

SWCRA

SOUTHWEST CASE RESEARCH  
ASSOCIATION

ANNUAL CONFERENCE  
PROCEEDINGS

HOUSTON, TEXAS

March 11-12, 2015.

Editor

Irfan Ahmed, Sam Houston State University

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## History of the Southwest Case Research Association (SWCRA)

The origin of the Southwest Case Research Association lies with the efforts of the members of the North American Case Research Association (NACRA) to sponsor workshops at the annual meeting of the Southwest Federation of Academic Disciplines as a service to SWFAD members.

In March 1991, Tim Singleton, past president of NACRA challenged case researchers to do something "different" to reenergize the NACRA involvement at SWFAD. The challenge was answered by a few dedicated people who formed SWCRA during the subsequent year. Supported by NACRA, the association held its first formal meeting in San Antonio in March, 1992 when it published its first volume of proceedings.

The first president at that meeting was Robert McClashan of the University of Houston, Clear Lake. Carl Ruthstrom served as program chair and as the first editor of the Association's journal, the *Journal of Applied Case Research*. While the initial participants numbered 79, 84 charter members were identified with numbers 01-84.

The first full slate of officers was elected at the 1992 meeting: Carl Ruthstrom, President; Walt Green, 1993 Program Chair; Secretary and Historian Michael Menefee; and Robert Carter, Treasurer. The Association wrote and enacted a Constitution and By-Laws. These were updated significantly at the 2003 Meeting in Houston and have been amended periodically.

## History of The Journal of Applied Case Research

The Journal of Applied Case Research was formed by SWCRA to publish cases and papers dealing with issues in all business-related disciplines that involve case writing, research, and teaching. At the time the Journal originally started, there were few publication outlets for cases. However, now there are several case journals, and many article-oriented journals will carry cases on a regular basis. The Journal focuses on real world cases based on field research or research from secondary sources. Fictitious cases are not considered for publication. An instructor's manual must accompany each case to facilitate classroom use.

Dan Jennings of Texas A&M University succeeded Carl Ruthstrom as Proceedings and Journal Editor in 1997 and held those positions until 2000 when Leslie Toombs, University of Texas -- Tyler, became Editor. Alex Sharland of Barry University was appointed Editor in March 2002. Steve Maranville became Editor in 2007 and served for just over two years. The Journal was edited by Alex Sharland for one year (2009-2010) on an interim basis. At the 2010 meeting, Joe Kavanaugh was appointed to fill a three-year term as VP – Publications and Journal editor.

During Steve Maranville's tenure the Journal of Applied Case Research became a fully digital and online outlet for case research. The online parts of the organization are coordinated by Gerald Kohers at Sam Houston State University.

The editor is actively seeking new cases for acceptance into the next edition. Please consider the Journal for your manuscripts and spread the word. We are open for business and welcome your work.

**Journal of Applied Case Research**  
**Editor: Irfan Ahmed, Sam Houston State University**  
**irfanahmed@shsu.edu**  
**936-294-1276**

## Southwest Case Research Association Past Presidents

1992-1993	Carl Ruthstrom
1993-1994	Walt Green
1994-1995	Michael Menefee
1995-1996	Doug Grider
1996-1997	Daniel Jennings
1997-1998	Stanley Phillips
1998-1999	Leslie Toombs
1999-2000	Patricia Feltes
2000-2001	Marlene Reed
2001-2002	Wilke English
2002-2003	Carol Cumber
2003-2004	Kay Guess
2004-2005	Steve Maranville
2005-2006	Hank Maddux
2006-2007	Carol Cumber
2007-2008	Joe Kavanaugh
2008-2009	Alex Sharland
2009-2010	Steve Vitucci
2010-2011	Don Mosley, Jr.
2011-2012	Rodney Vandever
2012-2013	Jeffrey Miller
2013-2014	Irfan Ahmed

## Southwest Case Research Association Officers, 2014-15

<b>President</b>	<b>Simon Medcalfe</b> , Georgia Regents University
<b>Senior Vice President, Programs</b>	<b>Robert Stevens</b> , Southeastern Oklahoma State University
<b>Program Chair</b>	<b>Lawrence Silver</b> , Southeastern Oklahoma State University
<b>Secretary</b>	<b>Wilke D. English</b> , Texas A&M University – Central Texas
<b>Treasurer</b>	<b>Jeri Rubin</b> , University of Alaska, Anchorage
<b>Electronic Media Director</b>	<b>Gerald Kohers</b> , Sam Houston State University
<b>Vice President, Publications</b>	<b>Joseph Kavanaugh</b> , Sam Houston State University
<b>Historian and Archivist</b>	<b>Daniel F. Jennings</b> , Texas A&M University – College Station
<b>Immediate Past President</b>	<b>Irfan Ahmed</b> , Sam Houston State University

## 2015 Conference Track Chairs

<b>Strategic Management/ Business Policy</b>	<b>Steve Vitucci</b> , Texas A&M – Central Texas
<b>Small Business/Entrepreneurship</b>	<b>Timothy Wise</b> , Southern Arkansas University
<b>Human Resource Management/ Organizational Behavior</b>	<b>Alix Valenti</b> , University of Houston – Clear Lake
<b>International Business</b>	<b>Syed Tariq Anwar</b> - West Texas A&M University
<b>Case Development</b>	<b>Michael Menefee</b> , University of North Carolina at Pembroke
<b>Accounting/Finance/Economics</b>	<b>Julia Kwok</b> , Northeastern State University
<b>Non-Profit Management/Ethics</b>	<b>Robert Howard</b> , Southeastern Oklahoma State University
<b>Marketing</b>	<b>Robert Stevens</b> , Southeastern Oklahoma State University

