

# Case Bibliography 2006 Update

## How to use this bibliography

The cases are divided into nine primary curriculum areas; generally corresponding to the author's area at INSEAD (a case may be placed in another section if more suited to the subject area). Within the sections the cases are arranged alphabetically. A brief synopsis is given of each case and its pedagogical objectives followed by a list of additional items available and the copyright year.<sup>1</sup>

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<sup>1</sup> Unless otherwise stated, cases and all available documents are in English. 'Other languages' refers only to the case document. Where accompanying documents exist in other languages they are indicated separately.

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For further information about the case collection, contact Sylvie Loisy, Publications Coordinator, Department of Faculty and Research, Boulevard de Constance, 77305 Fontainebleau Cedex, France.

Tel: 33 (0) 160724480. Fax: 33 (0) 160745592. E-mail: [sylvie.loisy@insead.edu](mailto:sylvie.loisy@insead.edu)

# Accounting and control

## THE ACQUISITION OF UNOCAL CORPORATION

*Jacob Cohen*

**Case Writers:** Jacob Cohen and Anne Yang

By the summer of 2005, the US and China were crossing swords on a plethora of issues including intellectual property rights, yuan valuation, underwear imports, and nuclear concerns. The friction stemmed from China's rapid rise as a political, military and economic power as well as from US domestic concerns over loss of jobs and the nuclear threats posed by North Korea and Iran. These issues, which had been simmering for quite some time, reached boiling point when Chinese government-owned CNOOC announced its unsolicited bid for Unocal Corporation, a California-based US oil and gas company.

**Pedagogical Objectives:** to discuss (1) equal price versus equal value (2) fiduciary responsibility of board members to maximize shareholder value (3) stock versus cash deals (4) free trade versus fair trade. A key issue raised in this case is the time value of money. What would be the appropriate discount rate for delays in closing the deal? What would be the various percentages to assume for the likelihood of consummation of the deal?

The case can be used for business students (undergraduate and graduate) as well as non-degree participants such as business executives attending courses, workshops or seminars.

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## THE BATTLE OVER GUCCI GROUP

*Jacob Cohen*

**Case Writers:** Jacob Cohen and Beatriz Borobia

This case is about the battle amongst major designer companies in the fashion industry for the acquisition of Gucci Group. The major competitors are LVMH and PPR. The contents of the case discuss how Gucci's management is affected with the change in leadership and who and how acquired Gucci.

**Pedagogical Objectives:** the teaching objective of this case is to analyze how a company can be affected by a takeover and subsequent change in management.

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## “BUY”, “SELL”, OR “HOLD”: ANALYZING THE ANALYSTS' RECOMMENDATIONS

*Jacob Cohen*

**Case Writers:** Jacob Cohen and Melati Tengku

This is a technical note on the role of analysts and certain terms they use in analyzing companies. This note also outlines the introduction of several NYSE and NASDAQ rules that require analysts, in some circumstances, to disclose certain conflicts of interest when recommending the purchase or sale of a specific security.

**Pedagogical Objectives:** the objective of this technical note is to highlight the conflict of interests that existed, prior to the changes, at the investment banks with relationships between sell side equity research analysts and investment banking.

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**INFINITY BANK (A) – RETAIL BRANCHES AND CUSTOMER PROFITABILITY***Igor Vaysman***Case Writer:** Stephen Smyth

A retail bank is considering a strategy to improve branch performance. Central to the strategy is a recent study of profitability of three retail products: current accounts, credit cards, and mortgages. The strategy involves giving branch managers incentives to sell profitable products. A senior bank manager evaluates the product-profitability-based strategy in the light of recent statistics on major variations in profitability of customers (these statistics are included in the database provided with the case).

**Pedagogical Objectives:** the case aims:

1. To illustrate the dangers of product-focused strategies that ignore customer value.
2. To demonstrate need for customer-profitability analysis.
3. To consider the difference between average customers and marginal customers.
4. To illustrate the sources of variations in customer profitability.
5. To discuss the actions to manage customers portfolios.
6. To show that customer-profitability analysis can serve as an excellent communication tool.

**Copyright:** 2006 INSEAD**INFOSYS TECHNOLOGIES LTD. - ACCOUNTING FOR HUMAN CAPITAL (A1)***Jacob Cohen***Case Writers:** Jacob Cohen and Jenifer Raver

This case focuses on Infosys Technologies and the financial reporting dilemma the company faced when it decided how best to account for its human capital. The case write-up includes a company history, Infosys' human capital, employee recruitment, employee compensation, the financial reporting dilemma that Infosys faced, and the various human capital models (e.g., historical/acquisition cost, replacement cost, opportunity cost, and economic value/Lev-Schwartz). The case also includes various exhibits for the user to analyze: various Infosys financial statements, key metrics for Infosys, the trend in Infosys employee workforce numbers, the Lev-Schwartz model, distribution of Infosys employees, and excerpts from notes on selling and marketing expenses for Infosys.

**Pedagogical Objectives:** the objective of this case is for the user to understand the various human capital models and decide which one Infosys management chose to use to account for its human capital. The user makes this decision based on an analysis of Infosys, the company, as well as the various human capital models.

**Copyright:** 2006 INSEAD**J.P. MORGAN CHASE AND BANK ONE MERGER***Jacob Cohen***Case Writers:** Jacob Cohen and Anne Yang

This case is about the merging of Bank One with JPMorgan Chase, to claim the second largest banking franchise in the United States. The case also talks about the banking industry at the time the case was written. The rationale for the deal of the merger is also discussed in detail.

**Pedagogical Objectives:** the teaching objective of this case is to discuss the implication of the merger of Bank One and JPMorgan. The case will help students discuss the pros and cons of the deal, and the rationale behind it, as well as the valuation and accounting of the transaction.

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**PRICEWATERHOUSECOOPERS: ADDRESSING THE INDIAN OCEAN TSUNAMI DISASTER****Jacob Cohen****Case Writers:** Jacob Cohen and Chad Myers

This case talks about how PwC carried out its corporate responsibility with regard to the Indian Ocean Tsunami tragedy which happened in December 2004. In retrospect of PwC's contribution to affected communities and nations, a corporate governance issue was raised - whether the firm's profits should have been invested in the firm instead of being used for social causes. A section of the case explains the two views of corporate governance, i.e. shareholder value and stakeholder value perspectives.

**Pedagogical Objectives:** the teaching objective of this case is to show the differences in corporate social responsibility and corporate governance of a firm.

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**PRICEWATERHOUSECOOPERS: EDUCATION AND LEADERSHIP DEVELOPMENT****Jacob Cohen****Case Writers:** Jacob Cohen and Chad Myers

This case gives an overview of training opportunities of employees in business organizations and focuses on education and leadership development initiatives in PwC. The two main projects that PwC have embarked on with regard to its professionals' leadership development are Genesis Park and Project Ulysses. Genesis Park aimed to develop the next generation of PwC leaders, drive cultural change in the organization, and promote a global perspective on the firm and its clients. Project Ulysses however, was targeted for new partners and senior managers who were confirmed near-term partner admission, to take on senior leadership responsibilities at national and international levels.

**Pedagogical Objectives:** the main objective of this case is to evaluate the benefits of employee education and leadership development within a business organization. The second objective is to outweigh the pros and cons of an in-house training program and that of an outsourced program.

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**RATIOS WORKBOOK THE AUTOMOTIVE MANUFACTURING INDUSTRY: TOYOTA, DAIMLERCHRYSLER, & GENERAL MOTORS****Jacob Cohen****Case Writers:** Jacob Cohen and Chad Myers

This workbook focuses on three international companies in the automotive manufacturing industry. The industry write-up gives an overview of the industry; growth development, as well as cost cutting measures in response to the prevailing economic situation. Similarly, the company write-ups are a general overview of the history and business segments within each company. Brief descriptions of various accounting ratios (subdivided into five main categories) and their formulas are included to be calculated for each company, using the respective financial statements provided as exhibits.

**Pedagogical Objectives:** the objective of this workbook is for the user to analyze the accounting ratios calculated. The analysis can be done according to a year-to-year as well as company-to-company comparison. These analyses will be based on the nature of the accounting ratios.

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**RECAPITALIZATION OF TRUMP HOTEL & CASINO RESORTS INC. (A)****Jacob Cohen****Case Writers:** Jacob Cohen and Anne Yang

Since 1995 to 2003, Trump Hotels & Casino Resorts Inc. has been reporting annual losses, which resulted in the decrease of the company's equity base and an increase in its leverage. In 2003, Donald Trump was

struggling with his collapsing empire. This case discusses the issues the company were facing and how it decided to rework the capital structure and reduce its debt levels in the hope of escaping a cash squeeze.

**Pedagogical Objectives:** the teaching objective of this case is to illustrate restructuring alternatives and create a discussion of the pros and cons. This case will make students think and analyze as part of the Management of Trump Hotels & Casino Resorts Inc. with regard to recapitalization plans.

