
Journal of Critical Incidents

Timothy Brotherton, Editor
Timothy Redmer, Associate Editor

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Volume # 5



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SCR

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SCR Mission and Purpose

The Society for Case Research (SCR) facilitates the exchange of ideas leading to the improvement of case research, writing, and teaching; assists in the publication of written cases or case research and other scholarly work; and provides recognition for excellence in case research, writing and teaching. The society publishes three scholarly journals:

- Business Case Journal
- Journal of Case Studies
- Journal of Critical Incidents

If you are interested in joining SCR, publishing in one of the journals or contacting the Officers of the Society, go to www.sfcr.org. To purchase copies of the Critical Incidents or Teaching Notes contact Roy Cook at cook_r@fortlewis.edu

WELCOME to Volume 5 of the *Journal of Critical Incidents*! Well, I am no longer the “new guy” this year, but I still appreciated everyone’s patience with me. I think the journal turned out pretty well this year. There are 29 critical incidents on a variety of interesting subjects published in this volume. Editing *JCI* continues to be a compelling and rewarding experience. The only bitter part this year was that I found a mistake in last year’s volume. I deeply regret that and hope that there are no mistakes in this year’s edition. At *JCI* we strive for perfection. ☺

I would like to thank the authors for their successful production of some high quality critical incidents. The success or failure of any journal is ultimately due to their good works. In addition, I want to thank the reviewers who volunteered their valuable time over the summer to give constructive feedback to the authors at every stage of the process.

I especially want to thank the Associate Editor, Tim Redmer. He consistently worked very hard assisting authors, developed a number of creative suggestions for improving our processes, and was excellent at enforcing deadlines.

Finally, I wish to thank my intern, Olivia Adams. A PR student at Ferris State University, she has helped with the final editing of all of the CIs and did much of the formatting for this volume.

We are trying some new things this year, including a new “Summary Page,” a revised organizational format, and a renewed emphasis on strong learning objectives. We hope that you like the changes we have made and will continue to support our efforts. We look forward to working with each of you in the years ahead.

Sincerely,



Tim Brotherton
2012 JCI Editor

Publication Information:

The goals of the Society of Case Research (www.sfcr.org) are to help authors develop and publish worthy business case studies. The Society of Case Research publishes three journals: *Business Case Journal*, *Journal of Case Studies*, and *Journal of Critical Incidents*.

While the first two case journals have no page limits, the *JCI* does not publish long cases. *JCI*'s focus is on brief incidents that tell about a real situation in a real organization (similar to end-of-chapter cases in textbooks). The critical incident tells a story about an event, an experience, a blunder, or a success. Unlike a long case, the incident provides only limited historical detail or how the situation developed. Rather, it focuses on a real time snapshot that stimulates student use of their knowledge to arrive at a course of action or analysis.

Critical incidents can be based on either field work or library research. The maximum length of the critical incidents is three single-spaced pages. A teaching note must be submitted with the critical incident. The quality of the teaching note is a central factor in the review and acceptance process. Submissions are double-blind, peer reviewed. Formatted copies of acceptable critical incidents and teaching notes are available to assist author(s) in meeting the *JCI* submission requirements. The *Journal of Critical Incidents* is listed in [Cabell's Directories of Publishing Opportunities](#) and is published annually in the Fall.

JCI Publication Process:

- | | |
|---------------------------|---|
| 11/07/12 | Submit draft of Critical Incident to the Case Research Track at the Annual MBAA International meeting in Chicago (March 28-30, 2012). |
| 2/27-3/01
2013 | Present Critical Incident. Receive constructive feedback from Critical Incident session discussants. |
| 4/19/13 | Submit Critical Incident & Teaching Note to the <i>JCI</i> editor (jci@ferris.edu). Include a memo indicating how the author addressed recommendations from the conference |
| 5/10/13 | Critical Incidents sent to reviewers (Round 1) |
| 5/31/13 | Reviewers return with comments |
| 6/10/13 | Reviewer comments sent to authors. |
| 7/01/13 | Revised Critical Incidents due |
| 7/15/13 | Critical Incidents returned to reviewers (Round 2) |
| 8/05/13 | Reviewers return with comments |
| 8/26/13 | Notify Authors whether Accepted, Conditionally Accepted, or Rejected |
| 9/23/13 | Final submissions due (CI, Teaching Note, Cover, Release, and Summary). |
| 10/31/13 | Publication of <i>JCI</i>, Volume 6. |

Authors of Critical Incidents will be expected to review other submissions. Additionally, *JCI* will gladly accept volunteers from all disciplines to serve as reviewers. To volunteer, e-mail the editor at jci@ferris.edu.

GENDER SELECTION AND SALLY'S DREAM GIRL

Nanette Clinch, San José State University
Asbjorn Osland, San José State University

ABSTRACT

Sally Monroe had tried repeatedly, but after three boys she despaired at ever achieving her dream of having a girl. As a Canadian she could not receive gender selection fertility services so she had to seek them in the US. Through pre-implantation genetic diagnosis (PGD) the desired gender was selected from available embryos. Sally struggled with the dilemma and spoke to her husband (Sidhu, 2012). Could they afford the \$15,000 fee and all the travel related expenses? They had already tried PGD once in California and none of the resulting embryos were girls. Should they try again? The total cost would climb to around \$40,000 with the new attempt. Furthermore, since the practice was viewed as illegal in Canada, where she lived, should she go through with it? Was it ethical for her to avoid the law by getting it done in the US?

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. To ethically analyze gender selection through technology (including abortion and PGD), gender selection and social justice, gender selection and identity, and global justice and its implications.
2. To describe how the law is only one source of ethical standards and principles and recognize ways that the law can shape ethical understanding in cases of ethical conflict.
3. To demonstrate how the responsibilities of biotechnology companies may go beyond standard expectations of corporate social responsibility.
4. To distinguish among the roles of government, the marketplace, professional organizations, and individuals in developing ethical standards and policies for sex selection and other reproductive technologies.

APPLICATION

This critical incident is best suited for business and ethics or health administration courses at the graduate or undergraduate level. Sally Monroe is a pseudonym for the protagonist described in the Slate (Sidhu, 2012) article.

KEY WORDS

Gender Selection, Pre-Implantation Genetic Diagnosis, Abortion

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IS IT ALWAYS RIGHT TO DO THE RIGHT THING?

Marianne K. Collins, Winona State University

ABSTRACT

Anne O'Donnell, a sales representative for a food service equipment manufacturer, had just successfully demonstrated her firm's new technology for reheating meals inside the cell block of a maximum security prison. Ed Martin, the institutional food service manager, assured her that a purchase order was forthcoming, since he was satisfied that Anne's system met his performance and pricing criteria. However, shortly after the demonstration, Ed was contacted by Anne's competitor, who promised to deliver the same performance and training at a lower price. Ed then inappropriately shared Anne's proprietary pricing information with the competitor. Anne must decide whether to report Ed's misconduct to the contracting authority, which could result in disciplinary action up to and including the loss of his job, to try to meet the competitor's pricing, to walk away from the sale, or to formulate alternative courses of action.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Apply decision-making guidelines to an ethical dilemma.
2. Analyze potential issues and conflicts in the salesperson's role as boundary spanner between the firm and the customer.
3. Evaluate the roles of both the customer and the salesperson in relationship selling.
4. Explore decision options, make a decision and understand the consequences of that decision.

APPLICATION

This critical incident is designed for use in undergraduate Professional Selling and Sales Management classes or may be appropriate for use in the Ethics module of a basic Marketing, Public Administration or Criminal Justice class. This case allows students to discuss the sometimes conflicting role of salespeople as 'boundary spanners' and the correlation of what is right for the firm, the customer and sales success.

KEY WORDS

Professional Selling, Ethical Decision-Making, Customer Relationship Management

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CONTAGION WITH YOUR SANDWICH?: THE BATTLE OVER SICK LEAVE

Elaine Davis, St. Cloud State University
Janell M. Kurtz, St. Cloud State University
Kimberly Francis, St. Cloud State University

ABSTRACT

Jimmy John's Gourmet Sandwiches was the subject of an unprecedented union campaign. The top priority of the worker's efforts was changing the company's sick leave policy; workers sought the right to call in sick and be paid for sick days. To exert pressure on Jimmy John's, some workers took the message public. Hundreds—maybe thousands—of flyers insinuating that sick Jimmy John's workers were making sandwiches were circulated. The Critical Incident challenges students to look at the legalities of employees' rights to engage in concerted activity under labor law as well as the employer's right to fire. In addition, students are asked to consider the management issues involved in formulating a sick leave policy.

LEARNING OBJECTIVES

The critical incident objectives are:

1. Understand the limitations, especially employees' rights to engage in concerted activity under labor law, on the employment-at-will doctrine that allows employers to fire for good reason, bad reason or no reason at all.
2. Practice business decision-making in the context of a real case in time of crisis.
3. Discuss the U.S. policy on sick leave.
4. Apply business considerations in formulating a sick leave policy for a business.

APPLICATION

The case can be used in a variety of undergraduate courses dealing with business law and multiple management courses. In law courses, the case would complement material on the employment environment, specifically termination of employees and labor management relationships. In management courses, the case can be made part of a discussion on employee policy development, retaliation, sick leave as an employee benefit, safety/infection control training, and labor law.

KEY WORDS

Labor Relations, Labor Unions, Sick Leave Policy, Employment at Will, Employee Concerted Activity.

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HIPAA EXPOSURE

Tracy J. Farnsworth, Idaho State University
Leigh W. Cellucci, East Carolina University
Patrick Hermanson, Idaho State University
Linda Hatzenbuehler, Idaho State University

ABSTRACT

Vice President Rickenbacker of State University knew she needed to respond to fallout from a HIPAA exposure. There had been an information breach because the University Family Practice Residency Clinic (Family Medicine) server's firewall had been taken down during routine maintenance and had not been reestablished. About 15,000 patients' personal and health information had been contained on this server. The HIPAA fallout rested on three concerns: the server issues, communication with Family Medicine healthcare providers and patients, and the University's working relationship with the local hospital (Woodward Health) that was involved with the ownership/management of the clinics

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Define and describe HIPAA.
2. Examine and evaluate the ethics associated with officials responding to a HIPAA exposure.
3. Create communication appropriate for public disclosure regarding HIPAA violation.
4. Create the course of action taken in response to ensure HIPAA compliance.
5. Discuss the importance of the concept of trust for healthcare partnerships/contracts between health care educational clinics and hospitals.
6. Propose and defend a course of action to ensure continued partnership between two health care entities in which there has been fractured trust.

APPLICATION

This incident can be used in undergraduate and graduate courses in Health Administration, Health Law, Health Information Management, and Leadership in Health Care. It is useful to demonstrate HIPAA rules, provide an avenue for discussion about appropriate responses to HIPAA exposure and to partnering healthcare entities.

KEY WORDS

HIPAA, Healthcare Partnerships, Communication Plan,

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SUPPORT FOR CLINICAL ROTATIONS

Patrick M. Hermanson, Idaho State University
Tracy J Farnsworth, Idaho State University
Linda Hatzenbuehler, Idaho State University
Cassandra Moore, Eastern Idaho Regional Medical Center

ABSTRACT

As Grandview Medical Center's Chief Operating Officer, Julie Johnson had a good grasp on her organization's dual responsibility to provide high quality patient care while partnering with educational institutions to provide clinical-medical education. Grandview had been a long standing supporter of university health education rotations and high school orientation to health professions. Unfortunately three recent incidents involving college and high school students related to student supervision and compliance led the Grandview board to suspend its support for educational rotations to protect the organization from legal action and damage to its reputation. Although the board's actions seemed prudent, Julie was concerned about her organization's dual role as a provider and partner in community-based clinical-medical education. Privately, she wondered, "How can Grandview reassess its policies and practices to enable a continuation of a mutually beneficial association with its educational affiliates?"

LEARNING OBJECTIVES

The objectives of this critical incident are to:

1. Identify the purposes of community partnerships in allied health professions education.
2. Create and defend a strategy for engaging medical providers and medical educators in mutually beneficial affiliation agreements.
3. Analyze the risks and benefits associated with clinical-educational affiliation agreements.
4. Identify and assess ways to mitigate the risks associated with clinical-educational affiliations.
5. Compare and contrast the purposes of The Family Educational Rights and Privacy Act (FERPA) and The Health Insurance Portability and Accountability Act (HIPAA) and where the two intersect.
6. Describe and defend the central function and role of the governing body and senior administration within health care and educational institutions relative to clinical-educational affiliations.

APPLICATION

This critical incident that may be used in undergraduate or graduate courses in medical / health care law and bioethics, medical or allied health professions education, or other classroom discussion related medical-education community partnerships.

KEY WORDS

Clinical/Medical Education, Healthcare Law, Ethics

CONTACT

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EARLY WARNING SYSTEM OR FALSE SENSE OF SECURITY? CONCUSSION RISK AND THE CASE OF THE IMPACT-SENSING FOOTBALL CHINSTRAP

Clifton D. Petty, Drury University
Michael R. Shirley, Drury University

ABSTRACT

This critical incident describes a product controversy faced by Battle Sports Science, LLC, a company established in 2009 to design and market products aimed at improving the safety of young athletes. The company developed an impact sensing football chinstrap with a light that changed from green to yellow or red when it detected a possible head injury. On October 5, 2011, a report aired on National Public Radio raised questions about the product, and interviewed a biomechanics researcher who flatly refuted the claim that the chinstrap could accurately detect concussions. On October 19, 2011, a Senate hearing raised additional questions about such products, and ended with a call from Senator Tom Udall (D-N.M.) for the FTC to investigate the claims of company's marketing concussion-related sports gear. Chris Circo, CEO of Battle Sports Science, must decide how to manage product responsibility and legal liability around the issue of concussions in football.

LEARNING OBJECTIVES

The learning objectives for this critical incident are:

1. Analyze a dilemma involving marketing of a controversial product, one with the potential to reduce concussions risks but one that is also challenged by experts in the field of biomechanics and football safety.
2. Recognize the product responsibility arguments involved, and evaluate their persuasiveness to stakeholders and jurors in a product liability trial.
3. Decide what actions Battle Sports Science might take to most responsibly respond to the controversy involving its Impact Sensing product.

APPLICATION

This critical incident is appropriate for use in undergraduate Business & Society and Business Law courses, as well as other management and ethics courses that deal with product responsibility concerns.

KEY WORDS

Product Liability, Product Responsibility

CONTACT

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ART AUCTIONS ON THE HIGH SEAS

Jennifer Cordon Thor, Oakland University

Lizabeth A. Barclay, Oakland University

ABSTRACT

Art Auction on the High Seas is a discussion oriented, descriptive critical incident centering on Royal Caribbean International (RC). One of RC's contractors, Park West Gallery (PWG), conducted at sea art auctions on Royal Caribbean ships. This was a mutually beneficial relationship. Fine Art Registry (FAR) and several media outlets started publishing complaints about cruise art auctions suggesting that customers had been subjected to hard sells, incorrect art evaluation, and swindles. RC was criticized in a number of these sources. Some RC customers filed law suits against PWG and included RC as a co-defendant. RC's leadership had to assess the situation. They did not sell the art, how could they be responsible? What legal steps could they take to avoid a similar situation in the future?

LEARNING OBJECTIVES

The objectives of this critical incident are to:

1. Explain how an apparent agency relationship is created.
2. Explain the legal theory of *respondeat superior*, i.e. why do we hold principals liable for the actions of their agents (employees)?
3. Explain the difference between an independent contractor and an employee/agent.

APPLICATION

This critical incident would be appropriate to use in a legal environment of business course when discussing agency law.

KEY WORDS

Agency, *Respondeat Superior*, Independent Contractor, Liability

CONTACT

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**THE PERSONAL COST OF ETHICS:
REGAL NATIONAL BANK'S LOAN LOSS RESERVE**

Richard B. Whitaker, Eastern Illinois University

Cheryl L. Noll, Eastern Illinois University

ABSTRACT

This critical incident focuses on the ethical problems confronting Ted Carew, the loan review manager for Regal National Bank in Houston, Texas. Over the six months that he had held this job, Ted Carew identified \$100 million in additions to the loan loss reserve in middle-market energy loans and commercial real estate. Ted's superior, John Wilson, the senior credit officer of the bank, pressured him to reduce the loan loss reserve allocations on specific loans by \$60 million to avoid a substantial reduction in the bank's stock price. Ted was conflicted about his loyalty to the bank, the stockholders, and his own personal and financial obligations. What should he do?

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Evaluate a personal framework for making ethical decisions.
2. Define generally common ethical frameworks from the literature.
3. Apply theoretical models for making ethical business decisions.

APPLICATION

This decision-point critical incident is appropriate for use in upper-division finance, particularly those focusing on the banking industry, accounting, and business ethics courses.

KEY WORDS

Ethics, Banking, Finance, Accounting

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BY THE NUMBERS: A PERSONAL FINANCIAL PLAN

Ann M. Hackert, Idaho State University
Jeff Brookman, Idaho State University

ABSTRACT

Emma McCallister lost her husband a year ago and she needed to decide how to proceed to finance her next few years and her retirement. She and her husband did not have a formal plan or budget because his higher earnings meant they had enough to cover the bills each month with money left over. Because her income dropped, Emma had to budget and plan to make sure she had enough to cover her monthly expenses and meet future goals. She also wanted to look at her finances based on estimates of retirement income. Spending and saving decisions needed to be based on her income from her job and any other investment income she might generate. This decision critical incident allows students to develop personal financial statements, assess Emma's current financial condition and discuss changes Emma may want to make.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Develop an individual's net worth and cash flow statement.
2. Evaluate the current financial condition of an individual by reviewing assets, liabilities, income and expenses.
3. Develop a set of budgeting and planning recommendations for an individual's budget.

APPLICATION

This Critical Incident can be used in a personal finance class to illustrate many concepts. Budgeting and planning are basic topics and students are often asked to collect data on their spending, create a budget and make a net worth statement. This CI helps students understand the importance of the concepts by considering the example of someone who is in a different stage in her life cycle than the typical college student.

KEY WORDS

Finance, Personal Finance, Net Worth Statement, Personal Cash Flow Statement

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CUTTING TEACHER BENEFITS – A LOSE-LOSE PROPOSITION

Darryl L. Jinkerson, Abilene Christian University

ABSTRACT

This critical incident addresses a question of how to modify employee benefits when the budget requires it. Historically, employee benefits for full-time faculty and staff at a small Christian school included paying a percentage of tuition for employee dependents at a local university affiliated with the school. In the last few years, the university increased its tuition nearly 25% compared to an average tuition increase of 3.5% at the Christian school. The school can no longer afford to maintain the tuition benefit given the tremendous difference in tuition costs. Both schools are extremely tuition dependent to meet their budgets and continue operating. The school headmaster was pondering what to do about the situation. What would be in the best interest of the school and its employees? What would be perceived as “fair and reasonable”? How should this change be implemented?

LEARNING OBJECTIVES

The learning objectives of this critical incident are to:

1. Comprehend the complexity involved in reducing employee benefits especially well established benefits.
2. Examine the concepts of “procedural justice” and “distributive justice” in compensation structures.
3. Examine the difficulty of establishing and effecting compensation philosophies especially when key variables are outside of one’s control.

APPLICATION

This critical incident is primarily intended for use in undergraduate courses in Human Resources, Organizational Behavior, Conflict Resolution, Personnel, Supervision, Leadership, Employment Law, Legal Business Environment or Compensation. It demonstrates the issues organizations face when trying to manage employee benefits.

KEY WORDS

Employee Benefits, Human Resources, Organizational Behavior, Change

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WHAT CAN THE BIG BANKS DO TO ATTRACT SMALL RETAIL CUSTOMERS?

Asbjorn Osland, San José State University
Chunlei Wang, San José State University
Marco Pagani, San José State University
Nanette Clinch, San José State University

ABSTRACT

On September 29, 2011, Bank of America planned to charge its customers \$5 per month for debit card purchases starting in 2012. On September 30, Molly Katchpole initiated a petition against the charge collecting 100,000 supporting signatures. On October 4, Kristen Christian launched a Bank Transfer Day campaign, encouraging people to switch from commercial banks to credit unions. On October 28, JP Morgan Chase and Wells Fargo dropped the plan to charge consumers for purchasing with debit cards. SunTrust Bank was reported to drop debit card fees on October 31. On November 1, 2011, Bank of America announced it too would drop the planned fee. But these announcements failed to slow down the momentum of the Bank Transfer Day Campaign and credit unions reportedly gained 441,000 new members in September and October of 2011. The proposed debit card fee had become a public relations fiasco for the big banks.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Differentiate between credit unions and banks
2. Suggest how consideration of consumer response through social media could have offered better strategies to execute a change than what BAC did in terms of the \$5 fiasco
3. Analyze how social media facilitates mass movements by creating viral messages
4. Analyze how customer complaints through social media can be managed
5. Discuss the relative importance of small accounts to big banks at the current time, assuming large cash balances in banks
6. Apply the concept of price signaling in a mature market and discuss the conditions when this strategy works.
7. Understand the force of the threat of substitutes in Michael Porter's five forces model

APPLICATION

The critical incident is best suited for undergraduate finance, strategy, and marketing classes.

KEY WORDS

Bank Transfer Day, Public Relations, Credit Union, Social Media

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REVENFLO: HOW TO INCREASE REVENUES WHEN AT CAPACITY?

Cara Peters, Winthrop University
Stephen Dannelly, Winthrop University
James McKim, Winthrop University

ABSTRACT

Revenflo was a small, innovative company that provided Internet marketing and Web site design and development services to clients. Business was booming for Revenflo and the three employees of the company were working at capacity. On top of that, the CEO had a goal to triple revenues for the next year. To achieve that goal, Revenflo was going to have to increase sales for each of the various types of services provided to clients, monthly marketing programs, projects, and team contracts. The CEO had several ideas for how to increase the number of clients while also up-selling to existing clients. However, to pursue these activities, the company was going to have to hire a professional salesperson or they were going to have to hire an administrative support person that would allow for the CEO to pursue additional sales and marketing activities.

LEARNING OBJECTIVES

Students will be able to:

1. to evaluate the different growth strategies available to a small business owner;
2. to analyze how a hiring decision will impact the operations;
3. to understand how entrepreneurship issues impact business decision making; and
4. to qualitatively identify risk and develop mitigation plans to combat risk-related threats.

APPLICATION

This critical incident is appropriate for undergraduate courses in strategic management, entrepreneurship, and possibly management information systems.

KEY WORDS

Growth Strategies, Sales Strategies, Entrepreneurship

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AM I TRULY SELF-EMPLOYED

John D. Veal, Jr., Webster University
Gabriele Lingenfelter, Christopher Newport University

ABSTRACT

This critical incident requires the students to apply the Internal Revenue Service's (IRS) independent contractor criteria. Students are asked to determine if Allstate's insurance agents should be classified as employees or independent contractors. By asking the students to discuss the taxes and other expenses that Allstate can avoid if agents are considered independent contractors, the students will understand why employers may purposely misclassify employees as independent contractors.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Apply IRS criteria to determine if Clarence should be classified as an independent contractor or employee.
2. Assess the financial implications to the worker of changing from an employee status to an independent contractor status.
3. Discuss what factors may impact a company's decision to change its workers' employment status to independent contractor.

APPLICATION

This is decision critical incident can be used in federal tax or entrepreneurship classes. It can be used for in-class discussion or assigned as a homework problem.

KEY WORDS

Employee Classification, Independent Contractor

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RED OCTOBER AT ABC MANUFACTURING

Odiri Igbeyi, Oakland University

Karen S. Markel, Ph.D. SPHR , Oakland University

ABSTRACT

This critical incident describes a crisis with a software system at ABC manufacturing. On two occasions, the IT system went down and automobile production came to a halt. The critical incident places Melvin Miles, a mid-career IT manager at the center of the crisis and crumbling under the pressure of the situation. The plant was the only automotive production facility in North America and the first factory built outside of its headquarters in Western Europe. This case describes Miles' ordeal in handling a critical incident, dubbed Red October by the company. Included in the details are the complications in working at a local plant and being supervised internationally as well as many of the challenges in managing a team in a crisis situation.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Examine strategies for managing work-related stress during a crisis.
2. Identify the issues in cross-cultural management; including communication.
3. Distinguish how to effectively manage a team during a crisis.
4. Evaluate the role of leadership in crisis management.

APPLICATION

This critical incident can be used in an organizational behavior or principles of (information technology) management class at either the undergraduate or graduate level that covers crisis management, stress, team leadership and concepts surrounding cross-cultural management.

KEY WORDS

Stress, Crisis Management, Multinational Organization, Team

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SCENES FROM A RESTAURANT: THE CHALLENGE OF BEING MANAGER AND FRIEND

Kent Kauffman, J.D., Indiana University Purdue University—Fort Wayne

Eric Nelson, Ph.D., University of Central Missouri

David Baker, Ph.D., University of Central Missouri

Dory Hammond, University of Central Missouri (student)

ABSTRACT

This decision-based critical incident involves the dilemma faced by a college student who is made the manager of a restaurant, placing her above her two close friends who also work in the restaurant. The three women not only work together, but they go to college together. Two of three friends are assistant managers for a short time, but when one is demoted and the other is promoted, the change in the professional relationship threaten the personal dynamics. Things come to a boil, as it were, when the newly minted manager delegates responsibility for the restaurant's inventory to the restaurant's non-managerial employees. Servant leadership and conflict management skills are required in order for the manager to keep the restaurant running smoothly while attempting to avoid losing two friends – at work and otherwise.

LEARNING OBJECTIVES

The objectives of this critical incident are to:

1. Apply servant leadership skills to leading a group of friends in the workplace.
2. Evaluate the factors that impact a person's early career as a manager.
3. Advise on how a leader can build credibility in the eyes on his or her constituents.
4. Assess the ramifications of firing at will employees due to interpersonal conflict.
5. Develop strategies for managing interpersonal conflict.

APPLICATION

This critical incident is appropriate for use in both introductory and advanced courses in organization behavior and in other courses focusing on leadership. Discussion issues arising from this incident include servant leadership, life roles, and conflict management. Because there is a business law component that focuses on the ramifications of firing at will employees, students in employment law or business law would benefit from this incident.

KEY WORDS

Servant Leadership, Life Roles, Leadership Challenge, Employment at Will

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LINDA CALLS THE VENDOR A LIAR – CAUSES A CRISIS

**Sambhavi Lakshminarayanan, Medgar Evers College – City University of New York
Raghav K. Madhavan, J. P. Morgan Chase & Co.**

ABSTRACT

Linda was a star manager in the IT division of a major financial services firm. She managed a team that included employees of the firm as well as a vendor. Linda was incensed at the way one team member, who was a vendor firm employee, was treated by his employer. She confronted the vendor firm manager about it and called him a liar in full view of her colleagues. Such behavior was shocking at the firm, where decorum and lines of authority were highly valued. Linda's boss Joe was faced with the challenge of dealing with having to possibly discipline a star manager while maintaining a cordial and strong relationship with the vendor firm.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Analyze reasons why and ways in which organizations do, outsourcing.
2. Explain the role of organizational boundary spanners.
3. Evaluate a manager as a team leader in the context of team performance and interpersonal relationships.
4. Compare and contrast different kinds of power that organizations, and individuals in them, possess and use.
5. Distinguish between communication systems, processes and methods.
6. Propose approaches an employee could take to resolve cognitive dissonance and ethical conflict.
7. Formulate and evaluate ways in which a manager could guide a subordinate, particularly towards acquiring leadership skills.

