

# UNIVERSITY OF MANITOBA

## ASPER SCHOOL OF BUSINESS

### GMGT 4010: Administrative Policy

#### Winter 2023

#### **GENERAL GUIDELINES FOR ANALYZING AND WRITING CASES**

The objective of the Administrative Policy and other courses at the Asper School of Business at the University of Manitoba is to facilitate students develop critical thinking. According to Michael Scriven & Richard Paul (1987), “Critical thinking is the intellectually disciplined process of actively and skillfully conceptualizing, applying, analyzing, synthesizing, and/or evaluating information gathered from, or generated by, observation, experience, reflection, reasoning, or communication, as a guide to belief and action. In its exemplary form, it is based on universal intellectual values that transcend subject matter divisions: clarity, accuracy, precision, consistency, relevance, sound evidence, good reasons, depth, breadth, and fairness.”<sup>1</sup> You may also refer to Bloom’s taxonomy<sup>2</sup> that has various levels of learning and development of skills: knowledge, comprehension, application, analysis, synthesis, and evaluation (available on the Internet on numerous websites).

The purpose of these guidelines is to help students develop critical thinking through examination of organizational cases. The case analysis should have the following sections (these sections add to a total of 8 pages of text (plus exhibits) in the following format: Double-space, one inch (2.5 cms) margins on all sides, Times New Roman, 12 point font).

- I. Executive Summary (not to exceed 1 page)
- II. External Assessment (about 1 page)
- III. Internal Assessment: Resources and Capabilities (about 1 page)
- IV. Internal Assessment: Financial Performance and Future Financial Capacity (about 0.5 page)
- V. Current Strategies (about 0.5 page)
- VI. Key Issues (about 0.5 page)
- VII. Implementable Strategic Alternatives (about 1 page)
- VIII. Criteria and Evaluation of Alternatives by Criteria (about 1.5 pages)
- IX. Recommendation and its Implementation (about 0.5 page)
- X. Limitations and Critique of Recommendation (about 0.5 page)
- XI. Exhibits

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<sup>1</sup> Definition written for the National Council for Excellence in Critical Thinking. Cited in Elder, L. and Paul, R. (2008), *The Thinker’s Guide to Intellectual Standards*, page 58. Foundation for Critical Thinking Press, Dillon Beach, CA, USA. [www.criticalthinking.org](http://www.criticalthinking.org)

<sup>2</sup> Bloom, B.S. (ed.) (1956) *Taxonomy of Educational Objectives, the classification of educational goals – Handbook I: Cognitive Domain* New York: McKay.

Keep in mind that each section in the paper is important. However, coherence among various sections is even more important. Therefore, writing a paper is an iterative process by which you improve each section as well as coherence among various sections in subsequent steps. For example, be sure to use the opportunities and threats you assess in the external section along with the strengths, weaknesses, distinctive competencies and sustainable distinctive competencies you propose in the internal assessment to suggest alternatives. These alternatives, of course, must address the key issues of the case.

## **I. Executive Summary** (Not to exceed 1 page)

Write the executive summary in the form of a consulting letter but do not write your name at the end. The executive summary is a concise and persuasive summary of the report. It outlines the recommendations that you make as well as the supporting evidence for your recommendations. It must be concise enough to give the reader all the relevant information needed to assess your recommendations, yet comprehensive enough to convince the reader of the thoroughness of your analysis. It should stand on its own. If the executive summary were to become detached from the rest of your report, it should still be able to get your message across to your reader.

An executive summary should contain, at minimum, the following:

- the strategy that you recommend;
- the implications of implementing your strategy, both financial and non-financial;
- how you will finance any costs associated with your recommended strategy; and
- the expected benefits of your recommended strategy.

Generally, more effective executive summaries are written in a persuasive tone that outlines the context for the decision and develops a clear and coherent argument for accepting the recommendations of the writer.

Executive summary must be one page. It must not exceed one page. Begin external assessment with a **new** page.

## **II. External Assessment: Opportunities and Threats** (about 1 page)

Strategy relates the organization to its environment. Therefore, we must understand the relevant environment in order to determine which strategies have potential for success. Chapter Two of Hill, Schilling, and Jones' book provides you with concepts for this assessment.

The process of developing an external assessment consists of at least three stages:

- Stage One—the analysis that includes systematic identification and consideration of the key aspects of the firm's environment;

- Stage Two—the synthesis of the key aspects into an understanding of the strategic opportunities and threats facing the firm; and
- Stage Three—the determination of the necessary key success factors (resources and capabilities) for any firm to successfully address those unfolding opportunities and threats

It is the results of Stages Two and Three that are detailed and discussed in this section of the paper. More specifically, you will focus on the **three key opportunities/threats and related key success factors for the future**. **Key success factors are the resources and capabilities that will be required for any organization to take advantage of the opportunity or neutralize the threat in the future**. They will provide a link to the internal analysis, where you would look for the required resources and capabilities in the specific firm you are studying. Keep in mind that the external assessment is more general so as to avoid tunnel vision.

