Memorandum

To: Ielleen Miller
From: Harm-Jan Steenhuis
Date: 6/29/2010
Re: Capstone assessment

During Spring 2010, four sections of MGMT-490 were taught. Each of these sections had a different instructor. Attached please find the four reports which are in response to your request (February 2nd, 2010) for an assessment of senior capstones.
GECC Assessment of Capstone Projects

Goal 3: For students to synthesize program specific knowledge, methods and skills. Please assess the following objective:

- Prepare a capstone project (in groups or individually) that showcases disciplinary knowledge, methods, and skills.

Submitted by: Bruce T. Teague, Ph.D.
Department: Management
College: College of Business & Public Administration
Term: Spring 2010

Course Name & Number:
- Sr. Capstone: Admin Policies—11920-MGMT 490-02

Rubric:
- Electronic version of report: Attached separately as a PDF File.
- Paper version of report: Attached as appendix.

Description of Project:

All students completed the Capstone simulation produced by CapSim. Students formed six teams (of 3-6 students). The Capstone simulation allows teams of students to run simulated organizations that compete in the electronic sensor manufacturing industry. The industry runs for 8 rounds (equating to 8 simulated years of operation). Each team must make decisions related to:

- Competitive strategy
- Research and development
- Marketing
- Production
- Finance
- Human Resources
- Total Quality Management

In this way, students are provided with a practical test of the degree to which they understand and can apply the common core of the business curriculum. In other words, the simulation provides an opportunity to “showcases disciplinary knowledge, methods, and skills.”
Summary of the Results:
- Detailed measures for each level of performance by category provided in actual rubric (provided).
- Number represents number of teams (out of 6) earning that performance level for the category.

<table>
<thead>
<tr>
<th>Performance Category</th>
<th>Excellent</th>
<th>Satisfactory</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Sales</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Turnover</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Emergency Loan</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Company Contribution Margin</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Market Share</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Stock Price</td>
<td>2</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Bond Rating</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Inventory</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Improvement</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Purchases</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to Current Assets</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Capacity vs. Production</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Automation in Traditional Segment</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Automation in Low End Segment</td>
<td>3</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Automation in High Tech Segment</td>
<td>4</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Plant Utilization</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Product Count</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Stock outs</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Big inventories</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Average Product Contribution Margin</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Product December Survey Score</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Product Accessibility</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Actual vs. Potential Demand</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Perceptual Map (i.e., product design)</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

** Blue  =  Area of strong performance.  
** Yellow  =  Area of concern.  
** Clear  =  Neither strength nor immediate concern—continue to monitor.
Interpretation of Results and Suggested Changes:

Overall, I was generally pleased with course performance on the company excellence rubrics. Students appear to be coming through our program with a strong awareness of the need to adequately finance business operations. Additionally, inventory management and production planning were generally student strengths. Finally, efficient plant utilization was a consistent strength across student teams. Overall, I would view this pattern of results as indicative that students are doing a particularly good job when it comes to applying material from the required operations management course (OPSM330).

In terms of areas for concern, I would interpret the results as follows: 1) Our students need to better attend to liquidity issues within organizations; 2) Indicators of overall company earning efficiency are concerning; 3) I believe these organizational level earning efficiency issues are directly attributable to poor understanding of company and product contribution margins. Thus, the changes that are needed must address liquidity and contribution margin.

I propose the following changes to the current course design in order to address these areas of concern. First, I will add a reading that reviews the topic of standard ratio analysis from accounting. Though I am sure students are being familiarized with this material, it is very detail-oriented. Also, the fact that it is highly formula oriented probably means that students who are less well-equipped in math are struggling with recall. A refresher combined with a focused quiz on this topic should prove sufficient for current purposes.

The next proposed change addresses my larger concern in the assessment results: contribution margins. There is a clear failure to adequately comprehend and apply the material related to contribution margins which implies a need to revisit breakeven analysis, as well. To address this area of concern, I will need to reorganize current course materials in such a way as to facilitate a class session dedicated to these two topics (i.e., contribution margin and breakeven analysis). I have already found an article (through Harvard Business School Publishing) that does a nice job of discussing break-even analysis. I have also found an article (same source) that addresses contribution margins within the context of strategy, but I am less satisfied with this article. Thus, I view it as an adequate course tool, but I will keep searching for a better article for my purposes.

Unlike the challenge with liquidity (concern #1), I will need more than a quiz to incentivize and evaluate adequacy of understanding. Thus, I propose to add questions to the midterm exam related to comprehension and understanding of both contribution margin and breakeven analysis. Additionally, I will ask each team to specifically address their management of contribution margins during weekly team meetings throughout the competitive simulation.
### A Rubric to Evaluate Teams for Excellence

