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OLYMPIAN MACHINE, LLC: A CASE FOR GROWTH

Ken Chadwick, Nicholls State University
Luke Cashen, Nicholls State University

CASE DESCRIPTION

The key subject matter of this case is strategic management for small business. Focus is on the decision to implement a growth strategy. The primary goal of this growth strategy is to increase the capacity of the firm and reduce the risk of a production interruption. This case describes the firm's capabilities and market position and the role these played in the success of the Olympian Machine, LLC. Also examined is the owners' decision-making process for choosing an acquisition as the means of implementing the growth strategy. Secondary issues include identifying the firm's niche, exploiting a source of competitive advantage and choosing an ownership structure. The case has a difficulty level four and is designed for junior and senior level undergraduate strategic management courses. It is designed to be taught in one class hour and is expected to require three hours of preparation time outside the classroom.--The events described in this case are based on real world experience.

CASE SYNOPSIS

Kent Bonvillain and Whitney Guidry, co-owners of Olympian Machine, achieved more success during their first five years in business than they ever imagined. This was accomplished despite the cyclical nature of the oil and gas industry in which they compete and unexpected events such as the economic downturn, hurricanes and the Deepwater Horizon oil spill. For years the manufacturer of the highest quality, specialized production tools for oil and gas exploration and development industry has been operating their machine shop 24 hours a day, seven days a week. However, in an industry dominated by powerful buyers this was not enough. In response, the owners spent two years developing, refining and implementing a plan to grow the firm. The pros and cons of different options were weighed in terms of maintaining the firm's mission and defending its position in an increasingly competitive global industry.

WAS COOPER TIRE RIPE FOR SALE?

Javad Kargar, North Carolina Central University
Houtan Kargar, North Carolina Central University

CASE DESCRIPTION

The primary subject matter of this case concerns the future direction of a successful small tire company in a highly competitive global tire industry. Secondary issues include (a) assessing the long-term attractiveness of the global tire industry, (b) understanding strategy elements and competitive advantages of the tire company, and (c) evaluating growth strategies. The purpose of this case is to provide students with enough information about Cooper Tire & Rubber Co.'s ("Cooper") business situation, to be able to chart the course of action the company should take at a given point in time. The case has a senior or second year graduate level difficulty. The case is designed to be taught in three class hours and three hours of outside preparation by students.

CASE SYNOPSIS

For more than a decade, Cooper was one of only a few companies to achieve both consistent high growth and strong returns. Cooper posted net income of $92 million on net sales of $1,746 million for the six months ended June 30, 2013. That compared to net income of $74 million on net sales of $2,043 million for the same period in 2012. Its operating profit rose 16%, from $143 million to a six months record of $166 million. But the future of the company was expected to be periods of continuing and new challenges, with increased threats of competition in the replacement tire market and major changes in new products by big three tire producers. Cooper's competitors had recently narrowed the gap on this low cost producer, with the closer rivalry apt to cause the company's margins to rise more slowly than in the past years. Competition in the replacement tire market has centered mainly on price and terms, quality, reputation, availability, warranty terms, credit terms, consumer convenience and overall customer service. At the lower end of the replacement tire market, it faced additional competition from low-cost tire producers located in Asia and South America. The company also believed that significant numbers of Chinese tires would be imported immediately following the expiration of the special U.S. tariff on such tires. Other Asian countries, with the exception of Japan, had increased tire exports to U.S. This might likely signal the beginning of heightened price competition. In 2013, Apollo Tyres ("Apollo"), a second largest Indian tire maker, offered to acquire Cooper. Obviously, Apollo would jump into the North American market someday but first had to absorb some of its expansions into other world regions such as Africa and Europe. Was Cooper tire ripe to the point that Apollo couldn't wait?

BACKGROUND

Cooper began its journey from obscurity to a tire industry leader in 1914, a century ago. By the end of 2012, the company was operating 9 manufacturing facilities and 38 distribution centers in 11 countries and employed 13,550 persons worldwide. In early 2013, Cooper was the fourth largest North American tire manufacturer based on sales, and the eleventh largest global tire company. When large competitors turned to the tire replacement market, in attempts to undercut prices, Cooper utilized a more efficient means of production to join in on the price wars which propelled the company to the highest gross profit margins in the industry at 33 percent.

