



Otterbein College
Master of Business Administration Program

BADM 640 -- MARKETING MANAGEMENT
Course Syllabus
Summer Quarter 2009

Instructor: Mr. Raphael Garcia, MBA

Meeting Time/Date: Saturday 8 – 5 p.m.

Business Phone: (614) 841-6444 (office)

Classroom: Roush 424

Home: (740) 965-1052

Cell: 614-679-6716

Email: rgarcia@otterbein.edu, or raphael.garcia@emerson.com

OFFICE Hrs: By appointment

Course Description: This course explores the strategic role of marketing within business firms and non-profit organizations. Topics include industry and competitive analysis, customer analysis and consumer behavior, market segmentation, market research, distribution channel policy, product policy and strategy, pricing policy, advertising, brand management, industrial marketing, and services marketing.

Class sessions will consist primarily of a lecture, case analysis and discussion format, but may include films, guest speakers, and student presentations.

Text: Kotler, Philip, Marketing Management: 13th Edition. Upper Saddle River, NJ: Prentice Hall Inc.

Cases: HBR Case Study "Wal-Mart in 2002" by David B. Yoffi & Yusi Wang in the March 22, 2002 issue of the Harvard Business Review.
HBR case #9-903-021 "Compaq's Struggle" by Carliss Y. Baldwin, David Lane.
Coca-Cola, Japan (To be handed out in class)

NOTE: Please read chapters 1- 6 before the first class meeting.

Grading Criteria

The final course grade will be determined by the components and weights outlined on the *Course Grade Worksheet* (page 2). Assignments will be assessed more on their "qualitative" rather than "quantitative" attributes. Success in this course will be dependent individual hard work, preparation, participation, effective communication skills and a clear understanding of conceptual issues and their practical applications. The following grade ranges will apply:

A = 93 - 100	Exceptional	C = 73 - 76	Average
A- = 90 - 92	Excellent	F = 72 and Below	
B+ = 87 - 89	Above Average		
B = 83 - 86	Above Average		
B- = 80 - 82	Above Average		
C+ = 77 - 79	Average		

Otterbein College has defined "average" work as a grade of C/C+. A higher grade will require meeting higher performance standards and expectations. The descriptive statements below are provided as general grading criteria. A clear distinction between an A and an A- is described. For letter grades from B through F, a description is provided for each. The specific grade within the range (+,-) will be a matter of the degree to which the work completed fits the description.

Academic Integrity & Grading: Except where indicated, assignments are to be done individually. Otterbein College policy on academic integrity will be enforced (see the [Campus Life Handbook – Section 5](#) for further information). Academic dishonesty of any kind is unacceptable. Be aware that any assignment turned in as original work that is not original work will result in an F for the final course grade.

Grades will be assigned according to performance on the items listed below. Consistent with departmental policy of including oral and/or written assignments as part of the graduate core course curriculum, assignments will be evaluated on the basis of effective business communication skills, as well as a demonstration of the mastery of course concepts.

Assignment	Points
Individual Work:	
Mid-term Exam	200
Individual Case Assignments (3)	300
Class Participation	50
Group Work:	
Group Project Written Report	200
Group Presentation	100
Total	850

Exams and Written Work Due Dates are scheduled well in advance, and students are expected to arrange their personal schedules so as to turn in assignments on time. Guidelines for the midterm will be given in class. The test may consist of multiple choice or essay questions. The midterm exam will cover material in the chapters indicated on the class schedule. All papers should be consistent with the guidelines on written assignments described below.

Written Assignments constitute an important part of the training in this course. There will be four written assignments -- a term project to be done with a group, and three individual case analysis assignments, done according to the case analysis instructions attached. Assignments should be turned in at the beginning of class on the date due. Late submissions will not be accepted. If you are unable to make class that day, you may send your completed assignment via e-mail as a file attachment.

Assignments should be typed on plain white paper, double-spaced, with 1" margins, page numbers, using a font size between 10 and 12 pt., and should be within the established page limits. Include a cover sheet with your name, class number, date, and the assignment name. The cover sheet should not be included in your page count.

