

Strategizing for Business Growth

SUBMITTED BY: Knowledge@Wharton Summer Educator

SUBJECT(S): Management

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

Using the Knowledge@Wharton article: “The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China,” students will be guided in thinking about the importance of strategizing for growth in any business venture. Students will begin by brainstorming about the factors that should be considered in the growth strategy of a product or market. Afterwards, students will be introduced to an overview of Michael Porter’s Five Forces of Analysis for strategic planning. In subsequent classes, students will examine each component of the five forces in the context of creating a growth strategy plan for a business, product or service of interest to them.

≡ NBEA STANDARD(S):

- Management, II. Management Theories

≡ RELATED ARTICLES:

- [“Of Chocolate and China: Nestlé Expands in Beijing”](#)
- [“Educator Toolkit: Doing Business in Africa”](#)
- [“Dark Milk Chocolate Bars Help to Unlock Wealth in West Africa”](#)
- [“A Conversation on Trade and Manufacturing”](#)

Common Core Standards:

- *Reading Standards for Informational Text*: Cite strong and thorough textual evidence to support analysis of what the text says explicitly as well as inferences drawn from the text.
- *Speaking & Listening*: Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–10–11–12 topics, texts and issues, building on others’ ideas and expressing their own clearly and persuasively.
- *Speaking & Listening*: Present information, findings and supporting evidence clearly, concisely, and logically in such a way that listeners can follow the line of reasoning, and the organization, development, substance and style are appropriate to the purpose, audience and task.

Objectives/Purposes:

- Students will learn to critically analyze a growth strategy.
- Students will learn about the depth of consideration that must go into growing a business.

Knowledge@Wharton Article: “[The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China](#)”

Other Resources/Materials:

- Computer with projector
- Internet Access
- Background information on Porter’s Five Forces framework can be found on Wikipedia: http://en.wikipedia.org/wiki/Porter_five_forces_analysis
- [Porter’s Five Forces PowerPoint](#)
- [Five Forces Worksheet](#)
- The teacher might want to develop a bit of background information on the chocolate industry (e.g., major suppliers of cocoa, health benefits of chocolate) to enhance the discussion. It might also be helpful to read the book, “Chocolate Fortunes,” beforehand to get a fuller understanding of the issues presented in the article.

Key Terms:

- **Rivals** – Those in direct competition with a business (e.g., McDonald’s, Burger King, Wendy’s).
- **Entrants** – These are new competitors that enter the market who weren’t on the radar before (e.g., Netflix and Comcast-on-Demand in reference to Blockbuster Video).
- **Customers** – The people and businesses who buy your goods and services.
- **Suppliers** – They provide you with the goods and services you need to do business (e.g. this can include personnel as well as materials).
- **Substitutes** – They perform the same or a similar function as an industry’s product via another means (e.g., trains, cars and buses instead of traveling via airplane).

Activities:

- 1) Inform students that they will be learning about strategizing for business growth. Make them first read the article: “The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China,” to get an idea of how things can go wrong without adequate strategizing. (10 mins)
- 2) Have students recap and discuss the article (i.e., the shortcomings of the chocolatiers’ in expanding their growth). Write these issues on the board. (8 mins)
- 3) Lead students in a simulation of how they would have strategized to take chocolate to the Chinese market. Create a list of issues to be examined more closely (e.g., transportation, supply, cultural differences, production, exchange rate of the dollar). It is anticipated that students will go beyond the issues presented in the article. Have students discuss the significance of these elements. Encourage them to incorporate ideas from other business growth ventures that they are familiar with (e.g., Disney’s move to Europe, soft drink companies’ expansion into rural Africa, coffee shops selling food in addition to beverages). The teacher should also add on to the list important areas that the students might have overlooked (e.g., census figures). (10-12 mins)
- 4) Introduce students to economist Michael Porter’s strategic analysis framework, *The Five Competitive Forces*. Focus on giving just an overview of this framework just now, as you will lead students to closely examine each element of the framework in subsequent classes (refer to the PowerPoint provided).

Points to emphasize: (8 mins)

- a. Emphasize that the configuration of the framework will vary according to the industry under study. This means that some components of the framework will be more relevant than others

depending on the business, product or service under study.

b. Emphasize that the strongest competitive forces determine profitability, yet they are not always apparent. Thus students should focus on uncovering the hidden competitive advantages of a business, product or service.

5) Have students work in pairs to identify a business, product or service for which they would like to strategize a growth plan using Porter's framework. In the next class meeting, they will actually begin analyzing each of Porter's five forces in reference to their chosen business, product or service. (7 mins)

a. Give each student a copy of the Five Forces Handout

Tying It All Together: As you wrap up the lesson, make sure that you have made an explicit connection between the chocolatiers' expansion attempts and how Porter's framework might have been helpful in mediating some of the issues that the students identified during the discussion phase of the Knowledge@Wharton article.

Practice Outside of the Classroom: For homework (or you can allocate class time to do this), direct students to do a little independent research on the companies they selected to study for this project, emphasizing that they will need this background information in order to apply Porter's model.

What Worked and What I Would Do Differently: The article provides an excellent opportunity and foundation for studying business strategy. However, having the students actually read the book, which provides background information on each company in separate chapters, would be even more helpful to students trying to do this exercise. The chapters are anywhere between 20-30 pages, but it is a fairly simple read for high school students at grade level. There were many voracious readers in the summer program during which we created and taught this lesson, who would have welcomed the opportunity to read an adult book about business — especially when it is about chocolate. I would suggest purchasing multiple copies of the book used (they were priced at approximately \$2.00 or less on Amazon.com) — at least enough for small teams of students to do a shared reading. Within these teams, the students can focus on producing a presentation on one of the five chocolatiers profiled in the book (regarding strategy), and then you can regroup them to do an overall analysis as a whole class. This, of course, turns into a completely different lesson, but one in which students have more background knowledge with which they can tackle the assignment.

In one of the classes that I did of this lesson, I had the students refer to the article as well as use their own background knowledge in creating a table that described where the five chocolate

rivals stood in relation to one another. The table listed things like: the price range of the chocolate sold (low, medium, high), a rating of the quality of the chocolate, and the chocolatier's ranking based on the lbs of chocolate being marketed. A picture of this is provided below. One of the startling discoveries was that Hershey's was such a small player in the chocolate world despite being a well-known and iconic American brand.

(3-NM)

Brands	Price	Quantity	Quality	Form/Weight
Hershey's	4.96	4	3/5	
Cooking	5.16	2	4/5	
Nestle	7.96	3	4/5	
Mars	9.66	5	4/5	
Finero Powder	5.56	1	4/5	

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