Cooper was organized into two separate, reportable segments—North American and International Tire Operations. The North American segment manufactured and marketed passenger car and light truck tires for sale in the United States ("U.S.") replacement tire market. As of December 2012, Cooper operated 3 manufacturing facilities in the U.S. and one in Mexico. This highly competitive segment included the "big three" (Bridgestone, Goodyear and Michelin) producers, substantially larger than Cooper, whom served the Original Equipment manufacturing (OE) as well as the replacement tire market. In addition to producing tires in the U.S., Cooper had a joint venture manufacturing operation in Mexico.

The International Tire Operations segment had two manufacturing operations in the United Kingdom, one in the Republic of Serbia and two in China. The United Kingdom entity manufactured and marketed passenger car, light truck, motorcycle and racing tires for the global market. The Republic of Serbia entity manufactured light vehicle tires for the European markets. The China entity, pursuant to agreements with the government of China, manufactured only light vehicle tires in which all tires produced at the facility must be exported. The segment also had a joint venture in China, Cooper Chengshan Tire ("CCT"), which manufactured and marketed radial bias medium truck tires as well as passenger and light truck tires for the global market.

COOPER'S STRATEGY

One factor in Coopers' success was its ability to confine itself to the replacement tire market. Although a midget among the world's tire makers, Cooper was the only major U.S. tire producer to refuse to compete in the low-profit margin OE market. Although major competitors controlled 57 percent of the replacement market, Cooper doubled its share of the balance between 1986 and 1993 to 23 percent.

Cooper had a broad customer base in North America, which included an equal mix of private label tire marketing and distribution by the company's customers and purchasers of house brand marketed and distributed by the company. The company attracted private-label customers and earned retailer loyalty by pledging not to open its own sales outlets. Private brands included the likes of Sears, Pep Boys and Pro Comp Tires. Over the past recent years, price pressure on private label tires had increased, whereas the price differential between major brands and private labels had been squeezed. The other half was sold under its popular Cooper tires, Mastercraft, and Roadmaster house brands through independent tire dealers and wholesale distributors. Independent dealers and distributors remained crucial to the company's success, accounting for an estimated 67 percent of replacement tire sales. Cooper focused relatively modest marketing budget on supporting its independent dealers, mainly by providing superior service and delivery and by offering a value-priced product. Dealers loved Cooper because, unlike Goodyear, it did not have retail stores to compete against them and provided them with the highest gross profit margins in the industry—33% versus an average of 28% for competing brands.

Much of Cooper's success can be credited to its strides in developing a participative, and less hierarchical work climate. Cooper's management recognized that performance of dedicated employees could make a difference and, therefore, had always sought motivated employees who were team players and good communicators, and possessed the right attitude toward their jobs. Employees became involved at all levels of the organization, especially in the areas of productivity and quality assurance. Cooper's innovative compensation system, in which the earnings of everyone from the CEO to line workers rise and fall with the individual performance and contribution to productivity, instilled loyalty as well as raises of up to 30 percent.

Cooper's quality control policies and procedures were managed by specific staff, but a great deal of the responsibility for quality rested with the individual worker, who was trained to do his own quality-assurance checks. Employees received as many as 900 hours of training, and signs bearing such slogans as "Quantity is Important, but Quality is MORE Important" hung from factory walls. To symbolize a personal commitment to high product quality, each tire carried not only a brand name, but also a sticker identifying the worker who built it. It was believed that this helped foster pride in workmanship among Cooper's workers and created a bond with the consumers buying the tires.

The company also saved a great deal on Research & Development ("R&D"), generally directing its research activities toward product development, improvements in quality, and operating efficiency. While other tire makers incur high R&D expenses to capture a share of the OE tire market segment, Cooper has been able to produce tires with a proven track record and sell them to value-oriented customers. Instead of pioneering its own designs, the company waited to see what sells well as OE, and then manufactured the winners. The amount spent in 2011 on R&D represented 1.1 percent of its revenue.

Another winning strategy for Cooper, utilized for future growth of the company, has been moving its manufacturing plants into low-cost regions. Cooper wasted no money on frills, not even on utilization of its headquarters in the small town of Findlay, OH. Cooper's tire plants, in places like Tupelo, MS, and Texarkana, AR, developed a feeling that everyone had a stake in the future of the company. Analysts believed Cooper's small-town locations permitted it to pay lower salaries and to reap other savings over urban companies. Cooper ran its plants at 100% capacity while others operated at about 80%. In a capital-intensive industry, that creates lots of leverage. Its Tupelo factory ran 24 hours a day, seven days a week.