<table>
<thead>
<tr>
<th>Using the Courier or FastTrack</th>
<th>Excellent - 3 points</th>
<th>Satisfactory - 2 points</th>
<th>Poor - 1 point</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pg. 1. ROS</td>
<td>&gt;8%</td>
<td>&gt;4%</td>
<td>&lt; 4%</td>
<td></td>
</tr>
<tr>
<td>Pg. 1. Turnover</td>
<td>&gt;1.3</td>
<td>&gt;1.0</td>
<td>&lt; 1.0</td>
<td></td>
</tr>
<tr>
<td>Pg. 1. Leverage</td>
<td>1.8 - 2.5</td>
<td>1.5-1.8, 2.5-3.0</td>
<td>&lt;1.5, &gt;3.0</td>
<td></td>
</tr>
<tr>
<td>Pg. 1. Emergency Loan</td>
<td>$0</td>
<td>$0 - $3M</td>
<td>&gt;$3M</td>
<td></td>
</tr>
<tr>
<td>Pg. 1. Contrib. Margin</td>
<td>&gt;35%</td>
<td>&gt;27%</td>
<td>&lt;27%</td>
<td></td>
</tr>
<tr>
<td>Pg. 1. Market Share (depends on # companies)</td>
<td>&gt;1.5 times average share</td>
<td>&gt;0.8 times average share</td>
<td>&lt;0.8 times average share</td>
<td></td>
</tr>
<tr>
<td>Pg. 2. Stock Price (round # = 1-8)</td>
<td>&gt;$40 + 5*Round #</td>
<td>&gt;$30 + 5*Round #</td>
<td>&lt;$30 + 5*Round #</td>
<td></td>
</tr>
<tr>
<td>Pg. 2. Stock Price Change</td>
<td>&gt;$10</td>
<td>&gt;$0</td>
<td>&lt;$0</td>
<td></td>
</tr>
<tr>
<td>Pg. 2. EPS (round # = 1-8)</td>
<td>&gt;$2 + Round #</td>
<td>&gt;0.5 * Round #</td>
<td>&lt;0.5*Round #</td>
<td></td>
</tr>
<tr>
<td>Pg. 2. Bond Rating</td>
<td>&gt;BB</td>
<td>&gt;CC</td>
<td>&lt;CC</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Inventory</td>
<td>&lt;$8M swing</td>
<td>&lt;$14M swing</td>
<td>&gt;$14M swing</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Plant Improvement</td>
<td>$10M to $25M investment</td>
<td>$5..10M or $25-35M investment</td>
<td>&lt;$5M or &gt;$35M investment</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Plant purchases funded</td>
<td>Fully funded with Depreciation + stock issues + Long Term Debt</td>
<td>Funded within $5M</td>
<td>Not funded within $5M</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Sales to Current Assets</td>
<td>Ratio between 3.5 and 4.0</td>
<td>Ratio is 3.0, 3.5 or 4.0..5.0</td>
<td>Ratio &lt; 3.0 or &gt;5.0</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Current Ratio (Current Assets over Current Liabilities)</td>
<td>Ratio between 2.0 and 2.5</td>
<td>Ratio 1.7-2.0 or 2.5-2.8</td>
<td>Ratio &lt;1.7 or &gt;2.8</td>
<td></td>
</tr>
<tr>
<td>Pg. 3. Total Assets</td>
<td>&gt;$100M + $3M * Round #</td>
<td>&gt;$100M + $5 * Round #</td>
<td>&lt;$100M + $5 * Round #</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Capacity vs. Production Chart</td>
<td>Production bar &gt; 1.5 Capacity bar</td>
<td>Production bar &gt; Capacity bar</td>
<td>Production bar &lt; Capacity bar</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Automation Traditional &amp; Low End products</td>
<td>Low End &gt; 9.0</td>
<td>Low End &gt; 7.0</td>
<td>Low End &lt; 7.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Traditional &gt; 7.0</td>
<td>Traditional &gt; 6.0</td>
<td>Traditional &lt; 6.0</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Automation High Tech products</td>
<td>&gt;6.5</td>
<td>&gt;5.0</td>
<td>&lt;5.0</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Plant Utilization (use your general impression)</td>
<td>&gt;175%</td>
<td>&gt;150%</td>
<td>&lt;150%</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Product count</td>
<td>&gt;7 products</td>
<td>&gt;=4 products</td>
<td>&lt;4 products</td>
<td></td>
</tr>
<tr>
<td>Pg. 4. Stock outs</td>
<td>None</td>
<td>&lt;25% products</td>
<td>&gt;25% products</td>
<td></td>
</tr>
<tr>
<td>Pg. 4 Big Inventories &gt; 4 months of sales</td>
<td>None</td>
<td>&lt;25% products</td>
<td>&gt;25% of products</td>
<td></td>
</tr>
<tr>
<td>Pg 4. Contribution margin</td>
<td>All products &gt;30%</td>
<td>75% of products &gt;30%</td>
<td>&lt;75% of products &gt; 30%</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
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<td>----------------------</td>
<td>------------------------</td>
<td></td>
</tr>
<tr>
<td>Pg. 5-9 Product December</td>
<td>All products score 40</td>
<td>Typically products score &gt;30</td>
<td>Typically products score &lt;30</td>
<td></td>
</tr>
<tr>
<td>Survey Scores</td>
<td>In important segments, score &gt; 90%</td>
<td>In important segments, score &gt;70%</td>
<td>In important segments, score &lt;70%</td>
<td></td>
</tr>
<tr>
<td>Pg. 5-9 Product Accessibility scores</td>
<td>Potential Demand &lt;= Actual all segments. No big swings.</td>
<td>Potential Demand &lt;= Actual in most segments. No more than two big swings.</td>
<td>Potential Demand &gt;= Actual in several segments. Or more than 2 big swings.</td>
<td></td>
</tr>
<tr>
<td>Pg 10 Actual versus Potential Demand</td>
<td>All products within 0.5 units of ideal spot (except Low End)</td>
<td>All products within 1.0 unit of ideal spot (except Low End)</td>
<td>Several products not close to ideal spot.</td>
<td></td>
</tr>
<tr>
<td>Pg 11 Perceptual Map</td>
<td></td>
<td>TOTAL</td>
<td></td>
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</tbody>
</table>
GECC Assessment of Capstone Projects

Goal 3: For students to synthesize program specific knowledge, methods, and skills. Please assess the following objective:

- Prepare a capstone project (in groups or individually) that showcases disciplinary knowledge, methods, and skills.

Submitted by: Wanthanee (Tam) Limpaphayom
Department: Management
College: College of Business & Public Administration
Term: Spring 2010

Course Name & Number:

- Sr. Capstone: Admin Policies MGMT 490-50

Description of Project:

I assigned students into five teams of 5-6 members. Each team completed a consulting project for a local business. The project involved creating/evaluating mission of the organization, evaluating the internal and external environment of the business, recommend future strategies, implementation plans, and evaluative measures. To accomplish these, the students must:

- Be able to critically assess issues facing organizations.
- Identify and set goals, strategies, and strategic direction for a business organization.
- Locate, read, understand, and evaluate information required to solve business problems.
- Be able to formulate business problems, recommend and evaluate solutions.
- Understand the impact of organization's internal and external environmental issues.
- Utilize and integrate knowledge, tools, and strategies from various business functions.

I believe that these requirements display business knowledge, methods, and skills as required for the assessment. Student teams submitted successive parts of the project for feedback throughout the quarter, culminating in final presentation to the clients and the final reports. (See required project elements in the Appendix). I used only the final reports to assess the assigned Goal 3.
Summary of the Results:

- The assessment rubric and the results, showing the number of teams (out of 5) earning certain performance level is as follow:

<table>
<thead>
<tr>
<th>Business Profile / Mission Statement</th>
<th>Excellent / Good</th>
<th>Acceptable</th>
<th>Marginal</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight - 10%</td>
<td>95</td>
<td>85</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Weight - 10%</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide background research of the organization.</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify or develop mission statement that is acceptable to the organization.</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearly identify strategic issues pertinent to the organization and its mission.</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>SWOT Analysis / Competitive Analysis</th>
<th>Excellent / Good</th>
<th>Acceptable</th>
<th>Marginal</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight - 50%</td>
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<td>85</td>
<td>75</td>
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<tr>
<td>Weight - 50%</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine and identify relevant general external environment factors that are critical to the organization's success.</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine and identify relevant competitive external environment factors that are critical to the organization's success.</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examine and identify relevant internal functions that are critical to the organization's success.</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Properly describe and prioritize the critical success factors.</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Thorough research of relevant topics</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Incorporate appropriate tools and relevant data to analyze the information about the organization.</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Draw proper and logical conclusions from the analyses that show clear implications for strategies.</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Recommended Strategies / Implementation</th>
<th>Excellent / Good</th>
<th>Acceptable</th>
<th>Marginal</th>
<th>Poor</th>
</tr>
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<tbody>
<tr>
<td>Weight - 30%</td>
<td>95</td>
<td>85</td>
<td>75</td>
<td>65</td>
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<tr>
<td>Weight - 30%</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Recommend strategies that clearly relate to the organization's strategic issues and mission and supported by facts and analyses.</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Provide pros and cons for alternatives. Arguments for the selected alternatives are persuasive.</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Implementation plans are feasible and likely to resolve the organization's strategic issues.</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Implementation plans are specific, practical, efficient, and integrated in a logical way.</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Implementation timeline is realistic.</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
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<table>
<thead>
<tr>
<th>Evaluation Measures</th>
<th>Excellent / Good</th>
<th>Acceptable</th>
<th>Marginal</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight - 5% Avg = 5%</td>
<td>95</td>
<td>85</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Weight - 5% Avg = 5%</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide performance criteria in key areas, linked to the strategic issues and organization's mission.</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance criteria are clearly measureable, with appropriate timetable.</td>
<td>1</td>
<td>4</td>
<td></td>
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<table>
<thead>
<tr>
<th>Final Report / Organization</th>
<th>Excellent / Good</th>
<th>Acceptable</th>
<th>Marginal</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight - 5%</td>
<td>95</td>
<td>85</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Weight - 5%</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fulfill assignment requirements.</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report is well-organized, error free, and professionally written.</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Average</th>
<th>85.59</th>
<th>82.75</th>
<th>71.92</th>
<th>76.33</th>
</tr>
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<tbody>
<tr>
<td>Business Profile / Mission Statement</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWOT Analysis / Competitive Analysis</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Recommended Strategies / Implementation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Evaluation Measures</td>
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</tr>
<tr>
<td>Final Report / Organization</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>85.59</td>
<td>82.75</td>
<td>71.92</td>
<td>76.33</td>
</tr>
<tr>
<td>Average</td>
<td>Excellent / Good</td>
<td>Acceptable</td>
<td>Marginal</td>
<td>Poor</td>
</tr>
<tr>
<td>---------</td>
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<td>------------</td>
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<td>------</td>
</tr>
<tr>
<td>Average</td>
<td>85.59</td>
<td>82.75</td>
<td>71.92</td>
<td>76.33</td>
</tr>
</tbody>
</table>
Interpretation of Results and Suggested Changes:

