

## AWARD WINNING CASES

### eBAY UNDER FIRE: FRAUD ATTACKS AND COMMUNITY UNREST

Scott Newman & Gary M. Grikscheit, University of Utah

Set against the backdrop of an actual eBay-sponsored customer event -- "eBay In Person" -- the case took place on the evening of August 31, 2006 at a downtown hotel in Salt Lake City, Utah. This town hall-type forum was hosted by Bill Cole, President of eBay North America, who addressed and took questions from approximately 500 invited eBay users. He talked specifically about a Wall Street Journal article that highlighted growing dissatisfaction among eBay sellers with the company's senior management team and recent pricing decisions. He was also made aware of a TV news story which aired the previous evening that claimed eBay takes a relatively passive stance on fighting fraud on its site. Cole asked Tim Payton, who headed eBay's 1,200-person Salt Lake City Customer Support Center, to respond to the story and speak on the array of fraud prevention policies and processes the company has in place to combat ecommerce fraud. The case concludes with Cole taking a question from a vocal audience member who was not convinced that the action plans shared by Cole and Payton will produce the intended results.

**"BEST CASE" in the Proceedings, Western Academy of Casewriters 2009 Conference.**

### TO SMOOTHIE OR NOT TO SMOOTHIE?

Michelle Tse, California State University, Los Angeles

As consumers became increasingly health conscious, the smoothie industry was the perfect business opportunity within the US fast-service industry. Sales of made-to-order smoothies were expected to raise more than \$2.5 billion in 2008, up from \$989 million in 2002. By 2012, the market was estimated to be \$3.8 billion. Large fast-service companies such as Starbucks, McDonald's and Taco Bell expanded their beverage menus by including fruit juices and smoothies to appease consumer needs. As a result, established smoothie businesses such as Surf City Squeeze, Jamba Juice, and Smoothie King stepped up their marketing strategies to compete with these other non-smoothie specialty businesses. The case describes a business dilemma faced by Amy and her siblings, who are entrepreneurs in spirit, but have no business experience. They see an opportunity with smoothies and want to open up a store. Before even deciding exactly what business to open, they find what they consider to be an ideal location. The dilemma is whether they should open up a franchise of a smoothie chain, try to obtain a license, launch their own independent smoothie business, or consider a different type of business altogether. They obtain some information about smoothie business opportunities, including a franchise agreement from Surf City Squeeze – complete except for their signatures. There are advantages and disadvantages to each business type. Considering the pros and cons and their business backgrounds, what is the best business type for Amy and her siblings?

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### iPHONE APPS: BUSINESS OR TIME CONSUMING HOBBY?

Leslie Ann Goldgehn & Suzanne Yonkers, University of San Francisco

David and Ian were two young entrepreneurs from Marin County, California. David and Ian started Pandav with the desire to become known for creating socially conscious well-designed iPhone software featuring a

great user experience. In the spring of 2008, Apple Inc. opened up the opportunity for third party vendors to develop and market iPhone applications through the iPhone “App Store.” As of April 2009, there were over 35,000 applications officially available for the iPhone and iPod Touch and over 1 billion downloads of Apple Apps.

David and Ian created iBart, which offered instant access to all of the San Francisco Bay Area Rapid Transit (BART) information. Its features included allowing the commuter to find the closest BART station, access train departure and arrival information and plot a trip. Since its launch, iBart had been downloaded 89,387 times by unique users. Last year, they launched a successful iPhone program and achieved a large customer base. They were at a critical juncture with their start-up. They couldn’t continue investing their time and money into an enterprise that was not going to yield any financial return. How could they monetize their application in the future? Could they come to an agreement about the vision for their company? What specific growth strategies should they pursue for iBart and Pandav?

