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A MATTER OF LIFE AND DEATH

Irfan Ahmed, Sam Houston State University
Janis Warner, Sam Houston State University

CASE OBJECTIVES AND USE

The purpose of this case is to provide a challenging, hands-on learning opportunity for marketing/advertising students to develop a social media campaign for a critical yet resource-strapped not-for profit cause. The case can be used in undergraduate or graduate level courses on advertising and promotion, social media, or non-profit marketing. Students can be required to develop a complete social media campaign, beginning with strategy definition, creative and media planning, and simulated execution, depending on the level of the course and other content being covered and time available. The case could also be used as a platform for a semester long project course for senior-level undergraduate students, as well as for case a case competition, with competing teams preparing a report and making a presentation. It must be stated that while some parts of the case (e.g., target market definition, statement of objectives) may lend themselves to class discussion, others (e.g., media evaluation and planning, and creative plan development) would require out-of-class research and analysis.

CASE ABSTRACT

This case deals with planning a social media campaign in a resource-strapped, non-profit setting. Courtney Carroll, a teenager living in The Woodlands, Texas, had been diagnosed with IgA Nephropathy, a complex blood disease that affects the kidneys and can cause renal failure over time. As of June 2012, Courtney was in need of a living kidney donor. Tami Carroll, Courtney's mother, faced the task of expediting the search for a living kidney donor to allow Courtney to live a healthy life, and before Courtney's insurance coverage ran out in a few years. Tami had been planning to harness the power of social media in her efforts, and had contacted Dr. J.W., a professor of business, to help her. Together, Tami Carroll and Dr. J.W. had to develop a social media strategy and plan to help find a living kidney donor for Courtney.

BP: THE PRICE OF SOCIAL IRRESPONSIBILITY

Christopher Alexander, King's College
Emily Heimbecker, King's College

CASE DESCRIPTION

The primary subject matter of this case is mergers and/or acquisitions. Secondary issues include ethics and corporate social responsibility. The case has a difficulty level of two or three, appropriate for sophomore or junior level courses. The case is designed to be taught in two and one-half class hours and is expected to require three hours of preparation by students.

CASE SYNOPSIS

In April of 2010, British Petroleum (BP) experienced a disastrous oil spill in the Gulf of Mexico, the Deepwater Horizon disaster. Unfortunately, it was not the first time that BP was involved in major environmental and safety incidents. Since that time BP has experienced billions of dollars in fines, and restitution settlements resulting in a fall in its stock price and the value of its assets. This case examines the alternatives that three major players in the oil industry, BP, Exxon Mobil and Shell, could utilize as a result of the disaster and its negative financial effects on BP.

SPRINKLES CUPCAKES: A CASE STUDY OF CREATING A SUCCESSFUL INTERNATIONALIZATION STRATEGY

Dennis C. Chen, Belmont University
Jeff Overby, Belmont University
Barry L. Padgett, Belmont University
Neda Long, Belmont University
Lauren Vandermark, Belmont University
Nickolette Kennedy, Belmont University
Lauren Hill, Belmont University
Leah Boone, Belmont University

ABSTRACT

The primary subject matter of this case concerns developing an internationalization strategy for a growing business, Sprinkles Cupcakes. The business owners, Candace and Charles Nelson have grown their business from one store in 2005 to 17 stores in the US and 1 in the Middle East under a licensing agreement. Their innovations include using the highest quality ingredients (e.g. sweet cream butter, bittersweet Belgian chocolate, pure Madagascar vanilla, fresh bananas, carrots, real strawberries, and natural citrus zests) baked fresh daily in small batches, and the creation of a 24-hour cupcake ATM machine. Questions that students should consider include how should Sprinkles continue to grow their business? What types of internationalization strategy could they consider? Should they focus on domestic growth first? Which countries could they target for growth? What changes if any could/should they make to their business/product when they expand internationally? What considerations should they take into account if licensing or entering wholly owned operations when expanding internationally? The case has a difficulty level appropriate for a junior or senior level course, although it may be used at a first-year graduate level, depending on the amount and complexity of the background information that is assigned. The case requires one hour (if the goal is class discussion only) to three hours (if the instructor's goals involve presentations by individuals or teams of students). This is relevant topic to students studying international business and how to successfully create and implement an internationalization strategy.

WHEN STRATEGIES COLLIDE: THE DILEMMA OF MACY'S AND MARTHA STEWART

Mary Anne Doty, Texas A&M University

CASE DESCRIPTION

The primary subject for this case is the potential for conflict when two organizations develop a strategic partnership. Secondary issues examined include retail management, branding, and enforcement of agreements. This case is appropriate for upper-level undergraduate students or first year graduate students. It is designed to be taught in two class hours, or could be used as an individual or group paper assigned outside of class. The case has been tested in the classroom over three semesters.

CASE SYNOPSIS

In mid-August 2012, Macy's Inc. filed lawsuits to protect its contract with Martha Stewart Living Omnimedia (MSLO) against the sale of Martha Stewart branded products at JC Penney Co. Macy's had previously threatened MSLO when news began circulating about a Martha Stewart home shop within JC Penney. Macy's won a preliminary injunction preventing the sale of housewares category products with the Martha Stewart brand at other retailers. The case describes the competitive environment in the retailing arena, particularly within the department store category. It continues with a look at Macy's strategy to address environmental threats to retailing, such as e Commerce, along with cost pressures that retailers face. Because consumers have the ability to compare brands and prices online, retailers are finding it difficult to maintain pricing margins. Macy's current strategy relies on finding unique merchandise, such as house brands and exclusive arrangements with vendors to keep their margins profitable. Macy's contract with Martha Stewart Living Omnimedia is one example of this strategy.

Martha Stewart is an example of a brand built around a persona. As advertising revenues in the publishing industry have declined, MSLO has turned to merchandising opportunities to help offset the revenue loss. The publishing division had accounted for over 60% of Martha Stewart Omnimedia's income in 2012, but within the last 15 months, the company had discontinued its Everyday Food and Whole Living publications. Facing declining income from publishing, and negative publicity from insider trading changes and subsequent jail time for the founder, MSLO needs to expand distribution of branded merchandise to recover lost revenue. Ventures with retailers that don't compete directly with Macy's, such as Home Depot, Hobby Lobby and PetSmart helped MSLO, but not enough to compensate for the decline in publishing. As a result, MSLO began an exclusive arrangement with JC Penney that put it in conflict with Macy's. As legal costs and negative publicity increased prior to trial, MSLO gave in to Macy's demands and backed away from their agreement with JC Penney. The discussion questions address the relative imbalance of power between Macy's and MSLO, and well as legal and ethical issues surrounding the initial agreement. Additional discussion centers around alternative business opportunities for Martha Stewart branded products.