COMPETITION IN THE TIRE MARKET

In 2012, the global automotive tire market was highly consolidated. Tire capacity in North America totaled 322 million tires at 51 plants. U.S. capacity was 262.3 million tires, 81.5% of total North America capacity. North America dominated this market and represented approximately 30% of the global revenue. Europe also emerged as the highest potential market, followed by Asia Pacific and North America. Consolidation has intensified competition to cut production costs and increase quality. The industry has become surprisingly high-tech, spending more than $1 billion on R&D in 2012, up by one-third from five years ago.

Competition in the replacement tire market has centered mainly on price and terms, quality, reputation, availability, warranty terms, credit terms, consumer convenience and overall customer service. At the lower end of the replacement tire market, the market faced additional competition from low-cost tire producers located in Asia and South America. Overall, China still ranked number one as the country with most tire imports in the U.S. Other Asian countries, with the exception of Japan, had increased tire exports to U.S.

Over the years, the recession and the uncertainty about job security has forced many consumers to become more price conscious and less brand loyal. Furthermore, with the demand for cars having declined over the years, the market for OE tires shrunk, and made competition fiercer in the replacement market. Thus, tire producers dumped entire inventories into the replacement market, lowering prices and making profit margins even leaner. Economic climate also played right into the hands of the low-cost tire producers. Overall, tire quality and performance were on the upswing. The longer tread life of OE and replacement tires threatened to radically reduce the number of sets of replacement tires needed per vehicle in service.

Asian Pacific was expected to attain the highest growth in rubber demand during the five years (2012--2017) forecast period, reflecting strength in China, India, Thailand and Vietnam. The global automobile tire industry market was forecast to reach an estimated US $187 billion in 2017 with an average of 4% over the forecasted five years. The increasing per capita income in developing nations, population growth, new infrastructural projects, urbanization, increase in middle class population, and the green movement all were expected to drive industry growth.

TOWARDS THE FUTURE

The industry was becoming extremely competitive as major tire makers realized the attractiveness of the replacement tire market. Cooper would not have the luxury of watching how it performed for two or three years before deciding whether to copy it. Moreover, competitors narrowed the gap on this low-cost producer, causing the company’s margins to rise more slowly than in the past years, a likely signal of the beginning of heightened price competition. Recently, manufacturers began providing guaranteed longer mileage warranties to the buyers of replacement tires. The longer warranty of 60,000 to 80,000 miles was likely to create intermediate-term demand problems.

Moving forward, Cooper had to deal with some other intense issues. On June 12, 2013, it was announced that Apollo Tyres signed an agreement to acquire Cooper, under a wholly-owned subsidiary, via an all-cash transaction valued at approximately US $2.5 billion for $35 a share. Before the news was out, Cooper's stock price was $24.56. At the end of the day, it was $34.66. John Healy, an industry analyst for Northcoast Research in Cleveland, OH, and co-author of *Modern Tire Dealer's* monthly "Your Marketplace" column, said that Apollo wanted a stronger presence in the U.S. tire industry, and the company knew it would be difficult to do it on its own. A merger with Cooper would give Apollo a jump start for market growth with a valuable partner. According to Healy, with the merger, Apollo will be world's seventh largest tire company and will not change the dynamics of the industry that much. But the price of $35 a share Apollo agreed to pay immediately struck analysts and investors as too high. According to Bert D. Jordan, an analyst with BB&T Capital, "It was a relatively full price being paid for Apollo to gain some North American exposure."

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ETHICAL AND STRATEGIC CONSIDERATIONS OF VOLUNTARY SUSTAINABILITY REPORTING

Marianne L. James, California State University, Los Angeles

CASE DESCRIPTION

The primary subject matter of this case concerns ethical and strategic considerations that may arise relating to voluntary sustainability reporting by business organizations. The case explores the issues from the perspective of accounting professionals and corporate decision makers involved in the reporting process and presents ethical dilemmas that must be addressed. Secondary, the case provides opportunities for students to gain knowledge and understanding of an important global reporting trend and to research standard-setting and regulatory efforts relating to the development of sustainability reporting standards.

