

¹ CSC Western Australia – Teaching Note

Conor Vibert developed this teaching note to guide the use of the case entitled CSC Western Australia for instructional purposes. It is not the purpose of this material to serve as an illustration of how to effectively or ineffectively address a managerial situation. Some information may be altered to protect confidentiality.

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SUMMARY

Michael Horton, CSC Australia's VP (ret.) for Chemicals, Energy and Natural Resources has a lot on his plate. A busy Spring has him contemplating five important decisions related to marketing, management, accounting, business law and information sciences. He knows the issues and why each is important. However he is seeking advice as to how to proceed in resolving each of these real life issues. Students are offered a written case that offers context for the decisions and access to video clips of Michael Horton that outline each issue and its cause. Students are expected to offer alternative solutions, a choice of one solution and a rationale for the choice of that solution and not others along with supporting evidence. Video clips of Michael Horton outlining his alternatives, solution and rationale for each decision are available for viewing after students complete the assignment.

KEYWORDS

General management, decision making, issue resolution, cloud computing, lease vs buy, international hiring, social media, contracts

OBJECTIVES FOR TEACHING

There are a number of instructional objectives for this case.

- To build awareness among graduates of the current industry and workplace issues and challenges facing the business sector.
- To enhance the decision making skills of graduates by having them resolve real life issues faced by managers of Australian or international companies.
- To provide an example to students of the complex nature of general management

POSSIBLE TEACHING STRATEGY

The CSC Australia case is ideal for use in the classroom or as the basis of assignments. Comprised of five individual real life decisions or issues faced by a general manager, it is suggested instructors focus on one decision per class. If used in a classroom setting for discussion purposes a suggestion is that instructors guide students through the use of the case analysis. Assuming an 80 minute class and given the relatively shorter length of the case, a starting point might be to divide students into smaller groups. The students can be allowed a 15-20 minute time period for reading the case and making notes after which the instructor can play the relevant 'issue' and 'cause' video clip. The students can then break into their groups for 25 to 30 minutes with the task of identifying alternative solutions, a specific choice of a solution and the rationale for the choice. For 20 minutes, the instructor can then guide a discussion around responses to these three queries. The final 10 minutes of the class presents a good opportunity for

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the instructor to play the videos that offer Michael Horton's thoughts on alternative solution, solution choice and decision rationale.

If the CSC Australia case is used as the basis of assignments, then an instructor might want to consider the following ideas. The case is a series of real life decisions with corresponding real life solutions offered. As with an in-class discussion environment, students would be expected to offer alternative solutions, a choice of one solution and their rationale for the choice. With this in mind an instructor may want to focus assessment on the process used by the students to arrive at their responses, the actual outcomes or a combination of process or outcome.

If process is the choice of assessment then a marking scheme might be constructed that incorporates writing style, sources of information, and justification for choices of alternatives, a solution and overall rationale. This approach assumes that Michael Horton is not necessarily correct with his responses. There may be others that offer solutions that are just as attractive or effective. In this instance, of value might be insight regarding which decision making approaches students made use of or which marketing, management, business law, information science or accounting references are cited. If outcome is the choice of assessment then an instructor might want to simply assess how closely student responses match those offered by Michael Horton. If process and outcome are the choice of assessment then the instructor might want to consider different combination of grading schemes as well. For instance, a desire might be to offer 50% of a student's grade for process and 50% for outcome.

POSSIBLE QUESTIONS FOR ASSIGNMENTS

For each of the issues outlined in the case, students can be asked to identify a set of alternatives available to Mike Horton, suggest a solution and then explain why they chose that solution and not others.

CASE ANALYSIS

In this case, students are asked to address five issues or make five decisions. A decision or issue corresponds to each of disciplines of accounting, marketing, business law, information systems and management. These decisions are introduced to the students by the following paragraph.

"A number of important issues have arisen at the office that needs to be addressed in the upcoming weeks. Each issue on its own needs attention and interestingly all are somewhat different. Indeed Mike chuckles to himself thinking that the breadth of the issues truly captures the essence of what it means to be a general manager. Five issues in particular stand out in his mind."

Each of the five issues or decisions is then offered to the students in a separate paragraph. These are noted below. For each of the decisions students are also presented with a video clip that outlines the issue and a video clip that summarizes the cause of the issue or the reasons why the issue is important. Instructors could expect students to offer a three part analysis of each decision. A three part analysis of the issue would include a set of alternative solution or options, the choice of one option as the solution and decision criteria or a rationale for the choice of that solution and not others. For each issue, these are presented below.

Issue 1:

The case outlines the first issue as follows:

"As an executive with CSC, Mike was often called upon to participate in important hiring decisions in other regions. The company had identified an important niche service market encompassing much of Asia. A need had arisen to hire a business development manager for this market. Mike had been asked to offer insight about the complexities of such a decision as well as suggestions as to an ideal candidate."

Alternative Solutions

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- Recruit based on culture
- Recruit based on capabilities or communication skills
- Restructure the position so that there are multiple business development leads

Solution

- Restructure the position so that there are multiple business development leads

Rationale or Decision Criteria

- Mike's preferred solution is to recruit based on capabilities coupled with an understanding of culture based on experience. In regards to recruiting based on culture, it can be a blinker for people. A restructuring solution would not be optimal because of increased costs along with increase complexity and risk associated with managing across multiple structures.