MICHELLE JONES: FINANCIAL CHALLENGES AND OPPORTUNITIES

Michael D. Evans, Johnson C. Smith University
Yvette I. Hall, Johnson C. Smith University

CASE DESCRIPTION

The purpose of this case is to explore the financial challenges faced by college students and to underscore the need for students to make sound financial decisions while in school and after graduation. This case is best suited for discussion in a Personal Finance class. However, there are components that lend themselves to the Introductory Finance class as well. The case can be discussed in 2 class periods and will require 3-4 hours of outside preparation by students. Upon completion of the case, students will be able to prepare and analyze Personal Financial Statements and assess one's net worth. They will be able to explain the importance of establishing credit, using it wisely and strategies for improving one's credit score. Students will also be able to apply time value of money concepts to calculate loan payments and make retirement projections.

CASE SYNOPSIS

Michelle Jones is a recent graduate of Johnson C. Smith University (JCSU). She received a BS in Business Administration with a concentration in Finance. She successfully completed an internship with Branch Banking and Trust (BB&T) while at JCSU and joined the bank full-time after graduation as a Credit Analyst. Michelle was supported financially by her parents while in college. Now she is on her own and must face the challenges of being an adult. Michelle felt naïve about managing her finances so she reached out to one of her Finance Professors at JCSU for advice. This is where the "fun" begins.

MICHELLE'S FINANCES

Michelle Jones was fortunate to have parents who could pay her college expenses and provide her with periodic spending money. The spending money was never enough, however. There was always that one new outfit that she just had to have. She had a meal plan, but the food in the cafeteria was not satisfactory. She frequently joined her friends for meals off campus. No problem. She had a credit card.

Mr. Jones often talked to Michelle about managing her money. There were two things that her father said that made a lasting impression. "All college students should establish and maintain a cash emergency fund and they should establish credit." Michelle took this advice to heart. She opened up a savings account at BB&T for her emergency fund. In order to establish her credit history, Michelle applied for and received a MasterCard. She was not overly concerned with the finance charge and method of calculation because she planned to pay her balance in full each month. Her primary concern was the avoidance of an annual fee. Further, she preferred a card that offered a long grace period. The grace period is the number of days from the statement date that the card holder has to pay the balance in full and avoid a finance charge. Paying off the balance prior to the end of the grace period allows the card holder to utilize the float (i.e. earn interest on monies until payment is made).

Michelle opened accounts at Belk, a regional department store, and her favorite retailer, Victoria's Secret. Michelle heard that it was advisable to open different types of credit in order to improve one's credit score. She routinely checked her credit file using annualcreditreport.com. She knew that checking one's bank and charge card statements regularly is a primary safeguard against identity theft. Michelle was also advised to check her credit file at each of the three credit bureaus periodically to ensure that there were no errors or unauthorized transactions. Errors should be reported to the credit bureau in writing immediately.

Each credit bureau generates its own credit score. More recently, the credit bureaus jointly created the VantageScore. VantageScore 3.0 ranges from 300 to 850. Most lenders, however, rely on one's FICO score, www.myfico.com, when making credit decisions and/or determining the interest rate to be charged. FICO scores range from 300 to 850. A FICO score of 800 or above is considered excellent. A good score ranges from 700 – 799. A fair score is 650 – 699. A score below 650 is considered poor. One of Michelle's goals is to improve her credit score. She did some research to identify the determinants of one's FICO score. Michelle learned that a FICO score is computed based on the following components and weights (Weston, 2012):

Types of credit maintained – 10%
History of timely payments – 35%
Amount owed relative to credit limits – 30%
Length of credit history – 15%
New credit – 10%

The most weight is given to one's history of making timely payments. Accordingly, the earlier a student establishes credit and makes payments on a timely basis, the higher his/her FICO score will be. Michelle also learned that it is best to maintain a balance of less than 30% of one's credit limit. This computation is made for each credit and in total. Note that one's income or net worth is not factored into one's credit score. Also, note that applying to open several different accounts in a relatively short period of time will adversely affect one's credit score. This will not occur if the applicant is merely shopping for the same type of credit (i.e., a mortgage) at different lenders.

TIME TO BE AN ADULT

Michelle remained in Charlotte after graduation. She currently works as a Credit Analyst at BB&T. She decided to live with her parents in order to save money. One year after graduation, Michelle's mom said, "It is time for you to move out of my house." She turned to her dad. Surely, he wouldn't make her move. Michelle was crushed when her dad stated that it was time for her to go.

Michelle drives a Honda Accord. The Joneses purchased the car used. It now has a current value of $9,992 per Kelly Blue Book. Hondas are noted for great gas mileage, reliability and relatively low repair costs. Michelle enjoyed driving the Honda while a student. Now, she believes it is time for a new car. "My Honda does not convey the image that I would like to project."

Michelle has accumulated $5,000 in personal savings. Her checking account balance is currently $1,500. Additional assets consist of her car, value of clothing ($2,000), jewelry ($2,500), electronics ($2,200), furniture ($1,200) and the balance in her 401(k). She has utilized her credit cards to make purchases of clothing, jewelry and household possessions. It is her intent to pay her credit card balance in full each month. Unfortunately, she has not done so. Currently, she has credit card debt of $2,687. The monthly minimum payment is $35. The annual finance charge is 18%.

TAKING CONTROL?

Michelle agreed to obtain her own auto coverage and cell phone plan since she now has "a real job." The days of "living off her parents" are over! She really does want to become more self-sufficient.

Michelle ventured into a BMW dealership one rainy Saturday afternoon. She had no intention of buying a car that day. She was greeted by an enthusiastic salesperson. A few hours later, she drove off the lot in a brand new red BMW 3 series.

Michelle was very proud of her new car and her newfound negotiation skills. With some counsel from her brother, Trevor, and after several "back and forth offers" and threats to leave, Michelle negotiated a purchase price of $39,100 with a trade-in allowance of $8,300. BMW was offering incentive financing on the car she selected. She financed her purchase at 0.9% for 60 months. Clearly, establishing a favorable credit history early paid off.

Michelle obtained a quote from three auto insurers. She learned that she could have maintained a liability only policy on the Honda, but must maintain full coverage on the new car since it is financed. Liability protects others in the event that there is an accident and Michelle is deemed to be at fault. Collision provides for reimbursement in the event her car is damaged in an accident and she is at fault. Comprehensive provides coverage against theft, fire, hail, etc. Michelle must decide on an appropriate deductible. The deductible is the out-of-pocket expense that Michelle will incur if there is an accident and there are damages to her car and she is at fault. A higher deductible of $250, $500, $1,000 or more results in a lower premium, but increases the amount of financial risk assumed by the insured.

Michelle has been diligent about contributing 3% of her salary to the 401(k) plan offered by BB&T. BB&T matches the first 6% of employee contributions. The current balance in her 401(k) is $3,128. Her current allocation is 80% stable value fund and 20% money market fund. She has not researched the investment options available in her 401(k), but says, "I can't afford to lose my money." Michelle has chosen the two most conservative options from a menu of investment choices.