## 2015 Conference Reviewers

Syed Tariq Anwar .....	West Texas A&M University
Suzanne Box .....	Hudson Oil Company
Türkan Dursun-Kilic .....	West Texas A&M University
Wilke D. English .....	Texas A&M University – Central Texas
Louis W. (Jody) Fry .....	Texas A&M University – Central Texas
Don Howard.....	Georgia Regents University
Robert Howard .....	Southeastern Oklahoma State University
Christine English Hughes, R.N.	
Julia S. Kwok.....	Northeastern State University
John F. Manley.....	Iona College
Robert McGlashan .....	University of Houston – Clear Lake
Michael Menefee .....	University of North Carolina-Pembroke
Robert Stevens .....	Southeastern Oklahoma State University
Thomas D. Tolleson. ....	Texas Wesleyan University
Tim Wise .....	Southern Arkansas University



## 2015 Program Overview

### Wednesday, March 11

- 1:30 p.m. – 3:00 p.m. DeLorean Motors
- 3:00 p.m. – 3:30 p.m. Break
- 3:30 p.m. – 5:00 p.m. Editor's Corner: Guidance on all things pertaining to writing cases, teaching notes, critical incidents and publishing in the *Journal of Applied Case Research*

### Thursday, March 12

- 7:00 a.m. – 7:30 a.m. Past Presidents Breakfast
- 7:30 a.m. – 9:00 a.m. SWCRA Breakfast and Business Meeting
- 9:00 a.m. – 12:00 p.m. Case Sessions
- 1:30 p.m. – 3:00 p.m. 2016 Program Planning Meeting

## Conference Awards

### Recipient of the 2015 McGraw-Hill/Irwin Distinguished Paper Award

*An Iconic Brand or a Nostalgic Product? Reviving the DeLorean Brand in the  
Global Sports Car Industry*

**Syed Tariq Anwar**, West Texas A & M University

### Recipient of the 2015 Federation of Business Disciplines Outstanding Educator Award

**Irfan Ahmed**, Sam Houston State University

## 2015 Conference Program

### March 11 (Wednesday)

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1:30 p.m. – 3:00 p.m.

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#### **SESSION A DeLorean Motors**

**Session Chair: Syed T. Anwar**

**Short Abstract:** Executives from DeLorean Motors will discuss the car manufacturer's current status and future plans. They will also have a car on display just outside the hotel lobby.

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3:00 p.m. – 3:30 p.m.

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#### **Break**

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3:30 p.m. – 5:00 p.m.

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#### **SESSION B Editor's Corner: Guidance on all things pertaining to writing cases, teaching notes, critical incidents and publishing in the *Journal of Applied Case Research***

**Panel: Irfan Ahmed, Sam Houston State University**  
**Joseph Kavanaugh, Sam Houston State University**

**Short Abstract:** This informative session is for anyone who is interested in writing and publishing cases and/or critical incidents. Also, the art and science of writing teaching notes will be covered.

### March 12 (Thursday)

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7:00 a.m. – 7:30 a.m.

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#### **Past Presidents' Meeting**

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7:30 a.m. – 9:00 a.m.

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### **SOUTHWEST CASE RESEARCH ASSOCIATION BREAKFAST AND BUSINESS MEETING**

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9:00 a.m. – 12:00 p.m.

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**SESSION C    Accounting and Finance Track**

Session Chair: **Julia Kwok**, Northeastern State University

*A Stock Evaluation Case: An Application of the "Method of Comparables" for Macy's Shares*

**Halil Kaya**, Northeastern State University

**Julia S. Kwok**, Northeastern State University

*Metallgesellschaft's Hedging Debacle: A Case Study*

**Anand Shetty**, Iona College

**John F. Manley**, Iona College

*Critical Incident*

**Deborah Combs**, Southeastern Oklahoma State University

**SESSION D    Non-Profit Management/Ethics Track**

Session Chair: **Robert Howard**, Southeastern Oklahoma State University

*Should I or Shouldn't I: A Moral Dilemma*

**Thomas Tolleson**, Texas Wesleyan University

*Carrots vs Sticks' What Should Be Done to Boost Morale*

**Wilke D. English**, Texas A & M – Central Texas

**SESSION E    Marketing**

Session Chair: **Robert Stevens**, Southeastern Oklahoma State University

*The Tee Shirt Debacle: How Do We Spell Oklahoma?*

**Robert Stevens**, Southeastern Oklahoma State University

**Lawrence Silver**, Southeastern Oklahoma State University

*The 1979 Killeen Municipal Airport Terminal Building: Terminating Expenses for an Obsolete Structure*

