

Digital Strategies in Action

VINCENT L. LACORTE CASE SERIES | 2009-10

The Center for Digital Strategies at the Tuck School

of Business develops case studies that help students examine how digital strategies are changing the way firms compete. Our cases illustrate how these strategies can enable the supply chain, marketing, manufacturing, services, innovation, and product development.

What are digital strategies?

Digital strategies focus on the use of technology-enabled processes to leverage an organization's unique competencies, support its business strategy, and drive competitive advantage. They can help organizations use information technology to better manage operations in the global marketplace, direct organizational change, enable supply chain integration, and create revenue opportunities in customer service.

As the cases in this catalog show, digital strategies are implemented in a variety of industries, including communications, manufacturing, retail, biotechnology, and humanitarian relief.

www.tuck.dartmouth.edu/digitalstrategies/cases

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DIGITAL STRATEGIES

digital strategies. competitive advantage.

FEATURED CASE

Enhancing Service at Southwest Airlines

M. Eric Johnson and Joseph M. Hall, 2009

Subjects covered: operations and marketing strategy

Case #6-0031



SOUTHWEST[®]
share the spirit

Scarcely five years at the helm of Southwest Airlines, CEO Gary Kelly was navigating the high-flying airline through the downturn of 2009. By focusing on simplicity and keeping costs low, Southwest had posted profits in every year for over three decades and had grown to be the fifth largest U.S. carrier. Kelly was faced with maintaining those low costs while readying the airline for growth when passengers returned. Looking to enhance its value proposition, he was considering a number of service refinements including satellite-based WiFi Internet, more extensive wine and coffee service, and even new international alliances with foreign carriers. In each case, the offering would be scrutinized to see if it fit within the Southwest strategy and its legendary operating model.

Supplemental Material


T. Laseter and M.E. Johnson, "Reframing Your Business Equation," *Strategy + Business*, 2009

Hulu

Rama Oruganti and Alva Taylor, 2009

Subjects covered: growth, strategy, disruption

Case #6-0030

 Los Angeles-based Hulu.com had finished 2008 with impressive growth in both viewership and market visibility. The video portal startup, established in 2007 with the backing of NBC Universal and News Corp., had 227 million video views and had become the sixth most-visited online video web site. Popular media had taken notice and prominently featured the company. Even the harshest Hulu skeptics, like Michael Arrington of the popular TechCrunch blog, acknowledged its success. But Jason Kilar, the CEO, was cautious about the future. This case examines the explosive growth of Internet TV and potential for significant change in a well established industry.

Supplemental Material

"Video: Winning the Battle for People, Platforms, and Profits," *Center for Digital Strategies*, 2009

"Happy Birthday Hulu. I'm Glad You Didn't Suck," *TechCrunch*, October 29, 2008 (www.techcrunch.com/2008/10/29/happy-birthday-hulu-im-glad-you-guys-didnt-suck/)



Dell

Jennifer M. Farrelly and Paul Argenti, 2009

Subjects covered: marketing, media, product development, public relations

Case #6-0032



Every second ... two new blogs are created, seven PCs are sold, 2.2 million emails are sent, 520 links are clicked, 1,157 videos are viewed on YouTube, 31,000 text messages are

sent. With the explosive growth of social media, society and corporations are embracing this phenomenon as much more than a passing trend. This case focuses on computer manufacturer Dell Inc.'s social media strategy and how it has successfully integrated digital communications into every aspect of its business model. Case readers are put in the shoes of Bob Pearson, VP of Dell's "Conversations & Communities" team, who is tasked with developing Dell's social media strategy. After a rocky start with social media—including an actively blogged service crisis termed "Dell Hell"—Pearson is challenged with not only creating a department and strategy from scratch, but with developing internal buy-in and skill sets needed to get Dell started with Web 2.0. Pearson faced important decisions including how to structure the internal team,

what guidelines to set for blogging and social media participation, and how to measure success. The Dell case focuses on how new social media technology is changing not only corporate communication but also business functions such as product development, customer service, marketing, and customer engagement. It



offers many valuable lessons for both students and business professionals as they continue to join the Internet age.