Please note, strategic opportunities and threats result from changes and discontinuities in one or more aspects of the firm's **external** environment, and not from the firm's *internal* strengths or weaknesses. An opportunity is more than a general option – it is an actual change in the environment that signals the possibility of success if the firm can develop a strategy to take advantage of that change. Examples include an emerging market segment, an imminent change in government regulation, and a new technological development. Similarly, a threat is a change in the external environment that signals possible trouble for the firm. Examples include imminent entry of a new, powerful competitor; changes in government regulations; and decreasing consumer preferences for a product because of its effect on the environment. Sometimes changes in the environment can be both opportunity and threat, depending on how the firm chooses to act.

Some opportunities and threats may emerge from continuing conditions in the environment rather than changes because of market imperfections. Also, opportunities and threats may not have been perceived earlier because of existing mental models and blind spots. New events may trigger new thinking, which may help actors connect the dots and perceive new opportunities and threats.

The critical part of an external assessment is synthesis rather than identification. Thus, it is not enough to simply list elements of the environment, for example, what comprises each of the five forces in an industry. Rather it is important to draw out the strategic implications of each key part of the external environment. Moreover, the assessment needs to be **future-oriented** because that is the only way it can provide a strong foundation for the subsequent sections of the paper (e.g., for building alternatives and recommendations).

In your examination of the environment, you may use all models and concepts that are given in Chapter 2 of the textbook such as five forces model, strategic group analysis, etc. However, the synthesis is in the form of top three opportunities and threats.

## How to Write This Section?

In the first paragraph, define the industry succinctly by naming the industry, major business segments, and geographical coverage of the industry. Also, do not add anything else in the first paragraph to keep it concise. Further, keep the analysis broad (at the industry level), and do not mention the name of the company in the external assessment section.

Then, write one paragraph on each opportunity or threat. Within each paragraph:

- a. Name the opportunity and identify whether it is an opportunity or threat. Frame it accordingly so it reads like an opportunity (which is positive) or a threat (which is negative). Keep in mind, they should both come from the external environment so if you have written something that is not coming from the external environment, think again; it may not belong in this section.
- b. Give positive evidence of the existence of an opportunity or threat. Absence of threat is not sufficient to be listed as an opportunity!
- c. Finally, write at least two relevant key success factors for each opportunity/threat discussed and provide the rationale for each of the key success factors. It is possible that some key success factors (resources and capabilities) relevant for various opportunities and threats may be the same. For example, a product development capability may help address a threat of intense competition at home as well as facilitate expansion to the Asian market (an opportunity). Rather than repeating the same resource or capability for the other opportunity or threat, think of a different resource or capability that a firm may need in the future.

You should pay particular attention to the *new* key success factors that may be emerging that could lead to competitive advantage in the future. You may look at a value chain to figure out the possible key success factors (resources and capabilities). Avoid using the words as follows: The firms may need “ability to cater to the changing needs of the customers.” Avoid it because a firm may need numerous resources and capabilities to do so. Instead, name the specific resources and capabilities such as supply chain management, human resources management, financial resources, etc.

Further, the focus here is on the resources and capabilities rather than on strategies so you can look for the required resources and capabilities in the Internal Assessment section.

In addition, keep in mind it is premature to make recommendations at this point.

Do not propose the same point as an opportunity and a threat. Also, please note that each opportunity/threat should be unique and distinct from other opportunities/threats that you have provided.

Write **three** paragraphs for the external assessment, one on each opportunity or threat. Add **an exhibit** to further strengthen your external assessment. The point of the exhibit is NOT to compress as much text as possible but to clarify and support your external assessment given in the text. Remember to refer to your exhibit in your external analysis write-up.

**Note:** You are expected to bring no more than three items in total for opportunities and threats. It may mean two opportunities and one threat, or one opportunity and two threats, etc. We are **NOT** asking for three opportunities and three threats—i.e., we are **not** asking for six items for this section in total. We are asking for a total of three items for opportunities and threats!

If this section is shorter than one page, you may start the next section where it ends.

### **III. Internal Assessment: Resources & Capabilities** (about 1 page)

Similar to the external assessment assignment, this part of the case write-up concentrates on the nature of the internal environment of the company. Chapter three of Hill, Schilling, and Jones' book and Barney's VRIO framework (see readings on Looking Inside for Competitive Advantage and Crown Cork and Seal example included in the course package) provides you with concepts for this assessment.

What key strengths, weaknesses, distinctive competencies, or sustainable distinctive competencies can it call upon and exploit for future benefit and growth? Can the firm sustain its competitive advantage? How will the firm's weaknesses affect its future performance? What role will stakeholders' preferences play in the future for this firm? How financially healthy is the firm? These are all questions you should consider when examining the current health and strength of the company.

You may begin with the key success factors that you identified in the external assessment to evaluate whether the company has them, if they are rare, and hard to copy for other firms. You should also think about the key success factors this company lacks so as to build the required competencies.