Michelle expects to receive a tax refund of approximately $600. She has been using a tax preparation service to prepare her Federal and state tax returns. Of course, she incurs a fee for this service. Michelle should be able to complete her own tax return because her return is fairly straightforward (i.e., she doesn't itemize deductions). Her friend suggested that she use the IRS free-file program. There is no charge for the Federal return and the charge for the state return is nominal. Michelle's friend also suggested that she increase the number of her withholding allowances in order to reduce the amount of taxes withheld each paycheck. This would reduce her refund check, but it would increase her take-home pay throughout the year. This is accomplished by completing and submitting a W-9 form to one's employer.

THE CHALLENGE AHEAD

Michelle felt ill-prepared and overwhelmed to "take charge" of her finances. A personal finance class was not offered at JCSU when she attended. She believed that assistance from a professional financial planner was required. Michelle remembered that one of her professors had practiced for years as a Financial Planner. She emailed Dr. Thomas to request a meeting. Dr. Thomas informed her that he had retired as a Financial Planner. Further, it would be difficult to refer her to a professional planner because she really didn't have sufficient assets at this stage of her life to justify paying a fee. Dr. Thomas agreed to meet with Michelle. He stated that he would be willing to assess her current financial situation and provide recommendations. There would be no charge for this meeting.

During their meeting, Michelle was asked, "What are your goals?" She offered the following: to be wealthy, to own a home, to marry and have two children, to obtain an MBA, to move up the corporate ladder, and to be financially independent at age 60.

Dr. Thomas suggested that Michelle formulate short, intermediate and long-term goals. Short-term goals should include those things Michelle wants to accomplish within the next twelve months. Intermediate term goals are those to be accomplished between one and five years. Long-term goals are those with a target date for accomplishment more than five years away. Dr. Thomas also commented on the quality of Michelle's goal statements. They lack a timeframe and aren't measureable. Effective goal statements are: SMART – specific, measureable, attainable, realistic, and have a timeframe for accomplishment.

Dr. Thomas was pleasantly surprised to learn that Michelle had prepared a monthly budget. Dr. Thomas asked Michelle how she formulated her budget. She said, "I estimated the amounts based on what I thought I was spending". She provided the budget shown in Table 1. Dr. Thomas asked if she compared her actual expenses to her monthly budget. Michelle answered, "No". Dr. Thomas suggested that she maintain a record of her spending for the next six months using a manual spending log or an online service such as mint.com. Mint makes it easy to track spending and generate Personal Financial Statements. It is a free service. Once Michelle's budget is revised, he implored her to compare actual expenses to budgeted amounts on a monthly basis. This will allow her to identify favorable and unfavorable variances. Spending less than budgeted or receiving more income than budgeted is a favorable variance. Conversely, spending more than budgeted or receiving less income than budgeted is an unfavorable variance.

Table 1 **MICHELLE'S MONTHLY BUDGET**	
Take Home Pay	**$3,418**
Expenses:	
Gas	120
Eating Out	125
Clothing	250
Travel	300
Personal Grooming	120
Gifts	60
Savings	500
Total Expenses	**1,475**
Monthly Surplus	**$ 1,943**

“What should I do to manage my finances more effectively?” Michelle asked. Dr. Thomas responded, “There are no magic answers. This is going to take time and a great deal of discipline on your part. Let’s get started!”

Dr. Thomas advised Michelle to prepare a Personal Balance Sheet (Walker & Walker, 2013). This statement will show the value of the things she owns (assets) and the amount of debt that she currently has (liabilities). Assets are valued at fair market value (what one would receive for the items if they are sold in an arms-length transaction) as of the Balance Sheet date. The purchase price of the items is immaterial. One’s net worth can then be computed by subtracting total liabilities from total assets. It is not uncommon for college students and recent graduates to have a negative net worth. This is largely driven by student loan balances. Michelle was also instructed to maintain a spending log and revise her budget (Kapoor, Dlablay, Hughes & Hart, 2013).

Michelle’s head was spinning. This sounded like a lot of work on her part. Nonetheless, she left Dr. Thomas’ office determined to complete her “homework assignments” and to become much more astute at managing her finances.

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THE BUCK STOPS HERE, A CASE STUDY

Kevin R. Howell, Appalachian State University

CASE DESCRIPTION

The primary subject matter for this case is executive succession, along with the leadership and management theories that are required for replacing a leader. The setting is a community college that has experienced some financial issues. The College has a seasoned President and an experienced set of senior leaders. The case has a difficulty level of 4 and is designed for senior level and first year graduate students in leadership, management and organizational theory. The case is designed for delivery in a one and one-half hour class with no more than two hours preparation.

CASE SYNOPSIS

Northwest Community College is in the midst of a scandal. There is some financial mismanagement that has resulted in severe deterioration of campus morale. The founding President has taken the brunt of the criticism for the current situation and has been relieved of his duties. Three finalists are invited to campus for interviews and meetings with the campus community. They are very different. The committee needs a method for choosing the best replacement for the embattled President.

Dr. Kramer walked across the campus with a nostalgic feeling. The surge in creation of community colleges in the 1960's led him to lobby for one to be placed in his hometown of Lansing, South Carolina. This year would see his 45th anniversary as the President of Northwest Community College. The economic downturn of the first decade of the 21st century had taken its toll on the community and the college. Many of the factories in the region had reduced workforces or even closed. Much of the private money had dried up. The first signs of problems started to appear as budgets began to get tighter. Several departments began to be looked at more closely. No one seemed to understand exactly the role that each employee had on the campus. There was a time that everyone had specific jobs that were clearly defined. Now people just seemed to work in general areas.

The Dean of Business Affairs, Doris Oliver, had a traditional role at Northwest. She had supervisory roles over the non-academic side of the college. Of particular interest was the painting, electrical and printing groups on the campus. Doris seemed to always have budget for special projects. The last audit showed 3.5 million dollars in a Dean's Discretionary fund.

The State department of Community Colleges scheduled a meeting with Dr. Kramer to discuss the upcoming budget. It happened that the audit results came in just before the meeting. Dr. Kramer couldn't justify any of his requests to the state for special allocations. Every line item that he requested, the executive board kept bringing up all of these excess funds.

Northwest Community College held an emergency board meeting to relay the results of the budget meeting at the state office. Dr. Kramer asked that Dr. Oliver come early to discuss a few things. When he asked about the excess funds, she became very defensive. Her division had earned those funds and was entitled to keep all of it. Dr. Kramer asked how her division had "earned" the funds. She replied that it was a result of the work her people had done. Her use of the word “earned” stuck in Dr. Kramer's head and would be a critical mistake on her part.

The meeting was somber as Dr. Kramer relayed the information that every request from the college had been denied. Everyone present asked the same question in different ways. "What could Northwest have done to draw the ire of the State Office? Dr. Kramer denied knowing the exact reason that the requests were denied. He alluded to needing to gather more information. All of the Deans left the meeting shaking their heads about how this could happen.

