



APPENDIX

MINI-CASE DECISIONS

This section contains several Mini-cases. The Mini-case for Quarter 1 **must** be **Mini-case A**. Your instructor *may* change the order of mini-cases in subsequent quarters. Always check the quarterly report to ascertain which mini-case is next. If you are not using the mini-cases, enter a zero on the decision form for item 11 (if given a choice).

The ability to make a decision concerning a mini-case *will be limited to the decision quarter for which it is offered*. You cannot go back to a previous mini-case to take advantage of the mini-case.

Mini-cases *may* have a financial effect on your company either in the current quarter or a future quarter.

There are many ways to implement the mini-cases. Here are two suggestions:

- Ask one or two team members to read the mini-cases aloud, then discuss as a group. After discussing each possible action, reach a consensus as a group. If a consensus cannot be found, the CEO may have to decide.
- Ask several team members to individually read the mini-case and assign one possible answer to each team member. Give them 10 – 15 minutes to develop a position then ask each to verbally deliver their position to the whole team. Then, reach a consensus.

Throughout the following pages, the instructions for entering mini-cases may refer to writing down something, or entering a number. This will all depend upon how your administrator is running the simulation.

- Some administrators may use paper input forms for running BizSim. In such cases, you would typically enter the number of your choice in item #11. You may also write down more details on the same sheet of paper that you typically turn in.
- Other administrators may run the simulation fully online. Under these circumstances, your mini-case choices should be fairly easy to select online. ***However***, you should typically still ***record separately*** the reasons you are giving to justify your decision. Your administrator may have a separate way of handling those details.

Mini-Case A: Naming Your Company and Choosing a Strategy

Industry _____ *Co #* _____

COMPANY NAME:

You will need to provide a name for your company and/or product. This is an extremely important decision for your team. You may assume that the firm name is also the name of your product. A product's name can create an immediate image to the prospective purchaser. For example, if a firm sold computer printers, "Perfect Print" is a more descriptive name than "The Cannon." You may want to answer some of the questions below first.

The name cannot exceed 30 characters (with spaces).

1. Is the name an ego trip for team members? For example, using the letter of each person's first or last name: "JFTY "
2. Does the name help describe your product?
3. Is the name easy to remember and perhaps catchy? "Hi-Q Music"

Brainstorm some possible names:

On Your Decision Form:

1. Print the name you have chosen (maximum 30 characters).
2. Enter a zero on the decision form for the mini-case.
3. Write down the justification for your selection.

Mini-Case B: A New Production Manager

Your production manager gave two weeks' notice and left to start his own business. You have conducted interviews with several applicants and you have the list down to three. Here is a short synopsis of the three:

Applicant #1

This applicant is currently your assistant production manager. He is middle aged, has a bachelor's degree in Business and has been in the position since the firm began a year ago. He had a similar position before joining your company. Although he knows the production process at your plant relatively well, his people skills are somewhat weak according to the departing plant manager. The advantage of hiring this person is that he knows every small detail of your operation and perhaps he could work on his people skills if given a chance to get the promotion.

Applicant #2

This applicant is currently employed by an widget manufacturing facility similar to yours. She has excellent credentials, a bachelor's degree in production management and has excellent references. She needs to relocate to your area. She has two other offers and both have offered her a signing bonus of \$5,000. Your human resources manager feels you can hire her if you offer a \$5,000 signing bonus, which includes \$2,000 for moving expenses. One of your staff has pointed out that the bonus will establish a precedent in your firm. If you hire this applicant, you will be charged \$5,000 in Other Expenses.

Applicant #3

This applicant has the most experience of the three. At age 63, he has been the production manager in four firms over the last 30 years, all in widget production facilities. He has an associate's degree in science and has excellent references. One of your staff members has pointed out two possible problems with this applicant. The first is that he is disabled and uses a wheelchair to move around; there are some areas of your plant that are not equipped for wheelchair usage. The second potential problem is that he is nearing retirement age, although he assures your committee that he plans to work until he is 70 as long as his health holds out. This applicant would bring a lot of experience to the position.

