**Teaching Note**

**Case 1 — Robin Hood**

# Case Objectives

1. To provide an introduction to the conceptual framework of strategic management using a non-business situation.
2. To introduce students to the process of problem identification and potential solution analysis that will be used in case discussions throughout the semester.

See the table below to determine where to use this case:

**CASE OBJECTIVES TABLE**

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| --- | --- |
| **Chapter Use** | **Key Concepts** |
| 1: Strategy Concept | Leadership for strategic management; sustainable competitive advantage; vision, mission, strategic objectives; external environment; internal environment; efficiency vs. effectiveness; stakeholder management |

# Case Synopsis

Robin Hood and his Merry Men are now in trouble because wealthy travelers (their source of revenue) are avoiding the forest. As is often common in an entrepreneurial organization, the Merry Men were highly motivated by Robin Hood’s leadership. Therefore, Robin had previously relied on informal communication to organize and implement operations. Robin is pleased with the growing size and influence of his organization. However, growth has meant that specialized duties have begun taking up most of the men’s time, leaving a command vacuum between Robin and the first line recruits. In addition, they are now all located in a large encampment that can be seen for miles. This creates the probability of a surprise attack on their position. Growth has also put great pressures on resources, so now they must harvest the forest more thoroughly. Where will additional revenue come from? Rich travelers are avoiding the forest, so in desperation Robin is considering robbing the poorer travelers, which means his lieutenants must now tell their men to rob their brothers and fathers. What started as a rebellion is in danger of being routinized into banditry. Robin must therefore begin to evaluate the Merry Men’s mission in view of the changing environment. Should it still be an extension of his private grudges and aspirations? Has the organization acquired a new mission, if so what is it? Who are the key stakeholders here? On whose behalf should the organization formulate its mission?!

# Teaching Plan

Most students are familiar with the Robin Hood story, so it’s possible to ask them to read this short case in class during the first or second class meeting. Either use the PowerPoint slides or ask the discussion questions directly. As students respond, either write answers on the board or refer to the PowerPoint slide answers.

It’s up to the instructor whether or not to assign Chapter 1 prior to discussing the case. If the case is read before the chapter is read, then the instructor has the option to ask students, when they do read the chapter, to identify the concepts in the chapter that they recognize from the case discussion and come to the next class prepared to share what they recognized. If the case is discussed after students have read Chapter 1, the instructor can ask students to identify what concepts apply from the chapter.

# Summary of Discussion Questions

Below is a list of the suggested discussion questions. You can decide which questions to assign and which additional readings or exercises to include to augment each discussion. Refer back to the Case Objectives Table at the beginning of this Teaching Note to identify any additional readings and/or exercises so they can be assigned in advance.

1. What is the purpose of strategy?
2. What strategic problems does Robin Hood have?
3. What is the role of the organizational leader as strategist and articulator of global goals?
4. What are some issues in this organization’s external environment?
5. What is the relationship of the organization’s internal structure to its environment?
6. How do stakeholder values or culture influence strategy making?
7. What strategy can Robin Hood implement?

# Discussion Questions and Responses

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# Chapter 1: Introduction and Analyzing Goals and Objectives

1. ***What is the purpose of strategy?***

Strategy is all about the ideas, decisions, and actions that enable a firm to succeed. See Chapter 1, Exhibit 1.1: *Strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages:*

* + strategy directs the organization toward overall goals and objectives;
  + includes multiple stakeholders in decision making;
  + needs to incorporate both short-term and long-term perspectives;
  + recognizes tradeoffs between efficiency and effectiveness.

Strategic management involves:

* *Analysis* of strategic goals (vision, mission, strategic objectives), and of the internal and external environment;
* *Decisions – Formulation* about what industries to compete in and how to compete in those industries; and
* *Actions – Implementation* to allocate necessary resources and design the organization to bring intended strategies to reality.

An interesting question that the instructor can ask at this point is: *What business is Robin Hood’s organization in?* Some students might say philanthropy, some might say robbery. The answers to this question will help students understand the importance of vision and mission: the leader must have a clear idea of the purpose of the business, and with whom it competes, in order to craft strategy. If the business is robbery, there are different competitors, like highwaymen.