Keep in mind that even though the facts given may be about the past or current state of the company (as you know, facts about the future are usually not available to decision-makers!), ***your task is to draw out the strategic implications of the elements mentioned above for the future.*** That is the only way this assessment can provide a strong foundation for the subsequent sections of the paper (e.g., for building alternatives and recommendations). Be sure to conduct a VRIO analysis and Financial Analysis *before* writing this section.

## How to Write This Section?

The objective of an internal assessment is to determine what the company can do in the future.

### **(a) Definition of Business.**

First, provide a definition of the business of the company in the first paragraph succinctly. Be sure to name the business of the company, major business segments, and geography.

### **(b) VRIO Analysis.**

Second, use Barney's VRIO framework to uncover a firm's key weaknesses, strengths, distinctive competencies, and sustainable distinctive competencies. Again the critical part is not to identify but to analyze and synthesize. As you write this section, think of **top three** key strengths, weaknesses, distinctive competencies or sustainable distinctive competencies (S/W/DC/SDC).

Write **one paragraph** on each of them, clearly revealing whether the selected resource/capability is valuable, rare, and inimitable and WHY? **Be sure to give the rationale in the text (not in the exhibit).** Also, address whether the firm has the organization (structure) and complementary resources to take advantage of the resource/capability being discussed in the paragraph. Also be sure to mention whether the resource/capability is a weakness, strength, distinctive competence, or sustainable distinctive competence.

In the past, we have seen some students name three S/W/DC/SDCs in one paragraph. Then, in the second paragraph, they evaluate whether or not each of them is valuable. After that, in the third paragraph, they go on to analyze whether they are rare. Over the years, we have found that the "bunched up" format is more confusing for the reader. Therefore, it is better to focus on one S/W/DC/SDC in each paragraph.

**A special note about weaknesses.** Students often ask whether they should bring up a weakness or not. Our response is: Bring it up if it is a strategic weakness that you think is important for the top management to address for their strategy to be successful in the next five years. If you do bring it up, keep it mind that you should analyze whether or not it can become strength, distinctive competency, or sustainable distinctive competency, **if the company invests in it.** *Also, be sure to come up with ways to make up the weakness as part of your strategy when you are building the strategic alternatives!*

**In the text,** you will raise **the top three items** for strengths, weaknesses, distinctive competencies, and sustainable distinctive competencies. Therefore, look at an Appendix given in the course package after the Barney's article on Looking Inside for Competitive Advantage.

Before writing the text for internal assessment, prepare **an exhibit** (similar to the one given for the Crown Cork and Seal Company) **that shows all relevant areas (not just the top three**

**items)** of the value-chain and whether or not they are valuable, rare, and inimitable (see Exhibit A in this document).

We are not expecting you to provide rationale for each of the items in the **exhibit**. When you are examining the value chain, you may add an activity that is relevant for the case under study or delete an activity that is not relevant. For example, for a service firm, you may use “Operations” rather than “Manufacturing” given in the value chain. Remember to refer to your exhibit in your internal analysis write-up.

**Note:** In the text, you are expected to bring no more than three items **in total** for strengths, weaknesses, distinctive competencies, and sustainable distinctive competencies. Keep in mind two points: (1) We are **NOT** asking for three items for strengths, three item for weaknesses, three items for distinctive competencies, and three items for sustainable distinctive competencies. That is, we are not looking for a total of 12 items; we are only looking for a total of three items. (2) The three items do not have to include one item from each category (categories being strengths, distinctive competencies, and sustainable distinctive competencies). They could all be strengths, distinctive competencies, or sustainable distinctive competencies. As mentioned above, students may include strategic weaknesses as well but the total number of items must not exceed three.

#### **IV. Internal Assessment: Financial Performance and Future Financial Capacity** (about 0.5 page)

Make an overall assessment of the financial performance of the organization based on your analysis and indicate the financial strength and *future financial capacity* of the firm to carrying out possible future initiatives/strategies (Future financial capacity refers to the amount of capital (money) the company can raise to invest in the next five years?) Can the company raise the money that you will be using for your recommendation? If yes, how? (e.g., debt, equity). Keep in mind the future orientation of the assessment rather than living in the past. Add an exhibit on ratio and other financial analysis (see Exhibit B in this document) and be sure to refer to it in your text.

#### **V. Current Strategies and their Implementation** (about 0.5 page)

In this section, analyze and evaluate the current business (Chapters 5 and 6), corporate (Chapters 9 and 10), global (Chapter 8), and major functional strategies (Chapters 4, 6 and 7), as well as important issues related to implementation: organizational structure, control systems, culture, and processes (see Chapter 12 in the textbook).<sup>3</sup> You may have noticed, business strategy is key to competitive advantage, therefore the most focus in the course and in this paper is on business strategy. Keep the future orientation in your mind as you analyze them so your analysis and synthesis are relevant for the next sections of this paper. These strategies represent status-quo in the company. This section will clarify the current practice of strategic management in the

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<sup>3</sup> You are welcome to consult the chapters in the textbook in advance but the instructor’s expectation will be that you will consider the chapters that have been covered up to the point of the case assignment, the midterm, or the final exam.

company so it is easier for the reader to understand how strategies will be changed when you present the strategic alternatives in section VII. Be sure to complete Exhibit C *before* writing this section and provide a succinct write up of the same in the text. Needless to say, both Exhibit C and this section should be consistent with each other.