Supplemental Material

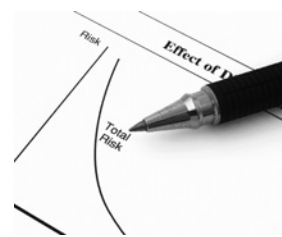
P. Argenti and C. Barnes, *Digital Strategies for Powerful Corporate Communications*, McGraw-Hill Professional, 2009

Information Risk Analysis at Jefford's

Hans Brechbühl, Stephen Powell, Chris Dunning, and Scott Dynes, 2008

Subjects covered: risk analysis, information risk management, investment decision making, Monte Carlo simulation

Case #6-0029



Jefford's faces several information security threats and must decide which risks to mitigate and at what cost. Headquartered in the U.S., Jefford's, a fictitious Fortune 500 company, is growing rapidly, with much of the expansion coming in emerging mar-

kets. They face numerous risk management decisions, including how to mitigate problems with stolen/lost laptops, malware, fraudulent web site transactions, and protection of personally identifiable employee data. Each information security risk is presented in context with the overall scenario and issues presented in Part A and further details in Part B.

The case can serve as a good basis for a discussion on information security and risk management approaches in this arena but also can be approached as a more generic investment decision-making and risk-analysis challenge. In Part B, the case provides detailed data on which to do a cost/benefit analysis and, with the help of the teaching note, creates a robust Monte Carlo simulation using Excel and Crystal Ball or similar software. The case includes an appendix provided by the Ponemon Institute on the cost to companies of actual data breaches involving the loss or theft of employee information.



Supplemental Material

M.E. Johnson, E. Goetz, and S.L. Pflieger, "Security Through Information Risk Management," *IEEE Security and Privacy*, 7(3), 2009

S. Powell and R. Batt, *Modeling for Insight*, John Wiley & Sons, 2008

Social Media and the Burger King Brand

Andrew Schneller and John Marshall, 2007

Subjects covered: marketing, branding, digital media, food service
Case #6-0025



With profits decreasing and franchisees unhappy, Burger King needed to take dramatic action and redefine how it was perceived by customers. Instead of traditional advertising and sponsorships to build the brand, the company created and distributed Burger King-related content intended to entertain consumers, give the brand social currency, and create a sense of mystery. The firm was media agnostic and often chose inexpensive, non-traditional media channels such as Internet micro-sites and social-networking sites to reach target consumers. This case study examines how the use of digital communication, media channels, and Web 2.0 changes the way firms build their brands.

Supplemental Material
"Web 2.0 and the Corporation," in *Thought Leadership Roundtable on Digital Strategies*, Center for Digital Strategies, Tuck School, 2007

Papirius: Office Depot is Coming

M. Eric Johnson, Daniel R. Justicz, and Jay A. Altizer, 2002

Subjects covered: supply chain (distribution), channel management, office supplies
Case #6-0016



In 2001—with Office Depot already having established a presence in Poland and Hungary—Petr Sykora and Jan Cerny, founders of the leading Czech-based office supply distributor, Papirius, began to formulate their potential responses to the U.S. chain's impending entrance into the Czech market. Should they grow their current delivery business to monopolize the best customers? Should they enter adjacent countries, expand their online presence, or acquire domestic competitors to gain market share? Should they open their distribution network to other retailers? How could they use information technology to their advantage? Given Office Depot's deeper pockets, Papirius knew they had to compete creatively, not on price.

This case examines how native companies, with a tradition of "organic," internally-funded growth, respond to new efforts by large foreign chains to expand into non-Western markets.

Supplemental Material
M.E. Johnson, "Building a Distribution System in Eastern Europe: Organic Growth in the Czech Republic," in *Building Supply Chain Excellence in Emerging Economies*, Springer, 2007

Strengthening the Distribution Channel at Steinway

Robert Batt and M. Eric Johnson, 2007

Subjects covered: supply chain (distribution), marketing, product development, musical instruments
Case #6-0027



Few brands enjoy the quality image of Steinway & Sons. For nearly two centuries, Steinway pianos have set the world standard in product excellence. While quality has also been the cornerstone of Steinway's manufacturing and marketing strategy, its channel strategy was less well aligned. What were the strengths and weaknesses of Steinway's distribution network?

This case examines the integration of operations and marketing strategies. It describes how Steinway used channel consolidation and new product offerings to enhance its distribution strategy and control its quality image.