The case has a difficulty level of four to five and can be taught in approximately 40 minutes. The case can be assigned as an individual or group project. Approximately two hours of outside preparation is necessary for students to address all the questions in a group setting. The case can be utilized in an upper division accounting course to help students gain awareness of an important global reporting trend and to enhance students' understanding of ethical issues that may arise relating to sustainability reporting. The case can also be utilized in an accounting ethics course focusing primarily on ethical concerns of accounting professionals, or in a graduate course focusing primarily on the research and analytical aspects of the case. This case and the related independent questions can be utilized to enhance students' understanding and awareness of ethical issues and related professional requirements, as well as their analytical, research, and communication skills.

CASE SYNOPSIS

Sustainability reporting has become an important global reporting trend. While in some countries, sustainability reporting is required by public companies, in the U.S., reporting is largely voluntary. Currently, the majority of large U.S. companies and some smaller and midsize companies voluntarily issue sustainability reports. Even though global sustainability reporting guidelines, such as those issued by the Global Reporting Initiative (GRI) exist, the scope, detail, and format of the information presented in formal sustainability reports varies considerably among companies. Many companies choose to report information only on selected environmental and social issues and provide primarily qualitative information. Accounting professionals can provide important support for sustainability reporting and may in the process encounter ethical dilemmas that need to be addressed.

This case focuses on ethical concerns encountered by a new staff member of the sustainability reporting group of a fictitious company. The case scenario includes highly optimistic projections relating to environmental issues made by the company's sustainability director that create ethical concerns for the new staff member. The case enhances students' awareness of the sustainability reporting trend and the potential ethical concerns that may arise, and requires consideration of pertinent professional ethics rules and analysis of related factors. The suggested assignments include a set of ethics-related questions and a set of questions requiring additional research and analysis of sustainability-related standards and the benefits and challenges for reporting companies. The case can be utilized in an accounting ethics course or in another upper division financial or graduate accounting course, and may enhance students' analytical, research, and communication skills, as well as their awareness of related ethical issues and knowledge of professional ethics rules.

THE CASE – SUSTAINABILITY AT NORBERT CORPORATION*

Elena Gerhard is a new member of the accounting staff of Norbert Corporation, a publicly held mid-size consumer products company. Fifteen years ago, the company's management, with the support of its board of directors, made a commitment to environmental and social sustainability. Since then, the company has implemented a series of programs that preserve scarce resources, reduce the company's environmental impact, and enhance its employee and community oriented programs. For example, energy efficiency represents an important criterion influencing all equipment replacement/purchase decisions; recycling of all paper, plastic, metal, and glass is mandatory; employees are encouraged to utilize reusable water containers, which are refillable free-of-charge at convenient company locations; the company cafeteria utilizes only reusable dishes and utensils; and employees and their family members are encouraged to utilize the company's state-of-the-art exercise facilities.

Elena, a recent accounting program graduate, who is currently studying for the Certified Public Accountant (CPA) examination and plans to pass all parts of the exam within the next twelve months, had several attractive employment opportunities. One of her reasons for accepting the position at Norbert Corporation is her personal commitment to conserving energy and preserving natural resources. She strongly believes that it is every individual's responsibility to preserve current resources for future generations. During her senior year at the university, Elena enrolled in the elective course entitled, "International Accounting." In addition to the traditional topics taught in an International Accounting course, the course also included one week's coverage of "Corporate Social Responsibility Reporting." As part of the course work, Elena researched current practices and emerging trends in Corporate Social Responsibility reporting. She learned that globally, the majority of large companies issue what is commonly referred to as a "Sustainable Development Report," "Sustainability Report," "Corporate Social Responsibility Report" or Environment, Social, Governance (ESG) Report." While researching sustainable development and reviewing actual company reports, her interest in accounting professionals' role in supporting sustainability increased tremendously.

During her interview with the Chief Financial Officer (CFO) of Norbert Corporation, she expressed a strong desire to join the team involved with the company's sustainability reporting function. The CFO assured her that provided she accepted their offer, and after completing a rotation in the financial reporting department, she would be assigned to the sustainability reporting group. During the first three months at Norbert Corporation, Elena is very busy, familiarizing herself with the company, its products, operations, corporate governance, co-workers, and the company's financial accounting and reporting side. In addition to working full-time at Norbert Corporation, she also spends approximately 14 hours per week preparing for the CPA exam, and staying informed about developments in financial and sustainability reporting. Finally, at the beginning of April, Elena joins the company's sustainability reporting group; she very excited about her placement and plans to make an important contribution.