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#### **WHOLE FOODS MARKET INC.**

*Jacob Cohen and David Hawkins*

**Case Writers:** Jacob Cohen, David Hawkins and Jenifer Raver

This case focuses on Whole Foods Market Inc. and how it accounts for its leases, in particular whether or not it should capitalize its operating leases. The case write-up includes a company history, Whole Foods Market property, and the accounting controversy related to FASB Statement No. 13. The case also includes various exhibits for the user to analyze: Whole Foods stock price graph; various Whole Foods financial statements; Whole Foods footnotes on growth strategy, properties, property and equipment, and leases; and Whole Foods financial highlights.

**Pedagogical Objectives:** the objective of this case is for the user to better understand lease accounting, specifically the implication of off balance sheet liabilities on a company's financial performance. Also, the user is asked to answer three questions: 1) Is Whole Foods underreporting its liabilities and assets; 2) Should analysts recast the financials by capitalizing the operating leases; and 3) What are the relevant factors to consider when making such decisions?

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# Decision sciences

## EASY PROFIT – A REVENUE MANAGEMENT PILOT

*Ioana Popescu*

**Case Writers:** Marcello Vena and Vincenzo Carabillo

This case introduces the concept of Revenue Management as a tool to maximize profits and provide competitive advantage to firms in diverse industries. The case and accompanying simulation are set in the airline industry, where revenue management originated.

**Pedagogical Objectives:** the objective of the exercise is to build intuition on how basic revenue management techniques work and under what circumstances they are most effective. The reader takes the position of revenue manager in charge of selling seats on an airplane. The goal is to devise a sales strategy for capturing the maximum rent from the market. Static and dynamic booking limit strategies are to be tested in the accompanying simulator.

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**Also available:** Computer Software

## WHAT PRICE VERTIGO?

*Ioana Popescu*

The case uses the example of U2's 2005 world tour to investigate price differentiation in the context of entertainment industries, and particularly multi-pricing in a (capacity) constrained environment.

**Pedagogical Objectives:** the objectives are: discussion of price differentiation dimensions, market segmentation, demand modelling, consumer surplus, price optimization with deterministic (linear) demand and various constraints (capacity, fairness), and the marginal revenue rule. The case can also provide an opportunity to build small pricing models using Excel solver.

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## YAHOO! PRICING SEARCH ENGINE ADVERTISING

*Ioana Popescu*

**Case Writer:** Alex Dabbous

The case discusses Yahoo!'s marketing services and various types of advertising. The main focus is on search engine advertising, one of the most important revenue sources for Yahoo. The market, Yahoo's pricing strategies and challenges are described.

**Pedagogical Objectives:** this case aims to introduce participants to several pricing and revenue management concepts: building a revenue model, customer segmentation, product design, bundling and pricing. One of the key emerging concepts is opportunity cost-based pricing. The case can also be used to discuss media rating measures (CPM vs. pay-per-click) and B2B pricing strategies, such as contracts and auctions.

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**Also available:** Teaching Note

# Economics and political science

## **ECO-ACTIVISM: GREENPEACE, THE OIL INDUSTRY AND THE STUART OIL SHALE PROJECT IN AUSTRALIA**

**Renato Orsato**

**Case Writers:** Renato Orsato and Kes McCormik

The case uses data to expose that modern societies will remain highly dependent on oil for years to come. The Stuart oil shale project in Australia was based in such rationale but its (high) environmental impact caused strong opposition from Greenpeace and local stakeholders, culminating in its closure in 2004.

**Pedagogical Objectives:** the case addresses:

- (1) Government policies for the supply of energy;
- (2) Strategic choices for oil companies
- (3) The process of building a successful eco-activist campaign
- (4) The global effects of local activities (climate change caused by the burning of Oil);
- and (5) Local impacts of global activities (bleaching in the barrier reef due to global warming).

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## **ECO-BRANDING: THE CASE OF ÄNGLAMARK**

**Renato Orsato and Andrea Östör**

This case describes the development of an ecological brand in a large Swedish supermarket chain. The experience of änglamark has been unique and successful, but fierce price rivalry, change in consumer preferences and strategic alliances among Scandinavian cooperatives are jeopardizing the future of the brand.

**Pedagogical Objectives:** the case enables teachers to explore:

- (i) the alignment of general, marketing and environmental strategies;
- (ii) the conditions in which ecological differentiation may generate competitive advantage;
- (iii) the subtle differences between traditional and ecological branding strategies;
- (iv) the evolution of consumer behavior toward eco-oriented products.

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## **HOW DO IDEAS TRANSFORM INSTITUTIONS? THE REFORM OF THE FRENCH PENSION SYSTEM**

**Jonathan Story and Patrice Lamothe**

This case describes the partial transformation of the French social security system, and provides a basis for discussion of reform processes in complex organisations. The case raises questions about institutional lethargy, the sources of reform (are they demographic, economic, sociological, ideational?), and suggests conditions required to lock in reform.

**Pedagogical Objectives:** the teaching objectives relate to the transformation and reform processes of a complex organisation. It is predicated on a simple model of a path dependent process, which is resilient to radical proposals, and focuses on the importance of the “battle of ideas” and the re-definition of the rules of the game, as well as of key participants in the reform process and their relative weightings.

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**Also available:** Teaching Note

**INTERNATIONAL ACTION AGAINST CLIMATE CHANGE - CAN EUROPE LEAD?****Douglas Webber****Case Writers:** Claudia Gehlen

The case describes the challenge of global climate change and assesses the role played in international climate change politics by the European Union with particular reference to the process of the negotiation, ratification and putting into force of the Kyoto Protocol aimed at limiting worldwide greenhouse gas emissions.

**Pedagogical Objectives:** to analyse the extent to which, given the opposition of the Bush administration in the US to mandatory action against climate change, the European Union is willing and able to provide the leadership required for effective collective international action to be undertaken to limit greenhouse gas emissions.

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**Also available:** Background Note

**LOBBYING IN BRUSSELS: THE EU DIRECTIVE ON THE PATENTABILITY OF COMPUTER-IMPLEMENTED INVENTIONS (A) (B) (C)****Douglas Webber****Case Writer:** Claudia Gehlen

In 2002, the European Commission proposed a new European directive regulating the granting of computer-implemented inventions. Part A of this case describes how this proposal generated an unexpectedly intense conflict between the mainstream European and international communication and information technology, on the one hand, and the Open Source Movement, on the other and traces the shifting balance of power between these two groups of protagonists as the proposal wound its way through the European Union's decision-making organs. Part B describes the outcome of the conflict and Part C the lessons drawn from the conflict by the principal participants in it.

**Pedagogical Objectives:** the objectives of the case are to facilitate the analysis of the determinants of 'successful' lobbying activity in the European Union (EU) and the identification of key factors of which business organizations should be aware when trying to influence the legislative process in the EU.

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**MAS HOLDINGS: STRATEGIC CORPORATE SOCIAL RESPONSIBILITY IN THE APPAREL INDUSTRY****Jonathan Story****Case Writer:** Noshua Watson

MAS Holdings is a family-owned manufacturer of women's apparel, founded by three brothers who have built the firm into a US\$570 million business. Clients include the biggest brands in lingerie and sportswear. The textile industry makes up 50% of Sri Lankan exports, especially from China. The case is about using corporate social responsibility as a strategic tool in global competition.

**Pedagogical Objectives:** this is a multi-purpose case. At firm level, the emphasis is on leadership, corporate social responsibility, manufacturing strategy, and the development of corporate capabilities. MAS faced tough challenges in global markets, as China was taking market share in textiles. But the big brands were also concerned about compliance with the UN Millennium Goals. The global politics of the textile industry is therefore a central issue. Students are invited to consider future policy directions for MAS Holdings.

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**PROCTER & GAMBLE AND POPULATION SERVICES INTERNATIONAL (PSI): SOCIAL MARKETING FOR SAFE WATER****Margaret Hanson****Case Writers:** Margaret Hanson and Karen Powell

PuR, the water purification product sold in small sachets, had suffered a string of failed market tests, but the public health benefits of the product had been demonstrated repeatedly in bottom of the pyramid (BOP) markets where finding clean drinking water can be a daily nightmare. Part of its global CSR initiative, P&G move the product from the commercial to the Corporate Sustainable Development (CSD) unit, which took the pressure off PuR brand managers to meet market sales projections. This move created new pressures, however, for those managing CSR initiatives - to take the product global on a philanthropy budget. Partnering with Population Services International (PSI), the global NGO with offices in over 65 countries, and expertise in social marketing, P&G would play a supporting role. Building a sustainable social market for water treatment, in places like Haiti and Uganda, presented challenges, but also presented unexpected benefits, measured in terms of P&G's stakeholder engagement.

**Pedagogical Objectives:** this case offers a rich setting in which to explore the fundamentals of social marketing, and business-social sector partnering. P&G, the global consumer products giant, works in a supporting role with the global non-profit giant, PSI to launch a series of safe water public awareness campaigns, and PuR sachet product launches. With social marketing data from PSI product launches in Central America and Africa, the case illustrates the opportunities and challenges presented by social marketing ventures in BOP markets - including media characteristics, distribution infrastructure, behavior change strategies, and financing. It also allows for a broader discussion on corporate social responsibility and stakeholder engagement.

