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Using Benchmarking To Evaluate Performance 362

CASE 2 The Wallace Group 2-1
(Contributor: Laurence J. Stybel)
Managers question the company's strategic direction and how it is being managed by its founder and CEO. Company growth has resulted not only in disorganization and confusion among employees, but in poor overall performance. How should the board deal with the company's founder?

SECTION B Business Ethics

CASE 3 Everyone Does It 3-1
(Contributors: Steven M. Cox and Shawana P. Johnson)
When Jim Willis, Marketing VP, learns that the launch date for the company's new satellite will be late by at least a year, he is told by the company's president to continue using the earlier published date for the launch. When Jim protests that the use of an incorrect date to market contracts is unethical, he is told that spacecraft are never launched on time and that it is common industry practice to list unrealistic launch dates. If a realistic date was used, no one would contract with the company.

CASE 4 The Audit 4-1
(Contributors: Gamewell D. Gantt, George A. Johnson, and John A. Kilpatrick)
A questionable accounting practice by the company being audited puts a new CPA in a difficult position. Although the practice is clearly wrong, she is being pressured by her manager to ignore it because it is common in the industry.

SECTION C Corporate Governance and Social Responsibility

CASE 5 Early Warning or False Sense of Security? Concussion Risk and the Case of the Impact-Sensing Football Chinstrap 5-1
(Contributors: Clifton D. Petty, and Michael R. Shirley)
In 2009, Battle Sports Science, headquartered in Omaha, Nebraska, was built with a focus on "enhancing safety for athletes." Specifically, the company wanted to protect young athletes who might have suffered a concussion. Battle Sports Science attempted to gain market attention for its US$149.99 impact indicator (chin strap) through endorsements, and had enlisted a number of NFL players. The company hoped to sell the device to sports programs (schools) as well as to individual players.

CASE 6 The Storm of Governance Reform at the American Red Cross 6-1
(Contributors: Jill A. Brown and Anne Anderson)
new
In early 2006, a U.S. Senate Finance Committee began investigating the American Red Cross following substantial concerns over the governance effectiveness of the organization and its Board of Governors. This investigation was prompted by concerns over Hurricane Katrina relief efforts, as well as governance concerns regarding the structure and processes of the ARC Board. Consequently, the Finance Committee appointed an Independent Governance Advisory Panel to provide recommendations regarding how to overhaul the American Red Cross Board of Governors.

CASE 7 Chipotle Mexican Grill, Inc.: Conscious Capitalism by Serving "Food With Integrity" 7-1
(Contributor: Alan N. Hoffman)
new
People loved Chipotle Mexican Grill because of the tasty and healthy food as well as its edgy, trendy, cool brand image. Chipotle established itself as a successful company practicing "conscious capitalism" by serving "food with integrity"—its supply chain and corporate culture were closely integrated from the time that ingredients were farmed, raised, harvested, and shipped to stores to the time the final product was placed on a customer's serving tray. By 2014, the fast

casual food market in the US became increasingly competitive and crowded with many new entrants. Being a public listed company, Chipotle had to meet Wall Street's high expectations of growth and earnings. Living up to analysts' expectations was becoming increasingly difficult for Chiptole.

SECTION D Privacy

CASE 8 Google and the Right to Be Forgotten 8-1
(Contributor: Cynthia E. Clark)
new
In 2009, Mario Costeja Gonzalez, a self-employed attorney casually "googled" himself and was startled by what came up on his computer screen. Prominently displayed in the search results was a brief legal notice that had appeared more than a decade earlier in a local newspaper, which listed property seized and being auctioned by a government agency for nonpayments of debts. Costeja immediately realized that this information could damage his reputation as an attorney and decided to fight Google to request deletion of that data.

