentice Hall employees and salespeople.

I also want to thank you, the reader, for investing time and effort reading and studying this text. As we approach the twenty-first century together, this book will help you formulate, implement, and evaluate strategies for organizations with which you become associated. I hope you come to share my enthusiasm for the rich subject area of strategic management and for the systematic learning approach taken in this text.

Finally, I want to welcome and invite your suggestions, ideas, thoughts, and comments and questions

regarding any part of this text or the ancillary materials. Please call me at 803-661-1419, or write to me at the School of Business, Francis Marion University, Florence, South Carolina 29501. My e-mail address is FDavid @ F Marion. edu and my fax number is 803-661-1432. I appreciate and need your input to continually improve this text in future editions. Drawing my attention to specific errors or deficiencies in coverage or exposition will especially be appreciated. Thank you for using this text.

F.R.D.



## Case Description Matrix

	<u>M</u> anufacturing or <u>S</u> ervice	<u>P</u> rofit or <u>N</u> onprofit	<u>P</u> ublicly-Traded Stock ( <u>Y</u> es or <u>N</u> o)	<u>S</u> mall, <u>M</u> edium, or <u>L</u> arge	<u>I</u> nternational or <u>D</u> omestic
<b>COMPANY-CASE/INFO CODE</b>					
1. Splatterball	S	P	N	S	D
2. Norwood Furniture Company	S	P	N	S	D
3. Woodlands Cleaning Service	S	P	N	S	D
4. Citicorp	S	P	Y	L	I
5. Banc One	S	P	Y	L	D
6. The Limited	S	P	Y	L	I
7. Nordstrom	S	P	Y	L	D
8. Wal-Mart Stores	S	P	Y	L	I
9. Promus Corporation	S	P	Y	L	D
10. Circus Circus Enterprises	S	P	Y	L	I
11. Carnival Corporation	S	P	Y	L	I
12. DMN&E Railroad	S	P	N	M	D
13. Greyhound Corporation	S	P	Y	M	D
14. Cineplex Odeon	S	P	Y	L	I
15. Audubon Zoo	S	N	N	S	D
16. Classic Car Club	S	N	N	S	I
17. Elkins Lake Baptist Church	S	N	N	S	D
18. Walnut Creek Baptist Church	S	N	N	S	D
19. Metropolitan Museum of Art	S	N	N	S	I
20. E. L. Nickell	M	P	N	S	D
21. NSP Corporate Graphics	M	P	N	S	D
22. Material Handling Engineering	M	P	N	S	I
23. Harley-Davidson Inc.	M	P	Y	L	I
24. Winnebago Industries	M	P	Y	L	I
25. McDonnell Douglas	M	P	Y	L	I
26. Boeing Company	M	P	Y	L	I
27. Weyerhaeuser	M	P	Y	L	I
28. Georgia-Pacific	M	P	Y	L	I
29. W.L.Gore	M	P	N	L	I
30. Nike	M	P	Y	L	I
31. Playboy	M	P	Y	L	I
32. Biomet	M	P	Y	M	I
33. Stryker	M	P	Y	M	I
34. Avon Products	M	P	Y	L	I
35. UST	M	P	Y	M	I
36. Campbell	M	P	Y	L	I
37. Pilgrim's Pride	M	P	Y	L	I
38. Perdue Farms	M	P	Y	L	I