**Copyright:** 2006 INSEAD**PROCTER & GAMBLE PUR: PURIFIER OF WATER™ (A) (B)****Margaret Hanson****Case Writers:** Margaret Hanson and Karen Powell

P&G's PuR: Purifier of Water, a household water treatment sold in small sachets, was developed by P&G, in collaboration with the US Centers for Disease Control (CDC), and targeted 'bottom of the pyramid' (BOP) households, where water treatment facilities are often lacking. The product was a technological and public health success, but a commercial market failure (Case A). Internal stakeholders, however, believed in the effort. They re-positioned the initiative as a corporate social responsibility (CSR) venture, and found support within P&G's corporate organization, where it ultimately became a centerpiece of P&G's global CSR portfolio (Case B). The case chronicles the journey from product development for the commercial market, to CSR-supported BOP partnerships with the non-profit sector. A related case is available, exploring P&G's social marketing partnership with the global NGO, Population Services International (PSI): 'Procter & Gamble and Population Services International (PSI): Social Marketing for Safe Water'.

**Pedagogical Objectives:** this case offers a rich setting in which to explore the management of CSR initiatives. It illustrates the challenges and opportunities that characterize partnerships between business sector and public sector actors in the context of a product development effort targeted at BOP markets. Unlike many BOP cases, however, it is not all sunshine and roses, as the company fails to meet its initial goals, in the face of a number of unexpected challenges. The case presents the ethical dilemma of a company's production of public health goods, which are not market sustainable. It discusses the aspirations that ultimately salvaged the initiative and the market model adjustments made to keep the product alive.

**Copyright:** 2006 INSEAD**Also available:** Teaching Note

Procter &amp; Gamble and Population Services International (PSI): Social Marketing for Safe Water

**STRONG INDUSTRY, SAFE AND HEALTHY ENVIRONMENT? MAKING CHEMICALS SAFETY POLICY IN THE EU*****Douglas Webber*****Case Writers:** Douglas Webber and Claudia Gehlen

In 2003, in response to pressures from environmental NGOs, scientists and perceived public opinion, the European Commission proposed a regulation requiring chemicals producers to prove the safety of some 30,000 substances that had come on to the market before 1981. As it made its way through the European Union's legislative process, this project (REACH) became one of the most controversial issues the EU had dealt with during the last decade, with the European chemicals industry mounting an increasingly intense campaign against provisions which it claimed would have a severe negative impact on chemicals production and employment in Europe.

**Pedagogical Objectives:** the case aims to provide insights into the functioning of the decision-making process in the European Union, the balance of power between business interests and environmental NGOs, and the EU's capacity to generate policies that reconcile the goal of maintaining or developing a strong economy (in this case, chemicals industry) with that of promoting a safe and healthy environment.

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# Entrepreneurship and family enterprise

## **ATOMSCHOCKWAVE: A VENTURE ROLLERCOASTER IN THE ONLINE ENTERTAINMENT INDUSTRY (A)**

***Philip Anderson and Filipe Santos***

This case describes the founding, rapid expansion, and fall of an online entertainment venture through the Internet boom and bust. After a merger and painful restructuring, the entrepreneur was able to survive the downturn and reach cash flow break-even in 2002. He is now faced with difficult strategic questions about his ability to compete in each of its businesses: a small niche market where the company is the clear leader, and a larger, fast growing market where it faces powerful competitors.

**Pedagogical Objectives:** this case can be used to illustrate the start-up process, from the initial vision and fundraising efforts, to rapid growth and subsequent downturn and restructuring. The case is useful to discuss the issues of identifying new revenue sources as a process of exploration, the identification and exploration of cross-business synergies, and the role of vision and focus in new ventures.

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## **CHINABLUE IN EUROPE**

***Ha Hoang***

**Case Writer:** Romania Lulova

Chinablue is a consumer products start-up with a founding team intent on establishing a luxury Eurasian lifestyle brand inspired by classic Shanghai elegance and style. Chinablue began offering culinary products in the US and secured distribution through Williams-Sonoma, a specialty food outlet, and Safeway, a major grocery chain. With sales momentum building in the US, they are looking to expand into Europe and have asked Clear Day, a business development consulting company based in Paris, to assist in formulating their expansion plans.

**Pedagogical Objectives:** this case has been taught in a MBA course on business development and can be used to discuss the strategic and operational elements of geographical expansion in a start-up context. A variety of expansion options are presented that vary in their resource commitments and strategic benefits to the company. Because the company wants to establish a luxury Eurasian lifestyle brand, it must also consider the consequences of growth for the development and management of its brand. To facilitate this growth, the case also highlights the benefits that Chinablue has received from going beyond standard arms-length contracts to building partnerships with distributors and retailers.

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## **ETHERYL S.A.S – GROWTH PATHS FOR A LIFESTYLE VENTURE**

***Filipe Santos***

**Case Writer:** Yann Lechelle

This case describes the growth challenges faced by a Paris-based entrepreneur who created a software venture in the Student Relationship Management Space after his INSEAD MBA. Despite a very compelling service and a scalable business model, the venture's potential has been constrained by the lifestyle orientation of the entrepreneur. The case discusses possible growth paths and outlines several financing and organizational alternatives to grow the venture.

**Pedagogical Objectives:** this case focus is the challenge of transitioning from a lifestyle venture to a growth venture. It illustrates how lifestyle entrepreneurs can constrain the growth of a venture. The case discussion emphasizes the key trade-off between resource leverage and control, and suggests how it can be resolved.

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## **EU YAN SANG: HEALING A FAMILY AND BUSINESS**

**Randel Carlock**

This case and teaching note explore one of Singapore's early entrepreneurs and the family business empire he created. Eu Tong Sen started from humble beginnings as tin miner, and over the next 50 years built a family firm that included mining, rubber plantations, real estate and banking. One of his early ventures in traditional Chinese medicine is the only operating company the family still controls. The second generation of the Eu family was racked by conflict and legal battles as the 24 children of the founder and his five wives have fought for control of the family dynasty. The case explores how Richard Eu, a grandson of the founder, united his cousins in an alliance to stop their father's feuds and regenerate the traditional Chinese medicine business into one of the few companies on the Hong Kong stock exchange that actually improved its performance and stock price during the recent SARS epidemic.

**Pedagogical Objectives:** this case explores the impact of family relationships (the founding entrepreneur had five wives resulting in 24 children and 72 grandchildren), changes in the business environment, the need for improved structures and systems as the family matures and the power of regenerating a business around a family's values. The case and teaching note will examine the problems confronting traditional family business and how the next generation of Western-trained family members can blend traditional and Western thinking to create value for the family.

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## **FRONTSTEP IN RUSSIA (C)**

**Manfred Kets de Vries**

**Case Writers:** Konstantin Korotov and Elizabeth Florent-Treacy

It was long believed that entrepreneurship in Russia is close to impossible without government or mafia connections. This case study argues that, on the contrary, "garage-type" entrepreneurship is possible in Russia. For the Russians at Frontstep, the company in this case study; however, there were no how-to manuals to turn to. When the employees started making demands for Western-level salaries and benefits, matters came to a head. The problem was solved as the founders developed a hybrid organization, with Western incentives and structures, and Russian corporate culture.

**Pedagogical Objectives:** the objectives of this case are to analyze:

Dynamics of growth of entrepreneurial organizations in Russia:

- Evolution of complexity of managerial challenges faced by entrepreneurs.
- Naïve nature of relationships with foreign partners.
- Staffing approaches and limitations faced in entrepreneurial organizations.
- Identity issues (Russian versus multinational company).

Managing new generations of professionals:

- New labour force in Russia (and, by extension, other Eastern European organizations).
- Career aspirations of young professionals.
- Career development and growth challenges.
- Coaching and counselling issues.
- Owner-manager development in areas beyond functional expertise.

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**HUAWEI'S STRATEGIC REVIEW (A): SAM PARK**  
**HUAWEI'S STRATEGIC REVIEW (B): ZHANG MIN****Steven White****Case Writers:** Sarah Harper and Alexandre Ricardi

Founded in 1988 by Ren Zhengfei, Huawei has emerged as China's leading telecommunications equipment suppliers offering a product line and services similar to those of Cisco. Based in Shenzhen, and still private, Huawei has grown to sales of US\$3 billion and 22,000 employees. In addition to China's domestic telecoms, it is increasing its revenues from and share of foreign projects, such as in Thailand, Korea, Singapore, Hong Kong and Brazil. The difficulty that the firm faces, however, is that many of the management practices and strategies that enabled it to grow so rapidly and successfully may be ineffective or inappropriate as the nature of competition in China changes, or as Huawei tries to compete in foreign markets. Some of these include its R&D capabilities, service provision, decision-making process, client relationship practices, and culture. Other changes will be necessary if it decides to attract external capital to fund expanded R&D and international activities. What changes should it make, and how could you convince the founder and CEO that these are necessary?