Based on the final projects submitted, the students did well in identifying and understanding the critical issues facing the business; analyzing the external business environments (economy, technology, etc.), competitive landscape, and various business functions (management, marketing, operations, finances, human resources, etc.). The first two sections of the rubric showed class average scores in the low to mid-80s or in the 'Good' category.

More specifically, they demonstrated the ability to locate, integrate, and interpret relevant business information. In doing so, the students need to understand how the business operates, how it fits into the environment, and the relative importance of various business functions. They utilized various business tools such as market research, financial analyses, and breakeven analyses in their projects.

The next section of the project, making recommendations and implementation plans based on the analyses above, though acceptable (average score of 71.92), requires improvement. Recommendations and implementation plans adequately tied to the analyses but lacked follow through. Students need to better grasp the big picture and understand how all business functions must support one another to attain the organization goals. For example, a couple teams offered elaborate marketing plans without considering the associated financial and human resource requirements. All teams offered implementation timelines that were impractical.

The most troubling issue was the lack of appropriate measures to assess the effectiveness of their recommendations (average score was marginal at 57). The proposed criteria were often generic. Coupled with the impractical timelines, these measurements were unrealistic. These issues may stem from the lack of business experiences among the students.

I plan to address these concerns with more coaching and feedback throughout the process. Each student team had an external advisor (business professional volunteers from local Rotary Club) assigned to work with them. Based on the feedback from the advisors, the students need more time on the project, along with more frequent interactions with the advisors. I plan to add formal meetings between the student teams and the advisors so the students can benefit from their experiences. I will invite guest speakers to discuss relevant topics, especially those that involve comprehensive and interconnected nature of businesses.

The last section involves the completion of their written reports. Though not directly related to the goal assessed here, I found that the student did an adequate job in communicating through written means. They require improvements in organizing the flow of ideas and in writing style. College writing initiatives will be applied to this area.
## Appendix

<table>
<thead>
<tr>
<th>Project Elements</th>
<th>Grades</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Team contract</strong>&lt;br&gt;As outlined separately in this syllabus.</td>
<td>10 points</td>
</tr>
<tr>
<td><strong>Client contacts and/or information gathering, primary and secondary research.</strong></td>
<td></td>
</tr>
<tr>
<td>All works conducted will be assigned and allocated by all team members. All</td>
<td></td>
</tr>
<tr>
<td>information collected will be shared and accessible to all team members. This</td>
<td></td>
</tr>
<tr>
<td>information will be used for both individual and team reports.</td>
<td></td>
</tr>
<tr>
<td><strong>Business profile, mission statement, and proposal</strong></td>
<td></td>
</tr>
<tr>
<td>This section of the project will define or describe the business of your client,</td>
<td></td>
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<tr>
<td>its history, the type of products or services provided, industries and market(s)</td>
<td></td>
</tr>
<tr>
<td>or consumer groups served, any particular technology being used and/or unique</td>
<td></td>
</tr>
<tr>
<td>characteristics of the business. The team will also create or revise a mission</td>
<td></td>
</tr>
<tr>
<td>statement for the business. You may also be able to identify major problems or</td>
<td></td>
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<tr>
<td>opportunities at this point. The team will propose to the clients what the</td>
<td></td>
</tr>
<tr>
<td>deliverables will be (e.g. market analysis, breakeven analysis, recommendations).</td>
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</tr>
<tr>
<td><strong>SWOT analysis - including competitive analysis</strong></td>
<td></td>
</tr>
<tr>
<td>Each team will prepare an audit report for your client. This will include the</td>
<td></td>
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<tr>
<td>identification of the business' strengths and weaknesses (including financial</td>
<td></td>
</tr>
<tr>
<td>analyses, if applicable), the nature of external environment surrounding the</td>
<td></td>
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<tr>
<td>organization, and competitive (5-force) analysis. Critical success factors from</td>
<td></td>
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<tr>
<td>the internal/external analyses will be integrated into a SWOT analysis, which</td>
<td></td>
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<tr>
<td>will be used to support the recommendations and implementations in the next</td>
<td></td>
</tr>
<tr>
<td>section.</td>
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<tr>
<td><strong>Recommendations</strong></td>
<td></td>
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<tr>
<td>Based on the analysis above, the team will provide strategy recommendations,</td>
<td></td>
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<tr>
<td>implementation plans, evaluation matrix, and timetable. You may offer more than</td>
<td></td>
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<tr>
<td>one alternative or a combination thereof. The team must provide a list of costs</td>
<td></td>
</tr>
<tr>
<td>and benefits and priorities for their recommendations. The recommendations must</td>
<td></td>
</tr>
<tr>
<td>be backed by facts and analyses. Make sure that the recommendations are within</td>
<td></td>
</tr>
<tr>
<td>the resources and capabilities of the clients. Your recommendation draft will</td>
<td></td>
</tr>
<tr>
<td>be forwarded to the clients to make sure that the recommendations will have the</td>
<td></td>
</tr>
<tr>
<td>owner's support and commitment for implementation. Revisions should be made</td>
<td></td>
</tr>
<tr>
<td>based on the client's and my feedback, or counter with persuasive evidence and</td>
<td></td>
</tr>
<tr>
<td>analysis.</td>
<td></td>
</tr>
<tr>
<td><strong>Presentation</strong></td>
<td></td>
</tr>
<tr>
<td>The group will make a formal and professional presentation to the clients and</td>
<td></td>
</tr>
<tr>
<td>other invited audiences. The presentation will provide the business owners with</td>
<td></td>
</tr>
<tr>
<td>an overview of the findings which will be discussed in details in the final</td>
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</tr>
<tr>
<td>report. It is important that the team largely finish their analyses</td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted by average peer*
and recommendations prior to the presentation (even though the final project is not due yet). Presenting flawed analyses or solutions that are not completely thought through or not properly supported by facts and analyses can be extremely detrimental to the business, and an embarrassment for the team. Rehearse your presentation, organize your materials logically, and use proper media to deliver your main points. DO NOT READ from your notes or slides.

**Final Project**

After the final presentation, the team may make final revisions to the project based on feedback received. The final project will be graded in its entirety.