Class Attendance and Participation:

Students are expected to attend all classes. Participation will be judged on both attendance and contribution toward class discussions. Accordingly, you should come to class prepared (this means having completed the reading and assignments scheduled for that class period), and ready to discuss the ideas and concepts being presented. It is also encouraged for the students to bring current articles relevant to the topics covered in class. Wall Street Journal, Business Week and USA Today can be good sources for such articles.

A Word About Case Studies:

During the quarter, we will be discussing three (3) interesting case studies. These cases are designed to stimulate your thinking and test your knowledge of the particular marketing concepts they demonstrate. Cases often provide you with more information than you will have at your disposal in the "real world," but they are a useful teaching and learning tool. They also give you practice in analyzing the environment in which a product or service is operating, which will help you in completing your written assignments. Please refer to the guidelines attached regarding case preparation and write-up. I will briefly cover these guidelines in class, but you should familiarize yourself with the methodology before tackling a case. Do not limit your analysis to the content of the case; you are encouraged to also search information via other sources if you consider it will help you in your analysis.

NOTE: You are encouraged to submit your analysis in at least a six to seven page report, plus supporting documentation, for each case write-up. **Graphs and charts are required as part of your case write-up.** We'll discuss the cases in class on the day they are due. This will give you a chance to share your analysis and to use your communication and presentation skills.

Office Hours: By appointment only. I encourage you to come and see me to discuss any thoughts or ideas you have on your assignments, and particularly if you are having difficulty with the material. Please do not wait until the end of the quarter before asking me to resolve any problems you may be having. I look forward to meeting with each of you throughout the quarter.

General Comments: Marketing is an exciting and dynamic subject, not only because we are exposed to it every day, but also because it plays an integral part in the success of almost any business enterprise. Whether you are involved with a product or a service, in a for-profit or not-for-profit situation, the marketing concept typically drives the organization's thinking, strategy, and tactics.

I have over nineteen years of experience in industrial goods sales and marketing, and will be bringing that experience into our classroom lectures and discussions. I believe my value to you as an instructor is in exposing you to areas of marketing you will not find in the text that will enhance your understanding of the text material. I may not always lecture on the text material; rather, I may bring in examples of my own work, and will explain the thinking behind those efforts. You are, however, still responsible for the text material.

Above all, I want you to have fun in this class. In a way, we are all marketing "experts," because we know what we like and desire in the products that we use. I am sure we can all think of ways in which some products can be improved, and your ideas may provide a new way in which a product or service might be offered to its target audience.

Group Project

As you are undoubtedly aware, group projects are prevalent in the business environment. You may already be working within, or managing the members of, a specific group in the performance of your everyday duties. Group dynamics are such that you must know how to work with others that may have a different agenda from the one you are trying to accomplish. Accordingly, group classroom projects give you valuable experience in learning how to work more effectively with other people. More importantly, a business group often consists of members not of your choosing. Many may be strangers to you, or come from other disciplines. This is particularly true with marketing projects, which typically involve members from all the major areas of business (e.g. **shipping & receiving, warehousing, traffic, finance, sales, accounting, purchasing, and production**), as well as outside suppliers (e.g. **advertising agencies, package designers, photographers, and printers**). Other members will bring a different perspective to your project, and they almost always bring up problems (and possibly suggest solutions) that you may have not considered.

Project Instructions:

Form a group of not less than three (3), members. Assume your group is one of several product development teams operating within a firm. You are charged with creating a marketing plan for a new product of your own design, under a brand name of your own choosing. This must be accomplished by June 27th. Submit a list of your group members, their phone numbers and email addresses, and the market segment you will address. The final written report should follow the general format outlined below:

Outline for a Marketing Plan

Cover Page (Title of Report, Authors' Names, Course, etc.)