**Pedagogical Objectives:** this case represents a firm that must make fundamental changes in order to compete with increasingly strong domestic and foreign rivals in its traditional domestic market, as well as in global markets that it is targeting for growth. Students must identify what changes in resources and capabilities, formal systems and structure, and culture would be implied by placing different priorities on domestic versus foreign markets and, among foreign markets, developing and developed markets. Provided with information on the founder/CEO's personality and beliefs, they will also be forced to consider how they could influence him, and perhaps much of the firm, of 1) the need to change and 2) the nature of changes that should be made. (A) and (B) are presented from two different points of view: an outside consultant who is more conservative, and a top manager who is more optimistic and aggressive. Students may be asked to argue from one of these perspectives, with a third party (such as the professor) managing the discussion to develop a conclusion. Unlike most cases of Chinese firms, this firm is doing very well, so there is no immediate and obvious need to change.

**Copyright:** 2006 INSEAD**INVESTIC (A) - ASSEMBLING THE FOUNDING TEAM**  
**INVESTIC (B) - CHARTING A NEW DIRECTION**  
**INVESTIC (C) - REFLECTIONS OF AN ENTREPRENEUR****Filipe Santos****Case Writer:** Nicholas Latham

This case series of a failed startup in the financial services market illustrates three of the key issues in launching a new business – the role of a strong and cohesive founding team, the problem of lack of credibility faced by new ventures, and the importance of developing elements of novelty or innovation in the proposed business model.

**Pedagogical Objectives:** the case can be used to discuss effective processes for team-building and management, as well as ways to transform the business model to avoid early competition and carve a market niche for a new venture. The case lessons emphasize that it is the quality and cohesion of the venture team that allow the founders to learn from their initial mistakes, maintain their motivation, and adapt their business model.

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Teaching Slides

**MERITTRAC (A)*****Balagopal Vissa***

The case describes the founding process of a unique human capital assessment venture based out of Bangalore, India. Particular emphasis is placed on how the founding team was assembled and the contributions and inducements offered to the different team members. The case focuses on four structural aspects of founding teams: (i) incentive alignment within the team (ii) complementarity of skills and social capital (iii) Fit in terms of values and (iv) Governance issues when the shareholders are also operating executives. The key short-term challenge facing the protagonists revolve around how to rescue the venture from a cash flow crisis which could lead to bankruptcy. The longer term issue is whether structural flaws in the current founding team could lead to significant governance issues that could drive an otherwise promising venture into the ground. The case is designed to have users (i) identify the key structural issues in founding team design and (ii) diagnose what could go wrong with a particular structure - especially if the venture gets into a growth trajectory. In addition, the case can also be used to illustrate the importance of cash management in new ventures and raising funds in a tight market.

**Pedagogical Objectives:** the key teaching objective of the case is to lay out a framework on founding team composition so as to minimize predictable tensions and conflicts and maximize the chances of building a solid organization. The case is useful to illustrate the importance of aligning incentives within the team, paying attention to complementary skills and social networks, and the importance of shareholder agreements as a way to set the rules of the game governing shareholder behavior in start-ups. In addition, the case outlines the importance of cash management in start-ups.

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**THE MORAL COMPASS: VALUES-BASED LEADERSHIP AT INFOSYS*****Manfred Kets de Vries*****Case Writers:** Anupam Agrawal, Manfred Kets de Vries and Elizabeth Florent-Treacy

This case delves into the operational details of values-based leadership. It addresses core issues including: how do visionary leaders set directions and clear and visible values for the firm; how do they measure performance; and how do they balance the needs of all stakeholders? It explains how the founding entrepreneurs stimulated innovation; how knowledge and capabilities at Infosys are built from top down and bottom up; how sustainability is ensured through a leadership system and how strategies for continued growth are deployed. It analyzes the way behaviour and culture influence the course of an entrepreneurial organization's development.

**Pedagogical Objectives:** to discuss and understand leadership challenges including:

- The charismatic and architectural roles of a leader
- The creation and maintenance of integrated vision, values and performance expectations
- The creation of an environment that encourages ethical behavior and high performance
- The identification of strategies for growth – specifically management of innovation and its link to leadership
- Transition in entrepreneurial start-ups – passing on the founders' values in the next phase in the organization's life cycle.

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**OUTBLAZE (A) – COMING OF AGE IN HONG KONG****OUTBLAZE (B) – INTERNATIONAL EXPANSION*****Steven White*****Case Writer:** Sarah Harper

From the perspective of its young and non-local founder, this case charts the growing pains of an Internet start-up in Hong Kong, established at the height of the dotcom craze in 1998, as it overcomes problems with

investors, the local business environment, the collapse of the Internet bubble worldwide, and subsequent remodeling of the business in mid-2000.

**Pedagogical Objectives:** the case challenges students to consider the organizational and environmental issues involved in establishing and later changing the corporate business model, from various stakeholder perspectives - including the entrepreneur, employees of the business and existing and prospective clients. With a multicultural central character, the case also highlights the strategic implications of conducting business across international borders and invokes discussion about what environmental variables could change in the future and how the company might prepare for these changes.

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## **PERTINENCE - A SOFTWARE START-UP AT A CROSSROAD**

***Filipe Santos***

This case traces the development of a French enterprise software venture and the transition from its founder to a professional CEO brought in by the venture capitalists. The company was about to miss its sales targets in 2003 by 70% and was running short of money. The new CEO was given three months to motivate the key people in the team and propose a strategic plan that would inspire the shareholders to offer a new round of financing.

**Pedagogical Objectives:** the case can be used to discuss leadership issues in young ventures. It also allows for a discussion of effective sales and marketing functions for a new product. Finally, it leads to a discussion of different business models (consulting, enterprise software, mass-market software, and R&D teams) and the organizational arrangements that support them.

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## **PROCESS CONTROL AT COMPAQ COMPUTER CORP. (A) (B)**

***Michael Pich, Ludo Van Der Heyden and Stephen Chick***

Compaq Computer Corp., like many manufacturers, faces operational choices that strongly influence the cost of capital engaged in inventory, customer response time, and potential product obsolescence. This case describes some key operations strategy choices regarding two types of inventory: operation inventory (e.g., flow) and tactical inventory (e.g., finished goods). Tradeoffs in inventory management and customer response time are explored in the context of a firm that is changing from a push manufacturing to a customer-oriented pull system.

Optional computer simulations (B case) visually display the dynamics of push and pull systems, kanban squares, and their effect on inventory requirements and customer response times. The simulations require the ProModel simulation software tool (not included, to be purchased separately) and computer simulation model files (available from the authors' website: <http://faculty.insead.edu/chick/chick-teaching.htm>).

**Pedagogical Objectives:** the pedagogical objectives of the A case are to convey the importance of manufacturing strategies and inventory management in the value creation processes of a business. A simplified manufacturing model allows the ideas of operational (e.g., flow) inventory and tactical (e.g., finished goods) inventory to be explored. Build-to-forecast and build-to-order approaches can be described, and the challenges of switching from a push system to a pull manufacturing system can be explored. The case describes tradeoffs in production decisions that relate inventory assets and customer response times.

The B case is an optional add-on that describes computer simulation models that visually demonstrate the ideas of push and pull systems, kanban squares, blocking and starving of production in kanban systems, and the effects of manufacturing choices on customer response times.

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Teaching Note Supplement Software

**ROGER LEVY AND ILAPAK (A): BUILDING AN ENTREPRENEURIAL FAMILY ENTERPRISE**  
**ROGER LEVY AND ILAPAK (B): INDIVIDUAL PERSPECTIVES ON MANAGING THE LEADERSHIP AND OWNERSHIP TRANSITION**

***Randel Carlock and Elizabeth Florent-Treacy***

In a frank and intimate narrative style, members of the Levy family and their non-family CEO discuss the future of their family business. Roger Levy, founding entrepreneur and chairman of Ilapak, a packaging machine manufacture, has reached retirement age, but is not sure if his son, Guy, or daughter, Sabrina, are prepared to take his place. Luciano, the CEO, shares his insights as a non-family executive. Guy and Sabrina talk about their own hopes and concerns. This case allows students to consider leadership, succession and life-cycle transition issues that are common, but often unaddressed, in all family firms.

**Pedagogical Objectives:** by focusing on personal narratives, this case goes beyond typical strategic and financial issues. This case provides material for discussions around the character and leadership style of the founding entrepreneur; life-cycle and business cycle transitions; psychodynamic issues in family firms; and a family systems approach to business challenges.

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**SCALING SOCIAL ENTERPRISES: THE CASE OF ENVIE AND ACTIF IN FRANCE (A) (B)**

***Morten Hansen***

**Case Writer:** Anne-Claire Pache

ENVIE and ACTIF are two French social enterprises that aim at creating employment opportunities for long-term unemployed people through refurbishing and selling used goods. Both organizations are regarded as successes in their field, as both their economic and social performances are superior to the averages of other organizations in the field, yet ENVIE scaled much further than ACTIF. The case describes how they were founded as well as how each of them grew from one local site to a national network. Their respective scale-up strategies are illustrated at length, emphasizing how each of them designed a new organizational structure, selected new sites, hired new site entrepreneurs, raised start-up funds, developed partnerships and built systems and capacity.