## **VI. Key Issue(s) of the Case (about 0.5 page)**

In this section, you are to further zoom in on, synthesize, and clarify in a paragraph or two what you think the firm's key issues are in going forward successfully into the future.

There are likely three types of issues present: (1) the readily visible and pressing; (2) the more underlying and long term; and (3) the future ones not yet impacting the firm, but identified in your preceding sections. The visible issues are the challenges that you readily identify in reading the case. For example, decreasing profitability in the face of increasing sales might be an issue in a case. Other examples include diminishing market share, obsolescence of machinery, and need to expand operations. The visible issues can often be seen as symptoms of more long term and substantive underlying issues or problems facing the firm. For example, decreasing net margin may be because of inefficient production, increased administrative spending, or falling market interest in your product. The purpose of this section is to link these issues with your external and internal observations and to summarize what it all means for the firm and its future. If there is any ambiguity or inconsistency in the case, it is within this section that you clarify them in terms of key issues, and set the launch point for the next section—strategic alternatives.

Be sure to structure the key issues of the case in the three categories mentioned above rather than providing a laundry list of the key issues. Students often ask how many issues should they identify as the key issues. Our response is that you may have 1-2 issues in each of the three categories mentioned above and in total you may have 4-6 issues.

## **VII. Implementable Strategic Alternatives (about 1 page)**

In this section, you should identify and develop **two** strategic alternatives that the firm could pursue. They should take into account the internal and external assessment (feasibility), be consistent with the organization's mission (legitimacy) and should provide a way of dealing with the key issues of the case (relevance). The alternatives should also be representative of the key feasible, legitimate, and relevant choices that management has at the time of the decision making without gaining the advantage of hindsight. A good set of alternatives, therefore, must involve major differences (and real choices) rather than different variations of the same strategy.

Your two alternatives should be mutually exclusive because strategy requires commitment and risk-taking. It involves selecting some paths and rejecting others. However, if there is a compelling case to follow two alternatives simultaneously then combine them into a separate "composite" alternative and compare it to another composite alternative. Keep in mind that the alternatives need to be comparable. If one alternative is clearly superior then it is not a fair comparison. Sometimes, students tend to come up with a weak alternative to make their

preferred alternative look better. It is not a good practice and should be avoided. If there are things that you would like to do irrespective of the alternatives, you may write them in this section in a separate paragraph before describing your two alternatives.

Alternatives must be strategic (not operational) in nature and consider the usual planning horizon for organizations, which is about five years. Any alternative that deals with the issues for the next six months to one year and then asks the management to re-assess its situation is an operational alternative and may be suitable for a functional-area case analysis but not for a strategic management case analysis. For example, a marketing campaign by itself is a popular operational (not strategic) alternative. A marketing campaign along with other functional areas such as starting a new manufacturing plant, changes in supply chain management, introducing new products, etc. can form the basis of a strategic alternative.

These alternatives may be framed in terms of business strategies and corporate strategy terms, depending on the issues of the case. However, do not neglect consideration of other important issues that may hinder implementation of your strategies. Therefore, consider issues of structure, systems, processes, resources, culture, etc. when formulating alternatives, developing criteria, evaluating alternatives, and making recommendation. For example, it is important to think of a multilateral match of environment, strategy, structure, systems, technology, culture, etc. before recommending a major strategic change. It is never easy to match several different elements so creativity with a solid foundation is important for the paper. It is essential that the paper flows from one section to another and this section is an important linchpin in building that flow.

To help you think of the strategic alternatives, we have attached Exhibit D. You are required to complete this form for each of the alternatives (**two exhibits for the two alternatives**) and attach it with your paper and concisely describe the alternative in the text. Do not refer to the alternatives by number. Use a short name (for example: the low-cost strategy) as an identifier. All exhibits must also be typewritten or word-processed (not handwritten). It is a good practice to first complete the exhibits and then summarize the alternatives in the text.

Keep in mind that the point is to strategically manage the company and thus simply selling the company or the status quo are not acceptable alternatives. If you are recommending an alliance or merger with a company, name the company with which to have an alliance or a merger. Also, be sure to provide positive evidence that the target company will be interested in an alliance or a merger.

### **VIII. Criteria and Evaluation of Alternatives by Criteria** (about 1.5 pages)

In this section, first, you should outline and justify the three or four criteria (not more than four) by which you will evaluate the strategic alternatives developed in the preceding section. There should be some financial and some non-financial criteria. Financial criteria often include net present value and payback period. Other financial criteria may be dictated by the circumstances of the case. For example, there may be the need to achieve a certain return on investment in order to attract investors. Values and preferences of the managers or other stakeholders, as outlined in

internal assessment, may influence non-financial criteria. In addition to the effect on shareholders (which may be captured in terms of profitability or net present value), another important criterion is the effect of decisions on other stakeholders. These stakeholders may include customers, employees, environment, government, community, etc.

