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INSTRUCTORS' NOTES

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THE COLLAPSE OF A NONPROFIT ORGANIZATION: WITHOUT WALLS INTERNATIONAL CHURCH

TEACHING NOTE

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CASE DESCRIPTION

The case discusses the circumstances that may have contributed to the fall of one of the largest mega church in the country. The case provides students with the opportunity to use data analysis and critical thinking skills and is more appropriate at the senior or graduate level. It can be used in various accounting courses including government and nonprofit accounting, the nonprofit portion of the advanced accounting class, and as one of several cases in an advanced auditing class. The case is designed to be taught in one class hour and is expected to require approximately two hours of outside preparation by students. The events described in this case are based on a real world situation as reported in various newspaper sources. However, while the names of the organizations and principal individuals are real, the identities of other individuals involved are disguised.

CASE SYNOPSIS

$29 million! This was the debt load of Without Walls International Church, one of the fastest growing megachurches in the country. At its apex, the church had a membership of approximately 22,000 spread across its two campuses. Unable to service its debt, the church was forced into bankruptcy by creditors which resulted in the sale of its prized locations and a downsizing and re-launch of the organization.

The case discusses some of the factors that might have contributed to the church's 'fall from grace'. These include an untimely expansion of church facilities, the lavish lifestyle of the pastor and family members, the failing health of the pastor and his daughter, a divorce, and a US Senate investigation of the church's finances.

The case demonstrates the challenges faced by nonprofit organizations to meet financial obligations at a time of declining contributions. The case also illustrates the importance of separating personal and professional interests and in creating effective corporate governance practices to ensure that the organization's mission and objectives are achieved.

INSTRUCTORS' NOTES

Recommendations for Teaching Approaches

The objective of the case is to help students understand the importance of corporate governance in nonprofit organizations; especially the fiduciary responsibilities of board members. Instructors also have the option of using the financial statements provided to help students perform data analysis to identify trends.

Students may need to supplement classroom discussions by researching the fiduciary duties of nonprofit boards. A good resource for such information is the Association of Governing Boards (at www. https://www.agb.org/briefs/fiduciary-duties)

This case is flexible and could be used in a number of courses. For instance, it is ideal for a discrete government and nonprofit accounting class or the nonprofit portion of the advanced accounting class. It could also be used as one of the cases in a graduate auditing course, and in a management course on leadership.

The corporate governance portion of the case is best completed in groups either as an in-class or out-of-class graded assignment. The group size, grading scale and assigned points are at the specific instructor's discretion. If the case is used as an in-class activity, the students should read the case prior to attending class and the discussion questions should be answered in class. It should take approximately one hour to complete the discussion and no advanced preparation time other than reading the case, is required by the instructor.

The data analysis portion should be done individually as an out of class assignment. Excel templates and suggested solutions are available from the lead author for classroom usage.

Learning Outcomes

Students should be able to:
1. Understand the importance of corporate governance principles in nonprofit organizations, especially the fiduciary duties of board members.
2. (Optional) Perform a financial analysis of a religious organizations, and use the results to identify performance trends.

Case Implementation and Effectiveness

The case was tested in a graduate auditing class in spring 2017 (n=20). The students found the case interesting, easy to read, and thought it was appropriate for classroom use. The students were generous with their feedback. Among the respondents was a student who reminded us that "family and business need to be separated." Another student echoed those sentiments by commenting that "this is why family shouldn't go into business with each other. Family relationship can lead to scandals and fraud." In commenting on the organization, one student noted that the case is simply "the typical behavior of a megachurch."   Other organizational comments included "the Board was ineffective" and that "There was no accountability."

Students also focused on the compensation received by the family, with one commenting that "The housing allowance was too much. Especially since they don't pay income tax on it."

The students enjoyed the opportunity to focus on data analysis with one mentioning that "The data analytics was interesting to do rather than discussion questions." However, one also

noted that "It was an interesting assignment; it would have been more effective if there was benchmarks to compare the numbers to."

DISCUSSION QUESTIONS AND ANSWERS

Part I: Governance

Note: Instructors may wish to review students to the fiduciary duties of nonprofit boards (https://www.agb.org/briefs/fiduciary-duties) for information on the duties of care, loyalty, and obedience.

Q1. Do you think that the board of WWIC satisfied its Duty of Care or not? What examples would you cite in support of your conclusion?

[**Authors' Note**: One of the guiding legal principles that governs the fiduciary responsibility that board members of a non-profit organization must fulfill is known as the *duty of due care*. This responsibility requires that a person (in this case, a board member of a non-profit organization) must make decisions and take actions toward others and the public in a vigilant, cautious, attentive, and prudent manner such as a reasonable person in similar circumstances might be expected to behave. In fulfilling the responsibilities of a board member, this generally requires that they must provide oversight and utilize any and all assets of the organization (including financial, human, facilities and equipment, and good will) for activities that advance the effectiveness and sustainability of the non-profit organization.]

One example of poor governance practices that indicate a lack of due care might include the fact that financial decisions were made by a small group of people (Randy and Paula White, the CFO and possibly a couple of other chief executives) and that the board was only notified after the fact. Another example of poor governance practices that might be mentioned is the lack of standing committees with responsibility for determining compensation, auditing financials, and more involvement in strategic planning and setting operational parameters. Students may also mention that at least one CFO and board member resigned and cited their lack of involvement in operational decisions and oversight as their reason for resigning.

Additionally, the testimony and complaints of employees who were involved in the operations might be seen as evidence that the duty of care was not upheld. Finally, students may point to the organization defaulted on numerous loans and ultimately failed to satisfy its financial obligations. Evidence that suggests that the board was meeting its duty of care might include the fact that the financial statements of WWIC were subjected to an audit by a CPA firm. Additionally, while two separate external investigations into the organization's operational and financial practices (one by the IRS and another by the Senate), neither investigation resulted in any formal findings or penalties.

Finally, arguments that the board did not satisfy its duty of care may be countered by arguments that the issues that ultimately led to the collapse of WWIC were tied to the personal failings and issues faced by its pastors (the divorce of Randy and Paula, the death of Randy's daughter, Randy's struggle with depression and substance abuse) which resulted in a significant reduction in their effectiveness as the leaders of the organization – factors which the board could not have anticipated or prevented, thus mitigating their responsibility for the ultimate outcomes.

Q2. Do you think the board of WWIC satisfied its Duty of Loyalty? What examples/evidence would you cite in support of your position?

[Authors' Note: The second legal principle that governs the fiduciary responsibilities of board members for non-profit organizations is known as the *duty of loyalty*. This principle primarily addresses the fiduciary responsibility of a the members of a non-profit's board and requires that board members make decisions that are in the best interest of the non-profit corporation, and not in their own self-interest as board members]

The Duty of Loyalty in this case may result in an interesting classroom discussion. Factors that may be cited as an indication that the Duty of Loyalty was not met by the board of WWIC and its governance practices might include the fact that the process for appointing board members was controlled by Randy and Paula White, who seemed to have a habit of appointing their close personal associates and even family members.

Additionally, WWIC employed numerous members of Randy and Paula white (sons, daughter, and parents). The salaries and benefits paid directly to Randy and Paula exceeded 15% of the total expenses of the organization. Employees also reported that numerous other personal expenses were paid for by the organization (travel expenses, clothing, etc.). Counter-arguments might center on the fact that WWIC was "built" on the preaching of prosperity gospel – that God's blessings to believers are often in the form of material blessings.

As pastors of WWIC, Randy and Paula were THE representatives of the organization and exemplified these outcomes. The financial support for them and their lavish lifestyle was evidence of the truth of prosperity gospel, and thus some may argue this was directly aligned with the mission of the organization. The Lord was simply blessing for their belief and service and they were the personification of his blessings.

Q3. Do you think that the WWIC board satisfied its duty of obedience? What evidence is presented in the case that suggests that the board fulfilled the duty of obedience? What evidence is presented that suggests that the board may not have fulfilled this responsibility?

[Authors' Note: A third legal principle that governs the responsibility of non-profit board members is known as the *duty of obedience*. This principle requires that board members ensure that an organization is abiding by all applicable laws and regulations, and conducts its business in accordance with accepted ethical practices. In addition, the duty of obedience is intended to ensure that the activities of the non-profit organization adhere and advance the mission defined by its charter.]

Discussions of this question will most likely center around the fact that two separate investigations into the operational and financial practices of WWIC were launched – one by the IRS, and another by the US Senate. Arguments that the board satisfied these requirements will likely center on the fact that no formal findings or penalties were issued from either of these investigations. Arguments that the board failed to meet the duty of obedience will likely point to the testimony of employees and ex-board members. Additionally, while it is true that the investigations did not yield any formal penalties, there was enough evidence of questionable practices to merit the investigations at enormous cost to the organization, both financial and in terms of a loss of its reputation with its congregants and the general public.

Q4. Given the discussion in questions 1-3 above, how might have the actions of the board and its members contributed to the collapse of WWIC? What recommendations and changes would you suggest for the board that might have prevented the collapse?

Given the personal issues of Randy and Paula White, it may be difficult to "prove" conclusively that the board of WWIC failed to meet its fiduciary responsibilities and its legal duties. However, there is plenty of evidence that demonstrates that there are many areas in which the board could have improved its governance practices.

One change that might have made a significant difference in the functioning of the board is to alter how board members are appointed to the board, opening the nomination process for potential board members to all members of the board. All board members, including Randy and Paula White, would be able to nominate potential new board members, but no member would be added to the board without a formal vote by all of the members.

Another common practice is to institute term limits for board members, resulting in a continual renewal of the directors on the board. The case does not mention if board members were required to disclose any potential conflicts of interest. If this was not done, then it should be adopted, with board members reporting on an annual basis. The policy that requires disclosure of any real or potential conflicts of interest should include a requirement for all management and board members to avoid situations where there might be a perceived conflict of interest, reporting/divulging any engagements that might present a conflict of interest, and, if necessary, recusing themselves from any decisions or votes where they might have such a conflict of interest so as to avoid any appearance of acting in a manner that might be construed as fiscally irresponsible.

Additionally, the board might consider policies that prohibit the hiring of immediate family members of the board into organizational positions. For example, typical best practices do allow for management of a non-profit organization to make operational expenditures within the bounds of an established budget that was approved by the board, with board approval required only when expenditures deviated from the approved budget. Significant financial decisions may not be made by a select group of individuals without review and approval of the overall board. The case mentions that there were no standing committees in place to provide specific oversight for auditing activities, compensation, operations, etc. Such committees are not required, and are often not in place for smaller non-profit organizations, but the use of such committees is recommended as best practice, particularly when non-profits reach the size of WWIC (with nearly $40 million in income).

Part II: Data Analysis [Optional]

1. ***Using the financial statements provided in Appendix A, perform a financial analysis of the entity. Your analysis should include both horizontal and vertical analysis; and ratio analysis including liquidity and credit rations.***

Note to Instructor: Excel templates and suggested solutions are available from the lead author for classroom usage.

