



## **STRATHMORE UNIVERSITY BUSINESS SCHOOL**

MASTER OF BUSINESS ADMINISTRATION IN HEALTHCARE MANAGEMENT

END OF SEMESTER EXAMINATION

### **HCM 8110: MANAGEMENT COMMUNICATIONS AND MEDIA RELATIONS IN HEALTHCARE**

**Date:** Friday, 18<sup>th</sup> January 2019

**Time:** 3 hours

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#### **Instructions**

1. This examination consists of **NINE** questions set around three cases.
2. Answer case **ONE** and **ANY OTHER ONE** case
3. Utilize the discussion and readings in class and your experience to solve the case problems raised herein.

#### **Question 1 (Compulsory) (30 Marks)**

##### **CARSON CONTAINER COMPANY**

Carson Container Company was a large, regional plastic injection-molding container manufacturer, supplying single-serving containers to small food and beverage producers. Carson had 30 plants, located primarily in the Eastern part of the US. Their procurement procedures were not coordinated. Carson's corporate headquarters had even encouraged plant managers to act as separate entities. In addition, each plant bought many items from local suppliers. Carson's decentralized approach to procurement was indicative of its overall strategy toward dealing with its constituencies including employees, customers, shareholders, and communities.

The non-carbonated beverage market (specialty juice and waters) took off in the early twenty-first century, and thus demand for Carson's bottles heated up. As it became clear that this trend would continue through the coming years, Carson faced increasing competitive pressures to drive prices down, and company management recognized that dealing with such a fragmented supplier base was hindering "efficiency" at the company. Michael Bundy, the company's president, hired an experienced materials Manager, Richard Haskell, in January 2015 as Vice President of Corporate Procurement, a new position in the company. Bundy gave Haskell lots of flexibility in organizing his work and placed Stacie Friberg as Haskell's Executive Assistant.

Friberg had worked for 15 years at Carson at different positions, and thus knew many plant employees. Haskell's appointment was announced on the company's intranet and in a memo to plant managers.

Haskell wanted to centralize the company's procurement procedures and reduce the number of suppliers overall. To begin he asked each of the executives who handled materials management in the various plants to clear with headquarters all contracts over \$ 100,000. Haskell thought that if headquarters was going to coordinate in a way that would help plan and Carson overall, he had to a week know about contracts being negotiated at least a week before they were going to be signed. He discussed it with Michael Bundy, who discussed it with the Board of directors, who approved the idea.

Carson's plants made purchases and negotiated deals with suppliers continuously, but the beginning of the its busiest buying season was only two weeks away when the new plan was to put into the place. Haskell drafted a memo to send the 30 materials managers.

*Dear Materials Manager:*

*Carson's board of directors has approved a new procurement process. Henceforth, all materials managers in each plant will alert the Vice President of Corporate procurement about contracts above \$ 100,000 which they plan to negotiate at least a week before the day they will be signed.*

*I know you must understand that this change is critical to coordinate the procurement requirements at Carson and consolidate relationships with national suppliers when we are finding it more difficult to secure good deals at the local level. This step will provide us in the head office the information we need to see that each plant procedures the optimal supply of materials at the best prices. As a result, the goals of each plant and for Carson as a whole will more likely be achieved.*

*Sincerely,*

*Richard Todd Haskell, II*

*Vice President, Procurement*

Haskell gave Stacie Friberg the memo and asked for her input. She told him she thought the memo was great. She said, however, that, since he had met only three of the materials managers, he might like to meet all of them and discuss procurement with each of them individually. Haskell declined because he had so many things to do at home and in his office that he was unable to travel. He also felt it would cost t much to visit all the plants, and he was keenly aware of the need to limit spending.