Issue 2:

The case outlines the second issue as follows:

“As a father of teenagers, Mike grasps the role of social media in society. Younger employees of CSC have suggested that the company can enhance its effectiveness at new client attraction using online tools such as Facebook, Twitter and You Tube. As there are costs associated with incorporating social media into the sales process, Mike is left wondering about its role in a sector heavily populated by mining and oil and gas companies.”

Alternative Solutions

- Use social media such as Facebook and Twitter to get the attention of clients
- Don't use social media to get the attention of clients.

Solution & Rationale or Decision Criteria

- CSC preferred solution in this situation would be to identify the 'cheque signer' for the target client through market research and then devise a strategy for building a relationship with that individual. One means of doing so is to sponsor a corporate lunch featuring that individual as the keynote speaker. This allows CSC to sit at the table with the individual and start the relationship creation process. Typically they would not use social media given that they are really only interested in building relationships with 100 key individuals who make decisions for mining or oil and gas companies.

Issue 3:

The case outlines the third issue as follows:

“Mike had also been asked to advise a mid-size mining company about cloud computing. Specifically of interest is whether the option of moving its in-house IT systems to the cloud is a good one for this client and why or why not.”

Alternative Solutions

- Move to shared system
- Move to private system

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- Status quo

Solution

- Move to private system

Rationale or Decision Criteria

- The concern with a share system is security or that of getting too close to a competitor. The concern with a private cloud is security and cost. The concern with status quo is not taking advantage of the ability to merge front and back end components of an ERP system.

Issue 4:

The case outlines the fourth issue as follows:

“Two other issues are causing Mike to miss ideal waves. One issue involves a large client that needs desktop computing devices set up and maintained on an offshore platform. Normally, hardware/software installation and maintenance at a client site involves a potential liability for CSC as the service provider. In this instance, the client was asking for unlimited liability. The term ‘unlimited liability’ has meaning and he knew this issue needs to be addressed.”

Alternative Solutions

- Accept unlimited liability
- Liability capping at 1.5 times annual contract value
- Walk away from deal

Solution

- Liability capping at 1.5 times annual contract value

Rationale or Decision Criteria

- CSC will aim for 1.5 time annual contract value. On the customer side, often they will offer changes to the conditions of the contract such as extending its life in order to raise the liability cap to 3 times annual revenue of the contract. On the CSC side, if they can quantify the risks of the worst happening and they are minimal then they might be able to go for a higher level of liability capping.

Issue 5:

The case outlines the fifth issue as follows:

“Finally, on Mike’s plate is a decision about how new lap tops for CSC staff should be acquired, tracked and accounted for assuming a three to five year lifespan. He knows that there are options available to his company but needs guidance as to what those options are.”

Alternative Solutions

- Regular purchase and capitalize over five years
- Lease the assets

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- Expense in the current year

Solution

- Regular purchase and capitalize over five years

Rationale or Decision Criteria

- A regular purchase with a capitalization over five years means that budgets can be managed over time with a known cost. Leasing gets the money off of the balance sheet and improves cash flow but it is very difficult to manage the assets over time. At the end of the lease period, if the assets can indeed be found, it is not guaranteed that the underwriter will accept the lap tops in their existing form. Capitalizing the assets up front as an expense has not been done by CSC because it is difficult to keep track of an asset if it is not considered an asset and how does the related software license get accounted for.

SUGGESTED COURSES

This case was created for third or final year undergraduate university business students. We suggest that it would be suitable for a number of courses. These courses include:

- Business Capstone
- Finance
- Accounting
- Marketing
- Management
- Business Law

ADDITIONAL RESEARCH

This case focused on the decision making experiences of Michael Horton. For one of CSC Australia's vertical market segments Horton plays the role of General Manager. Students may have interest in exploring this through further reading. Two examples of articles that may be helpful are Porter and Nohria's (2010) discussion of the role of a CEO in large complex organizations and Groysberg, Kelly and MacDonald's (2011) discussion of career paths to the corporate suite in this age of global markets. Students may also want delve deeper into how managers make decisions. Classic approaches to this includes works by March and Simon and K

CURTIN BUSINESS SCHOOL VIDEOS

Mike Horton, Vice – President Chemical, Energy and Natural Resources for CSC in Australia was interviewed for this case. The video clips associated with this case feature his responses to a set of questions. A number of these videos are integrated into the case and this teaching note. Others serve as extra teaching material useful for in class discussion or other related assignments.

SUGGESTED ADDITIONAL INFORMATION SOURCES

Students seeking to gain further insight into what CSC does in Australia may consider exploring its Australia website. They may also consider looking at the websites of its two major international competitors, IBM Global Services and HP Global IT Services, LLC.

- CSC Australia - <http://www.csc.com/au>

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- IBM Global Services - <http://www-935.ibm.com/services/us/gbs/consulting/>
- HP Global IT Services, LLC <http://www8.hp.com/us/en/services/it-services.html>

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