

**THE UNIVERSITY OF SOUTHERN CALIFORNIA**  
**Marshall School of Business**  
**IOM 581 – Supply Chain Management– Fall 2013**

<b>Time:</b>	Thursdays, 6:30-9:30 pm	<b>Room:</b>	JKP 212
<b>Instructor:</b>	Dr. Greys SOŠIĆ	<b>Office:</b>	Bridge Hall 401E
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<b>Office hours:</b>	Wednesday, 2:00-3:00 pm Thursday, 2:00-3:00 pm		

### **COURSE SCOPE AND OBJECTIVES**

This course will be valuable for someone pursuing a career in consulting or a position in the operations, marketing or finance function in a manufacturing or a distribution firm. The course focuses on the management and improvement of supply chain processes and performance. We explore important supply chain metrics, the primary tradeoffs in making supply chain decisions, and the basic tools for effective and efficient supply chain management, production planning and inventory control, order fulfillment and supply chain coordination. Several recent and influential innovations such as revenue management, vendor managed inventories, revenue sharing, radio frequency identification and supply chain software solutions will be discussed. We also investigate topics such as global supply chain design, logistics, e-commerce and outsourcing.

The class format includes lectures, case discussions, guest speakers, movie clips, simulation games, etc. The content covers both quantitative and qualitative materials. The cases will feature high-tech companies as well as firms in more traditional industries such as apparel and manufacturing.

### **COURSE MATERIALS**

**Required:** *Course Reader* (CR) – Package of cases and readings available at USC bookstore. In the syllabus, a number such as CR#5 refers to 5<sup>th</sup> article in sequence in the course reader.

Handouts (HO): Handouts posted on the Blackboard.

**Recommended:** *Supply Chain Management* by S. Chopra and P. Meindl, Prentice Hall, 2007.

### **COURSE POLICIES**

This course covers both quantitative and qualitative materials, and uses many cases for discussion of issues and illustration of approaches. We will use Excel as a modeling/solution finding tool when addressing several topics. Active participation in class is important throughout the course. To ensure everyone's participation, I may at times resort to cold calling.

You should arrive to classroom on time. If you have conflicting schedules that prevent you from that, please let me know at the beginning of the semester.

### **CLASS PARTICIPATION**

Class participation requires that you do the assigned readings, analyze the cases based on the questions given and participate actively in class. I prefer substantive comments based on good analysis rather than brief, general comments that add little to the discussion and learning. If you are reluctant to talk in class

but would like to show your preparation, please provide me with your analysis before class. Be prepared to defend your suggestions or solutions!

### GROUP CASE REPORTS

**Please form teams of up four persons within the first two weeks.** You will be working in these teams for the case write-ups. You should use the “Group” option on the Blackboard to join one of the teams.

The cases are to be discussed within your team and you will submit (as a team) a written report. This Syllabus provides some suggested questions that you should address in your analysis. Each team is required to submit a written report on four case studies (Netflix on 9/26, Sportsuff.com on 10/31, Aggregate Planning on 11/7, and Wal-Mart on 12/5). Imagine that you, as a consultant, have to study an organization and to come up with an identification of main issues and a set of recommendations. Case write-ups should be at most 4 pages and single-spaced (11 or 12 point font), with appendices attached. The write-up should begin with an executive summary, about half page long, summarizing the most important problems and your recommendations. The rest of the report should be organized as follows:

1. Brief description of the company and its environment
2. Brief description of the problems and issues to be addressed (the questions in the syllabus related to the specific case should guide you in identifying those issues).
3. Recommendations and implementation plan.
4. Analysis that discusses why the recommendations will solve the problems identified.

You may choose to organize the report differently; however, please ensure that the above aspects are covered and the report is well organized with clear section and sub-section headers. Please avoid repetition of case facts and long expositions. General solutions to specific problems will get you little credit. Consider what and why you believe are the most important factors. Both **quantitative** and **qualitative** analyses are important. Creativity in analysis and suggestions that are grounded in case facts will be given high credit. Please state any assumptions made clearly.

The **Sportsuff.com** and **aggregate planning** cases contain less general company information, but possess more quantitative data. As a result, you need to devote less space to items 1 and 2 listed above. However, you should build analytical models, develop solutions, and answer the questions posted in the cases. In addition, as your models are based on the forecasted demand, you should include some sensitivity analysis of your results; because some costs in the models are estimated, you should provide some what-if analysis. The reports for those two cases should include a **description of your quantitative model**; in particular, for the aggregate planning case, you should describe **all** variables and write the objective function and the constraints. Please submit the excel file through the Blackboard along with your write-up.