Choose which applicant you will hire. If you choose #2, your "other expenses" will be charged \$5,000.

On Your Decision Form:

1. Enter 1, 2 or 3 depending on your choice (mini-case response).
2. Write down the justification for your selection.

Mini-Case C: Environmental Dilemma

In order to provide parking and expand your production facility, a large lot at the rear of your building must be cleared of several trees. The municipality in which you are located has a regulation stating that for any trees you remove, the same number must be planted. There is room to plant the requisite number of trees on the perimeter of the large lot. However, one of your most respected staff members made a passionate plea to go “beyond the law” by purchasing 10-20 acres out in a rural area and plant several *hundred* young trees on it. “If we are to think of ourselves as *trustees* of the global environment and not just *consumers* of the environment, we must go beyond the legal requirement and leave something for future generations.” Your financial officer responded with, “This would cost us \$10,000 and we could use those funds for building the business. We could do this later after we have grown profits to a much higher level. Besides, I personally believe that we should meet the legal requirements and no more. If we continue to spend money on every ‘social’ cause that comes along, we will not be serving our stockholders well.”

The staff member responded with, “Our stockholders would want us to be a socially responsible firm and we would be doing it for the future descendants of the stockholders. I think the majority of them would approve of that. And as for waiting for a better time to do it, there will never be a ‘better’ time than now. Besides, the expense is a tax deduction and it would actually only cost the firm \$6,000.”

Discuss this situation with your team and enter:

- a one (1) on the decision form if you are going to budget the \$10,000 for the land and the tree project
- a zero (0) if you are not going to do it.

If you elect to do it, you will be charged \$10,000 in Other Expenses.

On Your Decision Form:

1. Enter 1 or 0 depending on your choice.
2. Write down the justification for your selection.

Mini-Case D: The Case of the Missing Keys

The ring containing the master keys to many areas of the building disappeared off the production manager's desk this morning. Changing all the locks would cost \$2,000, as they are all high quality custom-keyed locks. An anonymous note left at lunch time on the desk of a production foreman listed three or four employees that could have taken them and that there was a rumor that they had been put in the guilty employee's locker for safe keeping in case the employees were searched. The production manager wanted to search the four lockers for the keys but the human resources manager warned him that the lockers could be considered a personal area and the company did not have a right to search a personal area. He ended his remarks with a statement about a potential lawsuit, especially by the three non-guilty employees.

Discuss this situation with your team and enter:

- a one (1) on the decision form if you plan to search the lockers.
- a two (2) if you choose to change the locks. If you choose this option, "other expenses" will be charged \$2,000.

On Your Decision Form:

1. Enter 1 or 2 depending on your choice.
2. Write down the justification for your selection.

Mini-Case E: The Case of the Personal Email

All employee computers are now connected to the company Internet access and there has been a surge in Email traffic that you suspect is due to personal Emails and personal use of the Internet on company time. The law is very clear that the logs and records on the hard drives of the corporate computers belong to the company. Email is a non-cash perquisite that some companies provide to their employees. One department manager is concerned that there is a significant amount of “social loafing” associated with personal Email and Internet surfing. It is hard to compute the exact amount of work time used without hiring a specialist to conduct detailed reviews of the usage logs. It is clear that the company must establish a policy on this matter. The concerned department manager wants to have a “zero tolerance” policy because he fears that ‘if you give them an inch they will take a mile.’ “Where do you draw the line?” he asks.

Discuss the situation with your team and enter:

- a one (1) if you are going to formally permit people to use their own discretion about personal Email and Internet activity.
- a two (2) if you allow employees to use their computers for personal activity only before and after work hours or during lunch.
- a three (3) if you will not permit personal use of the company computers at any time.