**Pedagogical Objectives:** the case's major purpose is to help students understand the managerial challenges of scaling up a social enterprise. When it comes to replicating an activity from one initial site to other geographical locations, a social entrepreneur can choose different strategies. In presenting two different strategies, the case allows students to contrast the different approaches and to understand what the key success factors of scaling efforts are.

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**ST. GEORGE TRIANGLE: A MULTI-PARTY SIMULATION - FACILITATOR'S GUIDE**  
**ST. GEORGE TRIANGLE: A MULTI-PARTY SIMULATION - PARTICIPANT'S GUIDE**

***Manfred Kets de Vries***

**Case Writer:** Robert Dick

The Saint George Triangle multi-party simulation centers on decision making at a top organizational level. Designed for executives, MBAs, HR professionals, executive coaches and consultants, the exercise presents participants with a series of 9 interconnected case studies, since every decision made creates, in effect, a new case and new circumstances.

This simulation requires a minimum of about 24 players. Participants work in small teams of about six people, with each team representing one of six to seven different interest groups. The simulation should be supervised by at least one Principal Facilitator with a deep knowledge of group dynamics. It is suggested that the Principal Facilitator(s) should be assisted by two or three other Facilitators.

**Pedagogical Objectives:** as with more traditional case studies, the participants are required to think in strategic ways, and organize themselves for competitive advantage. The participants work through a team-based decision-making process in a pressurized (but relatively "risk-free") environment. Theory, experience,

action, and reflection are all put into the same activity, helping participants to internalize the concepts of group dynamics, communication, negotiation, conflict resolution, authority, power, influence, and leadership.

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# Marketing

## **BAYCOL/LIPOBAY: A PRESCRIPTION FOR TRIAL**

*Reinhard Angelmar*

**Case Writers:** Reinhard Angelmar and Efrat Zohar

Initially available only in low doses, sales of the aggressively priced Baycol/Lipobay anti-cholesterol drug pick up when the product is marketed at higher doses, especially in the large US market. On course for €1 billion sales, the product is withdrawn worldwide in response to reports of a number of deaths associated with its use. The withdrawal results in public criticism of the pharmaceutical industry and Bayer, many lawsuits against Bayer, and a decline in the sales and profitability of its pharmaceutical division.

**Pedagogical Objectives:** the case can be used to discuss:

- the role of product safety for industry and company reputation, and the legal and financial consequences of product liability issues
- risk management: identifying and managing product safety associated risks
- the tradeoffs between product and financial performance and safety risks

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## **BBVA: FROM OFFERING SERVICES TO BEING A BRAND**

*Amitava Chattopadhyay*

**Case Writers:** Nina Paavola, Amitava Chattopadhyay and Angel Alloza Losana

BBVA, a bank recently created through the merger of BBV and Argentaria, has recently experienced a drop in customer satisfaction, a serious cause for concern to the chairman. The case presents the branding work done at BBVA and poses several alternative brand positions that are being considered by BBVA. The case's decision focus is on choosing among the positioning alternatives and the development of both a strategy to communicate the identity and positioning to consumers as well as to employees, with greater emphasis on the latter.

**Pedagogical Objectives:** branding is often seen as something that marketing people do. On the contrary, a brand engages the entire organization. It acts as both glue for the organization and the lens through which to focus the entire organization's efforts. The purpose of the case is twofold: 1) to provide an opportunity to examine how one can arrive at a brand positioning platform and 2) to make participants think about how one might communicate the brand positioning internally within a large organization. The case can also be used to articulate potential ways of implementing the positioning with the bank's consumers. The case can be used successfully with both MBA and Executive audiences.

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## **BUILDING THE JOHNNIE WALKER BRAND**

*Amitava Chattopadhyay*

**Case Writers:** Nina Paavola and Amitava Chattopadhyay

The debate of whether to be global or local has been an important strategic issue for the past two decades. The case describes Johnnie Walker's efforts to move from a multi-local to a global brand. It makes the broad point that global branding is a strategic business decision that not only involves standardization of marketing activities across markets, but more importantly, requires significant internal changes in structure and process, to be successful. The case presents consumer data confronting Johnnie Walker and asks the question: What should Johnnie Walker's global positioning be?

**Pedagogical Objectives:** the case is best utilized with executive audiences or with advanced MBA students. It is intended to provide a platform for discussing the issues around developing a global brand in an organization that currently has a multi-local strategy with powerful local chieftains. It allows for a discussion of:

1. the pros and cons of a global vs. a multi-local strategy
2. potential triggers for change, and
3. the importance of and the elements of internal realignment that is imperative for such a move to succeed.

The case provides data and raises the question of what J.W.'s global positioning should be? Thus, it also allows for a discussion of brand identity and positioning. Finally, this case also enables a show casing of a systematic approach or process for brand positioning.

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## CELEBREX

*Reinhard Angelmar*

**Case Writers:** Reinhard Angelmar and Maiken Engsbye

The case describes the development and US launch of Celebrex, the first Cox-2 inhibitor, which is co-promoted by Pfizer and Searle. The launch was phenomenally successful. However, four months after launch Celebrex is facing three issues: (1) How to address the mix-ups between Celebrex and two drugs with similar names? (2) How to respond to media reports about deaths and serious side effects associated with Celebrex, which was positioned on safety? (3) How to prepare for the impending entry of Merck & Co's Vioxx?

**Pedagogical Objectives:**

- Highlight the importance of preparing the market for a new product category
- Developing a marketing strategy for a pioneer that takes two types of competitors into account: (1) existing products from a different category; (2) follower products in the same category as the pioneer
- Dealing with product safety issues
- Pioneer - follower competitive dynamics

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## FROM CATEGORY MANAGEMENT TO CUSTOMER RELATIONSHIP MANAGEMENT – THE CASE OF HENKEL

*Werner Reinartz*

**Case Writer:** Cristiana Pipponzi

Manufacturers of fast moving consumer goods (FMCGs) are struggling to identify how CRM practices should be applied to their industry. What makes their situation different from other firms and more difficult to manage is the fact that this industry is characterized by a detachment from the end consumer (retailers are intermediaries), and average per consumer expense in the individual categories is relatively low. However, manufacturers sense that existing category management practices are, for the most part, exhausted in terms of providing competitive advantage. Therefore, manufacturers like Henkel explore how to make the shift from category management to CRM, and more specifically how to make CRM work to their advantage.

**Pedagogical Objectives:** the goal of the case study is to explore substantive questions such as:

- how a manufacturer of FMCGs should approach CRM
- how to arrive at a customer segmentation that enables the best targeting strategy
- the role of individual level or segment level communication
- investigating the economics of the proposed approach
- exploring whether a partnering strategy with the retailer is critical or not

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**ISS- DRIVING PROFITS THROUGH CUSTOMER SATISFACTION****Werner Reinartz****Case Writer:** Christian Lelong

In the domain of customer management, one can observe that in recent years, managers have, relatively speaking, shifted their attention away from satisfaction and loyalty issues and directed their attention more and more towards customer profitability issues. The objective of this case is to investigate the chain from service quality, customer satisfaction and customer retention, to revenues and profits – the so-called Satisfaction-Profit Chain. In particular, the goal is to outline the critical managerial issues when trying to implement the chain, i.e., measuring and managing the various stages. The situation is illustrated with the example of ISS, a large Danish B-to-B services firm.

**Pedagogical Objectives:** the case aims to illustrate the mechanics of the Satisfaction-Profit Chain. More specifically, how the individual components of the chain are measured, how these components are linked in practice and how the entire chain can be managed.

**Copyright:** 2006 INSEAD**LAY'S POTATO CHIPS IN HUNGARY (A) (B1) (B2) (C)****Miguel Brendl and Prashant Malaviya****Case Writers:** László Szocs and Swati Srivastava

Lay's was a second mover when it introduced its potato chips to rapidly evolving post-communist Hungary. By inserting cash into its potato chip bags, Lay's increased sales dramatically and permanently (i.e., also post-promotion). In contrast, after withdrawing a second "Money in the Bag" promotion, sales fell. Students prepare case A (5 pages) at home. Three in-class cases and a teaching note provide analysis and managerial implications.

**Pedagogical Objectives:** to introduce as a managerial decision-making framework a funnel analysis of the consumer decision-making process. The managerial problem is to split a marketing budget between advertising and sales promotions. Two sets of additional teaching objectives can be included: First, deciding when to use sales promotions, how to protect from their risks, and how to evaluate their success. Second, applying various psychological concepts (e.g., attention, memory, categorization, just-noticeable-difference, causal attributions) to marketing and consumer analysis.

Case A (5 pages) should be read at home prior to the course, cases B1 to C are in-class material.