For the Wal-Mart case, each group will be assigned one of the three networks described in the case. You should prepare a short (2-3 min) presentation of your group’s answer to question #4 on p.12.

### ON-LINE SUBMISSIONS

All submissions should be made on-line through the Blackboard.

### GROUP ASSIGNMENT EVALUATION

Team assignments provide a valuable learning experience – how to work effectively and efficiently in groups, learning from others, and honing your ability to communicate to others. Although your team’s grade depends on each member’s efforts, some students can be tempted to let others carry their load. In order to provide an incentive for all students to make maximum contributions to the study group, you

will be asked to grade each team member's contributions. Your group grades will be adjusted to obtain an individual grade based on performance feedback provided by other members of the group (the group assessment forms are posted on the Blackboard). If you do not submit your group assessment form, I will assume that you gave a rating of 100% to all your group members. The forms can be submitted in person or via e-mail, but no later than the exam date.

### **INDIVIDUAL SUBMISSIONS**

In addition to the cases for which you are required to submit group reports, we will be discussing several cases and articles. You should be prepared for class discussion, and this Syllabus provides some suggested questions that you should address. For the individual submissions, please prepare a short write-up (a Word document, one-half to one page long, font 10-12, 1.5 spacing, typed) answering the question(s) listed on p. 5, and submit it through the Blackboard before the class. You need to submit 10 out of 11 submissions. The objective of this short submission is to ensure that you prepare the case. For that reason, no late submissions will be accepted. As long as your answer shows that you have given sufficient thought to the analysis, you will get full credit.

### **EXAM**

There will be two exams, and each will consist of two parts (with roughly the same weight). The first part will be qualitative and closed-book, with a combination of multiple choice, short answer and problem/essay questions, while the second part will be quantitative and open-book.

According to the USC Final Exam Schedule, the final exam is scheduled for **December 12, at 7 pm**. Please take this into account when scheduling your trips! If there are extenuating circumstances that prevent you from taking an exam, you must discuss the reason with me before the time of the exam. You will not be given a make-up exam unless you obtain a permission from me in advance. In addition, you must be able to document the extenuating circumstance. If you miss the exam due to a medical emergency that can be documented and verified, then a make-up exam will be given. Otherwise, a grade of zero will be given for the missed exam. Note that a make-up exam cannot be taken before the actual exam date!

### **GRADING**

Group case reports (4)	30%
Individual submissions (10 out of 11)	20%
Tests (2)	40%
Class participation	10%

### **GETTING HELP**

If you have questions about any aspect of the course, you can always talk to me. If it is a quick question, you can contact me before or after the class, or during the break. If you need more time or privacy, you can come to my office hour. If you cannot make my office hours, you can contact me and we can arrange for an alternative time. The best way to reach me is by e-mail.

### **RETURN OF PAPERS AND EXAMS**

Graded paperwork that is unclaimed by a student will be discarded after 4 weeks. Students who miss class sessions when paperwork is returned are responsible for arranging for an appointment to retrieve the material. Disputes over graded material should be brought to my attention as soon as possible.

**NOTICE ON ACADEMIC INTEGRITY**

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student's work as unacceptable and assign a failing mark on the paper.

Academic dishonesty includes: (*Faculty Handbook*, 1994: 21-22):

- Examination behavior - any use of external assistance during an examination shall be considered academically dishonest unless expressly permitted by the teacher.
- Plagiarism - the appropriation and subsequent passing off of another's ideas or words as one's own. If the words or ideas of another are used, acknowledgment of the original source must be made through recognized referencing practices.
- Other types of academic dishonesty - submitting a paper written by or obtained from another, using a paper in more than one class without the teacher's express permission, obtaining a copy of an examination in advance without the knowledge and consent of the teacher, changing academic records outside of normal procedures and/or petitions, using another person to complete homework assignments without the knowledge or consent of the teacher.

**FOR STUDENTS WITH DISABILITIES**

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. - 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**STATEMENT ON TECHNOLOGY USE**

Please note that communication devices such as cell phones, iPads, iPhones, etc. capable of sending and or receiving electronic communication and all entertainment devices such as MP3 players are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to those around you.