Headquartered in which state	Revenues: <u>F</u> alling or <u>R</u> ising	Profit: <u>F</u> alling or <u>R</u> ising	Complexity ( <u>H</u> igh, <u>M</u> edium or <u>L</u> ow)	Financial Statements Included ( <u>Y</u> es or <u>N</u> o)	Mission Statements Included ( <u>Y</u> es or <u>N</u> o)	Org. Chart Info Included ( <u>Y</u> es or <u>N</u> o)	Industry Note Precedes ( <u>Y</u> es or <u>N</u> o)	First Appearance Ever in this Text ( <u>Y</u> es or <u>N</u> o)
TN	R	R	L	Y	Y	N	N	N
TN	R	R	L	Y	Y	N	N	N
TX	R	R	L	Y	Y	N	N	Y
NY	R	R	H	Y	Y	N	Y	N
OH	R	F	H	Y	Y	N	Y	N
OH	R	R	H	Y	Y	N	Y	N
WA	R	R	M	Y	Y	Y	Y	N
AR	R	R	M	Y	N	N	Y	N
TN	R	F	H	Y	Y	N	Y	N
NV	R	R	M	Y	N	Y	Y	N
FL	R	R	M	Y	Y	N	Y	Y
SD	R	R	M	Y	Y	Y	Y	N
TX	F	F	M	Y	N	N	Y	Y
CN	F	F	M	Y	N	N	Y	Y
LA	F	F	L	Y	Y	Y	N	N
IL	R	R	L	Y	N	Y	N	N
TX	R	R	L	Y	N	N	N	Y
TX	R	F	L	Y	N	N	N	N
NY	R	R	M	Y	Y	N	N	N
MI	R	R	M	Y	N	Y	N	Y
AL	R	R	L	Y	N	Y	N	N
SI	R	F	H	Y	N	Y	N	N
WI	R	R	M	Y	Y	N	N	N
IA	R	R	M	Y	N	N	N	N
MO	F	R	H	Y	N	N	Y	N
WA	F	F	H	Y	N	Y	Y	N
WA	R	R	H	Y	N	Y	Y	N
GA	R	R	H	Y	N	N	Y	N
DR	R	R	M	N	N	Y	Y	N
OR	R	R	M	Y	Y	N	Y	N
IL	R	R	H	Y	N	Y	Y	N
ID	R	R	M	Y	N	Y	Y	Y
MI	R	R	M	Y	N	Y	Y	Y
NY	R	R	H	Y	Y	Y	Y	Y
CT	R	R	H	Y	N	N	Y	Y
NJ	R	R	H	Y	Y	Y	Y	N
TX	R	R	M	Y	Y	Y	Y	N
MD	R	R	M	N	Y	N	Y	Y



# *How to Analyze a Business Policy Case*

## OUTLINE

- ◆ WHAT IS A BUSINESS POLICY CASE?
- ◆ GUIDELINES FOR PREPARING CASE ANALYSES
- ◆ PREPARING A CASE FOR CLASS DISCUSSION
- ◆ PREPARING A WRITTEN CASE ANALYSIS
- ◆ MAKING AN ORAL PRESENTATION
- ◆ FIFTY TIPS FOR SUCCESS IN CASE ANALYSIS

## OBJECTIVES

**After studying this chapter, you should be able to do the following:**

1. Describe the case method for learning strategic-management concepts.
2. Identify the steps in preparing a comprehensive written case analysis.
3. Describe how to give an effective oral case analysis presentation.
4. Discuss fifty tips for doing case analysis.



NOTABLE  
QUOTES

*The essential fact that makes the case method an educational experience of the greatest power is that it makes the student an active rather than a passive participant.* —WALLACE B. DONHAM

*The great aim of education is not knowledge, but action.* —HERBERT SPENCER

*Two heads are better than one.* —UNKNOWN AUTHOR

*Good writers do not turn in their first draft. Ask someone else to read your written case analysis, and read it out loud to yourself. That way, you can find rough areas to clean up.* —LAWRENCE JAUCH

*One reaction frequently heard is, "I don't have enough information." In reality, strategists never have enough information because some information is not available and some is too costly.* —WILLIAM GLUECK

*I keep six honest serving men. They taught me all I know. Their names are What, Why, When, How, Where, and Who.* —RUDYARD KIPLING

*Don't recommend anything you would not be prepared to do yourself if you were in the decision maker's shoes.* —A.J. STRICKLAND III

*A picture is worth a thousand words.* —UNKNOWN AUTHOR

The purpose of this section is to help you analyze business policy cases. Guidelines for preparing written and oral case analyses are given, and suggestions for preparing cases for class discussion are presented. Steps to follow in preparing case analyses are provided. Guidelines for making an oral presentation are described.

## WHAT IS A BUSINESS-POLICY CASE?

A *business-policy case* describes an organization's external and internal condition and raises issues concerning the firm's mission, strategies, objectives, and policies. Most of the information in a business-policy case is established fact, but some information may be opinions, judgments, and beliefs. Business-policy cases are more comprehensive than those you may have studied in other courses. They generally include a description of related management, marketing, finance/accounting, production/operations, R&D, computer information systems, and natural environment issues. A business-policy case puts the reader on the scene of the action by describing a firm's situation at some point in time. Business-policy cases are written to give you practice applying strategic-management concepts. The case method for studying strategic management is often called *learning by doing*.