Executive Summary

- The last thing you write, but the first thing the reader sees
- A concise summary of your report – more than a paragraph, but not more than a page or so

Table of Contents (including page numbers)

Environmental Analysis (“Peeling the Orange”)

- Setting the table through problem identification/unmet needs
- SWOT Analysis
 - Internal (Strengths, Weaknesses)
 - External (Opportunities, and Threats)
 - Competition

Marketing Goals & Objectives

- Problem solution
- Where you want to get

Marketing Strategy (how you intend to get there)

- Target Market (very important)
 - Identification
 - Size
 - Trends

- Marketing Mix (tied specifically to your target market)
 - Product
 - Price/pricing strategy
 - Promotion (including timing and budget)
 - Place

Action Programs (Implementation/timing)

Evaluation (e.g. break even analysis, pro forma profit & loss statement, etc.). **Be sure to include this section.**

Closing Remarks

References

Supporting Documentation (e.g. print ads, package design, logos, brochures, etc.)

In addition the report should address, at a minimum, the following topics:

- **Environment:** Describe the business environment including environmental trends; how they affect marketing mix decisions, and their influence on competition.
- **Target Market:** Describe the target market in appropriate terms, e.g. size, geographical area, demographics, etc.
- **Competition:** How do you define your competition? How are they addressing the target market? How many competitive brands are available? Estimate market shares and market segments being served. How are competitive products positioned? I like to see lots of graphs and charts when applicable.
- **Sales/Demand Forecast:** A sound sales forecast has to be based on trends in the business environment and the size of your target market. Based on your analysis of these elements, what is the demand for your good/service? Can you estimate product sales or service demand for the coming year? For each of the next five years? What does a break-even analysis tell you about your forecast?
- **Marketing Mix:** Analyze the different marketing mix variables.

Other Suggestions:

You may wish to interview appropriate persons in industry, or draw on your personal experience and expertise, in completing your report. You may also want to analyze competitor's packaging, advertising, promotions, and distribution outlets to obtain insights into the industry in which your firm operates. **Analyze** the information you gather, rather than simply reporting it.

I have included a "**Marketing Planning Outline**" for your review. This outline provides a more detailed listing of the kind of information a typical marketing or business plan might contain. While I do not expect you to cover all the information contained in that outline, I am providing it to you to give you an idea of the scope of information that many marketing plans contain. I have found this to be an excellent reference document, and

suggest you keep a copy of this outline for the future. Please see me if you have any questions.

Written Report and Presentations:

Once you have completed your plan, submit your final report using the format guidelines suggested. The report should be treated as if you are presenting a marketing plan to senior management. **Due date is July 18, 2009.**

Each group will make an oral presentation of their report/project in class on July 18th, **not to exceed forty (45) minutes in length.** The presentation should cover the highlights of your written report, and take advantage of the opportunity to present visual materials.

Your presentation should be interesting, Creative, professional, and well rehearsed. It is not necessary for every group member to present, although all should be active in the preparation.

Grading-Peer Assessment

A peer assessment of the individual's overall contribution to the team's effort will influence each individual's grade for the group project report. The individual's grade will be determined by taking the consensus Overall Contribution Factor (see form on page 8) times the group grade received for the group report. **One individual** from each study group, if deserving, may be rated "Exceptional Performance - 110%" thus receiving a 2% bonus per form. Conversely, an individual may be penalized for failing to fully meet performance expectations of the team. A penalty of 2% of earned team credit may be imposed by a rating of "Did Not Fully Meet Team Expectations - 90%." Each individual must submit a Peer Assessment of the other team members following the class presentation. To insure integrity and fairness, the entire peer assessment process is subject to instructor oversight and intervention.

Reminder: You must submit a list of group members, their phone numbers and email addresses, and a brief description of your chosen product, to me **NO LATER THAN June 27, 2009.**

Peer Assessment - Group Project
Marketing Management (BADM 640); Mr. Garcia: Saturdays 8- 5 p.m.