THE ROOT OF THE PROBLEM

Dr. Kramer returned to his office and started looking at the data. Dr. Oliver had so much money in an account that seemed to grow and grow. The rest of the campus was barely scraping by. He started looking at the staffing in the electrical department. Nothing looked out of the ordinary. There were ten individuals in the department. All of them had salaries that were in the middle of the range for their job title except for a few "old timers" who were at the top of the scale. He moved on to the paint and facilities department. The story was the same. There were a few people that were near the top of the scale, but most were in the middle. When he looked at campus printing, the picture remained unchanged. He pulled some receipts from work done for the office of the President. The charges didn't look exorbitant. In fact, they looked better than some of the prices he had paid for some work he had hired done at his home. That is when it hit him. The workers were being paid by the hour from state funds. The departments on campus were being billed for time and materials for the work being done. Basically, Dr. Oliver had a staff of workers being paid by the state and she was charging hourly rates to the departments. All of the revenue for the time worked was a transfer of funds from one department to a discretionary fund for Dr. Oliver. Everyone knew how often that she traveled. They all knew how well appointed the offices in her areas were. They just assumed that she was just very judicious in her budgeting.

Dr. Kramer walked across campus to Dr. Oliver's office. He had been in her office a thousand times and had never paid much attention to just how nice everyone's workspace seemed to be. Dr. Oliver's office was even nicer than his own. The office was covered with wood paneling and mahogany furniture. He got right to the point with her. "It looks like you have been collecting time charges from all of your clients even though your workers were being paid from state funds." He cautioned, "All of these years, you have been charging time and materials and you were double dipping on the time." I don't know how that I could not have seen this going on. Every year your budgets always looked better than everyone else’s. Now I see it. Starting now all of your workers have to be paid from your internal budget. You can consider the state fund empty. Dr. Oliver said that she didn't see anything wrong with the practice. Dr. Kramer debated on exactly how to terminate Dr. Oliver. He knew it would not be easy. Dr. Oliver knew the faculty handbook well and understood due process. He met with Dr. Oliver again and explained the storm that was approaching because of her situation. She decided to take the path of least resistance. A week passed and Dr. Kramer got an email announcing Dr. Oliver's retirement. He wanted to redistribute the funds to the various departments on campus. He met with the Dean's council to explain where the newfound resources had been found. He hoped that the new funding would somewhat blunt the news of where it came from. He was not so fortunate.

Angry was not the extent of the feelings expressed in the meeting. It was more akin to outrage. Dr. Abee, Dean of the College of Business summed up the problem. "Did this really happen? Talk about a sweetheart deal. I would love to open a business where someone else pays all of the bills, salary and retirement for the workers. Then, let me keep all of the revenue. They didn't even need an accounts payable ledger because they didn't have anything to pay for." The outrage in the Dean's council didn't stop there. It moved over the campus like a plague. Dr. Kramer must have been a fool to have not caught this. He must have been a bigger fool if he knew it was going on. The Dean of Fine Arts, Dr. Cavanaugh started the direct attack on the Administration. He said that programs in his division were so underfunded that faculty were buying oils and brushes out of pocket for their intro classes. The Dean continued on "How many majors have we lost because of this perpetual mismanagement? Students come in and see this low budget shoestring operation and ask themselves "Why would I want to make a career of doing this?" This didn't happen overnight. This is years of mismanagement and or deception on the part of the administration.

THE END IS NEAR

After a couple of posts in social media, the local paper started looking into the situation. The story ran on the front page below the fold. It claimed that Dr. Kramer had stayed on well past his time with the college. It went on to talk about the allegations of poor financial oversight and cronyism in the office of the president. In a way it was the public beginning of the end for Dr. Kramer. The President of the Community College System summoned Dr. Kramer to her office. Dr. Nichols was relatively new to the job. In fact, Dr. Kramer had been President of Northwest longer than she had been on this earth. She asked Dr. Kramer for the best solution to the current problem. He replied that the situation was dire. Morale is poor, there is little trust between colleagues and a complete distrust of all administration. Students are complacent with their fees and lab bills. Every day is a little worse than the previous one.
Dr. Nichols appreciated the honesty in his response. She talked for a few minutes about how special his contributions have been. She hoped that her genuine words would soften the next blow. "I think it is time for us to change directions at Northwest." Dr. Kramer knew why he was here. He knew that he would leave here without his job.
The search would commence immediately. Hopefully, a change at the top would usher in a new era at Northwest.

THE CANDIDATES

The three finalists for the office of the president were announced. They visited campus, made presentations, shook hands, toured labs and dined with faculty, staff and students. There were many comments about the diversity of the candidate’s backgrounds.

Dr. Alan Cockerham was a Dean from the nearest State University. He was very knowledgeable about the area and opportunities the local industries provided. He talked at length about how he used the shared governance mentality in decision making. He vowed complete transparency in budgeting, staffing and everything that comes across his desk. He even mentioned that he wants to build consensus in every decision.

His personal demeanor was very jovial. He seemed to entertain everyone with whom he came in contact. During his presentation he talked about the personal ties that he plans to build. "If I am your next President, we will be a family. Not just a family, but a close family. I want to set up celebrations at least twice a year similar to a company picnic and frequent outings at the President's Residence. As he left campus he seemed like a politician leaving a rally.

The second candidate was Dr. Lewis Shepherd. He is currently the President of Lakeshore Community College in Yuma, Arizona. This was his third time around as President of a Community College. His schedule was very similar to Dr. Cockerham. He focused on his past accomplishments as a President. All of the schools he has led started in a similar position to Northwest. He was very matter of fact about the current predicament of Northwest. He was very clear about how that he would proceed with rebuilding the trust of the overall campus and community. During his presentation to a large audience he talked about the advantage of having no ties to anyone at the college. "I will come here with no friends, no preconceived notions about you or your programs. My mission is to get your college back on solid ground. I have a history of success in taking care of situations just like yours."

Candidate number three arrived from Los Angeles. Dr. Heather Miller had spent the past 8 years as special assistant to the Chancellor of the California Community College system. Her early childhood was spent 50 miles away in Charlotte, North Carolina. Her presentation focused on her work with coordinating bodies among the vast California Community College System. Her main work was coordinate policy between the Presidents offices at each of the individual community colleges. During the informal meal functions, she talked about her love for the area and the people. Some of the faculty asked about her lack of “Executive” experience. She handled the question well. She had worked with the Chancellor of the California System and even though she had never had that title, she would be able to work with everyone to make the campus a better place to be. Dr. Miller said she understood her strengths and weaknesses. “I am ready to be a President. My interpersonal skills will more than make up for the experience.” She was very jovial with the faculty and staff. The comments were about how approachable she seemed to be and how that her demeanor was just what the campus needed to move forward.

THE COMMITTEE

The committee met to discuss the finalists for the position. The positives and negatives of each candidate were thoroughly discussed. All of the candidates had support from the committee in some way or another. It was a difficult choice. The committee needed some systematic way of determining who had the best chance to pull the college out of its current situation.