APPLICATION

This critical incident can be used in courses in management, organizational behavior, conflict resolution, organizational change, leadership and personnel management. Class usage can be as an analysis or through a classroom enactment with students playing roles of various employees.

KEYWORDS

Teams, Conflict, Outsourcing, High-Performing, Leadership.

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THE TRIALS OF MR. TAKEI

Anthony J. Mento, Ph.D. Loyola University Maryland
Elizabeth H. Jones, Ph.D., Notre Dame of Maryland University

ABSTRACT

Yoshi Takei, a Japanese-American manager of a network engineering team, must announce another round of personnel cuts. Takei has been unable to protect his organization even though his section is busier than others. His inability to defend his unit is demoralizing to him and to his team. Takei realized that he did not fully appreciate the forces at play and that he was not part of the corporate in-group. Furthermore, his subordinates are acting out, to the point of low-level harassment. While Takei's superiors may be concerned, they apparently have not yet intervened. What are the individual, team, and organizational challenges and options?

LEARNING OBJECTIVES

The objectives of the critical incident are:

1. Develop an analytical approach to the career challenge of Takei so that the concerns of all stakeholders are taken into consideration.
2. Identify complicating factors facing the multi-cultural workforce.
3. Propose a plan to facilitate the transition from being an individual performer to a manager.
4. Design an approach for developing power and influence for a new manager.
5. Conduct an analysis that enables one to examine a managerial career challenge from different frames or perspectives.

APPLICATION

The CI could be used in undergraduate and MBA courses in Organizational Behavior, Intercultural Communication, and Human Resources Management.

KEY WORDS

Career Management, Power and Influence, Teams

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RESTRUCTURING TEAMS: A NIGHTMARE COMES TO LIFE

Anthony J. Mento, Loyola University Maryland
Ellen D. Hoadley, Loyola University Maryland

ABSTRACT

This critical incident focuses on the efforts of an Executive MBA (EMBA) academic director and the team coach to enhance the team development and team management experience of 30 EMBA students in a ranked program in the mid-Atlantic. Those in charge of the program decided that from Fall 2008, all EMBA student study teams would be restructured (scrambled) at least once during the 18 month program. In March 2009 at a meeting when the formal process of team restructuring was put in motion, the class almost *en masse* rebelled against the restructuring idea. The academic director needed to decide what to do at the end of the meeting: scrap the idea of restructuring, dictate the terms of the restructuring, or choose some blended approach with the promise of winning the hearts and minds of the students.

LEARNING OBJECTIVES

The objectives of the critical incident are:

1. Identify different approaches for introducing change in a potentially volatile environment.
2. Use a VABEs analysis (values, assumptions, beliefs, and expectations) to explain why people behave the way they do.
3. Determine, critically analyze, and articulate reasons why people resist change.
4. Apply a robust change model to understand the dynamics involved between the various stakeholders when change is introduced.
5. Use creative thinking techniques to generate alternative course of action for the change implementers.

APPLICATION

This critical incident could be used in undergraduate and MBA Organizational Behavior and Managing Change courses.

KEY WORDS

Change, Change Resistance, Change Management

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BUT WHAT DID SHE WANT: THE FEEDBACK SESSION THAT WENT TO HELL

Anthony J. Mento, Loyola University Maryland
Harsha B. Desai, Loyola University Maryland

ABSTRACT

This is the story of an unexpected and unplanned feedback meeting that turned out troubling for both participants. Dr. Ben Gold, a seasoned and proven consultant and professor in a ranked industrial organizational (IO) psychology program in the Midwest was asked by an African-American student, Sheila Vickers, to provide her with feedback on a course deliverable on the last day of class in her MS in IO psychology program. Gold, treating the meeting as a routine academic procedure (responding to a student's request for feedback on a course deliverable), unknowingly inflamed Vickers' sensibilities to the point that she complained orally to the program director, and in writing to the dean. Vickers also filed a complaint with the Human Resources department of the university against Gold charging him with dismissive, abusive, and discriminatory treatment.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Identify internal (personal) and external (situational) factors that triggered the conflict between Gold and Vickers.
2. Apply principles of giving and receiving effective feedback appropriate to a conflict situation.
3. Decide on a response to the situation portrayed and analyze its likely outcome effects.
4. Synthesize learning and insights after experiencing a significant and negative work event into a comprehensive set of lessons learned.

APPLICATION

This critical incident is intended for courses, both undergraduate and MBA, in organizational behavior, conflict resolution, and developing management skills where a focus is on feedback, managing conflict, and interpersonal relationships.

KEY WORDS

Feedback, Conflict, Interpersonal Relationships

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CORPORATE BRANDING: WILL IT HELP OR HURT A NEW COSMETIC PRODUCT IN JAPAN?

Craig Davis, Ohio University
Nakato Hirakubo, Brooklyn College

ABSTRACT

This critical incident focuses on branding decisions for a new product launch in Japan. It discusses Japan FUJIFILM Group's decision to extend its corporate name as a master brand for a new skincare product. On the surface, the product does not seem to fit within the core competency of Japan FUJIFILM Group. This critical incident is especially unique because it gives students insight into how the branding principles and theories practiced in the U.S. do not always work in other parts of the world.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Evaluate the appropriateness of a diversification strategy (entering an unrelated business category).
2. Analyze the core competency of Japan FUJIFILM Group and its relevance to the skincare product.
3. Analyze the pros and cons of a brand extension.
4. Analyze the degree to which a corporate brand drives the purchase of a new product.
5. Assess the impact of culture in branding strategy decisions.

APPLICATION

This critical incident is best suited for an upper-level branding, marketing management or international marketing courses.

KEY WORDS

Branding, International Marketing, Marketing Strategy

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DRINKS TO DIE FOR

C. Rae Foltz, Queens University of Charlotte
Bradley W. Brooks, Queens University of Charlotte
Steven M. Cox, Queens University of Charlotte

ABSTRACT

Hacienda, a Mexican restaurant headquartered in South Bend, Indiana, utilized a billboard advertising campaign in 2011 that created a local firestorm among consumers. Its billboards depicted a large frozen drink with a caption: “We’re Like a Cult with Better Kool-Aid.” Slightly smaller text stated: “To Die For.” A community that still bristled at memories of former local pastor Jim Jones and his People’s Temple ministry responded with highly negative emotion to the ads. Jones and roughly 1,000 of his followers had committed mass suicide in 1978 – only seven years after the group had left Indiana. This decision-based critical incident illustrates the potential unintended effects that a consumer business’ promotional campaign can have on its reputation and on its brand.

LEARNING OBJECTIVES

The learning objectives of this critical incident are:

1. Be able to evaluate a promotional campaign using the AIDA model.
2. Recognize the risks of using humor in advertisement.
3. Identify the potential effects a negative consumer reaction to an advertisement will have on branding.
4. Propose a course of action after an advertisement is perceived as offensive by a significant percentage of the customer population.

APPLICATION

With the integration of the AIDA model, Aaker’s (1992) theories on brand equity, and Cline and Kellaris’ (2007) Dual Process Model of Advertising Effectiveness, this incident is well suited for undergraduate and graduate courses in Marketing Principles, Advertising (or in Promotions Management), Consumer Behavior, or Marketing Management.

KEY WORDS

Marketing, Branding, Advertising, AIDA Model

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WHEN AND WHERE ARE SAGGING PANTS APPROPRIATE ATTIRE?

Asbjorn Osland, San José State University
Nanette Clinch, San José State University
Pamela M. Wells, San José State University

ABSTRACT

Deshon Marman was asked to leave an airplane at the San Francisco International Airport because he didn't respond to repeated requests from the flight crew to raise his pants, which were sagging. Deshon was a young African American athlete dressed in a manner appropriate to his peer group but yet unacceptable to the airline. The sagging pants fashion represents the perceived threat that young black men pose; authorities have taken issue with this fashion. Responses to sagging pants vary. Under what circumstances should society permit sagging pants and in what settings would they likely be prohibited and why? The critical incident is descriptive. It asks the students to analyze and reflect on the conditions prevailing in the society at large that precipitated the incident. The incident provides a chance to discuss the marginalization of young black men and the perceived threat of violence associated with the "gangsta" image.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Critically explore the concepts of liminality and their application to day-to-day dress codes in the society at large (in organizations?)
2. Analyze how dress reflects values and attitudes that permit or hinder socialization into organizational life.

APPLICATION

The critical incident could be used in both graduate and undergraduate courses that discuss diversity and perception of others. Such courses could be in Management or Marketing or Social Psychology.

KEY WORDS

Sagging Pants, Diversity, Black Men, "Gangsta" Image.

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THE MISSING IT: AN ANALYSIS OF IT LEADERSHIP AT A SMALL PUBLISHING COMPANY

Jessica Reighard, Brookes Publishing
Harsha Desai, Loyola University Maryland
Kiran Desai, McNeese State University
A.Kimbrough Sherman, Loyola University Maryland

ABSTRACT

Educational Publishing, a 30-year-old independent educational publisher with annual revenues of about 10 million dollars, wished to grow but did not have the IT resources to succeed. Jennifer Rostov, Director of Marketing for EP and one of the principals, recognized that standing in the way of progress was a dramatic misalignment between management, users, and technology caused by a dearth of IT leadership and an entrenched culture that failed to recognize the value of investing in evidence-based management. Subsequently Jennifer was asked to recommend what to do about EP's IT strategy: Should she hire IT staff to develop the needed IT? Or simply purchase the necessary software? Or outsource the IT function to a systems development company?

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Identify challenges experienced by small-size companies in developing their IT infrastructure.
2. Develop reasonable, practical solutions to address these challenges.

APPLICATION

This CI can be used in undergraduate and graduate courses in information technology and information systems development and also in a strategy course.

KEY WORDS

Information Technology, Small Business Management

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THE IRATE BUYER

Neil Tocher, Idaho State University
William E. Stratton, Idaho State University
Jason E. Ormond, Idaho State University

ABSTRACT

This critical incident, written by a young home builder who had invested all of his assets in a town house development, recounts his difficult relations with one of the home buyers. First, one couple buying a home wanted to renegotiate the agreed-upon price. They eventually bought and moved in, but then stirred up members of the homeowners association against the builder, causing problems and possibly chasing off future sales prospects for the units yet to be built. The builder approached the husband about his behavior, who then flew into a tirade, swore and threw objects around in his garage, threatened to hit the builder, and stated he hated his house and this was the worst builder he had ever met. The builder was shocked by this behavior but felt he had to do something while facing a number of conflicting issues as he decided how to resolve the situation.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Students will analyze and evaluate the positive and negative aspects of the communication strategies used by the builder in his interactions with his buyers.
2. Students will comprehend the concept of new-venture legitimacy and analyze ways in which the builder could have made his business appear more legitimate to stakeholders such as the irate customer.

APPLICATION

This incident is appropriate for use in both introductory and advanced courses in small business management, entrepreneurship, organization behavior, and other courses focusing on negotiation interpersonal communication, and conflict resolution. In addition to the establishment of new-venture legitimacy, a major issue arising from the incident is dealing with conflict where one is taken aback by the vehement approach of the opposing party while having a real stake in the relationship and the outcome. Discussion should encourage creative thinking by students to resolve the situation. An epilogue discusses the counter intuitive approach taken in the situation.

KEY WORDS

New Venture Legitimacy, Entrepreneurship, Interpersonal Communication, Conflict Resolution, Organizational Behavior

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THE UNSCHEDULED STOP

John J. Vitton, University of North Dakota

ABSTRACT

This critical incident involved a flight from Israel to New York City. A passenger complained vehemently to flight attendants that he was not seated next to his frail father. He entered Business Class, but was escorted back to Economy Class. The passenger berated the flight attendant and demanded to speak to the captain, who met with the passenger and declined his request. The passenger loudly proclaimed that the captain was a “stupid!@#%.” The captain abruptly returned to the cockpit. An hour from destination, the captain announced, “We have a medical emergency and will be making an unscheduled stop.” Upon landing, two police officers escorted the unruly passenger off the aircraft. Flight 99 departed and arrived two hours late. Mass chaos resulted as 250 passengers had to be rebooked on connecting flights and lodging had to be secured at the airline’s expense for many passengers due to the late evening arrival.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. To stress the importance of analysis of the situation prior to making a decision that affects the safety and subsequent well-being of several hundred passengers.
2. To evaluate the impact upon the airline due to the late arrival.
3. To analyze the soundness of the Captain’s decision. Were alternatives available to the Captain?
4. To link managerial behavioral theory (Theory X and Theory Y) with the decision made.

APPLICATION

This critical incident could be introduced in an undergraduate Principles of Management course or Organizational Behavior course that covers leadership, conflict resolution, and managerial behavioral theory. This critical incident could also be used in aviation administration courses.

KEY WORDS

Conflict Resolution, Theory X and Theory Y, Crisis Decision Making, Flight Safety

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THE FIRE FIGHTERS CHARITABLE FOUNDATION

David Greene, Middle Tennessee State University

Joe Thomas, Middle Tennessee State University

ABSTRACT

John Williams was preparing to eat dinner when his phone rang. It was a solicitor from the Firefighters Charitable Foundation (FCF) asking for a donation. Caught somewhat by surprise, but recalling the events of 9-11 and the positive image he had of firefighters, John agreed to make a donation to the group. Afterward, he began to wonder whether or not he should have donated to the group, or if he should have donated more? He then began a quick computer search of the organization and found the information contained in the critical incident. A quick analysis of the data in the incident reveals FCF used approximately 10% of their revenues for program expenses (assisting victims, education, and other activities consistent with their mission) and almost 85% for fundraising. Highly respected charities utilize approximately 93% of revenues for program expenses and 3% for fundraising. Potential criteria for evaluating charities are identified.

LEARNING OBJECTIVES

After analyzing this critical incident, students should be able to:

1. Develop criteria for judging the performance of a charity
2. Identify sources of information for evaluating the effectiveness of a charitable organization
3. Evaluate whether or not they believe FCF deserves their donation
4. List steps donors can take to assure their charitable contributions go to a worthy cause

APPLICATION

The critical incident is most appropriate for a course in Ethics and Social Responsibility, but would also be appropriate for those sections of other classes addressing ethics, social responsibility, and charitable giving. It also could be used in Public Policy and Personal Finance classes as well.

KEY WORDS

Social Responsibility, Ethics, Philanthropy, Fundraising, Charitable Giving

CONTACT

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A SOCIAL MARKETING CAMPAIGN FOR A NONPROFIT ORGANIZATION: GOING GLOBAL OR STAYING LOCAL?

Enda McGovern, Sacred Heart University

ABSTRACT

At college in 1968, Joe Carvin had friends of both German and Japanese ancestry. As a result the concept of *One World & Virtuous* (OW) was set up as a nonprofit that envisioned asking people to focus on their common humanity as global citizens. Jack Zaccara became the CEO in 2009. Based in Port Chester, New York, OW's long-term task was to establish a global organization in support of their mission. In 2011 OW's objective was to grow the membership and had two marketing options available. They could establish their brand locally through advertising, i.e. traditional marketing, or they could try to go global in allocating marketing dollars towards social media, i.e. digital marketing. Even though the 2011 marketing budget was small, the traditional view pushed for the continued use of advertising and public relations in the local press. Jack Zaccara had to choose which option would maximize membership numbers.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Investigate the social marketing decisions to be made in running a successful nonprofit organization.
2. Appraise the importance of the social marketing in enabling nonprofits better connect to the consumer on a daily basis in bring about social change.
3. Evaluate the different benefits to be gained from implementing a traditional versus digital approach to a marketing campaign in making the decision to stay local or go global with the brand

APPLICATION

The material is appropriate for use in a Marketing Principles, Nonprofit / Social Marketing, or a Marketing Management class. An in-depth class discussion, prior to assigning this case study, should be undertaken with the students on the topic of marketing in the nonprofit world.

KEY WORDS

Social Marketing, Nonprofit, Business & Society

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PROJECT MAD: CHALLENGE OF WORK-LIFE BALANCE

Harsha Desai, Loyola University Maryland
Jessica Reighard, Brookes Publishing

ABSTRACT

This CI explores a question that often vexes many professionals and others starting a new venture while keeping their “day jobs”. They run out of ‘mental bandwidth’; run out of time to do everything we want to do, especially when the projects they are engaged in do good for the community they live in. This CI explores the personal questions of what and how to expand this ‘mental bandwidth’! Not-for-profit organizations often lie at the heart of social change. Some of the most important progress for people in need has come out of the efforts of small groups of individuals dedicated to making a difference. MAD is a project of the Center for Sustainable Social Impact; the Center works with NPOs to help to improve and sustain their social impact. See www.cfssi.org.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Explore and reflect on the broader issues of why professionals work beyond their capacity to manage their time and life effectively or efficiently.
2. Identify how professionals manage their work-life balance.

APPLICATION

This CI can be used in courses in leadership, management and human resource management, and entrepreneurship, in both undergraduate and graduate level courses.

KEY WORDS

Work-Life Balance, Volunteering

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PROJECT KAISEI: ENTREPRENEURSHIP TO POTENTIALLY SAVE THE PACIFIC OCEAN FROM ENVIRONMENTAL DISASTER

George L. Whaley, Ph.D., San Jose State University
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ABSTRACT

Mary Crowley's sailing passion, entrepreneurial pursuits, and interest in environmental issues started early in life. She founded a for-profit yacht chartering business and a nonprofit institute with environmental focuses over thirty years ago. More recently, Crowley became involved with issues related to debris that had been collecting in the Pacific Ocean gyre near Hawaii. Environmentally concerned stakeholders joined her in creating Project Kaisei to study the gyre and explore viable methods to remove its plastic. However, participation in the two Project Kaisei expeditions left her both alarmed and conflicted. Crowley was alarmed about the growing size of the gyre and potential harm to the environment and humans. She was conflicted about how her personal and company investments could make a dent in this growing social problem. Crowley sought better frameworks to align her sailing passion, her role leading two companies, her involvement in social entrepreneurship, and her desire to save the Pacific Ocean.

LEARNING OBJECTIVES

The objectives of this critical incident are:

1. Describe the key differences between traditional business entrepreneurship and social entrepreneurship
2. Demonstrate the ability to integrate appropriated models and concepts to analyze whether Mary Crowley's firms should focus on either yacht chartering or trash removal.
3. Analyze the role of Project Kaisei within Ocean Voyages Institute using social engagement model forms.
4. Evaluate Mary Crowley's leadership in her role as an entrepreneur.

APPLICATION

Senior level undergraduate and MBA level courses in social responsibility, social entrepreneurship, and small business. Courses in leadership, ethics, engineering, green management, and nonprofits that focus on the environment could use this CI to supplement their discipline-based components.

KEYWORDS

Environment, Entrepreneurship, Social Responsibility and Small Business

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GENDER SELECTION AND SALLY'S DREAM GIRL

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Sally Monroe had tried repeatedly, but after three boys she despaired at ever achieving her dream of having a girl. She stayed in bed and cried for weeks. She changed assignments in the hospital where she worked as a nurse so that she would not have to be around newborns. Perhaps her focus on a girl was due to her having grown up in a family of four girls and the fond memories she had of playing with her sisters. As a Canadian she could not receive gender selection fertility services so she had to seek them in the US. Her first effort at sperm sorting in a Michigan clinic failed and a boy resulted. She had known a boy had been conceived because of an ultrasound test result. She could have resorted to abortion at that point, which desperate parents sometimes did if the gender was not the one desired. But she opted to have the baby boy. Then she heard of various clinics in the US that practically guaranteed the ability to select the desired gender if she and her husband could produce a girl embryo. A patient produced embryos and through pre-implantation genetic diagnosis (PGD) the desired gender was selected. Sally struggled with the dilemma and spoke to her husband (Sidhu, 2012). Could they afford the \$15,000 fee and all the travel related expenses? They had already tried PGD once in California and none of the resulting embryos were girls. Should they try again? The total cost would climb to around \$40,000 with the new attempt. Furthermore, since the practice was viewed as illegal in Canada, where she lived, should she go through with it? Was it ethical for her to avoid the law by getting it done in the US?

Ethical Approaches

Sex selection technologies and practice offered excellent opportunities for society to contemplate the importance of developing ethical frameworks to aid in the evaluation of what may be right or wrong, particularly in areas where science introduces new choices in how to live the best sort of life. In the course of developing appreciation of how ethical theories contributed to understanding, through application to specific problems, people should also have recognized critical interrelationships among scientific advances, ethical outlooks, and the

evolution of law. Science was advancing rapidly, and national and international interest in PGD indicated that the medical profession and the public were becoming increasingly engaged and outspoken about many concerns, including social justice. Professional societies in the health professions could have exerted influence through their ethical positions. The law, public policies and public opinion also shaped public debate on issues such as gender selection. Several philosophical perspectives could have been considered by people looking at gender selection:

- From the utilitarian perspective of maximizing happiness while minimizing harm one might conclude that the satisfaction of parents through family balancing could justify gender selection.
- In terms of consequentialism, where the achievement of successful outcomes was considered, one would have had to consider the impact gender imbalance could have had on society.
- Value based approaches emphasized that virtue and doing what was right were the primary concerns.

Permitting gender selection through PGD was based on the logic that regulatory prohibition of gender selection based on either political or ethical considerations would have impacted freedom of choice; curtailed technological development; prevented shaping of opinions from experience of choice; and the result of political will or organizational leadership may not have been representative of society. However, many governments found that gender selection was ethically wrong and therefore illegal. A side effect of banning gender selection through PGD was that desperate parents would achieve gender selection through abortion.

Abortion and Gender Selection

The American College of Obstetricians and Gynecologists clearly stated its opposition to sex selection (ACOG, February 2007) through abortion. The position of the ethics committee of the American Society for Reproductive Medicine (ASRM, 1999) regarding PGD and sex selection did not favor its prohibition because the prevention of transmittable genetic diseases was strong enough to clearly avoid or override concerns regarding gender equality and it was not clear that the use of PGD and sex selection for nonmedical reasons necessarily entailed grave wrongs.

From the legal perspective, the Courts in the US had been reluctant to invade the home and interfere with family planning. However, abortion had clearly been a topic of intense concern in the US, before and after its legalization with *Roe v. Wade* in 1973. Though gender selection was different in that it focused on a preferred gender for a child, not the termination of a pregnancy, some politicians and clinicians feared that abortion was being used for the purpose of gender selection. Fertility clinics in California were largely free to offer whatever services were technically possible and marketable.

Arizona was the first state to pass legislation prohibiting abortion for gender or race selection (Schwarz, 2011). Under the law, abortion for the purpose of gender or race selection was made a felony for the doctor performing the abortion. The woman having the abortion would not be penalized. Pro-choice groups asserted that there was no clear indication that such abortions occurred in Arizona even though such abortions were a recognized practice in China, for example.

Prospective parents of Indian, Chinese and South Korean ethnicity residing in the US (Puria, Adams, Ivey & Nachtigall, 2011; Roberts, 2009) sometimes expressed a cultural preference for sons. If they had already had daughters the likelihood of desiring a son was still greater. Parents desiring a specific gender sometimes resorted to abortions as a form of gender selection in China, India and South Korea (Roan, 2011). The practice could of course involve other individuals that were choosing a particular gender for the purpose of family balancing but the resulting demographic imbalance that had occurred in parts of China and India due to a preference for boys created a societal problem that went beyond the ethical choices of individuals. The preceding discussion does not equate embryo selection in PGD with abortion although Catholic theologians tend to view them as comparable; the problem was abortion for the purpose of gender selection.

What to do?

Sally understood the terrific burden another \$15,000 to \$20,000 in expenses would impose on her family. Outsiders could question her preoccupation with having a girl; why couldn't she be happy with her three sons? Furthermore, gender selection was both illegal and unethical in the eyes of many in Canada. Should she try again to get the girl she dreamed of?

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IS IT ALWAYS RIGHT TO DO THE RIGHT THING?

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Introduction

The sales demonstration had gone as well as Anne O'Donnell could have hoped; she had just successfully served the noon meal in less than 35 minutes to 70 inmates inside a cell block at one of the state's largest maximum security correctional facilities. Anne was using her firm's new equipment technology, which involved food preparation a day or two in advance, chilling that product and 'retherming' or reheating the meals at the time of service in the inmate housing units. The concept was new in inmate feeding and offered potential savings to the correctional facility through strict portion control, and reduced waste and staff time. Ed Martin, the institutional food service manager, was thrilled with the system and told Anne after the demonstration that he would be placing an order within the week. She could hardly contain her enthusiasm as she started to contemplate the potential commission.

The following week, however, Anne ran into one of her competitors at a trade show, who boasted to her that Ed Martin would shortly be issuing a purchase order to his firm based on his lower price. Anne was caught completely off guard, could it be true? How could the competitor assure his pricing was lower? The only explanation was that Ed leaked that confidential information, and in doing so, overtly violated the state's purchasing regulations which, if reported, could potentially result in disciplinary action towards Ed. What should she do?

Background

Correctional food service represents a major industry within the U.S. With an inmate population of 2.3 million and an average cost of feeding an inmate at \$3.00 per day, correctional food service annually purchased an estimated \$1.2 billion of food and supplies. Correctional facilities had unique requirements for kitchen equipment beyond that of a normal institutional environment, including security features and ease of operations, since many times it was the inmates themselves that operate the equipment. In addition, it was imperative that equipment be

reliable and durable so that it can meet the demands of feeding a volatile population at the same time in the same way each and every day.

Anne's company had specifically recruited her to target this market, since she had been a state-wide correctional food service director for 12 years, was the first female president of the correctional food service trade association, and was well known in this relatively small community. Although she was new at sales, her high profile and intimate knowledge of the potential customers made her an attractive candidate for this new position. She was in fact very successful in developing a reputation for being honest, reliable and extremely knowledgeable about her firm's equipment offerings and the needs of her target market. She early on identified a need for equipment that met the needs of the correctional food service operator in their satellite feeding areas. Security concerns about feeding the inmate population in one central dining area had encouraged a trend towards minimizing inmates' movements by delivering meals to their housing units. The challenge to the correctional facility was to deliver those meals efficiently and at the right temperatures to those remote areas. Anne's firm invested in the development of a 'retherm' cart, a mobile convection type heating unit for fast and efficient rethermalization of refrigerated foods. Food could be prepared a few days in advance, portioned onto individual serving trays, held in refrigeration, transported to the satellite areas and rethermed 72 meals at a time, resulting in a meal with 'hot foods, hot and cold foods, cold.' Other companies had developed a similar retherm system, but Anne's system had beaten out its competitors at an independent testing lab in its efficient energy usage and consistent reheating capability. In addition, due to her own previous correctional experience, Anne was able to offer extensive on-site, three-day training to new customers, which helped the facility make a smooth transition to the new feeding system. With these competitive advantages, Anne felt well poised to capture a significant share of the market.

The Sales Opportunity

In order to demonstrate the new feeding system, Ed Martin had invited Anne to serve a meal utilizing her retherm system in one of the cell blocks. She was confident that her system would deliver, and indeed, it had performed as she had expected: 72 hot meals within a little more than one-half hour with the same quality, taste and texture of the food that had been served directly from the kitchen. Ed assured her that a purchase order was forthcoming, since he was satisfied that Anne's system met his criteria, including competitive pricing, performance requirements and an on-site comprehensive training program.