Two identical printed copies must be submitted to my office by the due date and time. Each must include:

1. A cover page
2. An executive summary
3. Table of contents
4. A business profile
5. A mission statement
6. SWOT/Competitive analysis
7. Recommendations
8. Implementation, evaluations and control (measurements), timetable
9. Appendices –
   a. Illustrations, exhibits, tables, etc.
   b. References
   c. Billable hours/breakeven analysis for both individuals and team
   d. Your original proposal
   e. A printed handout of the slides used in your presentation
10. A digital copy of the complete final project on a CD.

All sections of your paper must be properly referenced, in consistent format, and professionally prepared.

**Writing Styles and Administration**

The quality of your writing, styles, and organization will affect how you can communicate effectively to your clients. You are expected to deliver the final written project that is error free, well organized, and professionally written. This includes your billable hours.

<table>
<thead>
<tr>
<th><strong>evaluation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>50 points</td>
</tr>
</tbody>
</table>

*Adjusted by average peer evaluation*
Robert L. McGinty, Ph.D.
Professor of Strategic Management
College of Business

Goal #3: For students to synthesize program-specific knowledge, methods, and skills to demonstrate achieving the following objective from this goal:

"Prepare a capstone project (in groups or individually) that showcases disciplinary knowledge, methods and skills."

1. Course name & number – Mgmt 490-01 Capstone: Admin Policies

2. The rubric used to assess how well my students achieved their capstone project is attached.

3. Summary of the results: Outstanding critical thinking and depth and clarity of writing were 4.0 – simply outstanding!

4. Your interpretation of the results to determine what changes, if any, ought to be made to improve student learning:
   First, students should be required to write more frequently, beginning with General Education course requirements and continuing throughout their academic experiences.

   Secondly, instructors teaching the Capstone course should be required to follow the common syllabus developed for the only Capstone course offered to business students within the College of Business (see attached).

This assessment report is due by June 30, 2010.
<table>
<thead>
<tr>
<th>Scoring Level</th>
<th>Knowledge of Conventions</th>
<th>Clarity and Coherence</th>
<th>Rhetorical Choices</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 - Accomplished</td>
<td>In addition to meeting the requirements for a &quot;3,&quot; the writing is essentially error-free in terms of mechanics. Models the style and format appropriate to the assignment.</td>
<td>In addition to meeting the requirements for a &quot;3,&quot; writing flows smoothly from one idea to another. The writer has taken pains to assist the reader in following the logic of the ideas expressed.</td>
<td>In addition to meeting the requirements for a &quot;3,&quot; the writer's decisions about focus, organization, style/tone, and content made reading a pleasurable experience. Writing could be used as a model of how to fulfill the assignment.</td>
</tr>
<tr>
<td>3 - Competent</td>
<td>While there may be minor errors, the paper follows normal conventions of spelling and grammar throughout and has been carefully proofread. Appropriate conventions for style and format are used consistently throughout the writing sample. Demonstrates thoroughness and competence in documenting sources; the reader would have little difficulty referring back to cited sources.</td>
<td>Sentences are structured and word are chosen to communicate ideas clearly. Sequencing of ideas within paragraphs and transitions between paragraphs make the writer's points easy to follow.</td>
<td>The writer has made good decisions about focus, organization, style/tone, and content to communicate clearly and effectively. The purpose and focus of the writing are clear to the reader and the organization and content achieve the purpose well. Writing follows all requirements for the assignment.</td>
</tr>
<tr>
<td>2 - Developing</td>
<td>Frequent errors in spelling, grammar (such as subject/verb agreements and tense), sentence structure and/or other writing conventions distract the reader. Writing does not consistently follow appropriate style and/or format. Source documentation is incomplete. It may be unclear which references are direct quotes and which are paraphrased.</td>
<td>Sentence structure and/or word choice sometimes interfere with clarity. Needs to improve sequencing of ideas within paragraphs and transitions between paragraphs to make the writing easy to follow.</td>
<td>The writer's decisions about focus, organization, style/tone, and/or content sometimes interfere with clear, effective communication. The purpose of the writing is not fully achieved. All requirements of the assignment may not be fulfilled.</td>
</tr>
<tr>
<td>1 - Beginning</td>
<td>Writing contains numerous errors in spelling, grammar, and/or sentence structure which interfere with comprehension. Style and/or format are inappropriate for the assignment. Fails to demonstrate thoroughness and competence in documentation.</td>
<td>Sentence structure, word choice, lack of transitions and/or sequencing of ideas make reading and understanding difficult.</td>
<td>The writer's decisions about focus, organization, style/tone, and/or content interfere with communication. The purpose of the writing is not achieved. Requirements of the assignment have not been fulfilled.</td>
</tr>
</tbody>
</table>
Department of Management Capstone Course

By

Robert L. McGinty

Question no. 1, "How is the course integrative?"

The strategic administration/management/policy course deals with the overall general management of an organization. It stresses the role of managers as strategist, individuals who orchestrates change through well articulated objectives, goals, specifically designed implementations plans, and a comprehensive system of financial and non-financial rewards. Case analysis of and research about existing organizations of different sizes and types under conditions of risk and uncertainty help hone analytical, conceptual, decision-making, and human resource skills appropriate to the role of managers operating in a highly technical, rapidly changing, fiercely competitive world market.

The administrative policy course is the capstone course in an AACSB accredited business administration curriculum. It is the major vehicle by which specialized functional areas of business within the college are integrated. Students are able to enhance analytical abilities and derive insights into the intellectual nature of the various business disciplines by way of written assignments related to real or simulated business situations (cases). Decision-making skills are honed through the analysis and presentations of case materials, written and oral, in which student teams must identify problems, formulate strategic alternatives, and generate action plans to achieve continuous improvement and the creation of value. This mandate carries with it several underlying objectives that should be accomplished in the policy course:

1. Provide students with a thorough understanding of the role of managers in strategy formulation and the various implementation processes,

2. Provide students with a course that facilitates both conceptual and experiential integration of functional concepts and techniques from foundation courses in the business administration curriculum.

3. Require students to research secondary sources for decision-making, and

4. Allow students to share and analyze their findings, and to formulate ideas & opinions by working in teams.

These objectives present the professor and students with a difficult and exciting challenge. Hence, the course is designed to give students the opportunity to integrate their learning experiences in other courses into a cohesive, applied understanding of how all the functional areas work together. Students should bring with them full coverage of the core courses in business and an in-depth understanding of their specialty area. Through interaction with other members of the class, the business community, and with other educational instructors and administrators, students will learn how the functional areas in business work together as a system to enhance the "effectiveness" and "efficiencies" of the firm at the strategic level in a competitive context. Students should also learn how policy governs the operations of the firm and how to avoid some of the pitfalls that can result in or from ineffective goals and objectives, or unrealistic strategy.

CATALOG DESCRIPTION:

"Integrative analysis of top management problems, decisions, executive responsibilities, and company objectives. Coordinates
prior specialized preparatory instruction. Prerequisites: MISC 311, OPSM 330, MGMT 326 & 423, MKTG 310, FINC 335, senior standing, or prior permission of the instructor."

COURSE OBJECTIVES:

This seminar-style, case method course is designed as CBPA’s "Capstone-bring-it-all together" course in the undergraduate business core. As such, the primary goal is to educate the whole person. We expect our students (1) to respond to the world in an interactive way, (2) to be aware of issues of local, national and global importance, (3) to interpret financial and non-financial data, (4) to appreciate cultural differences, and (5) to have the desire and ability to explore new ideas. Our shrinking world will require people in the business world to think creatively, work cooperatively and care effectively for each other and for our environment. And, they will need to have confidence in their individual and team related abilities.