**James F. Fullingham**, Texas A & M – Central Texas

**Wilke D. English**, Texas A & M – Central Texas

*Smith Electrical Services Division*

**Robert Stevens**, Southeastern Oklahoma State University

**Lawrence Silver**, Southeastern Oklahoma State University

**David Loudon**, Samford University

**SESSION F Small Business and Entrepreneurship**

Session Chair: **Tim Wise**, Southern Arkansas University

*The Forced Entrepreneur*

**Michale Menefee**, University of North Carolina – Pembroke

*Silver Dollar City in 2015*

**Timothy D. Wise**, Southern Arkansas University

**SESSION G International Business**

Session Chair: **Syed Tariq Anwar**, West Texas A&M University

*An Iconic Brand or a Nostalgic Product? Reviving the Delorean Brand in the Global Sports Car Industry*

**Syed T. Anwar**, West Texas A & M Univeristy

*Emerging Market Development of a Low Cost Airline*

**Syed Zamberi Ben Ahmed**, Abu Dhabi University

**F. Robert Buchanan**, Indiana University of Pennsylvania

*Coming to America: A Successful Japanese Acquisition in the Telecom Industry*

**Syed T. Anwar**, West Texas A & M University

**SESSION H Strategic Management/Business Policy**

Session Chair: **Steve Vitucci**, Texas A&M – Central Texas

*Build-A-Bear, Inc: Bringing the Teddy Bear to Life*

**John K. Masters**, Cameron University

**SESSION I Student Track**

Session Chair: **Lawrence Silver**, Southeastern Oklahoma State University

*Advanced Materials Group: Ethics Gone Awry*

**Junaid Khan**, Texas Wesleyan University

**Thomas D. Tolleson**, Texas Wesleyan University

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1:30 p.m. – 3:00 p.m.

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**SESSION J: 2016 Program Planning Meeting**

Session Chair: **Robert Stevens**, Southeastern Oklahoma State University

## Case Synopses

**A STOCK VALUATION CASE:  
AN APPLICATION OF THE “METHOD OF COMPARABLES” FOR MACY’S  
SHARES**

**Halil Kaya**, Northeastern State University  
**Julia S. Kwok**, Northeastern State University

**Case Objectives and Use**

The primary focus of this case is to apply the “Method of Comparables” to estimate the value of a security. Basic financial ratios that are commonly provided by finance web sites are used for this analysis. The case also examines the impact of replacing “negatives” with zeros versus excluding the data for the analysis. Students will learn how to make investment decisions based on the comparison of the market price of the security and the estimated value of the security based on “Method of Comparables.” as well as the impact of data manipulation on results of analysis.

**Case Synopsis**

Susan, a recent finance graduate, was asked by her college roommate, Mary, about investing in a department store, Macy. Comparing to other department stores, Mary’s favorite choice was Macy. Mary wanted to invest in Macy but she was not sure whether Macy was selling overvalued or undervalued. So Mary posed a simple investment question to Susan, “Should I invest in Macy?” In response to Mary’s questions, Susan remembered her class lecture on “Methods of Comparables.” Susan decided to use this method to estimate the intrinsic value of Macy’s stock price.

Dillard’s, JC Penney and Nordstrom were selected as comparables for Macy based on the similarity of the business. Data of Macy and its competitors’ price per share, earnings per share (EPS), sales and book value of equity were obtained from Yahoo, finance web site. EPS, Sales per share, BV of equity/share values, P/E, P/Sales, and P/B were calculated based on the data obtained. First, Susan had to find the average of the P/E, P/Sales, and P/B multiples from the three competitors. Then those averages would be multiplied to Macy’s EPS, Sales per share, and BV of equity/share values, respectively to get three estimates of Macy’s price. The average of the three estimates would be Susan’s best estimate of Macy’s price per share. The investment decision would be based on the comparison of the selling price and the estimated price. Macy would be a good buy if the estimated price was lower than the market price.

During the evaluation process, Susan found out the JC Penney has a negative EPS. This posed a challenge to the calculation because that would yield a “negative” price when “negative” EPS was multiplied to price per share. To resolve the problem, Susan decided to estimate the price by replacing the “negative” EPS with zeros in one instance and dropping JC Penney’s EPS in the average EPS calculation. She evaluated the impact of the bias created based on the different treatment of the data.

**Contact person:** Halil Kaya, Northeastern State University, College of Business and Technology, Broken Arrow, OK 74014. Phone: (918) 449-6572; FAX: (918) 449-6560; E-mail: [kaya@nsuok.edu](mailto:kaya@nsuok.edu)

## METALLGESELLSCHAFT'S HEDGING DEBACLE: A CASE STUDY

Anand Shetty, Iona College  
John Manley, Iona College

### Case Objectives and Use

This is a descriptive case using a real-life example to illustrate the application of and problems with a hedging strategy involving short positions (contractual obligations to deliver financial or real assets at a future date). In the early 1990s, MG Refining and Marketing (MGRM) used futures and swaps in oil to hedge its price risk exposure associated with a series of forward contracts to deliver oil over a period of 10 years to customers who were retailers or end-users of oil. The key features of the case are the design of the hedging strategy, its appropriateness, its management and the disastrous ending of the hedging program.

The case is appropriate for use in financial management and derivative courses at the undergraduate senior or MBA levels. The case introduces students to the use of futures and forwards for price risk management, hedging strategies, cash flow implications of hedging programs and key concepts like basis risk, marking to market, rollover risk, funding risk, backwardation, and contango.