***Here are two criteria that are required for your case analysis: (1) Net Present Value (2) Effect on Various Stakeholders (other than shareholders). Among the stakeholders, at least choose customers, employees, and environment (sustainability) as stakeholders. You may also add other stakeholders, depending on their relevance. In addition, you may choose one or two other criteria that may be relevant to your case analysis. However, be careful to choose output-oriented criteria rather than input-oriented criteria (such as level of investment, ease of implementation, etc.).***

***Further, as noted in the Implementable Strategic Alternatives section, each alternative must be feasible, legitimate, and relevant. Thus, feasibility (taking into account external and internal assessment), legitimacy (consistency with the organization's mission), and relevance (addressing key issues) cannot be used as criteria for evaluation. In addition, your strategic alternatives should be strong enough to produce positive results within five years. If it is impossible to get positive results of your strategy in five years, you may extend your evaluation of the alternatives to ten years. Finally, your criteria and evaluation should be structured as provided in Exhibit E rather than having a laundry list of criteria.***

Once you have chosen the criteria by which you will assess the alternatives, you must then evaluate each of the alternatives using (all) these criteria. Besides financial and non-financial costs and benefits, consider risks involved in the alternatives. What financial projections and computations need to be made will depend on your criteria (Keep in mind that you must have some financial and some non-financial criteria).

Do not get misled by the apparent precision of the numbers in your forecasts. These numbers may represent an average of a range of values from pessimistic to optimistic scenarios. In fact, the numbers may change dramatically depending on your assumptions. All assumptions must be realistic, defendable and clearly presented in the exhibits. You may comment on the sensitivity of your findings with respect to your starting assumptions. Please remember that this is a strategy assignment, and not an accounting one. You may thus adopt accounting procedures accordingly. If you choose to use strictly accounting guidelines, however, feel free to do so.

There are two ways of writing this section. You may choose to write it either way:

- a) Evaluate both alternatives by criterion one in the first paragraph, followed by evaluating both alternatives by criterion two in the second paragraph and so on; or
- b) Evaluating the first alternative by all the criteria in the first paragraph, followed by evaluating the second alternative by all the criteria in the second paragraph, and so on.

## **IX. Recommendation and its Implementation** (about 0.5 page)

Drawn from the previous sections of the report, state your strategy recommendation, followed by an implementation discussion. You should include a brief reiteration of the recommended strategy and a discussion of how it meets the selected criteria. If it has not been explicitly stated before, the recommendation should cover all relevant aspects of strategy, structure, control, resources, culture, etc. as applicable in the case. Never recommend a combination (of two or more alternatives) that was not proposed as a single alternative in the strategic alternatives section and was not evaluated in comparison with the other alternative in the previous section.

The implementation discussion will describe how the recommended strategy will be translated or made into reality. Discuss the relevant action steps, their timing, and implementation budget with respect to the issues of structure, process, control, resources and culture. Be sure to address how you will finance any costs/investments associated with your recommended strategy as well as its expected benefits.

In the past, we have noticed that some students propose that their recommendation does not need any finances or requires minimal investment. Usually, companies need to make investments and take risks to be competitive and to meet the needs of their stakeholders. Further, they need to invest upfront before they can generate returns. Thus, it is not a good idea to avoid making investments in your strategy.

Please do not suggest that the company should study the issues further and then decide about its strategies. You have been selected as a consulting company to analyze, synthesize, and make recommendations for the company's strategy for the next five years.

Add an **exhibit** on action steps, their timings, and levels of investment to support your implementation discussion.

## **X. Limitations and Critique of Recommendation** (about 0.5 page)

In this section, you should discuss the implications of your recommendation as well as its limitations. For example, are there any negative consequences to your recommended strategy? What are other costs or risks that were not considered at the time of evaluation of alternatives? How can they be minimized? Is your recommended solution able to address all the underlying issues, or does it have limitations? Do you foresee changes that will impact on your recommendations? This section can help strengthen your strategic alternatives. For example, if you are writing limitations that you may have control over, you may prefer to incorporate ways of dealing with them in your alternatives. In other words, this section should represent things that you may not have control over.

## XI. Exhibits

Keep in mind that all important points need to be brought into the text. The exhibits should be used to support the points in the text. Do not skip any section (For example, a student who thought of saving space referred the reader to the exhibits and did not summarize the alternatives in the body of the text. This resulted in a huge loss for the student).

Other than the required exhibits listed below, you may not attach any more exhibits to your paper. All attachments must be relevant, and they must be referred to in your write-up. ***The conclusion and key figures (if applicable) from each exhibit should be referenced and drawn into the text at the appropriate point; the reader should not have to flip from the text to the exhibit in order to understand your point.***

Analogously, each exhibit should include one or two lines of text at the bottom, stating its conclusion, and demonstrating its relevance to your argument. The reader should never be left wondering why a particular exhibit was included. The point of the exhibits is NOT to compress as much text as possible but to clarify and support your assessments given in the main body of the paper. Please make sure that the font in the exhibits is as mentioned below.