HE HAS TO GO, A CASE STUDY

Kevin R. Howell, Appalachian State University

CASE DESCRIPTION

The primary subject matter for this case is internal policy, along with the leadership and management theories that are required for replacing a leader. The setting is a manufacturing facility with 75 employees. The company is a privately held company. The leadership has been in place for many years and has had very little turnover. The case is designed for senior level and first year graduate students in leadership, management, ethics and organizational theory.

CASE SYNOPSIS

FabDEV is a company that manufactures high-end specialty products for clients. Their CEO Trish Barker has a special relationship with one of her subordinates. Chad Gates is her best friend. After the untimely death of Trish's husband, Chad is a constant source of support. Unfortunately, Chad has an alcohol addiction. After treatment, Chad has a relapse and Trish is forced to Terminate her best friend.

CASE

Trish Barker walked away from a graveside ceremony for her husband Michael. His untimely heart attack at 52 was a shock to everyone. Family members and a few close friends left the cemetery for a quiet meal. Chad Gates, a co-worker and Trish's best friend drove her away. For the past five years Trish had been very close to Chad. Chad was an openly Gay man. That fact gave Trish comfort that she could have a man around to fill Michael's void without anyone thinking something untoward was going on, so soon after his death. Chad turned out to be a truly great friend. Six months had past and she couldn't believe what she was about to do.

FabDEV is a full feature Design, Engineering and Fabrication company. Trish Barker had been the CEO for 4 years. The company has the ability to take any idea to prototype to production. The facility is state of the art with laser cutters, rapid prototype equipment, 3d printers and every high tech piece of equipment on the market. Like any manufacturing facility, there is an element of danger inside FabDEV's labs. Hearing and eye protection are mandatory. Walking through the facility has the feel of a modern art museum, complete with prototype exhibits and awards.

The meeting was more like an intervention than a conference. Trish laid out the memo that she had carefully prepared. As she passed a copy to Chad, she couldn't help but feel bad. Chad had been her best friend for years. When Michael passed away, Chad was there every day. She had cried on his shoulder for hours. Now it had come to this. He looked at the memo, eyeing every bullet. With tears in his eyes, he said, "Is it really this bad?" Trish replied, It's worse than this. These were the only ones that were formally documented. I have smelled bourbon on your breath many times and never said anything about it. I feel personally responsible for your condition. You helped me when I needed it now I am going to return the favor. This is a dangerous place to work. I won't be responsible for you getting hurt in my shop. I have arranged for you to go to the Peacehaven Center to get straightened out. Right now you can't be here. It's dangerous for you and everyone else in the shop.

Chad was dumbfounded. He started to argue that she was wrong about his problem, but he knew she was right. As he stared out the window, he asked what if I won't go? Trish replied, "you will have to find work somewhere else". As this sunk in, he thought about all of his friends at FabDev, how much he liked his work, but most of all how much he enjoyed Trish's friendship. Maybe she could see a bigger picture than he could. Turning to face her, he asked when do I check in? Trish replied they are expecting us there for lunch. "What do you mean us?" Chad reflexively said. Trish stood up and said "I am a going to help you beat this".

TREATMENT

Peacehaven was the best treatment center around. The center felt like a resort. They had pools, saunas, workout facilities, nutritionists and gourmet meals. The patients quarters were plush with king size beds, jetted tubs and multi head showers. Trish looked around and wondered aloud if she could stay for a week or so herself. Chad laughed and felt at home right away. There were people battling all forms of addiction. People were in treatment for everything from drugs and alcohol to eating disorders, both too much and too little. Trish left Chad and knew in her heart that she had done the right thing. Peacehaven was very expensive but it would be worth it to have Chad clean and back to work.

After a grueling 6 weeks of sobriety at the Peacehaven Center, Chad emerged as a new man. Clean and sober he went back to work and felt like a weight had been lifted off of his shoulders. He got more work done in less time than ever before. He had lost 15 pounds while at Peacehaven and looked as good as he felt. There was nothing but sunshine on the horizon for Chad.

While watching a band at a local bar, the temptation to have a cocktail was too great. He had been there many times and never had the urge to have more than a club soda. Surely, one beer wouldn't hurt. So he had one. Later that week he was pleased with his self-control in only having one. He decided to try again. That worked too. For a couple of months, Chad was fine with a random cocktail. He had made a few mistakes at work that were not noticed. A couple of times clients had refused products that were inferior because of some sloppy work, but no one had linked it to him. He would be fine on his current path.

THE WRONG PATH

While at a New Year's Eve party, one drink turned to two and to four then he couldn't remember how many. He woke up New Year's Day in a strange apartment. He had no clue how he got there and his head ached terribly. He needed a drink to settle down. He kept a drink in his hand for the rest of the day.

He went into the office the next day and started his daily routine. He began cleaning one of the machines as part of the daily maintenance. All of a sudden, the machine came to life and he narrowly snatched his hands out of danger. Every employee has a "lock out tag" that they use to cover the power switch when doing maintenance. His was on his lanyard. He had forgotten to lock out his machine and another employee had unknowingly started the machine. When Jim saw Chad, he immediately hit the kill switch. Jim was visibly shaken by the near miss. Chad didn't seem as bothered. They talked and Chad said he would report the incident to Trish for her to document.

Chad didn't tell Trish about the near miss. Somehow he knew she would know about his drinking. He decided to go home for the day. He unfortunately neglected to tell anyone that he was leaving. As Chad opened his 3rd beer at home, he realized that he didn't tell anyone about his early exit. After his 6th beer, he rationalized that they would take up the slack for him.

Jim saw Trish in the break room and wiped his brow about the close call earlier in the day. Trish was thunderstruck, she told Jim that Chad had not come to her to report the near miss. Trish went back to her office to come to grips with the decision that she knew had to be made. She started to gather the paperwork to terminate an employee. She had documented all of the sloppy work that was because of Chad's lack of attention to detail. She had monitored and detailed all of the late arrivals and early departures, including today. She knew this would be much more difficult than the earlier intervention. She wasn't sure of how Chad would react but somehow she knew it would be bad.

TERMINATION

As Chad arrived the next morning, Trish was waiting for him. She asked him to come to her office. She told him that he had become a danger to himself and the other employees. Even though they were very close friends, his services were no longer needed at FabDEV. She said that she wanted the best for him, but wanted the best for the company more. We need more than you have been giving. Thank you for all of your service but you don't work here any more.

Chad was furious. He still had some alcohol in his system and it only fueled his anger. He told Trish that it was her fault and she couldn't fire him. He said that his next stop would be a lawyer. He would sue FabDEV and make them take him back. Wrongful termination, he shouted, that's what it is. You can't get rid of me!!!