Evaluation of: _____

Appropriate comments may be written in each section (back of form may be used)

Attendance at work sessions

Participation in group discussions

Contribution to project

Creativity of contributions

Involvement in production of **final output**

Comments:

Overall Contribution Factor: Based on the overall contribution to the final output and its quality, this team member is rated as follow (**circle choice**):

Exceptional Performance* 110%	Consistently Met All Team Expectations 100%	Did Not Fully Meet Team Expectations** 90%
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* Each team member may give only one other team member this overall rating
 ** This overall rating should be justified by written comments in the appropriate sections

Week	Dates	Topic	Chapters
Part 1: Understanding Marketing Management			
1	June 20th	Syllabus and Course Outline <small>Last Update: June 4, 2009</small> Defining Marketing for the 21st Century Developing Marketing Strategies and Plans Gathering Information and Scanning the Environment	1 2 3

BADM 640 – MARKETING MANAGEMENT


SUMMER 2009

Group Project



[| Project Instructions |](#) | [| Suggestions |](#) | [| Reports |](#)

As you are undoubtedly aware, group projects are prevalent in the business environment. You may already be working within, or managing the members of, a specific group in the performance of your everyday duties. Group dynamics are such that you must know how to work with others that may have a different agenda from the one you are trying to accomplish. Accordingly, group classroom projects give you valuable experience in learning how to work more effectively with other people. More importantly, a business group often consists of members not of your choosing. Many may be strangers to you, or come from other disciplines. This is particularly true with marketing projects, which typically involve members from all the major areas of business (e.g. **shipping & receiving, warehousing, traffic, finance, sales, accounting, purchasing, and production**), as well as outside suppliers (e.g. **advertising agencies, package designers, photographers, and printers**). Not only do these other members bring a different perspective to your project, they almost always bring up problems (and possibly suggest solutions) that you may have not considered.



Your business group will most likely consist of members not of your choosing. Many will be strangers to you, or come from other disciplines.



You should also consider that one of the benefits of higher education is the opportunity to interact with people from different countries, cultures, and socio-economic groups. These interactions enrich your learning experience by giving you the opportunity to interact closely with people different from yourself. **Accordingly, for the project outlined below, I suggest you form a group that offers cultural, ethnic, and gender diversity, as well as persons who are majoring in different disciplines.**

Consistent with departmental policy of including oral and/or written assignments as part of the graduate core curriculum, assignments will be evaluated on the basis of effective business communication skills, as well as a demonstration of mastery of the course concepts.



Project Instructions

Form a group of not less than three (3), but not more than four (4), members. Assume your group is one of several product development teams operating within a local firm. You are charged with creating a marketing plan to introduce a new product of your own design, under a brand name of your own choosing. **No later than June 27th**, submit a listing of your group

Last Update: June 4, 2009

members, their phone numbers and email addresses, and the market segment you will address.

The written report should follow the general format offered on this outline and address, at a minimum, the following topics:

Environment: Describe the business environment in which your firm operates, including environmental trends, how they affect your marketing mix decisions, and their influence on competitive offerings (if any).

Target Market: Describe the target market in appropriate terms, e.g. size, geographical area, demographics, psychographics, etc.

Competition: How do you define your competition, and how they are addressing this target market? How many competitive brands are available? Estimate market shares and market segments being served. How are competitive products positioned?




Sales/Demand Forecast: A sound sales forecast has to be based on trends in the business environment and the size of your target market. Based on your analysis of these elements, what is the demand for your good/service? Can you estimate product sales or service demand for the coming year? For each of the next five years? What does a break-even analysis tell you about your forecast?

Marketing Mix: Analyze the different marketing mix variables. You may use the following guideline to get you started, but try to go beyond it in terms of your thinking, strategy, tactics, and recommendations:

Product: For whom, and to what use, is the product intended? What do consumers look for in products of this type? What unmet consumer need does your product fulfill?

Price: What is the pricing strategy? Is there a price-quality relationship for this product? Is it high- or low-priced, relative to competition? What does an analysis of a *pro forma* profit-and-loss statement tell you? Can you make an estimate of price elasticity, and what effect, if any, will pricing changes have on sales, profits, and product formulation?



 **Promotion:** What methods are you proposing to promote this product? What are the promotion objectives? Do competitors engage in similar promotion? Are there other forms of promotion that would be (more) appropriate? What is the selling environment (e.g. mass media vs. personal selling), and are there better ways to present your product to buyers?