### **IMPORTANT NOTE ABOUT EXHIBITS**

- 1. All the 11 exhibits mentioned below are required.**
- 2. Do not attach any other exhibit.**
- 3. Each exhibit must begin on a new page.**
- 4. Each exhibit must be one page only (Exhibit 1 is one-half page).**

Here are further details regarding each of the 11 exhibits:

- Exhibit 1: External Analysis (**one-half page; double space, 12 point font; basically mention top 3-5 major points in bullet form in not more 10 lines**). In this exhibit, you may: (a) further clarify the three opportunities/threats you raised in the External Assessment section; (b) provide further evidence for the three opportunities/threats you raised in the External Assessment section; c) provide three additional opportunities/threats, their evidence, or key success factors; and/or d) analyze five forces model, strategic group analysis, macro-environmental forces, etc. None of the items mentioned above are required. However, this exhibit is required so simply use your judgment to provide further information about external assessment on any aspect. You may avoid running text, except 2-3 lines the conclusion of the exhibit).

***Please note the conclusion for this exhibit and other exhibits (as noted below) is expected to be 2-3 lines, not 2-3 sentences because sometimes a sentence can be very long!***

- Exhibit 2: Internal (VRIO) Analysis (one page, follow the format given in Exhibit A, 12 point font; no running text, except 2-3 lines of conclusions)

- Exhibit 3: Financial Analysis: Ratio Analysis of the current (and historical situation) (one page; double space, 12 point font). See Exhibit B. The objective is to give the numbers, not the running text, but be sure to include 2-3 lines of conclusion of the exhibit. The numbers should enable you to diagnose the current situation and estimate the future financial capacity of the firm (to be given in the last paragraph of Internal Assessment section of the paper). For the ratios, there is no need to show the calculations. Provide all the ratios in a table for at least three years so one can see the trends.

Evaluate the company's past and current financial performance and assess its future financial capacity to formulate and implement strategies. In the write-up, you will interpret the ratios and their trends that help you figure out the financial performance of the company. The goal is to know financial capacity of the company, i.e., how much capital (money) can the management raise for implementing the strategy in the next five years? The exhibit should have the financial ratios, depending on the availability of data: Profit ratios, liquidity ratios, activity ratios, leverage ratios, and shareholder return ratios. Further, you may consult the note on "Analyzing a case study and writing a case study analysis" in Hill, Schilling, and Jones's book (pages C8-C12) given in 11<sup>th</sup> and 12<sup>th</sup> edition of the book. No running text in the exhibit, except 2-3 lines of conclusions. You may use single spacing for the exhibit.

- Exhibit 4. Current Strategies and their Implementation (See Exhibit C, one page, 12 point font, **use bullet points** rather than sentences here, single or double space, no need of conclusion of exhibit)
- Exhibits 5-6: Strategic Alternative Descriptions (See Exhibit D, one page for each alternative so you will have Exhibit 5 for the first alternative and Exhibit 6 for the second alternative; 12 point font, **use bullet points** rather than sentences here; single or double space; no need of conclusion of exhibit)
- Exhibit 7: Assumptions and Justifications (**One page; 12 point font, double space**). Provide assumptions (for NPV projections as well as other decisions) and their justifications. These assumptions may include, but are not limited to: realistic growth rates (for revenues, costs, and expenses incurred by the firm), interest rates, income taxation rate, exchange rates, and many others that you need to make useful projections and make other decisions in the case. See page 24 (i.e., the last exhibit) of the Westover Inn (A) Case also. There is no need of conclusion of this exhibit. (*Please use a separate page for this exhibit rather than providing the assumptions and justifications at the bottom of the NPV exhibit so that you have more space. Use numbers (e.g., 1, 2, 3, ...) to cross-reference the NPV exhibit and the Assumptions and Justifications exhibit. As you will note, in the last exhibit of the Westover Inn case, the authors provide assumptions at the bottom. But, their justifications are in the case. However, we expect that you will provide assumptions as well as justifications on a separate page. Be sure to use double space in the exhibit even though you may be tempted to use single space. We are interested in the major assumptions and justifications and understand that you can't*

*provide all the details on one page. Even though you will have two exhibits for NPV analysis (Exhibits 8-9), you will have only one exhibit for assumptions and justifications.*

- Exhibits 8-9: Strategic Alternative Net Present Value (NPV) Analysis (not more than one page for each exhibit, i.e., maximum two pages for Exhibits 8-9; single or double space, 12 point font). Avoid running text, except 2-3 lines of conclusion. For the numbers, you may avoid the use of decimals and/or represent the numbers in 000's or millions to save space. See page 24 (last exhibit) of the Case: Westover Inn (A) in the course package for an example to use for team assignment and team exams. For individual assignment or exam, you may use the same format or a summary format to show the financial revenues and costs of each alternative.
- Exhibit 10: Evaluation of Alternatives by Criteria (see Exhibit E). Please indicate your assessment of how the alternatives will impact each part of the criterion. Be sure to discuss your assessments (along with the NPV numbers) as well as their rationales in the "Criteria and Evaluation of Alternatives by Criteria" section of the paper. The exhibit should not exceed one table/one-half page. Avoid running text, except 2-3 lines of conclusion. Use 12 point font, single or double space.
- Exhibit 11: Implementation Schedule / Action Plan (one-half page, double space, 12 point font); **Use bullet form** and avoid running text, except 2-3 lines of conclusion. Be sure to show the timeline, actions, and the level of investment for each step for the normal planning horizon of strategies, which is about 5 years.