**Course plan at a glance**

	<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Cases</b>	<b>Submission</b>
1	8/29	Introduction to Supply Chain Management Key Supply Chain Concepts	The Seven Principles of Supply Chain Management (CR#1)		
2	9/5	Supply chain strategy Inventory management - Cycle inventory		Zappos (CR#2)	short #1 - Zappos (q.#1)
3	9/12	Inventory management - Safety inventory	Note on Inventory Models (CR#3) §1 Inventory-driven costs (CR#4)		short #2 - Inventory-driven cost (q.#1)
4	9/19	Product availability - Newsvendor model Decentralized supply chains; double marginalization	Note on Inventory Models (CR#3) §2, 3		short #3 - Cycle inventory (q.#1-3)
5	9/26	Supply Chain Alignment Contracts and supply chain performance		Netflix (CR#5)	Group #1 -Netflix
6	10/3	Product design and variety Design for supply chain management	Just-in-time (CR # 6)		short #4 -Mass customization (q.#2)
7	10/10	<i>Guest speaker (UPS)</i> Network design in supply chains	Optimization Models for Restructuring BASF North America's Distribution System (CR#7)		short #5 - Inventory centralization (q.#1,2) short #6 -BASF (q.#3)
8	10/17	<b>MIDTERM</b>			
9	10/24	Logistics	Staple Yourself to an Order (CR#9) Note on Logistics in the Information Age (CR#10) Reverse Logistic Program Design (CR#11)		short #7 - Reverse logistics (q.#2)
10	10/31	Aggregate planning Revenue management	Aggregate planning (CR #12) Note on the "Retail inventory and pricing game" (HO)	World Co. (CR #13)	group #2 - sportsuff.com (CR#8)
11	11/7	Forecasting and quick response Demand forecasting	Note on forecasting (CR#14)		short #8- World Co (q.#3) group #3 - Aggregate planning problem (HO)
12	11/14	Supplier scorecard Supplier management and outsourcing	American outsourcing (CR#16)	HTC (CR#15) Li and Fung (CR#17)	short #9 - HTC (q.#4) short #10 - Li and Fung (q.#2)
13	11/21	IT in supply chains; ERP		Cisco (CR#18)	short #11-Cisco (q.#1)
14	11/28	<b>Thanksgiving Day - no classes</b>			
15	12/5	Sustainability in supply chains Class wrap-up		Wal-Mart (CR#19)	group #4 - Wal-Mart
	12/13	<b>FINAL EXAM</b>			

## Detailed course plan

### Week 1 Introduction to Supply Chain Management and Key Supply Chain Concepts

#### Readings:

- *The Seven Principles of Supply Chain Management*, D.L. Anderson, F.F. Britt, D.J. Favre, *Supply chain management review*, 1997

### Week 2 Supply chain strategy: Inventory management-Cycle inventory

**Case study:** (Stanford case #GS65): *Zappos.Com: Developing a Supply Chain to Deliver Wow!*

#### Discussion Questions:

1. What are Zappos' core competencies and sources of competitive advantage? How sustainable are they? What role does corporate culture play in these questions?
2. How important is next-day air shipment to the customer experience? Is it worth the cost? How might you change it in the cost-conscious environment facing the company in late 2008?
3. How would you expand the business? Would you add more products, more geographies, or by selling private labels? As you expand the business, how can the company become more profitable, particularly in light of the costs associated with the focus on service?
4. How would you expect the environment of a more cost-conscious consumer to affect Zappos' business? What can Zappos do in such an environment to maintain sales growth?

### Week 3 Inventory management-Safety inventory

#### Readings:

- *Note on Inventory Models §1*
- *Inventory-driven costs* (HBR #R0503J)

#### Discussion Questions:

1. What are the hidden costs of inventory? What impact can neglecting these costs have on supply chain performance?

### Week 4 Product availability-Newsvendor model; Supply chain alignment

#### Readings:

- *Note on Inventory Models §2;3*

**Cycle inventory assignment:** In solving the problems below, it may be best to set up spreadsheets to compute the answers (please submit it through the Blackboard). In all problems, assume that the annual holding cost is 15% of product cost,  $h=0.15$ .