Distribution: What kind of distribution system will be used? How are distributors rewarded for their services? Do competitors use the same distribution strategies? Where will the product be available for sale? Are there additional outlets that would be appropriate?



Written Report & Project Presentation

Once you have completed your plan, submit your final report using the format guidelines suggested. The report should be treated as if you are presenting a marketing plan to senior management (me!). **Due date is July 18th, 2009.**

Each group will make an oral presentation of their report/project in class, **not to exceed forty**

(45) minutes in length on July 18th. The presentation should cover the highlights of your written report, and take advantage of the opportunity to present visual materials.

Your presentation should be interesting, professional, and rehearsed. It is not necessary for every group member to present, although all should be active in the preparation.

Toward the end of the semester, we will pick the order of presentations in class



For some good tips on preparing your presentation slides, visit Presentations.com.



How to Prepare Cases

Source: Cravens & Lamb, *Strategic Marketing Management*



There is no one best way to analyze a case. Most people develop their own method after gaining some experience. As with studying, everybody does it a little differently.

Most cases are based on real business situations. You will have the same information that was available to the decision maker when the decision was made. The major difference is that your data are already compiled and organized.

The following suggestions are intended to give you some ideas regarding how others approach cases. Try these suggestions and make your own adjustments.

Begin by reading each case completely but quickly, from beginning to end. The purpose of the first reading should be to familiarize yourself with the organization, the problem or decision to be made, the types and amount of data provided, and to get a general "feel" for the case. Your second reading of the case should be more careful and thorough. Many students find it helpful to underline, highlight, and make notes about symptoms, potential problems and issues, key facts, and other important information.

Now you should be in a position to investigate the tabular and numerical data included in the case. Ask yourself what each figure, table, or chart means, how it was derived, whether or not it is relevant, and whether further computations would be helpful. If calculations, comparisons, or consolidations of numerical data appear useful, take the necessary action at this time.

A large part of what you will learn from case analysis is how to define, structure, and analyze opportunities and problems.



An Approach to Case Analysis

Last Update: June 4, 2009

↑ ↓ Step 1: Situation Audit

● This step is basically a synopsis and evaluation of an organization's current situation, opportunities, and problems. The primary purpose of the audit is to help you prepare for problem definition and subsequent steps in the problem-solving process. Accordingly, much of the material in the audit should be in worksheet form rather than formal discussion that is handed in with a written case. As the purpose of this step is to show the relevance of case information, your situation audit should be diagnostic rather than descriptive.

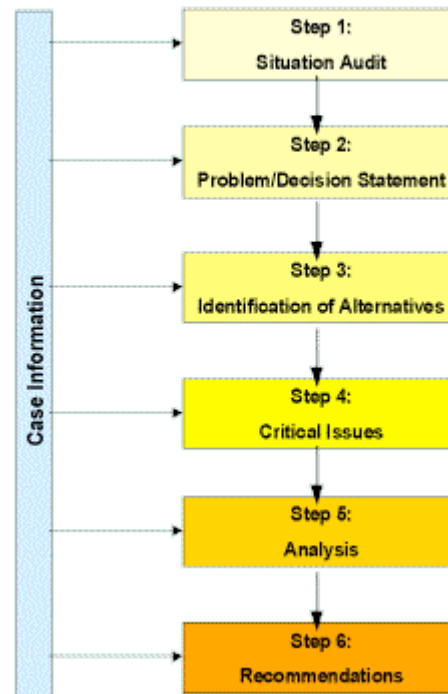
For example, it is descriptive to report "Company A's current and quick ratios are 1.03 and 0.64 respectively." A diagnostic look at these figures indicates that Company A may not be able to meet maturing obligations. The poor quick ratio shows that without inventory, the least liquid asset, short-term obligations could not be met. In other words, Company A is insolvent. If you have information about a number of different problems or challenges facing Company A, knowing that the company is insolvent helps you focus on those that affect the firm's short term survival needs.