Anne's equipment, as well as that of her competitors, was available through the correctional agency's government contract, which meant that an open bid contract negotiation would not be required. Anne's firm routinely participated in the annual sealed bidding process of the state's 'blanket' contract award by offering a specific discount from published prices, information which was proprietary and confidential and closely guarded by both the bidders and the contracting agencies. As such, this purchase could be finalized through an expedited purchasing procedure. This particular facility was a 'flagship' institution for the state correctional agency, and once a decision on the new feeding system was made, there was a potential for another dozen similar installations. At an average project price in excess of \$250,000, Anne was already anticipating a banner year in commissions and bonuses.

The Dilemma

However, shortly after the demonstration, Ed was contacted by Anne's competitor, who promised to deliver the same performance and training at a lower price. Ed was thrilled at the opportunity to save additional money while still meeting his operational needs, so he inappropriately shared Anne's proprietary pricing information with the competitor, who then offered a 5% discount off Anne's pricing. Anne must now decide whether to report Ed's misconduct to the contracting authority, which could result in disciplinary action up to and including the loss of his job, to try to meet the competitor's pricing, to walk away from the sale, or to formulate alternative courses of action (such as handling the price objection, selling on features and benefits, or another tactic).

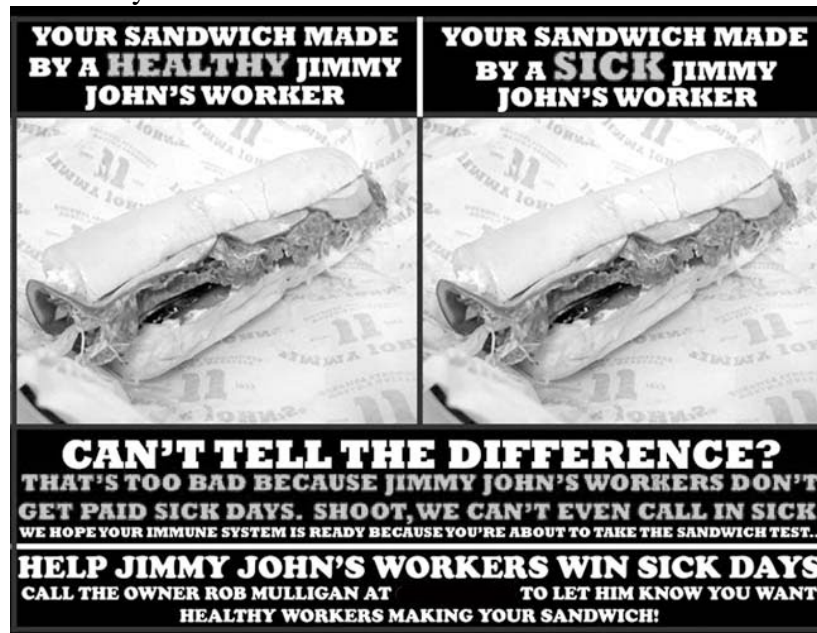
CONTAGION WITH YOUR SANDWICH?: THE BATTLE OVER SICK LEAVE

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Frustrated by management's unwillingness to discuss sick leave benefits, employees of MikLin Enterprises, Inc., a Jimmy John's franchisee, took their message public. Hundreds—maybe thousands—of flyers insinuating that sick Jimmy John's workers were making sandwiches were circulated around Minneapolis. MikLin's management needed to respond to the workers, but how? The flyer appears in Figure 1 below.

Figure 1: Jimmy John's Flyer



Source: Forster, J. (2011, March 25). West Metro Jimmy John's Labor Dispute Escalates. *Saint Paul Pioneer Press*.

Jimmy John's Background

Jimmy John's Gourmet Sandwiches was founded by 19 year old Jimmy John Liautaud. With the help of a few cookbooks and working in his mother's kitchen, Jimmy came up with his "award winning bread" and six sandwiches. He soon opened up his first store in a garage, having barely enough money to pay rent for the space and buying all used equipment. In 2011, Jimmy John's had over 1,200 stores, mostly franchises, in over 39 states. MikLin Enterprises Inc. owned ten Jimmy John's franchises in the Minneapolis, Minnesota area. A small family company, MikLin was owned by Mike Mulligan, his wife, Linda, and son, Rob.

The Industry

Working conditions in food service were widely regarded as substandard. Median annual income in fast food was \$10,462, less than half the poverty line for a family of four. The average workweek was 24.3 hours and the median wage \$8.28 per hour. Benefits were virtually non-existent.

Unionization Effort

Jimmy John's was the subject of an unprecedented union campaign. On September 2, 2010, MikLin workers launched a union organizing drive. Days later, Jimmy Johns Workers Union was announced—the first fast food union in the country. Affiliated with Industrial Workers of the World a global union for all "working people," union membership was open to all Jimmy John's employees nationwide. Through the unionizing effort, the workers sought "a pay increase to above minimum wage, consistent scheduling and minimum shift lengths, regularly scheduled breaks, sick days, no-nonsense workers' compensation for job-related injuries, an end to sexual harassment at work, and basic fairness on the job" (About IWW, 2011).

Initially the union organizers of the MikLin franchise stores tried to negotiate informally over their demands, but the approach quickly moved to an official union election. By late September, at least 30 percent of the MikLin workers signed cards calling for union representation, and an election was conducted on October 22, 2010. By only two votes—87 to 85—the unionization effort failed. Refusing to accept defeat, the union filed a petition with the National Labor Relations Board for unfair labor practices. The petition included allegations of intimidation, bribes, threats, a wage freeze and dismissal of workers sympathetic to the union. Indeed, following an investigation the NLRB regional director informed Jimmy John's that it found sufficient evidence to issue a complaint prompting a settlement. The settlement agreement set aside the union election loss and allowed the union to pursue a new election. In addition, MikLin agreed not to discipline or threaten employees because of their union activities, and not to withhold raises because of an ongoing union campaign.

With the election set aside, the union focused on changing company policies with sick leave as the top priority. The workers sought the right to call in sick and be paid for sick days. To exert pressure on MikLin, workers wore buttons with the slogan, "Sick of Working Sick" during their shifts and threatened to plaster the city with the flyers unless MikLin officials agreed to meet or give in to their demands (Brandau, 2011). When MikLin's refused, the posters were distributed.

MikLin Enterprises, Inc. Stance

Mulligan objected to the union's characterization of MikLin Enterprises, stating "[w]e are very proud of our employment record and take issue with the claims of the I.W.W. We value our relationship with our employees and offer competitive wages and good local jobs. We are dedicated to providing a fair, equal and diverse workplace environment" (WZZM 13, 2010). Mulligan believed the pro-union group was using his franchise as an example for a wider unionization movement of the restaurant industry. According to Mulligan, until the arrival of the union "salts," MikLin had only one unfair-labor practices complaint during its ten years in business. Since then, more than fifty complaints had been lodged in the past five months. Mulligan maintained that MikLin was consistent with the industry and that meeting the union demands for sick leave, higher pay and health care could actually bankrupt the company. In Mulligan's words, "[i]f we agreed to these demands, it would cost four times what the company made last year....When I say, 'The things for which you're asking are not done in the industry in which we're competing,' they say, 'Yeah, that's the problem'" (Brandau, 2011). Addressing sick leave specifically, Mulligan stressed, "we do not allow people with flu-like symptoms to work, and we've tried to demonstrate flexibility if they can't show up" (Brandau, 2011).

Minnesota Department of Health

Minnesota Department of Health (MDH) associated foodborne outbreaks of gastroenteritis illnesses with Jimmy John's in the Minneapolis area, although not all of the cases are MikLin owned franchises. The following conclusions, each after a full investigation, were illustrative.

February 2006. "This was a foodborne outbreak of gastroenteritis associated with Jimmy John's....The source of the outbreak was most likely an ill or recently ill foodworker who contaminated ready-to-eat foods through bare-hand contact" (MDH, 2006).

November 2006. "[O]utbreak of norovirus ... associated with eating submarine sandwiches from a chain restaurant [Jimmy John's]....the most plausible source was an unrecognized infected food worker who had bare hand contact with one or more sandwich components" (MDH, 2006).

April 2009. This was a foodborne outbreak of norovirus gastroenteritis associated with Jimmy John's....Several ill employees were identified, including one from whom the outbreak strain of norovirus was recovered. These illnesses suggest norovirus transmission among the foodworkers, who were likely the ultimate source of contamination..." (MDH, 2009)

Dilemmas

The contentious flyers posed legal and management dilemmas for Mike Mulligan, president of MikLin Enterprises Inc. With the leafleting, had the workers crossed the line of activities protected by the law? Could the employees be fired for their actions? Further, should the sick leave policy be reconsidered?

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HIPAA EXPOSURE

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Introduction and Overview

Vice President Rickenbacker of State University knew she needed to respond to fallout from a HIPAA exposure. There had been an information breach because the University Family Practice Residency Clinic (Family Medicine) server's firewall had been taken down during routine maintenance and had not been reestablished. About 15,000 patients' personal and health information had been contained on this server. The HIPAA fallout rested on three concerns: the server issues, communication with Family Medicine healthcare providers and patients, and the University's working relationship with the local hospital (Woodward Health) that was involved with the ownership and management of the clinics.

Rickenbacker was informed that it had been discovered that a European-based hacker had gained unauthorized access to a server used by Family Medicine. The access initially occurred six to nine months prior to detection and not discovered until an employee had problems accessing files on the server. Upon investigation, the University determined that Family Medicine's electronic health record system was protected and not accessible; they also concluded that the server stored other identifiable information that was potentially accessible. This other identifiable information included patient names, addresses, social security numbers, drivers' license numbers, telephone numbers, dates of birth, diagnostic and treatment information, insurance and billing information, and/or prescription data of approximately 15,000 individuals. Because this information should have been protected, appropriate action must be taken.

Health Insurance Portability and Accountability Act (HIPAA)

In 1996, congress passed the Health Insurance Portability and Accountability Act (HIPAA). Title II of HIPAA—otherwise known as the Administrative Simplification (AS) provisions--required

the establishment of provisions that address the security and privacy of protected health information (Pozgar, 2007). Security provisions included numerous matters related to administrative, physical, and technical safeguards. Administrative safeguards included functions implemented to meet security standards, including assignment of security responsibility to an individual and security training requirements (see <http://www.hhs.gov/ocr/privacy>). Physical safeguards were to include mechanisms required to protect electronic systems, equipment, and their data from unauthorized intrusion and information breach. These safeguards included restricting access to authorized personnel and retaining off-site computer backups. Technical safeguards included the automated processes used to protect data and control access to data (Gartee, 2011). Consistent with all federal laws, HIPAA put forth guidelines related to the reporting of HIPAA violations with stiff legal and financial penalties for failure to comply.

The Hacker's Apparent Motivation

The University's investigation revealed that one hacker used the server to store files for commercial purposes. That is, the hacker used the clinic's excess server space to store entertainment programming (movies and episodes of television series), which could be downloaded by viewers. From evidence gathered, the University believed the hacker's sole interest in the clinic's server space was related to the hacker's desire to provide entertainment programming over the Internet without incurring copyright or licensing fees.

Deliberations

Vice President Rickenbacker directed that the decision about how to address the HIPAA fallout rested on three concerns: the server issues, communication with Family Residency healthcare providers and patients, and the University's working relationship with Woodward Health. Woodward Health was a local hospital whose affiliation with State University/Family Medicine included Woodward's ownership/management of 15+ clinic positions (all administrative/non-medical personnel), ownership of all patient accounts receivable, and a significant claim to indirect medical education (IME) reimbursement via the Medicare program. Although both State University and Woodward Health benefited from this contractual arrangement, the University's failure to protect patient information could negatively affect Woodward Health's long-standing commitment to manage and financially support State University's family practice residency.

The Server

Once State University IT experts learned that the firewall was not actively protecting the server, the University immediately removed the server from the network. After removal, only authorized University and Family Medicine employees had access. From that point forward, the server and all data it contained remained behind a fully functional firewall. However, additional actions were needed to ensure appropriate security safeguards, including additional firewalls, data encryption, real-time monitoring of server access, and other security measures.

Communication

There was no evidence that any unauthorized person ever viewed, accessed, downloaded, printed, used, or disclosed any State University or Family Medicine information. However, because the firewall did not protect certain State University or Family Medicine files between

August 2010 and late May 2011, Rickenbacker, in consultation with officials and sophisticated legal advisers from Woodward Health, debated the merits of sending all 15,000 patients a letter notifying them of the possibility that their information could have been accessed. Out of concern to be fully HIPAA compliant, one official argued that a preface to such a letter might read: "We are writing this letter *in an abundance of caution* to alert you that certain computerized information about you potentially could have been accessed ." Believing someone might report the exposure to the Office of Civil Rights (OCR), University/Clinic officials set about to "get their house in order."

Concerns of bad press and negative public or patient relations were also addressed, including plans for a possible press conference, and development of a comprehensive Q&A to prepare those involved so that they might take steps to protect themselves against the possible misuse of their personal information. In particular, the University/Clinic deliberated over whether to recommend potentially exposed patients consider taking one or more of the following actions: Place a fraud alert on their credit card by contacting Equifax Consumer Fraud Division, Experian, or TransUnion. Alternatively, patients might be advised that, at State University's expense, they could enroll in an online TransUnion single-bureau credit monitoring service for one (1) year. In the event they agreed to send these letters, Rickenbacker and other University officials debated the merits of an in-house telephone answering service to respond to the anticipated questions or concerns of patients and/or their family members.

As noted, the investigation indicated no evidence of any access to or misuse of confidential or protected patient/health information, therefore, officials initially argued over the need or appropriateness of even alerting the public in general, regulatory officials in particular or potentially affected patients and/or their families of this embarrassing information systems exposure. Throughout the discussions, Rickenbacker and the administrators focused on being 'above board' and treating potentially affected patients ethically and with respect as established by the American College of Health Care Executives (ACHE. See www.ache.org/ABT_ACHE/code.cfm#patients). Note: ACHE also published a policy paper that addressed patient information and health care administrators' responsibility regarding such information (see <http://www.ache.org/policy/hiconf.cfm>).

Strained Business Relationship

Notwithstanding the cooperative and blame-free manner in which University and Woodward Health officials conducted the investigation and related planning, the University shortly thereafter received a terse notice of Woodward Health's intent to sever their long-standing partnership, noting privately "the relationship was too problematic—that legal exposure and other risks outstripped the associated benefits."

Next Steps

Troubled by fallout associated with the HIPAA exposure, Vice President Rickenbacker knew that she, with her administrative associates, needed to organize and implement an appropriate course of action. Indeed, failure to plan and respond effectively would escalate an already complicated situation.

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SUPPORT FOR CLINICAL ROTATIONS

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Overview

As Grandview Medical Center's (Grandview) Chief Operating Officer, Julie Johnson had a good grasp on her organization's dual responsibility to provide high quality patient care while partnering with educational institutions to provide clinical-medical education. Grandview had been a long standing supporter of university health education rotations and high school orientation to health professions. The commitment was so strong that Grandview accepted students from teaching programs around the country. For years, Grandview's executive leadership willingly accepted interns and student rotations which allowed for robust educational experiences. River City University (River City) was in close proximity to Grandview and the two organizations enjoyed very positive professional relations. River City depended on Grandview to provide the venue necessary to complete the educational requirements of several degree producing programs including their physician assistant (PA) program. Likewise, working with the local school district, Grandview provided opportunities for high school students to develop career direction through shadowing and orientation programs across its various clinical and medical programs. Unfortunately three recent incidents involving college and high school students related to student supervision and compliance led the Grandview Board to suspend its support for educational rotations to protect the organization from legal action and damage to its reputation. Although the board's actions seemed prudent, Julie was concerned about her organization's dual role as a provider and partner in community-based clinical-medical education. Privately, she wondered, "How can Grandview reassess its policies and practices to enable a continuation of a mutually beneficial association with its educational affiliates?"

Clinical-Education Affiliation Agreements

Student rotations at Grandview were typically governed by affiliation agreements between educational institutions and the hospital. The agreements addressed responsibilities and expectations of the parties as well as guidelines and requirements for such things as orientation, training, HIPAA, immunizations and health screenings, and matters related to scope of practice. The agreement did not create an employer—employee or independent contractor relationship between Grandview and the students. Unfortunately, the affiliation agreements proved to be insufficient to entirely prevent significant problems from occurring. The discovery of violations of professional practice standards and fraudulent activity on the part of a non-River City physician assistant student, for example, altered the relationship between Grandview and all university programs with clinical rotations at the medical center. In addition, alleged disclosures of protected healthcare information (PHI) by a high school student during a shadowing experience at Grandview and the inappropriate participation of a high school student in a surgical case ultimately caused the Governing Board of Grandview to impose a moratorium on student rotations and as a consequence, students were no longer welcome at Grandview.

The Physician Assistant Incident

Any student seeking a clinical rotation at Grandview was required to contact the facility to gain approval, submit required paperwork, create a plan describing the experiences necessary for a successful rotation, identify a sponsoring physician to oversee their experience, and engage in the process. PA student rotations had occurred at Grandview for years. From Grandview's perspective, PA student rotations had been loosely managed with little need for administrative oversight. No curriculum or scope of practice documentation was ever developed or made available to the hospital and no single point of contact was identified to coordinate Grandview's responsibilities.

In July, 2010 a PA student from a Cornbelt University (Cornbelt) was engaged in a rotation at Grandview under the supervision of an independent physician member of the medical staff. The PA student took it upon himself to independently perform an invasive procedure on a patient causing an injury, a severe complication, and an ongoing deficit. The procedure was one that even licensed PAs are not authorized to perform. The PA student had been overheard on two separate occasions as referring to himself as a physician. Subsequent to the incident it was discovered that the PA forged the required informed consent document. The physician oversight of the PA student was found to be insufficient to prevent this incident from occurring. It is assumed that negligence on the part of the physician and deceit and incompetence on the part of the PA contributed to the incident. The PA was dismissed from the rotation and sent home. Upon realizing that he had made a significant error, the PA student called the legal counsel at Cornbelt and was instructed not to speak to the hospital. The refusal of the PA and Cornbelt to cooperate with the hospital made it difficult to investigate the incident and respond appropriately to the patient. Grandview could not get anyone from Cornbelt to speak to them about the incident for three months. The PA student and Cornbelt contended that since the patient was a Grandview patient, the liability was Grandview's, not Cornbelt's or the PA student's.

The physician proctor was likewise elusive, claiming that he never actually agreed to accept the PA student. He contended that the hospital, not the physician was responsible for the PA's activities while in the hospital. Moreover, since he had no contractual obligation with the hospital or the student, he was not accountable for the PA's actions. Although the patient was in fact a patient of the physician, the physician claimed that the liability was Grandview's. The patient brought suit against the hospital claiming damages due to malpractice and inappropriate oversight of its practitioners. The physician was not named in the suit.

The High School Student Incidents

High school students in the local school district were assigned a senior project during which they shadowed professionals or business people in the community. Grandview had a history of allowing high school students to shadow physicians and nurses in order to give them an experience of working in a hospital setting. As part of their orientation high school students were taught about Health Insurance Portability and Accountability Act (HIPAA) regulations related to patient privacy. Two misadventures occurred with high school students that contributed to the decision to implement a moratorium on student rotations.

Jennifer Brown shadowed a radiologist as part of her senior project. A requirement for her project was to develop a presentation, have that presentation reviewed by hospital staff to ensure compliance, and then submit it to her instructor for a grade. Jennifer secured x-ray film images for her project and shared a draft of her presentation with her instructor prior to doing so with the medical center. Grandview subsequently received a call from a concerned teacher at Jennifer's high school claiming that her presentation was a violation of HIPAA regulations because the x-ray films included protected health information (PHI). Jennifer claimed the films were a family member's, not acquired through the hospital. However, since the hospital had not been able to view the films, they could not be sure that a HIPAA violation did not occur. Complicating the issue for Grandview was a subsequent contact by Jennifer's father alleging that the whole discussion between Grandview and the school district had been a violation of the Family Educational Rights and Privacy Act (FERPA).

The second incident involving a high school student occurred when a plastic surgeon on the medical staff of Grandview allowed a Josh Stevens, a seventeen year old student to attend a breast augmentation procedure. Josh was allowed to pull the retractors from the patient, violating a standard of practice and rules against non-licensed, non-credentialed staff having physical contact with patients. The discovery of this incident again revealed a lack of administrative oversight, weaknesses in orientation and training, and a gap in policy and procedures addressing student involvement at Grandview.

Outcome

The alleged FERPA violation remained unresolved, the source of the x-ray films remained in question, and the disclosure of PHI could not be determined since Grandview could not obtain control of the films to review them. In response to all three incidents noted above, Grandview's board chose to suspend clinical rotations for students in its facility pending the resolution of the lawsuit and the development of more comprehensive policies and procedures related to student oversight and control. It also determined that it would no longer accept any out of state students for clinical rotations. While this reaction was primarily due to the Cornbelt University PA student's incompetence and fraudulent activities, it had implications for the school district's programs and severe ramifications for River City University's programs. The opportunity for over 150 River City students per year to gain valuable clinical experience was closed and other venues had to be developed to accommodate the need. Julie knew that suspending clinical rotations long term would be highly problematic to all persons and organizations involved. What were the central issues in question, and how could Julie frame discussions amongst River City, the school district, and Grandview stakeholders with the aim of restoring clinical rotations in a way that would meet each parties needs and protect all persons and entities involved?

EARLY WARNING OR FALSE SENSE OF SECURITY? CONCUSSION RISK AND THE CASE OF THE IMPACT-SENSING FOOTBALL CHINSTRAP

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“Anybody who sits down with you and says I have a device that if your child wears it, will either diagnose a concussion or prevent a concussion is lying. Please quote me on that.”

*--Dave Halstead, Technical Director of the Southern Impact
Research Center*

It wasn't exactly the sort of quote that would help Battle Sports Science, LLC promote its new impact-sensing football chinstrap. National Public Radio (NPR) interviewed Dave Halstead as part of a story titled *“Can that mouth guard really prevent a concussion?”* Armed with a promotional email from Battle Sports Science's founder, Chris Circo, the NPR reporter had asked Halstead's opinion on the new device. And, characteristically, Halstead had offered his blunt assessment. Although Halstead hadn't tested the device himself, he elaborated when asked about the potential for the chinstrap to give an early warning to a coach or player: *“The fear here is that you have an individual who has received not much of an impact...but has a significant rotational event (whiplash). They in fact have a significant mild traumatic brain injury. But they have a green light on the chin cup.”* (NPR 2011).

Battle Sports Science, LLC

Chris Circo and his partners founded Battle Sports Science in 2009. Headquartered in Omaha, Nebraska, the company was built on a focus on “enhancing safety for athletes” (Company Website). Specifically, the company wanted to protect young athletes who might have suffered a concussion. An elusive and potentially fatal condition, concussions come with the territory of contact sports. In American football, traditional locker room humor lampooned the antics of the disoriented player, who, following a big hit, wandered toward the wrong huddle. But Circo, who suffered five concussions as a young athlete and today takes anti-seizure medication, considered even the so-called “mild” concussion no laughing matter. Many cases of concussion were tragic, like the case of Nathan Stiles. Stiles, a 17-year-old football player from Spring Hill, Kansas, suffered a concussive blow in a game on October 1, 2010. He collapsed during a game on October 28, and later died. An autopsy revealed a re-bleed of an undetected brain injury (subdural hematoma) (NCCSIR 2012).

Battle Sports Science attempted to gain market attention for its \$149.99 Impact Indicator (chin strap) through endorsements, and had enlisted a number of NFL players including Ndamukong Suh, Dexter McCluster, Pierre Thomas, and Eddie Royal. (McKewon 2011). The company hoped to sell the device to sports programs (schools) as well as to individual players. In addition to its Impact Sensing chinstrap, Battle Sports Science made a helmet (Battle Helmet) and mouth-guard (Battle Shield) to protect baseball players at bat (Company Website).

Chris Circo wondered if he should aggressively challenge Dave Halstead’s assessment. Battle Sports Science’s design team *had* considered whiplash injuries, and believed that the chinstrap would reliably register “rotational events.” He might also challenge Halstead directly. Dave Halstead was a research whiz, but possessed neither M.D. nor college engineering degree credentials. And Dave Halstead might not be a completely objective reviewer, given that he was a helmet designer and technical advisor to the NFL.

But within a week of the NPR story, a Congressional panel had expressed skepticism over “anti-concussion” equipment, and Senator Tom Udall (D-N.M.) had asked the Federal Trade Commission (FTC) to investigate the claims of companies in this market—including Battle Sports Science. Now the stakes were growing, and CEO Circo realized that he had reached an important milestone for his young company. Pressing ahead meant defying Dave Halstead and other technical skeptics, and facing scrutiny from Congress and the FTC. From this point on, a product failure was likely to doom his young company.

Football and the Concussion Problem

Football is a contact sport, and has long been associated with serious collision-related injuries. President Theodore Roosevelt called on early football enthusiasts to develop rules that reduced these injuries or face government restrictions. But in recent years many sports medicine experts have commented on the growing number and severity of concussion injuries. Some also noted that the speed and strength of football players had increased significantly in recent decades. And finally, some aspects of the game—including punt returns and spread offenses—increased the likelihood of high-speed contact, as well as the so-called “defenseless player,” or blind spot collision. While both professional (NFL) and college (NCAA) rule-making bodies had recently

focused attention on reducing the growing number and severity of traumatic brain injuries, by far the most extensive risk existed at the high school level.

According to the National Federation of State High School Associations, some 1.14 million students annually participated in high school football. Approximately 9%, or at least 140,000 of these young athletes, suffered a concussion each year (Koester 2010). Training programs for high-school football coaches were increasingly focused on concussion recognition. But identification of a player at risk was not an easy matter. According to the Centers for Disease Control (CDC), the symptoms of a concussion were sometimes subtle and athletes often experienced or reported symptoms hours or even days after the concussive event (HHS). Coaches felt pressure to keep talented players on the field, and players often hid their symptoms in order to keep playing. Some high school players took their cues in this regard from professional players:

Both the NFL and NCAA have been sued by players over concussion injuries. A suit was filed against the NCAA on behalf of former Eastern Illinois defensive back Adrian Arrington, 25, who had several concussions between 2006 and 2009. Arrington's suit alleged that the NCAA didn't "set up sufficient guidelines for players with concussions." (Hailey). In addition, seventy-five former NFL players filed suit in 2010 and alleged that the NFL hid the dangers of concussions from players intentionally (Fendrich 2010).

Product Responsibility and the Impact Indicator

Some recent trends, including the litigation against football leagues and universities, suggest a role for Battle Sports Science's Impact Indicator in both reducing concussive injuries and reducing litigation risk for football organizations and schools. The National Federation of High School (NFHS) has alerted its members that concussion-related litigation is gathering momentum, and increasingly, targeting coaches and school officials at the high school level (Koester). The Impact Indicator identified potential injuries, and helped coaches and players to avoid a subsequent collision to an already injured brain. A light on the chin strap shines green until a player is struck in such a way that a head injury is either possible (yellow light) or likely (red light). A coach who spotted the yellow or red light might then sideline the injured player. From this perspective, it might be argued that aggressive promotion of the Impact Indicator should improve safety among players.