There is a fine line between training, that is, acquiring specific skills or content knowledge, and education, which is more open ended. Training is less effective preparation for change than is a liberal education. Struggling through the processes of this type of education will equip our graduates with the critical skills, knowledge, and abilities needed to deal with change, uncertainty and risk; to find rather than to memorize bits and pieces of content knowledge from this or that discipline; and to develop leadership skills that enable individuals to be a creative change agent in the world of work.

We want to engage students in a life-long process of learning, not simply memorizing concrete textbook answers to hypothetical questions, but rather learning to ask better questions as a way of discovering and inventing knowledge. Thus, this Department of Management capstone course is a seminar requiring students to be thinking, questioning, active human beings. Subordinate objectives all derive from that basic objective.

1. To allow students to diagnose policy/strategy situations from a strategic, top management point of view.

2. To provide learning experiences that require students to draw upon the skills and concepts acquired in the specialized segments of business such as personnel/human resource management marketing, finance, economics, production/operations, management, organization development, accounting and decision science.

3. To foster integrative thinking by stressing research and the team approach as part of the strategic hands-on management point of view of the strategic management process.

4. To emphasize, using case analyses, research, and lectures, the need to take account of the total business environment: legal and regulatory restraints; social responsibilities; business ethics and moral forces.

5. To open minds to change and possibility and to promote critical thinking that leads students to consider changes and possibilities in management.

STUDENT OBJECTIVES for in-class participation:

1. Demonstrate the ability to think logically and clearly.
2. Conduct and present oral and written analyses in cogent, convincing fashion using research and one of several styles of writing: analytical/business, creative, contrast & compare, personal essay, expository or narrative.
3. Make the required decisions in each case and for each assignment.
4. Apply common sense to problems, recognizing and assigning weight to fundamental issues.
5. Demonstrate the ability to apply analytical "muscle" and quantitative analysis where relevant.
6. Demonstrate an understand of strategic management, the core class prerequisites, and the discipline content of the specific major(s).
7. Make use of available data, either primary or secondary, to form detailed and well argued plans of action.
8. Demonstrate understanding of the course material(s) through active class participation and attendance of each and every class (both mentally and physically),
9. Improve each Success Dimension attribute.

Question no. 2, "How does it show that your students are applying what they have learned?"

Managerial Success Dimensions

These human attributes address the common dimensions of managers who have achieved success in the field of commerce. These Success Dimensions are the interpersonal skills so important in today's highly competitive marketplace.

IMPACT Ability to create a good first impression, to command attention and respect, to show an air of confidence, and to achieve personal recognition.

ENERGY Ability to be self-starting and to achieve a high activity level.

ORAL COMMUNICATION SKILL Ability to make a persuasive, clear presentation of ideas or facts.

WRITTEN COMMUNICATION SKILL Ability to express ideas clearly in writing in good grammatical form.

CREATIVITY Ability to come up with imaginative solutions in business situations.

RANGE OF INTERESTS Having breadth and diversity of interests, concern for personal and organizational environment, and a desire to actively participate in events.

STRESS TOLERANCE Stability of performance under pressure and opposition.

MOTIVATION The importance of work in personal satisfaction and the desire to achieve at work.

WORK STANDARDS The desire to do a good job for its own sake.

LEADERSHIP Effectiveness in bringing a group to accomplish a task and in getting ideas accepted.

SALESMA NSHIP Ability to organize and present material in a convincing manner.

SENSITIVITY Skill in perceiving and reacting sensitively to the needs of others.

LISTENING SKILL Ability to pick out important information in oral communications.

FLEXIBILITY Ability to modify behavioral style and management approach to realize a goal.

TENACITY Tendency to stay with a problem or line of thought until the matter is settled.

RISK TAKING Extent to which calculated risks are taken based on sound judgment.
INITIATIVE Active efforts to influence events rather than passive acceptance.

INDEPENDENCE Action based on own convictions rather than a desire to please others.

PLANNING AND ORGANIZATION Effectiveness in planning and organizing own activities and those of a group.

MANAGEMENT CONTROL Appreciation of needs for controls and maintenance of control over processes.

USE OF DELEGATION Ability to effectively use subordinates and to understand where a decision can best be made.

PROBLEM ANALYSIS Effectiveness in seeking out pertinent data and determining the source of the problem.

JUDGMENT Ability to reach logical conclusions based on the evidence at hand.

DECISIVENESS Readiness to make decisions or render judgment.

Question no. 3, “How will your course demonstrate the students’ problem-solving skills?”

LEARNING STRATEGIC MANAGEMENT SKILLS AND ABILITIES

Lewis Carroll wrote in Alice in Wonderland, "If you don't know where you are going, any road will take you there." This provocative passage captures the essence of why strategic management skills and abilities are so important. They can help individuals think about, discuss, and act to create a road map leading to competitive advantages in the future for most organizations. Mastering SKA's through analyzing cases is one key to future career success. The "success dimensions" included in this document are indicative of the kinds of personal attributes that our graduates will use and develop throughout their final quarter as they prepare for a career in the corporate world.

Strategic management, as a creative process, involves critical thinking and grace and clarity in expressing those future visions. It is quite simply, a series of decisions that enables an organization to determine where it is, where it wants to go, and how it intends to get there. To help students with their acquisition of the multiple skills and abilities required to be successful strategic planners, faculty members work closely with each student, student teams are formed, cases assigned, research undertaken, progress reports and participation logs written and maintained by each student, term papers and the like. In a nutshell, students are required to familiarize themselves with each case so that they can address the question of, WHO DECIDES WHAT, UNDER WHICH CIRCUMSTANCES AND HOW DO THEY DECIDE?

Question no. 4, “Does your course encourage team work? How?

Students are formed into teams and assigned cases and organizations. The team is instructed that they are a group of people who must work together to fulfill a common purpose, namely, conduct a rigorous analysis of the cases and organization. They will need to collaborate drawing heavily upon the requisite skills of individuals other than themselves, because there is simply too much work for any one person to complete. To compete for high grades, and to compete in today’s business world, students must understand and accept the importance of cooperation and teamwork. Students are made aware of corporate reality, namely, they and their companies cannot expect to be successful through a simple aggregation of
individual accomplishments. Companies, and the Schools of Business providing them with managerial
talent, must bring individual accomplishments together so that teams of students, or employees, can
improve their talents and business functions, activities, processes.

Question no. 5, How will end of program assessment be addressed?"

Some pass, some don’t. =>

(A) SAMPLE GRADING FORM: for class discussion, case presentations and critique of cases.

I. Identification of issues

(a) accurate and complete

(b) relative importance indicated

II. Analysis of Issues

(a) objectives stated

(b) alternatives specified

(c) evaluation and choice

(d) use of corporate & industry data

III. Plan of Action

(a) comprehensiveness

(b) specific and detailed

(c) time sequence indicated

(d) consequences considered

(e) workable/realistic

IV. Presentation

(a) clarity and precision

(b) organization

(c) overall impact

(d) visual aids

(e) eye contact

Do not read your presentation!
The purpose of the writing assignments mentioned above (case analysis, progress reports, journals, participation logs, term papers) and the style of writing undertaken (analytical/business, creative, explanatory or persuasive, personal essay, expository, narrative, or comparison) will influence how each is assessed. Generally, a Six Trait Analytic Scale, based on Paul Diedrich’s Scale Approach, is used in assessing writing assignments.