The teaching plan calls for the instructor to review the structural and operational aspects of the futures and forward markets, as well as risk hedging strategies. The discussion should cover (1) an explanation of what prompted MGRM to use futures and swaps contracts, (2) the choice of a hedging strategy and its features, (3) basis risk exposure and its implications for cash flows, (4) related-risk to which hedging exposes the firm, and (5) situations that would lead the firm to unwind the contracts. A series of questions are provided to challenge the students' understanding of the case.

### Case Synopsis

MGRM was a trading subsidiary of Metallgesellschaft Corporation (MG), which was a financial subsidiary of a German conglomerate Metallgesellschaft A.G. with 15 major subsidiaries closely held by institutional investors. In 1993, MGRM established very large energy derivatives positions to hedge its price exposure on its forward-supply contracts. MGRM believed it is possible to arbitrage between the spot oil market and the long-term contract market. But, a sudden reversal in the market caused MG not to support the hedging strategy and to bring about a forced end. This case discusses various criticisms of the MGRM hedging strategy, MG's handling of the situation, the maturity mismatch of futures and forward contracts, the funding problem resulting from futures trading losses which MGRM did not manage well, and the ultimate demise of MGRM.

Corporate governance appears to have played a part in the hedging debacle. If the Management Board and the Supervisory Board of MG knew and understood how the futures hedge worked, they could have relied on the strategy and stayed until the end. Instead, they pulled the plug on it. If they knew about the contracts, but did not understand them, then it becomes a corporate governance problem.

**Contact Person:** John F. Manley, Iona College, 715 North Ave, New Rochelle, New York 10801. Phone: (914) 637 2733 FAX: (914) 633 2286. [jmanley@iona.edu](mailto:jmanley@iona.edu).



## **JOHN JINGLE AND THE FRAUDULENT TRUSTEE: A CRITICAL INCIDENT**

Deborah Goodner Combs, Southeastern Oklahoma State University

### **Case Objectives and Use**

This case uses real-life example, of a person, that has made the choice to fraudulently report assets of the estate. The trustee has been caught and admitted fraud to the tax court. The case is appropriate for an Income Tax Class or it could be used in an accounting ethics class. The discussion should include the difference between fraud and minimization of taxes (2) the calculation of penalties, (3) a general debate on do Americans cheat, and (4) writing a memo to the trustee from the CPA.

### **Case Synopsis**

The John Jingle estate has a fraudulent trustee. The trustee thought that they could openly get away with the understatement of assets. However, the trustee was caught. The trustee has openly admitted in tax court to the fraud. The executor seeks a professional opinion and needs to find advice on the civil and criminal penalties.

The incident reviews the United States tax system and the role of the Internal Revenue Service. Civil and criminal penalties and the differences in fraud and the minimization of tax liabilities.

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[dcombs@se.edu](mailto:dcombs@se.edu).

## SHOULD I OR SHOULDN'T I: A MORAL DILEMMA

Suzanne Box, Hudson Oil Company  
Thomas D. Tolleson, Texas Wesleyan University\*

### **Case Objectives and Use**

The primary focus of this case is to weigh the risks of becoming a whistleblower. Students are required to reflect on the plethora of factors that may influence an employee's decision to cooperate with federal agencies when asked to gather information about upper-level management and their nefarious behavior. The case also requires students to examine the risks associated with whistleblowing and the risks of not whistleblowing. Students are also required to discuss their personal viewpoints on whistleblowing and when whistleblowing can be negative.

### **Case Synopsis**

In February of 2006, Krystal White started working for Western Pipeline Corporation (WPC). As a single mother she was thrilled to work in a high paying industry. White was a quick understudy and after one month was promoted to Assistant Exploration Manager. White thought that John Apple, Jr., who often visited the WPC offices and was the driving force behind WPC, was a little eccentric but dismissed her concerns because of her inexperience in the oil and gas industry. Unknown to White at the time, Apple was a fraudster who sold shares in dry wells to unaware investors. In November 2006, White was stunned when authorities approached her about helping them investigate Apple and WPC. One of the lead investigators pointedly told her that he needed an insider who could give him the information to put Apple and his cohorts away for a long time. The investigator also asked White to promise that she would talk to no one about this matter. White was terrified by the implications of this conversation and grew physically ill. She had to decide whether or not to become a whistleblower.

**Contact person:** Tom Tolleson, Texas Wesleyan University, School of Business Administration and Professional Programs, Ft. Worth, Texas 76105-1536. Phone: (817) 531-4837; FAX: (817) 531-6585; E-mail: [ttolleson@txwes.edu](mailto:ttolleson@txwes.edu)

**‘CARROTS VS. STICKS’  
WHAT SHOULD BE DONE TO BOOST MORALE?**

Wilke D. English, Texas A&M University – Central Texas  
Christine English Hughes, RN  
Louis W. (Jody) Fry, Texas A&M University – Central Texas

**Case Objectives and Use**

The objective of this case is to provide students with the opportunity to debate the relative merits of a ‘carrot’ vs. a ‘stick’ policy. It is an excellent case for use on the first day of class in any management class where one of the principle topics will be the motivation of employees.

A secondary objective of this case is to provide students with a real-world illustration of how badly administrative policies can backfire.