1. ***What strategic problems does Robin Hood have?***

If strategy is all about the ideas, decisions, and actions that enable a firm to succeed, what might Robin Hood need to assess as he ponders his likelihood of future success? As Robin Hood’s organization has grown, food resources are becoming scarce and it has encountered a profit squeeze: revenue is down, and costs are rising. In addition, there are cracks in the culture of the organization; as the organizational membership has increased, discipline problems have emerged. The original business model of “robbing the rich and giving to the poor” appears to be no longer viable, and the “competition” from the Sheriff is growing stronger as the Sheriff increasingly uses his “alliances” and connections with Prince John to get better organized. In addition, “new entrants” into the Sherwood Forest environment, the barons, are proposing that Robin join with them to restore King Richard. If this happens, Robin Hood’s mission may no longer be relevant because the need to restore “justice” may no longer exist.

Issues that need to be addressed include:

* Has Sherwood Forest become too small to sustain operations?
* How to avoid detection of the now “major encampment”?
* What to do about the growing strength of the Sheriff’s forces?
* How to address organizational communications and redefine the leadership focus?

Decisions that need to be made include:

* Should Robin Hood impose a fixed transit tax in order to increase revenue?
* Should Robin Hood kill the Sheriff?
* Should Robin Hood accept the barons’ offer to join in freeing King Richard?

Consequences to be considered include:

* What might happen if Robin expanded operations beyond Sherwood Forest?
* Does the change in the external environment mean that the original mission is no longer valid?
* If Robin Hood decides to kill the Sheriff, accept the barons’ offer or impose a tax on travelers, how do each of those actions link to the original mission?
* If the mission changes, to what degree does Robin Hood have to worry about the loyalty of stakeholders?

If Robin Hood expands operations beyond Sherwood Forest, that may solve his revenue and resource problems, but it will create issues with organizational communications – he can’t keep track of his men now, so what will happen if the physical environment changes even further? Would his existing organizational structure still work with a larger group? It appears as if the changing conditions might also mean a shift in the original mission, especially if Robin decides to impose a fixed transit tax. Killing the Sheriff might satisfy Robin’s “personal thirst for revenge,” but it wouldn’t improve the situation, especially because someone else might take up the Sheriff’s role. Likewise, if Robin decided to align with the barons, his group would have to accept amnesty, and how many of his “men” would feel good about this? There was no assurance that the barons’ plan would work, plus this would require a real shift in overall mission from banditry to court political intrigue, and multiple stakeholders might object (how would the poor people feel?).

The major issue concerns the rapid growth of the organization and the changing external environmental conditions. In the space of two years the organization grew from fragmentation and obscurity to a strong regional presence. Competitive strategy is about *sustaining* a position in the industry. Growth implies that strategy has to be flexible enough to adapt. Does Robin have a *sustainable* strategy?

1. ***What is the role of the organizational leader as strategist and articulator of global goals?***

Leaders face a large number of complex challenges. Leaders must be proactive, anticipate change and continually refine changes to their strategies. This requires a certain level of “ambidextrous behavior”, where leaders are alert to opportunities beyond the confines of their own jobs and are also cooperative and seek out opportunities to combine their efforts with others. *Leaders must make strategic management both a process and a way of thinking throughout the organization.*

See Chapter 1, Exhibit 1.6. The primary role of the organizational leader is to articulate vision, mission, and strategic objectives. Robin Hood needs to evaluate his initial *vision* of the organization’s purpose: what was the original goal that *evokes a powerful and compelling mental image of a shared future,* one that would bemassively inspiring, overarching, and long-term, that represented a destination that is driven by and evokes passion?Is the original vision irreconcilable with the present circumstances?

Robin Hood’s organizational mission may have to change: a *mission* encompasses both *the purpose of the company as well as the basis for competition and competitive advantages.* Organizations must respond to multiple constituencies—multiple stakeholders—if they are to survive and prosper, and the mission provides a means of communicating to these diverse organizational stakeholders.

