



U.S. Chamber of Commerce Foundation

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2019 MBA Case Competition

Greener Pastures or Deep Roots? Making the Case for a Company to Stay Put

The Shanklin Corporation, a maker of machine tools, was founded in 1890 by German immigrants in Springfield, a large industrial city in the Northeast. The timing was perfect. Machines were primarily replacing hand labor in manufacturing, and innovation was booming— inventors were creating and improving products at a breakneck pace. A new nationwide network of railways allowed Shanklin, and other companies, to distribute their products across the nation quickly and efficiently. Bankers, meanwhile, happily supplied the capital necessary for business leaders to expand their operations.

Springfield, too, was booming. Industrialization and its reputation as a welcoming place to do business helped with its tremendous growth. Record numbers of people moved into the city, and by the middle of the 20th century the city had become a major manufacturing hub, as well as a thriving center for music and the arts and the home of two top universities.

By the late 20th century, however, the city's fortunes had changed. Over the years Springfield's reputation as a good place to do business had eroded. The city's bad winters made it a not-so-desirable place to live—but it also developed a bad environment for business. Corporate taxes climbed slowly but steadily. The city government phased out some tax incentives. Local regulations became more of a burden.

At the same time, schools suffered, and poverty increased, making it difficult for companies like Shanklin to recruit top talent. Springfield's mayor had difficulty persuading high-tech startups to relocate there. In fact, the city was losing many of its businesses to other cities such as Austin, San Francisco, and Raleigh Durham that were riding the high-tech wave, had better climates, and offered a younger, more tech savvy workforce. The brain drain took its toll. Springfield, which was once one of the largest cities in America, now barely broke into the top 100.

Given Springfield's deterioration, it's easy to see why Shanklin's senior management decided to relocate its headquarters, manufacturing plant, and 10,000 employees to Franklin, a booming city in the Southwest region of the country. It was not only a desirable place to live, especially for young, growing families, but the city offered to provide \$100 million of Industrial Revenue Bonds to build Shanklin's new facility as well as other tax incentives.

While the company's top management vigorously argued for the need to relocate, the decision didn't sit well among the Shanklin family, which has strong ties to the city and loyalty to its blue-collar workers. They also controlled 30% of the company's voting shares so they still held significant influence. At a contentious board meeting in September, the Shanklin family

patriarch, John Shanklin, told management that he wanted them to try one last time to give Springfield's leaders a chance to produce an incentive package that would allow the company to remain in its home.

Management agreed to ask the city for a package of incentives that would be attractive enough to get the company to remain. In their upcoming discussions with the city, executives planned to outline the benefits that the company brings to Springfield as well as the details of a winning incentive package.

CASE PROMPT

Complete the prompt below from the perspective of the Shanklin Corp. You are part of a management consultant team hired by Shanklin's CEO and board. The project: craft a plan that would convince the city's mayor and city council to provide an incentive package robust enough for the company to cancel its plans to move to Franklin, and continue to contribute to the Springfield community.

The U.S. Chamber of Commerce Foundation is looking for case teams to submit a paper consisting of 5-7 pages of text with an additional three pages for appendices. Please provide sources for your data. (Note: sources do not count toward appendix pages.) Teams are encouraged to think broadly about the questions and to use any available research and publicly available data. Your strategy must be reasonable and have measurable outcomes.

The paper should consist of:

1. *A position statement.* Explore and outline the benefits Shanklin and other companies can bring to its home city. We are looking for you to make a strong case as to why business matters.
2. *A strategy.* Based on the parameters outlined in the case, recommend how Shanklin can make its case. Explain any non-market criteria you factor into your decision. You will need to provide detail about the projected impact—quantitative and qualitative—on the community of a potential move, as well as what support the company will need from the city.
3. *A framework for success.* How would you define success for the proposed strategy and how would you measure it?

Based on previous experience, the most successful entries will (1) exhibit a sophisticated understanding of the role business plays in the community and (2) demonstrate good writing to convey practical recommendations that would be applicable in a real community.

Good luck!