J. C. PENNEY: A LESSON IN MARKETING STRATEGY

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CASE DESCRIPTION

Marketing strategy is the primary subject matter of the case using the 4 P's as a framework for analyzing the case. Secondary issues that may also be examined are leadership and corporate culture. The difficulty level of this case is a three. It would be appropriate for junior, senior and graduate students. The case may be taught in as little as one hour or could easily be expanded into two hours. Students should be required to spend a minimum of at least 3 hours outside of class to prepare for the case.

CASE SYNOPSIS

Ron Johnson was hired by the Board of Directors of J. C. Penney to revitalize the dowdy image of the iconic department store and to increase profits. Within weeks of being hired, Johnson completely revamped J.C. Penney's marketing strategy. Johnson's strategies included changing the store layout, product assortment, pricing, and promotion. He eliminated the numerous sales that had been used for years to drive customers into the stores and initiated what he described as "fair and square" pricing. Designer brands were increased and popular store brands were scaled back even though they represented over one-half of the company's revenue. Stores were remodeled to resemble a mini-mall with individual designer stores inside each store. Ultimately, Johnson's strategies confused and alienated their core customers who left in droves and never attracted enough of the younger and more affluent customer he had hoped would save the company. After 17 months at the helm, Ron Johnson was asked to resign. He left J. C. Penney with revenues down 24%, a loss of revenue of $4 billion and an operating loss of over $1.3 billion in 2012.

Brief Background of J. C. Penney's History

J. C. Penney has a long history going back to its beginning in 1902 with a single store in a small Wyoming town. By the 21st Century, it had truly become an American icon and a dominant force in the retail business. By 2011 the company had over 1,100 stores, $17+ billion in sales, and 160,000 employees (JCPenney, 2011), (Steffy, 2013).

But starting in the early in the 2000's, the company found itself struggling to find a niche in the retail apparel industry. Competition was heating up, from both brick and mortar retailers to the rapidly increasing internet industry. Wal-Mart and Target were attracting discount shoppers and Macy's and Kohl's were attracting the more affluent shoppers squeezing J. C. Penney's profit. Their sales were stagnating and the company stock was going nowhere, leaving shareholders unhappy. Many retail analysts and even their own customers, particularly the younger ones, often described the company as having evolved into one with a dowdy, stodgy, boring image. To draw in customers, the company had begun using ever increasing promotional discounts to attract customers. In 2011, over 75% of their revenue was from merchandise that had been discounted by 50%. The target market could best be described as a middle-class, price-conscious shopper who as a Morgan Stanly analyst observed “is triggered by perceived discounts or percent’s off, not absolute price points.” (Cheng, 2012). Many of these customers shopped for the thrill of the deal. The one bright spot was the store’s popular brands such as St. John’s Bay, Worthington, and Cabin Creek that accounted for more than 50% of its sales. In early 2011, they discontinued their over 400 page catalog to reduce costs.

Enter Ron Johnson and His Vision

The Board of Directors of J. C. Penney came under pressure to do something. They hired Ron Johnson as CEO in late 2011. Johnson had served as the CEO of Target and had worked directly under Steve Jobs as the Vice President of Retailing at Apple. (Reingold, 2012). Johnson's vision for J. C. Penney was to transform its current boring image to one of being a cool place to shop. Within weeks of his hire, without research or testing, he unveiled his vision which encompassed every area of the store including the target market, products, pricing, promotion and store layout.

In Johnson’s vision, J. C. Penney would target a different shopper. Mr. Johnson was quoted as saying that J. C. Penney had the oldest customer base in retail (Reingold, 2012). Ron Johnson wanted a younger, more upscale shopper. To attract this younger, more upscale shopper Johnson made the following changes to the marketing mix.

Popular store brands such as St. John’s Bay and Worthington (which were bringing in one-half of the company's revenues) were to be significantly scaled back under Johnson in favor of higher-priced designer brands such as Martha Stewart and Nanette Lepore.

Johnson envisioned the 1100 stores as a mini-mall concept with individual shops within each store. These upscale shops were designed to attract a higher-end customer. Some of the shops would be leased; rented out to a high- profile designer company. He entered into an agreement with Martha Stewart to develop mini-shops within each store and a plan to add a series of 80 to 100 brand shops in stores within the next two years similar to Martha Stewart’s.

All those constant sales, discounts, and coupons that the company had come to depend on would be no more. The company had been conducting more than 600 different sales in a single year. Now the company was going to have fewer sales. There were two types of sales; month long sales such as jewelry in February or Christmas items in November and merchandise that didn’t sell well would go on clearance during the first and third Friday of every month.

The existing company logo was changed under Johnson. The Penney, from the existing J. C. Penney, was dropped in favor of the new "jcp" logo. Note the small case letters like the "i" in iPhone. Ellen DeGeneres became the new spokesperson appearing in a series of ads. Employees were laid off and Johnson did away with commissions for floor salespeople because he felt commissions interfered with quality customer service. A 96 page catalog would be mailed to customers.

Perhaps the most controversial strategy was his new pricing strategy. It was Johnson's belief that shoppers would appreciate, and prefer, having an everyday fixed value pricing approach instead of constant sales. Prices on all merchandise were slashed at least 40%, even though 75% of the company's present revenues were being generated by merchandise that had been discounted 50% or more. In reality, the new everyday price was 10% higher than previous sales. In the past, price tags showed all markdowns so a shopper could see that a dress priced at $59.99 was now on sale for only $29.99. Under Johnson's plan the dress would just have a blue tag with a $30 price. Price tags were divided into three types; red was an "every day" price, white represented a "month-long value" and blue was a "best price." The prices were quoted in whole figures so a shirt was no longer priced as $19.99, but $20.00. (d'Innocenzio, 2012)

The Results of Ron Johnson's Vision

Beginning in February of 2012, J. C. Penney began implementing Johnson's vision. Within months, total sales dropped 20% and foot traffic had dropped 10%. Hemorrhaging cash, Johnson backtracked in August 2012 and announced they would bring back sales and in January of 2013, the price tags were changed to include the manufacturer's suggested price so shoppers could see how much they were saving. Johnson's strategy and backtracking proved too confusing to J. C. Penney customers who left to shop at competitors, Macy's and Kohl's. Even Internet sales suffered dropping by 34% during the year, while Macy's grew 48%. (Macke, Breakout, 2014).

Ron Johnson's tenure at J. C. Penney lasted a brief 17 months. The Board asked for his resignation in April of 2013. Net sales had fell over 24% from over $17 billion in 2011 to $13 billion in 2012. Along with lower sales, the company also posted a stunning loss of $1.38 billion (JCPenney, 2013). The company stock plummeted from over $40 a share when Johnson was hired to under $10 a share when he left (Table 2). The company's workforce had been cut by more than 40,000 during Johnson's tenure. Adding insult to injury, Ron Johnson was awarded the "Motley Fool's Worst CEO of the year" in late 2013 (Williams, 2013).

