



DEPARTMENT OF BUSINESS MANAGEMENT

Senior Capstone Experience Guidelines 2014-15

April 3, 2014 • Revised August 20, 2014

Contents

Overview	2
Business Plan Capstone	2
Special Topic Capstone.....	3
Strategy Capstone	3
Abstract.....	4
Chapter 1. Introduction.....	4
Chapter 2. Analyzing the Industry.....	4
Chapter 3. Analyzing the Firm	6
Chapter 4. Recommendations.....	10
Research Ethics.....	11
Managing Your Research	11
Charts, Images, and Supplementary Material	11
Draft Chapters.....	11
Final Chapters	12
Grading the Capstone.....	12
Writing Guidelines.....	16
Document Format: APA.....	16
Style Do's and Don'ts.....	17
Timeline	18

Overview

One of the defining elements of a Washington College education is the senior capstone (officially, the Senior Capstone Experience, SCE). The SCE in Business Management is an intensive individual project that requires extensive research, thoughtful analysis, and clear writing. There is no set length, but most capstones are at least 40 pages long (longer is not necessarily better). Because each student may choose (in consultation with a professor) his or her own capstone topic, the capstone gives you a chance to gain expertise and skills in an area of business or management of your choice, from marketing to finance to information systems.

Beyond research and knowledge, the capstone is an opportunity for you to exercise and display your thinking and communication skills—skills that are highly in demand from employers. A 2010 American Association of College and Universities survey found that **84% of business leaders want college students “to demonstrate a significant project before graduation, to demonstrate their depth of knowledge and a passion for a particular area, as well as their acquisition of broad analytical, problem solving, and communication skills.”**

So the capstone is more than a graduation requirement: it’s one of the best ways to help you embark on a career.

Grading and course registration. The capstone counts as a course, BUS SCE. Students are enrolled in the 4-credit BUS SCE course in the senior year, usually in the final semester. The capstone receives a mark of Pass, Fail, or Honors.

Double majors. Most double-major Capstones will fall into the Business Management Department’s ‘special topic’ track (see below), which provides considerable flexibility in designing, researching, and writing the Capstone. The Department encourages double majors to write a single integrated Capstone that can be submitted for both majors. (For instance, for Economics-Business Management double majors, the Capstone usually is primarily written according to Economics guidelines and expectations, with a single chapter added that explicitly explores the topic from a business or managerial perspective.) When faced with timelines from two departments, students should expect earlier ones to take precedence. Double majors can only earn 4 total SCE credits, even if they write two Capstones.

Capstone tracks. There are three tracks for the senior capstone in Business Management: (1) the Business Plan Capstone, (2) the Special Topic Capstone, and (3) the Strategy Capstone.

(1) Business Plan Capstone

Students interested in learning what goes into starting a business can get a head start on entrepreneurship by doing a **Business Plan capstone**. This track is limited to a select number of students. These are the initial eligibility criteria for applications:

- Good academic standing
- WC GPA of at least 2.75
- BUS GPA of at least 3.00

It is recommended but not required that students interested in the business plan track take BUS 212 Managerial Accounting.

Students interested in the Business Plan capstone should notify Prof. Joe Bauer (jbauer3@washcoll.edu), by early June (exact dates and deadlines in the capstone timeline at the end of this document). Students will then have three weeks to research, prepare, and submit a complete application to Prof. Bauer. In a neat, well-written, double-spaced report, the complete application should include these elements:

- a. the business idea (description of the products/services)
- b. target market and known competitors
- c. initial financial requirements, for launch and for first-year operations
- d. pertinent current trends in the industry/business; growth potential
- e. description of your core competencies that will support the business

- f. what makes your idea/business unique
- g. what you view as the most severe risk(s) to opening and operating the business

The Business Plan capstone advisor will notify students by the end of June whether their application has been accepted. Students accepted into the Business Plan capstone will work with the faculty advisor during the fall and the spring.

(2) Special Topic Capstone

The **Special Topic capstone** is a research-oriented project reflecting the student's interests and collaboration between the student and faculty advisor. Topics might include an integrated capstone (for double majors), a series of interviews in a particular industry or career path, a research study of a selected business or management topic, or empirical research tied to presentation at an academic conference. Students undertaking a Special Topic capstone should work closely with the capstone advisor to develop guidelines for their particular projects.

(3) Strategy Capstone

The **Strategy capstone** is the most popular track. In it, each student makes an intensive study of the recent activities and business results of one publicly traded firm, studied in its competitive environment, its industry. The Strategy capstone provides an excellent synthesis of all the major elements comprising the business management major: facility with statistics and financial analysis, ability to read financial statements, understanding of key business areas like marketing, information systems, organizational structure and leadership, the legal environment, and strategic management.