● The breadth and depth of an appropriate situation audit are determined by the nature and scope of the case situation. Some focus on individual marketing mix decisions at the brand level, while others deal with corporate and/or strategic business unit (SBU) decisions. Each case will require a situation audit that is a little different from any of the others because of the information available and the decision to be made.

There are at least two philosophies regarding the appropriate depth and scope of a situation audit. One holds that the situation audit should include a comprehensive assessment of the organization's mission and objectives; each business unit of interest; present and potential customers and competitors; the organization's market-target objectives and strategies; its marketing program positioning strategy; its product, distribution, pricing and promotion strategies; current planning, implementation, and management activities; its financial condition, and an overall summary of the organization's situation.

The second philosophy holds that the situation audit can be a short, concise analysis of the major strengths, weaknesses, opportunities, and threats -- a SWOT analysis -- reserving the comprehensive effort for the analysis step. The SWOT analysis would include only that information crucial to *analyzing* the case. The emphasis is on analysis, diagnosis, synthesis,

An Approach to Case Analysis



Note on Gathering More Data & Making Assumptions

Students often feel they need more information in order to make an intelligent decision. Rarely, if ever, do decision makers have all the information they would like to have prior to making important decisions. The cost and time involved in collecting more data are often prohibitive. Therefore, they (like you) have to make assumptions. There is nothing wrong with making assumptions as long as they are explicitly stated and reasonable. Be prepared to defend your assumptions as logical -- don't use lack of information as a crutch. That kind of argument invariably comes back to get you in the end!

and interpretation of the situation. In a written case assignment, you should be able to present this in *less than two pages*.

For written work in this class, I lean more toward the second philosophy. For "real world" situations, however, I suggest your situation audit include a more comprehensive analysis.



↑ ↓ **Step 2: Problem/Decision Statement**

Identification of the main problem, opportunity, or issue in a case is crucial. To paraphrase from Alice in Wonderland, if you don't know where you are going, any solution will take you there. If you don't properly identify the central problem or decision in a case, the remainder of your analysis is not likely to produce recommendations necessary to solve the organization's main problem.

You may become frustrated with your early attempts at problem/decision identification. Don't feel alone. Most students and many experienced managers have difficulty with this task. Your skill will improve with practice.

A major pitfall in defining problems occurs in confusing symptoms with problems. Such things as declining sales, low morale, high turnover, or increasing costs are symptoms that are often incorrectly identified as problems. You can frequently avoid incorrectly defining a symptom as a problem by thinking in terms of causes and effects -- problems are causes, symptoms are effects. The examples above are the effects of something wrong in the organization. Why are sales low, morale low, and turnover high? Sales may be low because of low morale and high turnover. Why? Maybe it has something to do with the compensation plan, which may be caused by inadequate profit margins. Margins may be low due to improper pricing or an outdated distribution system. Symptoms may appear in one part of the overall marketing program and the true problem may lie elsewhere. Keep asking why until you are satisfied that you have identified the problem (cause) and not just another symptom (effect).



When you identify more than one major problem or decision in a case, ask yourself whether they are related enough to be consolidated into one central problem/decision. If you have identified two or more problems that are not related, rank them in order of importance and address them in that order. You may find that although the problems do not appear to be linked, the solutions are related -- one solution may solve multiple problems.

A final suggestion is to state problems/decisions concisely, if possible in the form of a question. Try to write a one-sentence question that is specific enough to communicate the main concern. For example:

Should Brand A be deleted from the product line?

What is the best positioning strategy for our shampoo?

Which of the five candidates should be hired?

You may find it useful to provide a brief narrative describing the main parameters of the problem/decision. This is helpful when you have a compound problem that can be subdivided into components or sub-problems.

Step 3: Identification of Alternatives

Alternatives are the strategic options that appear to be viable solutions to the problem or decision that you have determined. Often, more than two seemingly appropriate actions will be available. Sometimes these will be explicitly identified in the case, and sometimes they will not.



Prepare your list of alternatives in two stages. First, prepare an initial list which includes all the actions that you feel might be appropriate. Group brainstorming is a useful technique for generating alternatives. Be creative, keep an open mind, and build upon the ideas of others. What may initially sound absurd could become an outstanding possibility.