2. *Did the analysis predict the financial challenges facing the organization?*

Students' responses might vary so instructors should use this opportunity to guide students through the class discussion

EPILOGUE

The Tampa facility was sold to developers in 2014. The developers plan on building multifamily units on the 13 acre site. In February 2015, the former Without Walls Central property in Lakeland, FL was purchased by others investors. The sale of both properties allowed WWIC to satisfy its obligations and is now debt-free.

WWIC has downsized and is the ministry is now in a permanent location closed to its previous building in the west shore area of Tampa. Reverend White continues as its senior pastor and WWIC embraced its initial outreach mission. Inspired by the death of his daughter, he started the Kristen Renee Foundation in her memory. The foundation's goals are to fund to cure for brain cancer, to help the poor, and to provide relief in times of disaster,

His former wife is no longer affiliated with WWIC. She has moved forward and is now the senior pastor of a non-denominational, mule-cultural congregation in Florida. She also hosts her own weekly television shows. PMW continues as a separate entity from WWIC and continues to provide medical care and ministerial training on a global level.

DISCLAIMER

This critical incident and teaching note were prepared by the authors and are intended to be used for class discussion rather than determining either effective or ineffective handling of the situation. The events described in this case are based on a real-world situation as reported in various newspaper sources. Some action is fictionalized.

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MARKETING MISSIONS – A CASE STUDY FOR THE SOCIAL MARKETING MIX

Andrea Finchum, West Texas A&M University

INSTRUCTOR'S NOTES

CASE DESCRIPTION

The primary subject matter of this case concerns marketing for Not-For-Profit (NFP) organizations. Secondary issues examined include social entrepreneurship, the social marketing mix, services marketing, entrepreneurship and effective leadership and management of NFP organizations. The case has a difficulty level of four, appropriate for senior level. This case is designed to be taught in two class hours and is expected to require two hours of outside preparation by students.

This case study applies undergraduate marketing concepts to the Not-For-Profit (NFP) organization. The marketing mix becomes more complicated when applied to a NFP organization as the traditional 4 P's morph into 8 P's for a nonprofit organization. The focus for this case study is the 4 extra P's of Publics, Partnership, Policy, and Purse Strings as these elements distinguish the NFP social marketing mix from the more traditional marketing mix leveraged by for-profit companies.

Students will be presented with background analysis for the Red Cross and Habitat for Humanity – two NFPs that have successfully expanded their mission from one individual's passion to a global operation. Students will then consider the cause of a much smaller organization – Snack Pak 4 Kids. Like the Red Cross and Habitat for Humanity, Snack Pak 4 Kids was organized by one man with a passion to serve a societal need. It is a small NFP, local to the Amarillo, Texas area, but desiring to expand its operations throughout Texas and beyond. Students will be asked to consider the Snack Pak 4 Kids social marketing mix best able to launch this small NFP to a national level.

CASE SYNOPSIS

We are teaching a millennial generation with a passion for service. NFP organizations are an important vehicle for public service, and there is no doubt that our students will become involved with NFPs in their lifetime. Therefore, we need to prepare them to effectively lead and participate in these groups. The Social Marketing Mix is a somewhat novel framework for NFP marketing that is largely unaddressed in the typical marketing curriculum. This case brings to students a topic area that they care deeply about and a toolkit to get them thinking about how they can contribute to their societal concerns in a practical way.

INTRODUCTION

The intent with this case is to introduce students to the Social Marketing Mix and to encourage them to think creatively about how to move a NFP organization beyond one that can be led by a single, passionate social entrepreneur to one that is self-sustaining and effective in the absence of the social entrepreneur.

This case study could form the basis of a classroom conversation or it could be presented as a graded assignment. Depending on the nature of the course, the instructor might choose to

pair it with course content related to non-profit organizations, services marketing, entrepreneurship, and/or strategic business management.

CASE OVERVIEW

This case study applies undergraduate marketing concepts to the Not-For-Profit (NFP) organization. The marketing mix becomes more complicated when applied to a NFP organization as the traditional 4 P's morph into 8 P's for a nonprofit organization. The focus for this case study is the 4 extra P's of Publics, Partnership, Policy, and Purse Strings as these elements distinguish the NFP social marketing mix from the more traditional marketing mix leveraged by for-profit companies.

Foundational material related to NFPs and social entrepreneurship is presented first, along with an overview of the elements of the Social Marketing Mix. Students are then presented with background analysis for the Red Cross and Habitat for Humanity – two NFPs that have successfully expanded their mission from one individual's passion to a global operation. Students will then consider the cause of a much smaller organization – Snack Pak 4 Kids. Like the Red Cross and Habitat for Humanity, Snack Pak 4 Kids was organized by one man with a passion to serve a societal need. It is a small NFP, local to the Amarillo, Texas area, but desiring to expand its operations throughout Texas and beyond. Students will be asked to consider the Snack Pak 4 Kids social marketing mix best able to launch this small NFP to a national level.

The end goal with this case study is for students to better understand the challenges unique to NFPs and to give them the chance to think about how a NFP might address these challenges using the Social Marketing Mix toolkit.

DISCUSSION QUESTIONS

1. *What organizational structure would you suggest to Howell to line up leadership and staffing to support the Snack Pak 4 Kids program as it continues to grow? Keep in mind the need for the NFP to stay connected to the local behaviors and cultural issues impacting weekend hunger.*

Students need to grapple here with the infrastructure to support the growing SP4K operation. They may believe regional offices should be created to keep oversight local or they may assert one central leadership office to maintain consistency with how partner schools are selected and managed. In either case, students should address the importance of maintaining local sociocultural relevance to best serve the needs of hungry children in their local communities.

2. *Would you recommend the program pursue government **Funding** or continue to rely solely on donations? Why or why not? What are the advantages and disadvantages of each?*

Administrative services will require funding. While it's possible that these costs could be supported with donations, it may be more practical and reliable to seek government funding to support the SP4K operation. Disadvantages to relying on government funding include potential government requirements that run counter to the SP4K mission or methods and potential   vulnerable   to   long-term   available   of   the   funding.

3. *Identify the various **Publics**, internal and external, that Howell needs to consider as his operations expand.*

Internal Publics include the SP4K partner schools and community volunteers, along with strategic partners involved with managing the NFP operation. SP4K will need to be available to these players to hear their concerns and support their efforts. The organization will also need the resources to protect its brand image and address any infraction to the brand.

External Publics include, of course, the hungry children served by the program. They also include all parties that may impact the program's success including media, advocacy groups, and potentially lawmakers.

Students should address how the infrastructure developed by SP4K as they move forward will be able to support both internal and external Publics.

4. *Are there **Policy** issues that Howell needs to become involved with to address the real issues driving weekend hunger? If yes, what are they and how might the Snack Pak 4 Kids program help to address these?*

Potential issues driving weekend hunger could include welfare fraud, immigration and illegal alien concerns, and child neglect. Students should be able to identify one or more of these issues and arrive at a position as to whether SP4K should become involved in these political areas. If students believe SP4K should become involved, they should be able to offer suggestions for infrastructure to support these efforts.

5. *Identify the **Partnerships** most valuable to the Snack Pak 4 Kids program. What other Partnerships might the program pursue to increase the program's effectiveness?*

The Snack Pak 4 Kids' network of school and community partners have driven the success of the SP4K operation to date, and we can expect this platform to continue to be effective. These groups, however, cannot provide any oversight or direction for the organization. Recent cases of brand infringement have made clear the NFP's need for infrastructure and over-arching operations and marketing management. Students may have creative ideas for partnerships that could provide these sorts of management support.

EPILOGUE

Howell has been insightful in recognizing the need for administrative and operational infrastructure and has established two strategic partnerships. In 2013, he established a partnership with Baptist Community Services to serve as the 501c3 organization and to address administrative and infrastructure requirements for the SP4K operation, among them legal representation and direction.

About a year later, SP4K partnered with Labatt Food Service, a billion-dollar company with more than 100 years of experience in food distribution. This strategic alliance makes available to all SP4K community partners discounted product pricing and effective distribution of name-brand food products for the children in the program.

The most recent phase of Howell's efforts is to partner with food manufacturers to develop nutritious food items branded with the SP4K name. These select manufacturers benefit from consumer recognition of their involvement in community causes and can provide the food items to partner schools at reduced pricing, distributed in partnership with Labatt Food Service.

Howell has chosen not to become involved with political issues related to the causes of weekend hunger. There is one politically-charged issue, however, about which he is passionate: the opportunity for a college education. For children in the SP4K program who do not have the opportunity to continue to college because of citizenship status, Howell has recently pursued creation of scholarship funds to help. He is also active in efforts to develop programs like SP4k on college campuses.

Howell maintains that his level of interest and passion for the program is cloned with every partner school. The fact remains, though, that Howell interviews and selects each partner. Plenty of applicants are not selected, and plenty of partnerships have had to be discontinued for misrepresentation of the SP4K brand and mission. This is one pivotal element of the operation that needs to replicated and separated from Howell's involvement, at least for the long-term. Perhaps the single greatest uncertainty facing the Snack Pak 4 Kids operation is whether Howell's presence in this role is indispensable.

A SYSTEMS ANALYSIS, DESIGN, AND DEVELOPMENT CASE STUDY: OPEN ARMS FOOD PANTRY CLIENT AND VOLUNTEER SYSTEM

Terry L. Fox, University of Mary Hardin-Baylor

CASE DESCRIPTION

The primary purpose of this case study is for Systems Analysis and Design, Systems Development, and Database courses. Students examine realistic dialog and Interview Notes, as well as existing documents. For Systems Analysis and Design courses, the students should be able to follow this realistic case study of a non-profit organization and conduct the planning, analysis, and design phases of the System Development Life Cycle (SDLC), using either a traditional or object-oriented approach. Deliverables would include process and data diagrams and modeling, and user interface designs, and should require approximately 12-15 hours to complete, outside normal class time. In System Development courses, e.g., capstone courses for a computer information systems major, students can use this case study to not only analyze and design a solution, but actually develop the solution using various windows or web-based tools. The entire project should require approximately 20-25 hours to complete. For Database courses, this case could be used to illustrate database design techniques, resulting in the creation of appropriate data models and physical database designs. This should require approximately 10-12 hours to complete. The case study is of moderate difficulty – ranging from a three to five, and is designed for junior and senior level students, but could also be used for graduate courses.

CASE SYNOPSIS

Dr. Thomas Waggoner, an information systems professor at the local university, is working with a local food pantry when, in the course of a conversation, he determines that the pantry could greatly benefit by using a computerized system to track pantry clients as well as volunteers. He discusses the idea with the students in his Systems Analysis and Design class, as well as the students in his System Development class. He brings his classes to the pantry for a tour, and has them begin the project.

TEACHING NOTES

CASE PURPOSE/OBJECTIVES

The purpose of this case study is to provide an opportunity for information systems students to apply data modeling, process modeling, and user interface design skills to a semi-realistic scenario. Additionally, students in database courses can apply their knowledge and skills to design the class diagram/entity relationship diagram, as well as create a physical database based on the information requirements in this case. Furthermore, students in system development/capstone courses can use this case as a comprehensive project, proceeding through the system development

life cycle and develop a working client and volunteer system for the Open Arms Food Pantry. The interview notes and supporting documents help add a sense of reality.