SECTION E International Issues in Strategic Management

CASE 9 Harley Davidson: An Overreliance on Aging Baby Boomers 9-1
(Contributors: Alan N. Hoffman and Natalia Gold)
new
At Harley Davidson, customers not only purchased a motorcycle, they bought the "rebel" lifestyle Harley signified. This rebel image took a long time to develop and constituted a major competitive advantage for Harley. Nothing promised the same excitement as being on the open road on a Harley, its engine roaring, the wind whipping, the great open spaces of America just down the road. Harley Davidson specifically targeted a narrowly defined market of middle-aged males with disposable income. However, as US baby boomers got older, the company recognized that it had to look to new markets and demographics to expand sales.

CASE 10 Uber: Feeling the Heat from Competitors and Regulators Worldwide 10-1
(Contributors: Alan N. Hoffman and Natalia Gold)
new
Uber, originally known as "UberCab," was started by Travis Kalanick and Garrett Camp in San Francisco, California, in 2009. The company grew rapidly and by 2015 it was providing carpooling services in 300 major cities in 58 countries around the world. As Uber moved forward into new territories, however, it got entangled in many regulatory and legal hassles. The company had to figure out how to sustain its lead in the heavily regulated, controversial, competitive, and ever-changing taxi industry. Moreover, despite a landslide market share Uber was operating at a loss. How to lower costs and become profitable was another challenge for this young and aggressive company.

SECTION F General Issues in Strategic Management

INDUSTRY ONE: INTERNET COMPANIES

CASE 11 Pandora Internet Radio (2014): Just Press Play 11-1
(Contributors: Gary Stenftennagel and Joyce Vincelette)
new
Pandora Media was built around the idea of providing listeners with only the music that they love. To do so, Pandora fundamentally changed how people listened to music by allowing station customization and the ability to listen to music over the Internet. As technology changed, Pandora evolved from a Web site based radio provider and developed a mobile application where the company could offer its services to customers whenever and wherever they wanted to listen to music. Monetizing the mobile product proved to be difficult and Pandora had not yet attained profitability.

CASE 12 Amazon.com, Inc.: Retailing Giant to High-Tech Player? 12-1
(Contributor: Alan N. Hoffman)
In 2012, more than half of all Amazon sales came from computers, mobile devices including the Kindle, Kindle Fire, and Kindle Touch, and other electronics, as well as general merchandise from home and garden supplies to groceries, apparel, jewelry, health and beauty products, sports and outdoor equipment, tools, and auto and industrial supplies. Amazon was at a crossroads with regard to its push into technology versus its general merchandise. Amazon also faced other challenges, including those from state governments that wanted it to collect sales taxes so it would not adversely compete against local businesses.

CASE 13 Blue Nile, Inc.: "Stuck in the Middle" of the Diamond Engagement Ring Market 13-1
(Contributor: Alan N. Hoffman)
Blue Nile Inc. has developed into the largest online retailer of diamond engagement rings. Unlike traditional jewelry retailers, Blue Nile operates completely store-front-free, without in-person consultation services. The business conducts all sales online or by phone, and sales include both engagement (70%) and non-engagement (30%) categories. Blue Nile's vision is to educate its customer base so customers can make an informed, confident decision no matter what event they are celebrating. It wants to make the entire diamond-buying process easy and hassle-free.

INDUSTRY TWO: ENTERTAINMENT AND LEISURE

CASE 14 Groupon Inc.: Daily Deal or Lasting Success? 14-1
(Contributors: Nick Falcone, Eric Halbruner, Ellie A. Fogarty, and Joyce Vincelette)
Groupon began as a local Chicago discount service and became a global phenomenon seemingly overnight. It was a great idea. The company was the first of its kind and changed the way consumers spend, shop, and think about discounts. But how could Groupon, based on such innovation and having experienced such exceptional growth, be in such a precarious position? A wave of competition had swelled, including the likes of technology giants and both general and niche daily deals services, all replicating Groupon's business model. How could Groupon compete against large companies and their expansive resources?

