

PURPOSE. The purpose of an exam in any course is to provide you with the opportunity to demonstrate the degree to which you have mastered the concepts presented in the course through the assigned readings, class discussions, and videos. Failure to incorporate these concepts into your answer – by specifically labeling when you are using the concepts – can result in a poor or failing grade for the exam.

GROUND RULES. It is important that you follow these ground rules in order to have your exam count towards your final grade.

- (1) This exam is worth 15 points towards your grade for the course.
- (2) The exam questions consist of the issue management outline that was distributed in class and that you have been using in your weekly business memo. A copy of the issue management outline is posted on iLearn in the exam module.
- (3) The issue management outline *must be applied to the case that follows in this memo* (pages 3-5). The final exam case is not about Apple or e-waste, so your answers should not refer to any of that.
- (4) Your answers to the issue management outline should not exceed 10 pages in length (excluding references but including tables, diagrams).
- (5) Appropriate citations must be used for any idea or material that is not the product of your own intellectual work. Failure to cite sources is considered plagiarism and will result in an automatic failure for the exam. Your work will be screened through several plagiarism detection programs, so please be sure to cite where needed – including class and group discussions.
- (6) You must upload an electronic copy of your final exam no later than 2pm on Wednesday, May 20, 2015. Be sure to click the submit button so that your exam counts. Do not email me a copy; it must be posted in the iLearn assignment. Failure to do this will result in a failing grade for the exam.
- (7) You must bring a hard copy of your final exam to the *beginning* of class on Wednesday, May 20, 2015 – that is, your hard copy of the final exam must be on the desk of our classroom by 3:20pm. *No late papers will be accepted* so anticipate printer problems, transportation problems, etc. Failure to provide a hard copy of your exam and/or failure to do this on time will result in a failing grade for the exam.

- (8) As required by state law, you must attend class on Wednesday, May 20, 2015 and stay until officially dismissed. Failure to do so will result in a failing grade for the exam.

GRADING RUBRIC: Just as in the real world, content is extremely important but format is also important. The content of your answers will count 85% towards your exam score; the formatting of your exam will count 15% towards your exam score.

The following table provides you with the rubric that will be used to score your exam.

TABLE 1: GRADING RUBRIC

	Possible Points	Your Score
CONTENT:	<i>13 points</i>	
Purpose statement; point of view established	0.5	
Sense of business audience	0.5	
Organization & Development -- answers question asked with specific details where required	2	
Full discussion of stakeholder points of view	3	
Full discussion of ethical considerations for issue and for answer	3	
Support for Ideas	2	
Citations	Assumed	
Use of appropriate concepts	Assumed	
Grammatical structure; sentence formation	1	
Proper use of language including idioms	1	
FORMAT	<i>3 points</i>	
Memo heading	0.6	
Correct paragraph style	0.6	
Spacing	0.6	
Page numbers	0.6	
No more than five typographical or spelling errors	0.6	

Please note that I have not followed conventional spacing rules in this document because I wanted to leave a lot of space for you to write any notes you need.

CONTEXT: You have joined AB Sugar and report to Daniel West, AB Sugar Strategy & Business Development Director. AB Sugar is one of the world's largest sugar producers and employs over 40,000 people in 10 countries throughout Europe, Africa and China. One of its sugar products is bio-ethanol.¹

AB Sugar is a wholly owned subsidiary of Associated British Foods (ABF). ABF is one of the 10 largest food companies in the world and believed to exert considerable power and influence over how food is grown, processed, and prepared world-wide.² ABF has over 112,000 employees world-wide. Last year, the company reported revenues of \$21 billion and profits of \$837 million.³

However, ABF shares have fallen 13% since the start of this year, primarily because of a sharp drop in its sugar profits. Corporate officials blame the drop in profits the result of 'substantially lower European Union sugar prices' brought on by anticipating a 2017 reform to the European Union sugar program. These reforms will (1) lift sugar production quotas, thereby eliminating the guaranteed price for sugar beet farmers and (2) abolish export limits. In fact, these anticipated reforms have caused AB Sugar's major competitor, Tate & Lyle, to announce that it is exiting all its businesses that sell sugar and sugar-related products.⁴

The decline in profits prompted AB Sugar to close two of its factories in China, sell off a biofuel plant at a loss, and layoff approximately 2000 employees.⁵ As if that isn't enough, AB Sugar, as part of the powerful ABF group, is being targeted as a major contributor to the obesity epidemic!