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With 2005 sales of \$12.2 billion, Lipitor was the world's largest pharmaceutical product and, by itself, would have been the 14<sup>th</sup> largest pharmaceutical company. The (A) case describes the market entry and rise to market leadership of Lipitor. Positioned as a more effective product, Lipitor was the fifth entrant into a well-established category with strongly entrenched competitors and highly satisfied customers. The (B) case analyzes the challenges to Lipitor posed by competitor repositioning, a product safety crisis potentially affecting the entire category, and the planned entry of a new competitor intent on beating Lipitor at its own game.

**Pedagogical Objectives:**

- Product positioning starts years before product launch
- Product positioning involves shaping customer needs, repositioning competitors, and positioning one's own product using customer inference-making

- The importance of focus and consistency over time in positioning
- Strategies for pioneers and followers
- Turning threats (product safety crisis) into opportunities
- Changing the rules of the game

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## **MEASURING PRICE PROMOTION EFFECTS – AN ECONOMETRIC EXERCISE IN MEASURING THE IMPACT OF MARKETING DECISION MAKING**

***Klaus Wertenbroch***

One of the key problems in marketing decision making is how to measure the effectiveness of marketing actions, for example, the effect of temporary price promotions on sales. Many outcomes of marketing decisions are multiply determined and involve both short- and long-term effects that are hard to pin down. So marketing managers are often unable to specify the precise effects of what they are doing, and instead rely on intuitive estimates of the effects of their decision making or, worse, on commonsensical arguments to complement ill-conceived cost-plus pricing approaches. Scanner data-based records of customer purchase decisions provide a wealth of data that managers could use, but how can they get useful input for their decision making out of thousands and thousands of purchase transactions?

**Pedagogical Objectives:** this exercise provides students with a hands-on tool to measure the effect of price promotions. It allows students to work with real store-level scanner data of the sort that retailers are collecting store-by-store on a weekly basis. Students estimate regular and promotional price elasticities of demand for two disguised soft drink brands.

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## **NATURA: EXPANDING BEYOND LATIN AMERICA**

***Amitava Chattopadhyay***

**Case Writers:** Nina Paavola, Betania Tanure and Amitava Chattopadhyay

Natura is a well recognized and highly regarded brand in Brazil: it enjoyed high brand loyalty among consumers and the highest retention rate among sales representatives in the cosmetics industry. Notwithstanding the triumphs in its home market, attempts at internationalization within Latin America, had thus far not been as successful as expected. The joint Presidents of Natura now wanted to take the leap and enter developed markets in which the Natura value proposition would resonate. The case raises issues related to how Natura should expand. Which market(s)? With what strategy? And what organizational structure should they adopt?

**Pedagogical Objectives:** the objective of the case is to discuss the process of internationalization and the building of an international/global brand. The case allows for a discussion of the process by which a firm should make such a decision and the accompanying implementation decisions both in terms of marketing activities and changes in the organization structure to successfully internationalize.

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## **NICE OR NASTY? ACCESS AND REIMBURSEMENT OF MULTIPLE SCLEROSIS MEDICINES IN THE UK**

***Reinhard Angelmar***

**Case Writers:** Reinhard Angelmar and Andrea Bieser

NICE (National Institute for Health and Clinical Excellence) reviews the cost effectiveness of medicines for the treatment of multiple sclerosis (annual cost per patient €10,000-18,000) and does not authorize their use within the UK National Health Service. However, an agreement between the manufacturers and the Department of Health is reached on an innovative risk sharing scheme.

**Pedagogical Objectives:**

- Value pricing in the healthcare sector.
- Implications of value pricing for the main stakeholders (patients, physicians, payers, manufacturers).
- Implications of the adoption of cost effectiveness criteria by healthcare buyers for product development and international launch decisions of pharmaceutical companies.

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**NISSAN MOTOR CO., LTD: THE HAKONE PILOT (A) (B)**

*David Weinstein*

Nissan Motors Ltd. went through a spectacular turnaround led by Carlos Ghosn. Nevertheless, in spite of strong growth in new car sales, "After Sales" of automobile parts in Japan did not keep up, hurting dealer profitability. Since dealer profitability is a key success factor in the auto industry, Nissan decided to lead its Japanese dealers to (1) improve their cost structure, (2) improve their management methods, and (3) stimulate "customer traffic" via better marketing strategies. The After Sales department identified a Toyota dealership that actually managed to increase its profitability by working on these three factors, and its president agreed to let Nissan benchmark with his operation. The department decided to replicate this Toyota dealer's management methods, costs and strategy. The latter includes significant price reductions on fees for road worthiness tests, which dealers are authorized to perform on behalf of the Japanese government. Many Nissan dealers raised objections to this pricing approach and, in order to convince them, the company executes the strategy on a "pilot" basis, in Hakone, testing the approach and, hopefully, creating a showcase. While initial results were encouraging, the growth in market share seems to flatten, possibly vindicating the doubting dealers' arguments. The case, generates considerable controversy in both MBA and executive classes, includes discussion on market segmentation, pricing strategy, channel design and dealer network management issues. The case includes a detailed discussion of the dealers' "business model", allowing the class to inspect the financial impact of various strategic scenarios for both Nissan and its dealers.

**Pedagogical Objectives:**

- (1) The difference between Strategic and Trivial market segmentation
- (2) Examination of Channel Conflict as a major obstacle to implementing a marketing strategy that is based on a new segmentation
- (3) Examination of the challenge of aligning the business models of the manufacturer and the distributor
- (4) Showing that not overcoming channel resistance to a new strategic segmentation may require an expensive redesigning of channel structure
- (5) Familiarity with the distribution challenges of the automobile industry in Japan.

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# Organisational behaviour

## DEBORAH JAMIESON AND THE UNIVERSITY COLLEGE LONDON HOSPITALS

*Julie Battilana, Anne-Marie Cagna, Thomas D'Aunno and Mattia Gilmartin*

Deborah Jamieson, Advanced Practitioner at the University College London Hospital (UCLH) National Health Service (NHS) Trust, had been employed to set up nurse-led pre-admissions clinics within the Trust and to improve the existing day surgery clinics. The case describes how she manages to recruit and train nurses to run these clinics. She draws on her experience in the US to encourage the nursing staff to take on more clinical responsibilities. The case examines how nurses' roles are developing within the NHS as they take on more tasks that have traditionally been the responsibility of doctors and consultants (attending physicians). The case describes how Jamieson changes the mindset of the key players (managers, consultants and anaesthetists), and how she implements the pre-assessment clinics and improves the existing day surgery pre-admission process. Patient satisfaction is increased and fewer operations are cancelled, thus reducing costs for the Trust.

**Pedagogical Objectives:** this case can be used to illustrate the following leadership and management concepts:

- Strategic change and the alignment of change activities at the business unit, team and individual levels
- Issues related to the adoption of externally developed managerial innovations
- Economic complements and substitutes as applied to professional role expansion
- The process of leading organizational change initiatives

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## KATELYN NEILSON MBA (A)

*Gianpiero Petriglieri*

**Case writer:** Jennifer Hurd

The Katelyn Neilson, MBA case follows the personal and professional development of a young "high-potential" within an intensive one-year, full-time MBA programme. Katelyn's background and resume, significant excerpts from her diary, and an evocative picture drawn to visualize her major dilemmas, provide vivid illustrations of the unfolding of a major life transition.

**Pedagogical Objectives:** the core themes in the case are personal and professional development, and the dynamics of life transitions. It is most useful at times when students are considering changes in career or personal direction. It also provides the opportunity to introduce reflective activities on the student's own situation, on the trajectory of their life, and on the dilemmas they may be encountering, or expect to encounter on their path. Work life balance, coaching, and gender differences in life transitions can also be addressed.

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## LEADERSHIP AND CHANGE: MARTIN MCSHANE AT THE MOSS VALLEY PRACTICE

*Julie Battilana, Anne-Marie Cagna and Thomas D'Aunno*

This case examines how Martin McShane, a general practitioner and physician manager at the Moss Valley Medical Centre, changes the mindset of all the key players involved in caring for the elderly and implements a proactive, prevention-oriented care model. McShane is up against all the different elements of the NHS - primary care, social services and acute care. Through skilful management of the various players, he

succeeds in smoothly integrating new systems throughout the region. A nurse-led service for tracking hospital admission and discharge of elderly patients is introduced, with systems implemented to improve continuing care of patients and communication between services that ultimately reduce hospital stays and admission rates.

