

Creating and Executing In-Class Exercises to Complement Published Cases: “Ice Beer to Japan” Implementation Exercise to Accompany Craig’s Asahi Beer Case

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To facilitate conveying to students the difficulties of implementing strategic decisions we offer an in-class exercise developed around a well-known case (i.e. Asahi Beer). Suitable for both capstone-undergraduate and graduate courses in strategy, this exercise allows students to experience the strategic implementation processes on a micro scale. We offer suggestions on time allocation, exercise set-up, facilitating break-out groups, group presentations, and debriefing. Furthermore, we provide suggestions for incorporating various streams of literature (e.g., complex adaptive systems) and offer insights based on our experiences implementing this exercise in classes over time.

INTRODUCTION

In strategy core courses, we are challenged to move beyond student understanding of analytical techniques and generation of feasible strategic solutions toward student understanding of the implementation process of a strategic decision. Certainly, field projects and simulations allow students hands-on experience with implementing decisions (Liedtka & Rosenblum, 1998). Yet, given the substantial amount of classroom time and the strong case orientation in many capstone strategy courses, how do strategy instructors create in-class learning activities that focus on implementation processes? One approach is to create original exercises that allow students to experience, albeit on a small scale, implementation processes. These exercises complement published, long cases and are introduced to the class after a discussion of an assigned case. The implementation exercises take many forms. In Table 1, we summarize some exercises the first author has created to complement published cases.

The motivation for creating implementation exercises is to make organizational situations and outcomes more meaningful to students beyond reading a case and interacting in an instructor-led discussion. Published cases, which are assigned for class preparation, provide students with rich details about a particular organization and competitive situation. We introduce an implementation exercise after spending considerable time discussing the assigned case for that session. After we have analyzed the case situation, identified problems in the case, laid out strategic options, and developed feasible strategic directions, then the implementation exercise is introduced. The class is broken into groups to work through an exercise that is directly related to how strategic decisions, identified at the end of the class discussion, will be implemented.

In this paper, we describe one exercise written by the first author that highlights the implementation aspects of a well-known case – Asahi Beer¹. This exercise enables undergraduate and graduate students to experience the reality of trying to introduce a new product within different organizational structures. In this paper, we present the exercise, explain how it takes place in the classroom, describe the debriefing, and identify learning outcomes. The intent of this exercise is to provide students with a feel for the reality of implementation processes, in particular how new product ideas move through different organizational structures.

Asahi Beer Exercise

New product innovation is a critical issue for businesses today and, not surprisingly, an area of active academic research (Burgelman, 1983; Craig, 1995a; Leonard-Barton, 1992). One of the most widely read case studies about corporate turnaround and new product development is the Asahi Beer Case (Craig, 1995b). This case chronicles Asahi Beer's transformation -- from an also-ran in the Japanese Beer industry to a significant threat to market leader Kirin. This case describes how Asahi changed its organization, structure, and processes to become the innovation leader. Its most successful product Asahi Super Dry changed the norms of the beer industry in Japan; in 1997, Asahi gained top market share among all Japanese beers ("How Kirin Lost its Sparkle"; "Japan Beer Wars")².

For some time, we have used the Asahi Beer case in graduate and undergraduate strategic management capstone classes. The case is usually taught during the second half of the course. The three-hour session is titled "Organizing for Ongoing Innovation." While the Asahi case provides an intriguing turnaround story, we have found that students have difficulty understanding the uniqueness of Asahi, an organization designed for ongoing innovation. Getting students to understand *from the inside* how an organization functions is a challenge (Harvey & Morouney, 1998).

In this exercise, students experience how different organizational features can impede or facilitate ongoing innovation. This exercise is introduced after we have discussed the Asahi case. Optimally, you need a three-hour class session to teach both the case and exercise. To completely work through the implementation exercise, you need about an hour and fifteen minutes – 30 to 45 minutes for a group breakout, 20 minutes for informal presentations by three groups, and the remaining time for concluding remarks. You need at least 15 people in the class; the largest class in which this exercise has been conducted is 60 students.

Setting Up the Exercise

To begin, the instructor should divide the class into three groups, representing three different companies – Asahi (which is organized for ongoing innovation), Sapporo (whose beer activities are organized in a classic functional organization)³, and Orion (a small Okinawa-based beer company eager to enter the Japanese mainland)⁴. We typically do not assign the same numbers of students for each group. For instance in a class of 40, an instructor could select 6 or 7 students for the Orion group, 10 to 12 students for the Asahi group, and 20 or more for the Sapporo group. Typically, we assign unequal group sizes in order to simulate the ease or difficulty of communicating and coordinating within the different groups.