Over the next few days, responses came in from all but a few plants. Some managers wrote longer longer responses, but the following e-mail message was typical:

*Dear Dick:*

*Welcome to Carson! We wish you every success as the new procurement coordinator. We got your recent communication about notifying headquarters a week in advance of our intention to*

*sign contracts with suppliers. This suggestion seems very practical. We would like to let you know that you can be sure of this plant's cooperation's in your new job.*

*Best Regards,*

Over the next several weeks headquarters heard nothing from the plants about contracts being negotiated with suppliers. Carson executives in other departments who visited the plants frequently reported that they were quite busy, and the usual procedures for the time of the year continued.

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**Required:**

- a) What problems does Carson Container Company have that will affect its communications? **(10 Marks)**
- b) What specific problems does Mr. Haskell have as a result of his communications to materials managers? **(10 Marks)**
- c) How would you analyze this case in terms of the expanded corporate communication strategy framework? **(10 Marks)**

**Question 2 (30 Marks)**

**GOOGLE INC.**

After agreeing to censor internet search results in china, google Inc. found its corporate mantra – briskly summarized by its founders as “don’t be evil”- under heavy fire in January 2006. The search engine giant knew bad publicity could be part of any trade off if it wanted to become a major player in China bargaining economy.

Google had faced little beside fawning publicity from the tech press since it is founding in 1998, though hint of the public relations headaches on the horizon for the company first surfaced at the close of 2005, when data and privacy concerns intersected with the US department of Justice. Google had refused to provide user information in a case the government was building against child pornographers as it watched its stock price fall, it had already begun wrestling with how to reconcile that decision with its stance “evil.”

Public appetite for the company’s products seemed to only have intensified since Google’s successful- albeit unorthodox – initial public offering in 2004, but the company still feared that the January 25, 2006, launch of its new portal in China Google.cn, to operate the back-end of its search engine, google agreed that the portal would automatically filter results containing content considered objectionable by the Chinese Government.

Knowing full well that it could become the poster child for the controversy surrounding market entry into the still reforming China, Google top executives also had to grapple with the reality that the company might truly be at odds with the golden image of its own making. Whereas once Google was able to tout its free – willing, creative culture, whispers in the press suggested the

Google might be the next Microsoft Corp. Just another solace, inflexible, corporate behemoth. A December 2005 cover story in business week magazine blared “Googling for Gold” and suggested that the company’s true interests were more pragmatic than pie in the sky ideals, and a February 2006 headline of time magazine asked, “Can we trust Google with our secrets?”

The situation escalated when US representative Tom Lantos a holocaust survivor and human rights advocate begun to speak out public against Google’s entry into China, caring its actions to those of US companies that collaborated with Nazis prior to World War II<sup>1</sup>. Already struggling to stay in front of the story and sending out mixed messages when it came to its stances on privacy and open access to information, Google knew it needed to do something to clear its name-or risk becoming just another dot-corn company.

## **TWO KIDS IN A SANDBOX**

Google's well-documented roots began at Stanford University, where cofounders Sergey Brin and Larry Page met as doctoral computer science candidates in the mid-1990s. A shared love of technology made it only a matter of time before the two overcame their initial dislike of one another and began collaborating on projects outside the classroom. Over the next few years, the duo worked tirelessly on a way to scan and index the information scattered across the Internet. Other search engines had attempted to do the same thing but none has worked as well as Brin and Page’s method, and the pair believed they had hit on a way to revolutionize the use of the internet.

In 1998, the pair founded Google's predecessor, a company called BackRub, named after the technology's use of backward links to find useful websites. Once it received its first investment, a check for \$100,000 from an angel investor, BackRub upgraded its dorm-room operating center for space in a friend's garage and traded in its name for Google. ("Googol" is the math term for the figure 1 followed by a hundred zeroes, a nod to the company's vast goal of organizing all of the Internet's data.) The company was founded with a mission to "Organize the world's information and make it universally accessible and usable.”

By 1999, Page and Brim had secured more than \$25 million in venture capital funding. Google had grown to just over 60 employees, a rapid growth pace that would continue in the coming years and begun to develop a relaxed culture of its own. Employees were encouraged to spend part of their workweek on projects that interested them, and tales of the recreational amenities routinely offered to Google staffers spread in the close-knit Silicon Valley. That same year, the company relocated to the "Googleplex," a complex in Mountain View, California, that seemed more sprawling college campus than stuffy office space.

