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(Contributors: Dan R. Dalton, Richard A. Cosier, and Cathy A. Enz)

A plant location decision forces a confrontation between the board of directors and the CEO regarding an issue in social responsibility and ethics.

CASE 2 The Wallace Group 405

(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 415

(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 419

(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 Social Responsibility

CASE 5 Early Warning or False Sense of Security? Concussion Risk and the Case of the Impact-Sensing Football Chinstrap 421

(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.
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(Contributor: Alan N. Hoffman)

In 2007, A123 was developing its hybrid electric vehicle business. A123 entered into a partnership with Cobasys to introduce lithium-ion batteries into the automotive market. A123 also entered into an agreement with GM to use their batteries in the Saturn Vue Plug-in Hybrid development program and to co-develop a lithium-ion battery for the Chevrolet Volt. A123 faced cash flow shortages after its 2009 IPO and its ultimate survival was threatened by its diminishing funds for continued operations.

CASE 7  Guajilote Cooperativo Forestal, Honduras  441
(Contributors: Nathan Nebbe and J. David Hunger)

This forestry cooperative has the right to harvest, transport, and sell fallen mahogany trees in La Muralla National Park of Honduras. Although the cooperative has been successful thus far, it is facing some serious issues: low prices for its product, illegal logging, deforestation by poor farmers, and possible world trade restrictions on the sale of mahogany.

SECTION E  General Issues in Strategic Management

INDUSTRY ONE:  INTERNET COMPANIES

(Contributor: Patricia A. Ryan)

Google, an online company that provides a reliable Internet search engine, was founded in 1998 and soon replaced Yahoo as the market leader in Internet search engines. By 2010, Google was one of the strongest brands in the world. Nevertheless, its growth by acquisition strategy was showing signs of weakness. Its 2006 acquisition of YouTube had thus far not generated significant revenue growth. Groupon, a shopping Web site, rebuffed Google's acquisition attempt in 2010. Is it time for a strategic change?

CASE 9  Amazon.com, Inc.: Retailing Giant to High-Tech Player?  461
(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 10  Blue Nile, Inc.: “Stuck in the Middle” of the Diamond Engagement Ring Market  473
(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.
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(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 12 Netflix Inc.: The 2011 Rebranding/Price Increase Debacle 509
(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 13 Carnival Corporation & plc (2010) 521
(Contributors: Michael J. Keeffe, John K. Ross III, Sherry K. Ross, Bill J. Middlebrook, and Thomas L. Wheelen)
With its “fun ship,” Carnival Cruises changed the way people think of ocean cruises. The cruise became more important than the destination. Through acquisition, Carnival expanded its product line to encompass an entire range of industry offerings. How can Carnival continue to grow in the industry it now dominates?

CASE 14 Zygna, Inc. (2011): Whose Turn Is It? 541
(Contributors: Zachary Burkhalter, Daniel Zaller, 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.

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(Contributor: Alan N. Hoffman)
The Boston Beer Company, founded in 1984 by Jim Koch, is viewed as 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 16  Panera Bread Company (2010): Still Rising Fortunes? (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 17  Whole Foods Market (2010): How to Grow in an Increasingly Competitive Market? (Mini Case) (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 18  Burger King (Mini Case) (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 19  Church & Dwight: Time to Rethink the Portfolio? (Contributor: Roy A. Cook)
Church & Dwight, the maker of ARM & HAMMER Baking Soda, has used brand extension to successfully market multiple consumer products based on sodium bicarbonate. Searching for a new growth strategy, the firm turned to acquisitions. Can management successfully achieve a balancing act based on finding growth through expanded uses of sodium bicarbonate while assimilating a divergent group of consumer products into an expanding international footprint?

**INDUSTRY FOUR: APPAREL**

CASE 20  Under Armour 609
(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 21  TOMS Shoes (Mini Case) 621
(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?
(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?

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CASE 23  Rosetta Stone Inc.: Changing the Way People Learn Languages  639  
(Contributors: Christine B. Buenafe and Joyce P. Vincelette)

Rosetta Stone’s mission was to change the way people learn languages. The company blended language learning with technology at a time when globalization connected more and more individuals and institutions to each other. How should the company move forward? Would it be appropriate for Rosetta Stone to offer products like audio books or services in order to increase market share? Which international markets could provide the company with a successful future?

CASE 24  Dollar General Corporation: 2011 Growth Expansion Plans (Mini Case)  655  
(Contributor: Kathryn E. Wheelen)

With annual revenues of US$12.7 billion and 9200 stores in 35 states, Dollar General is the largest of the discount “dollar stores” in the United States. Although far smaller than its “big brothers” Wal-Mart and Target, Dollar General has done very well during the recent economic recession. In 2011, it planned to open 625 new stores in three new states. Given that the company has a substantial long-term debt, is this the right time to expand its operations?