METHODOLOGY

This case is based on the author's own experiences and has been modified to be more applicable to a classroom setting. The names and specific details have been changed. This case study presents a small but realistic opportunity for students to analyze, design, and develop a client and volunteer system for a local food pantry. The scenario should be fairly understandable to most students. Many colleges encourage students to get involved in service opportunities, and it is quite possible at least some of the students have worked with non-profit organizations such as the one described here. This case study has been used by the author in a systems analysis and design course with great interest and success and the author has incorporated suggestions from his students to enhance the case.

You might also consider, as add-on work, the design of an inventory system for the food pantry, as described in the Description of Business Processes. Students could complete the process and data modeling, as well as develop preliminary user interface designs based on a periodic inventory process. If you choose to do this, additional information that could be useful would be categories of food items, such as: canned vegetables, canned fruits, canned meat, soups, peanut butter, jelly, crackers, fresh fruit, fresh vegetables, fresh meat, bread, dry goods (rice, beans), cooking supplies (salt, flour, sugar, etc), baby food, and other (e.g., paper goods). Inventory quantity could be measured in either pounds or number of items, depending on the type of item. A report of available inventory should also be designed. This should add approximately 4-6 hours of work to the case study.

TEACHING SUGGESTIONS

This case is designed to be used as a major project in either a systems analysis and design course, a database course, or a systems development/capstone course. In my systems analysis and design courses, I generally have students work in teams of 3-4 to complete a project of this size. I introduce the project approximately halfway through the semester, after we have finished discussing the planning and analysis phases of the system development life cycle. The students are able to begin work on the planning (e.g., system proposal) and analysis requirements (e.g., process modeling, data modeling) while we begin discussing the design phase during class. As the students are completing the analysis work, they can then begin working on the design requirements (e.g., user interface design). The case is to be completed by the last week of the semester. The case is most appropriate at the undergraduate level, but could be used in graduate-level systems analysis and design, database, and system development courses.

To incorporate the practice of project management, an additional requirement, particularly in a systems development/capstone course, could be added to develop a work breakdown structure, schedule, and budget using a tool such as Microsoft Project. The students should then keep track of their actual time worked and examine variances, illustrating the difficulty in developing time estimates on system development projects. A discussion of the variances could be included in the pre-implementation review (for systems analysis and design) or post-implementation review (for system development/capstone). The pre(post)-implementation review is an excellent tool to allow the students to reflect on their project, identifying what went well, and also what did not go well. The review often touches on topics such as tools used, scheduling issues, group dynamics, etc.

As the instructor for the course in which this case is used, you will need to have both good technical skills and project management ability. Most likely the different groups in your class will be working on a variety of case studies and projects, and you will need to help them stay focused, e.g., with milestone deadlines, as well as help solve their technical issues.

Requirements for Systems Analysis and Design Students:
1. Prepare a system proposal that includes an executive summary, the requirements of the system, and identification of your team members.
2. Develop appropriate process models (Use Case Descriptions/Diagram or Data Flow Diagrams – context level, level 0, level 1) per your professor's instructions.
3. Develop the appropriate data model (Class Diagram or Entity-Relationship Diagram) per your professor's instructions.
4. Develop preliminary screen and report designs for each user interface identified above.
5. Prepare a one-page "pre-implementation review" outlining lessons learned - what went right and what went wrong on this project.

Requirements for Systems Development Students:
1. Complete the above requirements, or refer to the packet of materials provided by your professor.
2. Using Microsoft Access, Visual Basic, or other appropriate development tool, develop a comprehensive, user-friendly, working system that will meet the requirements of Open Arms Food Pantry.
3. Prepare a user manual describing how to use the system.
4. Prepare a one-page "post-implementation review" outlining lessons learned – what went right and what went wrong on this project.

PROPOSED SOLUTION

The suggested solution in the appendix is based on an object-oriented approach and includes a class diagram and use case diagram, but the case can certainly be conducted using a traditional approach, wherein the students would develop entity relationship diagrams and data flow diagrams. In addition, example user interface designs are provided.

CONCLUSION

This case study offers students an opportunity to apply concepts and techniques learned in their systems analysis and design, database, and systems development/capstone classes. The case is realistic, reasonably-sized for a major project in a semester-long course, and the scenario should be somewhat familiar, or at least easily identifiable.

APPENDIX

Use Case Diagram

APPENDIX

Class Diagram

Client

Client Number*
First Name
Last Name
Street Address
City
State
ZIP
Phone Number
# of People in Household
# of Children in Household
Date of Birth
Gender
Marital Status
Employment Status
Ethinicity/Race
Member of Military
Other Risks
Govt benefits - SNAP
Govt benefits - CHIP
Govt benefits - TANF
Govt benefits - WIC
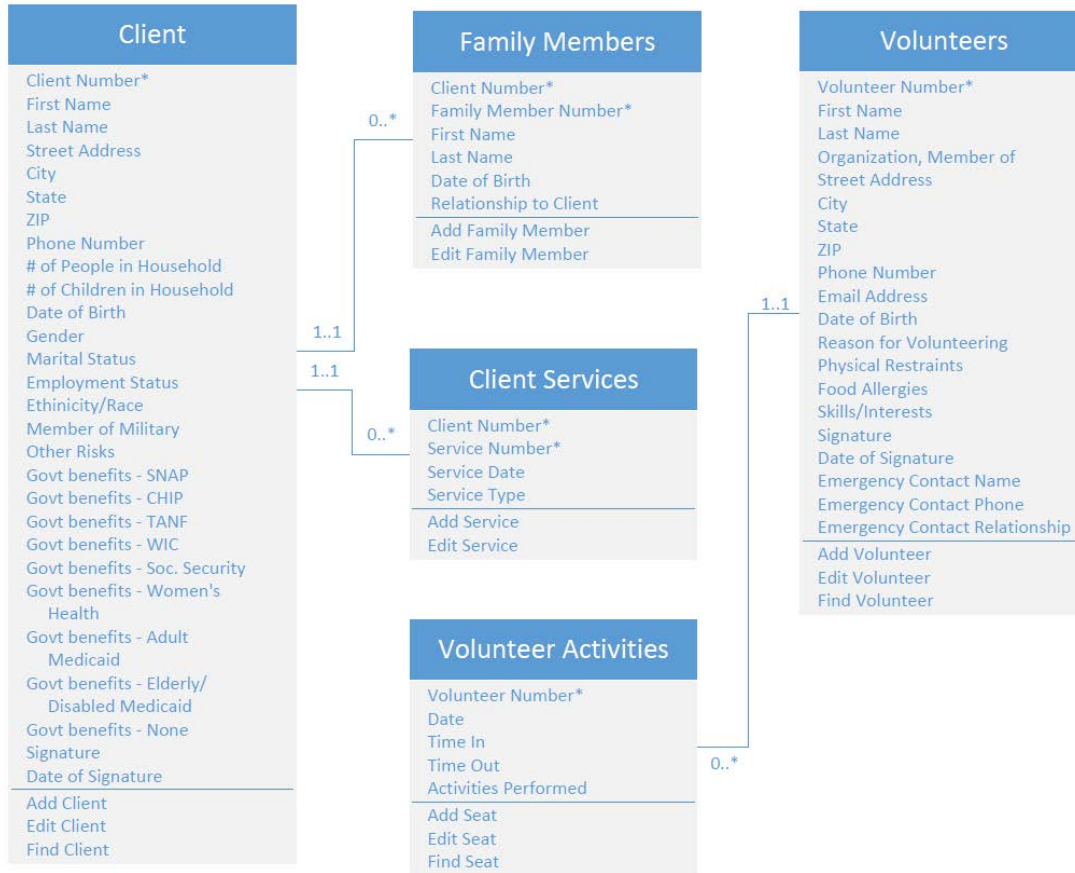Govt benefits - Soc. Security
Govt benefits - Women's
    Health
Govt benefits - Adult
    Medicaid
Govt benefits - Elderly/
    Disabled Medicaid
Govt benefits - None
Signature
Date of Signature
Add Client
Edit Client
Find Client

Family Members

Client Number*
Family Member Number*
First Name
Last Name
Date of Birth
Relationship to Client
Add Family Member
Edit Family Member

Client Services

Client Number*
Service Number*
Service Date
Service Type
Add Service
Edit Service

Volunteer Activities

Volunteer Number*
Date
Time In
Time Out
Activities Performed
Add Seat
Edit Seat
Find Seat

Volunteers

Volunteer Number*
First Name
Last Name
Organization, Member of
Street Address
City
State
ZIP
Phone Number
Email Address
Date of Birth
Reason for Volunteering
Physical Restraints
Food Allergies
Skills/Interests
Signature
Date of Signature
Emergency Contact Name
Emergency Contact Phone
Emergency Contact Relationship
Add Volunteer
Edit Volunteer
Find Volunteer

0..*
1..1
1..1
0..*
1..1
0..*

User Interface Designs (Example)

Client Information Form

Client Services Form

User Interface Designs (Example)

Volunteer Information Form

Volunteer Service Date/Time Form

User Interface Designs (Example)

Client Usage Report

Client Services by Date

OPEN ARMS FOOD BANK

Service Date	Service Type	Number of Clients	Number of People in Household	Number of Children in Household
August 2016				
August 13, 2016				
	Food	2	5	3
August 13, 2016 Total		2	5	3
August 20, 2016				
	Food	1	4	2
August 20, 2016 Total		1	4	2
August 27, 2016				
	Clothing	2	5	3
August 27, 2016 Total		2	5	3
Total for August 2016		**5**	**14**	**8**
September 2016				
September 03, 2016				
	Food	1	4	2
September 03, 2016 Total		1	4	2
September 17, 2016				
	Clothing	1	4	2
	Food	2	5	3
September 17, 2016 Total		3	9	5
Total for September 2016		**4**	**13**	**7**

FINDING THE MBA CUSTOMER: CONSIDERING MBA INNOVATIONS FOR CLOSER CUSTOMER-STUDENT ENGAGEMENT

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INSTRUCTORS' NOTES

CASE DESCRIPTION

The primary subject matter of this case concerns strategic decisions about the best options for offering the MBA degree considering internal and external demands. Secondary issues examined include issues relating to the curriculum, technology, faculty development, political and structural relations within a bureaucratic organization, funding models, staffing, and other issues. The case is presented in two parts focused upon two "decision points." While the case has a difficulty level of four, five, and above (appropriate for senior, first year graduate level, and above) this is based more upon interest and understanding rather than difficulty. Since there is little use of statistical analysis the case is accessible to students at all levels. Students need to be able to apply SWOT and industry analysis. The case is designed to be best taught in two or three class hours and is expected to require one hour of outside preparation by students.

CASE SYNOPSIS

Many business students have an interest in the MBA degree, its design, and have their own opinions and preferences on both. It has been common for small and mid-sized universities to offer only a part-time evening MBA option. WKU is in a precarious position at the first decision point in this case: MBA enrollment and graduation rates are moving in the wrong direction for its only option, an evening program. Readers are allowed to innovate and be creative in considering alternative approaches to improve enrollment and graduation rates while meeting external and internal demands. Readers can employ a SWOT and an industry analysis.