On Your Decision Form:

1. Enter 1, 2 or 3 depending on your choice.
2. Write down the justification for your selection.

Mini-Case F: Health Insurance Decision

A small group of employees has approached management with a request from a majority of the employees that the firm establish a health insurance plan, paid for by the company. One staff member has pointed out that the plant currently does not have a union and that this type of situation cannot be ignored nor given to a committee for a 6-month analysis. The human resources manager has received proposals from an excellent insurance company for different types of plans. While the plans are not top-of-the line with regard to benefits, they are adequate. The plans and their associated costs to your company are listed below:

- **#1** Do not establish a health plan but contract an all-purpose clinic to treat employees and their dependents for discounted fees. No cost.
- **#2** Establish a health plan for employees only (not dependents), with the company paying half the cost and employee paying half the cost. Cost: \$6,000 per quarter.
- **#3** Establish a health plan for employees only (not dependents) with the company paying the full cost. Cost: \$12,000 per quarter. Employees could add and pay for dependents at the full dependent cost.
- **#4** Establish a health plan for employees and their dependents with the company paying half the cost and employees paying half the cost. Cost: \$10,000 per quarter.
- **#5** Establish a health plan for employees and their dependents with the company paying the total cost. Cost: \$20,000 per quarter.

Make your decision (1-5) and place it on the decision form. If you choose an alternative with a cost, it will appear as “other expense” for the length of the simulation.

On Your Decision Form:

1. Enter 1, 2, 3, 4 or 5 depending on your choice.
2. Write down the justification for your selection.

Mini-Case G: Going International

The Marketing Director brought up the idea of becoming an international company by exporting your product to a foreign country. The choice of a country is not a factor in this decision but the *method* of marketing your product in that country is.

The following choices are available to you:

- #1 Do not export at this time. You feel you need to continue expanding in your current markets, and exporting would require precious capital and managerial resources.
- #2 Contract with a broker in the foreign country to handle your product as part of his line. He calls on the types of stores that would carry your product. The advantage of this alternative is that it costs nothing because the broker would be paid a commission on each sale. The disadvantage is that you have no way of telling how hard the broker is trying to sell your line versus the other competing products he offers to his customers. It is estimated that he may be able to increase your current sales 1% to 5%. All brokers require a one-year contract as your only representative.
- #3 Hire a salesperson in that country to market your product there. The cost would be \$15,000 per quarter (in “Other Expenses”) for salary. It is estimated the salesperson would be able to increase your current sales by 5 to 20% within two quarters.
- #4 Establish a sales office and stocking warehouse in the country. This would allow immediate shipments of goods to the customer, saving days as compared to alternatives #2 and #3 above. The cost would be \$25,000 per quarter (in “Other Expenses”). It is estimated that this alternative could increase your current sales by 10% to 30%.

On Your Decision Form:

1. Enter 1, 2, 3 or 4 depending on your choice.
2. Write down the justification for your selection.

Mini-Case H: Selection of a Country for International Sales

You have the choice of several countries to begin marketing activities and open up sales to the country. The alternatives are listed below. Although you may not enter the country immediately, the President wants your group to select a country so you would be ready if the decision were made.

<u>Country Selection for Exporting</u>				
<u>Selection Factors</u>	Country #1	Country #2	Country #3	Country #4
Language - Same as ours or Different	Same	Different	Different	Different
Annual Economic Growth Rate	1%	3%	5%	8%
Level of Taxes and Tariffs	Moderate	Moderate	Higher	Highest
Currency Strength Vs Our Currency	Equal	Stronger	Stronger	Weaker
Ease and Cost of Exporting to this country 0=Difficult 5=Moderate 10=Easy	9	8	7	6
Stability of Government 0=unstable 5=somewhat stable 10=very stable	10	9	6	4
% Literacy Rate	93%	96%	92%	80%
Relative Affluence 0=poor 10=same as your country	10	8	7	5

Select the country you would enter. You must make the selection whether or not you think your firm should export.