This document includes Exhibits A1, A2, B, C, and D.

**EXHIBIT A**  
**VRIO ANALYSIS OF THE COMPANY**

(Example: Crown Cork and Seal, from Jay Barney (Gaining and Sustaining Competitive Advantage, 1997;  
 Modified slightly to show more variety of competitive implications))

(Use any value chain depending on its suitability to the company you are studying. Add value chain activities and attributes that are relevant to the case and delete those that are not. Be sure to mention in this exhibit if something is a strategic weakness and how you plan to overcome that weakness.). Your particular company will demand special and unique treatment, but the following is intended to serve as an illustration of the format for a fictitious company expected within the Internal Assessment Exhibit.

**EXHIBIT # (INTERNAL ASSESSMENT)**

<b>Value Chain Activities</b>	<b>Specific Attributes Along the Value Chain</b>	<b>V</b>	<b>R</b>	<b>In</b>	<b>W/S/DC/SDC</b>	<b>O</b>	<b>Competitive Implication: Likely to have</b>
Purchasing	high quality inputs	Yes	No	-	Strength	Yes	Competitive Parity
Inventory Holding	reliable supply	Yes	No	-	Strength	Yes	Competitive Parity
	able to meet unexpected orders on short notice	Yes	Yes	Yes	Sustainable Distinctive Competence	Yes	Sustainable Competitive Advantage
Design & Engineering	speciality containers for multiple purposes	Yes	Yes	Yes	Sustainable Distinctive Competence	Yes	Sustainable Competitive Advantage
Manufacturing	inconsistent product quality	No	-	-	Weakness	-	Competitive Disadvantage*
Distribution	speedy & flexible delivery	Yes	Yes	No	Distinctive Competence	Yes	Temporary Competitive Advantage
Sales	fast, reliable order processing	Yes	Yes	Yes	Sustainable Distinctive Competence	No	Unrealized Sustainable Competitive Advantage
Service & Tech Support	speedy & competent maintenance and quality technical advice	Yes	Yes	Yes	Sustainable Distinctive Competence	Yes	Sustainable Competitive Advantage

Use the following space for two or three lines of CONCLUSIONS concerning the company's value chain competencies and how you will overcome the weakness(es)\*.

**EXHIBIT B**  
**FINANCIAL ANALYSIS: RATIO ANALYSIS**

**Note:** We have listed five types of about 25 ratios here. You may consider these and other relevant ratios. Please provide at least 10 ratios in this exhibit covering each of the five types of ratios mentioned here. Thus, be sure to include at least two ratios of each type. Then, write the conclusion in 2-3 lines.

Name	Year	Year	Year
<b>PROFIT RATIOS</b>			
1. Return on Investment			
2. Return on Assets			
3. Return on Equity			
4. Gross Margin			
5. Operating Margin			
6. EBIT Margin			
7. EBITDA Margin			
8. Pre-tax Profit Margin			
9. Net Profit Margin			
<b>LIQUIDITY RATIOS</b>			
1. Current Ratio			
2. Quick Ratio			
<b>ACTIVITY RATIOS</b>			
1. Asset Turnover Ratio			
2. Inventory Turnover Ratio			
3. Receivable Turnover Ratio			
4. Days Sales in Receivables			
<b>LEVERAGE RATIOS</b>			
1. Debt to Assets Ratio			
2. Debt to Equity Ratio			
3. Long-term Debt to Capital Ratio			
4. Interest-Coverage Ratio			
<b>SHAREHOLDER-RETURN RATIOS</b>			
1. Total Shareholder Returns			
2. Price-Earnings Ratio			
3. Market-to-Book Ratio			
4. Dividend Yield			
5. Book Value Per Share			
6. Operating Cash Flow Per Share			
7. Free Cash Flow Per Share			

**EXHIBIT C**  
**CURRENT STRATEGIES AND THEIR IMPLEMENTATION**

(Use bullet points rather than complete sentences. Fill in the answers using wordprocessor in the space provided. The exhibit should not exceed one page)

**Name(s) of the Business Strategy(ies)** \_\_\_\_\_

**Customer Needs** \_\_\_\_\_

(If fulfilling multiple needs, be sure to specify which needs in what markets; see Chapters 3, 5 & 6)

**Customer Groups** \_\_\_\_\_

(may involve geographic, demographic or other market segmentation parameters; Chapters 3, 5 & 6)

**Basis for Competition** \_\_\_\_\_

(Be sure to be specific in non-generic terms. For example, for Low Cost, is it superior efficiency due to low cost production or something else? For Differentiation, is it based on superior quality, innovation, and/or customer responsiveness; for Focus, what parameters, e.g., is it customer segment, product segment, market segment, etc.; Chapters 3, 5 & 6)

**Corporate Strategies** \_\_\_\_\_

(Single business, vertical integration, horizontal integration, related diversification, unrelated diversification, strategic alliances, outsourcing, etc. Chapters 9 & 10).