WKU decided to address facts in "decision point one" by introducing four "boutique" or limited sized MBA program options. Small accelerated/full-time, online, professional, and international MBA options were created admitting only the number or students who can fit into a single room. At "decision point two" readers are asked to reconsider, improve, and make other decisions following the initial decision to move to the complex boutique approach. This requires analysis of somewhat fuzzy outcomes along with data on some key variables.

RECOMMENDATIONS FOR TEACHING APPROACHES

This case is written so that students can stop and do analysis and make recommendations at two points in time. These are labeled "Decision Point One" and "Decision Point Two". In the first decision or part students are asked to do a systematic analysis of the situation and institution and then make recommendations. The instructor will want to keep students from reading the

material in "Decision Point Two" until after the discussion of the first decision point. In the second part students have the benefit of knowing what the institution actually decided to do for the first decision, and are asked to make recommendations based upon that knowledge and additional facts they are given. Instructors could choose to focus upon only one of the decision points or parts but the shorter second part can help give closure to student discussion in the first part. Students often are very interested in what actually happened after a crisis point in a written case and this case provides such information.

Part One/Decision Point One Questions

1. One tool managers use to analyze the resources and situation is called a "SWOT Analysis." Applied to this case, the questions raised in a SWOT analyses would be these:
   a. What are the internal strengths and weaknesses of this college and MBA program?
   b. What are the key opportunities and threats in the external environment that the case presents are you suspect are in the MBA market?
2. As a result of the SWOT analysis you performed, what are your program modification recommendations if your goals are to increase the graduation rate and enrollments in classes?
3. Another common tool managers use in strategic planning is called "Industry Analysis." If this college decides to create a new MBA program or option it first needs to analyze how favorable the environment might be. A common set of questions used to determine the attractiveness of the market and the intensity of the competition applied to this case, would be:
   a. How intense is the rivalry between competitors for various MBA programs currently in the relevant market?
   b. What is the threat of the entry of new competitors in the relevant MBA market?
   c. What is the threat of a substitute for an MBA degree?
   d. What is the bargaining power of the customers for MBA degrees?
   e. What is the bargaining power of the suppliers of MBA degrees?
4. As a result of the industry analysis, how successful are your ideas to improve the current MBA program likely to be? Do some of your recommendations face a more favorable environment than others?

Part Two/Decision Point Two Questions

1. What is the best way to handle the somewhat low enrollment numbers in the online MBA program option? Should the MBA program adjust the number of classes and sections down to meet the current demand for online classes or should the program find other approaches to increase its online MBA enrollments?
2. What should the MBA program do about the failure to recruit any students for the Trilateral MBA (TMBA) program? Should it drop the program immediately to avoid future financial risk? If so, how can "international reach" be built into the MBA program and its three options so that there is an ongoing international element to the program?
3. Is the Professional MBA (PMBA) at a sustainable size at the recent average of 16 students per new 2-year cohort entering each fall? Is this the expected demand for the environment at WKU described in the case? Should "telepresence" be used to add a second site into a new cohort? Are there other approaches the program could take if the PMBA needs to grow?

Part One/Decision Point One Answers

1. The SWOT analysis is probably the single most common model used for strategic analysis and a number of explanatory resources are available (see Porter's publications under References). Some websites which add some details are listed in table 1. Useful sites for background material for the institution, and MBA programs are listed in table 2.

Teaching Table 1
HELPFUL STRATEGY WEB SOURCES
http://www.quickmba.com/strategy/porter.shtml
http://www.mindtools.com/pages/article/newTMC_08.htm
http://en.wikipedia.org/wiki/Porter_five_forces_analysis
http://www.youtube.com/watch?v=mYF2_FBCvXw - Michael Porter discusses his five-force model as part of a Harvard Business video

Teaching Table 2
USEFUL BACKGROUND SOURCES
http://www.wku.edu
http://www.wku.edu/graduate
http://www.bgky.org/
http://www.bgchamber.com/
http://www.geteducated.com/online-college-ratings-and-rankings/best-buy-lists/best-buy-online-masters-mba-aacsb
http://www.geteducated.com/online-college-ratings-and-rankings/best-buy-lists/best-buy-mba-regional.

S. Strengths (internal) of MBA program:
　　International Accreditation (AACSB) for business programs, assuring:
　　　　Qualified faculty
　　　　Solid curriculum
　　　　Adequate resources
　　Established university and college of business (100 years plus)
　　Vision – "leading university with international reach"
　　Some national recognition for sports and certain academic programs
　　Ability to charge fees to pay faculty off-load to teach in online and PMBA
　　Unique "immersion" class approach for online option students (biterm classes)
　　Relatively low tuition (for all public schools in Kentucky)
　　Support of Business, and University Advisory Board
W. Weaknesses (internal) of MBA program:
　　Interrupted offering of MBA program (years with no program)
　　Public institution with limited finances
　　Limited marketing budget
　　Perceived as a regional rather than national university
　　Inability to hire additional faculty to staff MBA expansion
　　Unique biterm class approach generally limits students to two classes
O. Opportunities (external) for MBA program:
　　National demand for the degree (MBA)

Respect for degree, including its requirement for applying for some jobs
Growing population in geographic region
Region has lower than average percentage of people with graduate degrees
Regional campus growth
Unemployment in region about 10%

T. Threats (external) for MBA program:
Many online MBA competitors
Other accelerated and/or weekend MBAs in the general region
Other degree programs
Main campus town (Bowling Green) is only a medium-sized town (50-70,000)
Economic recession
Unemployment in region about 10%

2. What are your program modification recommendations if your goals are to increase the graduation rate and enrollments in classes?

When students read the material under DECISION POINT TWO they learn that this particular college decided to split its resources based upon student type:

A. international, unemployed, future Ph.D., and continuing students became the full-time program;

B. experienced, fully-employed, regional students became the weekend PMBA program;

C. students not able and or willing to come to the main campus became the future online students.

(Trilateral/TMBA students are considered full-time students for most purposes).

However, students may have many different approaches such as involving regional campus locations, the use of technology for two-way instructional TV, restructuring meeting times to attract varying schedules, etc.

A central question is whether the goals of having more graduates and increased student credit hours (enrollment), as asked in this question, is a reasonable set of goals. Lower effort approaches such as living with lower evening enrollments and cutting back the offerings can be discussed. Is 40-50 MBA degrees awarded annually about the right number for a business school with 2,000 undergraduate majors? What role does the medium-sized town play in finding the correct enrollment targets?

3. There are many explanations of Porter's "Five Force" or Industry Analysis model (see Porter, Michael E., 1980. Competitive strategy: Techniques for analysing industries and competitors. Free Press, New York.)

Here are some of the details which might be helpful in getting a more detailed discussion.

Intensity of Rivalry Among Competitors:
Number of MBA competitors?
"Switching costs" (what it costs to leave one MBA program and start another)?
Amount of dollars spent in MBA advertising?

Threat of Entry of New Competitors:
Cost to start up a new MBA program?

Barriers to entry – accreditation, faculty, technology, brick and mortar, etc.?

Substitutes

Degrees, certifications, etc. that have a similar impact on careers and education?
Number of such substitutes available and attractiveness?
Costs of changing from or to a substitute from an MBA?
Uniqueness of the MBA?

Buyer Power

Number of customers for MBAs – and changes in these numbers?
Perceived differences between suppliers of MBA programs?
Price considerations?
Switching ease – among rivals or substitutes?

Supplier Power

Number of suppliers of MBAs?
Availability of degree in preferred format – online, time or place-bound, etc.?

Here are some comments about this specific case of WKU.

a. *How intense is the rivalry between competitors for various MBA programs currently in the relevant market?* All of these forces have to be answered within the relevant parameters of the geographic position of WKU (Bowling Green, KY). The closest universities comparable in any way to WKU are found in Nashville, TN (50 miles) and Louisville, KY (110 miles). So, rival intensity for MBA night classes in the immediate area is nonexistent.

   If students are considering a weekend or other "executive" MBA (EMBA) approach then it is possible that MBA students would be willing to drive to take Vanderbilt's EMBA program (which is nationally ranked but is very expensive). EMBA student might drive since such programs have fewer than the normal meeting requirement by definition. In this case, there is some intensity and the advertising by UofL is mentioned in the case.

   Online programs are "without walls" so University of Phoenix, and many others have large advertising budgets. So, one could argue that the rivalry is intense for online MBA students. There are many listings for online programs. "GetEducated.Com" maintains a good listing of accredited (AACSB) MBAs, and non-accredited (AACSB) MBAs, both links are listed in table 2.

b. *What is the threat of the entry of new competitors in the relevant MBA market?* While there is little threat of new entrants in the immediate area for part-time night or full-time day (face to face) a student, there seem to be few barriers to entry for a new online program. Students can discuss what employers and the general population thinks about new-entrant online programs. Since the larger schools within two hours of WKU are already rivals with PMBA and EMBA programs (UofL and Vanderbilt) there is not much threat of new competitors on that front.

c. *What is the threat of a substitute for an MBA degree?* There are lots of other degrees, both graduate and undergraduate. Some observers have said that the MBA degree was invented

so employees with other degrees, like engineering, could get a business education without getting another four-year degree. Within WKU students can pursue a graduate degree in Economics along with other master degrees in complimentary areas like Corporate Communication, Public Administration, Psychology, Sociology, and others. Certifications, job training, job experience, and continuing education units may all play some role in enhancing one's education.

d. *What is the bargaining power of the customers for MBA degrees?* These two bargaining power questions are really about who has the best leverage: the buyer or the seller (the school or the student). Since the online MBA programs have both high and low cost providers students would be correct in saying that if price is important, the applicants have leverage or bargaining power. Outside the online option, it would seem that students have fewer choices therefore less leverage or bargaining power. Buyers are weak if they have high "switching costs" (cost of changing). Most colleges will only allow a student to transfer two or three classes between MBA programs. This means that there is a "point of no return" on an MBA degree which would force as student to stay with their program once they reached that point in their coursework.

e. *What is the bargaining power of the suppliers of MBA degrees?* Suppliers (MBA programs) are weak if there are many competitors and if switching costs are low. In the online MBA market there are many competitors and switching or application costs are relatively low at least initially. There are far fewer competitors in the face-to-face MBA market in WKU's region. The supplier also has more power when there is a significant issue of differentiation. That is, one school would have more bargaining power in the market if that school was perceived at having a very different or better MBA program. If WKU enters the EMBA market, therefore, Vanderbilt will be perceived as offering a more prestigious degree and so WKU would have relatively less bargaining power in comparison.

4. As a result of the industry analysis, how successful are your ideas to improve the current MBA program likely to be? Do some of your recommendations face a more favorable environment than others?

Again, this will depend upon the ideas generated by the students to generate more graduates and student credit hours after they complete their SWOT analysis. WKU believed that the regional area was favorable for a set of small programs: PMBA and full-time. WKU also felt like it could compete with online rivals based upon its relatively low tuition but high quality (AACSB accreditation).

Part Two/Decision Point Two Answers

1. Low enrollment numbers in the online MBA program option force students to either downsize course offerings to match the actual enrollment or find ways to grow the enrollment numbers. For those who believe the demand is strong enough to keep 60 total students or so enrolled, which was the peak online enrollment in the online MBA at WKU, two basic approaches can be suggested: changes in program design and/or marketing.

