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## **WORLDWIDE CASE COMPETITION**

### *Sample Case Analysis #2*

Qualification Round submission from the  
2019 NIBS Worldwide Case Competition, Charlottetown, Canada

**Case:** *Extraordinary Journeys: Wild Times in the Safari Industry*

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# ENSURING SUSTAINABLE GROWTH FOR EXTRAORDINARY JOURNEYS

*Submission prepared for the Qualifying Round of the*  
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## Executive Summary

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As a company, Extraordinary Journeys is at a strategic crossroads. CEO Elizabeth Gorden must choose from three possible strategic options: A direct marketing strategy, a public relations strategy, and an optimization strategy. Due to limited time she can only choose to implement one. We recommend the optimization strategy in order to protect the company's value proposition which is characterized by their knowledge of the field, their superior experience and their reliability. Growing too fast will threaten this.

## Introduction & Issue Identification

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Extraordinary Journeys is the market leader in the African safari industry. However, the company's future growth is threatened by a lack of knowledge sharing, competitive pressures, and challenges associated with scalability. This leads us to the central problem facing the company: *How can Extraordinary Journeys best leverage its limited resources to maintain the company's market position and sustain growth?*

## Analysis

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The key issues facing the business are: competitive pressures, a dependency on U.S. customers, a need for sustainable growth (improving operations), and limited time to make a decision. We employed and external and internal analysis to identify which of these are most urgent.

### *External*

A Porter's 5 Forces analysis (Appendix 1) shows that Extraordinary Journeys is facing heavy competition, which will only intensify in the future. Furthermore, DESTEP (Appendix 2) shows that Extraordinary Journeys is dependent on customers from the United States and is therefore vulnerable to weakness in both the general U.S. economy and the U.S. stock market.

## ***Internal***

A SWOT confrontation matrix (Appendix 3) shows that the company's most valuable asset—industry knowledge (see Appendix 4)—is also its greatest potential weakness, since this knowledge resides in individual employees and there is a lack of formalization. Furthermore, sustained growth is threatened and there is a need for the company to optimize its resources in order to fight off the competition. Finally, the CEO has limited time to make a decision and can only choose one strategic direction.

## **Alternatives**

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To address the situation, we identified 3 alternatives, each of which constitutes a different and viable path towards solving the core problem:

### ***1. Direct Marketing***

Conduct a direct-to-consumer marketing campaign using direct online marketing, direct mail campaigns, search engine optimization and advertising in high-quality magazines.

### ***2. Public Relations***

Commit to PR and brand-building through media attention by employing direct marketing strategies and therefor gaining new customers in the United States.

### ***3. Optimization***

Engage an optimization program for the firm's operations by implementing new software systems and putting long term systems in place to replace the current short-term solutions.

## Recommendation

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A decision matrix (Appendix 5) was used to evaluate the three options according to the following criteria: sustainable growth, differentiation, embedding competitive advantage, ease of implementation, and risk. Based on its strong position with respect to sustainable growth, differentiation, embedding competitive advantage, and risk, we recommend pursuing the optimization strategy (see Appendix 6).

## Implementation

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### *Strategy*

The recommended strategy ensures sustainable growth by optimizing internal operations with an emphasis on human resources, a new organizational structure, learning mechanisms, knowledge formulation and a new CMS system, thereby embedding the firm's key competitive asset into the organization instead of deriving it from individuals.

### *Software Implementation*

The table below outlines the roll-out plan for the new content managing system:

	<b>What</b>	<b>Why</b>	<b>When</b>
<b>Step 1</b>	Search software engineers	Look for better deals	Tomorrow
<b>Step 2</b>	Negotiate with potential CMS suppliers	Set terms conditions and budgets	After month 1
<b>Step 3</b>	Start development process	-	After month 3
<b>Step 4</b>	Involve staff for input in CMS development	Ensure internal alignment and reduce resistance to change	After 3 months, then once per month
<b>Step 5</b>	Evaluate CMS development progress	Ensure planning accuracy	Month 5, then once every 2 months
<b>Step 6</b>	Integrate frequent bug tests	Ensure continuity	After 5 months, then once per 2 months

<b>Step 7</b>	Pilot version with staff	Evaluate user interface and plan last improvements	After 1 year
<b>Step 8</b>	Host companywide training	Retain staff support, improve efficiency and reduce resistance to change	From year 1 to year 2
<b>Step 9</b>	Large scale bug test	Reduce future errors and potential costs	After 1 year and 1 month
<b>Step 10</b>	Officially roll out CMS system	Development process done	After 1 year and 3 months