If the vision and mission have to change, Robin Hood must establish *strategic objectives* to operationalize the mission statement. That is, objectives help *to operationalize the mission statement with specific yardsticks*, and they provide guidance on how the organization can fulfill or move toward the “higher goals” in the goal hierarchy—the mission and vision.

Therefore, Robin Hood needs to redefine the organizational vision and mission because it may have changed—rebellion may have become routinized into banditry. He must also identify the key stakeholders, broadening his focus beyond his own private grudge to include the needs of the district, the region, or the nation. And he must establish new goals and strategic objectives. Depending on the stakeholders, these new goals may include replacing the Sheriff or changing the political order. Robin should remember that short-term objectives can become essential components of a firm’s “action plan” and therefore can be critical in implementing the firm’s chosen strategy.

1. ***What are some issues in this organization’s external environment?***

Strategy analysis is the first step in the strategic management process. It precedes effective formulation and implementation of strategies, involves careful analysis of the overarching goals of the organization, and requires a thorough analysis of the organization’s external and internal environment. To begin with, Robin must take a look at the issues in the organization’s external environment.

There are obvious resource constraints. Sherwood Forest has finite resources: the inputs into the organization (travelers to rob) have dwindled, especially because the rich travelers have started avoiding it. Robin Hood’s band is spending past gains on present problems in the assumption that future revenues will continue to grow at the same pace as in the past. This assumption, one that is often pervasive in successful organizations, may be unwarranted. The Merry Men are reduced to robbing poorer travelers. The poor travelers are their mainstay of political support. Here is a common pitfall of success, the tendency of organizations to take their best and most important customers for granted, to extract from them the highest return for least effort in the belief that they have no practical alternative. In addition, trained manpower is scarce.

Regarding the physical environment, the current growth of the organization has created a large encampment that can be seen for miles and is therefore now a target for attack. The nature of the Merry Men’s environment and operations requires stealth and flexibility. The current physical facility does not provide for this.

1. ***What is the relationship of the organization’s internal structure to its environment?***

See the Chapter discussion of the *tradeoffs between effectiveness and efficiency*. Given the growth of the operation and other changes in the external environment, Robin Hood’s previous structure may no longer be effective. He may no longer be able to achieve the goals of the organization. He might need to make tradeoffs.

His current structure is functional, with each lieutenant a specialist. Communication has been informal, and Robin currently has no direct link to his first line recruits. This structure performed well in the early days of the band. However, with the growth of the organization, this has become problematic, resulting in lack of coordination.

Robin might want to consider a possible new structure: his lieutenants could do double time as staff and line personnel, fulfilling their staff duties in off-peak periods, but available for line duty during field operations. Robin might also want to consider creating a decentralized regional operation, with sub-bands who can operate out of smaller regional headquarters and better coordinate movements. This will increase flexibility of the total organization by moving the organizing of operations closer to those who undertake them. This will also reduce the chance of attack because then only part of the band might be detected and surprised. Decentralization also pushes food gathering down the line, thereby eliminating food distribution problems. Small-scale operations can be carried out with greater economy.

1. ***How do stakeholder values or culture influence strategy making?***

During *strategic analysis*, the leader does “advance work” to anticipate unforeseen environmental developments, identify unanticipated resource constraints, assess changes in his or her preferences for how to manage. During *strategy formation*, depending on the type of organization structure, the leader might include key individuals in a discussion around selecting which strategies might be best to implement at which level within the organization. In *strategy implementation*, the leader must ensure proper strategic controls and organizational design and establish effective means to coordinate and integrate activities within the firm, as well as with suppliers, customers and alliance partners.