Then again, what if Halstead's skepticism was well placed? How will the product have performed in the thousands of complex and high-speed encounters that occur on football fields across the U.S.? More testing and slower rollout might lower some risk, but it would also provide rivals time to copy the chin strap and beat Battle Science to the market. One thing was certain—the company couldn't stand still now. All the recent publicity—even from critics like Halstead—had pushed the company onto the field with respect to the concussion controversy in football. If Circo had any doubts about his product, it was time to face them before it was too late. Otherwise it was time to set his strategy for moving forward while managing intense risks and likely controversy.

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ART AUCTIONS ON THE HIGH SEAS

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Adam Goldstein, President and CEO of Royal Caribbean International, was facing a crisis. Since Royal Caribbean's success depended on customer satisfaction and loyalty, the company needed to be responsive to customer complaints and occasional lawsuits. However, this time, the situation was a bit different. Royal Caribbean International found itself in the middle of a very public legal fight, and in fact was named as a co-defendant in several cases involving one of its independent contractors, Park West Gallery (PWG). Royal Caribbean (RC) had a contract with PWG to provide on-board art auctions as part of the cruise experience that was not due to expire for several years. Some of RC's competitors had also contracted with PWG for these services. As the negative publicity with regard to PWG's art auctions escalated, Goldstein needed to address the situation. Even though RC and PWG's contract was clear that RC was not liable for PWG's actions, a judge in Michigan recently refused to acknowledge that portion of the contract stating that RC had created an apparent agency with PWG and innocent third parties may have relied upon that agency to their detriment. How did the contract with PWG put RC in legal trouble? What steps should RC take to reduce the legal liability they might face?

Royal Caribbean International

Royal Caribbean International (RC), part of the Royal Caribbean Cruises, Ltd. family, was founded in 1968. Innovative practices, such as increasing the size of ships, acquisition of private cruise destinations and many customer amenities allowed the organization to gain 24% of the cruise market. The company's webpage indicated that they wanted to "anticipate the needs of customers" and "take ownership of any problem." For example, in a safety initiative that spoke to the needs of families, they provided on-ship technology for parents to locate children.

A variety of on-board activities and services rounded out the cruise experience for customers. The ships provided opportunities to engage in physical activities, shop on-board, relax at a spa or learn a new skill. Not all on-board services were provided directly by RC; cruise ticket contracts contained a disclaimer indicating that service providers on the ships were independent

contractors. Services listed included but were not limited to gift shops, salon, spa treatments, and photography. That is, RC contracted with these providers who were not employees of RC. The cruise ticket contract also indicated that RC could charge these contractors a fee and earn a profit for providing the contractor's opportunities. Not all passengers realized that these were not RC employees. Cruise fares covered the basics and many activities and services required additional payments.

The Other Party

Park West Gallery

Park West Gallery (PWG), founded in 1969, by Albert Scaglione, expanded its business over the years. As stated on its webpage, Park West's mission included educating and entertaining clients about art. Besides selling art through gallery space, it also conducted fine art auctions. In 1993, Park West expanded its market by offering on board cruise ship auctions. The company negotiated contracts with a variety of cruise lines such as Carnival, Disney, Norwegian and Royal Caribbean. Some reports estimated that, the gallery sold 300,000 works of art annually. *Crain's Detroit Business* (2010) reported that cruise auctions accounted for 80% of the gallery's annual revenue which was estimated at \$300 million dollars per year. During a cruise, art was displayed in an on-board gallery, guests were informed of auctions by cruise ship staff, and Park West staff answered questions about the artists and their work. During the auctions, champagne was provided and served by cruise ship employees. Testimonials from happy clients were posted on the Park West webpage. Many of these spoke of the helpful and professional staff and happiness about the purchased art. However, around 2007, negative publicity about cruise ship auctions surfaced. Much of it focused on PWG's auctions.

Negative Publicity and Lawsuits

Around 2007, an organization called Fine Art Registry (FAR) began questioning the authenticity of art auctioned by PWG through cruise lines. According to the *New York Times* (2008), FAR became interested in PWG and at sea art auctions after reading an investigative news article. FAR's critique of PWG generated a number of unhappy auction customer comments as well as articles on websites such as CruiseCritic.com and other travel blogs. In related action, some unhappy auction customers filed lawsuits against PWG, claiming the art they purchased was faked or had forged signatures. One couple, Julian Howard and Sharon Day, reported that they paid \$97,896.00 for Salvador Dali prints from a PWG auction while cruising on a ship owned and operated by RC. During the cruise, they expressed an interest in purchasing additional Dali works to the PWG auction employee. He contacted them after the trip indicating that a complete set of Dali's Divine Comedy prints was available. The couple purchased this additional art from PWG and was told by PWG to wire the purchase price of \$517,000 to Royal Caribbean. Howard and Day later decided that the art had been misrepresented. They contacted the gallery which refused to refund their money. Howard and Day then contacted the cruise line since they had sent their payment directly to RC. This request was denied by RC who stated PWG was an independent contractor. Other customers expressed anger. The media reported that claims had been filed that sought over \$22 million dollars in damages. RC was included in some of these claims. FAR reported on their website that RC was one of the largest accounts for PWG. FAR also indicated that most of the complaints against PWG came from RC passengers.

What to Do

Adam Goldstein wondered how to get out of this mess. Other cruise lines, such as Disney had recently ended their relationship with PWG. The court cases were keeping RC in the news and not in a good way. A Michigan state court indicated that RC could face serious liability under the legal theory of apparent agency with PWG. How did this apparent agency develop, and what did he need to do to make sure that one was not created with any of its other independent contractors that work on RC cruise ships?

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THE PERSONAL COST OF ETHICS: REGAL NATIONAL BANK'S LOAN LOSS RESERVE

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Introduction

Ted Carew had just left a meeting with John Wilson, the Senior Credit Officer of Regal National Bank. During the meeting, John instructed Ted to reduce the loan loss reserve allocations for the bank by \$60 million. Ted raised objections, but John countered each one of his concerns. Although John was his direct supervisor, Ted was conflicted about the implications of reducing the bank's loan loss reserve. He was disturbed by the response he was given when he voiced his reservations. Heading back to his office, Ted struggled with what he should do.

The Situation

Ted Carew worked in credit administration for the last 12 years. He had extensive experience in dealing with problem loans and with bank regulatory agencies. Six months ago Ted accepted a position as Loan Review Manager for Regal National Bank in Houston, Texas. He was charged with the responsibility for identifying and classifying problem loans and determining the bank's loan loss reserve. Accurately identifying problem loans was essential in order to minimize eventual loan losses. Loan loss reserve allocations were an expense that directly reduced net income and impacted the capital adequacy of the bank. During an economic downturn, loan losses eliminated the profits of the bank, reduced its capital, and resulted in potential failure of the bank.

Over the last two years, the regional economy suffered a serious downturn in the energy industry comprising much of the middle-market loans, which were loans to businesses that did not have access to the public bond and commercial paper market. Middle market loans made up most of Regal National Bank's commercial loans and range in size from \$100,000 to \$100,000,000.

Overbuilding in the commercial real estate market started to emerge. As a result of the economic downturn, all other major banks in the region reported quarterly losses due to the rising number of loan losses. However, Regal National Bank reported the highest return on assets of any bank in the country with over \$10 billion in assets. The shareholders were rewarded with a rapidly increasing stock price, and, publicly, management was highly regarded for its efficiency and superior ability to evaluate middle-market loans.

Over the six months that he held this job, Ted Carew identified \$100 million in additions to the loan loss reserve in middle-market energy loans and commercial real estate. Ted's problem loan reports detailing loan loss reserve allocations for each individual loan were distributed to the three top managers in the bank, John Wilson, the senior credit officer, Cy Fox, the chief financial officer, and Miller Lane, the president and chairman of the board. The three top managers worked closely together for over 20 years and were all on the Board of Directors. These three officers had full authority over the bank's operations. The problem loan reports were also distributed to four vice-presidents who managed the problem loans and discussed the loans with bank examiners.

John Wilson, the senior credit officer, called Ted into his office and informed him, "The Board of Directors approved a \$20 million loan loss reserve allocation for the quarter, so you need to reduce the loan loss reserve allocations on your problem loan report by \$60 million."

"You and I have already been over each of these loans. You know these allocations accurately reflect the condition of the loans and the financial condition of the bank," responded Ted. "I don't feel I can justify reducing the allocations."

John answered, "Ted, you know that loan loss reserve allocations are subjective estimates of the future. Reasonable people can have differing evaluations of the amount of reserve needed. Besides, if we had allocated the additional \$60 million, the bank would have reported a loss for the quarter and caused a substantial reduction in our stock price."

"But, if the bank examiners make us assign these allocations to the loans, then the SEC will make us restate earnings. That will have a larger effect on the stock price than taking the appropriate action ourselves, and it will damage the bank's credibility in the marketplace," said Ted.

"You work for the bank, not the bank examiners. Part of your job is to convince the examiners that the lower loan loss reserve allocations are correct," said John. He continued, "After all, part of the reason we hired you was because of your experience in dealing with bank examiners. You should know a few tricks that will help get the loans through the exam."

"There is a bigger issue than even the bank examination, and that is the quality of the loan portfolio. Before we can fix a problem, we have to first recognize that the problem exists. We need to accurately recognize the severity of the problem loans in order to actively work the problem loans to minimize loan losses. If we don't do this, we jeopardize the ability of the bank to survive this downturn." Ted stated his argument while cognizant of the need to maintain his relationship with his boss.

"I can assure you, the problem loans will be properly managed regardless of how they appear on the problem loan list. I expect market conditions will start improving next year so the problem loans will not be a concern," countered John.

“If the market doesn’t improve, we need to minimize loan losses to prevent the bank from failing,” said Ted.

“If the market doesn’t improve, we need to reduce the loan loss reserve allocations to prevent the bank from failing. It seems to me that whether the market gets better or worse, the correct action is to reduce the loan loss reserve allocations now. You have your marching orders,” John concluded, turning his attention to the reports on his desk.

As Ted returned to his office, he reflected on what John told him to do and the possible consequences. The accuracy of the loan loss reserve was closely scrutinized by bank regulators, external auditors, the SEC, and securities analysts. When bank regulators and the SEC determined a bank’s loan loss reserve was inaccurate, that bank would be forced to publicly restate earnings and would be subjected to increased regulatory surveillance. As had happened in other situations like this, the person responsible for determining the loan loss reserve was typically fired and publicly blamed by management in the news media, and people responsible for managing the problem loans may also find their jobs in jeopardy. The bank examiners were expected in five months.

Ted considered quitting. He had enough savings to pay his bills (including home mortgage and car payments) for two months, and he knew it would be difficult to find another job quickly. Due to the economic downturn, the current job market was depressed. According to the job prospect projections, the estimated time for a job search was 6-12 months. Ted was married and had three children; he was the sole supporter for the family. Ted wondered what would happen to his family if he couldn’t pay the bills.

Ted considered his options from the standpoint of appropriate ethical behavior, the best interests of the bank and its stockholders, and his own personal best interests. He must act quickly on his superior’s directive to reduce loan loss reserve allocations by \$60 million.

BY THE NUMBERS: A PERSONAL FINANCIAL PLAN

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Introduction

Emma McCallister sat at her kitchen table reflecting on her life. Bank statements, bills, statements from retirement accounts and a printout of her credit card "Spend Analyzer" were all neatly piled in stacks. It was over a year since her husband died and now it was time to develop a budget and plan for the future. She was told the place to start was with a balance sheet that listed her assets and liabilities and a cash flow statement that detailed her monthly income and expenses. From there she needed to develop a budget for the future. Like many couples, Emma and her husband Paul did not have a formal plan or budget. He earned far more than she did, but with both their incomes they had enough to pay the bills with some left over every month. They knew they needed to develop a budget and make a plan so they could retire sooner rather than later, but then Paul died and Emma was left on her own. At 61, Emma had six more years before she could collect Paul's \$3,300 and her \$987 a month in Social Security. Emma wasn't sure if the proceeds from the insurance policy and the balances in Certificate of Deposits (CD), banking and investment account would be enough both to fund retirement and cover monthly living expenses while she was working before retirement.

It was hard for Emma to think about her life expectancy given her husband's death at an early age, but most in her family lived into their middle to late eighties. That meant thinking about life after age sixty-seven. Having retirement investments to supplement the amounts she currently had would mean figuring out how to use her assets. Spending or saving and investing were big decisions. Emma planned to stay in the house in the near future but the lawn, the multiple levels and bedrooms represented space she usually didn't use unless her children and grandchildren came to visit a few times a year. The house would be difficult to sell because of its memories.

Assets and Liabilities

Emma had all the documents and all the numbers from the last year but putting them together into a balance sheet and personal income or cash flow statement was a challenge. Although she was clear on the concept of assets and liabilities, Emma wondered if she had overlooked something. The income statement was important too and Emma knew expenses were bigger than income each month now that her husband's income was gone. Some expenses were fixed or could be broken down from annual or semi-annual amounts into a monthly allocation. Other items were variable and represented places where she might more quickly cut back. Then there was the issue of saving versus spending. Did she need to reduce her spending, and if so, by how much and what would she cut? Should assets be invested or should she liquidate them and use the proceeds to pay down debt? The house had dropped in value, but was it better to stay or sell? It was frustrating and scary to think about all the issues. Emma knew the place to start was by looking at where she was now after she had a year of data from living on her own.

Emma had a pile of financial information. The house had been worth more but its value fell after 2008. The appraised value for property tax purposes was \$180,000 and there was \$152,735 left to pay off. Emma did have the option of selling her house and if she did so she expected rent would be about \$500 per month. The contents of the house were worth around \$162,000, a number recently developed with the help of the insurance agent as Emma reviewed her coverage. Other than the mortgage, there wasn't any debt. Emma used some of the insurance money to pay off credit card debt. Paul's student loan debt, which he incurred later in life when he went back to graduate school so he could successfully switch to a new career, was forgiven and the car was paid off. With 180,000 miles on the car, it probably didn't have much book value and Emma worried she might need to replace it or make some major repairs in the near future.

The remainder of the insurance was in a CD in the amount of \$211,393. There were two more CDs, one in the amount of \$5,093 and the other in the amount of \$50,686. Low interest rates meant there wasn't much income from these accounts, but Emma knew when Paul died she should wait a while to decide what to do with the money. Loans to friends and family included \$140 to a friend, \$3,315 to one daughter and \$15,646 to another daughter. No one was making payments on the loans at this point and Emma wondered how she could develop a plan to get the money repaid and added to her monthly income.

Bank accounts included \$2,543 in checking, \$1,687 in a money market account and \$501 in savings. Retirement accounts included a Fidelity Freedom account with \$22,926 and a TIAA-CREF 401 (k) plan with \$250,953 in it. Emma knew she had limited ability to add to the 401(k) account and wondered how best to invest what was already there over her six-year planning horizon until retirement. That investment would have to supplement Social Security and the market's volatility was unnerving.

Income and Expenses

Each month Emma earned \$2,132 after taxes and deductions for insurance premiums and a medical set aside account. Emma put together the list of her expenses, looking at the individual bills she paid, and realized she paid many of her monthly expenses using her credit card. As of now, Emma limited herself to one credit card so she could earn 1% cash back bonus on her purchases. The statement showed broad categories, but not the details for what she was spending on clothing and other items. The credit card had a feature called "Spend Analyzer" and using

that, Emma developed the monthly numbers shown in Table 1. There were additional numbers to add to basics and Emma collected the data from her piles of papers.

In addition to the information from the "Spend Analyzer" Emma had a list of expenses based on the bills she wrote checks for each month or paid for using online banking. Each month Emma made a mortgage payment of \$1,352. This amount included both taxes and insurance.

Additional medical expenses each month were about \$200. Like many in her age group, Emma had monthly prescriptions for some basic medical conditions and they added up quickly, even with insurance. Lawn care was about \$30 a month, water was \$25, professional development was \$10 and electricity was \$102. Media and entertainment was \$56 for a cell phone; \$7 for a Tracfone; \$78 for Internet and a landline; \$54 for satellite television and \$40 for a digital subscriber line (DSL). There were some miscellaneous expenses not charged to the credit card including jewelry insurance for \$10, a personal umbrella policy for \$7. Emma was developing consulting and writing for extra future income and had monthly expenses related to that of \$67, vehicle license for \$21 and a gym membership for \$36. Emma also expected food to run \$250, church to be \$58, and other miscellaneous expenses of \$29.

Table 1: <i>Monthly Expenses</i>	
Item	Amount
Merchandise	\$469
Gasoline	203
Supermarkets	187
Auto	142
Service	107
Restaurants	96
Medical	80
Travel/Entertainment	54
Home improvement	43
Total	\$1,381

Emma's monthly expenses did not include travel, but in the last few years she went to Germany twice to visit a daughter and son-in-law stationed there for the military. Emma also went on a cruise to Europe with a friend after her husband died. These trips were all paid off but travel was something Emma hoped to be able to get into her budget. In two years there was a family reunion scheduled at a resort that could cost upwards of \$2,000 for food and lodging. Emma also wanted to take another trip to Europe before she retired at 67.

Hopes, dreams, assets, liabilities, income and expenses; it was all there on the table, and Emma knew she needed to put together a balance sheet and cash flow statement detailing where she stood and then make a budget that would help her meet her goals.

CUTTING TEACHER BENEFITS – A LOSE-LOSE PROPOSITION

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One of Greg Cook's goals as Head Master at Panhandle Christian School (PCS) was to attract quality teachers by being more competitive relative to the local public education market salary wise. Enrollment was up at PCS but budgets were extremely tight and Greg needed to find ways to cut costs at the school. There were limits on how much he could raise tuition for PCS students. It was very challenging to reach the goal of 75-80% of the local public school district pay schedule when PCS could only afford very modest annual raises. Some PCS teachers received payment of college tuition up to 100% for their dependents at a local private Christian university. The benefit was a significant incentive for teachers to come teach at the school. It had a long tradition, but a review of the school budget revealed that next to overall salaries, the tuition payment benefit was the largest single expense. If Greg could reduce or even eliminate that benefit, then those dollars would be available to give all teachers a significant increase in compensation. But if the college tuition benefit was reduced, how would those receiving that benefit or those who planned on it in the future react? What about the teachers that were currently receiving the tuition benefit or those about to? How would they react to having that benefit cut or eliminated? Change must occur, but how?

Background: Panhandle Christian School

Panhandle Christian School was in existence for over 100 years. Originally, Panhandle Christian School was a part of and located on the campus of Panhandle Christian University (PCU). Prior to 1985, PCS faculty and staff with three years of service received the same tuition benefit as PCU faculty and staff: 100% tuition for all dependents attending PCU. All faculty and staff received 50% tuition coverage their first year, 75% coverage the second year and 100% coverage from the third year on. In 1985, PCS split from the university, formed its own entity and moved two blocks away. At that point, the relationship between the university and school changed. PCU was treated the same as any other approved Christian school in the country with respect to

tuition discounts for dependents of the private school's faculty and staff. PCU discounted tuition 25% for the dependents of employees of any church affiliated school attending PCU. The Board of Directors of PCS decided to maintain the college tuition benefit at the same level of up to 100% tuition coverage (including the 25% from PCU) for all PCS faculty and staff that had dependents attending PCU by providing 25% of tuition for their faculty and staff dependents the first year of employment, 50% of tuition the second year and 75% of tuition for the third and subsequent years of employment. The benefit was an important part of the PCS culture. In addition, a significant component of the school's culture was the close, family atmosphere and family feel. The Board historically also acted in a manner that benefited the employees.

PCU reduced the tuition benefit in 1990 for its faculty and staff to 80% of tuition costs and reduced it again in 1995 to 75%. Despite the fact that the university reduced its tuition benefit, PCS retained the same levels for tuition benefit as always. The breakdown of how the tuition benefit was structured is shown in Figure 1 below.

Figure 1: Tuition Benefit Percentages for PCS Employees

Employment Year	Total Tuition %	PCS Contribution%	PCU Contribution %
1st	50%	25	25
2nd	75%	50	25
3 rd or More	100%	75	25

Panhandle Christian School Compensation and Philosophy

The compensation philosophy of the headmaster's as well as the Board was to pay competitive salaries and equitably distribute benefits across more employees. A key goal was also more predictable compensation costs from year-to-year. The local independent public school salaries defined the teacher compensation market. The target of PCS was to compensate at 75-80% of public schools. PCS had twenty-seven full time teachers and eight full time staff. PCS analyzed its teacher salaries compared to the school districts based on highest degree earned and years of experience. On a salary-to-salary basis, PCS paid at roughly 60% of the market rate. For example, the average salary for all teachers in the local school district was \$44,460 compared to around \$26,800 for PCS. Only salaries were examined; PCS did not have a retirement plan like the local school district and did not provide medical insurance coverage. But the college tuition benefit at PCS made a big difference in teacher compensation as compared to the market. Employees receiving the college tuition benefit at PCS were at 100% market. Tuition payments were made directly to the university and were not considered taxable income to the employees. Thirteen dependents representing eleven PCS faculty families received tuition benefits.

Difference in Tuition Costs

PCS was a small private school in a competitive market so it was conscious about tuition rates and affordability. In recent years, PCS had increased its tuition an average of 3.5% a year. The average tuition cost for one year of high school was \$9,000. In contrast, since 2009 PCU had increased tuition over 25%. In the most current year, the tuition cost \$11,700 per semester for 15 credits. Several board members suggested the significant discrepancy in tuition increases made it more and more difficult for PCS to fund the PCU benefit. The cost of the tuition benefit was 17% of the total budget; more than three times higher than any other benefit cost including Social Security or Workman's Compensation.

One tuition policy that benefited all students at PCU was the ability to "stack" scholarships. For example, a dependent of a PCS employee with more than three years experience would apply the first tuition scholarship (75% of tuition paid by PCS) to the PCU tuition bill. Next, the scholarship provided by PCU to any faculty dependent from any church related private school (25% of tuition) would be applied. As shown in Figure 1, these two scholarships together would cover 100% of tuition costs. Lastly, dependents of faculty members could then stack "other" scholarships such as those awarded for high ACT or SAT standardized test scores. These amounts ranged from \$3000 to \$10,000 per year depending on the students' respective score. These other scholarships could be used for other college expenses (besides tuition) such as room and board for students living on campus. There was one additional benefit for PCU faculty and staff whose dependents attended PCS; PCU would pay 80% of the tuition costs for the dependents to attend PCS. Currently, over 100 PCU faculty and staff dependents attend PCS.

Benefit Quandary

Greg Cook knew he had to make changes after he reviewed the budget. The benefit package was a large expense and did not benefit all faculty across the board. Seventeen percent of the budget and growing was just not acceptable! One board member suggested reducing the PCS contribution for PCU tuition from 75% to 50% for employee and staff dependents. That reduction put the PCS benefit for its employees in line with the benefit provided to PCU its employees (after the 25% contribution from PCU was factored in for PCS dependents). Had it been in place for the current fiscal year, the six percent budget savings could have been applied to salary line items benefiting all faculty and staff employees. Increasing salaries was a long term goal. In addition, the teachers were on year-to-year contracts and the Faculty Handbook allowed for changes to faculty benefits. Greg knew he had some flexibility and several options to consider.

Thirteen dependents from 11 families currently attended PCU with no change forecast for the upcoming year. Many board members wondered if a change in tuition benefits would affect the PCS families who used it. What about faculty members working for years anticipating this benefit for their dependents about to attend PCU in a year or two? One faculty member had five children likely to use the benefit at PCU in the next five or six years. Other board members wondered if faculty or staff members would leave the school if the tuition benefit was eliminated or reduced. Would change make it more difficult to recruit teachers? The budget committee chairmen suggested some PCS faculty and staff dependents could take the ACT or SAT scholarships previously applied to other non-tuition expenses and apply those dollars to tuition to help cover the 25% reduction. Was it the responsibility of PCS to allow students to have scholarship dollars to cover expenses *beyond* tuition just because they had been able to do that previously?

Then there was the relationship between PCS and PCU. What would PCU do to the PCS benefit for its employees if PCS changed its PCU benefit for its PCS employees? Would PCS lose students from PCU families and the tuition they paid? What was the best interest of PCS and its employees? Should some families be “grandfathered” with respect to the policy? What was “fair and reasonable”? Should changes be phased in? How might Greg involve the teachers in this discussion? The current benefit package was no longer affordable to the small private school and it had to change. The only question was how?

WHAT CAN THE BIG BANKS DO TO ATTRACT SMALL RETAIL CUSTOMERS?

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On September 29, 2011, Bank of America planned to charge its customers \$5 per month for debit card purchases starting in 2012. JP Morgan Chase and Wells Fargo also planned pilot programs where customers would be charged for debit card use. The debit card fees appeared to strike a nerve with many depositors and fueled consumer outrage (Elise, 2011; Mui, September 29, 2011). For some customers, such a decision by a large national bank, which had been a recipient of TARP funding, appeared to epitomize rapacious corporate behavior.

On September 30, Molly Katchpole, a 22-year-old working part-time jobs, initiated a petition on www.change.org for Bank of America to reverse its “despicable” decision. Within only four days, the petition collected online more than 100,000 supporting signatures. On October 4, Kristen Christian, a 27-year-old from Los Angeles, launched a Bank Transfer Day campaign, encouraging people to switch from commercial banks, in particular big banks, to credit unions, by November 5. Her Facebook page gathered 19,000 supporters in one day. Social media activists and consumers were not alone in criticizing the debit card fee decisions. Some advocates of the Democratic Party and the government (i.e., Secretary of the Treasury Geithner) shared the same outrage and argued that banks were unfairly treating their customers.

Bank of America modified its fee structure in response to regulatory changes contained in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. The new legislation included the Durbin amendment that regulated interchange fees that banks and credit unions charge merchants; when a consumer purchases with a debit card issued by a bank or a credit union, the merchant needs to pay the interchange fee to the issuing bank or credit union. Banks and credit unions with total assets over \$10 billion dollars were subject to this amendment. The

new regulation significantly reduced the revenue that financial institutions could obtain from debit card transactions. Before the regulation, the average debit card transaction fee was 44 cents, whereas the Durbin amendment capped the fee at around 24 cents. Effective on October 1, 2011, this rule was estimated to cost the non-exempt banks around \$8 billion (Morrison, 2012; Shearman, 2011). The merchants appeared to be its beneficiaries since it would lower their costs. However, big commercial banks contested that the Durbin amendment unfairly restricted business freedom by fixing prices and would reduce market efficiency (The Banker Baiters, 2011).

All but three credit unions were exempt from the Durbin Amendment, but the three non-exempt credit unions refrained from charging consumers debit card purchase fees. A credit union was a non-profit consumer cooperative and its membership was based on a common bond: the same employer, association, or residential area (Black & Dugger, 1981). Its members were its savers, customers, and shareholders. The credit union members shared equal voting rights and the profits. Exempt from federal taxes, it often offered higher interest rates to savers than a commercial bank. More importantly, the interest of its savers and that of its shareholders were well aligned. Therefore, it wouldn't serve a credit union's interest to increase service fees to its members. In contrast, a commercial bank's savers were in general different from its shareholders. The debit card purchase fees may benefit its shareholders at the expense of the interest of its savers. Many credit unions took advantage of the popular outrage at big banks and attracted new consumers defecting from big banks.