**Case Synopsis**

A hospital wanted **all** employees to attend a meeting regarding morale, and arranged several meeting times so that all employees could attend during their regular work hours. The central question for the case is ‘what should be done with employees who do not attend the morale boosting meeting they have scheduled?’ Should they ‘punish’ an employee that misses the meeting? The case becomes almost Laugh-Out-Loud funny when the epilogue reveals how badly their efforts to boost morale ultimately failed and had the reverse impact.

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## **THE TEE SHIRT DEBACLE: HOW DO WE SPELL OKLAHOMA?**

Robert Stevens, Southeastern Oklahoma State University  
Lawrence Silver, Southeastern Oklahoma State University

### **Case Objectives and Use**

This critical incidence can be used to provide students with the opportunity to analyze a bookstore manager's dilemma with misspelling of the university's name on homecoming tee shirts. The case can be used to help students realize the importance of checking all marketing material before its use and how to overcome a mistake..

The primary focus of the case is the misspelling of the university's name on a tee shirt to be sold to alumni during homecoming week. The case could be used in an advertising course, marketing management course, or small business course at both the undergraduate and graduate level.

### **Critical Incident Synopsis**

This case exemplifies a dilemma facing a bookstore manager's who is preparing to sell a homecoming tee shirt with the university's name misspelled and her response to the situation. Jackie Jones is wondering what actions to take to alleviate the problem of 80 tee shirts that have the university's name misspelled. She and two other employees had seen and approved the tee shirt design prior to their arrival at the bookstore the week of homecoming. The tee shirt company also missed the spelling error but it had been approved by the bookstore staff.

Her backup plan is to sell newly designed tee shirts in place of the homecoming tees with the spelling error. She has contacted the vendor to see about returning them but has also had several requests from faculty and staff to purchase one anyway-as a collector's item. The vendor finally agreed to overnight another shipment but the shirt will have a white background instead of blue. The original shirts were to be sold for \$24.95 while the new shirts will be sold for \$9.99.

However, there is still an issue of what to do with the tee shirts. Should she sell them to faculty and staff who want to buy one? The shirts have no value to the vendor since they can't remove the screen printing from the shirts to reuse them.

**Contact Person:** Robert Stevens, [rstevens@se.edu](mailto:rstevens@se.edu)

## **THE 1979 KILLEEN MUNICIPAL AIRPORT TERMINAL BUILDING: TERMINATING EXPENSES FOR AN OBSOLETE STRUCTURE**

James F. Fullingim, Texas A&M University - Central Texas  
Wilke D. English, Texas A&M University - Central Texas

### **Case Objectives**

Most cases focus upon the happier problems of growth, of opening new facilities and new outlets. Yet, a very real problem is that of retrenchment. As discussed in this case, the City of Killeen has spent at least \$500,000 on a facility that the City is trying to abandon. There has to have been a better way than that...surely. The objective of this case is to explore how the City encountered those problems as well as some better alternatives.

### **Case Synopsis**

This case focuses upon the Killeen Municipal Airport Terminal. At one time, this facility was new, beautiful, and bustling. Those of us who were around to fly out of the building back then remember how beautiful and how convenient the facility was.

Alas! The inability to lengthen runways to accommodate jets forced the City of Killeen to switch to the Robert Gray airport as its primary commercial airport. Meanwhile, the City of Killeen remains obligated to maintain service for private aircraft at the renamed, Skylark Field.

The question (for the last 8 years) still remains, what to do with the now abandoned terminal building? This case explores the various possibilities to possibly utilize this building, and to definitely utilize this very valuable piece of real estate.

**Contact Person:** James Fullingim, Texas A&M - Central Texas, 1001 Leadership Place, Killeen, TX 76549, [fullingim@tamuct.edu](mailto:fullingim@tamuct.edu)

## SMITH ELECTRIC RESIDENTIAL SERVICES DIVISION

Robert Stevens, Southeastern Oklahoma State University  
Lawrence Silver, Southeastern Oklahoma State University  
David Loudon, Samford University

### **Case Objectives and Use**

This case can be used to provide students with the opportunity to analyze a small business in the electrical contracting industry. The case can be used to help students establish a marketing plan for a company with limited marketing resources and limited knowledge about marketing.

The primary focus of the case is the owner's need to increase revenue and profits in a fairly competitive market and a new area of focus -- the residential market. The case could be used in a marketing management course or small business course at both the undergraduate and graduate level. There is an income statement in the case so students can prepare pro forma income statements using a "what if, what then" approach.

### **Case Synopsis**

This case exemplifies some of the typical dilemmas facing a small business that is experiencing a downturn in the major division of the business and the attempt to identify new sources of revenue to keep the company afloat. Bill Smith, the owner of Smith Electric, is wondering what actions to take to increase revenue and profits. The 9-year old company began its fiscal year with the lowest level of contract work since the firm's first year of operation. Smith was convinced that the firm had to either expand the geographic area that the company operated in to obtain additional commercial work or find new sources of revenue in the current geographic area.

The major alternative presented in the case is to focus on the residential market by offering annual service contracts that could lead to a source of increased and steady revenue for the company and gain additional business from contract customers. The proposed residential maintenance contract would provide: (a) two maintenance calls on each home to check the central heating and air-conditioning system; (b) add refrigerant, if needed; (c) oil motors and fans; (d) clean or replace filters; and (e) check for leaks and potential problems. Bill asked a local university for help in determining the feasibility of the concept in the market the company serves. The Small Business Development Center got a marketing research instructor to gather data for the company as part of a class project. Students conducted a survey to determine consumer interest in the idea of a maintenance contract.