Competitors such as Microsoft's MSN relied on traditional advertising, but Google grew solely by word of mouth. The search engine's speed and ability to deliver highly accurate results drove its increasing popularity. The company also developed multiple products meant to complement its search engine, including the Google Toolbar, Google Image Search, and Froogle, an Internet shopping tool.

At the same time, Google successfully developed a business model that brought in large advertising revenues while maintaining uncluttered, user-friendly search engine. Programs such as AdWords (introduced in 2002) and AdSense (introduced in 2003) allowed Google advertisers to target users according to keywords used in searches—a far cry from the intrusive pop-up ads that were industry standard at the time.

Still, while the company was successful, the leadership styles of Page and Brin led observers to believe that the two executives were little more than kids playing in a sandbox. The long-term financial success of the company was widely doubted, in both the press and on Wall Street.

## **DON'T BE EVIL**

In 2001, Page and Brin decided to bring aboard Eric Schmidt as Google's first chief executive, though they would retain their executive roles to impart their unique vision for the company. Schmidt had 20 years of management experience in tech companies and most recently had been the top executive at software developer Novell Inc. The trio agreed to make decisions by committee, and in an even more unique twist on power sharing, they agreed that in the case of any major decision, all three would have to reach consensus before taking action.

Despite minor Securities and Exchange Commission investigations and a dubious attitude from Wall Street, in August 2004, the men decided to take the company public. The initial public offering (IPO) made many of the company's employees instant millionaires and resulted in a market capitalization of some \$23 billion for Google.

Even as industry observers speculated that the company would have to adopt a more buttoned-down image when it came time to answer to the expectations of outside share-holders, Google's founders pledged to look to the long term to vindicate their business strategy, not to quarterly or even annual earnings. Shortly before the IPO, the company released a public letter from the founders, reasserting the mission of the company: "We believe strongly that in the long term, we will be better served . . . by a company that does good things for the world even if we forgo some short-term gains. We aspire to make Google an institution that makes the world a better place." Fittingly, Google's unofficial company motto, "Don't Be Evil," had long embodied that very ideal.

In the year following the IPO, Google grew to become the fifth most popular website in the world, with more than 380 million visitors per month and half of all users coming from outside the United States. The company also continued its tradition of branching out into multiple product lines. By 2006, it had wide-ranging projects in development, including such long-shot ideas as a program that would allow individuals to track their own DNA history online. Google noted that the project was grounded in the practical and might one day provide people with the ability to take ownership of their own health care through the identification of hereditary health risks.

But Google's "Don't Be Evil" policy hit a stumbling block in December 2005, when the Department of Justice requested all major search providers to submit user information in an effort to investigate the prevalence of child pornography on the Internet. The investigation was

part of an attempt to enforce the Child Online Protection Act, which required websites to shield minors from harmful materials. The subpoena requested a sampling of 1 million searches initiated through Google over the course of one week. Whereas Google refused to provide any information to the government and elected to fight the subpoena in federal court-citing the importance of user privacy-search engine competitors MSN and Yahoo quickly complied with the government's request.

## **THE CHINESE MARKET**

Meanwhile, with a population of 1.3 billion and a growing economy, China represented an enormously important market where Google felt it needed to gain a stronger foothold. The number of Internet users in the country had grown substantially in recent years, estimated to have reached more than 110 million regular users in 2006, making China the second-largest Internet market in the world.

The Chinese government gave all Internet search providers operating in the country a difficult choice: either censor results deemed "objectionable" by the government or do not do business in China. Google already had a presence in the Chinese market prior to the Google.cn launch but had been unwilling to censor information on behalf of the Chinese government. A typical search request initiated through the Google.com website would be filtered by the Chinese government to remove objectionable material-a process that slowed Google's response time significantly and made it difficult for the company to compete.