15h margin

¹ About us. Retrieved from: www.absugar.com

² Oxfam Intl. (2013) Behind the Brands, briefing paper. Retrived from www.oxfam.org/sites/www.oxfam.org

³ IBID

⁴ www.ft.com/cms

⁵ IBID

- Since its publication Dr. Robert Lustig's book, *Fat Chance: The Bitter Truth About Sugar*, is increasing in popularity and influence worldwide. In the book, he states that sugar, not fat, is the real cause of obesity. Furthermore, he argues that sugar is addictive, like cocaine or heroin, and that the food industry knows this and uses sugar in all kinds of foods to increase consumption and thereby, increase sales.¹² Companies are putting profits before their customer's health. Endorsements of this point of view are coming more frequently from well-respected medical scientists and health officials.

"Given the staggering health, policy and economic implications of this trend, the opportunities and responsibilities of major players in the food business are under examination by the media, politicians and various non-governmental organizations focused on health and children."¹³

These stakeholders are not naïve. The following excerpt from *The Food Industry's Solution to Obesity* reflects the views of very vocal critics:

"A new paper in the journal Social Currents by Ivy Ken, an associate professor of sociology at George Washington University, discusses Big Food's strategy of "working together" with communities to fight the obesity crisis. The goal is threefold, according to Ken: Corporations want us to focus on the importance of their role in "solving" childhood obesity and presenting themselves as part of the solution. "Their part of working together is re-engineering their products; our part of working together is to buy more and more of this food that's not real. . .

"The food industry also wants us to ignore its use of that strategy to increase its market share and profits; and it wants to maintain legitimacy at a time when community groups and public health officials are, writes Ken, "demanding limits to their involvement" in supplying food to children.¹⁴

¹² Sugar, not fat exposed as deadly villain in obesity epidemic. Retrieved from:
www.theguardian.com/society/2013/mar/20

¹³ Based on the 2004 Walter V. Shipley Business Leadership Case prepared by Marcy C. Gentile, PhD, under the direction of the Aspen Institute, Business and Society Program.

¹⁴ www.nytimes.com/2014/06/18/opinion/mark-bittmanthe-food-industrys-solution-to-obesity.html?_r=0

FACTS ABOUT THE OBESITY EPIDEMIC: Obesity is a complex issue that is becoming an increasingly important concern because of the impact it is having on the world's population and on the planet itself.

- "More than 65% of Americans are overweight. . . or obese. . . 15% of the children are seriously overweight, at a rate that has tripled since 1970."⁶
- "In 2012, the Institute of Medicine, an independent group that advises the government, reported that the annual cost of treating obesity-related chronic disease and disability had reached a staggering \$190 billion annually in the United States. 'Left unchecked', the Institute concluded 'obesity's effect on health, health care costs and our productivity as a nation could become catastrophic.'"⁷
- It is estimated that more than half of the obesity-related medical bills (such as diabetes) are paid for by all the US taxpayers rather than by the individuals or insurance company premiums.⁸
- It is estimated that in the US, around 300,000 premature deaths a year were associated with being overweight – approaching the 400,000 deaths associated with cigarettes.⁹
- The World Health Organization reports that approximately 25% of the people in Great Britain are obese, as are 53% of adults in Brazil. 25% of people in China are overweight or obese. Obesity rates are rising in the Gulf Islands, Mexico and the Pacific Islands.¹⁰
- Environmental leaders have begun speaking about the negative impact obesity has on sustainability; the increasing levels of obesity could have the same impact on overall energy demands as an *extra 500 million people* on the planet¹¹

⁶ *Newsweek*, December 8, 2003, page 63.

⁷ "Big Fat Liability" in Anne T. Lawrence & James Weber (2014) *Business and Society*, 14th ed. New York: McGraw Hill Irwin, page 353

⁸ *Newsweek*, December 8, 2003, page 63.

⁹ Big Fat Liability

¹⁰ The Big Picture. *Economist*, December 15, 2012, special issue.

¹¹ *Business Green* June 12, 2012

THE ASSIGNMENT: Daniel West has been tasked with in charge of developing a response to the charges that AB Sugar (and therefore ABF) is a major contributor to the obesity epidemic. He has turned to you to develop an issues management analysis so that the company can devise an appropriate response to the crisis. Mr. West tells you to consider all options – the products offered, the production processes, the marketing, and anything else you believe will be relevant. He wants choices and ‘out of the box’ thinking.

As you’ve started doing research into what AB Sugar does and how it does it, you have formed the impression that ABF is not especially transparent in its dealings with governments and other stakeholders. It is possible that by developing a comprehensive stakeholder analysis, you may generate options or choices that can change the image of the company; on the other hand your ideas might be subjected to extra scrutiny because of the corporate culture.

Mr. West expects the results of your issue analysis within two weeks at the most; and you have heard from your colleagues that he doesn’t read any report that is longer than 10 pages.