The results of their survey and some projections of revenue and profits from the residential annual service contract are given in the case. Due to the poor financial condition of the company and the lack of electrical contracting work in the area, Bill Smith must quickly make a decision about whether to pursue this or some other option.

**Contact Person:** Robert Stevens, [rstevens@se.edu](mailto:rstevens@se.edu)

## **THE FORCED ENTREPRENEUR**

Michael L. Menefee, University of North Carolina-Pembroke  
Rodney C. Vandever, Purdue University

### **Case Objectives and Use**

This is a decision case in which solutions to the case problem exist. The case examines the problems and alternatives faced by a upper-middle-aged man who is in transition when his manufacturing plant closes. The case presents multiple alternatives for the man to consider in finding a way to provide for his wife and himself. The case allows the student to consider the various options and pick the one that appears to be the best strategy for the man. Although the primary emphasis is on the financial issues, personal preferences of the man and his wife enter into the situation. The main objective of this case is to show the decision processes and risks that this entrepreneur had to consider before starting and financing a new business.

To address this case, the student will have a two-tiered decision model. The first decision that needs to be made is finding the right course of action for a middle aged man involved in a plant closing. The second decision that needs to be made is how to finance a new venture given that the decision is made to start one. This case will work well in undergraduate and graduate courses in entrepreneurship, small business management, entrepreneurial finance and personal finance.

### **Case Synopsis**

The Forced Entrepreneur is case about a man dealing with the effects of a plant closing. The man is faced with several options including moving to another plant location with the same company far away from the area with an increase in pay, staying in his hometown and looking for work in a dismal job market, or starting his own business. There were financial considerations such as maintaining a life style as well as personal preferences of being close to family and friends to be examined in this case.

After consulting a local entrepreneurship group about potential customer demand for a charter bus service, the decision was made to stay in his hometown and start the charter bus business. The owner had a commercial driver's license and the personality to run the bus company. A bus was found that met the requirements for a good charter bus for \$59,900. The question quickly became how to raise enough money to buy a bus and start the company. Several financing options are presented in the case including a home equity loan, a bus loan, credit cards, and borrowing against his retirement funds. The students need to analyze all the options and choose the best alternative.

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## SILVER DOLLAR CITY IN 2015

Timothy D. Wise, Southern Arkansas University

### Case Objectives and Use

The Silver Dollar City case is intended for use in undergraduate entrepreneurship courses. The objectives of the case revolve primarily around the Herschends' approach to governing of their family firm, and the expansion of their business from a single business enterprise to a portfolio of brands. The objectives are listed as follows: 1.) Students will discuss the ups and downs of keeping Silver Dollar City family-owned rather than making it a publicly traded corporation. 2.) Students will evaluate the Herschend brothers' choice to limit their own power by forming a board of directors. 3.) Students will summarize and evaluate the Herschend brothers' approach to leadership succession. 4.) Students will summarize and evaluate the reasons behind the Herschends' decision to expand their single-business enterprise into a portfolio of brands. 5.) Students will describe the Herschends' approach for expanding their single-business enterprise into a portfolio of brands. What worked well for them and what difficulties did they experience along the way?

### Case Synopsis

Silver Dollar City is an 1880s-themed amusement park located in Branson, Missouri. Though it offers roller coasters and other manufactured attractions, Silver Dollar City differs from other theme parks in its emphasis on frontier crafts and culture and in its location at the entrance of an authentic cavern. In spring of 2015, Silver Dollar City will celebrate the 55<sup>th</sup> anniversary of its opening in 1960. The story of the park and of the family who built it goes back further. Chicago businessman Hugo Herschend leased Marvel Cave In 1950 and launched his family onto a continuing entrepreneurial venture. In the 1970s, brothers Jack and Pete Herschend, who assumed leadership of the company after their father's death, debated whether they should take their company public. They decided upon a compromise: They would keep the company family-owned but manage it as close to a corporation as possible. To do this, they formed a six-member board that included two family members and four outsiders who had the authority to overrule any bad decisions they might make. In the years that followed, they grew their business from a single attraction to a thriving portfolio of amusement businesses that included Dollywood in Pigeon Forge, Tennessee, and Stone Mountain Park in Georgia.

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## AN ICONIC BRAND OR A NOSTALGIC PRODUCT? REVIVING THE DELOREAN BRAND IN THE GLOBAL SPORTS CAR INDUSTRY

Syed Tariq Anwar, West Texas A&M University

### Case Objectives and Use

First introduced in 1981, a two-seater DeLorean sports car (DMC-12) ambitiously remains an iconic brand and a nostalgic product in the global sports car industry. Ultra contemporary in its style and design when introduced in the market, DMC-12 has carried a rich history and brand heritage in the last 34 years. Corporate history of DeLorean Motor Company reveals that DMC-12 went through major evolutionary changes during its heydays and the post-bankruptcy period. As of 2014, the car clearly enjoys its distinct brand image in the U.S. and international markets. Within the areas of evolutionary growth, branding and brand management literature, and corporate revival, the case analyzes and discusses the company and its current and future growth in the sports car industry. The case is appropriate for use in graduate and senior undergraduate international business strategy, international marketing, marketing strategy, and strategic management courses.