**Placement in the Value System** \_\_\_\_\_

(e.g., retailer, wholesaler/distributor, manufacturer, importer, or combination thereof; for details, you may see Chapters 9 & 10)

**Global Strategies** \_\_\_\_\_

(you may see Chapter 8 for details)

**Major Functional Strategies** (Chapters 4, 6 & 7) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Implementation: Structure, Process, Controls, and Culture** (you may see Chapter 12 for details).

\_\_\_\_\_

\_\_\_\_\_

**Others** \_\_\_\_\_

**EXHIBIT D**  
**COMPREHENSIVE STRUCTURE OF A STRATEGIC ALTERNATIVE**

(Use bullet points rather than complete sentences. Fill in the answers using wordprocessor in the space provided. The exhibit should not exceed one page)

**Name of the Alternative or Strategic Goal Identifier** \_\_\_\_\_

(Write the name of the strategy here with any special characteristics, e.g., Focused low cost with expansion to Mexico)

**Customer Needs** \_\_\_\_\_

(If fulfilling multiple needs, be sure to specify which needs in what markets; see Chapters 3, 5, & 6)

**Customer Groups** \_\_\_\_\_

(may involve geographic, demographic or other market segmentation parameters; Chapters 3, 5 & 6)

**Basis for Competition** \_\_\_\_\_

(Be sure to be specific in non-generic terms. For example, for Low Cost, is it superior efficiency due to low cost production or something else? For Differentiation, is it based on superior quality, innovation, and/or customer responsiveness; for Focus, what parameters, e.g., is it customer segment, product segment, market segment, etc.; see Chapters 3, 5 & 6)

**Corporate Strategies** \_\_\_\_\_

(Single business, vertical integration, horizontal integration, related diversification, unrelated diversification, strategic alliances, outsourcing, etc. see Chapters 9 & 10).

**Placement in the Value System** \_\_\_\_\_

(e.g., retailer, wholesaler/distributor, manufacturer, importer, or combination thereof; Chapters 9 & 10)

**Other** \_\_\_\_\_

(could include points related to functional strategies (chap. 4, 6 & 7), global strategies (Chapter 8), implementation (Chapter 12), or anything else that is important for the alternative)

**Key Issue(s) Addressed by this Alternative** \_\_\_\_\_

**FEASIBILITY JUSTIFICATION FOR THIS STRATEGIC ALTERNATIVE**

**Environmental Opportunity(ies)** \_\_\_\_\_

(evidence, independent of the organization, which suggests that this alternative could meet with success)

**Environmental Threats, Risks** \_\_\_\_\_

(that could limit success of this alternative. Be sure to address how these can be overcome)

**Present Corporate Attributes relevant and sufficient to this alternative (Strengths, Distinctive Competencies, or Sustainable Distinctive Competencies):**

**Missing and/or insufficient Corporate Attributes (Weaknesses)** \_\_\_\_\_

(Attributes that would have to be acquired and/or improved in order to implement this alternative. Be sure to address how these can be overcome)

**EXHIBIT E**  
**EVALUATION OF ALTERNATIVES BY CRITERIA**

(Please indicate your assessment of how the alternative will impact each part of the criterion. Be sure to discuss your assessments (along with the NPV numbers) as well as their rationales in the “Criteria and Evaluation of Alternatives by Criteria” section of the paper. Fill in the answers using wordprocessor in the space provided. The exhibit should not exceed one table/one-half page)

<b>Criteria</b>		<b>Name of Alternative 1</b>	<b>Name of Alternative 2</b>
<b>Shareholders</b>	<b>Net Present Value</b>	Provide NPV number here along with units of money	Provide NPV number here along with units of money
<b>Stakeholders</b>	<b>Customers</b>	Effect: Positive/Negative Level of effect: High/Moderate/Low	Effect: Positive/Negative Level of effect: High/Moderate/Low
	<b>Employees</b>	Effect: Positive/Negative Level of effect: High/Moderate/Low	Effect: Positive/Negative Level of effect: High/Moderate/Low
	<b>Environment (Sustainability)</b>	Effect: Positive/Negative Level of effect: High/Moderate/Low	Effect: Positive/Negative Level of effect: High/Moderate/Low
	<b>Other stakeholder(s) (Optional):</b> Please specify	Effect: Positive/Negative Level of effect: High/Moderate/Low	Effect: Positive/Negative Level of effect: High/Moderate/Low
<b>Other (required)</b>	Please specify		
<b>Other (optional)</b>	Please specify		