The Strategy capstone presents research, analysis, and recommendations on a firm's operations and strategy. In other words, in this capstone the student studies what a firm tries to do within its competitive environment, what it actually does, and how successful it is.

There are restrictions on what firms may be chosen for the Strategy capstone. Firms must be publicly traded, to ensure there will be sufficient financial information available. And firms studied within the past three years may not be chosen. The list of approved firms is kept by the Department secretary, Christy Rowan (crowan2@washcoll.edu). Students must have their requested firm approved by Ms. Rowan as a first step in completing the capstone. The deadline for this is in the timeline at the end of this document.

The Strategy capstone is *not* a defense of the firm. Students researching a firm sometimes make the mistake of thinking they are an advocate for the firm. This is not an appropriate perspective. Your role is to be an independent, objective source of information for senior management and/or investors. If you see problems, it is your duty to point them out. In fact, in the world beyond college, courage in calling out underperforming companies is a valuable and sought-after quality in business analysts. More broadly, moral courage, which includes the willingness to point out difficult truths and rely on your own honest judgment, is one of the College's and Department's core values.

The intended audience for the Strategy capstone is the audience for any similar analysis of a firm and its industry: *potential investors*, either individuals or institutional investors. What do potential investors want to know, and what do they need to know, to make an informed investment decision about the firm? Similarly, if making recommendations for senior management, think in terms of what they need to know in order to improve the performance of the firm. Keep your intended audience in mind as you write your capstone.

The Strategy capstone draws primarily on research and analytic techniques students have learned over the course of the major. It draws on material in the core BUS courses: BUS 201 (reading financial statements), BUS 202 (marketing analysis), BUS 203 and 204 (or MAT 109) (quantitative methods), BUS 209 (formerly 301) (analyzing financial data), BUS 302 (organizational dynamics and leadership), BUS 303 (legal environment of business), BUS 210 (formerly 304) (management information systems), and BUS 401 (strategic management). In addition, good capstones should draw on knowledge gained from meeting the Global Learning requirement to view all of the above through an international perspective.

The Strategy capstone consists of four chapters, plus an abstract, references, and optional additional material.

STRATEGY CAPSTONE**ABSTRACT**

The abstract comes first but gets written last. It is a summary of what you did *and what you found*: your argument in a nutshell, in 150 to 250 words. The abstract is the only part of your capstone that most people will read, so write it with care.

STRATEGY CAPSTONE**CHAPTER 1. INTRODUCTION**

Chapter 1 tells the reader what you're studying and provides useful information on how you did your research. Since it provides an overview, you will write it when you've written the rest of the capstone.

Topic. What you studied. A Strategy capstone typically studies the past five years of a company's operations within its industry setting.

Assessment. How you define the firm's strategic success. To gauge the effectiveness of your company's generic and corporate strategies, you need a clear measure of assessment to apply against your company's performance. Hard numbers like net profit, earnings per share, and market share tend to be the best bottom-line assessments, especially when put in comparative perspective. If you wish to use an alternative metric or technique, for instance, a balanced scorecard, please explain.

Methods. How you conducted research. What sources did you use? (SEC.gov, S&P, Hoover's, business periodicals, interviews, etc.). How did you construct your benchmark? (What companies make up the benchmark? Why? Did you use a weighted average? Did you have to alter the benchmark over the four- or five-year span you are studying?) Did you employ any unusual methods, like interviews or attending trade shows? What complications did you encounter? How did you deal with them?

Industry Benchmark. The industry benchmark is the heart of your strategic analysis. It provides key data for measuring and evaluating the performance of the industry, and how your firm compares to its competitors. The point is that numbers without a basis for comparison don't tell much, whereas a sensible comparison with relevant firms and a good benchmark provide lots of insight into a firm's strategic success. You should complete your benchmark data gathering by the December deadline; this will give you more time in the spring to analyze your data. You'll find more information about the benchmark in the notes below on chapter 2.

Key Findings. A summary of your key findings and recommendations. A good plan is to provide a paragraph summary for each chapter, or you may make use of bullet points, if convenient.