### **Evaluation & Control**

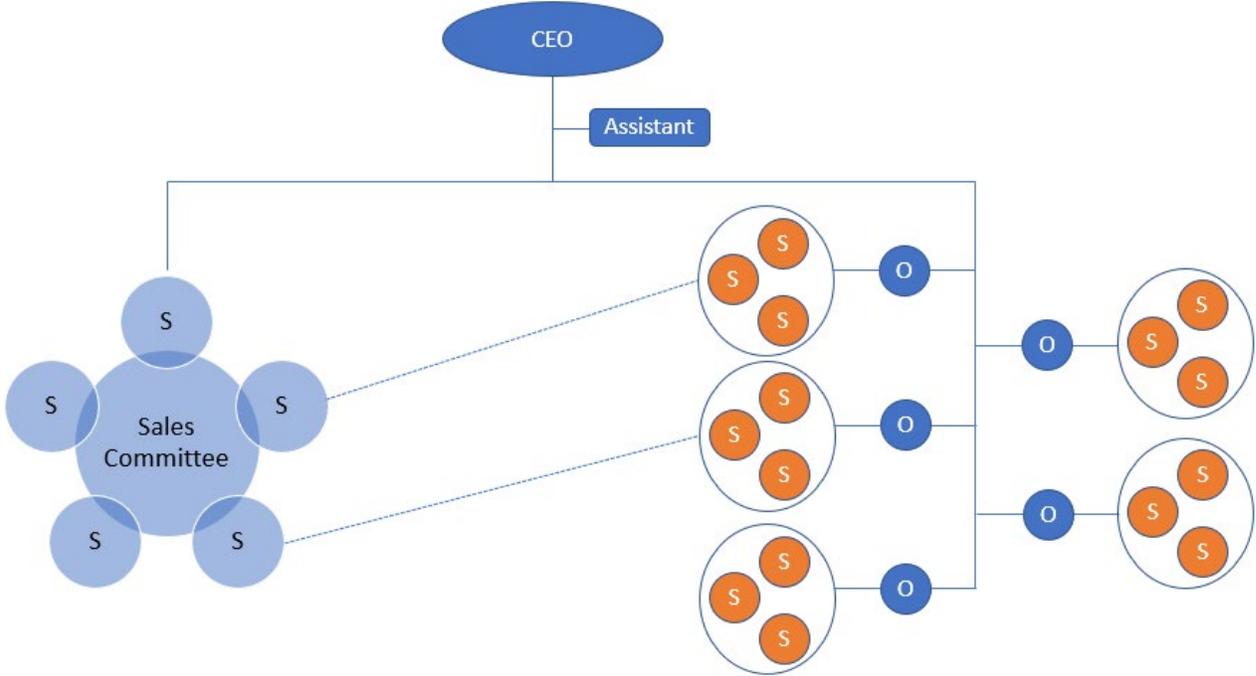
After the system has been successfully implemented and employees trained, it will be important to keep both the system and the employees updated in order to realize the full potential of the new system. For this, a feedback process in the form of recurring surveys will be used, after which the new knowledge will be implemented. The surveys will test whether the software has any bugs, whether the software is implemented in the right way and whether employees have any new ideas/suggestions for the software to improve. The survey will be conducted one week after the software is initially implemented and then once every three months after that.

Insights gained from these surveys will be applied in the form of software updates and a short briefing session for all relevant employees with an additional email in the inbox. When an employee makes a mistake use the system, a peer will be sent to teach them to use it correctly. All this will help to reduce software bugs, help people work with the software, and improve synergies.

### **Knowledge Sharing**

Sales agents will share knowledge within small teams of three on a daily basis, with a weekly review to prepare that week's rep for the sales committee. Agents will partake in the sales committee every three weeks, learning from colleagues in a curated session with the CEO of other teams and sharing new insights with their own team.

This structure will engage every sales agent in direct, formalized knowledge-sharing with their peers every five weeks, with a maximum time for new knowledge to reach all colleagues of five working days.



**Operations Managers (O)**

Need to be organized for performance. A team of five with one captain, will work closely together during CMS implementation. The CMS will allow them to serve three sales agents instead of two.