On October 28, JP Morgan Chase and Wells Fargo decided to drop the plan to charge consumers for purchasing with debit cards. SunTrust Bank followed suit on October 31. On November 1, 2011, Bank of America announced, "In response to customer feedback and the changing competitive marketplace, Bank of America no longer intends to implement a debit usage fee." David Darnell, its co-chief operating officer, stated, "We have listened to our customers... and recognize their concern with our proposed debit usage fee... As a result, we are not currently charging the fee and will not..." (Bank of America, 2011).

These announcements failed to slow down the momentum of the Bank Transfer Day Campaign. Christian rejected Bank of America's cancellation as "too little" and "too late" (Reuters News, 2011). According to Credit Union National Association, credit unions gained 441,000 new members in September and October, which represented 75 percent of membership growth in the previous year (Carrns, 2011). On November 5, the official bank transfer day, credit unions were estimated to add more than 40,000 new accounts (Marx, 2011).

The debit card fee became a public relations issue for the big banks. They were not only unable to recover anticipated revenue losses from lower interchange rates mandated by the Durbin Amendment, but also incurred additional losses from consumer defections. The defecting consumers might have been price sensitive, the least affluent, and the least profitable, but banks risked losing the next generations of consumers (Bjorhus, 2011; Rehm, 2011).

In hindsight, the loss of revenue could have been compensated with less intrusive fees, with an increase in the prices of other products, or with increasing demand for services. For instance, Huntington Bancshares in Columbus, Ohio might have provided some clues in searching for a working alternative. Instead of alienating its savers by increasing service fees, it cut fees: a 24-hour grace period for overdrafts and no monthly balance needed for free checking (Rehm, 2011).

It used the traditional paradigm of the banking industry: “take deposits in and loan them out, and the difference is your profit” (Rehm, 2011). With high customer loyalty, Huntington Bancshares was able to sell more loan products and its revenue grew.

The debit card purchase fee blunder added new woes to Bank of America that had been troubled by bad mortgage lending. Moody’s downgraded Bank of America along with 14 other major banks. Bank of America’s rating was just over the minimum for an investment grade rating (Eavis & Craig, 2012,). What could Bank of America do to win back its customers?

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REVENFLO: HOW TO INCREASE REVENUES WHEN AT CAPACITY?

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Jason Broadwater hung up the phone and his mind was racing. He had just told a prospective client that in order for Revenflo to provide a monthly online marketing program, it would cost at least \$2500 a month. In the past, Jason had sold monthly online marketing programs for \$1,000 per month but he had recently determined that “these programs were just not very profitable for the company.” He had begun to target mid-sized businesses in the region, as those projects and programs proved to be more lucrative. However, the sales cycle for mid-sized clients was longer and riskier. In addition, Revenflo did not have a formal salesperson to sell its services. Although Jason was energetic, he and Michelle (an employee who also helped market Revenflo’s services) were both working at capacity (i.e., ten to fifteen hour days). Jason wanted to increase Revenflo’s revenues next year, but he wondered whether he would have to hire a salesperson to help or was there another way he and Michelle could restructure their current activities to focus more on sales and business development?

Revenflo was a small, innovative company that provided Internet marketing services and Web site design development services to clients. The company was founded in 2004 by Jason Broadwater. Jason had a master’s degree in writing and wanted to leverage those skills into his own entrepreneurial business venture. There were three primary employees who worked at Revenflo. Jason Broadwater was the CEO, specializing in innovation, strategy, and business development. Chad Smith, who handled the day-to-day details of project management, was hired as the operations manager in 2009. Michelle Rock came on board in 2011, while she was working on a master’s degree in history at a local university. She served as the communications and administration manager, as well as marketing and sales support person.

Revenflo was located in Rock Hill, South Carolina. The city had a population of approximately 67,000 people. Rock Hill's primary employers were a local university and hospital. The rest of the city's industry was composed of mostly small businesses. Twenty web design and online marketing firms called Rock Hill home and hundreds of additional competitors were located in the nearby cities of Charlotte, North Carolina and Columbia, South Carolina.

The Revenflo team provided full service project management for any web marketing or online communications project desired by a client. When a client would call with a request (like web page design, Facebook page creation, or search engine optimization), Jason and his team would then contract the activities with experts in the industry and manage the project for the client from start to finish. For each project or program, Revenflo typically managed a web designer (i.e., graphic designer), a web developer (i.e., providing front and back end software), a researcher/writer, a video/photography person, a channel manager (i.e., who provides constant communication for Facebook or Twitter pages), and a web analyst (i.e., who provides reports on web analytics). Revenflo outsourced these widely varied tasks to a small pool of independent contractors (some of which were college students from the local university) and these contractors worked effectively within Revenflo's collaboration toolset, development procedures and quality standards. For clients, Revenflo increased productivity for online marketing and advertising, while decreasing the cost of infrastructure.

Revenflo targeted two different types of clients: small business owners and marketing managers at mid-sized companies. Because these clients had different needs and wants, Revenflo typically worked with clients in one of three ways: monthly programs, projects, and team contracts. Each of Revenflo's clients was treated with importance and given a high quality experience.

Some clients signed up for a monthly online marketing program where the company created their website, managed the site, and did search engine optimization for the site. Depending on the type of website, extent of maintenance, and other marketing services desired, a client typically paid \$1000-\$1500 per month for this program. In 2010, monthly programs represented about a third of Revenflo's revenues. Most of the clients who signed up for monthly programs were small business owners, like attorneys, certified public accountants, and insurance agents.

A second way Revenflo worked with clients was via discrete projects. These were around a third of Revenflo's revenues. Both small business owners and marketing managers occasionally wanted a project. However, these types of projects only brought in revenue upon completion and did not generate a regular monthly revenue stream for Revenflo. The average cost of a discrete project for a small business was around \$5,000-\$15,000, whereas a typical mid-sized business had a \$15,000-\$50,000 project.

The third way Revenflo worked with clients was via a team contract. Team contracts were structured under the model of providing a one-stop shop where a marketing manager could get a full set of web marketing and online communication services by placing one phone call to Revenflo. Team contracts also represented approximately one-third of Revenflo's revenues. Team contracts were targeted toward mid-sized companies, like hospitals, schools, and manufacturers. These types of agreements were billed based on activity logged each month, similar to the business model of an advertising agency or law firm.

Revenflo had a client base of approximately twenty to twenty-five customers at any given time. In 2010, the company doubled revenues. Jason's goal for 2011 was to triple revenues. (Jason chose this goal because he wanted to get to a point where he was no longer investing all profits back into the company.) Jason was a creative thinker, and like any of his endeavors, had several ideas for how Revenflo could achieve its 2011 goal. First, Jason planned to charge more for the monthly web marketing programs. To increase the profitability of these programs, clients needed to be in the \$2,500-\$10,000/month range. In addition, Jason believed he could sell more of the monthly marketing programs. The small business owner market was underserved and there was significant demand for online marketing programs at this level. However, Jason had found that while selling \$1,000/month programs was relatively easy, these types of programs were just not very profitable for Revenflo. Jason also speculated that he could expand into Charlotte and Columbia, where there were small business owners who would pay more than \$1,000/month for a monthly web marketing program. However, this potential growth also presented a problem as both Jason and Michelle were currently working at capacity and the company would have to hire an additional person to assist with managing the additional monthly marketing programs.

A second option Jason considered was up-selling to his current customers. Jason felt that he could easily identify a short list of his current clients with sufficient advertising budgets who could get a better return on their investment by diverting funds from their other advertising media (like TV or radio) to additional online marketing services. For example, heating ventilation, and air conditioning (HVAC) companies and larger real estate agencies often had significant advertising budgets and could benefit from more online advertising. Up-selling to his existing customers was an appealing option, as Revenflo's customers were already well aware of the company's excellent services and ability to produce results. However, Jason was not exactly clear how many of his current customers would be willing to divert advertising dollars toward more online marketing. Furthermore, Jason and Michelle already had existing relationships with the current clients so they would most likely have to be the ones to devote time to up-selling, as opposed to introducing existing clients to a new sales representative.

A third option Jason considered was targeting more mid-sized businesses with Revenflo's team contracts. With respect to project management and operations, team contracts required the same amount of time invested by Revenflo, when compared to monthly marketing programs that were less profitable. However, selling to mid-sized businesses presented significant risk as it required a longer sales cycle and there were simply fewer of these types of businesses in Rock Hill. Jason contemplated hiring a sales representative to sell additional team contracts. However, Jason would have to determine how the salesperson would be compensated: salary, commission, or a combination of both. Either way, Jason believed that the compensation structure would have to involve some sort of commission, which would mean the sales person would have to generate significant revenue to make an impact on the bottom line of Revenflo. Jason determined that "for every \$5,000 in commission, a sales representative would have to generate more than \$30,000 in revenue." Moreover, that revenue was just enough to cover the additional cost of compensation. Jason suspected that hiring a salesperson would involve hidden costs beyond commission. For example, while a salesperson would bring in more clients, he/she may require more administrative support from Michelle and increased consultation on the project from Jason.

To increase revenues, Jason knew that he needed to pursue some combination of his ideas that included selling more monthly marketing programs at \$2500, up-selling current customers, and targeting more mid-sized businesses with team contracts. However, the fact remained that in order to pursue these activities, one of two things had to happen. Either he was going to have to hire a professional salesperson, who would take on the sales function, or he was going to have to hire an administrative support person that would allow Jason and Michelle to pursue additional sales and marketing activities. Jason wasn't sure what to do because he saw risks and benefits to both plans.

AM I TRULY SELF-EMPLOYED

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Clarence Edison was sitting at his desk trying to understand the implications of the news that he had just received from Allstate's Corporate Office. Allstate had just informed its agents that in 90 days agents would no longer be employees, but would be reclassified to independent contractor status for the company. As he reviewed the paperwork received, he tried to determine exactly what financial changes he would face as a result of this news.

Clarence had been employed for over 25 years as an Allstate Insurance Agent. His plan had always been to work for Allstate until he was ready to retire. The letter cited a number of benefits the Agents would receive from this change. These benefits included the opportunity for agents to own their own business; freedom for agents to set their own schedules; the opportunity for agents to run their office with freedom from corporate restrictions.

As Clarence thought about the conversion to independent contractor, he wondered what would become of his retirement plan. He wondered what expenses, normally covered by Allstate, would he have to pay now. He was not sure what owning his own business really meant. While he knew that there were pros and cons to owning his own business, he was concerned about the financial implications. He asked himself: "Will I really be an independent contractor?" and "Will I benefit from being self-employed?"

Allstate Agents: Independent Contractors or Employee Agents

In 2000 Allstate converted over 6,000 employee agents to independent contractor status. The agents' 401K plan was canceled and the agents lost other fringe benefits, such as medical insurance, paid vacation and sick leave. However, as Clarence went through the transition he felt that his job description as an independent contractor agent was fundamentally identical to that of the former employee agents. Even after the conversion, he continued to receive correspondence from Allstate. These letters continued to establish policies that addressed how he should run his

office and provide service to his assigned areas. His office location had to be approved by Allstate. Allstate set a minimum window for office hours, requiring his office and offices of other agents to be open from 9:00 a.m. to 5:00 p.m., Monday through Friday. Allstate also required all after hour phone calls to be forwarded to its call centers regardless of other contact methods that Clarence had in place. Allstate also had mandatory training sessions for the agents and monitored agents' participation in these sessions.

Clarence was assigned monthly and quarterly goals regarding the number and types of policies that he needed to sell. He knew that failure to meet these goals could result in the termination of the contract with Allstate. His performance was routinely monitored by Allstate managers.

Due to his growing business Clarence needed to hire an assistant. However, his assistant needed to be trained by Allstate. The cost of this required training had to be covered by Clarence or his assistant and not by Allstate.

Allstate offered a number of insurance and financial products. Clarence had no control over which of these products had to be sold because this was determined by Allstate. These multiple-product lines were ever-changing and Clarence was expected to maintain proficiency in all of the product lines. Clarence was not the only agent impacted by these changes. These changes applied to all of the converted agents who stayed affiliated with Allstate.

Background

Businesses always tried to increase profit margins and created many strategies that improved the bottom line. One method used by employers was to convert employees to independent contractors. However, as more employers resorted to this practice, the number of lawsuits challenging the classification as independent contractors increased. Workers classified as independent contractors felt that they were employees without benefits and not truly independent contractors. Who was right the employer or the employee? Were these workers truly independent contractors or were they employees without benefits?

Independent Contractor: The Criteria

Due to the tax implications involved in employee classifications, the Internal Revenue Service (IRS) was very involved in establishing rules that governed classifying an individual as an independent contractor. The general position by the IRS was the person performing the work for the company must have control of the means and methods of accomplishing the result to be considered an independent contractor. However, the company could direct the result of the work (Employees or independent, 2006). The IRS developed three common law rules to be used in making the determination. The IRS identified behavior, financial, and type of relationship as the basic questions to be addressed in making this determination. Behavior addressed the amount of control the company had on the worker and how the worker did his or her job. The next evaluation was on the business or financial aspects of the job. The IRS evaluated the control that the worker had on making key business decisions. Finally, the type of relationship between the worker and the company needed to be established.

These factors were evaluated to determine whether the worker was an employee or an independent contractor. Individually, a factor might indicate that a worker was an employee, while a different factor indicated that a worker was an independent contractor. These factors needed to be evaluated in total to determine the true status of the worker. There was no magic number of factors that needed to be met to make this determination, but the overall degree of control exhibited by the company over the worker needed to be evaluated (Independent contractor, 2010).

The IRS provided employers with a determination of the status of a worker in question. Employers could submit a Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding (Form SS-8) to request a determination by IRS. The IRS posted more information on its determination of an independent contractor online at <http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>.

The Dilemma

Clarence reflected on his situation. The change to independent contractor status was supposed to benefit the agents. However, Clarence wasn't so sure that this change would benefit him in the way that he was being told that it would. Clarence asked himself: "Am I really an independent contractor? And if so, will I really benefit from this status?"

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RED OCTOBER AT ABC MANUFACTURING

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Melvin Miles peered out of his hospital room window reflecting on the recent events in his department at ABC Manufacturing. He was exhausted and feeling defeated over the incidents at work the past few days. Suddenly he began to ponder on what was most important to him. The words of his loving wife resounded in his head; “Melvin! You can’t work yourself to death. The work will go on with or without you.” It was time to think about how to manage the workplace challenges he was facing from here, make sure that the problems with the IT system did not continue and maintain his health.

Background

ABC Manufacturing was part of ABC Group’s global production network. The plant was ABC’s only North American production facility and the first factory built outside of its founding country in Western Europe. The company’s corporate mission statement was built around the concept ‘POWERED BY PASSION!’ ABC believed that this mission empowered each of their Associates to continuously improve the company’s processes in order to deliver premium products, maintain market flexibility and boost company profitability. The original 1,039 acre plant officially opened in the mid-1990s about two years after the official ground breaking. It was the fastest plant ramp-up in the automotive industry – a record 23 months from groundbreaking to shipment of its first car. As Bob Jones, a long standing veteran of ABC Manufacturing stated, “It’s been a fast and bumpy ride, building fast cars requires fast thinking, fast reaction, and fast cash”.

In the first 16 years, the ABC plant had experienced four major expansions and grown from approximately 700 employees to over 9,000 jobs on-site and counting. The average daily output was about 1,000 units per day, exporting 70% of its custom made vehicles to over 130 markets around the globe. Custom building cars to customer's specifications gave ABC the opportunity to operate a production model called in-sequencing or just-in-time delivery with suppliers. Parts were delivered daily, preventing the need for large warehouses filled with months of parts; they had smaller warehouses in its sequencing center to house daily parts. ABC took pride in their quality system, which it placed as a top priority.

Melvin Miles

Prior to working as an IT specialist at ABC, Melvin Miles, a mid-career Information Technology (IT) specialist, was an IT manager at a small business. He regarded himself as an entrepreneur at heart. A vibrant but sometimes erratic man, word had it that he often boasted openly that he would resign the day his job ceased to excite him. Miles had a young and stable family; a wife, two boys and a girl. He was cheerful, optimistic, hopeful, and confident. He was quite passionate and sometimes allowed his passion get the best of him. Miles paid more attention to the big picture and less on the details. He was motivated by change, recognition and peer approval. This often led him to plunge headfirst into certain exploits before looking into the details to weigh all the possible outcomes. Miles had absolutely zero tolerance for pessimism and naysayers.

Red October

On October 23, Miles was asleep in his bed at 12:22 a.m. when he got a call on his office mobile phone. He was tempted to turn it off thinking to himself, "It's just another routine call from some international colleague that did not take into account the difference in time zones." After the phone rang a few times, it went off and he slowly drifted back to sleep. Five minutes later his personal and office mobile phones rang simultaneously and he jumped out of bed. "There must be something serious going on at the plant!" he said as he picked up his office pager to see that his boss from Europe, Jans Joreg, had left him a frantic message. "What's going on Melvin? The line is shut down and nothing the support guys have tried seems to be working. The systems are all messed up. Fix this and fix this fast!" Miles was bemused, bewildered and utterly in shock. He raced to his home office.

Miles quickly flashed back to his activities in the last 48 hours. A new application system had just gone live. He had received so much praise for the rapid delivery of the upgrade and his team had assured him that all was well and the system was tested and secure before the final upgrade was migrated to the production system. He felt an uncomfortable feeling in his stomach. "I'm getting too old for this," he said to himself. As he logged onto the network he hoped it wasn't an SAP (SAP is an Enterprise Resource Program) issue. When he opened his email it read; "SAP not available, warehouse activities and logistical processes unable to be performed." His worst nightmare had been realized, the system was down. Immediately he switched into crisis mode, so far ABC was down over 100 units in production and counting. Immediately, he sent out a message to his crisis team for all to assemble in the plant as soon as possible while packing up his computer and heading for his car. One hour later Miles was seated in the plant talking to his team when he realized he was still dressed in clothing not suitable for work. At this point it was determined that the root cause of the problem was employee error, not a mechanical malfunction.

What this meant was that someone would have to take the blame for this; since it was his upgrade that went in the night before he was on the hot seat.

To fix the problem the bug had to be identified and fixed or the entire system had to be rolled back to the previous version and restarted in order for production to recommence. This could take hours and during this time Miles had to contend with his European and American bosses calling him every 10 minutes to vent their frustration, disappointment and concerns. Miles European supervisor, Joreg, was in Miles' opinion, quite domineering and too process obsessed. Joreg was also directly communicating with the staff from his European country during this crisis to try and get further information. Since Joreg's transfer to the department Miles had received a lot of criticism from him about Miles' lack of control over his team members, many of whom were contract employees (not subject to internal evaluation or disciplinary procedures). Joreg's perception was that Miles did not have enough attention to detail. Miles thought this was all part of some grand scheme to discredit him and his achievements ultimately leading to removing him from ABC Manufacturing. Miles kept reassuring Joreg that he had the situation under control but it seemed to fall on deaf ears. "If you are on top of the situation Melvin, how come the system is not back online and nobody seems to know what's happening?"

Communication had broken down. Miles did not know if it was because Joreg did not understand his English (English was not Joreg's first language) or if there was another problem with their ability to communicate. Joreg was not only calling Miles but also members of his team from European headquarters to get their version of what was going on. Suppliers and dealers called the plant with complaints that they could not get any confirmation on their orders primarily because the offline production system was fed directly by orders from dealers in real-time.

Miles knew it was time to call in some external help. He contacted the software vendor to provide some support to resolve the current situation; no sooner had he hung up the phone the assembly line was up and running. Pankaraj Samra, a contract programmer, was able to implement an emergency fix while the other programmers poured through line of codes to detect the bug in the system. Seven hundred and thirty-nine units (a financial value of about twenty-five million dollars) had already been lost but the good news was that the plant was back in business, at least for the meantime.

It was now late evening and Miles was still wearing the same clothes he had on when he arrived in the wee hours of the morning; he had only squeezed in a snack or two from the vending machine in the hallway while reassuring his wife that he was fine. The worst was over he thought to himself as he drove home. That night, Miles recalled tossing and turning all night because he knew it was far from over. The systems were unstable and from all indications there might be another break down if the system code quality was not improved. All fingers were pointed in his direction because he was responsible for the upgrade and ensuring stable production. He felt his career at ABC had come to an untimely end. All the years and dedication invested in ABC didn't matter anymore. He had swiftly gone from being the highly celebrated worker that met and surpassed every deadline and standard to a risky investment that could jeopardize plant operations. He was physically exhausted and anxious about his future with ABC.

Miles awoke on October 24 at 4:00 a.m. and returned to work. He found that half of the programmers who were supposed to be working on the system bug had left. It was just Samra and an intern who remained scanning through the large volume of codes. He now realized that not all of his team members understood the sense of urgency he felt regarding the system errors. Miles decided that he would remain in the office until the issue had been fully resolved; hoping this would inspire the others to action. ABC was still losing units; the line was up and running but not at optimal productive capacity.

It had been almost 24 hours since the initial shutdown happened and Miles was half asleep at his desk when the alarm went off and the monitors were alerted. The line had completely shut down again. Miles sat back on his chair and said to himself, "That's it, I'm done I might as well start clearing my desk now." Feedback from the crisis management team revealed that it was another human error; an emergency fix program had to be executed to resolve the problem. As usual Miles' phones began ringing with calls from his bosses both at home and from headquarters. A total of 348 units were lost in the second shutdown incident.

At 9:00 a.m. as the dayshift workers returned, Miles got up droopy eyed from his desk, took a few steps to get a soda and abruptly slumped to the ground. Seeing Miles, the whole office was thrown into utter chaos. The plant's emergency response team was summoned and Miles was quickly rushed to the hospital just in time to be treated for extreme dehydration and fatigue.

SCENES FROM A RESTAURANT: THE CHALLENGE OF BEING MANAGER AND FRIEND

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Heidi Drummond was the newly-promoted manager at Copper Coyote restaurant, in Warrensburg, Missouri. Manager was a position she never sought, nor one she relished having, in light of the personal problems it would create for her. Heidi began working at the Mexican-style restaurant two and a half years earlier; she started as a server, cashier, and then hostess. Eventually, she was promoted to assistant manager when one of the managers graduated from college and moved away. So Heidi, 21 years old at the time, was asked to help manage 15 employees, all of whom she considered her friends in some way. But two of Heidi's co-workers, Mary Micelle and Joanie Thompson, were her very close friends, and all three women were enrolled in the Management major at the University of Central Missouri.

Heidi's increase in responsibility was gradual after she took over as assistant manager of Copper Coyote. In the beginning, she even felt a little bad being paid more than the others because it felt like she really didn't do a whole lot more than everyone else. However, things changed about six months after she became assistant manager when the owner, Eric Mercado, decided that two assistant managers was one too many, and he demoted Mary Micelle who had been an assistant manager for over two years. Now Heidi found herself in the awkward position of being fully responsible for restaurant operations and having to explain to her buddy Mary how their friendship was going to survive.

Heidi thought to herself, "Dang, now here's a friggin' leadership challenge they don't teach you about in school. How do I manage my friends without losing them as friends?"

Copper Coyote

Copper Coyote was an authentic Mexican Restaurant located in Warrensburg, Mo. It opened in 1999 and was taken over by Eric Mercado in 2009. It was open 7 days a week and had a fairly large customer base consisting of both members of the community and University of Central Missouri students.

Heidi Drummond: Restaurant Manager

So much of Heidi's experience prepared her to be Copper Coyote's manager. When she became an assistant manager, Heidi learned to develop the weekly schedule for eight servers and five bus boys/dishwashers. In her former position as head server, Heidi was already one of the primary trainers utilized when new people were hired, so this aspect of managing was not new to her. Upon being promoted to assistant manager, Heidi was asked almost immediately to do all of the interviewing, hiring, and firing. But again, she felt that the transition was slow enough to learn effectively what to do. Heidi felt the biggest change as assistant manager was that anytime the owner Eric Mercado had a problem with staff, he came to her.

Heidi knew that Mary and Joanie had struggled with her promotion to assistant manager more than the other co-workers had. They both refused to come to her about anything work-related for a while after Heidi's promotion, but Heidi felt that after Mary was demoted, Mary in particular struggled to find anything nice to say. That was frustrating because they were both supposed to be her friends, and Heidi thought Mary and Joanie should have been happy for her, especially since they shared the same major: business management. However, in Heidi's opinion neither of the women seemed that happy about it at all. During the six months of Heidi's tenure as the assistant manager, Mr. Mercado relied on her to solve all his personnel problems, so it was surprising, but not totally unexpected, that he chose to promote Heidi. In fact, Heidi's strong work ethic was noticed by the prior owner of Copper Coyote, who had recommended her for promotion. Her demeanor in the restaurant was always professional and courteous, and she was dependable – a trait that will get one noticed in the frenetic industry that is food services. And as it concerned the requirements of an establishment's liquor license, her age also helped, in that she was a little older than the rest of her fellow college-aged management employees.

It got even worse for the three friends when Mr. Mercado left on an extended trip to go home to Mexico. Before leaving, Mercado gave Heidi the new title of Restaurant Manager. Now, in addition to her previously-stated tasks, she was required to hold staff meetings and was put in charge of inventory, resupply, and a few other smaller administrative tasks. Clearly, Mr. Mercado held Heidi in high regard, but all the responsibility Mercado was giving Heidi appeared to be really hard for Mary and Joanie to accept. They still seemed to find it hard to look up to her as their boss when they had thought of her for so long as just their friend.

The underlying tensions between the three women surfaced when Heidi was asked to take charge of inventory. Heidi knew she needed to delegate some of the responsibility, because there was no way she could do it on her own and still find the time to go to school. So, in an employee meeting, she sought help with the inventory. She didn't think having someone else conducting a nightly inventory would be a problem, but she was wrong. Even though Heidi did not single out Mary and Joanie to be responsible for the inventory, they were upset. Mary thought that if Heidi needed to delegate the responsibility of inventory, it should be to another manager. Joanie was upset because she thought that since Heidi was "the manager," taking inventory was Heidi's task.

While Heidi could understand why both of her friends would be disgruntled with her promotion, she also came to realize that her good friends really had no idea about everything she did for the restaurant. Copper Coyote had no employee handbook or written procedures for progressive discipline. Because of the lack of explicit policy on those matters, including retention and promotion, everyone at Copper Coyote was an at-will employee. Each employee was free to resign without notice and Copper Coyote was free to release them without warning and legal repercussion. But the employment at will doctrine (as it is commonly called) does have exceptions. For example, an employee at will may not be fired in violation of applicable federal or state civil rights statutes, where the employee is part of a protected class. So, Copper Coyote could not fire a waiter because of a disability or fire a waitress because she was a woman – despite the waiter and waitress being at-will employees. Also, an at-will employee may not be fired for being a whistle blower (i.e., one who reports illegal activity taking place at work). An at will employee is no longer at will when an implied contract for continued employment has been created. This exception can occur when the employer has an employee handbook or manual with probationary or promotional policies that creates a reasonable impression that the employees are no longer at will.

Now What?