Each student is given a sheet of paper with the exercise written on it. There are three colors of paper, each representing a different company. The different colors help students to find each other during the breakout. On every sheet of paper (regardless of the company), the front page contains the following statement about the Ice Beer concept:

It is January 1993, and you and several other middle level marketing managers have just returned from a trip to Labatts Beer in Canada. The purpose of the trip was to discuss licensing Labatts Beer for the Japanese market. While you were there, you saw Labatts' successful launch of its new Ice Beer. You have been in extensive discussions with Labatts' marketing and operations managers about this new beer product. You have been privy to their current reports, which show a tremendous response to this new beer launch in Canada, a very mature beer market. You cannot wait to get home to investigate if the ice beer concept would work in Japan, but you have a gut feel that this product is a good fit with the Japanese market.

On the plane back from Canada, you and your team are excited about the potential of this product. One manager states, “This could be as big as the Asahi Super Dry product ... Let’s get a move on!”

In order to launch this new beer idea in Japan, you need to find the appropriate yeast and mix of ingredients to replicate the ice taste for the Japanese market. Also, and not a minor concern, ice beer requires a significant modification of your existing manufacturing process. Marketing will also have to be involved to substantiate demand for the product and create a new marketing campaign to explain why ice beer is different.

Below are some of the activities and processes related to the launch of Ice Beer (and the functional area involved):

- Develop new yeast (brewmaster);
- Taste test Ice Beer prototype; refine taste (marketing);
- Change manufacturing process (production);
- Train workers on Ice Beer processing (human resources; production);
- Obtain financing for trial launch of Ice Beer (finance);
- Develop advertising campaign for trial launch (marketing);
- Conduct trial launch of product (marketing);
- Gain distributor approval for launch date (sales; distributors);
- Launch nationwide if trial is successful (all functions).

On the other side of the sheet (i.e., on the back of the exercise instructions, above) is a picture of each company’s organization. The Asahi organization (Exhibit 1) is based on Figure 3c in Craig’s Asahi beer case, with twelve employees – five in marketing and seven in production – assigned full time to new product development. The new product development members report to their functional managers, but they are rewarded on successful new products. This permanent team has a direct communication line to top managers for some key decisions. They have a budget to investigate new product ideas and have the authority to request information and help from members of their respective functional organizations. In Exhibit 1, total employees per functional area were estimated given the total number of Asahi employees stated in the case.

Orion is a small, entrepreneurial organization whose structure is displayed in Exhibit 2. I estimated the total employees in each functional area based on what would be expected in a small firm. In Exhibit 3, Sapporo is shown as a classic functional organization; the distribution of employees is based on information given in Asahi case. Sapporo does not have any mechanisms for continuous innovation. In fact, as stated in the Asahi case, Sapporo in the early 1990s experienced many product failures that reflected its slow reaction to market changes and its lagging market share position in this rapidly changing industry.

Breakout Group Process

The three groups meet separately for about 30 to 45 minutes to discuss the exercise. The goal of each group’s discussion is to track how the ice beer idea would move through its organization toward launch. An instructor can mention to each team that one or two students need to keep track of the discussion in order to explain the process to the class. We give each group a copy of its organization and ask them to mark the new product route through different parts of the organization. . Each group addresses several questions:

- Identify who you (as a middle marketing manager) would meet with **first** to discuss this idea upon your return. Describe who would be at this meeting, the objective of the meeting, and possible outcomes.
- Identify when top management would be involved. In other words, when you go to top management, how much work would you have done on the Ice Beer concept?

- What do you see as the main facilitators in your organization to **help** the rapid introduction of the Ice Beer Concept?
- What do you see as potential stumbling blocks to rapid introduction of the Ice Beer product? List 3 possible **stumbling blocks** and think about how to overcome them.
- **How long** do you realistically think it would take to launch this product?

Once students read the exercise and review the organization, they commence their discussion. During the break out, the instructor might visit the three groups and answer any clarifying questions. We also recommend spending a portion of the time during the group breakout observing how each group functions and making note of pertinent comments, body language, and group dynamics.