**Sales Agents (S)**

Need to be organized for quality and customer service. The CMS system will free up time, with workweek changes from 43 to 40, with an average of six hours allocated to learning. Effective hours spent on sales will increase while work pressure decreases by 13% (see Appendix 7). Two extra sales agents should be sourced through existing network of current employees. Better working conditions and more time spent on tasks that are more fulfilling to them personally will further increase retention rates

**CEO**

New structure frees up significant time for the CEO, while reducing span of control from 20 to 7.

Average work week for the CEO:

10 hours	Assisting the 5 sales teams on-demand (2h/team)
8 hours	Head of operations
6 hours	Available for individual employees on-demand
5 hours	Communication with assistant (1h/day)
4 hours	Guiding discussion in Sales committee
2 hours	Training in discussion guidance and knowledge sharing
35 hours	Average work week

***Marketing Plan***

The first two years will be calm concerning the marketing campaign because the internal issues have priority. Engage in a partnership with a small marketing agency, in order to conduct direct marketing without having to adapt the organizational structure. Ensure to engage in a learning agreement, as to build the organizational capabilities and proceed to integrate marketing into the internal processes after year 3 (see Appendix 8).

***Financial Statements***

The newly projected revenue of \$12,000,000 is associated with an estimated 13,500 nights booked. The need for labor to address the extra workload requirements originates from the extra sales agencies, combined with the extra productivity caused by the CMS, which is estimated at 8%.

Thanks to these adjustments, Extraordinary Journeys will have a stable foundation for sustainable growth with manageable risks (see Appendix 9). The projected income statement (Appendix 10) shows an

operating income of around \$640,000. A linear or (or greater) increase in costs has been taken into account as well as risk capital for contingencies.

## Conclusion

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In the light of the initial problem statement '*How can Extraordinary Journeys best leverage its limited resources to maintain their market position?*', we advise the company to place its initial focus on an optimization strategy. This solution ensures sustainable growth and projects 24% revenue growth in the following year, while decreasing work pressure by 13%.

## Appendices

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### Appendix 1: Porter's Five Forces

FORCE	DESCRIPTION
<b>NEW ENTRANTS</b>	Higher margins attract many new entrants. The entry barrier is the high level of specialized tacit local knowledge (local knowledge is a necessity).
<b>SUPPLIER BARGAINING POWER</b>	<b>DMCs</b> are brandless and fragmented, and thus have little pricing power. Switching costs between DMCs are low. Some DMCs have attempted upstream integration. <b>SCMs</b> are traditionally highly fragmented, but show signs of consolidation. Brand recognition is the only way to achieve pricing power. Some competitors have attempted upstream integration.
<b>BUYER BARGAINING POWER</b>	Trend from larger groups to more individual arrangements, no form of organization among consumers, offers are hard to compare; no effective buyer power.
<b>THREAT OF SUBSTITUTES</b>	Alternative destinations could be seen as a substitute, but trend is in favor of Africa. Nonetheless significant competition, no new forms of substitutes have been identified.
<b>INDUSTRY RIVALRY</b>	New entrants intensify competition. Industry is fragmented and characterized by variety among competitors and increased marketing spending.
<b>KEY TAKEAWAY</b>	
IN A GROWING, LUCRATIVE INDUSTRY WHERE TOUR OPERATORS HAVE A BARGAINING EDGE OVER SUPPLIERS AND CUSTOMERS, COMPETITIVE PRESSURES ARE INCREASING RAPIDLY.	

### Appendix 2: DESTEP

	DESCRIPTION	KEY TAKEAWAY
<b>DEMOGRAPHIC</b>	In total, 4.5 million international tourists go on Safari in Africa. Out of these, 110,000 are Americans seeking a luxury Safari experience	Market potential for Extraordinary Journeys is huge but limited to one customer segment: American tourists seeking a luxury experience.
<b>ECONOMIC</b>	Demand for safaris is linked to the U.S. Economy, which is relatively stable. In bad economic times however (general economy and/or stock market), there is a risk that demand may drop off significantly.	The U.S. stock market and economy heavily impacts the demand for Extraordinary Journeys' offering.
<b>SOCIAL</b>	For most customers, taking a safari is a bucket list item; most will only do this once in their lifetime. The average spend for a customer seeking a luxury experience is \$8,000. However, there is a serious risk to demand from political or economic instability in Africa.	The company is constantly working on gaining new customers, when local situations become dangerous, the demand heavily decreases.
<b>KEY TAKEAWAY</b>		
EXTRAORDINARY JOURNEYS IS THREATENED BY HAVING A NARROWLY FOCUSED CUSTOMER BASE.		