Since a rival allows online MBA students to take more than 6 hours (two classes) in a single semester and that rival has increasing enrollments, the argument to make a program change allowing that is appealing. The fact that taking 9 credit-hours allows MBA students access to full-time student financial aid also appealing. The downside is any perception that the online version of the WKU MBA is a "diploma mill" degree. Faculty, MBA and other administration, alumnae, employers, and others all oppose any move that would clearly "cheapen" the quality and therefore value of the degree. So, the MBA program would need to guard its quality and the perception of quality in the public.

Another design feature is the novel approach of using all bi-term (7 week) courses. While it is popular among current online students, this is a little like asking customers eating in McDonalds if they like McDonald's food. Allowing students to take 3 (or even 4) classes in a semester may prove impossible to most students if you have multiple classes in the same biterm. However, spreading a third class over an entire normal semester may make adding a third class more doable.

One design feature found in some online courses is the addition of an optional synchronous, time-bound, element. The first question asked about an online program is whether it is, in fact, all online. One of the next questions is whether there is some requirement to "show up" and perform work synchronously with others. Online learners typically want MBA programs to be asynchronous. However, when someone is inquiring about an online program they may have their comfort level enhanced if they know they could talk to their professor "live" or synchronously. The addition of "live office hours" may provide added comfort to people who otherwise believe they could not handle online courses.

Students may well have other ways to change the design of the current online MBA.

WKU increased its online advertising when seeking to increase its online MBA enrollment in Year 12. A $7,000 investment in targeted advertising on a "leading online search engine" did not result in a single applicant. So, the solution is not found in just increasing online advertising or targeting the audience reached. At least, those solutions at that financial level did not bear results in this case. WKU also bought an enhanced presence on one or more websites that rate online MBA programs. This did bring in some applicants. WKU started to purposefully include the mention of its online option whenever it advertised any of its MBA program options.

So, students need to think of ways to improve marketing despite the mediocre outcomes discussed above. Improvement in the WKU MBA website and or special online materials just for the online audience is possible, for instance.

There certainly is a case to be made toward just paring back the course offerings to more adequately reflect current enrollments. Arguments for this rely on ease of implementation and "right-sizing;" arguments against include the inclination to grow a program option that is relatively small since a "right-sized" online program would only have 25-35 students. Arguments against cutting online offerings would also include what is perceived to be a growing appetite for online courses in the US.

2. Few MBA programs could withstand costs of $40,000 a year for failing to enroll Trilateral (international) MBA students without some large payoff. There is little payoff in this situation so most students should suggest some alternate cooperative agreements where there is little or no financial risk. It is hard to justify continuing the TMBA arrangement due to the financial loss. "International reach" can still be built into the MBA program options. Students may struggle with coming up with workable ideas on how to incorporate an international experience into the

online option. Bilateral relationships using short or even semester-long visits to universities in other nations are commonly established. Another approach would be to include an international trip in the PMBA experience, a strategy used by other institutions.

3. A Professional MBA (PMBA) with 16 new students in each new 2-year cohort is financial doable. It could be that this accurately represents the actual demand at this point in the geographical region. That number may increase once more than one group has had time to graduate and become known in the community. Sufficient fees are collected to make the program viable, in at least some form, as long as at least 12 PMBA students are in the program through the second and final year. Since there is some turnover in PMBA students, this means that 15 is the lowest target size.

Students may be fascinated by "Telepresence" and other "immersive" videoconferencing approaches made possible with recent advances in life-sized HD and related video technology. Telepresence or immersive technology can be defined by having such high quality video and audio that the receiver has the illusion that she or he is actually there at another location.   Interesting web overviews can be found at the websites listed in table 3. Application of telepresence into the educational environment should be obvious, but the relatively high costs at the current time make the best of this technology out of reach for many, if not most, colleges. However, the somewhat less elegant versions of these new products are affordable to many programs. Students may want to discuss how to maintain an excellent team-based EMBA program while bringing in a distant site through this technology.

Teaching Table 3 TELEPRESENCE OVERVIEW SITES
http://en.wikipedia.org/wiki/Telepresence
http://www.polycom.com/products/telepresence_video/telepresence_solutions/immersive-_telepresence/index.html
http://www.youtube.com/watch?v=xGNj-xnyrPA&feature=related – presents a video presentation of the technology

GOLDEN TOWERS: A FAMILY BUSINESS IN TRANSITION

Nicole Cannonier, Savannah State University
Maurice Nelson, Savannah State University

INSTRUCTOR'S NOTE

CASE DESCRIPTION

This case depicts the complexities of operating a family-owned and -operated business. It is fictional in origin and has been created to highlight the challenges of firm continuity amidst family disharmony. This case is appropriate for courses in family business, small business, and entrepreneurship.

It can be used in a family business course to demonstrate the difficulty of choosing a successor who will ensure the company's health and be an excellent steward of the family. It captures several family business concepts, some of which include succession and business planning; estate planning; family dynamics challenges; and the systems theory perspective depicting the interaction between management, ownership, and family subsystems. Also, it may be used in small business and entrepreneurship courses to discuss business continuity, creating and implementing an entrepreneur's vision, and the practice of entrepreneurship.

This is a decision-making case. Students can expect to be challenged at a level suitable for an undergraduate, senior-level course. Students should place themselves in the role of a trained family-business consultant who advises the family on decisions related to succession and family involvement in the business.

CASE SYNOPSIS

Thomas Callis Jr.'s announcement that he would step down as general manager of Golden Towers Hotel signaled the beginning of a transitioning period for the family and business. The family had gone through this process once before when Thomas Jr. succeeded his father. Thomas Sr. planned poorly for his succession. When he fell ill, Thomas Jr. struggled to take charge of the company. There was no estate plan in place, and it left the family scrambling to make legal provisions before he passed. Thomas Jr. hoped not to repeat the mistakes of his father, but he too procrastinated and found himself at the age of 65 just crafting a succession plan.

 The business thrived over 60 years and supported several generations of Callis'. Thomas Jr. had several sons working in the hotel, but favored one to take his place as general manager. Several siblings wished to be considered for the position and were less than pleased with their father's decision. The troubled relationship between some siblings began to negatively impact work at the hotel.

The would-be successor and Thomas Jr. also differed fundamentally on their vision for the hotel. A new competitor was soon to enter the market and test the hotel's ability to compete. Where Thomas Jr. wished to continue a focused approach, the named successor believed in company diversification and had several bold ideas for moving the business forward. Thomas Jr., therefore, had to be strategic in granting decision-making authority and ownership to his

son. Thomas needed to act quickly in deciding what would be best for the family and future of the hotel.

RECOMMENDATIONS FOR TEACHING

Two options are offered for using this case, but both involve allowing students to read and prepare the case ahead of time.

Option 1: As one group, have students brainstorm what they believe are the major issues of the case. The instructor can insert issues missed by students. Next, break students into as many groups as there are issues. Groups of 3-5 work well. Assign each group one or two question(s) that capture the essence of an issue. Allow each group 10-15 minute(s) to discuss its assigned issue. Bring the students together once again and have each group discuss its recommendations.

Option 2: Assign one or two students to lead the discussion of the case. Have the discussion leader engage the rest of the class by having them identify the issues of the case. The leader should also have prepared questions that are either distributed to students ahead of or during class-time. A prepared handout for classmates that highlights the case can be useful. An example would be a blank pro and con list that the leader uses to help the class choose between alternative. The instructor should monitor the discussion and intervene where key concepts are missed.

QUESTIONS

This case introduces students to a variety of family-business dynamics, and it reveals how difficult it can be to act in the interest of both family and business. The case traces two transitions of power in this third-generation family business. At each transition, students can critique the decisions of key players and make their own recommendations.

Q: As Thomas' named successor, Maury should be naturally concerned about enhancing his individual power as the new general manager (GM). What is power? Discuss what bases and sources of power he possesses or needs in the GM position.

A: Power is influence over what others think and how they behave (Davis, 2007). It is that influence that Maury needs to fulfill his vision for the company. This is especially important as his ideas for moving the business forward will need buy-in from key stakeholders – family, managers, business partners, vendors, etc. Power is critical for making and implementing decisions (Davis, 2007). The more power a leader has, the easier it is to gain agreement on firm initiatives. It also helps motivate constituents to achieve goals and objectives.

Five bases of power describe the type of influence a leader might wield within an organization – *legitimate, coercive, reward*, (power granted by the job) *expert*, and *referent* (power that resides with the individual, irrespective of position power). Maury has proven himself in the director of sales and marketing position, but he still must show competency as the new GM. Employees will compare his performance to his father (perhaps grandfather) and may question whether he is qualified for the job. The GM position immediately gives him legitimate power and the ability to give rewards and punishments. Although the position carries great power with it, it can be undermined if Maury does not possess enough ownership in the company. Maury's concern that his brothers together may have more voting power than him is legitimate. Likewise, his father retaining majority voting power limits his level of influence.

A person gains several sources of power from the *roles, resources, and relationships* that exist within and outside the family business system (Davis, 2007). The family business system has three interrelated parts of ownership, family, and management. Maury immediately falls into two sub-systems. He is a member of the family and he works within the family business. He does not yet have any ownership of the hotel, but it is his father's intention to relinquish ownership to Maury and his siblings. In the existing *role* of director of sales and marking he has the legitimate power of the position. He also has goodwill from relationships with hotel employees who respect and admire him. As the role changes to GM, the assigned power too will change. He will possess the greater level of authority ascribed to the position. At the family level, Maury is loyal to his father's vision of seeing the business pass from generation to generation, which pleases his father. His siblings may believe, however, that he has been less than a good family member. Maury will be granted at least 17% ownership of the hotel as a source of power; currently, however, he has no ownership vote. Outside the family business system, Maury has good relationships with vendors and local business owners. He would also like to grow and diversify the family business and bring in outsiders for their expertise. He can potentially develop a great deal of power through his external network.

There are several resources available to Maury within the business. He has had several years of experience working at the hotel, produced good performance results, been mentored by his father and Joe, and earned an undergraduate degree. In the family system, he has generally had the support of his father and been named by Thomas as his successor. As the case concludes, it is Thomas' intention to distribute ownership of the company. Ownership is a resource, as it provides voting rights in the firm and is a dividend bearing asset. If Maury eventually gains majority voting rights, that too would add to his resource portfolio. Maury lacks professional experience outside of the family system, which can be a disadvantage; however, he is open to adding professionals who can add a fresh and informed perspective.

There is considerable power to be harnessed through work, family, and social relationships. Within the business system, Maury enjoys a close father-boss relationship but has difficult work relationships with some siblings. On a personal level, his sibling relationships are further strained by this period of transition. Maury's relationship with his sister is the healthiest of the siblings, but it may not be a source of power for him. Cleopatra tends to be balanced in her assessment of family dynamics and is likely to place blame where it belongs. Maury may also be able to harness power through his social connections in the community and industry.

Overall, Maury appears to have greater power (base and source) than his siblings. If Thomas Jr. delays the transition of ownership or remains overly active in the hotel's day-to-operations, Maury's power could be diminished. Alternatively, Thomas Jr. could give Maury majority ownership in the company, move into an advisory role within the company, and allow Maury the control he needs to lead.