1. Motor Company purchases components from three suppliers: Components from supplier Alpha cost \$6 and are used at the rate 7,000 units/month; components from supplier Beta cost \$4 and are used at the rate 5,000 units/month; components from supplier Gamma cost \$5 and are used at the rate 3,000 units/month. The trucking company is charging a fixed cost of \$550/truck (for the purpose of this exercise, assume that you do not need to worry about the truck capacity). Currently, they purchase separate truckloads from each supplier. What is the corresponding minimal annual cost? What is the cycle inventory of each component?
2. Motor Company is considering aggregating orders from all three suppliers. In addition to \$550 fixed truck cost for deliveries with one pickup, the trucking company is charging \$120 for each additional pickup. What is the corresponding minimal annual cost? What is the cycle inventory of each component?
3. Motor Company requires 25,000 units/month from supplier Delta. Delta is offering an all-unit quantity discount as follows: the unit item cost for orders under 20,000 units is \$10, \$9.75 for

orders between 20,000 and 59,999, \$9.5 for orders between 60,000 and 149,999, and \$9 for ordering 150,000 or more. The trucking company is charging a fixed cost of \$550/truck. What is the optimal lot size? What is the cycle inventory? What would be the cycle inventory if there were no quantity discounts and unit price was \$9?

#### Week 5 Contracts and supply chain performance

**Case study:** (*Olin case*): *Netflix, Inc. – Video Rental Developments and the Supply Chain*

Discussion Questions:

Revenue sharing contracts at Blockbuster

1. What are the pros and cons of the revenue-sharing contract used by Blockbuster on VHS tapes versus its earlier practice? Consider the following:
  - a. How does a revenue sharing contract affect Blockbuster's inventory stocking policy and service level on **VHS**? Use the newsvendor model provided on **worksheet "Newsvendor"** to support your intuition. Feel free to experiment with different parameters.
  - b. Is revenue sharing always a win-win to Blockbuster **and** studios? Experiment with different contract term settings by varying numbers in Exhibit 3. Excel version of Exhibit 3 is available on **worksheet "Rev. Sharing\_VHS."**
2. How significant are the benefits if Blockbuster uses revenue sharing contracts on **DVDs**? How does it compare with VHS?

Revenue sharing contracts and Netflix DVD business

3. What is the Netflix's original value proposition to customers?
4. What factors affect Netflix's per-rental revenue, cost, and profit? What is the role of revenue sharing contracts in Netflix's DVD business? (Hint: What factors would affect the total number of films that a member could view in a month?)
5. According to a newspaper story: "But the [Netflix's] spectacular growth is creating unforeseen problems... Customers are renting an average of 5.5 movies per month, compared with 4.5 two years ago." While companies usually desire an increase in demand, why might this be a problem for Netflix?

Netflix, streaming business, future

6. How suitable is revenue sharing for streaming videos? Why? Would you recommend a different type of contracts for streaming videos? If yes, what kind? If not, why not?
7. How should Netflix handle dual channel demand for movies (DVD and streaming)? What was wrong with their approach described in the first blog post? How would you have handled this situation?
8. What should Netflix do next to remain relevant and compete with Redbox, Hulu, Amazon, HBO, etc.?

#### **Case study report on Netflix due at the beginning of class**

#### Week 6 Product design and variety: Design for supply chain management

**Readings:**

- Chapter 4 *Just-in-time* (pp. 151-167) in *Factory Physics: Foundations of Manufacturing Management* by W. J. Hopp and M. L. Spearman, Irwin McGraw-Hill, Second edition, 2000

**Mass customization assignment:**

Visit and explore three different mass customization websites for customized products—shoes at Nike iD ([nikeid.nike.com](http://nikeid.nike.com)), jeans at Getwear (<http://getwear.com/design> -- make sure you select "Custom fit" option), and dolls at My Twinn ([http://www.mytwinn.com/Dolls\\_2/configurator](http://www.mytwinn.com/Dolls_2/configurator)).

Discussion Questions:

1. Are there any differences between their approaches to mass customization?
2. Which model is most difficult to implement and why?
3. What are the main difficulties/issues that mass customization imposes on supply chains designed for mass production?

**Inventory centralization assignment:** In solving the problems below, it may be best to set up spreadsheets to compute the answers.