When Heidi was offered the assistant management position back when the prior assistant manager moved away, she had no choice but to take the promotion. Money was tight, she had no student aid, and her partial scholarship didn't even begin to cover her school expenses. The experience and title would help make her resume look awesome because the direct line experience was marketable when it came time to look for a career after graduation. It had all seemed so good, and now she was the manager at the Copper Coyote. But, here she was taking a class with Mary and having to oversee Mary and Joanie at the restaurant. Before Heidi's promotion, the three women's friendship seemed so solid. Yet now, Heidi was thinking about firing her friends just because it would be easier than working through their problems. What could she do to keep her friends in her life, yet build credibility as a leader at work?

LINDA CALLS THE VENDOR A LIAR – CAUSES A CRISIS

**Sambhavi Lakshminarayanan, Medgar Evers College – City University of New York
Raghav K. Madhavan, J. P. Morgan Chase & Co.**

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Introduction

Joe sat at his desk looking thoughtfully through the glass window onto the office floor. He could see Linda striding purposefully across the floor to her desk. She sat down and quickly began working at her computer, paying no attention to the swirl of activity around her. “How typical,” thought Joe, as his mind went back to the recent occasion on which Linda had caused considerable turmoil in the office but had later calmly carried on working.

On that day, Linda had broken protocol by confronting a vendor manager, suddenly and loudly, right on the office floor. This kind of behavior was quite out of the ordinary, if not unprecedented, at NewBank. The firm emphasized certain old-fashioned values, which included observing traditional courtesies in interpersonal interactions and following the chain of command. Joe had known then that he would need to address the situation right away.

Joe had already had one meeting with Linda to glean the background facts. Joe was Linda’s boss and could discipline her, but she was a star employee that he had no wish to alienate. On the other hand, Joe had no authority over Michael, the vendor manager. Michael and his firm were not entirely innocent in the matter, but it was in the best interest of both Joe and NewBank to maintain a cordial relationship with them. In dealing with the situation, Joe knew he had to tread a delicate path and act in a quick, yet thoughtful, manner.

Linda – the Star IT Manager

Joe was an executive in the information technology (IT) division of NewBank, a large financial services firm. He was responsible for several areas, including software quality, where Linda’s

group was located. Like its peer organizations, NewBank had energetically embraced outsourcing. In addition to managing his division, Joe also had to maintain relationships with several vendor companies.

Linda was a valued IT manager, having come to NewBank a little over a year ago with excellent credentials and an enviable technical skill set. Within a short time of joining, Linda had proved herself to be very valuable – competent, efficient and highly effective. Linda's team was responsible for Quality Assurance (QA) of software written in-house at NewBank. In IT circles, it is commonly acknowledged that QA is both critical and challenging. Software that goes through to the implementation stage with mistakes, or bugs, could cause irreparable damage and monetary losses. Around the division, Linda was admired for her skill in putting together a high performing team that had created significant financial value for the firm by delivering timely and error-free work.

Apart from NewBank employees, Linda's team was also comprised of several "vendor team members." A vendor team member was really a vendor firm employee that reported to two bosses – one at the client company (for example, Linda at NewBank) and another at the vendor firm. The manager at the client company was responsible for all work related matters, which included work assignment, resource allocations, managing work completion and also motivating the team member. On the other hand, the manager at the vendor firm handled matters such as legal work contracts and, most importantly, compensation. Vendor firms were similar to placement agencies, except that they placed highly skilled workers into higher-level jobs. Such workers were contractual employees of the vendor firm. Vendor firms would match employee skills with client needs to make appropriate placement decisions. Employees could express preference for certain kinds of work or for specific clients, but the vendor firm was the final authority in determining their placement. Client companies would pay the vendor firm for work done, and the vendor firm in turn would pay these employees. For NewBank, the advantage of this arrangement was the availability of talent at low cost. Billing rates for vendor firm employees were far lower than pay rates for NewBank's own full-time employees.

Linda was the key factor that held her team together and had an ideal manner in dealing with them – friendly and caring, yet firm and in control. Her superiors, peers and team members all agreed that she was instrumental to the team's work product being of the highest quality. Joe knew that not only did Linda assign work so that each team member got a job he or she could do well, she also took care to ensure that each person would find it challenging and interesting. She made certain that her team members could focus energies on work issues by speaking up for them and providing them with the resources they needed. In turn, Linda's team members had given her extraordinarily high ratings as a manager.

Joe had noted in his past evaluations of Linda that she was undoubtedly talented at managing her team and in delivering quality work product, but needed to pay attention to certain other aspects of her job. For instance, she rarely spoke up in large group meetings where upper management was present and often appeared uncertain and somewhat reticent in her interaction with peers and bosses. Linda had also shown awkwardness in her dealings with vendor firms. Of necessity, she had to communicate with vendor firm managers since they provided key personnel for her team. However, these managers indicated that she had not expanded her interaction with them beyond discussions regarding talent needs and performance.

Linda's Confrontation with Michael

In conversations with colleagues, Linda often talked about her team members. She had been very appreciative of Neel, a vendor member. Linda had said that Neel was hard-working, highly skilled and cooperative. Neel was the cause of the confrontation that Linda had with Michael.

In her meeting with Joe after the incident, Linda narrated the sequence of events leading up to it. Linda had often found Neel putting in what she felt were excessively long hours at work. After Linda had mentioned that to him a couple of times, Neel had confided to Linda that while he loved the work and was happy to put in the hours, he was very unhappy with the monetary compensation that his vendor firm was giving him. He said that he had tried to discuss this matter with his manager Michael. However, Michael had played hardball and told Neel that he would be held to the contract that he had signed with the vendor firm. Neel felt trapped. He had received better offers from other firms, but Michael was playing a spoiler: he would neither pay Neel more, nor let him leave.

Linda's blood had boiled on hearing this. Her sense of fairness and equity made her feel outraged when she learned what Neel was paid. She knew that vendor employees were generally paid far less than NewBank employees of comparable skills and position. In absolute terms, Neel's hourly rate, if one counted the number of hours he actually worked, rather than what was on the books, was abysmally low. Linda strongly felt that hard work ought to be rewarded appropriately. Neel had told her that while he appreciated her sentiments, they were to no avail, since his own conversations with Michael had led nowhere. Linda had told Neel that she would speak with Michael about it.

That fateful day, Michael had come for a regular meeting with Linda and other team managers. All teams and team members worked on a large floor with an open office format. Linda and Michael had exchanged greetings and done a quick review of team members' work. After that, Linda seemed to have decided that the time had come to confront Michael on the matter of Neel.

Linda had begun by asking Michael why his firm was exploiting Neel, and underpaying him. Michael had attempted to placate Linda by saying that the vendor firm valued Neel as well and was trying its best to accommodate his wishes. Linda had kept pressing, and Michael had continued to stonewall. Their voices had started rising, drawing the attention of everyone working on the floor. It was then that Joe, alerted by the unusual noise from the floor, had come out of his office to find out what was going on.

Linda told Joe that Michael had claimed to have altered Neel's compensation to reflect a higher rate and that Neel had said that he was satisfied with it. Linda knew that was not the case from her conversations with Neel. She viewed Michael's statement as a blatant fabrication and did not hesitate to tell him so. Indeed, Joe had heard Linda's loud declaration to Michael: "You are a liar!" At this, the entire floor had gone quiet and Michael's expression had changed.

Joe's Dilemma

Needless to say, the incident quickly became water cooler talk. Several versions of the incident reached the Joe's ears, as well as opinions and advice from several people. Joe knew that both employees and upper management would be watching closely to see how he handled the incident. Linda was valuable, even key, to his division. At the same time, vendor firms played an important role in helping the organization maintain a strategic advantage. Among such firms, Michael's had been rated very highly by Linda herself in an internal study comparing different vendor firms.

Joe sat at his desk wondering what the best way was to deal with the situation. How should he deal with Linda? And what should he tell Michael?

THE TRIALS OF MR. TAKEI

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Yoshi Takei faced a major career challenge as he headed towards a meeting with his team. His team experienced a significantly higher rate of layoffs than comparable teams throughout the organization. Takei was a Japanese-American manager of a team of network engineers that worked in a Fortune 100 telecommunications company, Everlast, based in the Northeast region of the U. S. Promoted to a management position after excelling technically as a software engineer, he and his fast-paced engineering team provided critical network builds for major government and business clients. Takei knew his team was overworked, overstressed, and beaten down, but he had more bad news to deliver. Downward pressure forced him to cut one more person. His employees worked more than 60 hours per week already and eliminating another employee was likely to seriously damage whatever morale was left in his group. The economy was in the doldrums. Everlast, driven by quarterly earnings, had experienced a number of reductions in force (RIFs) since 2008. His challenge after the series of layoffs was how to rebuild trust and credibility with his team as part of his efforts to rejuvenate his flagging managerial career at Everlast.

Mr. Takei's Team and the RIF Process for Networking Engineers

Takei once oversaw a team of 12 employees, but due to quarter-over-quarter downsizing over the past year-and-a-half, his team now consisted of just seven engineers. Other managers who ran the same function in other states made it through most of the corporate force reductions without losing a single employee; whereas, Takei administered the busiest territory, but was forced to make painful cuts every quarter. Gamesmanship and politicking tended to play a significant role in the reduction in force (RIF) process at Everlast, or so Takei believed. These activities were abhorrent to Takei who believed that engaging in these activities were beneath him. His team had a huge network build to complete within the next eight weeks for a major customer, so he needed everybody focused on the network build because the regional executive management team had placed the project under close scrutiny.

On the surface, Takei knew that RIFs at Everlast were determined by assessing candidates for downsizing according to the following criteria: area of company where employee worked, productivity, teamwork, quality, customer satisfaction, and attendance. From Takei's experience as engineering team manager, he believed the ultimate criteria for retention of employees ultimately depended on the grandstanding and political behavior of their manager at RIF meetings. Bob Bazile, Takei's direct supervisor, served as head of the Regional Executive Committee and was also head of the Networking Engineer RIF committee. Takei was also aware that Bazile had told him that Takei was not his first choice to head up the network engineering team Takei now led. Bazile's first choice was Joe Archilazzi, a personal friend and golfing buddy of Bazile. While a decent engineer with a knack for developing contacts and networks both inside and outside Everlast, Archilazzi had a reputation for cutting corners in order to uphold the deals he made. Bazile's choice of Archilazzi was overruled by the Everlast Corporate Management Development Board that had responsibility for succession planning and was the ultimate arbiter of appointments at this level. Scuttlebutt around the company was that the board had chosen Takei over Archilazzi due to a diversity effort at Everlast as well as the belief that Takei was an excellent software engineer.

The Imminent Team Meeting

"Here comes Takei now," said Jason Smedley, one of the design engineers in Takei's team. "Whenever we see that guy, there is like a storm cloud over his head. He never has any good news for us. It always seems like whenever he calls us together, we have met with the grim reaper." Kerry Pickett chortled, "Uh oh, here comes the Kamakazi hit man. Banzai! Banzai! Take cover under the table." The other team members had a good laugh nodding in agreement and tried not to stick out at the imminent meeting.

Takei was already fifteen minutes late for his own meeting, which was not unusual. Often delayed and unorganized, his meetings took on lives of their own. His team members sat in the conference room waiting and wondering how they could possibly function effectively any longer if one more team member was laid off. Several employees talked openly about volunteering to be "fired" as that would at least provide up to a year's salary plus benefits depending on tenure. Takei, while personable and friendly, was perceived by his staff as not well respected by his peers and clearly outside the managerial "in crowd." To make matters worse, his team didn't particularly find him to be honest. Over the past several quarters, he had promised to protect them from force reductions, but had failed every time so they were wondering if he was looking out for his own interests somehow at the expense of his team or maybe he just didn't know that things were done differently here in corporate America.

Takei's team believed that cuts to staff were made in an arcane fashion where managers met behind closed doors and ranked their employees like cattle at auction. They also perceived a good deal of subjectivity to the process, which left the door open for wild speculation on their part. From other teams at Everlast, his team had heard information consistently leaked that Takei was weak politically and did a poor job of lobbying on their behalf at downsizing meetings. They wondered if Takei realized how the system worked. To them, it seemed that Takei didn't really know how bad things were or how things got done around Everlast.

As Takei wove through the parked cars in the blistering July heat, he wondered what words of encouragement he might offer to his team of competent and talented network engineers. Lately, his team seemed to suffer the psychological burden of the workforce cuts in his particular area at Everlast. Takei couldn't help but notice that his team was losing faith in his ability to effectively represent their contributions to Everlast's mission with his superiors.

Again, Takei was faced with the challenge of announcing another downsizing to his dwindling team while keeping those survivors fully engaged in a mission-critical government project. Why was he in this situation and what could he do to regain trust and credibility with his team and rejuvenate his managerial career and reputation at Everlast in these tough economic times?

RESTRUCTURING TEAMS: A NIGHTMARE COMES TO LIFE

Anthony J. Mento

Ellen D. Hoadley, Loyola University Maryland

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Introduction

The spacious lounge was so quiet that you could hear yourself breathe on that cold and blustery March afternoon as Samuel Starkloff and Roseanne Kemp entered. The situation became very raucous and hostile in the blink of an eye. The setting was a Saturday between the second and third class during the third module of an elite Executive MBA (EMBA) program based at Littleton Comprehensive University (LCU) in the mid-Atlantic region; the purpose was to discuss team reformation. As Sam and Roseanne looked around the room to get their bearings, they noticed that someone had maliciously or in the spirit of fun, placed Survivor fliers on all of the tables around which students were seated. Roseanne was the academic director of the EMBA programs at LCU and Samuel was the team coach. Both Samuel and Roseanne had over 20 years of experience each teaching in the EMBA programs. They had been highly effective in facilitating learning among executive students. Yet, the situation was quickly getting out of control and descending towards chaos; Roseanne knew she had to act decisively to stop this uncontrolled chain reaction before irreparable harm was done to the spirit of the cohort and the program in general.

Teams at LCU

Study teams had been an integral component of LCU's EMBA program since its inception in 1971. Ideally, team members learned how to work together as a team, identified and resolved group dynamics-related conflict issues, and helped each other to learn the course materials. Additionally, team-based learning supported transference of improved team skills to the work environment. For any given course in the program, the final grade portion attributed to team work varied from 30% to 70%. A past reality was that teams had frequently divided course work and assignments according to team member expertise to achieve the best grades. This resulted in

students contributing to team performance in an area in which they were already proficient while limiting their learning in an area in which they were less proficient. The programmatic effect had been that often a student's weakest area was still a weakness upon graduating.

For several years, feedback from students had indicated that they wanted to have more learning opportunities with other students within their cohort who were not members of their study team. The decision was made that from Fall 2008, all EMBA teams would be restructured during the third module of their 1st year in the 2-year program. This decision came about from information exchanged at the national EMBA conference by LCU representatives and representatives from most successful programs which supported team restructuring for cohort EMBA programs. All students recruited for the class of 2010 were told that teams would be restructured at least once and perhaps twice during their time in the program.

Preparation for Initial Teamwork

Students accepted into LCU's EMBA program began in early September in a pre-program residency. Students were introduced to a number of academic subjects as well as to team development and team building by the team coach. Students were initially assigned to teams, six in all, five students per team. Based on a student's professional experience and academic background, the teams were balanced to create academic/experience diversity and to minimize travel distance for team meetings. As part of the teamwork exercises, student teams developed a mission statement regarding why their team existed in EMBA program as well as a set of norms (code of conduct) specifying how each team member agreed to treat each other during the team's duration. The norms included the details of how team meetings would occur, how team members would be responsible for handling their work, consequences for non-performance or late performance, and appropriate communication modalities.

During the first module, team work was assigned in the courses taken by the students: Ethics and Social Responsibility, Managerial Accounting, and Leadership and Organizational Effectiveness (LOE). Students in the LOE course, taught by Samuel, the team coach, formally studied issues related to the management of high performance teams and were provided guidance on running effective team meetings. Peer evaluations were also provided to faculty for the LOE course at the end of the semester and the team coach was available to assist any team desiring his assistance in working on any and all team problems.

Role of the Team Coach

The team coach was a relatively recent addition to the EMBA program at LCU. The role of the team coach was to improve the functioning of the six teams and to engage the teams in learning opportunities as they experienced them during the program. Previously, when student teams had problems, they approached faculty and administrators who might or might not have expertise in team dynamics. These *ad hoc* coaches were more likely to try to fix the problem rather than to approach it as a learning opportunity. In 2005, the team coach concept was introduced to improve the overall learning experience and to systematize the approach to team issues. The plan was to provide continuity of content in team dynamics throughout the duration of the EMBA program.

Preparation for the Team Reformation

After Thanksgiving, teams were formally notified that the team reformulation process would begin in March, to be completed by the second week of May. Teams were asked to select a reformation leader for their team to represent their interests in the process. The parameters were that all teams would reform with no more than two students remaining together from any initial team. Team representatives were to bring team member preferences, strengths, and weaknesses to the reformation process which could extend through multiple iterations if necessary.

Not long after this, some troubling information started trickling in to Roseanne and Samuel through the faculty who taught first-year students. Reports were that some teams did not want to switch members, were content with the *status quo*, and wanted to avoid the new learning and raw emotions stirred up by working with new team members in team development and team building. There was also some information that some teams were not performing optimally and would welcome the team reformulation. Roseanne took time with the EMBA class to articulate the reasoning behind reformation, to delineate the reformation process and the team contributions to the process, to solicit suggestions for a smooth reformation, and to answer any questions or concerns of the class. Roseanne remained quietly steadfast in moving forward for reformation as a known requirement of the program and as a valuable learning experience for the class.

Team Reformation Process Begins

At 1:20, all teams were present and accounted for in the lounge area as the process began. Arguments from students began swirling almost immediately.

Students were speaking over each other saying,

“We don’t want to switch teams. You can’t make us.”

“We don’t have time for this.”

“Why don’t **you** make all of the decisions with respect to the new teams?”

“Why do we have to switch?”

“We are now just starting to trust each other and fire on all cylinders.”

Roseanne and Samuel reiterated again the vision of how the reformulated teams should work:

- help and learn with each other,
- work on assessing and acting on significant team process issues
- avoid specialization so that everyone would learn all the material to some minimum level of competence
- seek team assistance from team coach

Students responded that for individual projects they found that specialization and a divide-and-conquer approach was the most efficient for completing deliverables, even if not the optimal approach for learning. With respect to the notion of reciprocity and equal contribution by all team members to each project or at least in each course, they said their metric for fairness was different. Although they agreed that the notion about equitable contributions among team members for each course was a noble aspiration, they believed that over the duration of the 2 year program, each team member would make an equal contribution to the team's functioning.

Now what?

After sixty minutes of raucous discussion which found some students pitted against others and almost everyone united in their opposition to faculty, Roseanne called the meeting to an end. Roseanne's parting words were, "You have until May 7 to let us know which members constitute your new team. If you do not have your new team for approval by May 7, we will restructure the teams."

Roseanne wondered what had happened. Where did all the anger come from? Should she just let them remain on their present teams, or should she allow just those who want to switch to do so? What would happen if the students were given total autonomy on how to restructure their new teams?

BUT WHAT DID SHE WANT? THE FEEDBACK SESSION THAT WENT TO HELL

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This incident was experienced by Dr. Ben Gold, who has taught for thirty years in the graduate industrial organizational (IO) psychology program at a university in the Midwest. A classroom incident triggered a chain of events that produced a full blown crisis, the like of which he had never before faced in his career.

It was a Saturday in mid-February in the final class session in a Human Behavior Management course in an industrial organizational (IO) psychology master's program. The class seemed to be in a good mood, anxious and anticipating the graduation festivities scheduled to begin after this last class. Ben Gold was a seasoned professor and consultant and was orchestrating the last class in the two-year MS cohort program through their final set of program and personal lessons learned. He was a strong believer in the power of reflective learning for management and leadership development. He frequently urged students to revisit their significant past experiences in order to learn from them, and one of his favorite techniques was the After Action Review (AAR) (Garvin, 2003).

He was pumped with adrenalin for his final class with this cohort, but he was clearly tired and in pain. For the present students' last class, which began at 12:30 pm, the schedule of classes for the day had been juggled this Saturday and he had been teaching another class since 8:00 a.m. without a break. It was very unusual to teach at the university more than three continuous hours without some significant down time. He had injured his back eight months ago and rushing for class had forgotten to take over-the-counter pain medication prior to beginning the teaching day. He noticed that in his facilitation of the class as he roamed around the tiered classroom, Sheila Vickers, an African American student, however did not seem happy; rather she appeared troubled. Vickers tried to talk to Gold during class on several occasions. Gold thought this

behavior quite unusual since it was his practice to be available for students before class, during the break, as well as after class.

Subconsciously he felt an involuntary shudder, thinking perhaps that Vickers' actions were related to her final deliverable in the course. Gold remembered Vickers well from a previous course in introductory industrial/organizational psychology two years ago that he taught. What stood out in Gold's memory about Vickers was that she was a mediocre student who seemed much slower than the average student in grasping key course concepts. Gold also recalled that for reasons that he had not understood then that Vickers had experienced difficulty understanding exactly what the course deliverables were. Little did Gold expect that this vague uneasy feeling was the precursor to a full-blown crisis.

Gold's Background at the University

Gold had successfully taught most frequently (among a gamut of other courses) intro IO psychology and Human Behavior Management courses in the graduate IO psychology program at the university. He took great pride in delivering to his students a high quality, value-added experience. A continuing source of pride for Gold was when students (which they often did) made it a point to tell him that what they discussed in class on Saturday was directly applicable to their work situation on Monday. Gold's students were fascinated by the notion of Level Three Leadership by Clawson (2012) and the importance of understanding one's own and others' values, assumptions, beliefs, and expectations (VABEs). Students also commented that they enjoyed using the wants/gots problem identification model that they had employed during many case analyses. This was a problem identification model in which one identifies key stakeholders and delineates for each the disconnect between the desired situation ("wants") and the present circumstances ("gots") (Clawson, 1982).

Gold had been told by close friends that he was someone whom students respected yet somewhat feared due to his uncompromising approach of insisting on quality deliverables at all times. He insisted that students always be accountable for their performance. If students turned in poor quality work, they were given an F. He was also a stickler for requiring students to turn in assignments when they were due, and not when students felt like it. If a student contacted him with a plausible reason regarding why a deliverable might be late, prior to the due date, he was a very reasonable and accommodating person. Late papers turned in without prior contact with him in almost all cases were not accepted. Despite his seemingly "tough love" approach to her students, Gold got along well with students and was considered one of the best professors in the university's IO program based on student feedback, even years after graduation.

The Setting for the Blowup

In this 10-week, three-credit course meeting once each week, Gold required all students to submit their deliverables electronically as Word documents so that he could quickly provide them with feedback via the track changes function. The course was conducted in such a way as to allow students to write their reflective learning journals on course topics especially relevant to them. There were two major deliverables in the course. The first learning journal was due any time prior to week eight of the class, in order to allow Gold to provide feedback before the last learning journal was due immediately after week nine. Gold was surprised that going into week ten, the last week of the course, none of the two deliverables had been received from Vickers.

Receiving two or three messages each day immediately prior to the week ten class, Gold felt bombarded by emails from Vickers attesting to her difficulties in submitting the assignment electronically. Gold sent her a possible solution to the problem and then suggested that she should contact one of her team members who had successfully delivered the assignment for help. The MS in IO psychology at the university was a cohort-based program in which students worked with the same team for the duration of their program. Gold also suggested that Vickers communicate directly with the university's in-house Blackboard expert to remedy her difficulty in sending her completed assignment successfully.

Finally both deliverables from Vickers were received in Gold's digital dropbox. Gold had allowed her late delivery this once due to Vickers problems with uploading to Blackboard. He graded them both within 24 hours of receiving them (it was already more than one week late) and sent electronic feedback to Vickers. Gold was surprised by the lack of quality in Vickers' work, since it counted for 50% of the final course grade. To the best of his judgment, Vickers' work was not related to the course material. In fact, it looked suspiciously like papers she had submitted two years previously in the intro IO course that Gold had taught in fall 2008. In sending feedback to Vickers, Gold commented that although the "papers were well written, they are unrelated to the course material." A grade of F was assigned to both, with the note that "it appears this work is much more relevant and appropriate for the first year IO course." Quickly Vickers responded in an email expressing her "disappointment with my grade and the lack of feedback." Gold chose not to respond electronically since the final class was the next day.

The Blowup

At the end of class, as students were cheerfully filing out and making their way to the beginning of graduation festivities, Gold approached Vickers and asked what her concerns were. They met at a normally secluded corner of the building near the classroom. During their conversation on this day, however, they were continually interrupted by students shaking Gold's hand and thanking him for working with and learning with them during their time in the IO program. Gold had learned recently that he was one of the top three finalists for the "most valuable professor" award given by the graduating IO master's class each year.

Vickers (starting the conversation): Why didn't you answer my email?

Gold (replying): I had nothing more to add to the comments I already sent you.

Vickers: I paid \$70,000 in tuition for this program and that is not an acceptable response.

Gold: I don't know how else to say that your work is not related to our readings or course discussions that took place during the course.

Vickers: I am very disappointed in your feedback to me and in your condescending attitude. You seem to be very defensive.

Gold: I am very sorry that you feel that way.

Vickers: I am going to appeal.

Gold: You might find it difficult to appeal a grade on a deliverable. My job is to judge your work and to provide you with honest feedback. I have done so. For any one deliverable, I am judge and jury; as far as I know there is no appeal on such matters.

Vickers: I am not satisfied and I am taking this issue further.

Gold: I really don't know what you want or expect me to say. Fine, you can appeal it all the way to the president and even President Obama for all that I care. Are we finished?

Early on the following Monday morning, Gold received a call from the dean. He thought this quite unusual since he rarely heard from the dean. Dean Ryan mentioned that he had received an email from Vickers and that he called to say that Vickers was very upset by Gold's interaction with her after class on Saturday and wanted to file a complaint against Gold with Human Resources on the grounds of "abusive, dismissive treatment and racial discrimination." From the dean's tone and remarks, Gold got the distinct impression that he could not count on the dean as an ally in this dispute. He also learned that immediately after class that past Saturday, Vickers had complained orally about Gold to the IO psychology program director.

As Gold finished his coffee and prepared for his evening Human Factors class, he wondered what had happened. He thought back to his favorite models for understanding behavior like VABEs and the AAR process and wondered if any would provide him with the insight needed to act competently in this situation.

How should Gold best respond to this turn of events?

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CORPORATE BRANDING: WILL IT HELP OR HURT A NEW COSMETIC PRODUCT IN JAPAN?

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The management team at Japan FUJIFILM Group and their branding consultants had debated many marketing issues related to the launch of Astalift, a new cosmetic product for Japanese women. But no issue was more hotly debated, or more contentious, than that of the use of the corporate name “FUJIFILM” to launch the new brand.

FUJIFILM had long enjoyed a good reputation for its high quality photographic film. But consumers were not familiar with its cosmetic products. Although there were similarities between film and skin care manufacturing technologies, the management team faced challenges in persuading women that their cosmetic products were as trusted as their film products. The management team analyzed the pros and cons of a corporate brand extension. Would the use of the FUJIFILM corporate name be part of the Astalift branding strategy?