**Pedagogical Objectives:** the learning objectives of this case are to:

- Understand the process of change and effective leader actions
- Become familiar with organizational arrangements to promote service-level integration
- Understand mechanisms of power and politics associated with engaging powerful constituents in the organizational change process
- Develop strategies to implement externally mandated regulations and service innovations

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**MANAGING TRANSPLANT DECISIONS AT UNIVERSITY MEDICAL CENTER LEUVEN: PHYSICIAN BEHAVIOR (A) (A1)**  
**MANAGING TRANSPLANT DECISIONS AT UNIVERSITY MEDICAL CENTER LEUVEN: CAPACITY AND MEDICAL STRATEGY (B) (B1)**

*Jon Chilingirian*

**Case Writers:** Jon Chilingirian and Philippe Vanderkerckhove

Successful healthcare management positively impacts both the primary objective of quality patient care and the crucial bottom line. At times, it is a question of life and death, particularly in the specialized area of organ transplant. Here we see what could be considered as a typical 'day at the office' within a large medical center in Belgium. Looking at such a day, Jon Chilingirian and Philippe Vandekerckhove present in detail the challenges and operational issues in the high-risk medical world.

**Pedagogical Objectives:** this case is an in-depth study to provoke thought and encourage class discussion on the various issues at play within a major healthcare institution. It provides students with an overall view of the functioning: operational, managerial and strategic, the conflicts that may arise and what can result from a mismatch of interests. The case is suitable for both operations management and healthcare management audiences.

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**ROBERT JONES AND THE EASTBOURNE NHS ORTHOTICS CLINIC: MAKE OR BUY?**

*Anne-Marie Cagna, Thomas D'Aunno and Mattia Gilmartin*

This case describes how Robert Jones decides to go against the normal NHS practice and employ a full-time orthotist. He was under pressure with longer waiting lists and increasing patient complaints. In addition, the physiotherapy budget was going to be reduced by 3-4%, meaning that cost efficiency was paramount. It was a financial risk as the cost of employing a full-time orthotist was high, but in the long term he was convinced that savings would be made. The case shows how he decides to change practice and how his gamble paid off both financially and through increased customer/patient satisfaction.

**Pedagogical Objectives:**

- Assess the impact of make-or-buy decisions in terms of financial risk and cost reductions
- Calculate changes in system capacity with the manipulation of staff and clinic scheduling to determine the effects on waiting time
- Introduce concepts associated with service quality and its measurement within the context of clinical operations/services

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**SERVICE REDESIGN AT SOUTH DEVON NHS TRUST (A) (B)**

*Julie Battilana, Anne-Marie Cagna, Mattia Gilmartin and Thomas D'Aunno*

This case shows how Fiona Jenkins, Head of Physiotherapy for South Devon Health Services, reviewed and redesigned the stroke service care pathway. She had just four months to present a proposal and then implement it in accordance with the National Service Framework (NSF) guidelines. These guidelines specified that a stroke specialist should examine all individuals admitted with a diagnosis of stroke. Her challenge was to coordinate the different stakeholders – primary care, secondary care and social services. In addition, she had to do this without any additional funding. The case describes the different options open to her and how she decides on a plan. Some of the players are suspicious, and even threaten to resign if the plan is implemented.

**Pedagogical Objectives:** the learning objectives of this case are to:

- Understand the process of leading organizational change, with a focus on the sequencing of actions, leadership skills, engagement and input from various stakeholders
- Know key systems and structures associated with service integration. (i.e., shift from unit to service focus)
- Understand leadership strategies to engage powerful constituents in the change process
- Know management practices to promote the implementation of externally mandated regulations/service innovations

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**WHO WON THE DANONE BOYCOTT? (A) (B) (C)**

*Mark Hunter, Henri-Claude de Bettignies and Marc Le Menestrel*

A confidential plan for restructuring Danone's biscuit division is leaked to the press, and triggers labor unrest followed by a consumer boycott. Danone seeks a strategy to surmount the crisis, but while initially successful, the strategy ultimately exacerbates the situation.

**Pedagogical Objectives:** participants are asked to consider how crisis strategies may have long-term as well as short-term effects, and to consider alternative strategies for dealing with social conflicts. The comparative costs and risks of these strategies, rather than a definitive choice, is the object of the discussion.

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# Strategy

## ACQUISITION WAVE IN THE FINE CHEMICALS INDUSTRY (A) (B) (C)

**Laurence Capron**

**Case Writers:** Laurence Capron and Andrew Horncastle

Most cases on M&As focus on the value of an individual deal (synergies, price, integration issues). In the case series "Acquisition Wave in the Fine Chemicals Industry", we take another perspective. We aim to describe how managers' decisions to make an acquisition and to determine the acquisition price are likely to be influenced by the merger activity in their industry and their competitors' actions.

Driven by shareholder pressure to focus their portfolios, leading specialty and fine chemicals players such as Degussa, Clariant and Rhodia entered into major fine chemicals acquisition in 2000 and overpaid. Subsequently, this led to decreasing stock prices and financial turmoil. The fact that the other firms overpaid, despite publicly available signals from stock markets indicating the overpayment, and the nature of the chemicals industry and management, are clear indicators for irrational herd behavior.

**Pedagogical Objectives:** this case allows MBA students and executives to analyze a series of deals in 2000 by comparing transaction multiples, average premiums paid and acquirer stock price changes. The discussion of the case will ultimately lead to why the managers overpaid and what role irrational aspects and herd behavior can play in M&A transactions.

This case can be used at an early stage of the course to illustrate how a deal takes place within an acquisition wave, when competitors' actions are likely to influence both the decisions to make an acquisition and to determine the acquisition price. Alternatively, it can be used at the end of the course to illustrate irrational aspects and herd behavior associated with M&As.

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Teaching Slides

## ALZA AND CIBA-GEIGY: RENEWING THE COLLABORATION? (A) (B1) (B2) (B3) (B4) (B5) (B6)

**Yves Doz**

**Case Writer:** Mark Hunter

This suite of cases begins with an overview of a promising alliance between a multinational Swiss pharmaceuticals firm and a start-up with cutting-edge technology in drug delivery systems. At the end of the case, the alliance has slid into crisis. In the six B caselets, three stakeholder groups from each partner in the alliance prepare to advance their visions of how it should continue - or end.

**Pedagogical Objectives:** through role-playing, participants should experience the difficulties of understanding partners when alliances reach a crisis point, and the equally great (but not insurmountable) difficulties of achieving a satisfactory resolution. The cases are used to prepare participants for first, "internal" negotiations within their organizations, and then, cross-organization negotiations.

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**FROM LBO TO IPO: HOW TO TAKE NEOPOST PUBLIC ON THE FIRST FRENCH MARKET (A)  
EPILOGUE - THE IPO OF NEOPOST (B)****Maurizio Zollo and Paolo Fulghieri****Case Writer:** Oliver Gottschalg

The case presents the IPO of Neopost SA, manufacturer of document handling and postage meter equipment on the Paris Stock Exchange. This IPO constitutes the exit for the buyout specialist, BCPartners, who invested in the company during its spin-off from Alcatel, and subsequently took over the majority of the equity in a secondary buyout.

**Pedagogical Objectives:** the case illustrates the process to prepare and conduct an IPO in France. It provides material to evaluate the IPO business plan and to value the company according to various methods. It puts students in the position of the key decision makers who need to decide on the price, the size and the timing of the offer.

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**GOVERNANCE, HUMAN RIGHTS, AND THE QUESTION OF PRISON PRIVATIZATION (A) (B)****Bruce Kogut****Case Writer:** Hans Wahl

The Kenyan Prison Services confront the problem of too many prisoners living in inhumane conditions. Jane Mwenda is a young manager in KPS, who is one of the people pushing for change. An NGO, Prison Reform International, is providing training and advice. Private sector companies are encouraging the government to privatize the prisons. The IMF and World Bank are also encouraging privatization. Mwenda is considering three alternatives to privatizing, plus the fourth option not to privatize. At the heart of the question is whether governments should contract out prison services and if so, why would the governance of prisons be better or worse under private control.

**Pedagogical Objectives:** the case is written to portray the question of privatization from the point of view of a government in a developing country. There is a clear case for privatization, conditions are abysmal and there is a lot of suffering. At the same time, the primary problem lies in the criminal justice system and the political failure to make capital investments. The private companies consist of a variety of players who propose different ways to run the prisons. The students are asked to be put into the seat of a government official in a poor country weighing up the merits of private governance of the system against the loss of sovereignty of state control. In this way, the case asks if efficiency is the primary criterion (and if so, what is the strategy of firms to deliver this efficiency) or whether a state needs, for its own legitimacy, to take responsibility for the welfare of the prisoners it incarcerates.

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**HOW TO RECOGNIZE A VALUE INNOVATION FOR YOUR BLUE OCEAN STRATEGY****Andrew Shipilov**

The objective of this note is to help students understand the criteria according to which they can identify value innovations, that is, products or services suitable for implementation of a Blue Ocean Strategy. Not every innovation will represent a value innovation. A company can introduce a new technology or be the first to enter a market with a new offering, but neither of these constitutes a value innovation. The sequence of diagnostic steps contained in this note can help students identify whether a particular offering represents a value innovation, using the example of McDonald's Restaurants.

**Pedagogical Objectives:** this case note lists the sequence of heuristic steps that the students have to follow in order to determine whether a particular offering represents a value innovation, that is, products or services suitable for implementation of a Blue Ocean Strategy. It can be used both in MBA and Executive program teaching.