### Appendix 3: SWOT Confrontation Matrix \*

		Opportunities			Threats		
		Increased demand for customized experiences	Growing Market	Integrating DMC & SMC	US Revenue Stream	Retention of Personnel	Competition
Strengths	Market leader position	0	2	2	2	2	2
	Differentiation through knowledge	2	2	2	0	2	2
	Customer intimacy	2	2	0	0	1	2
Weaknesses	High work pressure	-2	-2	0	0	-2	-2
	No Direct marketing experiences	0	-2	0	-1	0	-2
	Key company asset resides in individuals	-2	-2	0	0	-2	-2

\*Positive numbers mean that there is a relationship with a positive impact, 0 means that there is no relationship and negative numbers mean that there is a relationship with negative impact.

<b>Greatest Asset</b>	<i>First:</i> Industry knowledge <i>Second:</i> Position as market leader
<b>Greatest Liability</b>	<i>First:</i> Knowledge resides in individual employees; lack of formalization <i>Second:</i> Lack of marketing experience
<b>Greatest Threat</b>	New budget backed competition, which intensifies the vulnerability of our key competitive asset.
<b>Largest Opportunity</b>	Growing trend of customized experience
<b>Key Takeaway</b>	THE KEY RESOURCE OF KNOWLEDGE AND THE POSITION OF EXTRAORDINARY JOURNEYS IS CRUCIAL TO RETAIN CUSTOMERS, ATTRACT NEW ONES, AND DIFFERENTIATE THE COMPANY FROM ITS COMPETITORS THROUGH CUSTOMER INTIMACY. IT IS CRUCIAL THAT THIS ASSET BE REINFORCED TO ENSURE THE COMPANY'S FUTURE IN THE MARKETPLACE.

### Appendix 4: Value Proposition Canvas

EJ	Gain creators	Pain relievers		Gains	Pains	Customer jobs to be done
Vast experience	PR features	Referrals		All-round experience	Standardized approach	Adventurous, eccentric trip
Deep knowledge of sales team	Highly customizable trip and experience	'Earned' marketing through PR		Complete care Thrill of adventure	Insecurity	Full safari experience
High-quality customer service	Deeply experienced staff assistance	Highly knowledgeable staff		Trustable tour operator	Unclear information	Carefree vacation
Creative safari planning	Award-winning operator company	Trip customizable to budget		Personalized trip	Relative overpaying	Check off bucket list item
	Full safari experience	Assurance of location quality		Sense of relative luxury	Non-knowledgeable employees	Customized experience
<b>KEY TAKEAWAY:</b> Knowledge, experience and reliability is the most valuable asset in terms of customer needs						

## Appendix 5: Decision Matrix

CRITERION	DESCRIPTION
SUSTAINABLE GROWTH	Will the option allow for growth that the company's current structure can handle?
DIFFERENTIATION	Will the option allow for retention of the USPs in a highly competitive market?
EMBEDDING COMPETITIVE ADVANTAGE	Will the option leverage existing capabilities?
EASE OF IMPLEMENTATION	Complexity of the solution: How much time and capital is required?
RISK	Does it decrease the amount of exposure to external risks and internal stability?

	WEIGHT	DIRECT MARKETING	PUBLIC RELATIONS	OPTIMIZATION
SUSTAINABLE GROWTH	30	8	4	18
DIFFERENTIATION	20	4	8	8
EMBEDDING COMPETITIVE ADVANTAGE	20	4	5	11
EASE OF IMPLEMENTATION	15	5	8	2
RISK	15	4	2	9
<b>TOTAL</b>	<b>100</b>	<b>25</b>	<b>27</b>	<b>48</b>

\*A total weight of 100 points was divided across the five decision criteria, and options then scored on each criterion. The option with the highest point total is optimal.