CONCLUSION

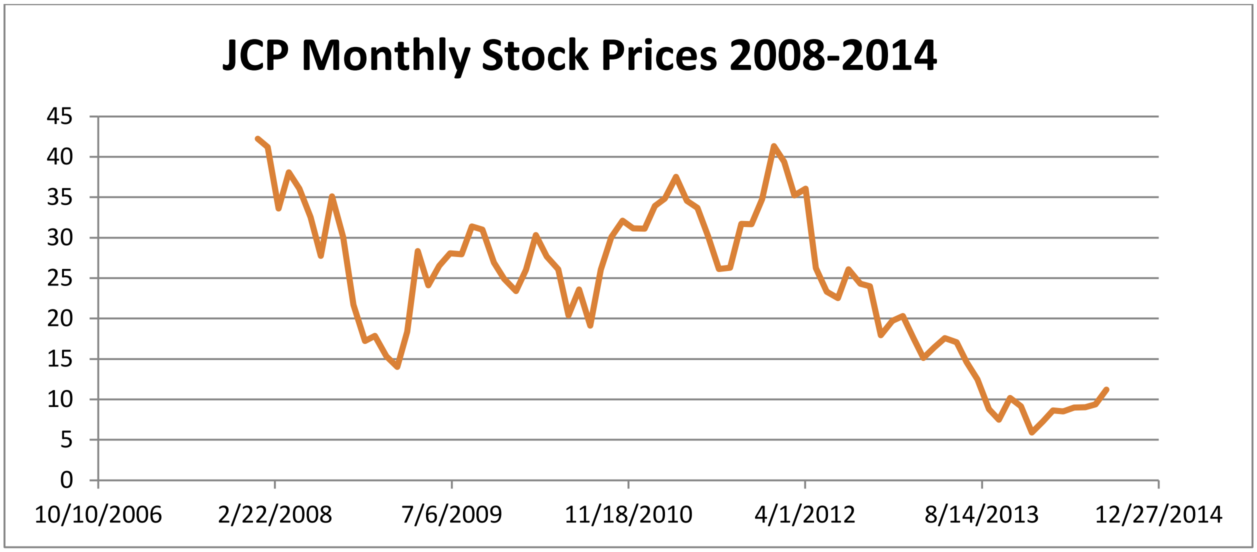
Changing the culture, vision and strategy of a 100 year-old iconic retail store with 1100 stores across the United States is a daunting task that should be taken carefully after much research and analysis, not by using intuition or simply copying a successful competitor such as Macy's. J.C. Penney's problems had not evolved overnight. For over a decade, J. C. Penney had been inadvertently training its shoppers to only buy merchandise when they had a coupon or when the price was slashed. The solution should have taken into consideration the difficulty of changing buyers' behavior along with the strategies that incorporated the best practices of retail merchandising.

In the end, the company had paid out over $236 million in executive compensation to Johnson and his team. In return the company had nothing to show for it except billions in lost sales, thousands of once loyal customers were gone, a store remodeling program only just begun, a badly demoralized workforce, and worst of all, a mortally wounded American icon.

	Table 1. Five-Year Comparison of Operating Performance – in thousands				
	2014	2013	2012	2011	2010
Total Net Sales	12,257,000	11,859,000	12,985,000	17,260,000	17,759,000
Gross Profit	4,261,000	3,492,000	4,066,000	6,218,000	6,960,000
Income(loss)	(771,000)	(1,388,000)	(985,000)	(152,000)	378,000

*J. C. Penney, Inc. 2013 Annual Report, 2014 4th Quarter results

Table 2



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MONGOLIAN MINING MAYHEM

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ABSTRACT

Case Overview

This case is inspired by current ethical, legal, social, and environmental issues which have plagued the multinational mining industry in frontier markets. The case focuses on a multitude of legal, ethical, and strategic issues involving the multinational mining industry. This case describes a hypothetical assignment facing an operations manager at our fictional Minera, Inc. The assignment revolves around several dilemmas our manager must confront as he attempts to secure valuable mining licenses from the Mongolian government while simultaneously attempting to harmonize seemingly detrimental operating practices with the organizations stated beliefs. The case provides detailed background information on the social, economic, and political climate in Mongolia, as well as the applicable laws, ethical frameworks, and competitive market considerations facing multinational mining organizations.

Expected Learning Outcomes

This case will help students to: understand the complexity of international business in frontier markets, identify key international legal issues such as the foreign corrupt practices act, recognize ethical issues, formulate economically, strategically, ethically, and legally sound courses of action in complex environments.

Supplementary Materials

Comprehensive teaching note

INTRODUCTION

Matt coughs twice as his head spins from his first cigarette in fifteen hours. The year of the horse is off to a disastrous start[1]. Matt spent New Year's Eve with his estranged wife and their 3 year old daughter in Minot, North Dakota. If bearing sub-zero temperatures and minus twenty degree wind chill was not enough, his wife decided to have one glass too much Champaign, leaving Matt to care for their daughter alone. It is now three days into the New Year and Matt finds himself in the smoking lounge (which is more like a large glass telephone booth) in the Beijing airport after a fifteen hour flight from Minneapolis.

Beijing is not Mr. Lelander's final destination; he has another three hour flight to Ulaanbaatar in Outer Mongolia after a five hour layover. Matt finishes his third cigarette and hopes he has enough of his favorite brand to hold him over in Mongolia, as he knows American cigarettes are not the same in Ulaanbaatar. Matt works for Minera Inc., one of the largest mining

[1] 2014 is the year of the horse in the Chinese calendar.

companies in the world and has traveled to some exotic locations in search of the minerals that power the modern economy. Last year, he was in charge of his employer's operations in Borneo and the year before that was primarily spent in negotiation with the Burmese government about mining rights in that newly opening economy. During the company's New Year's Eve party an inebriated Matt told his colleagues somewhat sarcastically, "I am looking forward to going to Mongolia, it is about time I stop tromping around snake invested jungles!"

Matt knows Mongolia is one of mining's final frontiers. The country is one of a small handful of places with major untouched mineral deposits. The problem and the reason Matt is waiting for a flight to Ulaanbaatar is that it has been difficult for Mongolia's leadership to get along with foreign mining companies. In particular, there are problems with the Oyu Tolgoi mine, the largest investment in Mongolia's history. It is one of the world's largest mixed deposits of copper and gold and is being partially developed by Matt's employer who owns 66% and the Mongolian government itself which owns 34% (Bator, 2013). Production will not start for another couple months or so, but even in the preparatory stages, Oyu Tolgoi was almost entirely responsible for Mongolia's world-leading GDP growth in 2011, as suppliers and contractors arrived and spread benefits across the wider economy. When fully operational, the mine will account for a third of Mongolia's GDP (www.imf.org).