After you have generated your initial list, begin refining it and combining similar actions. Use the information that you organized in your situation audit regarding goals, objectives, and constraints to help you identify which alternatives to keep and which to eliminate. Ask whether or not an alternative is feasible, given the existing financial, productive, managerial, marketing, and other constraints and whether or not it could produce the results sought. That is, does the alternative directly address the problem you identified in Step 2?

"Doing nothing" and "collecting more data" are two alternatives often suggested by students with limited case experience. These are rarely the best actions to take. If you have identified a problem/decision that must be made, ignoring it, or delaying, probably will not help. While a solution may include further study, this is usually part of the implementation plan rather than part of the solution. If complete information were available, decisions would be easy. This is seldom the case in business situations, so it may help you to become familiar with making decisions under conditions of uncertainty. Executives, like case analysts, must rely on assumptions, judgment, experience, and on less-than-perfect information.

Step 4: Critical Issues

Critical issues are the main criteria you use to evaluate your strategic options. By stating the issues you intend to use in evaluating alternatives, you make clear the criteria you plan to use in assessing and comparing the viability of your alternative courses of action.

Perhaps the best place to start in identifying critical issues is to ask what general factors should be considered in making a strategic decision regarding the problem presented. For example, assume that your task is to identify the most attractive product-market niche. Your alternatives are niches X, Y, and Z. Your question would then be: "What criteria should be employed to assess the niche choices?" For each niche, appropriate criteria might include potential sales volume, variable costs, contribution margins, market share, total niche sales, business strength, niche attractiveness, etc. This will provide an evaluation relative to the market and to competition.



The single most important critical issue in many decisions is **profitability** (it's all about money, right?). Since profits are a principal goal in all commercial organizations, nearly every marketing decision is influenced by monetary considerations that affect (expected) profits. Sometimes several profit-oriented critical issues are involved. These may include future costs and revenues, [break-even points](#), opportunity costs, [contribution margins](#), taxes, turnover, sales, market share, etc.

Many critical issues are only indirectly linked to **profits**. Such things as the impact of a decision on employees, the local economy, the environment, suppliers, or even customer

attitudes may not directly affect profits. Because profits are almost always the overriding critical issue, all factors bearing on them, directly or indirectly, must be considered.

Step 5: Analysis

Analysis is the process of evaluating each alternative action against the **critical issues** identified in Step 4. Often, analysis includes assessment of advantages and limitations associated with each issue. A tendency exists when first starting a case analysis to identify important issues carefully and to analyze each issue superficially. The consequence is a weak analysis. Your analysis will be much more penetrating and comprehensive if you use the same criteria in assessing each alternative.

One way of assuring that you assess each alternative in terms of each **critical issue** is to organize your analysis in outline form, as follows:

Step 5: Analysis

Alternative A: (specify)

1. Identify the **critical issue** and thoroughly discuss Alternative A in those terms.
2. For the remaining critical issues, follow the same procedure.

Alternative B: (specify)

1. *Critical Issue 1*: Thoroughly discuss Alternative B in terms of critical issue 1.
2. *Critical Issue 2-n*: Follow the same procedure.



After alternatives are analyzed against each issue, you should complete your analysis with a summary assessment of each alternative. This summary will provide the basis for preparing your recommendations. One approach that students sometimes find useful in preparing their summary analyses is illustrated below. The exhibit, labeled *ABC Company Summary Assessment*, entails five steps:

1. List **critical issues** on one axis and alternative actions on the other.
2. Assign a weight to each critical issue reflecting its relative importance on the final decision. For convenience, **assign weights that add up to one**.
3. Review your analysis and rate each alternative on each critical issue using a scale of one to five, with one representing **very poor** and five representing **very good**.
4. Multiply the assigned weight by the rating given to each alternative on each issue.
5. Add the results from (4) for each alternative.