Q: How can Cleopatra be useful to her family in the succession process?

A: Cleopatra is the youngest of the siblings and the only girl. She also chose to work outside the family business. Her power in the negotiation process is that she has the ear of her father. Thomas Jr. has a tremendous respect for her ability to maneuver family dynamics. Cleopatra reminds Thomas of his wife, who excelled at managing the emotions of the family. Cleopatra also appears logical and rational in her assessment of what needs to be done to mend the family and strengthen the business. The spouse of the CEO/owner traditionally fills the role of

coarchitect in succession planning; however, Cleopatra seems well prepared to fill the role. She can be a strategic partner in managing the family system during the transition process. She is an excellent communicator, her siblings do not see her as a threat, and she is committed to both family and the business.

Q: Why is it important that a new successor be allowed to craft and take ownership of his/her vision for a family firm?

A: A parental shadow that remains after the founder/parent has left the business can deprive the next generation of the opportunity to shape the family business. The business will continue as an extension of its former self under such a conservative approach (Steiner, Miller, Le-Breton-Miller, 2003). For next-generation successors to become committed to the continuity of the family firm, it helps that the vision being executed has, in part, been shaped by them. This also creates a tangible legacy that new successors can attribute to their efforts. Each successor, therefore, should have leeway to create a vision for the family firm – one that reflects the core values that have served the firm well historically and adapts business strategy to evolving competitive conditions.

Q: What is succession planning? What is the role of an incumbent CEO or General Manager in the succession planning process?

A: Succession planning is a future-focused initiative undertaken by the ownership and management of a firm to develop next-generation family members or non-family members to assume key leadership roles within the family business. It also involves financial planning to transfer wealth and ownership authority from one generation to the next (Francis, 1993). The result of the planning process is a plan that guides ownership, management, and family systems through the transition.

  Traditionally, it has been the role of the founder or owner to initiate and plan an orderly transfer of power (Handler, 1992). Poza and Daugherty (2014, p. 166) refer to the person leading the process as the architect of succession and continuity. The architect creates a vision and enlists persons with the requisite expertise to make it a reality. The vision encompasses what the company has been and what it hopes to be in the future. In the case of the Callis family, Thomas Sr. and Thomas Jr., as owners of the hotel, were responsible for the succession plan.

  It is strongly recommended that members of the next generation be involved in the succession planning process. In both transitions the children were involved to some extent, but not enough. When selecting next-generation business leaders, attention should be given to the future needs of the company, rather than replicating what are already the strengths of the management team (Glynn, 2012). This is an important consideration given the dilemma posed by the new B&B presented at the end of the case. Thomas Jr. has a plan for managing the dilemma, but he is stepping away from the GM position. Maury has a different plan, but it involves greater risk and potential returns than Thomas'. The architect should put the needs of the family and business ahead of his/her ego and need to remain in control.

  Three levels of family business succession planning are relevant to the case. The first level is management. Being a member of management does not equal being an owner of the family business. As such, the architect should carefully decide which family members will be owners, managers, or both. How much ownership to distribute is a strategic choice. Managers

who are owners have greater authority than those who only work within the firm. Ownership is the second level of succession planning. Granting each child ownership of the business is not necessary when there are other assets to transfer. In Thomas Jr.'s case, he has fixed and liquid assets that could provide an inheritance to his children.

Thomas should decide whether he intends to receive continued economic benefit from the business when the transfer takes place and whether he will retain controlling interest of the company. The second of these is concerning to Thomas, as he wishes to retain majority, decision-making authority for some time after Maury assumes the GM role. The last level is transfer tax. This level looks at the effect of estate taxes. Paying minimum estate taxes will often compromise the business from a strategic perspective (Francis, 1993). There must also be sufficient liquid assets on hand to pay estate taxes when company ownership is transferred.

Q: Describe the qualities Maury possess or lacks that influence his ability to be an effective successor?

A: Of his sons, Maury is best positioned to take Thomas' place as general manager. His years in the company and exposure to its various facets gives him a wider variety of experiences compared to his siblings. He also has benefited from his father's close mentorship, where his brothers have not. Poza and Daugherty's (2014, pp. 142-143) systematic review of succession experiences in family firms reveals several components of success. The first is the willingness of the successor to assume the role and take on its responsibility. Maury sees the family firm as an extension of his identify and is willing to sacrifice for its success. This is demonstrated by his performance thus far. Although Thomas has not established a multi-year succession plan, Maury has been mentored and groomed for top leadership within the company. He has also earned an undergraduate degree. It is not focused on hotel management, but he could gain that targeted knowledge through programs in small business or family business management.

Thomas could have done more to challenge Maury in other areas of company management. Important outcomes to measure would include output, profit, cost savings, etc. This variety would have helped Maury build his toolkit of skills. He could better understand the roles his siblings play in the business, if he spent time working in their areas.

Maury struggles with poor interpersonal skills. His brothers feel he acts entitled and belittles them. This has caused his siblings to be less than enthusiastic about his role as GM. Respect and regard are important aspects of a leader's ability to have influence over others. Maury needs to earn the respect of his siblings. He should also work to win over those within the company who may have watched the deteriorating relationship between the brothers and sided against Maury. A strengthened relationship with the brothers could make them useful allies.

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ENCOMPASS SOFTWARE: MANAGING ENTREPRENEURIAL GROWTH

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INSTRUCTOR'S NOTES

CASE DESCRIPTION

*The primary subject matter of this case concerns **Entrepreneurship, Entrepreneurial Marketing, and aspects of New Product Development and Marketing Planning in an entrepreneurial context.** This case addresses key issues faced by entrepreneurs when transitioning startups into successful long-term ventures. Specifically, the case explores the key tasks to be undertaken in a business (a technology firm focused on the development and commercialization of software with utility in scheduling patients in a healthcare setting) and encourages students to consider the priorities needed for continued success. The case has a difficulty level of three, appropriate for junior level courses in entrepreneurship and marketing. The case is designed to be taught in a 75-minute class period and is expected to require up to 2 hours of outside preparation by students.*

CASE SYNOPSIS

The case is written from the perspective of the protagonist, the CEO of Encompass Software, a startup company dedicated to the development and commercialization of software with utility in scheduling patients in a healthcare setting. The CEO has a challenge, one critical to the company's continued growth.

In this case, the CEO faces the dilemma of how to best position the company and its product offerings for continued success in an increasingly competitive environment.

[NOTE: This case is a fictionalized account of a real-life situation. Names and other identifying information have been changed. However, the relevant facts and situations are true to the real case. Additionally, the actual dates and timeframes of the industry statistics presented have been adjusted for the purpose of this case.]

SUGGESTED TEACHING APPROACH

The case may be used to explore several key issues in Entrepreneurship, Entrepreneurial Marketing, New Product Development and Marketing Planning (particularly how product-based startup entities might approach the risks of growth) in an entrepreneurial context. Thus, the instructor can exercise considerable discretion in emphasizing areas of particular interest and relevance to the class. The instructor notes identify those highly relevant topics based on the facts of the case and the opinions of the authors. The case can be used in a variety of

undergraduate courses: Introduction to Entrepreneurship, New Venture Creation & Planning, Managing Entrepreneurial Growth, and Entrepreneurial Marketing. Throughout these notes, we provide references serving as reading supplements designed to help students better prepare for class discussions.

Case Goals and Learning Objectives

By researching the issues presented in this case, students will:

1. Learn to apply critical thinking skills to solving issues that arise in an entrepreneurial context, particularly relating to managing entrepreneurial growth.
2. Learn the significance of establishing and implementing effective marketing strategies for an early stage enterprise.
3. Appreciate the importance of strategic market analysis in a fast growing, entrepreneurial enterprise, including (but not limited to), external and customer analysis, competitor analysis, market analysis, environmental analysis and strategic uncertainty, internal analysis, obtaining a sustainable competitive advantage, differentiation strategies, growth strategies and diversification.
4. Appreciate the importance of the product life cycle and how early stage companies must recognize the potential transitions associated with changes in the marketing situation, thus impacting product and marketing strategy and the marketing mix.
5. Understand the concept of strategic marketing planning/product marketing strategy and how it may be used to identify opportunities to increase revenue for a growing entrepreneurial business.
6. For more advanced classes in both Entrepreneurship and Marketing and depending upon the instructor's particular interests, the case can be used to explore how marketing can be made more appropriate in an entrepreneurial context and specifically, to examine ways in which entrepreneurial marketing differs from traditional marketing theory.

Assignment/Discussion Questions

As CEO of Encompass Software, consider and answer the following general questions:

1. Review the facts of the case and identify the primary issues faced by Encompass CEO, Jane Haywood.
2. For each issue, list, research, and describe the alternative courses of action that may be taken, and determine the likely consequences of each proposed action for you as the CEO.
3. Based on the above, what are your priorities and what are the specifics as regards to how you will move forward?

As CEO of Encompass Software, consider and answer the following specific questions:

1. Evaluate Encompass' marketing efforts as described in the case. Do you agree with the approaches taken by the company?
2. How would you answer Haywood's questions: "Can we have sustained success as a

one-product company?" "If not, what additional products should we offer and what criteria should be used to prioritize resources?" "What can we do to make sure our customers continue to do business with us?"

3. Do you agree with the decisions ultimately made by Haywood?

In the first instance, students may be directed towards appraising the performance of Encompass to date based upon the facts of the case and the data presented. Students should readily appreciate that Jane Haywood and the Encompass management team have moved beyond the new venture creation/startup stage and have developed a successful entrepreneurial enterprise serving a previously unmet need in the healthcare sector for significantly more effective and efficient patient scheduling. In just three years, Encompass has achieved both impressive revenue growth ($3.2MM) and profitability (20%). The company's roster of clients has risen to 30 healthcare facilities, and customers seem satisfied with the product and customer service package that the company offers, although feedback from customers (following initial experience with the product) has suggested areas for possible improvement. Moreover, as time has passed and SchedEaze has gained wider acceptance amongst key customers and accounts, the company itself has gained insights and experience relating to the consumer buying process, particularly how the purchase decision is made and post-purchase behavior (see also below).

A key question asked by Jane Haywood concerns the viability of Encompass as a one-product company, particularly in light of emerging competitive pressures from other vendors offering related technologies to potential healthcare customers. Students should appreciate the issue Encompass faces is far from unique in new ventures. Largely because of financial constraints, startup companies rarely have the resources to develop and commercialize multiple products at one time.

However, attractive market opportunities exist for businesses that are "first to market," and unless there are robust barriers to entry, competitive activity should be anticipated. Meanwhile, products are rarely "static" in the marketplace, the dynamics of which also change, and students should understand that products transition through various product life cycles. The instructor may wish to introduce the concept of the product life cycle as articulated by Vernon (1966) and challenge students to describe where in the product life cycle SchedEaze is at the time of the case. Related concepts, particularly diffusion of innovations (Rogers, 2010), may also be discussed in the context of SchedEaze, relating this typology of customer adoption to the Encompass patient scheduling software solution and the implications for product-market growth planning considerations (see also below).