Based on previous experience, it is likely that you will see similar patterns emerge in the three groups. First, the Sapporo group struggles to get to a decision to launch the new beer or to answer all the assigned questions. With 20 or more students, communication is difficult. It is not uncommon to hear some of the following comments: “What are we supposed to be doing?” “Aren’t we supposed to be working as a group?” “I’m confused” “Will you speak up!” and “What you just said, please say it again for the group.” As compared to the two other groups, there is more visible tension in the Sapporo group, such as: legs shaking, nervous clicks of a pen, helpless looks toward me, arms folded across the chest, and some members just “checking out” mentally. Sometimes, one or two students take control of the group in order to get the exercise completed in the prescribed time.

The Orion team does not function like the Sapporo group. Because the group is very small, the Orion members quickly move through the tasks and questions. It is typical for students to laugh, be smiling, and have very relaxed stances toward other members. This group usually works through the tasks and questions very rapidly. The Asahi team also does not require much time to meet. The mid-level marketing manager returning from Canada would know to turn the idea over to one of the five marketing representatives on the new product development team (a member of the Product Planning area); these five representatives have a direct link to the seven members of the Production Project Selection area. The way that the two groups function is clearly laid out in the Asahi case. The Asahi team acts with confidence and in a relaxed and professional manner, and it usually gets finished with the exercise quickly, which, in turn, increases the anxiety level of the slow-moving Sapporo group.

The instructor can give a ten- then five-minute warning to indicate how much time is left for discussion. Then, reconvene as a class to review each group’s efforts to launch ice beer.

Presenting the Results of Their Deliberations

Sapporo. The Sapporo group presents its results first. Because the group had so much discussion and diverse opinions, it is barely able to address the assigned questions during the breakout period. The student representatives from this group usually present their organization and route (using a document camera); the route usually represents a convoluted process of how the ice beer concept worked its way through the organization. The group’s picture of the new product’s route through the company is usually a mess.

Students should have enough time to present the “story” of their process. Then the instructor or students should begin to probe the students in this group. If the group recommends going to the president first for commitment, you can ask them whether this is really feasible as a middle marketing manager. The first stop usually is to visit the marketing executive. The group recognizes that the idea could die there because the marketing executive may not want to take on this battle for a new product with other functional managers. They usually argue that the marketing executive will talk to and gain the commitment of the production executive; production is the traditional area where new product development has been initiated and taken place in the Japanese beer companies (Craig, 1995a). You then might start asking questions like, “Wonder if the marketing executive and production executive are having a political war? Then what? Would the marketing executive go to the top manager?”

At every movement between functional areas, you can highlight potential problems – such as political battles, poor working relationships, and stalling by other executives. Sometimes, the Sapporo group is clever and develops a task force for this product.⁵ While acceptable, the instructor can make them realize that

whoever is in charge of appointing this task force has incredible, maybe too much, power to make an early go/no-go decision about this or any new product idea. Another problem with a task force is that some functional areas send their worse people; the weak members of a temporary task force cannot add great value nor commit to the new product on behalf of their functional organization. Often we will summarize by stating that assigning a task force is not a solution to ongoing new product innovation (Dougherty, 1990).

After this presentation and a few follow-up questions, the class should have a sense of the difficulty of new product innovation in a traditional “functional silo” organization design. Here the instructor can point out that new product development can be stifled and/or dictated by existing power bases and infighting between functions. The class should begin to understand the difficulty of gaining commitment quickly in all functional areas, which greatly slows new product development efforts. Internal difficulties include: functional areas having to constantly go to top management to resolve disputes; top management involved in molding the process; and the sequential, over-the-wall process slowing down new product launch. In the past when we ask group members how long they think it will take to get ice beer on retailer’s shelves; they usually laugh and say several years.

You can end the Sapporo informal presentation by asking them if they found this exercise to be enjoyable. A quick and unanimous “No!” usually erupts from this group! As the presenters from this group are sitting down, we usually point out what we observed in terms of this group’s body language and communication among group members. You can summarize this group’s findings by stating that Sapporo would require a tremendous amount of time to decide to pursue the ice beer concept. Yet, once top management approved this idea, the ice beer launch could proceed quickly to launch due to the tremendous resources at Sapporo’s disposal (e.g., many yeast varieties in stock, financial resources, production capacity, and strong distribution).

Orion. The Orion group presents next. The group usually decides that the middle marketing manager does not need an initial formal meeting. Rather, group members describe a process whereby the marketing managers with the marketing executive sit around table, taste the ice beer brought back from Canada, and review the Canadian data. This group also may call in top managers from down the hall to taste the ice beer product. Because there are so few people in the organization, the process at Orion is usually characterized by fewer back-and-forth interactions between functional areas as compared to the Sapporo group. The decision to launch the ice beer concept is usually reached fairly quickly. The map of the internal maneuvering to launch the product is fairly simple – just a few lines to connect executives from different areas.