CASE 15 Netflix Inc.: The 2011 Rebranding/Price Increase Debacle 15-1
(Contributor: Alan N. Hoffman)
On September 18, 2011, Netflix CEO and co-founder Reed Hastings announced on the Netflix blog that the company was splitting its DVD delivery service from its online streaming service, rebranding its DVD delivery service, Qwikster, as a way to differentiate it from its online streaming service, and creating a new Web site for it. Three weeks later, in response to customer outrage and confusion, Hastings rescinded the decision to rebrand the DVD delivery service, Qwikster, and reintegrated it into Netflix. Nevertheless, only five weeks after the initial split, Netflix acknowledged that it had lost 800,000 U.S. subscribers and expected to lose many more, thanks both to the Qwikster debacle and the price hike the company had decided was necessary to cover increasing content costs.

CASE 16 Town Sports International Holdings, Inc.: Unsquashable 16-1
(Contributors: Sarah Stefanelli, Christina Marie Kopka, Jakub Libucha, and Joyce Vincelette)
new
Town Sports International decided to move forward with its expansion strategy in order to become the most recognized health club network, through both designing and building clubs and through selective acquisitions within its four major markets, Boston, New York, Washington D.C., and Philadelphia. Town Sports Int'l set out to accomplish this efficiently and effectively by living by its customer-centric mission, "Improving Lives Through Exercise."

CASE 17 Zynga, Inc. (2011): Whose Turn Is It? 17-1
(Contributors: Zachary Burkhalter, Daniel Zuller, Concetta Bagnato, Joyce Vincelette, and Ellie A. Fogarty)

Zynga built its company around social gaming. This new type of gaming transformed the gaming industry on multiple levels and across various platforms. Zynga originally built its games using the Facebook platform and then capitalized on the company's unique method of social networking to capture audiences around the world. However, this strong reliance on Facebook and changes in consumer gaming practices caused some concern among outside investors as to the future of Zynga.

INDUSTRY THREE: FOOD AND BEVERAGE

CASE 18 The Boston Beer Company: Brewers of Samuel Adams Boston Lager (Mini Case) 18-1
(Contributor: Alan N. Hoffman)

The Boston Beer Company, founded in 1984 by Jim Koch, is viewed as a pioneer in the American craft beer revolution. Brewing over one million barrels of 25 different styles of beer, Boston Beer is the sixth-largest brewer in the United States. Even though overall domestic beer sales declined 1.2% in 2010, sales of craft beer have increased 20% since 2002, with Boston Beer's increasing 22% from 2007 to 2009. How can the company continue its rapid growth in a mature industry?

CASE 19 Panera Bread Company (2010): Still Rising Fortunes? 19-1
(Contributors: Joyce P. Vincelette and Ellie A. Fogarty)

Panera Bread is a successful bakery-café known for its quality soups and sandwiches. Even though Panera's revenues and net earnings have been rising rapidly, new unit expansion throughout North America has fueled this growth. Will revenue growth stop once expansion slows? The retirement of CEO Ronald Shaich, the master baker who created the "starter" for the company's phenomenal growth, is an opportunity to rethink Panera's growth strategy.

CASE 20 Whole Foods Market (2010): How to Grow in an Increasingly Competitive Market? (Mini Case) 20-1
(Contributors: Patricia Harasta and Alan N. Hoffman)

Whole Foods Market is the world's leading retailer of natural and organic foods. The company differentiates itself from competitors by focusing on innovation, quality, and service excellence, allowing it to charge premium prices. Although the company dominates the natural/organic foods category in North America, it is facing increasing competition from larger food retailers like Wal-Mart, who are adding natural/organic foods to their offerings.

CASE 21 Burger King (Mini Case) 21-1
(Contributor: J. David Hunger)

Founded in Florida in 1953, Burger King has always trailed behind McDonald's as the second-largest fast-food hamburger chain in the world. Although its total revenues dropped only slightly from 2009, its 2010 profits dropped significantly, due to high expenses. Burger King's purchase by an investment group in 2010 was an opportunity to rethink the firm's strategy.