The Analytical Scoring Guide has six major parts, each written in a format similar to behavioral anchored rating scales. The first trait deals with rating Ideas and Content with a focus on clarity, focus, and interest sufficient to hold the reader’s attention with sufficient details to enrich the theme, purpose, strategy, or story line selected by the author. The second trait deals with Organization issues such as order, structure, and presentation versus a paper filled with disjointed content used merely as filler or what William Perry called “cow.” Trait number three concentrates on Voice, the extent that the writer speaks directly to the reader in a fashion that is expressive, engaging, and clear with something specific to say and that expresses the topic, issues or conditions under consideration. Trait four deals with Word Choice, do the authors use appropriate language from the core disciplines, words that convey the intended message in an interesting and natural way yet with surgical precision rather than the “bull” discussed by William Perry. The fifth trait, Sentence Fluency, deals with the formal structure of the piece under assessment. Is the structure of the sentence logical, complete, and complex yet maintaining connectivity between introduction and thesis topics throughout. In short, is it readable, understandable, and enjoyable? The last trait is Conventions where the writer demonstrates good grammar, capitalization, punctuation, usage, spelling, paragraphing and the like. This trait is last for several reasons: (1) while focusing on creative and critical thinking it has been found by numerous researchers that attention to content without critique of traditional grammar works best. Secondly, it is only when a written piece has content that one need concentrate on polishing the piece, making corrections where necessary and restructuring to ease the readers journey and help him/her to hear the writer’s voice.

The overall program assessment in this Management Department Capstone course is addressed much like an Assessment Center. Professors create a learning environment enabling students to come as close to the real world as possible in order to learn how to develop strategic plans based on research, problem solving, decision-making, and strategic thinking. In short, written and oral assignments are given to enable ample opportunity for students to put their thinking on display. This public display is assessed by student peers, invited practitioners, faculty,
GENERAL EDUCATION ASSESSMENT FOR
MANAGEMENT 490 CAPSTONE COURSE: Business Policy &
Business Strategy Formulation and Implementation—2 Sections
Senior Professor of Management, Jameel Hasan

Description of Group Capstone (MGMT. 490—2 Sections) Projects:

Steve Jobs, the CEO of Apple, Inc., has learned of your team's blossoming skills in strategic analysis and has hired your team to develop a strategic plan that will enable Apple to improve its position in the computer and mobile phone industries and to maintain its leadership position in the digital music player industry. In developing your recommendations, Mr. Jobs would also like you to assess Apple's current situation including its strengths and weaknesses, as well as the opportunities and threats facing the company. In assessing Apple's internal situation, Jobs wants you to analyze the strengths of Apple's Macintosh, iPad, iPhone and iPod operations separately. Finally, the plan should offer specific, actionable recommendations that will allow Apple to improve its market position in the computer and mobile phone industries and to maintain its leadership in the digital music player industry. Your team's recommendations should be well supported with current developments affecting Apple, Inc., with arguments and justification—as an indicator of your managerial strategic judgment—each and every recommendation. Your report should include whatever supporting charts, tables, exhibits, and 13 financial ratios computed from your team's careful study of the most recent 10K or 10Q filed with the U.S. Securities Exchange Commission. Your team is mandated to make a formal presentation to our capstone course audience for 30 minutes.

In each Section of the Capstone course there are five Strategic Management Consulting Teams, ranging from 5-7 members each, that are assigned different publicly listed companies employing 500 or more employees—with global reach—to identify, diagnose with the help of applicable conceptual models, research findings, and each team's creative synergistic thinking and energy to distill sensible and pragmatic recommendations within the Company's resource constraints. Each team is responsible to field questions from the class audience playing different roles with different functional perspectives e.g. accounting, finance, globalization, competitive dynamics, operations, HRM, marketing, and public relations. The capstone course synthesizes and integrates the core courses students have previously completed with a functional orientation.

PERFORMANCE YARDSTICKS OF MANAGEMENT CONSULTING TEAMS:

1. Quality of Strategic Management Analysis—based on the conceptual models, research, and team brainstorming
2. Depth and Breadth of Research—the current events as of one week before the final formal presentation to the Class
3. Effectiveness of Presentation, including fielding of questions
4. Rationality, Professionalism, and Implementability of Team's recommendations to the top management of the assigned multinational company

SUMMARY THE RESULTS:
Criterion One: B+
Criterion Two: A-
Criterion Three: A
Criterion Four: A-

CONCLUSIONS: Managerial decision-making requires thorough knowledge, perpectivity, high degree of Technical, Behavioral, and Conceptual Skills that will be refined on-the-job experience. Zeal and zest for high achievement—backed by talents and life-long sharpening of diagnostic, analytical and problem-solving skills—is never ending. Quest for continuing improvements in the standards of excellence is our American cultural trait.
Research In Motion (RIM)
Makers of BlackBerry® Smartphones

An Analysis of a Smartphone Industry Leader

John Werre, Kara Van Tine
Jon Goodwin, Eric Burrows
Matt Moureaux, Patrick Kimball
Research In Motion (RIM)
Overview

Who They Are:
- High Tech Company
- Founded by Mike Lazaridis

Where They Are From:
- Waterloo, Ontario Canada
- Founded in 1984
Company

What They Do:
- Design and produce email-driven smartphones
- Provide software encryption to ensure safe data transfer from email to Blackberry® phone.

Why Are They Unique?
- Email focused operating system.
- RIM's phone OS use less bandwidth than other smartphones.

Current Events

Expansion (U.S. And Canada):
- Attempting to capture non-business professionals by introduction of more appealing phones.

Global Events:
- Expansion into emerging foreign markets
- 1.2 Billion dollar stock buyback authorized
Current Events Continued..

Global Events:
- New OS being released to compete with the iPhone.
Research & Development

Driving Force
- R&D is the driving force of the Smart Phone industry.

- RIM has been a technological leader from the beginning
Talent
Talent is needed for successful R&D

- Many of their hires come from the University of Waterloo.
- Heavy competition with other high tech firms such as Microsoft and Google.

Marketing
- The World Wide Cell Phone Market
  - It is estimated that 4.1 billion mobile phone subscribers worldwide
  - More and more people have given up their land lines for mobile devices
- Smart Phone Market
  - Market is expected to exceed 1 billion users by 2014
**Competitive Market**

RIM Blackberry® platform
- 43% of U.S. Smartphone Market Share

Apple iPhone
- 25.1% U.S. Market Share

Microsoft
- 15.7% U.S. Market Share

Google
- 7.1% U.S. Market Share

Palm
- 5.7% U.S. Market Share

---

**SmartPhone Market**

Forces Driving Consumers
- Internet capabilities
  - For business and leisure applications
- Email
  - A must in today's business world
- Social Networking Sites
  - Facebook
  - Twitter
Marketing Suggestions for RIM

- Product Development Strategy
  - Innovate: create a style of phone attracts as iphone did
- Market Development
  - Co-brand with gaming companies to create apps that appeal to a broad base
- Market Penetration Initiative
  - Advertise more
  - Offer family promotions to get your products into the hand of the everyday person

New Markets

RIM has a strong Market Presence in North America and Asia
- Competitors are catching up

New Markets to Enter
- European Market
  - Go head to head with Nokia
- South American Market
  - 297% growth in 1st quarter 2010
RIM Competition

- Top Five Smartphone Vendors in the U.S.
  - Research In Motion (RIM) with 38 percent
  - Apple with 33 percent
  - Motorola with six percent
  - High Tech Computers (HTC) with six percent
  - Palm with five percent