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#### 420 MEDICARD: MEDICAL MARIJUANA RECOMMENDATION CENTER

Faye Chacon, Annora Halim, Sissie McElvaine, Hector Nava & Hector Ramirez (student authors);  
Stephen McGuire (faculty supervisor), California State University, Los Angeles

Marijuana, a shredded form of the plant Cannabis Sativa, was a federally illicit drug except when allowed by a state for medicinal purposes. In California, the state laws enabling medical marijuana included Senate Bill 420 and Prop 215. Medical marijuana could be acquired from dispensaries as long as a patient had a medical marijuana identification card that was attained via recommendation from a physician. The case is about 420 MediCard, a medical marijuana recommendation center, and the legal, business, and ethical dilemmas that the 420 MediCard physicians faced in their business. Qualifying illnesses for recommendations, such as anxiety or pain, were so broad that they potentially encompassed the entire population. Since marijuana was illegal, there was little room for business growth, but this was a profitable business. Possible modifications to prevent system abuse included tightening regulations, obtaining patients’ comprehensive medical history, and networking patient data. Other than overcoming ethical and legal obstacles; 420 MediCard considered how it could gain a competitive edge by promoting differentiation by “going green,” joining advocacy organizations, and enhancing customer service by initiating options such as 24/7 verification service.

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#### BALANCING ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY IN PUBLIC POLICY: GOLD MINING REFORM

Linda K. Gibson, Bruce W. Finnie & David E. McNabb, Pacific Lutheran University

A member of the U.S. Congress and her legislative staff undertook the daunting task of reforming federal mining policy. They encountered the political pressures involved in balancing economic and environmental sustainability when formulating policy or drafting legislation to reform environmental policy. Mining reform was one of the perennial issues before Congress since, according to the EPA Toxic Release Inventory, mining produced more hazardous waste than any other industry. Further, after a mine’s resources were depleted, mining firms often declared bankruptcy when faced with the significant expense of environmental remediation, leaving the cost to the federal government. Many mines became unfunded Superfund sites. The

General Mining Law of 1872 laid the groundwork for these problems; but reform of this law would not resolve the federal risk exposure resulting from environmental mishaps on private land. Options were needed to help protect the federal government from this often overlooked risk.

The case describes the challenges faced by a western Congresswoman who wanted to reform federal gold mining policy. To help her decide what legislation she should propose, she charged her staff with locating and organizing reform options and a strategy to use to win support for reform. Her staff gathered options and background information, engaged in stakeholder analysis, and debated which decision-making process and reform strategy to recommend to their boss. They examined public choice theory and agency theory issues as possible contributors to the political inertia on mining policy reform.

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UNITED STATES TREASURY:  
RECRUITING GREAT TALENT FOR SENIOR POSITIONS IN A HIGH-PRESSURE ORGANIZATION

Peter Khanahmadi, Booz Allen Hamilton (student author);  
Mark A. Clark (faculty supervisor), American University

Newly appointed US Treasury Chief of Staff Mark Patterson was in the unenviable position of recruiting to fill management roles in the worst economic crisis in recent years. It was March 2009, and Patterson was under great pressure to fill senior positions at Treasury to tackle pressing economic problems. His many challenges included appealing to private sector business leaders who earned substantially more than the government could offer, and ensuring they could pass the more rigorous vetting process implemented by the new Obama administration. Treasury Secretary Geithner wanted to have a Deputy and several Undersecretaries hired immediately, and Patterson was tasked with delivering a recruitment plan by noon on the next Tuesday, March 10, 2009.

Every four years, a newly elected administration was tasked with finding effective leaders to fill important seats in Government agencies. Finding the right leaders was no easy task. The administration needed to identify, vet, and attempt to attract the best talent to help run the nation. But what if there were little incentive to join the government other than patriotism? What if the government salary offered was only a small fraction of what potential leaders could earn in the private sector? Lastly, what if one were asked to help save the nation from the next great depression? Prior to the economic collapse of 2008 and 2009, this great depression scenario seemed farfetched. However, as the US and world witnessed - it occurred. With renewed hope, the newly elected Obama administration set out to find the right leaders to help save the nation from economic despair, particularly in one of the most important government entities: the United States Department of the Treasury. What the Obama administration discovered was that it was much harder than anyone had ever imagined.

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