## GUIDELINES FOR PREPARING CASE ANALYSES

**THE NEED FOR PRACTICALITY** There is no such thing as a complete case, and no case ever gives you all the information you need to conduct analyses and make recommendations. Likewise, in the business world, strategists never have all the information they need to make decisions: information may be unavailable, too costly to obtain, or may take too much time to obtain. So, in preparing business policy cases, do what strategists do every day—make reasonable assumptions about unknowns, state assumptions clearly, perform appropriate analyses, and make decisions. *Be practical.* For example, in performing a pro forma financial analysis, make reasonable assumptions, state them appropriately, and proceed to show what impact your recommendations are expected to have on the organization's financial position. Avoid saying, "I don't have enough information." You can always supplement the information provided in a case with research in your college library. Library research is required in case analyses.

**THE NEED FOR JUSTIFICATION** The most important part of analyzing cases is not what strategies you recommend, but rather how you support your decisions and how you propose that they be implemented. There is no single best solution or one right answer to a case, so give ample justification for your recommendations. This is important. In the business world, strategists usually do not know if their decisions are right until resources have been allocated and consumed. Then it is often too late to reverse the decisions. This cold fact accents the need for careful integration of intuition and analysis in preparing business policy case analyses.

**THE NEED FOR REALISM** Avoid recommending a course of action beyond an organization's means. *Be realistic.* No organization can possibly pursue all the strategies that could potentially benefit the firm. Estimate how much capital will be required to implement what you recommended. Determine whether debt, stock, or a combination of debt and stock could be used to obtain the capital. Make sure your recommendations are feasible. Do not prepare a case analysis that omits all arguments and information not sup-



portive of your recommendations. Rather, present the major advantages and disadvantages of several feasible alternatives. Try not to exaggerate, stereotype, prejudice, or overdramatize. Strive to demonstrate that your interpretation of the evidence is reasonable and objective.

**THE NEED FOR SPECIFICITY** Do not make broad generalizations such as “The company should pursue a market penetration strategy.” *Be specific* by telling what, why, when, how, where, and who. Failure to use specifics is the single major shortcoming of most oral and written case analyses. For example, in an internal audit say, “The firm’s current ratio fell from 2.2 in 1993 to 1.3 in 1994, and this is considered to be a major weakness,” instead of, “The firm’s financial condition is bad.” Rather than concluding from a SPACE Matrix that a firm should be defensive, be more specific, saying, “The firm should consider closing three plants, laying off 280 employees, and divesting itself of its chemical division, for a net savings of \$20.2 million in 1995.” Use ratios, percentages, numbers, and dollar estimates. Businesspeople dislike generalities and vagueness.

**THE NEED FOR ORIGINALITY** Do not necessarily recommend the course of action that the firm plans to take or actually undertook, even if those actions resulted in improved revenues and earnings. The aim of case analysis is for you to consider all the facts and information relevant to the organization at the time, generate feasible alternative strategies, choose among those alternatives, and defend your recommendations. Put yourself back in time to the point when strategic decisions were being made by the firm’s strategists. Based on information available then, what would you have done? Support your position with charts, graphs, ratios, analyses, and the like—not a revelation from the library. You can become a good strategist by thinking through situations, making management assessments, and proposing plans yourself. *Be original*. Compare and contrast what you recommend versus what the company plans to do or did.

**THE NEED TO CONTRIBUTE** Strategy formulation, implementation, and evaluation decisions are commonly made by a group of individuals rather than by a single person. Therefore, your professor may divide the class into three- or four-person teams to prepare written or oral case analyses. Members of a strategic-management team, in class or in the business world, differ on their aversion to risk, their concern for short-run versus long-run benefits, their attitudes toward social responsibility, and their views concerning globalization. There are no perfect people, so there are no perfect strategists. Be open-minded to others’ views. *Be a good listener and a good contributor*.

## PREPARING A CASE FOR CLASS DISCUSSION

Your professor may ask you to prepare a case for class discussion. Preparing a case for class discussion means that you need to read the case before class, make notes regarding the organization’s external opportunities/threats and internal strengths/weaknesses, perform appropriate analyses, and come to class prepared to offer and defend some specific recommendations.

**THE CASE METHOD VERSUS LECTURE APPROACH** The case method of teaching is radically different from the traditional lecture approach, in which little or no preparation is needed by students before class. The *case method* involves a classroom situation in which students do most of the talking; your professor facilitates discussion by asking questions and encouraging student interaction regarding ideas, analyses, and



recommendations. Be prepared for a discussion along the lines of, “What would you do, why would you do it, when would you do it, and how would you do it?” Prepare answers to the following types of questions:

- ◆ What are the firm’s most important external opportunities and threats?
- ◆ What are the organization’s major strengths and weaknesses?
- ◆ How would you describe the organization’s financial condition?
- ◆ What are the firm’s existing strategies and objectives?
- ◆ Who are the firm’s competitors and what are their strategies?
- ◆ What objectives and strategies do you recommend for this organization? Explain your reasoning. How does what you recommend compare to what the company plans?
- ◆ How could the organization best implement what you recommend? What implementation problems do you envision? How could the firm avoid or solve those problems?