CASE 25  iRobot: Finding the Right Market Mix?  661  
(Contributor: Alan N. Hoffman)

Founded in 1990, iRobot was one of the first companies to introduce robotic technology into the consumer market. Employing over 500 robotic professionals, the firm planned to lead the robotics industry. Unfortunately, its largest revenue source, home care robots, is a luxury good and vulnerable to recessions. Many of iRobot’s patents are due to expire by 2019. The firm is highly dependent upon suppliers to make its consumer products and the U.S. government for its military sales. What is the best strategy for its future success?

SECTION D

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CASE 26  Tesla Motors, Inc.: The First U.S. Car Company IPO Since 1956  671  
(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 27  Delta Air Lines (2012): Navigating an Uncertain Environment  687  
(Contributors: Alan N. Hoffman and J. David Hunger)

Delta used mergers and acquisitions (M&A) successfully to solidify its strong position as a leader in the airline industry. It has gone through five M&As since 1953, including the most recent acquisition of Northwest Airlines (Northwest), which turned Delta into an airline with major operations in every region of the world. The Northwest merger took a toll on Delta’s financial position, however, by contributing to its high long-term debt.
In 2012, top management began cautiously exploring opportunities for entering new markets, routes, and partnerships in order to boost market share. Management was also searching for ways to reduce costs and expenses in an industry that was rapidly consolidating into fewer major national and international players. Delta is considering purchasing from Conoco.

**CASE 28** TomTom: New Competition Everywhere! 707
(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?

**SECTION G**

**INDUSTRY SEVEN:** MANUFACTURING

(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 30** AB Electrolux: Challenging Times in the Appliance Industry 737
(Contributor: Alan N. Hoffman)

AB Electrolux is currently the world’s second-largest appliance maker, behind Whirlpool. Electrolux has over 50,000 employees in more than 50 countries around the world. Its headquarters are in Stockholm, Sweden.

As the social and demographic trends continue to evolve, so do the opportunities afforded to Electrolux. The most significant demographic shift globally is the growing middle class in Asia, which includes families with incomes between US$6000 and US$30,000. It is estimated that by 2020 there will be one billion more people in the global middle class than there were in 2010. Correlated with rising incomes worldwide, homeownership has also increased at a substantial rate, giving rise to increased demand for consumer durables such as refrigerators, washing machines, and dishwashers.

**INDUSTRY EIGHT:** INFORMATION TECHNOLOGY

**CASE 31** Apple Inc.: Performance in a Zero-Sum World Economy 749
(Contributors: Moustafa H. Abdelsamad, Hitesh (John) Adhia, David B. Croll, Bernard A. Morin, Lawrence C. Pettit Jr., Kathryn E. Wheelen, Richard D. Wheelen, Thomas L. Wheelen II, and Thomas L. Wheelen)

By the 1990s, Apple, the first company to mass-market a personal computer, had become a minor player in an industry dominated by Microsoft. After being expelled from the company in 1985, founder Steve Jobs returned as CEO in 1997 to reenergize the firm. The introduction of the iPod in 2001, followed by the iPad, catapulted Apple back into the spotlight. However, in 2011 Jobs was forced to take his third medical leave, leading to questions regarding his ability to lead Apple. How can Apple continue its success? How dependent is the company on Steve Jobs?
CASE 32  Dell Inc.: Changing the Business Model (Mini Case)  771
(Contributor: J. David Hunger)
Dell, once the largest PC vendor in the world, is now battling with Acer for second place in the global PC market. Its chief advantages—direct marketing and power over suppliers—no longer provides a competitive advantage. The industry’s focus has shifted from desktop PCs to mobile computing, software, and technology services, areas of relative weakness for Dell. Is it time for Dell to change its strategy?

CASE 33  Logitech (Mini Case)  777
(Contributor: Alan N. Hoffman)
Logitech, the world’s leading provider of computer peripherals, was on the forefront of mouse, keyboard, and videoconferencing technology. By 2010, however, Logitech’s products were threatened by new technologies, such as touchpads, that could replace both the mouse and keyboard. As the peripherals market begins to disintegrate, Logitech is considering a change in strategy.

CASE 34  Daktronics (A): The U.S. Digital Signage Industry 2010  783
(Contributors: Joseph Kavanaugh, Joshua Warne, and Carol J. Cumber)
The billboard, sign, and outdoor advertising industry in the United States is almost as old as the Colonies. Lighted billboards, roadside signs, neon lights, and other forms of display are part of our everyday environment. The newest segment of the industry, digital signage, is driven by 21st-century technologies in computers, peripherals, graphics, and new sources of light—liquid crystal display (LCD), light-emitting diodes (LED), and others. Less than 20 years old, the digital segment (sales of US$2.14 billion) was estimated to be 17.8% of the outdoor signage industry in 2008. This note reviews the digital signage industry and explores the forces that are driving this emerging segment of the advertising, messaging, and sign industry.

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