### Case Synopsis

DeLorean Motor Company was founded by a well-known automotive executive, John Z. DeLorean (JZD) in 1976 who previously worked for General Motors in high-profile and profitable projects. JZD quickly rose through the ranks of GM's well entrenched and unshakable corporate culture and successfully headed product development teams in the Pontiac and Chevrolet divisions. Under his productive leadership, GM methodically introduced profitable muscle cars such as Pontiac Firebird and Pontiac Grand Prix models in the sixties and seventies. Because of his strong entrepreneurial ambitions, JZD resigned from GM and formed DeLorean Motor Company. JZD was automotive expert and a corporate celebrity. DMC-12 prototype was shown in 1976 followed by the launch in 1981 from Dunmurry's (Northern Ireland) manufacturing facility. The car plant was funded in part by the British government in 1978 which invested over \$250 million in the project. After a few years, the company filed for bankruptcy because of financial exigency and managerial blunders. Eight thousand cars were manufactured with their recognizable gull-wing doors, contemporary design, and distinct stainless steel body. No wonder DMC-12 carried significant brand recognition and displayed nostalgic remnants of the eighties market. In the next five years, the car became a phenomenon itself after the release of Universal Pictures' immensely popular *Back To The Future* movie in 1985. In 1985, the DeLorean Motor Company and the car brand was acquired by Stephen Wynne from Humble Texas. Within these perspectives, evolutionary growth, brand management, and corporate revival, the case is intended to have students look at the company's current and future growth strategies as well as its newly introduced electric car (DMCev) in the sports car industry.

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## **AIR ARABIA: EMERGING MARKET DEVELOPMENT OF A LOW COST AIRLINE**

F. Robert Buchanan, Indiana University of Pennsylvania  
Syed Zamberi Bin Ahmad, Abu Dhabi University

### **Case Objectives and Use**

Air Arabia is the Middle East and North Africa's first and largest low cost carrier (LCC). It was established in 2003 by the Ruler of Sharjah. As the first publicly-listed airline in the MENA region, it enjoyed unhampered growth and profitability in its early years. Following the establishment of Air Arabia, other LCCs have also been established in the Middle East. Jazeera Airways is one of its oldest competitors, having been established in 2005. Other LCCs, some of which have failed, are Sama Air, Nas Air, Bahrain Air, RAK Airways and most recently, flydubai. The purpose of this case study is to elaborate on Air Arabia's major challenges and their impact on the airline, and to recommend suitable strategies to overcome or mitigate them. Since sufficient secondary information was available to do this, the case study is based on previously-published data from various credible sources such as Air Arabia publications and industry reports published by official aviation associations. Among the topics highlighted in this case are cost control, intense competition, and introduction of the concept of low-end disruptive innovation. The case can be a multi-topic utility piece for both graduate and undergraduates studying international business courses in strategy, marketing, or management. It is particularly useful in topics relating to emerging markets, airlines, or deregulation.

### **Case Synopsis**

Air Arabia is headquartered at the Sharjah International Airport one of the seven emirates in the United Arab Emirates. It was the first and remains the largest LCC in the Middle East. In 2010, Air Arabia received the "Business Traveler Award" from Business Traveler magazine, which spotlighted its leadership position in the LCC sector in the region, and illustrated its ability to provide the best low cost services without compromising on quality. The case contains a strategic assessment of Air Arabia. Even though the company effectively implements its low cost strategy and communicates well to its target audiences, it has some issues that need attention. The first is the need to address unstable oil prices and their impact on profitability. The second challenge is the increase in competition in UAE. The third issue is the lack of post-sales engagement which remains a key aspect of the value chain; such strategies would create strong bonds with customers and make them more likely to remain loyal. Despite these challenges, Air Arabia has shown continuous growth and profitability due to its efficient management strategies. The company aims to strengthen its position as the leading low cost carrier operator across the Arab world. Air Arabia's management is facing a dilemma of how to adapt to an increasingly changing marketplace and uncertain times.

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## COMING TO AMERICA: A SUCCESSFUL JAPANESE ACQUISITION IN THE TELECOM INDUSTRY

Syed Tariq Anwar, West Texas A&M University

### Case Objectives and Use

This illustrative/descriptive case analyzes and discusses SoftBank's 2013 acquisition of Sprint which was the third largest mobile telephone company in the U.S. SoftBank is a major telecom, technology and Internet firm from Japan which has grown by leaps and bounds since its inception in 1981. The case specifically evaluates those developments and activities that took place when SoftBank bought Sprint for \$21.6 billion. The acquisition was the largest purchase by a Japanese company in the U.S. and brought massive visibility to SoftBank. The case analyzes pre-merger and post-merger developments that made headlines in the media and global press. The case is appropriate for use in graduate and senior undergraduate international business strategy and strategic management courses.