**THE CROSS-EXAMINATION** Do not hesitate to take a stand on the issues and to support your position with objective analyses and outside research. Strive to apply strategic-management concepts and tools in preparing your case for class discussion. Seek defensible arguments and positions. Support opinions and judgments with facts, reasons, and evidence. Crunch the numbers before class! Be willing to describe your recommendations to the class without fear of disapproval. Respect the ideas of others, but be willing to go against the majority opinion when you can justify a better position.

Business-policy case analysis gives you the opportunity to learn more about yourself, your colleagues, strategic management, and the decision-making process in organizations. The rewards of this experience will depend upon the effort you put forth, so do a good job. Discussing business policy cases in class is exciting and challenging. Expect views counter to those you present. Different students will place emphasis on different aspects of an organization’s situation and submit different recommendations for scrutiny and rebuttal. Cross-examination discussions commonly arise, just as they occur in a real business organization. Avoid being a silent observer.

## GUIDELINES FOR PREPARING CASE ANALYSES

In addition to asking you to prepare a case for class discussion, your professor may ask you to prepare a written case analysis. Preparing a written case analysis is similar to preparing a case for class discussion, except written reports are generally more structured and more detailed. There is no ironclad procedure for preparing a written case analysis because cases differ in focus; the type, size, and complexity of the organizations being analyzed also vary.

When writing a strategic-management report or case analysis, avoid using jargon, vague or redundant words, acronyms, abbreviations, sexist language, and ethnic or racial slurs, and watch your spelling. Use short sentences and paragraphs and simple words and phrases. Use quite a few subheadings. Arrange issues and ideas from the most important to the least important. Arrange recommendations from the least controversial to the most controversial. Use the active voice rather than the passive voice for all verbs; for example, say, “Our team recommends that the company diversify,” rather than, “It is recommended by our team to diversify.” Use many examples to add specificity and clarity. Tables, figures, pie charts, bar charts, time lines, and other kinds of exhibits help communicate important points and ideas. Sometimes a picture *is* worth a thousand words.

**THE EXECUTIVE SUMMARY** Your professor may ask you to focus the written case analysis on a particular aspect of the strategic-management process, such as (1) to identify and evaluate the organization’s existing mission, objectives, and strategies; or (2)



to propose and defend specific recommendations for the company; or (3) to develop an industry analysis by describing the competitors, products, selling techniques, and market conditions in a given industry. These types of written reports are sometimes called *executive summaries*. An executive summary usually ranges from three to five pages of text in length, plus exhibits.

**THE COMPREHENSIVE WRITTEN ANALYSIS** Your professor may ask you to prepare a *comprehensive written analysis*. This assignment requires you to apply the entire strategic-management process to the particular organization. When preparing a comprehensive written analysis, picture yourself as a consultant who has been asked by a company to conduct a study of its external and internal environment and make specific recommendations for its future. Prepare exhibits to support your recommendations. Highlight exhibits with some discussion in the paper. Comprehensive written analyses are usually about ten pages in length, plus exhibits.

**STEPS IN PREPARING A COMPREHENSIVE WRITTEN ANALYSIS** In preparing a comprehensive written analysis, you could follow the steps outlined here, which correlate to the stages in the strategic-management process and the chapters in this text.

- Step 1 Identify the firm's existing mission, objectives, and strategies.
- Step 2 Develop a mission statement for the organization.
- Step 3 Identify the organization's external opportunities and threats.
- Step 4 Construct a Competitive Profile Matrix.
- Step 5 Construct an EFE Matrix.
- Step 6 Identify the organization's internal strengths and weaknesses.
- Step 7 Construct an IFE Matrix.
- Step 8 Prepare a TOWS Matrix, SPACE Matrix, BCG Matrix, IE Matrix, Grand Strategy Matrix, and QSPM as appropriate. Give advantages and disadvantages of alternative strategies.
- Step 9 Recommend specific strategies and long-term objectives. Show how much your recommendations will cost. Itemize these costs clearly for each projected year. Compare your recommendations to actual strategies planned by the company.
- Step 10 Specify how your recommendations can be implemented and what results you can expect. Prepare forecasted ratios and pro forma financial statements. Present a timetable or agenda for action.
- Step 11 Recommend specific annual objectives and policies.
- Step 12 Recommend procedures for strategy review and evaluation.