The filtered search results would remove any reference to a number of subjects. Content mentioning topics such as Tibet, Taiwan, Falun Gong, or the Dalai Lama was banned. For example, a search on Google.cn for the phrase "Tiananmen Square" returned results showing a smiling couple in the square at spring or the large mural of Chairman Mao on permanent display in the area. Absent were any links to the massacre of 1989. The same search on Google.com would include pages showing the all-too-familiar image of a student standing in front of a line of tanks in protest.' (See Appendix A for images.)

The primary Internet search provider in China at the time was Baidu.com, a Chinese company that owned approximately 48 per-cent of the market. Baidu had been ranked responsiveness rate by users in China and was accepted as a clear leader in the market in terms of both brand recognition and usage rates.

But a study by Keynote Customer Experience Rankings acknowledged that the competitive advantages maintained by Google in the United States would be easily transferable to the Chinese market. Chinese customers ranked Google first, beating Baidu, Yahoo, and MSN, in categories such as search quality, image search, and reliability. According to the director of research and public services for Keynote, "We see that Chinese consumers really like the overall Google experience better. Eventually, this promises to translate into increased market share, particularly given Google's strong resources and focus on the market."

With the introduction of Google.cn, Chinese users would be able to access the same search engine with a speed similar to that of Google.com in the United States. Although Chinese users

would have previously received the same limited results, it would now be Google-and not the Chinese government routing the inquiry through its own servers to remove banned content.

## **NGOS, COMPETITORS, AND CONGRESS MAKE NOISE**

On the heels of Google's announcement of its official launch in China, a number of nongovernmental organizations (NGOs) soon voiced strong opinions against Google.

Reporters without Borders (RWB), a Paris-based public interest group acting as a media watchdog on an international level, had already established itself as the leading critic of U.S. search engines that agreed to censor material to gain access to international markets. Beginning in 2004, the group wrote to top U.S. officials, pleading for a code of conduct regarding over-seas Internet filtering and condemning attacks on what it considered to be the rights and freedoms of the press. <sup>9</sup> When Google decided to enter the Chinese market two years later, the interest group leapt on the opportunity to bring the issue back into the spotlight.

"Google's statements about respecting online privacy are the height of hypocrisy in view of its strategy in China," said RWB in a January 25, 2006, press release, issued in response to Google's announcement. The group argued that continued censorship would only lead China to become even more isolated from the outside world, a worrisome prospect considering that a 2005 RWB survey of press freedom had ranked China 159 out of 167 countries." "When a search engine collaborates with the government like this, it makes it much easier for the Chinese government to control what is being said on the Internet," said Julien Pain, head of RWB's Internet desk.

Meanwhile, Human Rights Watch (HRW), the largest human rights organization based in the United States, was preparing its testimony for a February 1 hearing before the U.S. Congressional Human Rights Caucus. The group had a history of investigating key human rights abuses, both within the United States and internationally, and then publishing its findings in an effort to draw exposure to the issue.

The centerpiece of its argument was that the Chinese government would be unable to carry out censorship effectively without the cooperation of U.S. search engines. According to the group, the United States' dominance in the search engine market gave providers considerable leverage against any country that hoped to benefit in the Information Age. The group proposed that if all the search engines acted together in refusing to comply with Chinese censorship rules, they would be in a position to push for free access within the country.

Despite the strong stance, the group had yet to act on its threat of organizing an international boycott of search engine providers. "How much choice do you have if all of these companies are doing this?" asked Mickey Spiegel, Senior Researcher at HRW. "We're not going to stop using the Internet.

"Censorship issues aside, both Yahoo and Microsoft's MSN were already posing tough competition to Google's aims to advance its market share in China. Whereas Yahoo elected to place its bets on the evolution of search engines, Microsoft had the resources to challenge Google in search capability and advertising. Both companies were already complying with

Chinese censorship regulations before Google joined the fray and had grappled with their own negative publicity.