The Orion group usually spends most of its time describing how to actually launch the ice beer product, such as: amassing the financial resources, changing production, developing a national advertising campaign, and obtaining mainland distribution. This team has to be creative and work around these significant obstacles. Usually, the group discusses an alliance with a company on the mainland in order to obtain distribution and other resources. If they do not clarify the type of company to pursue for an alliance, you can push them to identify a corporation that might be interested in a joint venture or alliance. Sometimes, a non-alcoholic beverage company is mentioned; other times, the team identifies a food wholesaler. The reasoning is that these companies usually have distribution access to both restaurants and grocery stores. You can also ask them what would be the *quid pro quo* for a firm to allow a small brewer to use its distribution and/or financial resources. Many times, the group members will offer the mainland firm a portion of ice beer profits or an equity stake in Orion. Here is an opportunity to force students to flesh out key aspects of what the alliance agreement would look like.

As the Orion group is sitting down after its presentation, you might point out that these students seemed to have had a much more positive experience during the exercise as compared to the previous group. The Orion group usually agrees. You can then point out that Orion would get quick agreement on pursuing the launch of ice beer through the obvious personal, face-to-face decision-making process among top executives. Here you can point out that the problem with Orion being first-to-market with the ice beer idea is in implementing its decision to launch the ice beer product. It would take months to find, negotiate, and close on a formal alliance with a mainland partner/company. This would significantly slow down its time-to-market for ice beer.

Asahi. The Asahi group presents its organizational map of its process about its product launch last. The team usually describes a process whereby the twelve members of the new product development team worked well together. The group describes to the class how each member of this team could tap into resources from

his/her respective functional areas. For instance, one production project selection member could work with a brewmaster to determine if any yeast varieties are in stock that are close to ones required by the ice beer product; a product planning member could conduct limited taste tests to gauge early consumer reactions. The process of moving from idea to market happens quickly because members of this twelve-person new product development team understand the company's strategy, have the time dedicated to develop new ideas, and have a direct line to top management if more resources or final approval is needed. If not made clear during the presentation, we typically point out that the twelve-person team is not a temporary taskforce, but a permanent part of Asahi's structure.

The group's picture of Asahi's organization chart is not complicated – a few lines drawn between these two groups (Production Project Selection in production; Product Planning in marketing) then one or two arrows to top management. It should be clear to the class at this point that new product development processes at Asahi are institutionalized in its organization design, structure, and processes. Again, point out how this group interacted with confidence and amicable relations. When asked, the group indicates that it could launch the new product very quickly; between 9 months and 1 year is the usual response. Asahi, we typically conclude, should be first to market with the ice beer product.

Exercise Debriefing: Making the Theoretical Connections

Because debriefing is an important part of the student learning process (Dennehy, Sims, & Collins, 1998), we have organized the important learning points in Table 2 to guide the debrief. First, make a linkage to the strategy-making framework. You can point out that the Sapporo group has a strategy-making process that separates formulation from implementation activities. A final decision to launch the ice beer product takes place after a top-level battle among functional executives, while lower level employees are responsible for implementing the decision. The Orion group also has a separation between formulation and implementation because its executives could make the strategic decision to launch the product, but many of the implementation issues were beyond their knowledge, resource base, or control. Asahi's strategy-making process was more in keeping with an emergent process; the strategic decision to launch the product emerged from the twelve new product development people. These lower level employees had close customer contact and close connections within functional areas in order to make an informed and rapid decision.