ABC COMPANY
Summary Assessment

Critical Issues	Relative Weights	Alternatives (ratings)		
		(1)	(2)	(3)
Corporate Mission & Objectives	0.2	5	2	3
Market Opportunity	0.3	2	3	5
Competitive Strengths/weaknesses	0.2	2	3	3
Financial Considerations	0.3	1	1	4
INDEX: Relative Weight x Rating		2.3	2.2	3.7

It is important to understand that this type of analytical aid is not a substitute for thorough, rigorous analysis, clear thinking, and enlightened decision making. Its value is in encouraging you to assess the relative importance of alternatives and critical issues, and in helping you to organize your analysis.

It is always helpful to provide a rationale, or brief explanation of your thinking, behind the numbers in the above grid. This allows the reader to "see" the thinking that went into why a particular alternative received the score it did on its performance against a particular critical issue. As a "winning" alternative may appear because of a difference in scores on just one or two criteria, the numerical summary assessment is quite sensitive to the opinion of the manager making that assessment. Providing some thinking behind the numbers allows a basis for discussion between parties that may have slightly differing views. In other words, it might be easier to agree on the alternatives and the critical issues, but harder to agree on the "exact" score that one alternative might earn on a particular issue. Providing a brief overview of the thinking that went into assigning that score, and the subsequent ranking of the alternative, might reduce the number and type of arguments that such a ranking may engender. In the interest of report brevity, such rationale might be included in an appendix so it is available to the reader, but only if (s)he wants more information.

Step 6: Recommendations

If your analysis has been thorough, the actions you recommend should flow directly from it. The first part of your recommendations section addresses what specific actions should be taken and why. State the main reasons you believe your chosen course of action is best, but avoid rehashing the analysis section. It is important that your recommendations be specific and operational. The following example of a recommendation deals with whether a manufacturer of oil field equipment (AOS) should introduce a new product line.

"The key decision that management must make is whether viscosity measurement instrumentation represents a business venture that fits into the overall mission of the firm. The preceding analysis clearly indicates that this would be a profitable endeavor. If AOS concentrates on the high-accuracy and top end of the intermediate-accuracy range of the market, sales of \$500,000 appear feasible within two to four years, with an estimated contribution to overhead and profits in the \$150,000 range. This assumes manufacturing costs can be reduced by 20 to 25 percent, that effective marketing approaches are developed, that further development is not extensive, and that price reductions per unit do

not exceed 10 percent."

The second part of your recommendation section addresses implementation. State clearly who should do what, when, and where. An implementation plan shows that your recommendations are both possible and practical. For example:

"AOS should initially offer two instruments. One should provide an accuracy of 0.25 percent or better; the second should be in the accuracy range of 0.1 to 0.5 percent. Top priority should be assigned to inland and offshore drilling companies. Next in priority should be R&D laboratories in industry, government, and universities, where accuracy needs exist in the range offered by AOS. Based on experience with these markets, other promising targets should be identified and evaluated.

"AOS needs to move into the market rapidly, using the most cost-effective means of reaching end users. By developing an OEM arrangement with General Supply to reach drilling companies and a tie-in arrangement with Newtech to reach R&D markets, immediate access to end-user markets can be achieved. If successful, these actions will buy some time for AOS to develop marketing capabilities, and they should begin generating contributions from sales to cover the expenses of developing a marketing program. An essential element in the AOS marketing strategy is locating and hiring a person to manage the marketing effort. This person must have direct sales capabilities in addition to being able to perform market analysis and marketing program development, implementation, and management tasks."



The last part of your recommendations sections should be a tentative budget. This is important because it illustrates that the solution is worth the cost and is within the financial capabilities of the organization. Too often, students develop grandiose plans that firms couldn't possibly afford, even if they were worth the money.

The numbers used in your tentative budget may not be as accurate as they would be if you had complete access to company records. Make your best estimate and try to get as close to actual figures as possible. The exercise is good experience, and it shows that you have considered the cost implications.

Students often ask how long the recommendations sections should be, and how much detail they should go into. This question is difficult to answer because each case is different and should be treated that way. Keeping in mind the page limitations imposed upon you for this class, it is generally advisable to go into as much detail as possible. You may be criticized for not being specific enough in your recommendations, but you are not likely to be criticized for being *too* specific.