### Case Synopsis

SoftBank was founded by Masayoshi Son in 1981 in Tokyo, Japan. Son started the company after graduating from the University of California at Berkeley in 1980. Right from its inception, the company was led by its entrepreneurial CEO. In the nineties and 2000s, Son was often called *The Bill Gates of Japan*, *Cyber-Mogul*, *Master of the Internet*, *Japan's Mr. Internet*, etc. The company had a humble beginning with a few employees and mostly grew by acquiring Internet, technology, and telecom-related companies in Japan and Western countries. SoftBank's early acquisitions and company-specific ownerships and stakes (1990-2010) included Yahoo, Yahoo Japan, E-Trade-Japan, E-Trade Group, Buy.com, Concentric, E-Loan, USWeb, ZDNet, Ziff-Davis, ZD-Comdex, Kingston Technology, SB Networks, and Japan Digital Broadcasting Services. As of 2014, Softbank became a large firm in the telecom industry after acquiring Sprint in the U.S. In 2014, SoftBank's other companies and subsidiaries included: SoftBank Mobile, Yahoo! Japan, GungHo online entertainment, Wireless City Planning, Brightstar Global Group, SoftBank Telecom Corp., Supercell Oy, Ymobile Corp., Alibaba, Renren, and InMobi Pte. Ltd. Because of SoftBank's aggressive growth and expansion in global markets, Son became the largest billionaire in Japan in 2014. Analysts believe that Softbank will continue to be a major telecom force in Japan. On the other hand, the company will be impacted by heightened competition and regulatory forces. The case is intended to have students look at SoftBank's acquisition of Sprint within the concepts of internationalization and global strategy areas.

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## **BUILD-A-BEAR, INC.: BRINGING THE TEDDY BEAR TO LIFE**

John K. Masters, Cameron University

### **Case Objectives and Use**

The case is designed for use in business policy and strategy classes at the undergraduate or MBA level. It is particularly appropriate as an end-of-semester integrative case in capstone courses. The case captures a firm at a time of reflection. It presents opportunities for students to examine strategy at the corporate, business, and functional levels. Both the fame of the firm and its industry facilitate the case's accessibility to students, since Build-A-Bear operates in industries which are fairly simple to understand (the manufacture of toys). This should allow students to examine the concept of fit between Strategy, Environment, Resources, Values, and Organization in an actual firm.

The case was envisioned originally to serve as an end-of-semester integrative project, but can be segmented into smaller assignments through the use of questions to focus students' analyses. Students might begin with an analysis of the industry (the five forces) or with a SWOT analysis, either alone or as a prelude to selecting and implementing a strategy for the firm. Identifying the issues facing the firm and the alternatives available for dealing with those issues could also provide for interesting discussion. Further, the case can help students understand the consequences of misfit between a firm and its environment.

### **Case Synopsis**

Build-A-Bear Workshop (BABW) created and is the leader among firms in the make-your-own toy business. The case captures the firm at a time ripe for strategic reevaluation. Facing declining performance, Build-A-Bear has brought in a new CEO to replace its founder and long-time CEO, Maxine Clark. Coming off the economic recession in 2008 and several years of disappointing performance, the new management team must decide whether to retrench or expand and how to deal with a changing retail environment.

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## ADVANCED MATERIALS GROUP: ETHICS GONE AWRY

Junaid Khan, Texas Wesleyan University  
Thomas D. Tolleson, Texas Wesleyan University

### Case Objectives and Use

The primary focus of this case is to examine the ethical decisions of Eric Zheng when he made improper journal entries at the request of Advanced Materials Group's CEO. Various ethical frameworks may provide the basis for this analysis. The case also examines the possible influence of culture and upbringing upon a decision maker when faced with an ethical dilemma. Students also examine the role of proper internal controls in preventing fraudulent journal entries and the role of the auditor in discovering fraudulent transactions.

### Case Synopsis

In June of 2005, Eric Zheng began working at Advanced Materials Group (AMG) as a staff accountant. AMG specialized in the development of proprietary medical and consumer products, including things like non-skid surgical instrument pads, protective units for arthroscopic and orthopedic instruments, and automobile and water and dust seals. Zheng was affable and well-liked, and he soon developed a friendship with AMG President William Mortensen. Over the next several years, as Zheng and Mortensen grew closer, Zheng was promoted to team lead and eventually to accounting manager. At the end of 2007, Mortensen told Zheng that he wanted to generate false sales in the upcoming year because the company was trying to increase its credit line from the bank (which used *AIR* accounts to determine credit). He told Zheng that he had talked to customers who were going to be placing large orders in the near future, but he wanted to go ahead and book the sales to immediately increase the credit line. Mortensen would need Zheng's help as accounting manager to make this happen, and he assured Zheng that this would only be temporary and that they would issue a credit memo during the next quarter. Mortensen also stressed that this was important for AMG as it needed to improve its financial strength.

Against Zheng's better judgment, he decided to go along with the scheme. The scheme proved successful, and AMG's credit line increased. The fraud did not stop there, however, as Zheng continued to book false sales throughout the remainder of the year, all the while never seeing any of the customer orders he was told would be coming. As the year progressed, Zheng began to hear stories about Mortensen and his extravagant lifestyle, and he began to question everything that he was doing. The final straw came during the 2008 end-of-year audit. Zheng was working with a less than competent auditor and was successfully talking his way through the fraud. Instead of feeling relieved, he felt sad. Later, this sadness turned to anger as he realized the extent of what he had been doing, and he then realized that he needed to talk to someone. Although he knew there might be consequences, he decided to call his friend Jennifer Higgins, the owner of a small women's health company that AMG was partnered with.

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