Next, you might lead a brief discussion of the organizational requirements for ongoing new product development, based on recent research findings. First, organizations need the requisite resources such as marketing, operational, and technical skills in order to develop new products within their industry (Dougherty, 1992; Dougherty & Hardy, 1996). For instance, Orion did not possess needed resources, skills, and knowledge, which slowed its ice beer launch and would probably slow subsequent new product development activities. Second, ongoing lateral connections – formal or informal -- are critical to sustained new product development (Craig, 1995a; Dougherty & Bowman, 1995). The lack of ongoing lateral connections severely hurt Sapporo's ability to be first to market with the ice beer and other new product activities. This also provides an opportunity to bring updated perspectives of organizational structure. Specifically, some instructors might introduce the complex adaptive systems (CAS) view of organizations (e.g., Anderson, 1999; Chiles, Meyer, & Hench, 2004; Choi, Dooley, & Rungtusanatham, 2001; Plowman, Baker, Beck, Kulkarni, Solansky, & Travies, 2007) pointing out that the similarities between the ongoing lateral connections and CAS elements (e.g., far from equilibrium states, nonlinear interactions, emergent self organization). Third, ongoing innovation in a firm requires top level trust of lower level employees who are closer to market changes, customer preferences, and company resources and capabilities (Dougherty, 1992; Dougherty & Hardy, 1996). In Asahi, instead of an executive at the top of the organization deciding which products to pursue, a group of twelve employees who understood Asahi's strategy and had the resources to pursue new ideas were critical to its speed to market with new products. Top management trust of lower level managers also was critical. Broader discussions of leadership within the case and the groups can also be taken up here. Specifically, leadership styles in the group can be compared and contrasted to the CEO styles of Murai and Higuchi. More generally, the dynamics of emergent and charismatic leadership can arise in conversation as well.

If there is time left in the class after some concluding remarks, we sometimes shown a short clip from the "Made in the U.S.A: The Automobile Story." In a selected 10-minute video clip,⁶ it explains the origins of

“functional silo” structures found in the U.S. auto industry; it also shows how this structure slows down new product development processes. The video states that, in the 1980s, Japanese automakers had a much lower development time to market for new designs than U.S. automakers. The students, after undertaking the Asahi implementation exercise, should have a better understanding of the new product development process highlighted in the film and a deeper understanding of GM’s current troubles.

CONCLUSION

Students seem to enjoy this exercise. By their involvement in the exercise, they can begin to understand how Asahi is designed for ongoing innovation and why this company, like the Japanese automakers, was able to have a competitive advantage in terms of its new product development activities in a mature industry. Eventually, Asahi’s competitors did figure out how to organize for innovation. But, by then, Asahi, and the Japanese automakers, already had a substantial lead in several product categories.

In conclusion, we would urge other educators interested in in-class learning about implementation processes to create exercises to complement long, published cases. It does not require much time especially as compared to writing a full-length case. Yet, the potential payback in terms of student learning is immense.

ENDNOTES

1. In this paper, we reference Tim Craig’s Asahi Case (found in the Hill and Jones textbook, 3rd edition), but this exercise works well with Asahi Beer case by Kojuro (Harvard Business School Case #9-389-114). Both cases require students to consider if Asahi will continue to develop new products (Craig case) to fill new plant capacity (Harvard version), especially in the face of formidable competitor Kirin.
2. These two Economist articles are excellent to pass around to students at the end of class -- to provide an epilogue and to show that Asahi sustained its innovation abilities over time.
3. At the time of the case (Craig, 1995b), Sapporo was organized like most Japanese beer companies – functionally with no lateral connections among departments. Later, Sapporo was able to develop an organizational structure and processes to support new product development (Craig, 1995a).
4. Orion is mentioned in Craig’s Japanese Beer Industry note (Craig, 1995c).
5. Developing a temporary task force is much more likely to be an implementation solution offered by MBA students as opposed to undergraduate students.
6. This “Made in America” video series can be found in the Films for the Humanities and Sciences video catalogue; this series was produced around 1992. The clip that we show from “The Automobile Story” begins about 15 minutes into the film just after the first interview with Maryanne Keller; end the clip with the graphic that shows the blending of four functional areas.