Supplemental Material
M.E. Johnson and R. Batt, "Channel Management: Breaking the Destructive Growth Cycle," *Supply Chain Management Review*, 2009
M.E. Johnson and R. Batt, "How to Make Dealerships Strong—and Happy," *The Wall Street Journal*, October 20, 2008

Video featuring Bruce Stevens, former Steinway president and CEO, available on request

Aligning the Supply Chain

Laura Rock Kopczak and M. Eric Johnson, 2006

Subjects covered: supply chain, services, medical devices
Case #6-0024



Align Technology, makers of the highly successful orthodontic treatment Invisalign™, was in the midst of a transition from a startup venture to an established firm. Len Hedge, VP of operations, outlined a multi-million dollar IT investment for a new execution system that

would address the growing complexity of managing its multi-country operations. Hedge believed that the new system would increase product visibility in the supply chain and enhance Align's ability to collaborate with doctors—building trust with its channel partners.

This case study examines the challenges of manufacturing a mass-customization product and the business case behind Align's investment in a new enterprise-information system to automate its supply chain.

Supplemental Material
M.E. Johnson, "Put People Before Process," *CIO*, April 2007

Nolej Studios: Growing a Creativity-Based Company

Ashley Martin and Alva Taylor, 2008

Subjects covered: growth, strategy, advertising, interactive advertising, client management, market entry, workforce management
Case #6-0028



In 2007, Alejandro Crawford, CEO and co-founder of Nolej Studios, a small, cutting-edge digital advertising firm in New York City, faced a tough decision: whether to take on a new client in an unfamiliar industry.

Nolej focuses on providing dynamic websites, brand identities, and unique interactive demos primarily for clients targeting a young adult, urban, hip demographic. The company develops cross-platform marketing and advertising that engages the audience and generates visibility for their clients' products and services. When a new client approached Nolej for help in developing and marketing a new product for the toy industry—a product area new to the company—Crawford knew that taking on this potentially lucrative project would push the company out of its comfort zone.

This case deals with growth, client relations, and changing direction. It describes how Nolej handled a promising opportunity that would push the company's management team into a high-profile arena.

Biogen-Idec: Growing a Customer-Focused Supply Chain

M. Eric Johnson and Julia Kidd, 2005

Subjects covered: marketing, CRM, supply chain, biotechnology, business ethics
Case #6-0022



Before 2001, Biogen's CRM capability consisted of components managed by multiple systems and processes. By implementing a new global Siebel platform to support all customer-facing processes, CEO Jim Mullen hoped to facilitate more patient inter-

action in the company's call center, improve the flow of medication to patients, and provide better access to account information for its increasingly international and mobile sales force.

This case examines the business case behind Biogen's CRM investment to develop a more customer-centric supply chain. This case also lends itself to a discussion on business ethics and how a company deals with patients, physicians, and the distribution of a medical product.

About the Center

The Center for Digital Strategies at the Tuck School of Business brings together executives, academics, and students to advance the theory and practice of management in a networked economy.

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This series of cases has been supported by the LaCorte Family Foundation.

For more information about our case studies, research, and publications, please visit

www.tuck.dartmouth.edu/digitalstrategies.



Technology and Quality at Steinway

M. Eric Johnson, Joseph Hall, and David Pyke, 2005

Subjects covered: manufacturing, innovation and product development, musical instruments

Case #6-0023



For almost two centuries, Steinway & Sons set the standard for hand-crafted excellence in piano manufacture. When the company purchased new computer numerically-controlled (CNC) shaping machines that would allow multiple parts of a piano to be produced in one integrated machining operation, the news sent shock-

waves through the factory, reverberating with customers around the world. Would automating quality through investments in high-tech equipment, computer vision systems, and information technology compromise Steinway's legendary quality?

This case explores the role and impact of technology on quality, showing how Steinway used new product offerings to enhance its distribution strategy and control its quality image.

Supplemental Material

J.M. Hall and M.E. Johnson, "Striking the Right Balance Between Art and Science in Managing Processes," *Harvard Business Review*, March 2009

NetHope—Collaborating for the Future of Relief and Development

Benjamin Farmer and M. Eric Johnson, 2007

Subjects covered: collaboration, resource management, technology development, humanitarian relief

Case #6-0026



Most disasters occur in developing countries, often in remote areas lacking roads, reliable power grids, and telephony. To expedite aid, international relief agencies desperately need effective information communication technology. NetHope's mission is to collaboratively address similar technology challenges facing relief agencies

and to build shared infrastructure to enable humanitarian supply chains. Formed in 2001, it began as a consortium of the world's largest humanitarian organizations in partnership with technology firms like Cisco and Microsoft. By 2007, NetHope had grown to include 16 member agencies, including World Vision, Oxfam, CARE, and Save the Children.

This case study chronicles the challenges in operations, technology, and business strategy that a nonprofit organization faces, while addressing the needs of its major stakeholders—founders, donors, experts in the field, and member delegates.