1. Epson produces printers for sale in Europe in its Taiwan factory. Printers sold in different countries differ in terms of the power outlet as well as the language manuals. Currently Epson assembles and packs printers for sale in individual countries. Weekly demand in different countries is normally distributed with mean and standard deviation as shown in table:

Country	Mean weekly demand	Standard deviation of weekly demand
France	5,000	1,800
Germany	3,000	820
Spain	6,000	1,750
Italy	11,000	3,000
Portugal	2,700	780
UK	12,500	2,800

Assume demand in different countries to be independent. Given that the lead time from the Taiwan factory is seven weeks, how much safety inventory does Epson require in Europe if it targets 96 % probability of no stock out (CSL)?

2. Epson decides to build a central DC in Europe. It will ship base printers (without power supply) to the DC. When an order is received, the DC will assemble power supplies, add manuals, and ship the printers to the appropriate country. The base printers are still to be manufactured in Taiwan with a lead-time of seven weeks. How much savings of safety inventory can Epson expect as a result if it still targets 96 % CSL?

Week 7 Network design in supply chains; Guest speaker from UPS (Jun Goto)

***(Bring your laptops to class. Please download the files for network design from the Blackboard before the class)***

**Readings:**

- *Optimization Models for Restructuring BASF North America's Distribution System*, S. Sery, V. Presti, D.E. Shobrys, Interfaces (Nov-Dec. 2001)

Discussion Questions:

1. What are the key issues and objectives of BASF in developing this application?
2. What are the benefits of this model to BASF? How did it compare with their current approach to distribution planning?
3. What are the major simplifying assumptions made in the model and their implications?
4. What are the main limitations of the approach?

Week 8 MIDTERM

Week 9 Logistics

**Readings:**

- *Note on Logistics in the Information Age*, Stanford case #GS19

Discussion Questions:



1. What are the major issues and trade-offs faced by firms in making logistics decisions?
  2. What are the major trends in logistics?
  3. What is third-party logistics (3PL) and what are the forces leading to growth in 3PL providers? What are the major reasons firms are outsourcing logistics? What impact will this have on supply chain performance?
- *Reverse logistics program design: A company study*, S.E. Genchev, Business Horizons (2009)
- Discussion Questions:
1. What is reverse logistics? What are some of the examples of its use?
  2. What are the main differences between forward logistics and reverse logistics? What are the potential dangers if reverse channels are established by mimicking forward flows?
  3. What operational considerations must be taken into account when designing the reverse flows?
  4. What steps should be addressed by reverse logistic protocols?

**Case study:** *Sportstuff.com*

Guidelines:

- The case offers you the option to select one of the three possible forms for the inventory cost function. Please use the linear format of the cost function and keep in mind that the formula addresses inventory flow from a *single warehouse*, and should not be applied on total inventory shipped by sportstuff.com.
- As the model contains binary/integer variables, Solver may not give you the optimal solution in a first try – please make sure that your results make sense (they may require some fine-tuning). Moreover, your solution may depend on the initial values – Solver may end in a local optimum, instead of the global optimum.

**Case study report on Sportstuff.com due at the beginning of the class**

Week 10 Aggregate planning; Revenue management

**(Bring your laptops to class. Please download the required files from the Blackboard before the class)**

**Readings:**

- Chapter 8 *Aggregate Planning* (pp. 203-227) in *Supply Chain Management: Strategy, Planning, and Operation* by S. Chopra and P. Meindl, Prentice Hall, Second Edition, 2004
- Discussion Questions:
1. What is the main purpose of aggregate planning?
  2. What are the main strategies used for aggregate planning? What are their main differences?
  3. How can you solve aggregate planning problems?

Week 11 Forecasting and quick response

- *Note on forecasting*
- Discussion Questions:
1. What are key variables that need to be forecasted from an operations perspective and why?
  2. What forecasting methods are used?
  3. When would time-series models versus other models (e.g. causal models) be used?
  4. What are the operational implications of fluctuations in demand and forecast errors?

**Case study:** (HBS #9-601-072): *Supply Chain Management at World Co., Ltd.*

Discussion Questions:

1. Examine the features of fashion retailing in Japan. How can a company use its supply chain to compete in this environment?

2. Identify important aspects of World's supply chain focusing on the processes for manufacturing, demand forecasting and inventory planning.
3. How do the features of the supply chain explain the company's remarkably short lead times (relative to U.S. apparel supply chains)? Examine the features of the supply chain and identify why the company is able to respond so effectively.
4. Can the World's supply chain processes be replicated at other companies? Identify potential barriers.