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APPENDIX A: TABLES

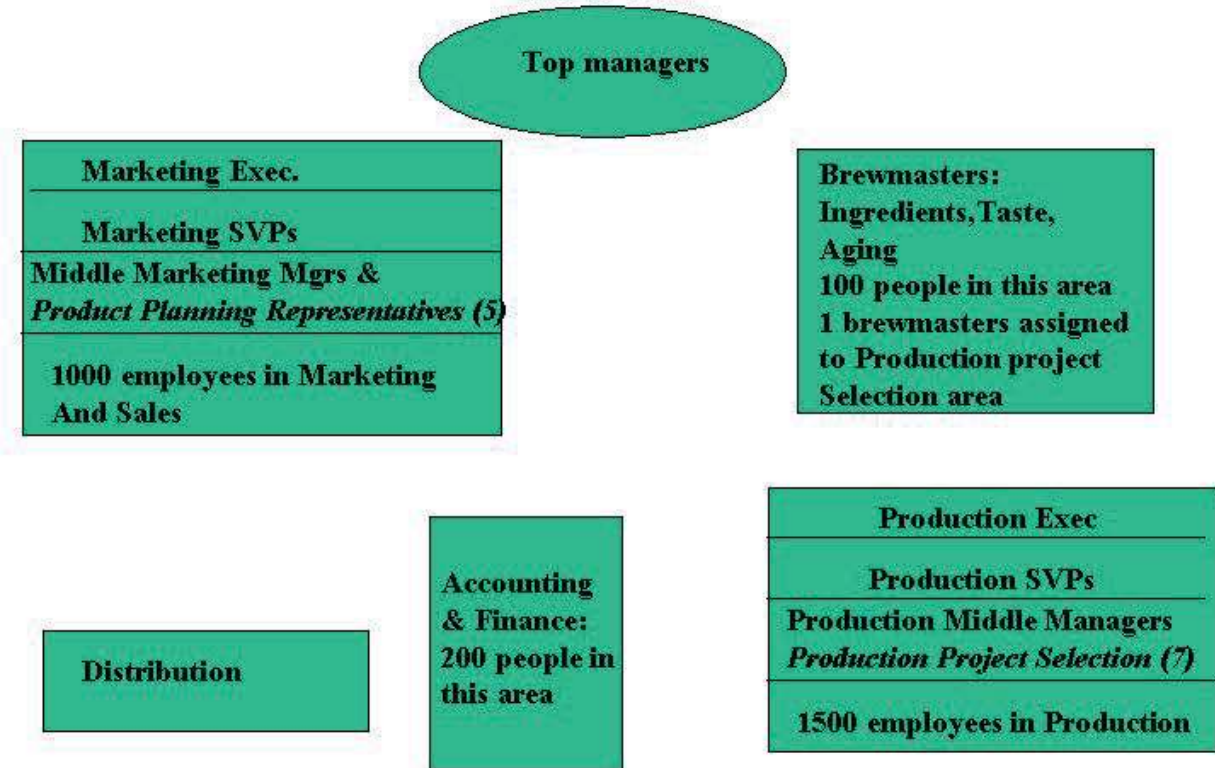
TABLE 1 EXAMPLES OF TYPES OF IMPLEMENTATION EXERCISES TO COMPLEMENT PUBLISHED CASES	
CASE	ORIGINAL IMPLEMENTATION EXERCISE
Asahi Beer (Craig or Harvard #9- 389-114)	“Ice Beer to Japan”: How will new idea migrate through 3 different organizational structures. Which company will be the first to introduce this new beer category in Japan?
Time Life (Harvard #9- 395-012)	“Springboard Stories and Defending His Decision”: How will Time Life CEO break the news of his decision about whether or not to go with the “Crime” series? One group creates a story to defend going with the decision; another group creates a story to sell why the series should not be undertaken. A third group brainstorms on potential product ideas that blend talents from the three divisions; this third group can judge which narrative is more effective in clarifying the decision and the direction for this operation.
Cineplex Odeon (Lampel & Shamsie)	“Board Meeting”: Three factions set up to decide whether to keep or dismiss CEO Garth Drabinsky: inside managers, institutional managers, and Bronfman group. Role-play and narratives from key players helps one group decide Drabinsky’s fate based on the Board process.
Outback Steakhouse. Can be used with Jollibees (Harvard #9- 399-007), KFC Japan (Krug or Harvard #9- 387-043), KFC China (Ivey).	<p>“What to Standardize, What to Modify”: Students meet in groups to decide which aspects of Outback’s domestic operations should be kept and which should be allowed to be modified. A list of business aspects is provided. If the business aspect is not standardized globally, the group provides justification and some guidelines for the non-domestic operations.</p> <p>“International Investment Allocation Decision”: Top managers meet and try to decide how to allocation \$200million to building an international presence. Students have to decide and defend where to allocate the funds to grow the enterprise. You might try to create three homogeneous groups: low, moderate, and high international experience. The outcomes are surprising.</p>
Starbucks (many different versions; I use the Ivey case)	“Sharing Knowledge in Starbucks”: This exercise has changed over the years. The early cases on Starbucks (situated around 1993) focused on three divisions within Starbucks – Director of Alliances, Director of International, and Direction of Knowledge. Given that so many students now know the Starbucks story (i.e., gone international, alliances with Dreyers and Pepsi), we have dropped the alliances and international division role-plays in favor of getting students to try to understand how to share knowledge in a large retail operation. Each group, of which there are three, tries to determine how best to get three great ideas (from three different stores in its system) to be evaluated by other stores. Each group presents and critiques the knowledge sharing solutions.
Paradise Farm Organics (I wrote this one; found in 5 th edition of Hitt, Ireland, and Hoskisson textbook)	“Creating an effective way to have message ‘tip’”: we create four groups after discussion of the “Tipping Point” ideas (Gladwell, 2002) and this case. (Sometimes you might show a video about the organic industry.) Two groups, working independently, try to come up with a way for the organic movement to “tip” – become more mainstream. These two groups develop marketing ideas to get the organic message out, similar to the milk or cotton marketing efforts. Two other groups, working independently, try to figure out how Mary Jane Butters can get her message out – detailed a new catalogue, creating a table of contents for a magazine, mocking up a potential website, and/or developing compelling public releases.