## Appendix 6: Options (Pros and Cons)

OPTION	DESCRIPTION	PROS	CONS
MARKETING STRATEGY	Conduct direct-to-consumer marketing campaign using direct online marketing, direct mail campaigns, search engine optimization and advertising in high-quality magazines.	Average cost to acquire Quick payback period	Cost: \$150,000 Relatively expensive
PUBLIC RELATIONS STRATEGY	Commit to PR and brand building through media attention.	Higher quality leads Longer-lasting boost to reputation High ROI Riskier	Cost: \$150,000 Weakening trend Riskier Longest payback
OPTIMIZATION STRATEGY	Engage an optimization program for the <a href="#">firm's operations</a> .	Cost reduction Higher employee retention Increased employee <del>efficiency</del> - Improved communication system - Internal database: formalize proprietary knowledge - CRM software - CMS software Lower stress for CEO	Cost: \$100,000 Software bugs → software doesn't perform Employees not finding value in the software system

## Appendix 7: Sales Agent Productivity

Estimation of nights booked last year	
Average turnover per customer	€ 8.000
Average nights per customer	9
Average turnover per night € 889	
<b>Number of nights booked last year</b>	<b>10.876</b>
New booking capacity	
Booking / hour	0,44
Amount of production hours (week)	732
<b>New booking capacity (48W)</b>	<b>15.429</b>

Estimated time used per night	
Amount of nights booked last year	10.876
Average nights booked per week (48 weeks)	227
Number of hours used	516
Booking / hour	<b>0,44</b>

Extra productivity in hours and %			
	Worst	Base	Best
Increase of productivity	5%	8%	10,0%
Sales agent hours	630	648	660
Extra hours per week	114	132	144
Extra productivity	22,09%	25,58%	27,91%

Sales agents productivity	
Current situation	New situation
12 Sales agents	15 Sales Agents
43 workweek	40 Hourly workweek
516 Hours per week	600 Hours per week

## Appendix 8: Marketing Plan

What	Why	When	Who
Find small marketing agency	Agree on outsourcing and learning agreements	1y 6m	CEO
Visit marketing agency	Negotiate terms and conditions of <u>1 year</u> contract	1y 8m	CEO
Set branding & marketing guidelines	Ensure consistency with company image	1y 10m	CEO & marketing agency
Start marketing campaign	Increase brand visibility and, consequently, sales	2y	Marketing agency
Learning meetings with agency	Start building internal marketing capability	2y 3m → 3y (Every 3 months)	CEO, 2 sales agents, marketing agency
Hire 2 marketeers	Start taking on marketing responsibilities with the knowledge gained by partnering with the agency	3y	CEO

## Appendix 9: Risks and Mitigations

Risk	Likelihood	Impact	Mitigation	Contingency
Software does not perform as expected	Mid	High	Frequent bug tests and evaluations, and a pilot	\$25,000 risk capital reserved in profit & loss statement 2017
Unsuccessful in sourcing 2 sales agents	Mid	High	Improve primary/secondary employment agreements	Hire a recruitment agency
Marketing agency does not want to share knowledge	Mid	Mid	Look for another agency	Increase bid
Sales committee discussions are ineffective	Mid	Low	CEO gives internal training to increase effective communication	Hire a coach to increase effective communication
US economic implications result in drastically decreased demand	Low	High	Monitor warning signals and invest in making competitive assets internationally transferable into EU market	Partner with EU agency to create buffer period for transition process
Negative dynamics in African regions threaten the current business model	Low	High	Deviate from usual destinations and travel to safer regions	Accept the risk
Employees do not embrace system	Mid	Mid	Involve them in input generation, UX testing and evaluation	Provide inter-personnel personal training sessions

## Appendix 9: Profit and Loss Statement

2017 (Projected)	
<b>Safari Revenues</b>	€ 12.000.000
Cost of Goods Sold	
Credit Card Fees	€ 132.848
Suppliers	€ 9.726.224
<b>Total COGS</b>	€ 9.859.072
<b>Gross Profit</b>	€ 2.140.928
<b>Expenses</b>	
Promotions & PR	€ 134.809
Donations	€ 27.317
<b>Total promotions</b>	€ 162.126
Employee Benefits	€ 50.125
Total wages	€ 778.941
Payroll Taxes & Fees	€ 70.589
<b>Total Employee Expense</b>	€ 899.716
<b>Travel to Africa for Inspections</b>	€ 117.889
<b>Office expense</b>	€ 322.036
Computer, Internet and Phone Expense	€ 22.795
Meals and Entertainment	€ 9.029
Bank & Wire Service Charges	€ 22.199
Office Supplies	€ 8.757
Software	€ 140.000
Shipping & Postage	€ 14.043
Professional & Legal Fees	€ 31.001
Office Rent	€ 34.212
Miscellaneous	€ 40.000
<b>Total expense</b>	€ 1.501.767
<b>Operating Income</b>	€ 639.162