...But

RIM Competition

- Top Five Smartphone Vendors in the U.S.
  - Today Google clones have edged ahead of Apple iPhones taking 28% of market in sales, leaving Apple at 21%
    - Version two-for-one
    - Growing number of apps available – 60,000+
    - Available on more than one service network
    - Available from more than one manufacturer
### RIM Competition

**Customer Satisfaction Ratings**

![Customer Satisfaction Rating Chart](chart.png)

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple</td>
<td>27%</td>
</tr>
<tr>
<td>HTC</td>
<td>19%</td>
</tr>
<tr>
<td>Samsung</td>
<td>18%</td>
</tr>
<tr>
<td>LG</td>
<td>17%</td>
</tr>
<tr>
<td>Nokia</td>
<td>15%</td>
</tr>
<tr>
<td>Sony</td>
<td>14%</td>
</tr>
<tr>
<td>HTC</td>
<td>13%</td>
</tr>
<tr>
<td>Apple</td>
<td>12%</td>
</tr>
<tr>
<td>Samsung</td>
<td>11%</td>
</tr>
<tr>
<td>HTC</td>
<td>10%</td>
</tr>
</tbody>
</table>

### RIM Competition

**Apple**
- Most innovative design
- Excellent financials
- Most applications available
  - 165,000
  - 25% downloads are free, rest are paid
- iPod
  - Accounts for the majority of downloaded apps
  - No service contract
  - Surf the web via Wi-Fi
RIM Competition

Financial Comparison

- Apple
  - Revenue $42.9 Billion
  - Reduced percentage of sales devoted to cost of goods sold from 64.80% to 59.86%
  - Helped drive bottom line growth from $6.1 Billion to $6.2 Billion
  - Earnings Per Share $7.12

RIM Competition

Financial Comparison

- HTC Corporation
  - Sales of NT $18 Billion ($570 Million USD)
  - Total revenues reached NT$ 37,697 million
  - Earnings per share after tax were NT$ 6.36
RIM Competition

Financial Comparison
- Motorola Corporation
  - First-quarter sales of $5.0 billion
  - Mobile Devices sales of $1.6 billion; shipped 2.3 million smartphones
  - Total cash of $8.5 billion
  - Earnings Per Share $ 0.03

RIM Competition

Financial Comparison
- HP/Palm
  - Acquired Palm for $1.2 Billion
  - Net earnings $2.3 Billion
  - Net revenue $31.2 Billion
  - Net earnings per share $0.99
Whole Foods Market

Hani Elkadi
William O'Donnell
Dan Pisces
Kim Finafalo
Lorenzo Lomeli
Ray Kaiser

Company History

- Established in 1980
  - Austin, TX
  - 19 employees
- Primary retailer of natural and organic foods
- 2009 revenue: $8.03 billion
- John Mackey, CEO and co-founder

Company History

- 1981- Austin Flood
  - $400,000 uninsured loss
- 1985- Failed Restaurant
  - $880,000 in losses
- 1986- Bluebonnet Natural Foods Grocery
  - First successful takeover
Company History

• By 1978, WF earnings more than $1 million per year (1100 sq. ft building)
• 1984, Whole Foods Market began its expansion
  - Austin & Houston
• Acquired dozens of natural foods chains
  - 2001, Whole Foods moved into Manhattan
  - 2002 Canada
  - 2004 United Kingdom

Human Resource

• Whole Foods core value is to satisfy and delight its customers
• Whole Foods people are empowered to do whatever it takes to meet or exceed its customers expectations
• Whole Foods sees value in a well informed, well trained staff.
• It's what helps differentiate itself from its competitors
• Whole Foods Target market includes well educated customers. Whole Foods Wows their customers with a well educated staff

Team Approach

• Successfully uses a team approach
  • Complemented by empowering employees
  • Promotes a strong corporate culture
  • Activated team members can flourish
• Each store is a self directed profit center composing of around 10 self managed teams
• Sensitive data (Sales, Profit ...) freely available to all of whole foods team members
• Shares so much information that the store is required by the SEC to designate all 1500 employees as insiders for stock trading purposes
Team Approach

- Only team members have the power to approve new hires for the top 100 titles and to promote team members.
- People who succeed at Whole Foods are serious about food and the product of pleasing customers.
- CEO Mackey wanted to eliminate a major source of distrust — "misinformed assumptions about who makes what".
- Every store has a book available of what all 60,000 team members make by name up to and including the CEO of Whole Foods.
- Cap on Compensation at $9.5 times the average total compensation. Average $50,000 max $950,000

Training

- Whole Foods has an extensive training program for team members.
- Examples:
  - Product knowledge training: our product categories, product use/preparation, taste-testing
  - Customer service training: how to "wow" our most important stakeholder
  - Good Organics training
  - Green Mission training: recycling and composting
  - Many other training opportunities

Benefits

- Medical Care (PPO and prescription program)
- Dental plans
- Vision plans
- 401K Retirement savings
- Paid time off
- Leaves of absence
- Gain-sharing program
- Team member stock purchase plan
- Team member stock option plans
- Team member emergency funds
Whole People

Whole Foods training program and benefits package invests a lot of time and money into team members to help them succeed and prosper in their lives at Whole Foods and at home.

Whole Foods believes in "Whole People" by stating "Our people are our company. They are passionate about healthy food and a healthy planet. They take full advantage of our decentralized, self-directed team culture and create a respectful workplace where people are treated fairly and are highly motivated to succeed". Whole Foods HR Department is well aligned to support its mission statement and company strategy.

WFMI Financials

One Year Chart
Growth Rate Statistics

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Stores</td>
<td>184</td>
<td>275</td>
<td>276</td>
<td>186</td>
</tr>
<tr>
<td>Average Weekly Sales per Store</td>
<td>$429,000</td>
<td>$700,000</td>
<td>$617,000</td>
<td>$393,000</td>
</tr>
<tr>
<td>Comparable Store Sales Growth</td>
<td>-9.10%</td>
<td>4.80%</td>
<td>7.12%</td>
<td>11.02%</td>
</tr>
<tr>
<td>Identical Store Sales Growth</td>
<td>-4.30%</td>
<td>1.60%</td>
<td>5.80%</td>
<td>13.10%</td>
</tr>
</tbody>
</table>

Results of Operations

<table>
<thead>
<tr>
<th>Operations</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$4,833,000</td>
<td>$7,801,312</td>
<td>$9,069,773</td>
<td>$9,802,300</td>
</tr>
<tr>
<td>Revenue Growth per year</td>
<td>1%</td>
<td>10.70%</td>
<td>17.60%</td>
<td>19.30%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$2,794,300</td>
<td>$2,706,700</td>
<td>$2,286,600</td>
<td>$1,895,700</td>
</tr>
</tbody>
</table>

Profitability Ratios

<table>
<thead>
<tr>
<th>Profitability</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit Margin</td>
<td>34.30%</td>
<td>34.00%</td>
<td>34.80%</td>
<td>34.80%</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>3.50%</td>
<td>2.97%</td>
<td>4.50%</td>
<td>5.70%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>1.44%</td>
<td>1.44%</td>
<td>2.77%</td>
<td>3.64%</td>
</tr>
<tr>
<td>Return on Total Assets</td>
<td>3.31%</td>
<td>3.47%</td>
<td>6.89%</td>
<td>10.37%</td>
</tr>
<tr>
<td>Return on Stockholder's Equity</td>
<td>7.68%</td>
<td>7.73%</td>
<td>12.77%</td>
<td>14.72%</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>0.85</td>
<td>0.82</td>
<td>1.22</td>
<td>1.41</td>
</tr>
</tbody>
</table>
Rivalry Among Competing Firms