TABLE 2
COMPARISON OF ORGANIZATION DESIGN WITH NEW PRODUCT INNOVATION ABILITIES

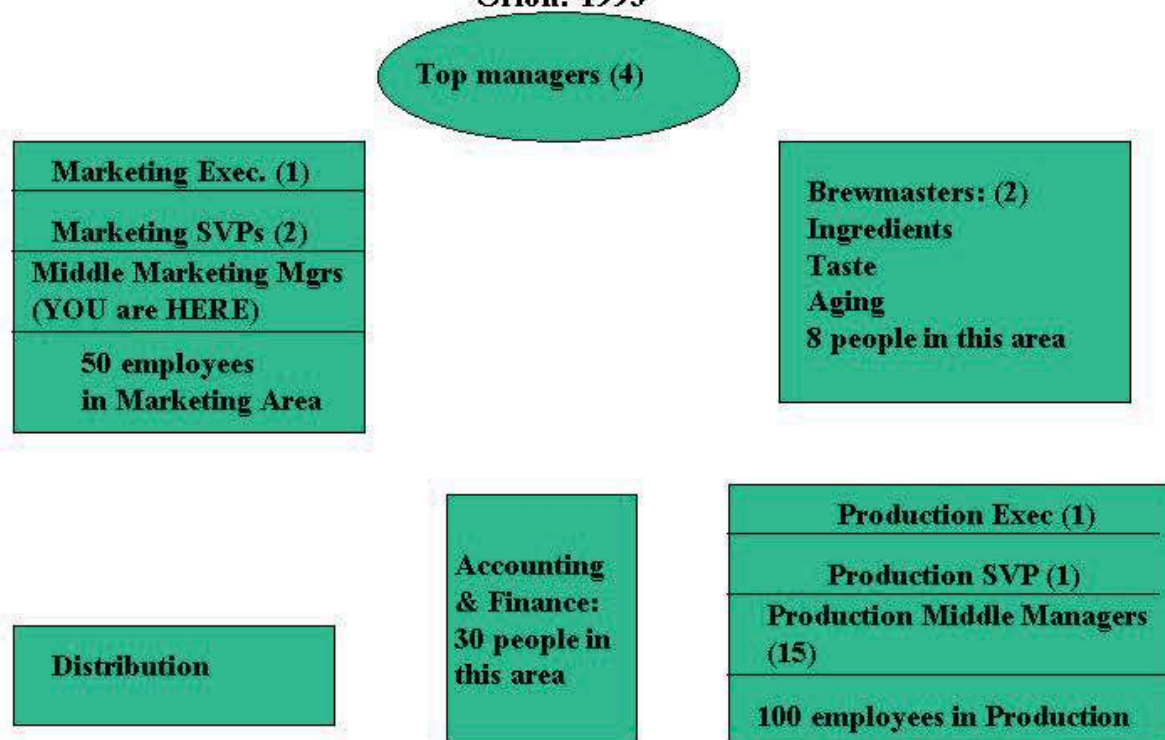
Company	Strategy-Making Process	Innovation Process Impediments	Innovation Process Facilitators
Sapporo	<p>Formulation and implementation activities are separated. Formulation is characterized by back and forth, over-the-wall processes among different functional executives. Top management intervenes to settle disputes in formulating a decision whether or not to pursue ice beer. Top down strategic decision process to launch the product.</p> <p>Slow to formulate strategic decision, fast to implement with top down plan after top management approval and department buy-in.</p>	<p>Potential for functional conflicts due to power differences and political infighting.</p> <p>No obvious ongoing lateral relations between functional areas.</p> <p>Slack resources such as money and people are fought over and linked to new product development</p>	<p>Many resources available for implementation such as established distribution, stores of yeast varieties, production expertise, and financial support once appropriated for this new product.</p> <p>Good relations among some functional executives could smooth new product development process.</p>
Orion	<p>Formulation and implementation activities are separated. Fast formulation through a face-to-face, personal process among a small group of executives. Implementation is separated from formulation due to the lack of resources to proceed with ice beer launch.</p>	<p>Limited financial, human, and production resources.</p> <p>Lack of knowledge about beer market on mainland and lack of access to mainland distribution.</p> <p>Few slack resources to deploy for new product development.</p>	<p>Lateral relations between executives and managers of functional areas are organic, personal and ongoing, greatly aiding communication and the decision to pursue new products.</p>
Asahi	<p>Strategy-making process is emergent. New ideas are developed lower in the organization with minimal top down involvement.</p> <p>Innovation activities are ongoing and jointly worked on by functional areas. No over-the-wall, sequential new product development activities.</p>	<p>Because of previous new product successes, Asahi could become complacent.</p>	<p>Ongoing lateral relations by those lower in organization who understood Asahi's strategy. Top management trusts the twelve employees developing new products.</p> <p>Slack resources evident: The twelve employees in the production project selection and project-planning areas could not account for all their time. Top management tolerates this ambiguity. Also, resources were made available in functional areas for new product development activities.</p> <p>Knowledge and capabilities evident in all functional aspects related to launch of new products.</p>