Norbert Corporation's Sustainability Report

Although no formal reporting on sustainability is required in the U.S., Norbert Corporation started issuing a separate sustainability report five years ago. Its report is issued at the beginning of May of each calendar year and posted on the company's website in a downloadable format. Currently, the company is not utilizing the reporting guidelines issued by the Global Reporting Initiative (GRI) and the report is unaudited. The report is organized into three sections: Section I presents information about the company's mission, profile, products, and corporate governance, section II deals with employees and society, and section III deals with the environment.

The majority of the information provided is qualitative and descriptive in nature; however, the company provides some quantitative information, including information about (a) the company's and employees' philanthropic activities (b) its recycling efforts, and (c) its reduction in CO_2 emissions and water usage. Furthermore, the company provides projections of its estimated reduction in CO_2 emissions and water usage over the next five years. The industry in which the company operates currently is under close scrutiny regarding these two factors; thus, the company decided that reducing water usage and CO_2 emissions and reporting the results of its efforts would be beneficial, not only to the environment and society, but also to the reputation and success of the company. The company also has started referring to its "green initiatives" in promotional materials and hopes that this will further enhance the company's image and encourage environmentally-concerned consumers to purchase its products.

Aware of the continually growing prevalence of companies using the GRI guidelines, Alfred Gruen, the company's sustainability director, who is also responsible for the company's sustainability reporting, considered adopting the GRI's current G3.1 sustainability reporting guidelines (GRI, 2011). However, he delayed his final decision in light of the U.S.-based

Sustainability Accounting Standard Boards ongoing efforts to develop industry-specific sustainability reporting standards (SASB, n.d.). He also is concerned about the potentially higher reporting cost associated with implementing specific sustainability reporting standards.

Elena takes the prior year report home to study over the weekend and is ready to assist Alfred Gruen with the preparation of the current year report. Elena notices that the draft of the current year report indicates that the company predicts reductions in CO_2 emissions and water usage by 18% and 15%, respectively over the next five years. She is very excited about this prediction. Since Elena is interested in sustainability, she reviews the engineering documentation that supports these estimates. The engineering report indicates a likely reduction of 10% and 8%, respectively. The report further indicates that if the company were to implement certain process changes, CO_2 emissions could be reduced by 18% and water usage by 15%. Elena asks her supervisor, Alfred, whether the company is planning to make these changes. Alfred indicates that the changes had been considered, but were delayed for a few years because of funding needs in another sustainability-related area. Elena points out the discrepancy between the sustainability report draft and the engineering projections and asks whether she can make the necessary revision to the draft. Alfred replies that she should not be concerned about it.

A few days later, Elena notices that the report has not been revised. When she mentions this to Alfred, he tells her that the company's CFO, Angelika Macht, and he decided that the revisions are not necessary because estimates inherently are inaccurate, sustainability reporting is voluntary, and changes in the already publicized projections would confuse users of the company's sustainability report.

Elena is concerned about the situation, but does not know what to do. The next day, Alfred calls Elena to his office and tells her that he has an important project for her that will require a significant amount of time. He explains that the company is considering adopting formal sustainability reporting standards or guidelines during the next few years. He asks her to investigate the requirements of currently available global reporting guidelines and the status of developing standards and to report her findings to him. He emphasizes that this is an important long-term project and that he has confidence in her ability to thoroughly research, analyze, and report her findings.

Elena is very pleased about the new project, she is eager to get started and to make a valuable contribution to the company's future sustainability reporting; she feels reluctant to once again bring up the issue of the highly optimistic CO_2 and water usage projections. Later that evening, she reviews the conversation she had with Alfred and continues to feel uneasy about his explanations regarding the projections. She is uncertain about how to proceed.

ASSIGNMENTS

Pretend that you hold Elena's position. Address the specific questions assigned by your instructor. Be brief and to the point and properly cite any sources that you are quoting or paraphrasing.

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Author's Note:

*The case deals with a fictitious company; any similarities with real companies, individuals, and situations are purely coincidental.

CIRQUE DU SOLEIL: AN INNOVATIVE CULTURE OF ENTERTAINMENT[1]

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Keywords: Cirque du Soleil, Cirque, Les Échassiers de Baie-Saint-Paul, Organizational culture, Teamwork, Norms, Values, and Entertainment Organization.