Executive point of view in the classroom

Want more insight into how today's leading executives are using digital strategies to enable strategy, organizations, marketing, operations, or IT? Introduce your students to the executive point of view with articles from our **Thought Leadership Roundtable on Digital Strategies** series.

These articles contain firsthand accounts of Global 1000 senior executives as they come together in this roundtable series to share perspectives on a specific business issue and wrestle with concerns common across industries.

Recent roundtable articles include:

Global Talent and the Next Generation Workforce

M&A and Divestitures

Using and Stewarding Customer Data

Web 2.0 and the Corporation

The Agile and Resilient Enterprise

Conducting Business in Emerging Markets

Nurturing and Executing Innovation

Managing Joint Ventures and Alliances

Sales and Operations Planning

Enabling a Customer-Focused Organization

Information Security and Privacy

Leading the IT Organization

Global Mindset, Virtual Organization

For more information about the Roundtable series and articles, visit

www.tuck.dartmouth.edu/roundtable.

Digital Strategies Case Library

CASE NAME	CASE #	INDUSTRY	SUBJECTS COVERED					
			IT Management	Supply Chain	Marketing & Sales	Manufacturing	Services	Innovation/Product Dev.
Agile Software – I Want My Web TV! (2000) †	1-0074	Computer Hardware		X				X
Align Technology (2006) †	6-0024	Medical Devices	X	X		X	X	
AT&T and Comcast (2002)	6-0012	Communications						X
Biogen-Idec (2005) †	6-0022	Biotechnology		X	X		X	
Burger King (2007) †	6-0025	Fast Food		X				
ChemPoint and Yantra (2002)	6-0003	Chemicals		X			X	
Cisco: Evolution to e-Business (2001)	1-0001	Network Hardware	X				X	X
Cisco: Maintaining an Edge (2001)	1-0002	Network Hardware	X					X
The Day McDonald's Blinked (2001) †	1-0049	Fast Food					X	
Dell (2009)	6-0032	Computers			X			
Do You Yahoo!? (2001)	6-0005	Internet			X			X
Electronic Trading Systems (2001)	6-0006	Finance					X	
EMC Creating a Storage-Centric World (2002)	6-0009	Computers					X	
Garden.com (2002)	6-0017	Garden Supply		X				X
Hasbro Interactive (2004) *	6-0021	Toys/Video Games			X			X
Hulu (2009)	6-0030	Communications					X	X
Information Risk Analysis at Jeffords (2008) †	6-0029	Electronic Controls	X				X	X
Learning from Mattel (2002)	1-0072	Toys			X			X
Mattel, Inc. Vendor Operations in Asia (2002)	1-0013	Toys		X	X	X		
McGraw Hill (2003)	6-0018	Publishing			X		X	X
Microsoft's Xbox Gamble (2002)	6-0011	Video Games						X
NetHope (2007) †	6-0026	Humanitarian Relief	X	X				
New York Times Digital (2002) *	2-0006	Media/News			X			X
Nolej (2008) *	6-0028	Digital Advertising			X			X
NTT DoCoMo (2002)	6-0010	Communications						X
NWS, (A) Privatization (2006)	1-0019	Food and Beverage		X				
NWS, (B) Distribution (2006)	1-0020	Food and Beverage		X				
NWS, Spirits to Wine (2008) †	1-0021	Food and Beverage		X				
Papirus (2002)	6-0016	Office Supplies		X				
Participate.com (2001)	6-0002	Consulting					X	X
PERI (2003)	6-0019	Construction	X	X	X	X	X	
Quad Wants to Be a Savi Player (2002) § †	6-0015	Agribusiness		X				
Red Cross (2004) §	6-0021	Humanitarian Relief		X				
Simon & Schuster (2001)	6-0004	Publishing					X	X
Southwest Airlines (2009) †	6-0031	Transportation					X	
Steinway Distribution Channels (2007) § †	6-0027	Musical Instruments		X	X			
Steinway Quality (2005) †	6-0023	Musical Instruments				X		
Stora Enso North America (2002) *	2-0001	Paper		X		X		
Victoria's Secret (2002)	6-0014	Apparel			X			X
Video on Demand (2001)	6-0013	Entertainment						X
Woolworths (2004) § †	6-0020	Retail	X	X				

* Cases developed by the William F. Achtmeyer Center for Global Leadership at Tuck. † Teaching note available to professors upon written request. § Spanish version available upon written request.

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