**Case study:** *Aggregate Production Planning*

Guidelines:

If you receive the message that the problem is too large for Solver to handle, you can download a 15-day trial version of Premium Solver (capable of solving larger problems) from <http://www.solver.com/xlspremisolv.htm>. Register, and choose the Premium Solver to download the file. You will receive an email with the password with which you can install the software. After installation with the password, you can open Excel, and find the Solver Premium under "Add in".

In addition, because of the problem size, Solver may not give you the right solution in the first try. Keep running Solver until you obtain the same solution two times in a row.

**Case study report on Aggregate Production Planning due at the beginning of the class**

Week 12 Supplier management and outsourcing

**Readings:**

- *American outsourcing* (HBS #9-705-037)

Discussion Questions:

1. What are the different factors that should be considered when making offshoring decisions?
2. What are the pros and cons of outsourcing operations globally? How would you compare pros and cons of Mexico, India, and China?

**Case study:** *(HKU case HKU849) Li and Fung: Growth For a Supply Chain Specialist*

Discussion Questions:

1. How does Li and Fung make the supply chain more responsive (i.e. reduce response time)?
2. In light of American recession, what can Li and Fung do to continue expanding its business and reach its target of US\$20 billion for the period 2008-2010?
3. Explore the growth opportunities available to Li and Fung.
4. How can the company further develop its internal resources to enhance competitiveness?

**Case study:** *(HKU case HKU950): Strategic Performance Measurement of Suppliers at HTC*

Discussion Questions:

1. What is the purpose of the supplier scorecard at HTC? Is it achieving that goal?
2. What are the strengths and weaknesses of the supplier scorecard at HTC?
3. What should be done with suppliers receiving B grades? Should they be dropped? What alternatives would you suggest?
4. For each supplier (A, B, C, D, and E), should orders be increased or decreased? Why? Explain your recommendation.
5. What other considerations may affect future allocations of orders with the five suppliers?

Week 13 IT in supply chains; ERP

**Case study:** (HBS #9-605-015): *Enterprise IT at Cisco*

Discussion Questions:

1. How did Cisco find itself in such trouble with regard to its internal IT in 2001? Why didn't the single ERP system help more? Why didn't this ensure more consistency?
2. What is BPOC's role? How much formal authority does it have?
3. Would you approve the call center project? Why or why not?
4. If you were an advocate of the call center project, how would you make it as attractive as possible to the BPOC?
5. What was Solvik's approach to IT decision making at Cisco? Did he think that line managers should get to make *all* IT decisions? If not, which ones did he want the IT to make, and which did he want the business units to make?
6. Why did Boston pick the three big projects he did?
7. What is 'shadow IT'? Why would a CIO want to control/minimize it? Are there effective ways to do so? Do you think Boston's amnesty program will work? Does it stand a good chance of uncovering all or most of Cisco's shadow IT projects?

Week 14 No classes – Thanksgiving DayWeek 15 Supply chain management and sustainability

**Case study:** (Stanford case #OIT 71): *Wal-Mart's Sustainability Strategy*

Discussion Questions:

1. Given the fact that Wal-Mart's customers generally are unwilling to pay a premium for environmentally friendly products, how is the company deriving business value from its sustainability strategy?
2. Imagine that you are Andy or Tyler, evaluating the progress of the electronics, seafood, and textiles networks (your group will be assigned one). What factors explain the success (or lack of success) of these networks?
3. How is Wal-Mart motivating its suppliers to share information about and continuously reduce the environmental impacts of products and processes? How can it stimulate the development of disruptive, breakthrough innovations?
4. For the network to which you have been assigned, propose one new game changer or innovation projects not described in the case. To support your proposal, outline the environmental benefits, the profit opportunity for Wal-Mart, the greatest challenges in implementation, and how Wal-Mart could overcome them.
5. As evidenced by Exhibit 9, Wal-Mart's sustainability strategy has generally been very profitable. However, two initiatives described in the case benefit society and the environment, but apparently decrease Wal-Mart's profits—holding recycling/take-back events as part of its e-waste project, and reducing its prices on CFLs and foregoing incandescent light bulb sales. Imagine that you are their internal champion; how would you justify pursuing them?

**Case study report on Wal-Mart due at the beginning of class. Your group should also prepare a 2-3 minute presentation for your answer on question #4.**