Yahoo! came under furious fire for giving the Chinese government information that was used to convict the Chinese Internet journalists Shi Tao in 2004 and Li Zhi in 2003. The company defended its actions by saying that it didn't know how the information would be used. "I do not like the outcome of what happens with these things," said Yahoo cofounder Jerry Yang. "But we have to follow the law." While Yahoo publicly encouraged the American government to handle the issue, the company said that it was too early for itself to recommend how.

In December 2004, MSN complied with an order from the Chinese government to close a site belonging to Michael Anti, a Beijing-based employee of The New York Times and one of China's most popular bloggers, who had been addressing sensitive political issues. Microsoft chairman Bill Gates responded by stating that "The ability to really withhold information no longer exists" and outlining a policy in which sites blocked by government restrictions would still be available in all other parts of the world.

Although not a direct competitor for Chinese market share, the physical networking provider Cisco Systems was one of the two U.S.-based companies that the Chinese government relied on for a 2004 network upgrade to improve substantially the government's ability to track Internet searches.

Yahoo and Microsoft issued a joint statement on February 1 in support of a collaboration with Google, Cisco, and the U.S. government to create industry guidelines for handling governmental restrictions on their services in the future.

The Congressional Human Rights Caucus also met on February 1 to address "Human Rights and the Internet: The People's Republic of China," billed as an effort to encourage policy discussion among Internet companies. Attendance at the briefing was optional, and Yahoo, Google, MSN, and Cisco all chose not to attend. Google released a statement the day of the briefing, thanking the caucus for the invitation and citing a previously scheduled commitment as its reason for not attending. (See Appendix B for the official Google Blog.)

The statement also outlined Google's strategy for its operations in China, emphasizing the protection features it had put in place to minimize the harmful effects that its filtering system would have on information seekers. First, Chinese users would be notified when their search had been altered by the filtering system. Second, services such as Gmail, chat rooms, and blogging—all involving users' personal information would not yet be offered out of concern that the Chinese government could demand such information, as it had from Yahoo in prior instances. Third, large investments would encourage continued research and development within China.

For Representative Torn Lantos, head of the House International Relations Committee, the statement was not enough. "These massively successful high-tech companies, which couldn't bring themselves to send representatives to this meeting today, should be ashamed," he said. "They caved in to Beijing for the sake of profits" A follow-up February 15 hearing was

demanded by Representative Chris Smith, and before Congress could follow through on its threats to subpoena the four major companies, all indicated their plans to attend.

## **PRESSURE FROM SHAREHOLDERS AND CHINA**

In the weeks leading up to the caucus hearing, Google's stock had already fallen nearly 7.5 percent, from a high of \$471.63 on January 11, which the company partly blamed on the Department of Justice request. Although the January 25 announcement to enter the Chinese market had been met favorably by investors, the release of poor final numbers in the fourth quarter of 2005 marked the first time Google had missed its earnings expectations, causing the stock to open with a loss in value of nearly \$15 billion the morning of the caucus hearing. It would hit another low on the day of the hearing, falling to \$342.40.

In addition to its problems at home, Google found itself facing further headaches in China. A state-run newspaper would soon report that Google was under investigation by Chinese authorities for operating in China without a proper license and, in an accompanying editorial, criticized Google for entering the Chinese market, while complaining about being required to follow Chinese law.

Chinese authorities had recently begun pressuring Google to eliminate the very protective measures the company had hung its hat on in its original statement to the caucus. The government wanted the notification that appears on the bottom of every filtered page gone, wanted to cut off roundabout access to Google's unfiltered search engine, and demanded that the company offer Gmail and blogging services. Page, Brin, and Schmidt had continued to argue that the benefits outweighed the costs of entering China. In a statement defending Google's original January 25 announcement, Senior Policy Counsel Andrew McLaughlin said, "While removing search results is inconsistent with Google's mission, providing no information-or a heavily degraded user experience that amounts to no information which is what the Chinese government had been providing-is more inconsistent with our mission." Vint Cerf, who holds the title of Chief Internet Evangelist at Google, further justified the move in an interview. "There's a subtext to 'Don't be evil,'" he said, "and that is 'Don't be illegal.'" As McLaughlin explained it on Google's blog,

'We ultimately reached our decision by asking ourselves which course most effectively further Google's mission would to organize the world's information and make it universally, used and accessible. Or, put simply: How can we provide the greatest access to information to the greatest number of people?''