CASE 22 Sonic Restaurants: Does Its Drive-In Business Model Limit Future Growth Potential? 22-1
(Contributors: Alan N. Hoffman and Natalia Gold)

new

Sonic is an iconic American drive-in fast-food chain with nearly thousands of franchises established across the United States by 2014. As Sonic continued to expand, it ran into various hurdles. The most daunting challenge was to enter urban environments where space was too scarce to make drive-in possible. At the same time, while the drive-in model was highly effective in the US, thanks to nostalgia, it did not have the same emotional appeal to international

consumers. Should Sonic move away from the drive-in model and reinvent itself? If so, would it become just another fast food burger joint with a customizable menu? And how could it compete with larger players such as McDonald's and Burger King that already had a substantial urban and international presence?

CASE 23 "Breaking Up is Hard to Do": PepsiCo in 2014 23-1
(Contributor: Ram Subramanian)
On April 17, 2014, Indra Nooyi, the Chief Executive Officer of the Purchase, New York-based PepsiCo, a diversified beverage and snack foods company, met with Ian Cook, the Presiding Director of the company's Board, to discuss a response to Nelson Peltz's (the head of Trian Fund Management, an activist fund) latest call for breaking up the company into two independent entities. Peltz had threatened to approach the company's stockholders directly if the Board did not accede to his demands.

new

INDUSTRY FOUR: APPAREL

CASE 24 Under Armour 24-1
(Contributors: Ram Subramanian and Pradeep Gopalakrishna)
Under Armour's footwear sales declined by 4.5% during the second quarter of 2009 and showed a 16.6% decline in the first six months of 2010 compared to 2009. This was in contrast to its performance apparel, the company's core category, which saw a 32.2% uptick over 2009. Under Armour had tremendous growth opportunities in the apparel category in China. However, CEO Kevin Plank wanted Under Armour to be a leading player in the field of athletic footwear.

CASE 25 TOMS Shoes (Mini Case) 25-1
(Contributor: J. David Hunger)
Founded in 2006 by Blake Mycoskie, TOMS Shoes is an American footwear company based in Santa Monica, California. Although TOMS Shoes is a for-profit business, its mission is more like that of a not-for-profit organization. The firm's reason for existence is to donate to children in need one new pair of shoes for every pair of shoes sold. By 2010, the company had sold over one million pairs of shoes. How should the company plan its future growth?

CASE 26 J.C. Penney Company, Inc.: Surviving the Ron Johnson (CEO) Era 26-1
(Contributor: Alan N. Hoffman)
Ron Johnson, the architect behind Apple's wildly successful retail stores and 15-year Target veteran, became American department store chain J.C. Penney's new CEO in November 2011. The owner of J.C. Penney had high hopes for Johnson, who proceeded to make drastic changes to the company including a new logo and a new spokesperson (Ellen DeGeneres). His vision included transforming 700 of the largest J.C. Penney stores into collections of some 100 branded shops with a central "town square" gathering area for services. J.C. Penney fired Ron Johnson after just 17 months, following a disastrous decline in business directly attributable to the failure of the new business plan.

new

INDUSTRY FIVE: RETAILING

CASE 27 Best Buy Co. Inc. (2009): A Sustainable Customer-Centricity Model? 27-1
(Contributor: Alan N. Hoffman)
Best Buy, the largest consumer electronics retailer in the United States, operates 4000 stores in North America, China, and Turkey. It distinguishes itself from competitors by deploying a differentiation strategy based on superior service rather than low price. The recent recession has stressed its finances and the quality of its customer service. How can Best Buy continue to have innovative products, top-notch employees, and superior customer service while facing increased competition, operational costs, and financial stress?