APPENDIX B: EXHIBITS

**Exhibit 1
Asahi: 1993**

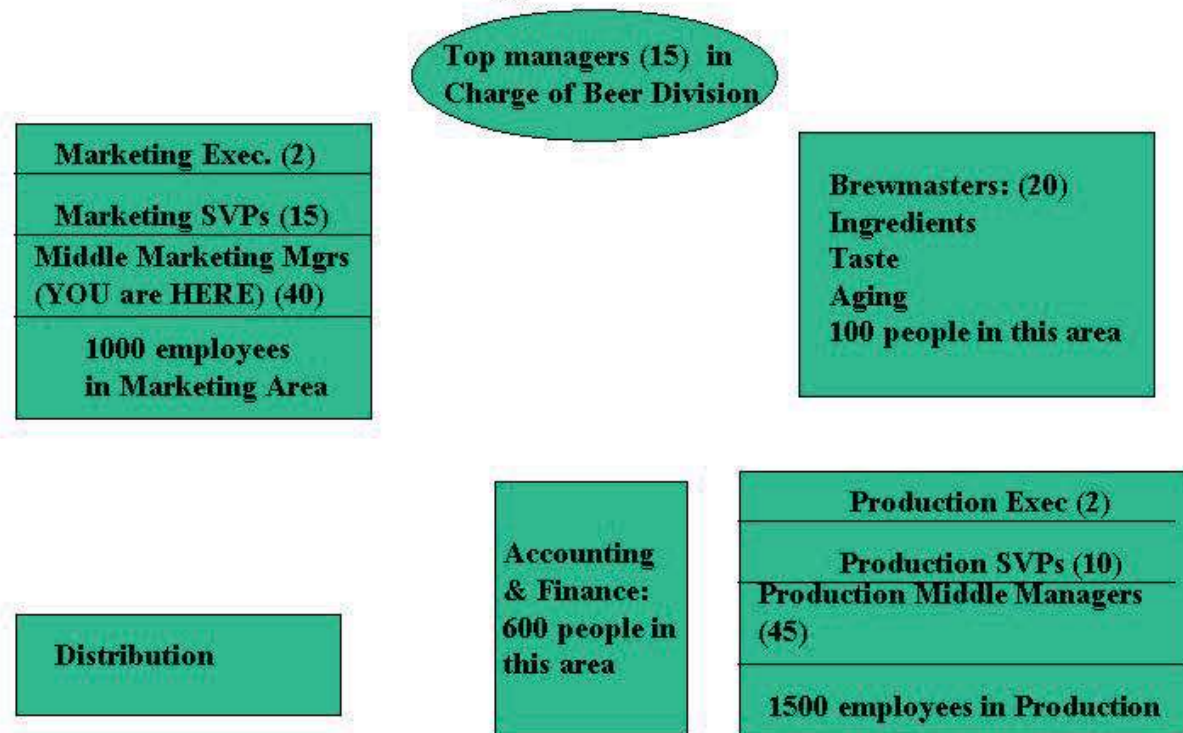


**Exhibit 2
Orion: 1993**



(#) indicates the number of employees/managers in this part of the organization.

**Exhibit 3
Sapporo: 1993**



(#) indicates the number of employees/managers in this part of the organization.