Background: Japan FUJIFILM Group Core Competencies

Japan FUJIFILM Group consisted of three divisions and was organized to solve consumer and business issues in the marketplace. The three divisions included: Imaging Solutions which was organized around imaging that consisted of film, electronic imaging, color paper, photofinishing equipment and labs; Document Solutions which was operated by Fuji Xerox (a joint venture between FUJIFILM and Xerox) that included businesses organized around documentation; Information Solutions division which included medical systems, life science systems, (responsible for the Astalift band as well as drugs, nutritional supplements and cosmetics), graphic systems, optical devices, recording media, and industrial products.

While the marketing of skin care and photographic film were different, there were similarities between film and skin care manufacturing technologies. Oxidization caused by ultraviolet rays

damaged photographic film. Oxidation also caused wrinkling and blemishes in human skin. Astakisanin, a red pigment that FUJIFILM had used for anti-oxidization of film, was also found to reduce wrinkling and blemishes. The company had conducted research with collagen that was applied to photographic film. It was relevant to the development of skin cream because 70 percent of human skin is made of collagen. FUJIFILM was experienced in using nanotechnology (ultrafine emulsion) used in the film manufacturing process, making film more permeable, another important factor for healthy skin.

FUJIFILM had developed a line of skincare products that combined their expertise in collagen processing, oxidation prevention and ultrafine emulsion technology. The company branded the product Astalift, then launched the product in the Japanese market. “Asta” represented the strong anti-oxidation element (Astakisanin) and “Lift” represented the main benefit of the product: lifting of the skin.

The Skincare Market in Japan

In 2007, when Astalift was launched the economy of Japan was in a recession. The skincare market in Japan had declined by 0.2 percent. Face lotion, which represented less than half of the skincare market, showed a sharp decline. Mass market brands sold by Shiseido, Kao, Kanebo, Kose and P&G’s Max Factor sales also were flat. Only cleansing, anti-aging, and whitening products showed growth potential and all of the major cosmetic companies introduced new products.

Culture of Japanese Market and Brand Extensions

Corporate brand extensions were very common in Japan as Table 1 shows. Japanese consumers tended to trust corporate names rather than brand names. Even Procter & Gamble (P&G) revealed the corporate name at the end of TV ads for such brands as Pampers, Ariel, and Febreze in Japan. They did this not to intentionally promote the company name but to build rapport for new products.

Table 1: Corporate Brand Extensions in Japan.

Corporate Brand	Brand Extension Examples
Sony	Sony Bank, Sony Life Insurance
Panasonic	Panasonic System Kitchen, Panasonic System Furniture, Panasonic Bicycles
Kao	Kao Attack (laundry detergent), Kao Asience (Shampoo), Kao Healthya (soft drink)
Toyota	Toyota Homes
Yamaha	Yamaha music instruments, Yamaha golf equipment, Yamaha Motorcycles, Yamaha music schools, audio and video equipment, Yamaha resort hotels
Suntory	Suntory Old (whiskey), Suntory Beer, Suntory Boss (canned coffee), Suntory Sesamin, (supplement), Suntory Conaha (skin product)

Advantages of Corporate Brand Extensions

Corporate branding had advantages. It provided an image to a diverse group of products; exploited economies of scale, especially with advertising media costs. It also provided access to marketing channels. Consumers were more willing to try new products if they were supported by a well-respected corporation. And, in today's global environment, a corporate brand that had shared meaning across cultures was something that many corporate brands were striving to attain.

But using the corporate brand was not always effective in launching new products. If the long-term goal was to sell new products or if the corporate brand was associated with negative publicity, it might not make sense to feature the FUJIFILM logo in the advertising.

The management and branding teams debated the advantages and disadvantages of a corporate brand extension. Would the FUJIFILM appear in the promotion of Astalift or would the new Astalift brand stand alone?

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DRINKS TO DIE FOR

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Hacienda, a privately held Mexican Restaurant in South Bend, Indiana, often employed clever advertising themes to attract attention and to convey a fun spirit. But the company's February 2011 billboard campaign set off a flurry of angry customer reactions that left Hacienda with a public relations nightmare.

Hacienda

Hacienda Mexican Restaurant in South Bend Indiana was founded in 1997. By 2011, their estimated sales were \$20-50 million annually (Manta, 2011). When Hacienda Mexican Restaurant placed ads proclaiming "We're like a cult with better Kool-Aid", their objective was to remind current customers of their special relationship with Hacienda and to suggest to non-customers that they too could become one of the Hacienda family. (See the exhibit below for an example of the billboard.) The ads also included the phrase "To die for", referencing its drinks. The ad was an obvious reference to a tragic event involving the People's Temple, a cult group that had originated in their state of Indiana. The ads referenced the cult's horrific end – a mass suicide/murder.

The People's Temple

Jim Jones began preaching in 1953 in Indianapolis, Indiana, where he later became an ordained minister within the Disciples of Christ denomination. Skillful in persuasion, Jones induced like-minded people to follow him and his teachings with fervency.

While formally claiming an objective of fighting racism in the United States, Jones moved his group to California in 1971 and renamed it the People's Temple. Headquartered in San Francisco, the People's Temple grew to over a dozen locations in California by the mid-1970s.

Jones had always exalted the virtues of communism. Over time, Jones changed the focus of his Temple sermons from the God of the Bible to a more political God – socialism and communism (Pendell, 2008).

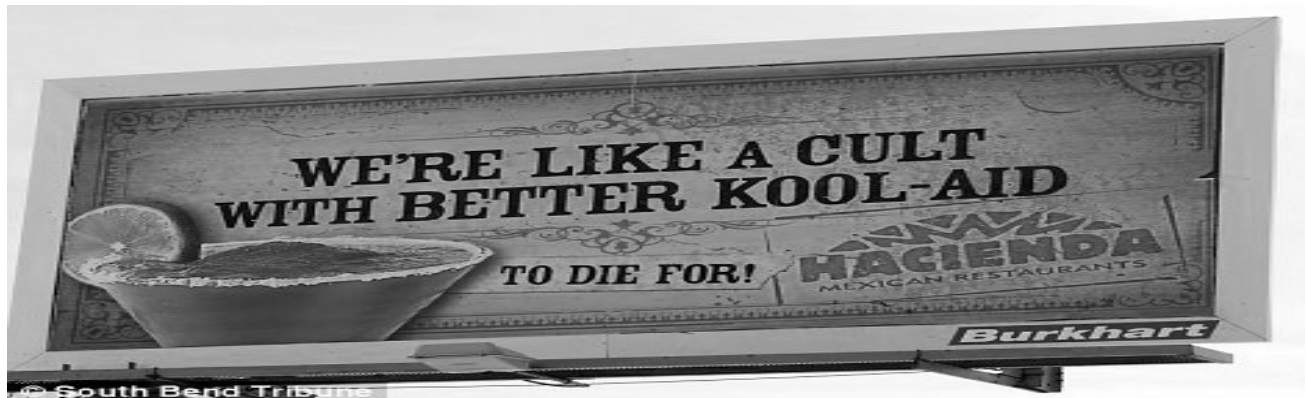
Facing harsh criticism for his religious and political ideology, he relocated his cult group to British Guyana (located on the northeastern coast of South America) in 1977 (Noblett, 2011). It was in Guyana in 1978, that he instructed his followers to murder US Congressman Leo Ryan and his companions as they were leaving Jonestown after having investigated the cult. Ryan became the first and only US Congressman assassinated in the line of duty (Brazil, 1999). That same day, Jones then instructed his followers to drink grape flavored Kool-Aid laced with cyanide. The mass suicide claimed nearly 1000 lives, including Jones (Martinez, 2011).

The tragedy in which so many people followed their revered leader into death still haunted people -- and reminded them how easily leaders could sway mass beliefs. Jones' leadership had been likened to Joseph Stalin and Adolph Hitler, who each also swayed masses to follow a dangerous cause ending in death.

Hacienda's customer profiles demonstrated that its patrons knew what they wanted when choosing a restaurant, and Hacienda met their needs well. So much so, that Hacienda's brand was enjoying an almost cult-like following.

Hacienda Marketing

Seeking to play off this cult-like loyalty, the ads were intended to acknowledge that Hacienda customers were special, even unique, when it came to the food and drinks. The ads were intended to catch the attention of existing and future customers in a humorous way.



Source: Brooks, 2011

Hacienda's ad did receive significant attention, but not the kind it had anticipated. Immediately after posting the billboards, the company received very negative feedback from local residents. Most thought the advertising was making light of the Jim Jones mass suicide, rather than paralleling customers to a like-minded group of loyal (and special) customers. One local, Patricia Barbera-Brown, said: "It brought back quite a few horrible images and memories, and the very notion that a local restaurant would trivialize such a worldwide tragedy simply to increase their sales of cocktails is outrageous to me, and it offended me to the core" (Martinez, 2011). Another local from Mishawaka, Indiana also stated the billboards to be "in low taste and with no regard to

the families of the victims” (Martinez, 2011). Such passion-charged sentiments against Hacienda seemed to be growing within the general public.

Hacienda was surprised so many people had reacted in such a personal and emotional way to an event that had occurred 33 years earlier. The company was not prepared for this reaction.

With a community of very upset loyal customers, Hacienda’s management wondered what it should do to recover from this disaster?

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WHEN AND WHERE ARE SAGGING PANTS APPROPRIATE ATTIRE?

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Deshon Marman, a young black man, dressed in a manner appropriate to his peer group with sagging pants and boxers exposed but this proved unacceptable to the airline. Deshon was a student-athlete at the University of New Mexico (UNM, 2011) on his way to New Mexico when he boarded a plane in San Francisco, where the incident occurred. Deshon lived in the Bayview-Hunters Point community of San Francisco, a rough area.

In this well publicized event (Granderson, 2011), Deshon's sagging pants incident took on racial overtones. Since the incident took place on an airline, an autocratic authority structure supplanted the generally relaxed view prevalent in American culture. People may overlook the absolute authority the airline captain wields – one simply must comply with reasonable requests or one can be asked to disembark.

Reportedly, an airline employee asked Deshon to pull up his pants and he failed to do so before boarding the plane and supposedly repeated his refusal after taking his seat. Upon being asked to disembark repeatedly over a 15-20 minute period he then complied and allegedly resisted officers in the process of taking him away from the boarding area (Berton, 2011b). He was then arrested for trespassing but the charges were later dropped. Was it racist of the captain to remove Deshon from the plane and then for the police to arrest him for trespassing?

Around the same time as Deshon was arrested a man flew on another US Airways flight dressed in women's under garments (Riparbelli, 2011). Joe O'Sullivan, Deshon's attorney, believed his client had been stereotyped by US Airways, "It just shows the hypocrisy involved. ... They let a drag queen board a flight and welcomed him with open arms. Employees didn't ask him to cover up. He didn't have to talk to the pilot. They didn't try to remove him from the plane — and many

people would find his attire repugnant. ... A white man is allowed to fly in underwear without question, but my client was asked to pull up his pajama pants because they hung below his waist.” This view was seconded by the NAACP chapter in San Francisco that believed the incident reflected racism (Berton, 2011a).

The origin of sagging pants is unknown; however, the style became popular through the hip-hop subculture. Before being adopted by hip-hop artists, the style was believed to have originated in prison. Prisoners would often sport sagging pants because they were not allowed to wear belts, since a belt could be used as a weapon (Baker, 2009, Koppel, 2007).

Perceptions of Black College Students to the Incident

A black woman in her early 20s majoring in management in her junior year stated:

This story reminds me of the Rosa Parks occurrence on the bus. It all goes back to equality and treating others the way we want to be treated. ... We also reach a gray area when it comes to sagging pants. How saggy were they? ... I don't feel that most men who sag their pants do so in a disturbing way. ... it is a current sense of style; just like those who are “goth” or also known as “emo,” those who dress in suits and ties, and those who dress in jeans and t-shirts. The above mentioned are not prosecuted so why should sagging pants be?

A recent male graduate in management, also in his 20s, now in training for a large high tech company stated:

... I see both sides to the argument. Sagging is a part of the hip-hop culture. ... The sagging look is more aesthetic than purposeful; it just looks cooler rapping on stage with a mike in your hand and the other hand grabbing your belt buckle. Saggin' spelled backwards is the n-word. Black youth who feel oppressed will often sag as another way to "stick it to the man or the powers that be," ... I would say most kids sag their pants just because his/her favorite rapper is doing it. ... Bottom line: It all comes down to the fact that education brings forth awareness of the history that has come before us. I choose to honor those who have come before me rather than following the latest trends of hip hop culture. If Deshon Marman had respect for himself and the people who paved the way for him to attend college, he could have easily pulled up his pants when requested to do so.

Another recent graduate now employed in a military commissary as a civilian stated”:

... I rarely wear my pants at the proper waist line. I never wear my pants to where my underpants can be seen ... in all honesty I don't know where or how to begin to explain why I do. ... The biggest issue I have with any dress style is why do we as outsiders in most cases have to be such critics. The majority of the time we see any issue with one's style it has no repercussion on the critic whatsoever. If one of my employees came to work improperly dressed I would definitely need to make a comment about it. ...

In a personal interview with a student that wears sagging pants, he said he was frequently profiled even though he was a university student and not a gang member or from a rough area. Tired of being profiled, he decided to change his style. He stopped wearing sagging pants and cut his hair, which had been worn in long braids. However, even after his new style, he continued being profiled and randomly detained by police. Because his situation didn't change, he went back to sagging pants because they were more comfortable. He would not wear sagging pants to a job interview or a formal occasion.

Command and Control Authority Structure on an Airplane

Deshon's apparent reluctance to comply with what a reasonable person would have regarded as an ordinary request (i.e., pull up your pants so that your buttocks aren't exposed) may have been more problematic than questionable fashion. A captain had to be able to count on people obeying orders in case of an emergency or not causing any disturbance. Since the Patriot Act was signed into law airlines have had considerable discretion; even foul language and drunkenness have become common offenses (Vartabedian & Pae, 2009). From 1995-2011 there were 3,603 unruly passenger incidents (not counting security violations) reported to the Federal Aviation Administration. Under federal law, passengers are prohibited from interfering with the duties of a crewmember (see Federal Aviation Regulations 91.11, 121.580 and 135.120) (FAA, 2012).

Double Standard?

Dress has important symbolic meaning:

- Some women have taken to prominently displaying whatever cleavage they were endowed with or could artificially create in spaghetti strap tank tops.
- Goth dressers present themselves in black attire with spiked hair cuts.
- In west coast business culture, blue jeans and a sports jacket or jeans and a T-shirt convey an informal approach focused on performance rather than formal dress.
- Hassidic Jews, conservative Muslims, Sikh men, Amish, traditional Mennonites and others dress in a way that identifies them as part of a specific subculture.

Why do sagging pants cause such a stir? Was it racist to focus on Deshon's sagging pants?

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THE MISSING IT: AN ANALYSIS OF IT LEADERSHIP AT A SMALL PUBLISHING COMPANY

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Jennifer Rostov, Director of Marketing for Educational Publishing, Inc. (EP), an educational publisher with annual revenues of about 10 million dollars, stood up at the Strategic Leadership Team meeting and declared that EP was destined for extinction unless it changed its outlook on technology to match twenty-first century realities. She outlined the problems as two-fold: “First, the nature of educational materials is changing rapidly toward more technology-involved pedagogy and presentation, and second, the strategic technology needed to coordinate our processes and market our products is far beyond our current capabilities.” Worried that she had come on too strongly for the effect she wanted, Jennifer gave a strong glance at CEO Wilton Flowers and sat down. The leadership team members were all silent for a long moment, and then the meeting turned into an unruly set of conversations about the complexity of the issue and the budgetary constraints that had to be considered. After the meeting came back to order, the entire session focused on the shortcomings of the current system and the opportunities that EP may be missing, but little was done to look at the cost vs. benefits of any change in the way that EP did its business. However, Jennifer left the meeting fairly well convinced that she had made her point. What she hadn’t presented to the meeting was a recommendation as to whether the development of EP’s information technology was better done in-house or by outside specialists.

Background

EP was an independently owned publisher of resources for the wide range of professionals that served children with disabilities, children at risk, and their families. The leadership of EP was composed of the founder, his son, who was the current president, a newly-hired publisher, and directors of acquisition, human resources, marketing, and editorial staff. The company sold directly to federally funded programs, including school districts, county health departments, Head Start programs, research centers and universities. Customers also included special and general educators in PreK-12, specialists in reading and communication & language, early intervention professionals, as well as administrators, trainers, researchers and faculty. Products included textbooks, supplementary curricula, assessment and screening tools, practical guides, reference works, and most recently web-based data management tools. The company had just celebrated its 30th anniversary, and employed 60 people. Information technology was never at the forefront of strategic discussions at EP. The culture of the company was focused on pedagogy, content, and selling. The considerations of cost, financial cost/benefit, and information technology had generally taken a back seat to the mechanics of publishing.

The last 10 years had shown a significant increase in annual revenue, customers and products as the company targeted new markets and solidified its position with its core constituencies. Based on this success and long-term trends in the marketplace EP believed it had the potential to make a big leap forward in sales. Recent efforts to make that happen however had come up against the limits of the company's information technology resources. EP's more ambitious goals combined with changes at the industry level had put new demands on the company's technology solutions for product development, sales and marketing efforts, and the organizational workflow and leadership that tie them together. While their limited IT resources had sufficed in the past, they could not support the company's quest to reach the next level of sales and competitiveness.

Data Needs

While many companies face the problem of a data deluge, EP faced one of data drought. One of the biggest challenges facing the company was capturing, accessing and analyzing its customer data in order to make evidence-based decisions about strategies and tactics for growth. The company's enterprise system (ERP), Acumen™ (www.cyberwolf.com), which also served as the customer and product databases, was based on 4D, an older platform that had proven highly inflexible in the face of attempts to segment, prioritize, and model customer data, stymieing the type of data mining and marketing activities that have made companies such as Harrah's so successful (Loveman, 2003). The Acumen System did not exchange data easily with other systems, nor could its fields and reports be modified without expensive programming. The resulting workarounds and supplemental databases had fragmented and duplicated essential customer information.

The data drought was further compounded by the lack of up-to-date web site technology and a database driven shopping cart. Approximately 40% of orders came in via the web site, making it a rich source of information about customer purchasing behavior and product preferences. However, the existing static html pages, manually updated and maintained, allowed only the simplest analytics.

The diffusion and inaccessibility of company data made it extremely difficult to glean the information and subsequent knowledge and wisdom needed to make the evidenced-based decisions that would ensure sustained growth. As the company understood, customer data had tremendous value but it was not quantified on the balance sheet. Without the right information technology resources, EP could not fully leverage one of the company's greatest assets. In addition to information management issues, the work flows and delivery reliability were also compromised by the existing system.

EP also faced new customer needs and expectations that demanded improved technology resources for product development and marketing efforts. The accountability movement in education had made web-based management tools essential as customers scrambled to meet federal and state outcomes reporting requirements. And the development of online solutions and information for almost every activity today, from banking, shopping, and travel to education and testing, had fundamentally changed how customers communicate, learn, and shop. Educational Publishing's IT resources had limited the ability to offer both the web-based and multi-media formats that would improve effectiveness and salability of their products, and the rich web site content and interactivity that would increase sales and draw and keep new customers.

Frank et al. (2009) report that e-books are still in their infancy, yet it was only a matter of time before the digital natives permanently changed how customers would want their content delivered. In fact Amazon's announcement of the new Kindle included the news that three of the largest educational publishers, Pearson Education, Cengage Learning and Wiley Higher Education, would sell textbooks on the device (*The New York Times*, 2009). At this time EP had no overall strategy for creating, delivering and selling electronic content. Without a plan the company would find itself in a weak competitive position when the new format took hold.

Limited technology was by no means the sole culprit. Jennifer and one of the principals of the company recognized that standing in the way of progress was a dramatic misalignment between management, users, and technology caused by a dearth of IT leadership and an entrenched culture that failed to recognize the value of investing in evidence-based management. They felt that the company was bedeviled by lack of clear organization, priorities, and leadership. Cultural issues had made it difficult to recognize the problems and identify solutions that would contribute to the company's long-term growth. Successful, supportive technology at EP would also require well-aligned priorities, executed with well-planned, managed and integrated workflows, under good leadership.

Choices

At a later meeting of the Strategic Leadership Team, it was generally agreed that IT infrastructure for EP would play a big role in marketing and future growth of the company, and because Jennifer had asserted herself as the champion of this view of the future, she was asked to recommend what to do about EP's IT strategy. Jennifer immediately broached the choice that EP faced between 1) developing their own capabilities to provide more technologically current products and/or their strategic information capabilities and 2) bringing in expert providers for either or both of those needs. She pointed out this was a classic outsourcing dilemma, but did not put any emphasis on the lack of internal talent and motivation she sensed in her colleagues.

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THE IRATE BUYER

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This critical incident reports a 33 year old home builder's experience dealing with a particularly difficult client who purchased a home in a residential development he was constructing. The incident entailed several conflicting issues for the builder as he attempted to resolve the situation, presented here in his own words.

Introduction

I must tell you that I have loved owning my own business, including the feelings of accomplishment it provides as well as dealing with the problems that come as part of the job. However, there have been some things I could have done without. The experience that I'm going to relate is one of those situations.

I more or less had grown up in the construction business, starting to work summers at the age of 12 for firms owned by my friends' families. Following graduation from high school, I worked construction fulltime. Eventually, I started my own firm to build spec homes and later moved on to the construction of pre-sold custom homes. Using a cell phone and working out of an office in my basement, I ran the business with the services of my accountant, my banker and a lawyer. On the actual jobs, I worked right alongside my crew members, who did almost all of the work on each construction job.

After a few years and building 14 single homes, I decided to develop a subdivision of 12 town houses here in the community. I took all my eggs and put them in that one basket, which I knew was a big risk since by then I had a wife and two young children to support. I worked on this project with the city and my engineers for two and a half years before we ever broke ground. I had invested a lot of time and all of my money in this project. It was my baby you might say.

When I finally got the preliminary groundwork for these town houses all done and approved, I was chomping at the bit to start building in order to be able to sell something and begin to recover some of my expenses. I began construction, and I was able to pre-sell the second home I started, which was a great stroke of fortune. The buying couple believed in the type of environment I was trying to create and liked the vision I had for what the subdivision would look like. My banker was particularly excited to see people coming to me to build them a home. In my mind, the project was moving along well.

Storm Clouds Gather

Carl and Ann Smith, the couple purchasing the pre-sold home, were involved at every stage of the construction of their unit. They were on site every single day to follow progress, choosing paint colors and selecting bath and kitchen tile, countertop materials, door and molding styles, etc. Then, one week before the completion date, they failed to show up for two consecutive days. I knew something must be wrong, and they sent their niece, who was a realtor, to tell me the color of the tile on the kitchen backsplash was all wrong and I had to change it. When I refused to make the change at my expense to the tile they had chosen, they became quite angry. Subsequently, Carl ripped the tile out and replaced it himself, doing a poor job of it.

A week later, I completed their town house and a major problem arose. The Smiths decided that they wanted to pay less than the price they had agreed upon and proceeded to delay the closing for three weeks with a raft of excuses. Finally, one day after I felt I had put up with enough, I went to see them, and simply told them that if they didn't sign the closing papers by 3:00 p.m. that the unit was no longer for sale. At first, they thought I was joking, but once they realized that I was dead serious, they went down and signed the papers.

The Smiths moved in and all was well for a while. However, once I had sold about half of the units, they began to stir up the neighborhood against me. The homeowners' agreement stipulated that once half the units were sold, management of the homeowners' association would pass from me as the builder to the homeowners themselves. Carl Smith began campaigning to become head of the association so he could lodge additional complaints against me with the backing of other owners. Some of the other home owners disagreed with what the Smiths were doing and shared their thoughts with me. Since the development was still under construction and half the units had not yet been sold, I was still serving as president of the homeowners association and was dragged into this battle.

The Storm Is Unleashed

One day as I was working on another unit, I saw the Smiths out in front of their house and thought it might be a good time to go over and talk to them about the trouble they were causing me. I walked over and very pointedly asked them to explain the driving force behind their attempts to make people angry with me. I know I can be a little too straightforward at times and forget to use tact, but I'm a straight shooting type of guy.

This turned out to be the wrong thing to say to Carl Smith. He went into a tirade of swearing and throwing things around in his garage, while I stood there in amazement. He came right up to my face and threatened to hit me, which at the time, I wished he had done instead of continuing to rant and rave. At one point, he even pushed his wife down to the ground when she told him to cool down. I was shocked at this whole episode. I had never seen something like this before.

During all his yelling and throwing of things, Carl shouted how much he hated his house and that there were only two builders in this town he would ever use and I sure wasn't one of them. He then added that I was the worst builder he had ever met. I felt terrible. I had built his home with pride, as if it were going to be my own house. This attack was much worse than a punch in the face. I felt it was a direct attack on my pride and self worth. It was so upsetting to me that it made me physically sick.

After that exhibition, I walked away and went back to my crew. They were equally shocked at what had just happened. To escape from the immediate situation, I told them that I needed to run a couple of errands and that I would be back, which was a lie. I needed some time to decide how to respond to the situation and went home to my basement office to ponder the situation.

What to Do

I still had six more units to build and sell, and I certainly didn't want to have the Smiths continue to cause problems and chase off future sales prospects. I thought about somehow taking back their house to get rid of them, but I didn't know how I would be able to pay for it, and my banker would certainly not be pleased. I could approach the Smiths again, but I didn't know what more I could say to them. Maybe I could somehow deal with them through the homeowners' association. I knew I had to do something to change the situation. My problem was deciding just what to do.

THE UNSCHEDULED STOP

John J. Vitton, University of North Dakota

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Sleeping passengers on a full Seagull Airlines transatlantic Flight Number 99, from Tel Aviv, Israeli to John F. Kennedy Airport in New York City were abruptly awakened by an announcement from the cockpit: “This is the captain! We have a medical emergency and will be making an unscheduled stop at an airport an hour from JFK airport. Flight attendants prepare the cabin for landing.” The twelve hour, 5,628 mile flight overflowed Greece, Italy, Northern European countries, Newfoundland, and Labrador on a Great Circle route. The Boeing 777 was approaching Bangor, Maine, at the time of the message.

Figure 1 Great Circle Route from Tel Aviv to John F. Kennedy Airport, New York



Earlier in the flight, a very outspoken individual with a heavy European accent was seated in the row in front of the author and his wife in economy class. During the flight, that individual knelt in his seat, facing toward the rear of the plane, carrying on a loud conversation. His discourse ranged from his personal history to a political discussion of his dislike for the President of the United States. He was a medical doctor and trained for the profession in a major city in the USSR. While that city was behind the Iron Curtain, he was interrogated for his outspoken views against the USSR by the Soviet Secret Police, the KGB. The doctor was escorting his elderly father, who was a victim of the WWII Holocaust. His frail father had a broken arm and was located in Business Class. Three Seagull employees were also traveling in Business Class in a non-revenue status which is an employee benefit. Non-revenue status has a lower boarding priority than paying passengers and is only accommodated when space is available.

As the flight progressed, the doctor voiced his dissatisfaction over the fact that his father was not being fed and at one point entered Business Class with the intent to help feed his father. It was against company policy for a passenger from Economy Class to enter Business Class while the plane was airborne. He clashed with the flight attendants, who escorted him back to his Economy seat. Attendants avoided him as much as possible as they were rarely seen in the Economy Class, other than when a meal was served, approximately an hour after takeoff.