## MAKING AN ORAL PRESENTATION

Your professor may ask you to prepare a business policy case analysis, individually or as a group, and present your analysis to the class. Oral presentations are usually graded on two parts: content and delivery. *Content* refers to the quality, quantity, correctness, and appropriateness of analyses presented, including such dimensions as logical flow through the presentation, coverage of major issues, use of specifics, avoidance of generalities, absence of mistakes, and feasibility of recommendations. *Delivery* includes such dimensions as audience attentiveness, clarity of visual aids, appropriate dress, persuasiveness of arguments, tone

of voice, eye contact, and posture. Great ideas are of no value unless others can be convinced of their merit through clear communication. The guidelines presented here can help you make an effective oral presentation.

**ORGANIZING THE PRESENTATION** Begin your presentation by introducing yourself and giving a clear outline of topics to be covered. If a team is presenting, specify the sequence of speakers and the areas each person will address. At the beginning of an oral presentation, try to capture your audience's interest and attention. You could do this by displaying some products made by the company, telling an interesting short story about the company, or sharing an experience that you had related to the company, its products, or its services. You could develop or obtain a video to show at the beginning of class; you could visit a local distributor of the firm's products and tape a personal interview with the business owner or manager. A light or humorous introduction can be effective at the beginning of a presentation.

Be sure the setting of your presentation is well organized, with chairs, flip charts, a transparency projector, and whatever else you plan to use. Arrive at least 15 minutes early at the classroom to organize the setting, and be sure your materials are ready to go. Make sure everyone can see your visual aids well.

**CONTROLLING YOUR VOICE** An effective rate of speaking ranges from 100 to 125 words per minute. Practice your presentation out loud to determine if you are going too fast. Individuals commonly speak too fast when nervous. Breathe deeply before and during the presentation to help yourself slow down. Have a cup of water available; pausing to take a drink will wet your throat, give you time to collect your thoughts, control your nervousness, slow you down, and signal to the audience a change in topic.

Avoid a monotone by placing emphasis on different words or sentences. Speak loudly and clearly, but don't shout. Silence can be used effectively to break a monotone voice. Stop at the end of each sentence, rather than running sentences together with *and* or *uh*.

**MANAGING BODY LANGUAGE** Be sure not to fold your arms, lean on the podium, put your hands in your pockets, or put your hands behind you. Keep a straight posture, with one foot slightly in front of the other. Do not turn your back to the audience, which is not only rude but which also prevents your voice from projecting well. Avoid using too many hand gestures. On occasion leave the podium or table and walk toward your audience, but do not walk around too much. Never block the audience's view of your visual aids.

Maintain good eye contact throughout the presentation. This is the best way to persuade your audience. There is nothing more reassuring to a speaker than to see members of the audience nod in agreement or smile. Try to look everyone in the eye at least once during your presentation, but focus more on individuals who look interested than on persons who seem bored. Use humor and smiles as appropriate throughout your presentation to stay in touch with your audience. A presentation should never be dull!

**SPEAKING FROM NOTES** Be sure not to read to your audience, because reading puts people to sleep. Perhaps worse than reading is memorizing. Do not try to memorize anything. Rather, practice using notes unobtrusively. Make sure your notes are written clearly so you will not flounder trying to read your own writing. Include only main ideas on your note cards. Keep note cards on a podium or table if possible so that you won't drop them or get them out of order; walking with note cards tends to be distracting.

**CONSTRUCTING VISUAL AIDS** Make sure your visual aids are legible to individuals in the back of the room. Use color to highlight special items. Avoid putting complete sentences on visual aids; rather, use short phrases and then elaborate on issues orally



as you make your presentation. Generally, there should be no more than four to six lines of text on each visual aid. Use clear headings and subheadings. Be careful about spelling and grammar; use a consistent style of lettering. Use masking tape or an easel for posters—do not hold posters in your hand. Transparencies and handouts are excellent aids; however, be careful not to use too many handouts or your audience may concentrate on them instead of you during the presentation.