On Your Decision Form:

1. Enter 1, 2, 3 or 4 depending on your choice.
2. Write down the justification for your selection.

Mini-Case J: Business Ethics

Business is built on the principle of giving the customer a safe product or service at a fair price. The minimum level of business ethics is to obey all laws and regulations relating to one's business. Then comes behavior which is legal but perhaps not ethical. Next, there is a gray area of ethical behavior in which decisions are difficult to make. Finally, there is behavior which is fully ethical, in which the firm could pass the "TV rule." (The firm so conducts its business that all of its actions could be disclosed to the public on TV without fear of any condemnation.)

The situation faced by your team today is one in the gray area of ethics. Your sales force has reported that some retailers have had the latest model of your widget returned because of a problem that occurs when releasing the media card. A check of 100 units taken directly from the production line showed that five had the *potential* to be defective and one clearly was defective. The defect could do no bodily harm to the user unless he or she tried unsuccessfully to dislodge the media card and cut or scraped their finger. Luckily, it is a new model and there have only been 5,000 units sold. Steps have been taken to correct the problem immediately on units coming off the production line. A meeting of your staff produced nothing except very diverse opinions as to what action to take. The alternatives appear below.

#1 Recall all units of that model, inspect them, and repair or replace each defective item and return it as required. Your legal counsel has recommended this action. One-Time Cost \$20,000 in "Other Expenses"

#2 Place ads in stores and a few newspapers announcing a voluntary recall. Only customers who would happen to see the ads would return the units. One-Time Cost \$10,000 in "Other Expenses"

#3 Adopt an unwritten policy to repair (without cost to purchaser) any defective unit that is sent back to the factory. This would be in effect as long as the units were in consumers' hands. This is known as a "secret warranty" and no notice of the extension is given. No recall notice is given. One-Time Cost \$1,000 in "Other Expenses" to repair the few units that may come in.

#4 Stand behind your usual 180-day warranty. No recall would be made. If a unit comes in after the 180 days, the customer would be charged for the repair. No cost.

Discuss with your team and enter your decision (1-4) on the decision form. Although you may think of a better alternative, in a simulation the menu of choices must be adhered to.

On Your Decision Form:

1. Enter 1, 2, 3 or 4 depending on your choice.
2. Write down the justification for your selection.

Mini-Case K: Technology

At a department head's meeting, the production manager brought up the topic of "Catching up with the 21st Century." He noted that while the firm was producing a widget with the latest features, the firm was behind in some areas of technology. By the time everyone had spoken at the meeting, several proposals had been made concerning utilization of new technology. They are listed below.

- A. Equip the sales force with laptops and modems and LAN connection capability so orders can be placed immediately, prices confirmed and an approximate ship date can be provided immediately to the customer. Upfront Cost \$2,000
- B. Place the purchasing system on the company Intranet and allow all employees to purchase any item, whenever the company has already established a contract, with automatic flow of the order directly to the supplier. A great deal of time and some cost savings would occur. Upfront Cost \$4,000.
- C. Purchase a new CAD (Computer Aided Design) system, which would allow you to trade designs with your lead customer and your lead supplier. You could shorten the development time and reduce the error of designing something too expensive to build or maintain. Upfront Cost \$8,000.
- D. Establish, through a third party that already sells at retail on the Internet, the ability to sell your widgets via two pages in the third party's on-line catalog. This is admittedly a small step toward e-Commerce but the manager who made the proposal advocated a test run of this type to ascertain what the potential is. Upfront Cost \$16,000.
- E. Establish an e-Commerce site that would sell exclusively your widget. The site would feature full color web pages listing all product specifications. It would compare your widget with those of your closest competitors and show the superiority of your unit. Customers could order directly online. Upfront Cost \$32,000.

All of the proposals above have pluses and minuses. Your team should discuss them and enter the *total cost* of any proposals you want to activate. Since the costs are unique numbers, the simulation can sort out which you want. For example, if you want to implement A and C, enter \$10,000 (\$2,000 + \$8,000) on the decision form. (Valid entries are \$0 to 62)

On Your Decision Form:

1. Enter 0 to 62 (no thousands) depending on your choice. *Note: do not place the alphabetic letters on your decision form (a, b, c, etc.), as the program will not accept them.*
2. Write down the justification for your selection.