During most of the flight, the lights were subdued and most of the passengers were asleep. The doctor voiced his complaints loudly and appeared to take out his frustrations verbally on the flight attendants. He demanded to see the captain and this request was granted. The captain restated the policy that an Economy Class passenger could not enter Business Class and an intense argument arose. The doctor was not inebriated. The doctor loudly proclaimed that the captain was "stupid" which was elevated to a "stupid idiot." The captain, who was described by one passenger as being dogmatic, turned beet red. He ordered the doctor to return to his seat immediately then abruptly turned his back on the doctor, and returned to the cockpit. One of the passengers suggested that perhaps the long-suffering person next to the doctor might exchange position with the father. Another suggested moving one of the non-revenue passengers back into Economy Class so the doctor and his father could be seated in Business Class. A flight attendant, hearing the comments about the possible seat swap, appeared to be impressed by the thought that the father be placed into the Economy Class next to his son. The doctor refused the offer.

After Landing

Once the plane taxied up to a ramp, at the former Dow Air Force Base, in Bangor, Maine, a police car approached the aircraft and two uniformed police officers boarded the aircraft. Later it was mentioned that the FBI was also involved. The doctor was ushered off the airplane in the custody of the guards and escorted to a nearby building.

The plane remained on the ground for two hours while the police officers and the FBI interrogated the doctor and asked passengers involved if they wished to make any statements as to what occurred during the flight. One of the passengers went forward to make a statement for the FBI and unexpectedly met with the Captain. He asked the Captain whether low fuel was involved and expressed his opinion that the unruly passenger was not a security threat, but was attempting to obtain a “free” upgrade to a business class seat using his father as an excuse. The captain dismissed the passenger’s comments with a curt retort, “I’m in charge!”

Flight #99 took off for JFK without the unruly passenger and an hour later the captain “greased” the plane into a superb landing and most of the passengers applauded the landing. The passengers were informed that Seagull agents would be available to rebook passengers to their final destination. Mass chaos resulted as hundreds of passengers had to be rebooked with only two Seagull agents available as it was late in the evening. Also, lodging had to be secured at the airline’s expense for many of the passengers.

The bottom line was that the airline suffered ill will from the delay, costly landing fees due to the unscheduled landing in Maine, rebooking time and effort. Lodging costs and unused seats on missed flights were also involved. How could this tumultuous ending have been averted?

THE FIRE FIGHTERS CHARITABLE FOUNDATION

David Green, Middle Tennessee State University

Joe Thomas, Middle Tennessee State University

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On an early afternoon in October, as the leaves were beginning to turn on the trees throughout the region, John Williams hurried to his small apartment a few miles away from the college he attended. John was in a hurry. He wanted to get home to check his messages and eat dinner, before his favorite team started playing. He had just entered his apartment when the phone rang. He answered the phone, with a polite “Hello?” The caller began speaking, “Hello, my name is Susan, I am calling today to ask if you would be interested in donating to the Firefighters Charitable Fund (FCF) to assist victims of fire, firefighter programs, and aid in the education and training for both firefighters and the public?” Williams’s attention was divided between thoughts of his day, the television, and the phone conversation. Suddenly, September 11th, 2001 and the death of so many firefighters popped into his head. He questioned himself on how he could say “no” to such a cause, but he also realized that not all fundraisers were legitimate. Was this a worthy organization? How could he evaluate how effectively a charity used its resources?

As the questioning in his mind continued, Susan asked, “Sir, are you there? It would be much appreciated and put to great use.” Williams jumped to his senses, answering politely, “Yes, I am still here. I would like to donate ten dollars.” Without thinking, Williams whipped out his debit card. Knowing that he had little money to spare and student loans piling up, he instantly felt the strain of the donation, but also the guilt for even having considered not donating. The conversation ended with Susan making him feel like a saint for his small donation and her assurance that his money was a great gift that the Firefighters Charitable Fund placed in the highest of regards.

Once he hung up the phone, Williams started to think about his donation and the charity. He realized that the name of the charity and guilt of not donating was what sold him on his donation, as well as his admiration of firefighters. He continued to think about the donation as the game

started. The game was not too great, so he decided to investigate FCF. He clicked to close the social networking site on his computer and began a search for the charity.

The first listings from the search engine revealed the charity's website, followed by an assortment of rating system sites, forums, newspaper articles, and other information relevant to the Firefighters Charitable Foundation. Williams then opened the website to the FCF, at <http://www.ffcf.org/>. The website opened to a photograph of a small child resting in the arms of her parent with a firefighter looking over the shoulder and a statement of why a person should donate to the charity. It also featured a section on a Lauderhill, Florida benefit golf outing and a "Shop For A Cause" digital shopping bag marked by the retail conglomerate Macy's. Both sponsors seemed legitimate and willing to help, as well as publicizing events and shopping incentives for persons interested in donating (FirefightersCharitableFoundation.org, 2011). He also noted that FCF was a 501(c)(3) corporation, a non-profit organization as classified by the Internal Revenue Service.

He continued clicking, finding a few pictures featuring a small benefit dinner, a mission statement from the association, some press items remarking positively on the foundation, and a testimonials page pronouncing great success from people and businesses that the FCF had assisted or with which it had been associated. Williams was thrilled, thinking there was no way that this could be a bad donation.

Williams continued scanning the website and found board member details, contact information, a FAQ section, sweepstakes sponsored by the organization, and the foundation's newsletter. Additionally, there were specific spaces to request the aid of the organization, a link to obtain hygiene kits for families, safety tips, smoke/CO2 detectors, and other fire safety items. As a business major in college, though, he noticed one item missing from the website that he thought should be there. The website contained no financial information about the organization. In finance terms, the website was about as specific as a pamphlet handed out from a politician's office (FirefightersCharitableFoundation.org, 2011).

Williams also found that when it comes to being a charity that accepts donations, a group must follow certain rules put forth by the IRS: be set up for a charitable purpose; be non-profit seeking; and be independent from government or local authority (IRS.gov, 2011). In addition, the group must also have a mission statement defined as charitable (CharityFact.org, 2011). Additionally, most groups sought the rating of a 501(c)(3) status, which the Charitable Firefighters Foundation held. This status incorporated rules such as no shareholder or individual obtaining earnings from the group, the eligibility to receive tax-deductable contributions, and required the group to apply for the 501(c)(3) status through the Internal Revenue Service. Part of the disclosure required filing an IRS Form 990 providing an assortment of financial information about the organization, similar to what a for-profit organization would provide in its 10(K) statement (IRS.gov, 2011).

After a little searching, Williams found FCF's Income Statement (Table 1) and Form 990 information (Table 2) on a separate website:

Table 1: FCF Income Statement (FYE 12/2009)

Revenue	
Primary Revenue	\$6,203,209
Other Revenue	\$-31,711
Total Revenue	\$6,171,498
<i>Note: This organization receives \$0 in government support.</i>	
Expenses	
Program Expenses	\$656,483
Administrative Expenses	\$336,660
Fundraising Expenses	\$5,440,399
Total Functional Expenses	\$6,433,542
Excess (or Deficit) for the year	\$-262,044
Net Assets	\$308,244

(CharityNavigator.org, 2011)

Table 2: FCF Form 990

Information Provided on the Form 990	Provided?
Independent Voting Board Members	Yes
No Material diversion of assets	Yes
Audited by independent accountant	No
Does Not Provide or Receive Loan(s) From related parties	Yes
Documents Board Meeting Minutes	Yes
Provided copy of Form 990 to organization's governing body in advance of filing	Yes
Conflict of Interest Policy	Yes
Whistleblower Policy	Yes
Records Retention Policy	Yes
CEO listed with salary	Yes
Process for determining CEO compensation	Yes
Does Not Compensate Any Board Members	Yes

(CharityNavigator.org, 2011)

In looking at a variety of charities, Williams found charities seemed to range widely in how they utilized their funds. However, a review of some of the most respected charities showed the allocation of funds in Table 3. This table averaged the expenditures of four top rated organizations, including Vanderbilt College, The Children's Aid Society, Food for the Poor, and the Breast Cancer Research Foundation (Giorgianni, 2009):

Table 3: Allocation Percentages for Highly Respected Charities

Average Percentages of Expense Usage - Based On Total Revenue	
Program Expenses	93.25%
Administrative Expenses	4.05%
Fundraising Expenses	2.98%
Program Expenses Growth	5.08%
Primary Revenue Growth	5.30%

Now that Williams knew more about charities, he asked himself if he should have given to FCF, or if maybe he should have given more? How could he determine if a charity was worthy of his support? How could a donor avoid donating to charities that were not reputable?

A SOCIAL MARKETING CAMPAIGN FOR A NONPROFIT ORGANIZATION: GOING GLOBAL OR STAYING LOCAL?

Enda McGovern, Sacred Heart University

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Introduction

The use of social marketing, a distinct marketing discipline primarily used by nonprofits, was intended to change people's specific behaviors in a way that benefited society. How critical was it to implement a successful social marketing campaign in growing membership in a nonprofit organization with global aspirations? With a limited marketing budget OW had to prioritize whether to build this brand locally through advertising, i.e. traditional marketing, or attempt to go global in allocating the marketing dollars towards social media, i.e. digital marketing. This was a key question posed by the nonprofit called *One World United & Virtuous* (OW) when they formulated their social marketing campaign in 2011. Based in Port Chester, New York, OW's long-term task was to establish a global organization in support of their mission.

Back in 1968 and sitting in a class at Harvard's Kennedy School of Government, Joe Carvin had a friend sitting on his left of Japanese ancestry. He looked to his right and saw his friend of German ancestry and it was in that moment that the concept of OW was born as an idea. Realizing that it was just a generation ago that that his friends would have been his enemies, Carvin envisioned the goal of asking people all over the world to focus on their common humanity and view themselves as global citizens. He set up OW as a registered 502c3 organization with his own money in 1997. It sat idle for a number of years until a chance meeting in 2008 with retired schoolteacher, Jack Zaccara, a human relations consultant with a specialty in diversity issues. These two men were quickly united in local civic projects and Joe Carvin's vision of OW and this led to Jack Zaccara becoming the CEO of OW.

Background of OW

The name, *One World United & Virtuous*, originated from a phrase of Benjamin Franklin's, extracted from his "Observations on my Reading History in Library". This work proposed ways that men and women of virtue could unite political efforts for the common good. Since Franklin penned those words in 1731, the industrialized society and technological advances transformed the way people lived together. In 2012 the world's population passed seven billion people, and this was forecast to grow to nine billion by 2050 (UN 2009). There was evidence of global institutions, such as the United Nations and the World Health Organization, becoming more influential in global political issues. Regional institutions, such as NAFTA, the Arab League, and the EU, were also more engaged in global issues. However OW considered progress to be too slow, especially given the global issues that faced an ever-increasing population.

OW's Goals

OW's target audiences consisted of adults interested in engaging the topic of global citizenship aligned with teenagers who expressed a desire to contribute to their community. OW identified a number of locations, primarily on the East Coast, where members could be recruited and awareness raised of this contemporary thinking. Over time, OW nurtured the discussions to focus on the perception of common humanity among people that facilitated more effective means of global cooperation, governance and communication. OW's goals were identified as follows:

- Encourage broader public awareness and discussion of one world / cosmopolitan thinking.
- Help people reconsider where the boundaries of their community actually began and ended.
- Stimulate a range of (grassroots) actions that fostered global governance and improved global collective action.

The Business Case for OW:

OW identified with a number of global issues. Speakers connected to related topics were invited to lead discussions with OW members on these issues. Some of the topics included:

- 1) *Energy*: The supply of oil was not infinite. There was a need to overhaul the premise of the current oil-based global economy.
- 2) *Climate Change*: According to the Intergovernmental Panel on Climate Change, greenhouse emissions had to be reduced by 50% before 2050 to prevent average global temperatures rising two degrees Centigrade.
- 3) *Poverty*: The World Bank estimated that the number of people facing hunger increased by 100 million in 2011. There was adequate production of food worldwide but higher food prices had cut off access for poorer people.
- 4) *Nuclear Proliferation*: This was an ongoing challenge as countries, such as Iran, continued to disregard global treaties and attempted to build nuclear weapons.

Tackling such problems, in the majority of cases, involved some form of social change including changing the way individuals and communities lead their lives.

Social Marketing Campaign

Social change programs in the past were addressed using social marketing tactics. Andreasen (1995) defined social marketing as:

'It is the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programs designed to influence the voluntary behavior of target audiences to order to improve their personal welfare and that of their society.'
(Andreasen 1995:7)

As a result OW developed a number of marketing objectives and each of these raised questions for the social marketing campaign. The primary objectives identified were to:

- Expand core activities geographically in support of growth
- Increase membership by 100% over 2010 levels
- Drive fundraising efforts towards a goal of \$100,000 for 2011

As part of the social marketing campaign, OW adopted different marketing tactics to get their message out. These included the traditional tactics of placing advertisements in local papers or issuing press releases of upcoming events. Alternatively digital marketing tactics, such as developing a website and building a presence on social media platforms, had evolved to become part of the plan. Facebook and Twitter were recognized as the largest social media platforms and OW created a footprint in each. However OW had a small marketing budget of \$24,000 for 2011 and they needed to allocate this wisely to achieve the stated objectives.

In 2010, the marketing collateral placed advertisements in the local media, issuing press releases and established a web site but the layout was confusing for visitors. OW's message was not clear and the first impression for visitors did not provide them with adequate information. A more effective web site was needed to help visitors better understand the message and quickly connect with the organization. And what about making use of social media, such as Facebook and Twitter? Was it better to establish these communication platforms successfully at the center of the social marketing campaign that could have global reach? Or was traditional marketing tactics more effective on a local basis in building membership numbers?

OW's Target Audiences

OW adopted a similar organizational structure to that of the Rotary Club and approached two separate target audiences in different ways. Firstly, people were invited to become members of OW at an introductory rate of \$100. As members, they attended Speaker Series events where open conversations were encouraged on topics related to the issue of cosmopolitanism. Participants were encouraged to express their viewpoints on how to become better citizens during these discussions. They also attended Book Club and Study Circle events.

Secondly, a small number of OW Children School Clubs were established. These clubs enabled children acquire the knowledge and skills needed to thrive as effective citizens of their school, their community, their nation, and of their world. A number of OW Clubs explored concepts such as citizenship and character education, respect for diversity, and violence prevention. The Clubs encouraged students to become agents of positive change in their community and in their respective world.

The Challenge for OW

As OW attempted to grow their membership numbers, both full-subscribing members and school-going children, it was critical that the organization implemented the most effective social marketing campaign. The traditional view pushed for the continued use of advertising and public relations in the local press to grow a stronger local base. But as mobile communications had now grown to a critical mass, was it wiser for OW to prioritize their limited marketing funds towards the use of social media to increase membership numbers? Was it possible for a nonprofit to establish global reach with social media platforms such as Facebook and Twitter? Or should OW choose to concentrate on the local effort to boost their membership numbers and continue to advertise in local publications? Jack Zaccara had a difficult marketing decision to make as he sought to build a solid foundation for this global brand.

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PROJECT MAD: CHALLENGE OF WORK-LIFE BALANCE

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As we read the surveys completed by our first volunteers, it dawned on us that everything we worked for over the last six months could fall apart. And here in lies the Center for Sustainable Social Impact's immediate challenges to manage this work-life balance for the founders and the volunteer-professionals engaged in the Center's activities. It was also increasingly difficult to work on and in the organization at the same time (Gerber 1985). In this context, several time consuming problems had been identified in the literature (Drucker 1976): interruptions (today emails and telephone interruptions take up an inordinate amount of time), lack of delegation (professionals feel they have to do the work themselves to get it done right!) and overextending (professionals pride themselves on committing to many tasks, multitasking is another problem here, and end up overcommitting), lack of prioritizing and not setting short-term goals.

Project MAD: Making a Difference, a new volunteer project offering pro-bono management consulting to non-profits, had grown quickly to eight clients and a dozen volunteer consultants and we wanted to know how we were doing. The results were sobering. The passion and enthusiasm and "midnight oil" that drove our first six months would not sustain us much longer. Our volunteers were deeply dedicated, yet struggled with our admittedly loose process, roles, and expectations, and didn't feel "part" of our new organization. And we had to admit, we were struggling to stay on top of the projects' many needs and deadlines. It was time to get organized and attend to the future of our new organization.

So as the Center moves forward what should its founder-managers do?

- Should the Center reduce its number of volunteers to something more manageable so as to bring the work-load down and have a better work-life balance?
- Should the volunteers' time be directed such that individual volunteers are not required to put in long hours with nonprofits?
- And finally, is work-life balance even possible?

Background

The Center for Sustainable Social Impact (CfSSI, Center), www.cfssi.org, stated on its website: “Not-for-profit organizations often lie at the heart of social change. Project MAD: Making a Difference, One Non-Profit at a Time, was created in May 2010 in response to the needs of the not-for-profits that do good in their immediate community. Here was an opportunity to contribute to change in *our* community, doing work we love.”

The Center and its Project MAD had drawn on a pool of MBA alumni and friends who wanted to ‘give back’ to the community. These alums volunteered as the nature of activity of the project spread by word of mouth. With no promotion, advertising or other marketing, Project MAD had grown to more than a dozen volunteers participating in eight different ventures in only six months. The professionals helping with the Project MAD were deeply committed to this opportunity to make a difference in their community, yet the projects often demanded ten to twelve hours per week of each volunteer’s time. And, as the number and scope of activities grew, so did the time required to keep them organized and on track. The fast growth had pushed to the limit the ability of both the organizers and volunteer professionals to manage their volunteer responsibilities along with work and family. Yet no one wanted to give up on the concept that the CfSSI had created, but was becoming increasingly difficult to sustain.

The Center’s work could not advance without additional infusion of time, people and money. It had neither institutional sponsorship nor outside funding. The center founders and volunteers had used their own resources (mostly human, but some financial) and lots and lots of time. With full-time jobs, family responsibilities, and Project MAD all vying for attention, all were not only running out of “doing” time, but also “thinking” time, dubbed as “mental bandwidth.” Mental bandwidth included our ability to manage multiple strands of thought and, perhaps, tasks.

Schwartz (2011) commented on work-life balance had suggested that “.... because so many of us are so busy and so barraged by information that we're reaching a point of saturation. There's just not much room left in our working memories to deeply absorb anything truly new or complex.... Instead, we end up skittering from one thing to the next, reacting more than we reflect, settling for a snippet of an experience here and a whoosh of sensation there, but rarely staying with anything for very long.”

Often, the founders and volunteers ran out of “mental bandwidth” in the work being done by CfSSI; as the number of client organizations grew, there was a need for standardization of processes to manage the organization (processes to screen and engage new organizations; processes to engage new volunteers and keep the existing ones interested in the affairs of the organization) and to ensure that activities stay true to the heart of the organization.

Looking Ahead

Here were the challenges confronted by the CfSSI founders:

- Should the Center reduce its number of volunteers to something more manageable so as to bring the founder-managers' work-load down and have a better work-life balance? The Center was working with over a dozen volunteers, assigned to several projects – could the Center keep them excited enough beyond their current assignments when additional demand for the Center's services?
- Should the volunteers' time be directed such that individual volunteers are not required to put in long hours with nonprofits?
- And finally, how should Project MAD be re-structured so that the founders of the Center and the volunteers are able to have a reasonable work-life balance? Is work-life balance even possible?

What should the founders do?

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PROJECT KAISEI: ENTREPRENEURSHIP TO POTENTIALLY SAVE THE PACIFIC OCEAN FROM ENVIRONMENTAL DISASTER

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Mary Crowley, environmentalist, sailing enthusiast, and business owner was both alarmed and conflicted as she sailed back to San Francisco from the Pacific Garbage Patch in August, 2010. The marine debris with high concentrations of plastic in the Pacific Gyre (Day, Shaw & Ignell, 1990) had become an alarming environmental and health issue (Algalita, 2011). Scientists from the 2009 expedition co-sponsored by Crowley found plastic inside nine percent of the gyre's fish and her efforts to clean up the gyre received global coverage (Goldstein, 2011). She became deeply alarmed because the plastic was entering the human food chain. She was further alarmed by reports from scientists on the 2010 expedition that the size of the gyre had grown since 2009. Crowley had internal conflicts as she wanted to spend more time on social issues supporting expeditions to study, remove, and recycle debris in the gyre, yet she knew her for-profit business needed attention. Her internal conflicts increased after the 2010 trip as she wondered whether her own division of effort between social issues and business were sufficient to make a dent in this mounting social problem.

In 1979, Crowley founded a nonprofit company, Ocean Voyages Institute, to preserve maritime arts and sciences, island cultures, and ocean environment (www.oceanvoyagesinstitute.org). At the same time, she founded Ocean Voyages, a for-profit yacht chartering business (www.oceanvoyages.com). By 2007, Crowley, along with a group of like-minded people, decided to clean up the gyre close to Hawaii. In 2009, they hired a marketing company to help define public relations goals and set a fund raising objective. They decided to name this initiative Project Kaisei after the nonprofit's tall ship, the Kaisei, or "Sea Star" in Japanese. The project was created with an objective to embark on expeditions to study, document, and test catch methods for removing plastic pieces from the Pacific Gyre (www.projectkaisei.org). For tax purposes, they included it as part of Mary's existing nonprofit. The project's mission focused on social concerns such as "increasing awareness of the scale of marine debris, its impact on our environment, and

solutions for both prevention and cleanup.” Scripps Institute was also interested in studying the gyre and Project Kaisei raised enough funds for two ships to spend a month on the gyre in 2009. Although the project’s purpose was nonprofit, a recycling sponsor and other stakeholders explored the concept of developing commercial ventures that could be used to remove the plastic trash. As Crowley returned from the 2010 expedition, she reviewed her indirect role in many social concerns as well as her direct role in generating new methods to solve environmental problems. She wondered whether better frameworks existed to evaluate her participation in the study, removal and recycling of trash from the Pacific Gyre while keeping her companies afloat during the economic recession.

Industry

Crowley’s two businesses were aligned with different maritime industries. The yacht chartering industry historically had been dominated by small brokers that connected consumers with sail and power yacht owners offering a blend of expertise, access, and relative value that differentiated them from other tourist offerings and venues with similar equipment and itineraries. Crowley believed the U.S. expedition industry had less structure and was dominated by nonprofits and research organizations that were largely funded by government grants and private philanthropy.

The current economic recession and structural changes in yacht chartering reduced growth opportunities in this industry. Increased online booking provided cost conscious travelers the opportunity to book directly with yacht owners who in turn developed their own web sites to market services. The impact was widespread and the U.S. Bureau of Statistics analysis of all employees at U.S. travel agencies (as cited in Thomas, 2011) showed a loss of more than 75,000 jobs in the decade following 1999 representing a 45% reduction. Airline backed online sites use economies of scale and partnerships with cruise lines to package discounted air fares offering adventure cruises as substitutes to this industry’s offerings (Forrester Research, 2009). These changes increased customer buying power, competition between yacht owners and rivalry in this industry. While this first industry was undergoing dramatic change, growth opportunities for the maritime expedition industry appear to be related to the health of the overall U.S. economy.

Social Focus of Crowley’s Companies

Although Crowley’s Ocean Voyages for-profit company provided support for her nonprofit, Ocean Voyages Institute, the latter was set up as a 501(c)(3) nonprofit to avoid any confusion in its mission, activities, and liability. She tried to keep her thoughts and efforts separate concerning the two companies but it was difficult because one company depended on the other. Crowley enjoyed the sea faring part of her for-profit chartering business however, her heart was clearly more aligned with the social values and concerns of her nonprofit expedition business. She made a personal sailing trip to this gyre close to Hawaii over 30 years ago and was deeply troubled by the recent changes and potential for disaster. Crowley participated indirectly in efforts to reduce the chance of disaster by giving speeches to environmental action groups and providing resources to research oriented organizations such as the Scripps Institute. She participated in social service activities because of her ethical values related to saving the ocean environment and her belief that government support for these activities was problematic. Voices for more active involvement in saving the environment grew louder and she joined other activists in exploring a new, evolving field of social entrepreneurship (Dacin, Dacin, & Matear, 2010 ; Kickul & Lyons, 2012).

Crowley's Background and Key Company Events

Crowley's background was "mainly running off to sea." She began sailing with her grandfather at age four on the Great Lakes. After college, she worked for a firm in the area of market research in between delivering yachts around the world as captain or crew. The ocean was her passion; not unrelated market research. Her involvement in integrating sailing and social issues started early. In 1971, Crowley was staff on a voyage for Sea Education Association of Wood's Hole, but spent most of her time teaching sailing and delivering or chartering yachts. In 1973, she became a board member of the Oceanic Society and the founder taught her how to run a nonprofit that included social goals. The founder's death in 1979 put Oceanic Society adrift, causing her to reflect on what she had learned regarding how to run nonprofit expeditions. Crowley wondered to herself: "Should I do the same sort of thing on my own?" She talked to knowledgeable people in the yacht chartering industry and it became clear that customers would prefer to work with a for-profit company when chartering yachts. Therefore, Crowley founded her for-profit yacht chartering company in 1979. Crowley's social service experiences along with her love of the ocean influenced her to found a nonprofit institute at the same time. Table 1 shows milestones from this era to 2010.

Table 1: Mary Crowley and Related Company Milestones

1973-9	Crowley served as a board member for the Oceanic Society.
1979	Crowley formed Ocean Voyages, Inc. which is her for-profit company. Crowley formed Ocean Voyages Institute that is designated by the IRS as a 501(c) (3) nonprofit.
1974	Scientists published a study on concentrations of plastic in the North Pacific Ocean NOAA (Day, Shaw & Ignell, 1990).
1997	Offshore racer Charles Moore sailed through the gyre and saw the garbage (Algalita, 2011).
2007	Crowley and others, such as Doug Woodring, George Orbelian, and Ryan Yerkey, decided to clean up the gyre.
2008	The team contacted like-minded institutions such as NOAA, Scripps Institute, and National Geographic (Dr. Sylvia Earle joined as an advisor).
2009	Crowley volunteered her waking hours 2009 to Project Kaisei and transferred almost all of the for-profit staff on her payroll to the project. Core team founded nonprofit Project Kasei as an Ocean Voyages Institute project to leverage its IRS nonprofit tax designation. Project received a major donation from the Bureau of International Recycling that enabled them to fund the 2009 gyre expedition. Project Kaisei shared this funding with Scripps and ships from both entities met at the gyre staffed by scientists from a number of universities.
2010	Crowley volunteered her time & that of her staff at the same level of commitment in 2010. The project received funds for the 2010 expedition from other corporations including a large, critical contribution from a solid waste company. Crowley and others return to gyre to study changes in marine debris and plan for a better clean up working with NOAA and University of Hawaii. The Kaisei Team features "innovators: ocean lovers, sailors, scientists, surfers and environmentalists ... working with scientists, innovators, fishermen, recycling experts, and others to form a collaboration of specialties" (www.projectkaisei.org).

Source: Interviews with Mary Crowley and as cited

Focus Summary

Crowley's career showed participation in social activities ranging from passive to active and she recently explored the evolving area of social entrepreneurship. After returning from her August, 2010 visit to the gyre, she felt renewed urgency but pondered whether study of past decisions involving social action and her companies would make a difference in saving the Pacific Ocean.

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