Implications of Buyer Behavior and Buyer's Remorse

The instructor should reinforce that thorough analysis of the market must be a prerequisite for arriving at appropriate and actionable product market strategies. Apparently, the management team at Encompass is well equipped to undertake this, but customer feedback is also of paramount importance. Encompass has been operating in the healthcare/patient scheduling software space for some three years to date and insights from key accounts and purchasing decision makers will be crucial to formulating product-market strategy going forward and addressing the questions Jane Haywood asks to herself.

At this point, the instructor might like to reinforce an understanding of the 5-stage buying process as a model that is necessary for any organization making marketing decisions (Webster and Wind, 1972; Sheth, 1973; Sheth et al., 1999). The model implies that customers/consumers

pass through all stages in every purchase (although in more routine purchases, customers often skip or reverse some of the stages). The facts of the case do not lend themselves to an appreciation of whether Encompass considered all components of the model or are now simply confronted with issues relating to post-purchase evaluation by users of the SchedEaze system. However, the latter is certainly an issue meriting Encompass consideration. An interesting digression is for the instructor may be to introduce the concept of cognitive dissonance (Festinger 1962). The most common example of cognitive dissonance in the business world is the occurrence of "buyer's remorse." This happens when a consumer makes a decision to purchase an item and, shortly after, experiences guilt over the choice, wondering if another equally appealing product or service might have brought greater satisfaction. Given that in the case of SchedEaze, competition is increasing in the form of alternative patient scheduling software solutions, it is possible that customers may review competitor offerings or even switch to these, should they perceive a compelling reason to do so. The instructor may emphasize that it is the job of the marketing team at Encompass to influence customers by reinforcing that the product satisfies and will continue to meet their organizations' patient scheduling needs.

The importance of encouraging the client that he or she has made the right purchasing decision is also significant for the Encompass team to embrace as regards to formulating product-market strategy. Thus, Haywood should actively seek out feedback from the company's existing customer base. The case describes areas of both positive and "negative" feedback from SchedEaze users that students should be encouraged to assimilate into their decision regarding product-market strategy. The instructor can discuss what these formalized mechanisms for feedback might comprise: For example, Encompass developed a customer survey process where, at least quarterly, the company sent customers electronic survey materials for completion. These were input into the Encompass Customer Relationship Management (CRM) system and results reviewed and analyzed. Increasingly, CRM's are a vital tool for managing a company's interaction with current and potential future customers. The instructor can discuss the nature of CRM systems that compile information from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials, social media and more (Shaw, 1991). Through the CRM approach and the systems used to facilitate CRM, businesses are able to learn more about their target audiences and how best to cater to their specific needs. In summary, information gleaned from the use of effective CRM systems can be vital to early stage companies contemplating alternative growth strategies.

In reality, the Encompass CRM provided the company with "alerts" regarding overall or individual customer problem trends so that these could be addressed as needed. The company also utilized individual user feedback sessions at annual User Group meetings, where customers spent time with key company personnel and other users discussing product functionality and customer service. The company used these sessions to gain useful feedback on the use of SchedEaze and how to best improve the product. Encompass also ensured that customers were visited several times each year to review the system use and to identify potential areas for improvement. Finally, analyst groups routinely monitor the healthcare software industry (as they do in other industry sectors), and these groups are able to provide detailed customer feedback as well as competitor information and data.

Product-Market Growth Considerations

At this point, the instructor may introduce students to a widely used strategic planning tool that provides a framework to help executives and marketers devise strategies for future

growth. Since it was first introduced in the 1950's, the Ansoff Product-Market Growth Matrix (Table 1 Ansoff, 1957) is a widely used tool for marketers to evaluate ways to grow their business via existing and new products and markets. In particular, the matrix illustrates that the element of risk increases as strategy moves away from known quantities – the existing product and the current market. Thus, Product Development (requiring, in effect, a new product that is substantially modified or improved) and Market Expansion (a new market) typically involve greater risk to the organization than "Penetration" (existing product and existing market); while Diversification (new product and new market) generally carries the greatest risk of all. The instructor can use class discussion to contemplate Encompass available options relating to the alternatives defined by the Product/Market Ansoff Matrix viz., market penetration, market development, product development and diversification. Students should be asked to prioritize Encompass actions on these strategic alternatives and contemplate how Jane Haywood might execute on these.

Of particular relevance to the present case study is Ansoff's seminal perspective that firms wishing to diversify have to make choices between product and market diversification (or a combination) (Ansoff, 1957). The product–market matrix provides managers with four strategic diversification options. First, managers can choose to diversify their product line extension while maintaining their current market focus (i.e., sell new products/services to existing customers). Second, managers can maintain their current product line but expand their markets (i.e., sell current products to new customers, by expanding either geographically or to a different client set). Third, managers can choose to keep both their current product and market mix. The final choice is to expand both the product line and markets.

Table 1 Ansoff Product-Market Matrix (Ansoff, 1957)

	EXISTING PRODUCTS	NEW PRODUCTS
EXISTING MARKETS	Market Penetration – sell more of the same to the same market	Product Development - sell a new product into the same target group
NEW MARKETS	Market Development - Sell your existing product into a new market	Diversification - Produce and sell a new product into a new market

Application of Ansoff Matrix to Encompass Product-Market Decisions

Encompass Market Penetration Considerations

A market penetration strategy usually considers products that are currently offered by the firm and that are also directed at an existing market. Utilizing this strategy, there can be further exploitation of products without necessarily changing the product (itself) or the outlook of the product. This process may be possible through the use of different promotional methods, varying

pricing policies that may attract more clientele, or efforts to make distribution more extensive.

In market penetration, the risk is usually the least since the product(s) are already familiar to the consumers and the traditional market is familiar to the firm. Another way in which market penetration can be increased is by utilizing various initiatives that might encourage increased usage of the product. Students will likely be familiar with examples experienced in everyday life (e.g. coupons and related promotion tactics) that encourage market penetration.

In the present case, Encompass considered how to best position SchedEaze for continued growth within the industry. The company reviewed data from the VHA Study that indicated a significant number of healthcare organizations (39%) had still not implemented enterprise scheduling, and concluded there was scope for further revenue growth in the current market. The company, therefore, prioritized marketing activities to maximize success with current customers and to consolidate its market position to other "like" healthcare facilities. Encompass used actual improvement results from current customers, of which a number were "top 100" healthcare facilities. Because of the positive reputation of these customers, the company was able to leverage client testimonials and results (through "white papers") combined with target focused marketing to gain increased market awareness, which led to an increased customer base.

Notably, the Company also rolled out a "subscription-based" pricing option instead of its traditional license fee-based model. With the subscription model, customers paid a small upfront installation and training fee and then a monthly fee based on the use of the system. The advantage of this option for the client was that it significantly reduced the upfront investment costs of SchedEaze by spreading out payments. Encompass benefitted from the development of a continuing, likely revenue source. Additional promotional strategies leveraged a well-conceived strategic marketing plan to increase both product and company awareness in an increasingly competitive market (examples included 3-dimensional direct mail pieces and advertising in major healthcare trade publications).

Depending upon the focus of the class and the instructor's interests, these activities indicate a shift from an entrepreneurial marketing orientation to a more traditional marketing approach as the start-up enterprise evolves and grows (see also below).

Encompass Product Development Considerations

In adopting a product development strategy, new products are introduced into existing markets. Product development can differ from the introduction of a new product in an existing market, or it can involve the modification of an existing product. By modifying the product, one might change its outlook or presentation (e.g. packaging), or increase the product's performance or quality. By doing so, it can appeal more to the already existing market. Students will be familiar with iconic companies such as Apple and Gillette who consistently utilize effective product development strategies to influence product life cycles via incremental innovations.

Encompass focused much of its research and development resources on this strategy, believing it could increase revenue by selling new, complementary products to existing customers. The Company felt a particular strength of this approach was it could sell at a higher close rate and lower cost to existing clients. Encompass, therefore, assessed customer feedback to develop three new products, Encompass ID, Medical Necessity, and its Call-Back Reminder system. These products worked in conjunction with SchedEaze and are described in these notes. The instructor may wish to use this implemented strategy to lead a class discussion as to the merits of such new product offerings.

Encompass Market Development Considerations

The third available product-market strategy according to Ansoff's rubric is market development. In this approach, the business sells its existing products to new markets. This strategy can be made possible through further market segmentation to aid in identifying a new client base. Market development assumes that the current markets have been fully exploited; thus there is a need to venture into new markets. There are various possible approaches to executing market development, which include: new geographical markets, new distribution channels, new product packaging, and different pricing policies. In new geographic markets, the business can expand by selling their products to other (new) countries/overseas markets. It may also mean setting up other "branches" of the firm in new territories. The instructor might use the example of franchises and discuss how various companies have adopted this (franchise) model as a way of establishing a presence in new markets. From the perspective of Encompass, the company believed that it had an opportunity to increase revenue by selling to a "down market" or smaller, typically non-traditional Encompass customers. Although part of the overall hospital market and representing over half of the total hospitals in the US, Encompass had previously focused on larger, better-funded facilities and had thus ignored this market. Encompass identified new potential customers (under 100-bed institutions) that were generally in rural locations and had limited budgets (for technology solutions) and "lesser" product functionality needs. From the case, students might note that fully 51% of hospitals were in this new potential market category.

Thus, and with the addition of new SchedEaze product features, Encompass decided to rebrand its current version of the software (without new product features) as a product designed specifically for smaller healthcare facilities. Pricing was also adjusted (reduced) for this product, from an average of $350,000 per sale to around $100,000.

Encompass Diversification Considerations

The fourth product-market strategy to consider is diversification. This growth strategy involves an organization marketing or selling new products to new markets at the same time. It is accepted to be the riskiest strategy among the others as it involves two unknowns, new products being created and the fact that the business may not be fully cognizant of development problems that may occur in the process. There is also the fact that there is a new market being targeted, with unknown characteristics. For a firm to take the step to diversify, they need to appreciate what might be gained versus the risks involved.

At Encompass, much time was spent amongst the management team assessing this option. The instructor might raise a discussion regarding what could comprise both new products and new markets for Encompass as a viable diversification strategy.

The Company considered taking its scheduling expertise into other markets such as physician office scheduling, veterinary medicine appointments, as well as into non-healthcare markets, including equipment maintenance scheduling. Although the Company felt the opportunities in other markets were large, it ultimately decided not to pursue these possibilities due to the Company's limited resources (at the time) and because of management's lack of expertise in these industries.

Entrepreneurial Marketing vs. Traditional Marketing

For more advanced classes, the case represents an ideal vehicle for discussing critical differences between traditional marketing and entrepreneurial marketing as summarized in Table 2 and amplified in Table 3 (below).