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## **KODAK IN CHINA (C1)**

**Peter Williamson**

This case updates the earlier series (A through C written in 2000 by Wilfried Van Honacker) that described Kodak's strategy for using acquisitions to consolidate a fragmented industry in China and position themselves as the dominant player. Immediate actions post acquisition are discussed. Subsequent strategies to build distribution and the Kodak brand in China are described. The case concludes by describing the sudden switch to digital cameras that happened in 2005 and the consequences for Kodak's strategy.

**Pedagogical Objectives:** used in conjunction with the earlier cases, the purpose is to analyse the strategic role of acquisitions in strategies for the China market, strategic logic and evaluation, deal making, and post acquisition management. The case can also be used to discuss the risks and potential of an M&A strategy in rapidly changing markets.

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## **NAPOLEON BONAPARTE: VICTIM OF AN INFERIOR STRATEGY?**

**Chan Kim, Renée Mauborgne and Ludo Van Der Heyden**

One observes that despite the continued application of superior personal strategies and leadership throughout Napoleon's lifetime, success eluded him in the end. A pattern is observed of meteoric rise in the early stages (victories in the battle of Lodi, Marengo, Austerlitz) and a downfall later (Russian invasion, Waterloo). What is behind this rise and fall? Can any reasonable explanations be found? Exploring these questions is the motivation of this case.

**Pedagogical Objectives:** the ultimate aim of the case is to realize that a *good strategy* should have both *good content* and *good execution*. To produce a good strategy, a proper interaction with people or more accurately, a proper decision-making process, during the strategy formulation is critical.

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## **SN BRUSSELS AIRLINES: TAKING OFF FOR PROFIT?**

**Paul Verdin**

**Case Writers:** Steve Nysten and Chris Vandervinne

Toward the end of 2001, a group of investors is faced with the strategic decision of taking over (parts of) the bankrupt Sabena, the former Belgian flag carrier. To this end, the case describes the major crisis in the airline industry at the start of the new millennium, the competitive situation on the Belgian and European market and the chronic suffering of Sabena.

**Pedagogical Objectives:** this case bridges an important gap between existing cases that focus almost exclusively on either the low-cost carriers like Ryanair and easyJet or on the large European players like Air France, KLM, British Airways and Lufthansa. From a strategic standpoint, it is extremely interesting to investigate and evaluate how smaller players, squeezed between the two groups, formulate their strategies, position themselves and conduct their business in a quest for a sustainable competitive advantage.

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# Technology and operations management

## 3I INFOTECH - TRANSFORMATION FROM IT OUTSOURCING TO IT PRODUCTS

**Christoph Loch**

**Case Writers:** Christoph Loch and Yaozhong Wu

3i Technologies was spun out from ICICI Bank, one of the largest Indian banks, as a Business Process Outsourcing (BPO) provider in 1999. As the BPO market collapsed in 2001, the company underwent a radical strategy shift to selling application software solutions together with services. The case describes the transformation until 2006.

**Pedagogical Objectives:** the case illustrates how the company conceived and executed a radical strategy change. In addition, the case illustrates how different competencies work together to produce competitive advantage - acquisition of small companies with promising products, product modification, and service delivery all contribute to the company's competitiveness.

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## ASSESSING WAITS IN A HEALTH CARE SERVICE DELIVERY PROCESS

**Stephen Chick**

This case allows course participants to use a graphical simulation tool to explore several key factors that lead to customer response delays in service systems. A high-level discussion can then ensue on process flow management, including tools like segmentation, process standardization and scheduling, and resource utilization planning. The case requires the ProModel simulation software tool (not included, to be purchased separately), and computer simulation input files (available free from the author's website: <http://faculty.insead.edu/chick/chick-teaching.htm>).

**Pedagogical Objectives:** this case allows course participants to use a graphical simulation tool to explore several key factors that lead to customer response delays in service systems. The case visually demonstrates how resource utilization, variability in process times, and resource pooling affect customer response times. A high-level discussion can then ensue on process flow management, including tools like segmentation, process standardization and scheduling, and resource utilization planning.

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**Also available:** Teaching Note  
Computer Simulation

## CAPITAL MARKETS OR ALMS? AN EMERGING PARADIGM SHIFT IN DISASTER FUNDING

**Luk Van Wassenhove**

**Case Writer:** Ramina Samii

The case narrates the process of testing the concept of weather derivatives in developing countries. It describes why the World Food Programme chose Ethiopia as the pilot case and the process that led to the selection of AXA Re, the giant insurance company;

**Pedagogical Objectives:** the case helps discuss the contribution of the financial sector to a more equitable, timely and efficient response to humanitarian disasters. It touches upon the importance of protecting development gains. It can also be used in finance courses as it provides a good example of risk aggregation and layering as well as new product development in the insurance industry.

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## **FLEET FORUM: RETHINKING HUMANITARIAN VEHICLE MANAGEMENT**

**Luk Van Wassenhove**

**Case Writer:** Rolando Tomasini

Fleet Management is the second largest spending in the humanitarian sector, preceded by staffing. Aware of the fact and concerned for the increased need for efficiency, a group of humanitarian professionals manage to raise awareness in their community and bring to the discussion table the members of the different organizations concerned. The turnout is unexpected, the willingness to improve is high, yet the challenge remains how to bring about change in a sector that is so fragmented, without control or command, and where fleet management has long been viewed as the job of those people "with grease under their nails".

**Pedagogical Objectives:** the case study can be used to discuss the complexity of the humanitarian environment and the need for greater coordination and efficiency. Its also serves to discuss the potential role of the private sector and the need to exchange best practices.

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## **IDEO SERVICE DESIGN (A) (B)**

**Manuel Sosa**

**Case Writer:** Ritesh Bhavani

This case describes how IDEO adapt its famed innovation process (developed to design new products) to the particularities of services and their design. The case series describes four service design projects to show how IDEO has developed and codified a series of design methods, which constitute a toolbox from which teams can pick and choose, according to the innovation project.

**Pedagogical Objectives:** the case study aims to:

- Reinforce the notion of the five-step "Innovation Process" that can be used for any design project, whether it is a service or a product. (The five steps of the IDEO Process are Observe -> Synthesize -> Generate Ideas -> Refine -> Implement).
- Highlight the differences between product and service design, and the subtle differences in the respective processes.
- Introduce the notion of IDEO "methods" as a set of interchangeable tools to be used according to the type of project being worked on, and identify when is it best to use them.

Introduce the concept of knowledge brokering and examine the ways in which the transfer of knowledge is carried out across a distributed organization.

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## **INTERNET ENABLED COLLABORATIVE STORE ORDERING: VEROPOULOS SPAR RETAILER (A) (B)**

**George Doukidis and Theodoros Evgeniou**

**Case Writers:** Katerina Pramataris

In 2001 Veropoulos Spar, a 770 million Euro retailer in Greece and the Balkan region, initiated the implementation of a new Internet enabled collaborative ordering IT system with 3 suppliers. P&G, Unilever,

and Elgeka. Two years later the project failed and had to stop. The CEO is now evaluating a new proposal for re-starting the initiative.

**Pedagogical Objectives:** the case allows a discussion of the challenges of implementing large Internet enabled business-to-business. IT systems and inter-organizational technology issues. It also lends itself to discussions on the organizational changes brought by IT. The case can also be used to discuss collaborative supply chain issues. It can therefore be used either in IT implementation sessions, or in sessions about business-to-business Internet enabled initiatives, or for supply chain sessions on topics such as collaborative replenishment.

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### **UN INTER-AGENCY COORDINATION IN SOUTHERN AFRICA - "WITH A LITTLE HELP FROM THE BOSTON CONSULTING GROUP"**

**Luk Van Wassenhove**

**Case Writers:** Fabrizio Burlando and Luk Van Wassenhove

The UN is a typical example of a global organization with a complex politicized and "siloed" structure. How does one make the parts collaborate? How does one effect change and performance improvement when one does not have formal authority?

**Pedagogical Objectives:** how to effect change and obtain results in a complex global organization without formal authority.

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### **ZYME SOLUTIONS: HIGH-VALUE OUTSOURCING**

**Christoph Loch**

**Case Writers:** Christoph Loch and Yaozhong Wu

This case describes how the startup company, Zyme Solutions, manages market channel information (such as inventory and sell-through) for their clients. The operations of Zyme and benefits obtained by the customers are described.

**Pedagogical Objectives:** participants can learn how:

- a high-value offshoring company like Zyme operates
- the discussion can address the public debate about offshoring. The lesson is that offshoring should not only be used defensively to cut costs, but also to bring new activities within reach, to grow business and to create jobs.

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Europe Campus  
Boulevard de Constance,  
77305 Fontainebleau Cedex, France  
Tel: +33 (0)1 6072 40 00  
Fax: +33 (0)1 60 74 00/01

Asia Campus  
1 Ayer Rajah Avenue, Singapore 138676  
Tel: +65 67 99 53 88  
Fax: +65 67 99 53 99

[www.insead.edu](http://www.insead.edu)

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