CASE 28 Target Corp's Tarnished Reputation: Failure in Canada and a Massive Data Breach 28-1

(Contributors: Alan N. Hoffman and Natalia Gold)

new

Target is a US mass-market discount store catering to shoppers seeking high quality products. In a crowded market, Target was eager to grow its business outside the US and online. It expanded to Canada in 2011 by acquiring a failed retailer. A move that seemed prudent actually saddled Target with inconveniently located stores and strained its logistics infrastructure. Closing down its Canadian stores, Target focused on strengthening its online presence. But two massive data breach incidents in 2013 and 2014 affected over 100 million of its customers and weakened Target's sales significantly. In order to keep its market share on a par with competitors such as Walmart and Amazon, Target clearly has challenges to be met.

CASE 29 Staples: The Fierce Battle Between Brick and Mortar vs. Online Sales 29-1

(Contributors: Alan N. Hoffman and Natalia Gold)

new

With a focus on convenience and a wide range of product offerings, Staples was the world's largest office supplies retailer. The office supply sector had almost no barriers to entry as capital costs were low compared to other retail industries. No licensing requirements were necessary, easing the burden on new entrants. The low level of differentiation of goods between one office supply store and the next, forced new entrants to provide either niche or specialty products to compete and often in the online realm. As the retail industry had been trending towards e-commerce, Staples' traditional brick and mortar stores were costing it dearly. The global office supplies leader found it increasingly difficult to compete on the Internet.

INDUSTRY SIX: TRANSPORTATION

CASE 30 Tesla Motors, Inc.: The First U.S. Car Company IPO Since 1956 30-1

(Contributor: Alan N. Hoffman)

Tesla Motors was founded in 2004 to produce electric automobiles. Its first car, the Tesla Roadster, sold for US$101,000. It could accelerate from 0 to 60 mph in 3.9 seconds, and cruise for 236 miles on a single charge. In contrast to existing automakers, Tesla sold and serviced its cars through the Internet and its own Tesla stores. With the goal of building a full line of electric vehicles, Tesla Motors faces increasing competition from established automakers. How can Tesla Motors succeed in an industry dominated by giant global competitors?

CASE 31 TomTom: New Competition Everywhere! 31-1

(Contributor: Alan N. Hoffman)

TomTom, an Amsterdam-based company that provides navigation services and devices, led the navigation systems market in Europe and is second in popularity in the United States. However, the company is facing increasing competition from other platforms using GPS technology, like cell phones and Smartphones with built-in navigation functions. As its primary markets in the United States and Europe mature, how can the company ensure its future growth and success?

INDUSTRY SEVEN: MANUFACTURING

CASE 32 General Electric, GE Capital, and the Financial Crisis of 2008: The Best of the Worst in the Financial Sector? 32-1

(Contributor: Alan N. Hoffman)

The financial services industry was, by definition, volatile, and GE Capital was particularly hard hit by the economic recession of 2008. With the credit markets illiquid and financial markets falling, GE Capital found it was overexposed to commercial real estate and foreign residential mortgages. At this point, GE's parent corporation stepped in, began reorganizing GE Capital, and significantly downsized the unit. GE Capital hoped to see continued sustainable earnings growth with growing margins and lower portfolio risk, and to return money to investors and resume paying dividends to its parent company.

CASE 33 Snap-on Tools: A Victim of Its Own Success 33-1

(Contributor: Alan N. Hoffman)

new

For 93 years, Snap-on Tools had firmly established itself as an innovative premium tool manufacturer serving the automotive industry. In recent years, Snap-on Tools started to expand its product lines to engineering industries including aerospace, aviation, and oil and gas. It also began to give technical education to build the skilled labor base in the US—its largest market that constituted 65% of all revenue. Snap-on feared that its overdependence on the US market could make its business and operations vulnerable to country-specific trends as well as increase the company's exposure to local factors such as severe weather conditions, labor strikes, or changes in regulations.

GLOSSARY G-1

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