Table 2 Entrepreneurial Marketing Compared to Traditional Marketing Concepts (Stokes, 2000)

Marketing Principles	TRADITIONAL MARKETING	ENTREPRENEURIAL MARKETING
Concept	Customer-orientated: Market-driven, product development follows	Innovation-oriented: Idea-driven, intuitive assessment of market needs
Strategy	Top-down segmentation, targeting, and positioning.	Bottom-up targeting of customers and other influence groups
Methods	The marketing mix Four/Seven P's	Interactive marketing methods Word-of-mouth marketing
Market Intelligence	Formalized research and intelligence systems	Informal networking and information gathering

Information relating to the scope of Encompass marketing efforts is limited in the case, although this may lend itself to a discussion of the differences between entrepreneurial marketing approaches compared to traditional marketing concepts (as presented in standard textbooks e.g. Kotler, 1988). Entrepreneurial marketing is focused on innovations and the development of ideas in line with an intuitive understanding of market needs. In contrast, traditional marketing assumes that a thorough assessment of customer needs precedes product or service development. Entrepreneurs target customers through a bottom-up approach to the marketplace, not the top-down segmentation, targeting and positioning processes typically associated with traditional marketing. As appears to relevant to the instant case, entrepreneurial marketers have a preference for interactive marketing methods, working closely with existing customers and relying on word-of-mouth communications to find new ones. Thus entrepreneurial marketing is characterized by informal information gathering through networks of personal contacts, rather than the systematic market intelligence gathering advocated in traditional marketing approaches and texts. Entrepreneurs collect information through informal networking rather than formalized data systems. These processes play to entrepreneurial strengths and represent marketing that is more appropriate in entrepreneurial contexts, rather than marketing, which is second best due to resource limitations (Stokes, 2000).

Table 3 below summarizes several of these fundamental differences, suggesting that an entrepreneurial marketing approach requires changes not only in behavior but also in the underlying attitudes held by those responsible for marketing activities. Engaging in actions that are innovative, entail risks, or are more proactive implies that managers understand and have a positive affect/bias towards such normative behavior. They must develop skill sets to support these activities. Thus, entrepreneurial marketing is more than simply an examination of the role of marketing in entrepreneurship or the role of entrepreneurship in marketing. It entails a shift from the use of the word "entrepreneurial" as an adjective to entrepreneurial marketing as a central concept that integrates the two disciplines of marketing and entrepreneurship. It represents an alternative approach to marketing under certain conditions (Morris et al., 2002).

Table 3 Applying Entrepreneurial Marketing at Three Different Levels (Morris et al., 2002)

	Traditional Marketing	Entrepreneurial Marketing
Basic Premise	Facilitation of transactions and market control	Sustainable competitive advantage through value-creating innovation
Orientation	Marketing as objective, dispassionate science	Central role of passion, zeal, persistence, and creativity in marketing
Context	Established relatively stable markets	Envisioned, emerging, and fragmented markets with high levels of turbulence
Marketer's role	Coordinator of marketing mix; builder of the brand	Internal and external change agent, creator of the category
Market approach	Reactive and adaptive approach to current market situation with incremental innovation	Proactive approach, leading the customer with dynamic innovation
Customer needs	Articulated, assumed, expressed by customers through survey research	Unarticulated, discovered, identified through lead users
Risk perspective	Risk minimization in marketing actions	Marketing as vehicle for calculated risk-taking, emphasis on finding ways to mitigate, stage or share risks
Resource management	Efficient use of existing resources, scarcity mentality	Leveraging, creative use of the resources of others; doing more with less; actions are not constrained by resources currently controlled
New product/service development	Marketing support new product/service development activities of Research and Development and other technical depts.	Marketing is the home of innovation; the customer is co-active producer.
Customer's role	External source of intelligence and feedback	An active participant in firm's marketing decision process, defining product, price, distribution and communications approaches.

The Decision

In summary, Haywood and her team concluded that to achieve continued success, they must expand their portfolio beyond the company's sole offering of SchedEaze to include additional products designed to solve other pressing customer needs. Additionally, they decided to reposition the Company's current product (without increased functionality or the additional products) to serve a previously untargeted sector of the healthcare industry, smaller hospitals, and to revise its pricing strategies.

Haywood's team reflected upon previous conversations relating to issues that often negatively impact a hospital's ability to service customers. They then devised a development plan to solve these problems by extending the company's' product line beyond scheduling.

Encompass considered how to best position SchedEaze for continued growth within the industry. The company reviewed data from the VHA Study that indicated a significant number of healthcare organizations (39%) had still not implemented enterprise scheduling, and concluded there was scope for further revenue growth in the current market. The company,

therefore, prioritized marketing activities to maximize success with current customers and to consolidate its market position to other "like" healthcare facilities. Encompass used actual improvement results from current clients, of which a number were "top 100" healthcare facilities. Because of the positive reputation of these customers, the company was able to leverage client testimonials and results (through "white papers") combined with target focused marketing to gain increased market awareness, which led to an increased customer base.

The functionality of SchedEaze was also increased, so that it served as an access point, or overlay, through which all other administrative functions (such as patient demographics checking, insurance verification, and patient reminders) were seamlessly and efficiently coordinated. Haywood believed that by using SchedEaze in this way, the company's platform would become a necessary hospital component for enhancing the physician healthcare interaction experience.

In addition to its primary scheduling software SchedEaze, the Company decided to develop and market, three other products to expand the functionality of Encompass offerings to customers. These products, "SchedEaze ID", "Medical Necessity", and "Call-Back Reminder" performed tasks instantly coordinated at the point of scheduling. Haywood believed that this would result in a seamless and effortless flow of patient service throughout healthcare organizations: SchedEaze ID automatically verified the demographic information provided by a patient. The system checked and automatically corrected a patient's first and last name, her or his date of birth, and the patient's current billing address. The benefits of Encompass ID were a reduction in returned patient bills and improved revenue collection.

The SchedEaze Medical Necessity module verified insurance patient information before scheduled procedures to ensure the insurance company would cover the appointment. This module enhanced Encompass by greatly reducing the risk of denied and improperly submitted claims, thereby increasing profitability and efficiency. By automatically verifying compliance for insurance, financial responsibility was properly identified in advance of resource expenditures.

Also, the SchedEaze Call-Back Reminder system used interactive voice technology to automatically trigger appointment reminders for patients. Call-Back Reminder places automated callbacks to patients, enabling confirmation, re-scheduling or appointments, or cancellation – quickly and easily with the touch of a telephone keypad. The benefits of the Call-Back Reminder system to customers were significantly reduced same day cancellations and no-shows.

Haywood and her team also decided to rebrand the current system (without new product features) to "SchedEaze Lite" and market it to smaller healthcare facilities. Pricing was adjusted (reduced) for this product, from an average of $350,000 per sale to around $100,000.

Notably, the Company rolled out a "subscription-based" pricing option instead of its traditional license fee-based model. With the subscription model whereby customers paid a small upfront installation and training fee and then a monthly fee based on the use of the system. The advantage of this option to the client was that it significantly reduced the upfront investment costs of SchedEaze by spreading out payments. Encompass benefitted as a result of the development of a continuing and predictable revenue stream. Additional promotional strategies leveraged a well-conceived strategic marketing plan to increase both product and company awareness in an increasingly competitive market (examples included 3-dimensional direct mail pieces and advertising in major healthcare trade publications).

Finally, the Company considered taking its scheduling expertise into other markets such as physician office scheduling, veterinary medicine appointments, as well as into non-healthcare markets, including equipment maintenance scheduling. Although the Company felt the

opportunities in other markets were large, it ultimately decided not to pursue these possibilities due to the Company's limited resources (at the time) and because of management's lack of expertise in these industries.

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DOWN AND OUT: FACULTY DOWN-SIZING AT CU

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INSTRUCTORS' NOTES

CASE DESCRIPTION

The primary subject matter of this case concerns higher education leadership and handling personnel (particularly faculty) expenses during challenging financial times. Secondary issues examined include HR (Downsizing), organizational culture, Business Ethics, Change Management, and finance. The case has a difficulty level of six, appropriate for second year graduate level. The case is designed to be taught in two (2) class hours and is expected to require two (2) hours of outside preparation by students.

CASE SYNOPSIS

CU ("Case" University) provides an interesting example of higher education leadership and handling personnel (particularly faculty) expenses during challenging financial times. This case will explore the history of CU; the context of the financial challenges; the leadership actions taken toward faculty, particularly the faculty in the College of Business (COB); and ramifications for organizational culture and possible lessons learned for corporate (organizational) governance. We will focus on the events of the 2008-2009 school year in particular since this time frame provided the context for the down-sizing actions covered by this case. Hopefully the example and lessons learned can be applied widely to other institutions as a case study of what not to do in handling the down-sizing that can result from a financial crisis.

ASSIGNMENT QUESTIONS

HR (Downsizing): Review material and/or carry out research about best practices in down-sizing. Compare and contrast with CU's approach at the top level (Provost); at the departmental level (COB).

Business Ethics: Point out any potential ethical issues from the case. Why did they occur and what could have been done differently?

Change Management: Review best practices in change management (i.e. Kotter, *Leading Change*). Compare and contrast with CU's approach.

Organizational Culture: Describe the culture at CU and particularly COB. Analyze the actions of CU leaders (at Provost and COB levels) and how actions helped or hurt culture. What could they have done differently?

Finance: What could CU have done from a finance viewpoint to manage their challenges? Make recommendations for what they could have done to be better prepared to meet the challenges that occurred. What could they have done in the short run? ... Long run?

TEACHING NOTES

HR (Downsizing): It was reported that CU cut faculty by 10% overall in the 2008 academic year, whereas five other local universities used other means to control costs: All the others cut operation budgets. They limited new hires and reduced raise amounts as a way of working with faculty but none of the schools chose to dismiss large numbers (or any number) of faculty like CU. Also note that CU may have wanted to remove "dead wood" faculty since the school was moving in a different direction and saw these financial issues as an opportunity to do so. But the faculty who were let go seemed to be the opposite of "dead wood." Help students understand how and why organizations let certain people go and not others.

Business Ethics: Point out the business ethics issues: inconsistent forming and application of policy (having no policy in place to guide evaluation process) and how evaluations in COB were handled and how COB Dean was selected. Discuss lack of openness about how decisions were made. Help students understand how these issues should have been handled.

Change Management: Review Kotter's material (from *Leading Change*) or some other article on effective change management. Note that there seemed to be some positive change management steps when the new President came on board. Point out example(s) from the case and how they compared or contrasted with best practice steps.

Organizational Culture: Have students describe the culture as the new President was coming on board. ... during the down-sizing ... afterwards (i.e. use COB as an example). Discuss the issue of how seemingly incompetent people do well in organizations and why high performers sometimes appear as a threat to organizations. ... and how managing the political landscape sometimes seems more important than focusing on productivity. Both are pertinent but what does it do to culture when performers are let go? Use the COB aspects of the case as examples.

Currently, only four faculty are left in COB from 2008. The Dean who was appointed at that time has left to take a teaching position at another university. The new Dean seems like a solid hire with extensive research experience. The Center for Ethics is doing well and the Business School continues to offer programs at the undergraduate and graduate levels. Their moral focus seems to be weakened but is still present. The school has obtained funding to be names and branded.

The Provost left CU abruptly a year after the events described in this case and was replaced by an individual who seemed to recreate some of the positive faculty culture at CU. So, it was wondered if the Provost was brought in just to downsize ... there are no clear indicators either way.

Finance: CU seems to be holding their own financially. Time will tell but they seem to have enough Board and other support to remain solvent.