Still, Brin, Page, and Schmidt knew that they had to develop a winning strategy to convince the market that Google could handle the balancing act between commerce and conscience and, in the process, reestablish their company as the innovative leader with a soul that it had been in the past,

## Required

- a) How does the changing environment for business affect Google's ability to communicate in this situation? **(10 Marks)**
- b) Where is the company most vulnerable, from a communications standpoint? **(10 Marks)**
- c) What advice would you give Brin, Page, and Schmidt? **(10 Marks)**

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## QUESTION 3: (30 Marks)

### McDaniel's Burger Case Study

McDaniel's Burger Restaurant is a family owned restaurant in the Southwestern part of the United States. It is located in a small town in Texas. The family has had the restaurant for three generations. People come from far and wide to eat at the restaurant, because they take pride in cooking each burger to the customer's wants and needs. The restaurant prides itself in having the most selections for meat and vegetarian burgers. In addition, they carry a wide variety of toppings, such as ordinary toppings like tomatoes, bacon, cheese, onions, lettuce, but also unique toppings like cucumbers, salsa, salad dressing, pineapple, and sprouts. Customers can decide on how they would like their burger cooked: grilled or fried. Everyone in town loves McDaniel's Burgers because they are personalized and delicious.

Lately, business has been increasing because the population has increased. The McDaniel family can no longer keep up with the demand and decide to sell their business to a bigger firm, the Burger Business. Burger Business has many establishments and is used to catering to large crowds. Burger Business executives liked McDaniel's burgers but felt that it was not very efficient, because customers would have to wait a long time before their order was completed. Over time, the executives and consultants of Burger Business felt that they needed to have five different stations. The first station was for meat selection. For instance, the customer can choose their meat selection of: beef, bison, elk, chicken, veggie patty, etc. The second station was for meat preparation. The customer can choose if they want their meat fried or grilled and to what degree. The third station was for toppings on the burger. An attendant would help the customer with the

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toppings for their burger. The fourth station was the side bar, where customers could choose what sides such as drinks and French fries with their burger. The last station was the cashier, where customers would pay for their meal. Most of the employees of McDaniel's Burgers were already trained in all areas of operations. Hence, they could work in any station and in any order.

The Burger Business executives felt that this would help with employee satisfaction because they could work in a variety of stations and they could have more flexible .However, over time, the profits for McDaniel's Burgers were not very high. Moreover, employee retention was at an all-time high. However, executives felt they could replace workers, because the task was so simple. In addition, several customers did not prefer dining in the restaurant as in the past. More customers were requesting to take home their orders.

The executives were confused because they felt they made productive and efficient changes. Initially, the executives felt that the reason customers felt negatively about the business was because there were certain stations that tended to have longer lines, such as the toppings and sides bar. Hence, they divided the toppings stations into original toppings and unique toppings. In addition, they divided the sides bar into fries and drinks. The executives also decided to get rid of toppings that customers rarely ordered such as anchovies and sauerkraut. Overall, the executives were happy with the changes they made and felt that they could open more McDaniel's Burgers in other locations.

**Required:**

- a) In the end, the Burger Business executives had a positive perspective of the future of McDaniel's Burgers. Do you agree? Why? **(5 Marks)**
- b) What are some potential risks or pitfalls that the executives need to be cautious about? What could they do to motivate workers? **(5 Marks)**
- c) Can you identify some of the classical theories presented in this case study? What are some of the advantages and disadvantages of these theories in this case study? **(20 Marks)**