Therefore, leaders must pay attention to all stakeholder needs, including the group’s values and the organizational culture. See Chapter 1, Exhibit 1.5 for *the diverse stakeholder groups and the claims they make on the organization.*

Regarding the organizational culture, it was based on founding values that embraced a missionary outreach to the community. The original purpose created unity and a spirit of daring among the Merry Men. Robin is considering abandoning the higher (more affluent) segment of his market for a deeper exploitation of a very large segment with limited resources. Here he runs up against organizational traditions and values. If Robin pursues profit maximization now (robbing all travelers, including the poor), the group will become thieves. Group members will resist stealing from their brothers and fathers. The larger community of poor people, who originally supported the Merry Men, will now feel abandoned. Loyalty will be eroded. Robin needs to restore the group members’ and larger stakeholders’ need for order and purpose. The Merry Men might need to feel that their participation is quasi-voluntary. They may need to feel more involved in strategic decision making so they can see shared value in the organizational efforts.

1. ***What strategy can Robin Hood implement?***

The basic question strategic management tries to answer is: *How can we create competitive advantages in the marketplace that are not only unique and valuable but also difficult for competitors to copy or substitute?* Robin Hood must assess how functional areas and activities “fit together” to achieve goals and objectives.

If the organization is still Robin’s extension of a personal grudge, then displacing the Sheriff should be the primary mission of the Merry Men. If the organization is acting on behalf of the district then replacing the Sheriff with a more benign administration should be the priority. If, however, the Merry Men’s existence is an expression of widespread dissatisfaction with the present political order, then Robin should consider his potential contributions on a national scale. An analysis of the options confronting Robin ought to lead the students to question the criteria by which strategy is judged. Who is the lead actor in strategy? The chief executive officer? Top management? A coalition of stakeholders? There is clearly no theoretical answer to these questions. A discussion ought to set the ground for an appreciation of the political and structural forces under which strategy emerges.

Robin should have a meeting with the Merry Men to explain the strategic dilemma and long-term issues. He needs to increase organizational discipline, which could be done by creating a clearer organizational structure with strategic controls that enforce the mission. To do this, he needs to recruit qualified leaders for the new decentralized structure and involve lieutenants in the solution. It is always an issue—which functions should be decentralized and which retained at the corporate level. In this case intelligence gathering and finance should probably be kept centralized.

It is crucial for students to appreciate the contradictory pressures that implementation generates. The new decentralized structure will call for more intricate communication and command systems. It increases flexibility but also increases the probability of breakdown and mismanagement. Currently, individual runners must keep the various sub-bands in communication. This is a primitive technology that may be insufficient to ensure coordination. An opportunity exists here for the students to appreciate to what extent sophisticated *organizational forms* are made possible by modern technologies, such as instant messaging systems, which are ordinarily taken for granted.

While restructuring is going on, Robin must begin to consider other aspects of his strategy. He should examine the possibility of diversifying beyond the confines of his traditional forest territory. This is viable if he is decentralized. Operations can be carried on in the countryside by the autonomous sub-bands. He must also resolve the issue of the proposed transit tax. What should be his relationship to the local population? Should he increase their burden of taxation, or not?

Robin must also prepare for the possibility of ceasing operations by providing outplacement training. He should pursue alliances beyond the current band of Merry Men, negotiating a possible change in the political order, negotiating amnesty, returning the band to legality. He should probably avoid contact with the Sheriff!

Finally, Robin should recognize that mistakes will occur. Therefore he should anticipate the costs of implementation, especially the problems of extended communication. Robin must familiarize his lieutenants with his intentions and the projected problems. They must actively become involved in the evolving implementation.

Ultimately, however, Robin Hood must consider the long-term course of action. If the Merry Men were a profit-maximizing organization in the classic sense they would be satisfied with keeping the Sheriff off balance, or perhaps work toward his replacement with a more inexperienced man. They are, however, a missionary organization. To pursue profit maximizing would eventually lead them to thievery. It would also undermine their unity and spirit of daring and affect their relationship with their key community stakeholders. Robin Hood has little choice but to increase his involvement in issues that lie beyond his immediate task environment.

One final question Robin Hood must be prepared to answer: has this organization accomplished its mission so the need for the organization no longer exists? Is it time to disband and reallocate the assets in pursuit of a completely new venture?