CASE DESCRIPTION

Cirque du Soleil (French for Circus of the Sun) has remained one of the most successful theatrical producers in the history of the entertainment industry. It is a hybrid of circus, acrobatics, and dance performance. Today, the organization has blossomed to 5,000 employees, 1,300 are artists, on five continents. The case is about how Cirque du Soleil manages organizational culture and teamwork in a challenging entertainment industry.

It is intended for class study and the application of concepts learned in the classroom and designed to complement knowledge derived from concepts in organizational culture and teamwork.

CASE SYNOPSIS

Despite early financial hardships, Cirque du Soleil (French for Circus of the Sun) has remained one of the most successful theatrical producers in the history of the entertainment industry. What started as a troupe of street performers in Baie-Saint-Paul, Quebec,[i] Canada named Les Échassiers de Baie-Saint-Paul (French for the Wading Birds of Baie-Saint-Paul) has grown into a global entertainment business whose performances have been seen by over 100 million spectators in nearly 300 cities worldwide.[ii]

Cirque du Soleil is a hybrid of circus, acrobatics, and dance performance.[iii] It is a multi-level production without the menagerie of exotic animals, yet is one that captures the magnificence of the human form, agility, and creativity. The performers toured the Canadian province of Quebec in the 1980s as a performing theatre troupe. Les Échassiers encountered financial setbacks that were relieved in 1983 when the government of Quebec extended a grant to the troupe as part of its 450th anniversary celebrations of Jacques Cartier's discovery of Canada.[iv] In less than 30 years, the company had over 5,000 employees worldwide, including more than 1,000 artists, and redefined the circus industry.[v] The company integrated street *entertainment, eccentric costumes, and cabaret with its worldly performers and artistic shows, winning the hearts of millions of spectators worldwide.*

While Daniel Gautier was the financial and production manager, Laliberté was responsible for all creative elements of productions and performances. Initially, Cirque employed only 73 people, yet by 2001, that number had grown to 2,100 employees worldwide, 500 of whom were performers.[vi] *Between 1984 and 1989, Cirque performed only one show at a time. Today, the organization has blossomed to 5,000 employees, 1,300 are artists, on five continents.*[vii] *The productions are divided into groups designated as Resident and Touring. Resident indicates occupancy of one location, whereas Touring indicates visiting different cities. Cirque had eight Resident locations in Las Vegas and one in Orlando, Florida. The ten Touring productions can be found across five continents. Of these, five are under the Big Top and five are in arenas.*[viii] *The International Headquarters in Montreal is home to 2,000 employees, administration offices, creative laboratories, artisans and expert performers.*

As the company traveled across the U.S. and Europe, the success of the organization grew, but not without managerial and organizational disputes including "artistic rebellions" and partnership clashes.[ix] *Furthermore, given that no global entertainment competitor is on par with Cirque du Soleil, the company has to make strategic decisions as it embarks on its third decade in business. The pivotal questions are "How can Cirque maintain its high creative standards and expand its appeal to a larger audience?" and "How does Cirque stay loyal to its original values while continuing to move forward?"*

ENDNOTES

1 This case was prepared by the authors as a basis for class discussion, rather than to illustrate either effective or ineffective handling of a management situation. The case was based on both primary and secondary data and information.

i Baie-Saint-Paul is located in Charlevoix of the province of Quebec. A charming city surrounded by the sea and mountains, it is covered with pristine landscape and natural beauty. Today, this village boasts several art galleries and boutiques scattered along its main street, Rue-St-Jean-Baptiste. For more information, refer to Baie-Saint-Paul Travel Guide. Retrieved on September 12, 2012 from http://www.baie-st-paul.worldweb.com/

ii For more information, refer to Cirque du Soleil. Retrieved on September 12, 2012 from http://www.Hoovers.com

iii Berry, L. L., Shankar, V., Parish, J. T. Cadwallader, S., & Dotzel, T. (2006). Creating new markets through service innovation. *Sloan Management Review*, 47(2), 56-62.