**ANSWERING QUESTIONS** It is best to field questions at the end of your presentation, rather than during the presentation itself. Encourage questions and take your time to respond to each one. Answering questions can be persuasive because it involves you with the audience. If a team is giving the presentation, the audience should direct questions to a specific person. During the question and answer period, be polite, confident, and courteous. Avoid verbose responses. Do not get defensive with your answers, even if a hostile or confrontational question is asked. Staying calm during potentially disruptive situations such as a cross-examination reflects self-confidence, maturity, poise, and command of the particular company and its industry. Stand up throughout the question and answer period.

## FIFTY TIPS FOR SUCCESS IN CASE ANALYSIS

Business policy students who have used this text over two editions offer you the following fifty tips for success in doing case analysis:

1. View your case analysis and presentation as a product that must have some competitive factor to differentiate it favorably from the case analyses of other students.
2. Prepare your case analysis far enough in advance of the due date to allow time for reflection and practice. Do not procrastinate.
3. Develop a mind-set of “why,” continually questioning your own and others’ assumptions and assertions.
4. The best ideas are lost if not communicated to the reader, so as ideas develop, think of their most appropriate presentation.
5. Maintain a positive attitude about the class, working *with* problems rather than against them.
6. Keep in tune with your professor and understand his or her values and expectations.
7. Since business policy is a capstone course, seek the help of professors in other specialty areas as needed.
8. Other students will have strengths in functional areas that will complement your weaknesses, so develop a cooperative spirit that moderates competitiveness in group work.
9. Read your case frequently as work progresses so you don’t overlook details.
10. When preparing a case analysis as a group, divide into separate teams to work on the external analysis and internal analysis. Each team should write its section as if it were to go into the paper; then give each group member a copy.
11. At the end of each group session, assign each member of the group a task to be completed for the next meeting.
12. Have a good sense of humor.
13. Capitalize on the strengths of each member of the group; volunteer your services in your areas of strength.
14. Set goals for yourself and your team; budget your time to attain them.
15. Become friends with the library.
16. Foster attitudes that encourage group participation and interaction. Do not be hasty to judge group members.

17. Be creative and innovative throughout the case analysis process.
18. Be prepared to work. There will be times when you will have to do more than your share. Accept it, and do what you have to do to move the team forward.
19. Think of your case analysis as if it were really happening; do not reduce case analysis to a mechanical process.
20. To uncover flaws in your analysis and to prepare the group for questions during an oral presentation, assign one person in the group to actively play the devil's advocate.
21. Do not schedule excessively long group meetings; two-hour sessions are about right.
22. A goal of case analysis is to improve your ability to think clearly in ambiguous and confusing situations; do not get frustrated that there is no single best answer.
23. Push your ideas hard enough to get them listened to, but then let up; listen to others and try to follow their lines of thinking; follow the flow of group discussion, recognizing when you need to get back on track; do not repeat yourself or others unless clarity or progress demands repetition.
24. Do not confuse symptoms with causes; do not develop conclusions and solutions prematurely; recognize that information may be misleading, conflicting, or wrong.
25. Work hard to develop the ability to formulate reasonable, consistent, and creative plans; put yourself in the strategist's position.
26. Develop confidence in using quantitative tools for analysis. They are not inherently difficult; it is just practice and familiarity you need.
27. Develop a case-writing style that is direct, assertive, and convincing; be concise, precise, fluent, and correct.
28. Have fun when at all possible. It is frustrating at times, but enjoy it while you can; it may be several years before you are playing CEO again.
29. Acquire a professional typist and proofreader. Do not perform either task alone.
30. Strive for excellence in writing and technical preparation of your case. Prepare nice charts, tables, diagrams, and graphs. Use color and unique pictures. No messy exhibits!
31. In group cases do not allow personality differences to interfere. When they occur, they must be understood for what they are and put aside.
32. Do not forget that the objective is to learn; explore areas with which you are not familiar.
33. Pay attention to detail.
34. Think through alternative implications fully and realistically. The consequences of decisions are not always apparent. They often affect many different aspects of a firm's operations.
35. Get things written down (drafts) as soon as possible.
36. Read everything that other group members write, and comment on it in writing. This allows group input into all aspects of case preparation.
37. Provide answers to such fundamental questions as what, when, where, why, and how.
38. Adaptation and flexibility are keys to success; be creative and innovative.
39. Do not merely recite ratios or present figures. Rather, develop ideas and conclusions concerning the possible trends. Show the importance of these figures to the corporation.
40. Support reasoning and judgment with factual data whenever possible.
41. Neatness is a real plus; your case analysis should look professional.
42. Your analysis should be as detailed and specific as possible.
43. A picture speaks a thousand words, and a creative picture gets you an A in many classes.