After more than a decade of exploration and preparation, however, Ulaanbaatar wants to renegotiate its share of the profits while simultaneously negotiating permit renewal, and it is Matt's duty to deal with this situation. In dealing with this situation, Matt must be cognizant that taking too hard a line may jeopardize future deals in Mongolia or cause the current deal to collapse. Despite the huge potential of this project, Minera's board is anxious, especially considering that the Mongolian government is currently being sued for illegally expropriating a competitors mining permits, (Stanway, 2013). Additionally, Minera has invested heavily in this and several other mines. The uncertainty in Mongolia has spooked Minera's investors sending Minera's stock value down. Further complicating the situation is the ominous presence of growing local protests. These protests were spurred by a massive chemical leak which caused hundreds of local residents to become ill. The cleanup was slow and news reports, as well as social media videos, show children playing in puddles of spilled chemicals.

These spills helped lead a grassroots movement against foreign mining organizations. In 2007, Tsetegee Munkhbayar, a livestock herder, was awarded the prestigious Goldman Environmental Prize for his efforts organizing opposition to mining pollution. This movement continued to grow and in 2012 the Mongolian government began overhauling its mining laws and calling for higher financial returns and greater scrutiny of mining licensees (Schneider, 2013). Further, as global demand for scarce resources has increased so too has competition. As many as five additional mining firms have submitted licensing requests to the Mongolian government. This growing resistance, increased competition, renewed negotiations, and Minera's considerable investment in the region has everyone at Minera worried.

Matt vividly remembers the problems Newmont Mining faced when it ignored local unrest. In 2004, indigenous communities blocked access to Newmont' mines in Peru after they learned of the company's plans to level a sacred mountain. Following violent confrontations, Newmont (a Colorado based company), withdrew its operations and promised never to return (Perlez and Bergman, 2005).

When Minera's CEO, Tim Jares, personally and surprisingly called Matt last month to inform him of this assignment, Tim impressed upon Matt how important this project is as Minera's investors are getting increasingly impatient and concerned.

Uncertain what to make of Tim’s unexpected call, Matt instantly began preparing. Matt immediately asks his college roommate and, now chief legal counsel for Minera (and rumored next CEO), Lee Geddy, to oversee an internal Environmental Impact Audit or simply an EIA. EIAs are similar to the Environmental Protection Agency’s environmental audits which are commonly done by the EPA for U.S. based projects. Matt has learned the importance of ‘doing your research’ whenever negotiating with nation states. He plans to use his next flight to review the current political, economic, and social environments in Mongolia. Additionally, Matt realizes a phone call to the on-site operations mangers is a priority when he arrives in Ulaanbaatar to get the details of his company’s dealings with Mongolia, local villages, the press, and any legal issues he needs to be aware of. He is looking forward to sleeping in a real bed in the capital’s best hotel, ironically called the Genghis Khan.

W2 SYSTEMS: A CASE OF NECESSITATED FAMILY BUSINESS

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ABSTRACT

Succession remains atop the list of critical factors facing family businesses. A special case of succession occurs when the process is punctuated by a death or debilitating illness at the top of an organization, resulting in the need for an immediate succession decision. This case study is about just such a situation, an examination into the history and abrupt transition of W2 Water Systems.

W2, a California company, was founded in 1986 and remains a family owned and operated business which designs and sells custom water treatment systems for commercial applications. Kirk Howard, while working part time during his high school years in the family business, had no intention on joining his father's business, choosing instead to forge his own career. In December 2004, Kirk was notified that his father had just been diagnosed with a lifethreatening illness; his father passing a year later.

The case chronicles several key transitions and life-changing decisions for Kirk from December 2004 to December 2015. Should he enter the family business and help his father through his illness? Should he succeed his father and run the family business? Should he liquidate the family business and pursue his own interests? Should he make a career in the family business? Should he grow the family business then exit through a windfall sale?

The case deals with key aspects of necessitated family business succession including family post traumatic stress, sibling rivalry, surviving spouse power play, family obligation, customer and employee loyalty conversion, reputation management, strategic redirection, corporate DNA altering or reaffirmation, and career redirection and adaptation. Other issues highlighted by this case include (1) strategic planning and vision development for the visionless company Kirk inherited in 2006, (2) the reallocation of power and ownership in the aftermath of family trauma, and (3) the individual career desires versus family obligation faced by surviving family members.

While the case represents a relatively small SME, the company has potential for growth. Can and should Kirk pursue a growth strategy in face of market indicators and opportunities, or should he remain in survival mode and tend primarily to the financial needs and emotional healing required within the family? Kirk also attempts to determine his options and balance his obligations to his family and his ambitions to pursue a career outside the family business.

Also addressed in the case, and supported in the teaching notes, is the application of various key family theories.

THE "ETHICS CASES" CASE

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CASE DESCRIPTION

This case can be used to illustrate concepts of ethical issues versus financial return. Considerations include the ethics of those that would gain financially from a particular course of action, the ethical consideration of those that attempt to help others but, in doing so, may compromise their ethical standards, and society's view of ethics versus finances. While the case does touch on copyright law, there is no need for legal expertise to discuss the case. The emphasis is on the ethics of the decision to be made. The case has a difficulty level of two to three, and is designed to be taught in one class hour. Depending on the depth of detail the instructor intends to pursue, preparation time for the students will take from one to two hours.

CASE SYNOPSIS

A young professor is deeply committed to helping his students both academically and financially. A long period of strained personal finances has left the professor with a strong desire to ease the financial burden felt by his students. In preparing for the upcoming semester, the professor has found a volume of ethics cases that would fit perfectly into his course. The problem is that the volume is as expensive as the required text and he is torn whether to require the purchase of the volume or not. While investigating alternatives, the professor found that a professor at another university has posted the entire volume of cases (including copyright notice) on that university's web site. Should the young professor require his students to purchase the volume and thereby violate his mission of helping ease his students' financial burden (but maintain his ethical standards) or should he download the files from the university's web site for free and help his students financially (but violate ethical standards and create legal issues).

THE HACK ATTACK AT WINTER'S TALE PUBLISHING

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ABSTRACT

The primary subject matter of this case concerns the vulnerabilities that poor management can expose an organization to as well as the widespread effects that a hacker attack can have on a business' operations. Secondary issues examined include, auditing frameworks to evaluate internal controls, designing a secure network for small start-up businesses, and addressing legal and marketing concerns of a hacked organization. The case has a difficulty level of three or higher and was designed to be taught in a 45 to 60 minute time period with approximately two hours of outside preparation by students. The case can be approached from five perspectives (management, business law, information technology management, forensic accounting and marketing), thus the case can be used in multiple 45 to 60 minute classes. The case would be of specific interest to those business programs seeking to use cases across the curriculum.

The case describes Winter's Tale Publishing, an online startup publishing house started by John Winters after successfully publishing his own book. The organization grew quickly but cut corners in several areas which would later come to haunt them. Winter's Tale started a marketing campaign to build interest in a soon-to-be-published tell-all book. Controversy surrounded the publishing of the book and hackers attacked Winter's Tale's server. The hackers accessed personal client author information as well as employee emails and posted the information online for all to see. The case ends with John and his staff meeting to evaluate the circumstances, control the damage, implement a strategy going forward, and determine what led them into such a susceptible state.