iv Ten years after King Francis heeded the advice of his Admiral de Brien (Chabot, Compte de Charni), who was a favorite at the French court, to found a settlement somewhere in New France and secure it for the crown. Accordingly, a plan for making settlements in America was arranged under the direction of Chabot, and two ships, of 60 tons each, were built at St. Malo, a fortified seaport of France, for that purpose. Vessels were under the command of Jacques Cartier (James Carter), a native of that port and in the service of the French monarch. After appropriate religious ceremonies in the Cathedral of St. Malo, in which Chabot participated, Cartier sailed for America on April 20, 1534, with a crew of 120 men in each of his two vessels. With generally fair winds, he reached the eastern coast of Newfoundland in twenty days. After a few weeks exploring Newfoundland, discovering the Magdalen Islands, the northern coasts of Cape

Breton and the bays of Chaleurs and Gaspe, Cartier landed and created a friendly relationship with the Indians. There he set up a huge wooden cross, with a shield and the French lilies, and took possession in the name of King Francis. Cartier's kindness was so inspiring to the natives that one of the chiefs offered two of his sons to accompany Cartier back to France, on the condition that he should return them to their home the next year.

v For more information, refer to Jacques Cartier, explorer. Retrieved on September 12, 2012 from http://www.publicbookshelf.com/public_html/Our_Country_Vol_1/jacquesca_cd.html

vi For more information, refer to Cirque du Soleil. Retrieved on September 12, 2012 from http://www.hoovers.com

vii Ibid.

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ix DeLong, T. J., & Vijayaraghavan, V. (rev. 2002, October 18). Cirque du Soleil. *HBS Premier Case Collection* (Harvard Business Publishing), 403006-PDF-ENG.

FISCAL AND TAX OVERSIGHT AT RICE TABERNACLE CHURCH – A CASE STUDY

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ABSTRACT

Rice Tabernacle Church (the Church) is a 3,000-member "mega-church" located in Nashville, Tennessee. The church has experienced a 75 % growth in the past years and is literally 'bursting at the seams". In order to handle this growth, church leadership decided to expand the current sanctuary by adding a 120,000-square structure which includes a gym, a bookstore, and a café. These auxiliary services were welcomed by the membership since they provided additional income for the church (approximately 15% of total income).

The church's property tax exemption only applied to the original structure; therefore it applied to the local government to expand the exemption to include the additional structure. The exemption was denied since the local government believes the church has income from businesses that are not integral to its mission. The church is now exposed for unrelated business income tax at the federal level, and to property taxes at the local level. Should the church leadership have been aware of the tax implication of the building expansion before the construction started? What can be done now that the church is exposed to the unplanned tax liability?

THE HAWTHORNE HOTEL

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Lillian Little, Salem State University
Mindy Jeon, Salem State University

ABSTRACT

This case is about management and customer service issues at a historic hotel, the Hawthorne, in Salem Massachusetts. When the Hawthorne opened in 1925 it was the pride of the town. However by the late 1990's, despite major renovations, the Hawthorne had a reputation of being well past its prime; a hotel with less than stellar customer service and outdated physical facilities. Some people even claimed it was haunted. Most people who stayed at the Hawthorne wanted an old-fashioned experience, but they wanted that experience to include excellent service modern amenities, and no ghosts. In order to turn the situation around, the then owner of the Hotel, Michael Harrington, decided to hire Juli Lederhaus as General Manager. She had both an educational background in hotel management and considerable practical experience. She went to work immediately to create a "service culture," at the property. This case describes the actions she took and the situation, as it existed in 2012. The case gives students the opportunity to analyze how the new culture was created, identify what problems remain, and suggest opportunities for change.

CAN SOMEONE IN THIS COMPNAY HELP ME PLEASE? A CASE OF SEXUAL HARASSMENT DILEMMA

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ABSTRACT

This paper presents a case of Jennifer, a marketing communications executive at a large entertainment conglomerate. Undergoing a difficult financial situation, she was glad when she finally got a job this organization. Attracted by the prospects of a better life and a bright future, she was willing to work hard to achieve excellence. However, she did not expect that she would be sexually harassed by her superior, Herbert, as well as the oppressive pressure dealt to her by her co-workers. While Jennifer put up with the harassment from her superior, this case also illustrates how her colleagues, both male and female, were neither understanding of her predicament nor supportive of her case. Through Jennifer's experiences, this decision case highlights the emotional trauma and dilemma that victims go through as well as how helpless they feel in such instances. In addition, it will also demonstrate how organizational members contribute to abusive environment that perpetuates sexual harassment in the workplace.