- Saturated industry
- Less than 1% industry market share
- Top 50 contribute to over 70% of annual revenues
- Low switching costs
- 50% of products sold in the industry are perishable

Threat of Substitutes

- High to moderate
  - Price inelasticity
  - Low switching costs
  - Private labels popularity rising
  - Economy pulse

Supplier Power

- Moderate to low
  - Organic farmers
  - Perishable foods
  - Geographic/regional differences
  - Transportation costs
Buyer Power

- Moderate to low
- Psychology of the average customer
- Demographics/income level
- Low switching costs
- Product differentiation

 Threat of New Entrants

Low
- Government involvement (USDA), (FTC), (FDA)
- Brand identity
- Market saturation
- Customer loyalty

Marketing Mix

The marketing mix is the key to success in at Whole Foods

Strengths
- Product
- Place
- Promotion

Weakness
- Price
Price

- Philadelphia Cream Cheese was $1.99 at Whole Foods Market, compared with $2.19 at Walgreen's and $2.99 at the Food Emporium.

- Kashi Crunch cereal was $2.49 at Whole Foods Market, compared with $2.69 at Trader Joe's and $3.49 at Food Emporium.

Product

Place

Locations with 10+ Stores

- California
- Colorado
- Florida
- Illinois
- Massachusetts
- New Jersey
- Texas
External

Opportunities
- Organic Market Development
- Expansion Internationally
- U.S. Changing Demographics
- Internet Shoppers
- Capture Attention of New Market Segment
- Expand Private Label
- Value Shoppers
- Value Strategy
- Americans More Health-Conscious
- Health/Wellness Shoppers
- Branded Marketing Strategy

Threats
- Uncertain Economic Environment
- Double-Dip Recession
- Inflation in U.S.
- Weak Euro
- Competition
- Expanding Natural and Organic Food Offerings
- Enhancing Customer Experience
- Roundup-Ready Alfalfa
- Genetically Engineered Alfalfa
- Product Recalls and Contamination
- Falloff in the Beef
- Therapeutic Regulation

Excellent Management Strategy

- Implemented Cost-Containment Measures in Response to Downturn in Economy
  - Reduced New Store Openings
  - Reduced Average Size of New Stores in Development
  - Price Strategy and Value Strategy
  - Inventory Management—Improved Technology
  - Efficiency—All Things Necessary to Increase the "Bottom Line"

Growth Strategy

<table>
<thead>
<tr>
<th>Store/Year</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores/opened</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Stores/opened/year</td>
<td>12.52</td>
<td>12.5</td>
<td>12.4</td>
<td>12.3</td>
<td>12.2</td>
<td>12.1</td>
</tr>
<tr>
<td>Stores to develop</td>
<td>50</td>
<td>46</td>
<td>42</td>
<td>38</td>
<td>34</td>
<td>30</td>
</tr>
<tr>
<td>Stores to develop/year</td>
<td>8.3%</td>
<td>8.7%</td>
<td>9.1%</td>
<td>9.5%</td>
<td>9.9%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Average square ft, new stores</td>
<td>20,000</td>
<td>21,000</td>
<td>22,000</td>
<td>23,000</td>
<td>24,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Average square ft/year</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Total stores, thousands (2012)</td>
<td>3,140</td>
<td>3,264</td>
<td>3,398</td>
<td>3,532</td>
<td>3,666</td>
<td>3,800</td>
</tr>
<tr>
<td>Total stores, thousands/year</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Results of Management Strategy

- Smaller new stores produced 27% higher weekly average sales per store.
- Increase of 37% sales per square foot
- Savings through lower occupancy cost/direct store expenses.
- Stringent cost-control measures—effective management—increased store level performance ensured sustainability.

| Financial-2010 Profit Margin—Current Ratio—Debt-to-Equity |
| Whole Foods | 34.3% | 1.7 | 0.83 |
| Safeway | 31.4% | 0.9 | 1.08 |
| Kroger | 23.6% | 1.0 | 1.67 |
| Superval | 24.9% | 0.9 | 2.64 |

Domestic Growth

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>U.S. Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Organic Food</td>
<td>13,811</td>
</tr>
<tr>
<td>Organic Non-Food</td>
<td>744</td>
</tr>
<tr>
<td>Total Organic Products</td>
<td>14,555</td>
</tr>
<tr>
<td>Year to Year Growth in Sales</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

Global Growth for Organic Food and Drink

- Global Distribution of Revenues
  - Europe: 51.0%
  - North America: 2.0%
  - Other: 46.0%

- Revenue (Billions of U.S. Dollars)
  - 1999: $15.2
  - 2002: $23.0
  - 2005: $33.2
  - 2008: $50.9
**Eyes on Australia**

- Contains 40% of the World's Organic Farmland
- Australia survived the global downturn without recession
- Current deficit of $37 billion projected to become surplus by 2012-2013
- Large retailers of organic food just beginning to move into region
- Potential opportunity to move into region

**Roundup-Ready Alfalfa "Threatens the Very Fabric of Organic Industry"**

- Genetically Engineered/Modified
- USDA Working on Final Draft of Measure to Deregulate.
- Biggest Impact to Organic Dairy and Cattle
  - Threatens the Integrity of the Organic Label
- Whole Foods—
  - "The contamination of organic crops by GE material has presented a huge burden for our company and industry."

**Recommendation**

- Advertise more (targeted)
- Focus on Public Relations
- Product Differentiation not Cost Leadership
- Increase "Private Label" offerings—the recession has created a trend coined "the new value shopper"
  - As recession is starting to lessen its grip on consumer wallets, consumers are still price sensitive
**Recommendations**

- Focus its attention on Australia, a market for organic retailers that could be ready to explode.
  - Look into possible joint venture opportunities or acquisitions of smaller retail chains in much the same manner it did when it moved into the European market.
- Develop a strategy to capture the loyalty of the fastest growing segment of the population—Hispanic/Latino.
  - Studies show that this ethnic group exhibits the most intense interest in organics.

**Recommendation**

- Delay new development in Europe (UK) until economy stabilizes.
- Move into the Asian market quietly
- Invest in land instead of renting—decreases their debt: equity ratio (solvency)

**News**

- March 22, 2010:
  Whole Foods, United Natural Foods Muscle Suppliers to Boycott Consumer Group
  - Organic Consumers Association (OCA)
  - Organic Valley
  - Nature's Path
- Fortune 500's "100 Best Companies to Work For"
  - Whole Foods ranked number 18 in 2010
    - Moved up from position 22
- 2010 World’s Most Ethical Companies
- Wal-Mart American Heritage Program (January 2010)
News

- On May 13th 2010 Walter Robb was promoted to co-CEO with founder John Mackey, and A.G. Gallo who shared the COO job with Robb was promoted to President and sole COO. This is significant because the company now has two CEOs.
- Profit Soars at Whole Foods - Grocery Chain Forecasts Sharply Higher Profit. Whole Foods reported profit of $67.4 million, or 39 cents a share, compared with $27.3 million, or 19 cents a share, a year ago. Analysts polled by Thomson Reuters had expected earnings of 33 cents a share.

Questions and Discussion

Works Cited & Reference