STRATEGY CAPSTONE**CHAPTER 2. ANALYZING THE INDUSTRY**

As you learn in BUS 401, there are two fundamental levels of strategic analysis: industry-level analysis and company-level analysis. In other words, business strategists and observers study a firm and its competitive environment. Chapter 2 explores the competitive environment in detail. This includes more than the industry itself—it covers everything in the firm's environment that affects its operations, from the economy and politics to the physical environment, technology, and demographics. But the focus is the industry, and you are expected to develop a good understanding of the industry your firm is in.

Industry Background (SIC or NAICS data; industry definition; history; current snapshot; recent changes or highlights)

It is recommended that you include one or more snapshot or trend charts here to help make sense of the industry. These charts can quickly provide an understanding of key metrics like overall industry size, revenues, key competitors, and trends. There is no required chart, but it is likely that well-designed visual presentation of quantitative data will help you get your story off to a strong start with your reader.

Ethics and Current Events

A summary or selection of popular-press coverage over the past three to five years, with special attention to ethical issues. Choose topics that pertain to your key insights about the industry, rather than just a grab-bag. In strong capstones, the topics covered in this section relate to the key points about the industry and are woven into a narrative that organizes and clarifies the key points.

Industry Benchmark

The industry benchmark serves as the basis for measuring and evaluating the performance of the industry. The benchmark consists of a weighted average (weighted by sales) of key firms in the industry (weights adjusted for each year of data). In particular, the benchmark will include the three or four competitor firms, as well as your chosen firm. The benchmark should be calculated over a four- or five-year period (four years is the minimum amount of data you need: to compute a three-year Compound Annual Growth Rate [CAGR], for instance, you need four years of data). Later on, when you compile these and other numbers, you probably won't wish to display more than one, or sometimes two, decimal places. Your detailed financial ratio analysis, which draws on the benchmark, will occur in chapter 3.

Here, in this initial section in the first chapter, your job is simply to tell the reader how you constructed the benchmark. That means identifying the firms you chose. For each firm, you should include a short (20 to 50 words) snapshot that provides key business information, and helps make clear why you chose the firm. In addition, you should briefly describe the process of constructing the benchmark, drawing on and perhaps expanding the explanation above.

If you excluded any major competitors from the benchmark (for instance because it is a privately held company or its stock is not traded in the United States), explain why you did so.

Stock Summary

One significant source of finance for publicly traded firms is the issuance of stock. Your research should include answers to the following questions for your firm and its benchmark competitors for the most recent year common to all firms for which data is available:

- What is each company's stock trading symbol?
- Where is the stock listed?
- How many shares of common stock are outstanding?
- What is the market value of common equity?
- What's the beta coefficient of the company stock?
- Did the company pay a dividend in the past year? If yes, what are the dividend yield and payout ratio?

Since this section on stock financials includes lots of numbers and not a lot of text, you may find it convenient to present this section as a table rather than as a written narrative.

Sales and Market Share Growth Rates

You'll use benchmark data to construct sales and market share growth rates. For most firms, the most recent available data will follow this 3-year CAGR formula for sales:

$$(2013 \text{ revenue} \div 2010 \text{ revenue})^{1/3} - 1$$

PESTEL (or similar framework)

The PESTEL analytic framework encourages a strategic overview of external environment characteristics. It covers six analytic areas:

- Political analysis
- Economic analysis
- Sociocultural analysis
- Technological analysis
- Environmental analysis
- Legal analysis

You don't have to follow this exact PESTEL format. As long as you cover these broad areas, you may organize this material as you wish. It's common, for instance, to combine political and legal analysis.

Porter's Five-Forces Model

Prof. Michael Porter's famous five-forces model, studied in BUS 401, helps identify the forces that determine the basic competitive structure of an industry:

- Rivalry
- Threat of entry and exit barriers
- Supplier power
- Buyer power
- Threat of substitutes

Strategic Group Map (optional)

The Strategic Group Map is an optional element of the strategy capstone. It is a two-by-two graphical representation of industry competition, including your firm and key competitor firms. There is no one right way to do a strategic group map. It is important to choose metrics for the x-axis and y-axis that help convey important competitive information about competition among these key firms.

It is especially important to avoid choosing metrics for both axes that measure, directly or by proxy, size. If you do so for both axes, you'll end up with a strategic group map or graph that slopes neatly at 45 degrees; this will most likely tell us nothing interesting about the industry or the firm. (Suggestion: For firms in an industry with global competition, one useful metric for the x-axis is often percent of sales outside of the United States.)

Summary

You should end up with a few key points about the company's external environment. Since you should be repeating, for emphasis, points you've made earlier in the chapter, you don't need to cite them as if they were new information. We recommend that you organize your summary in terms of key opportunities and threats or challenges facing companies in the industry. These will set the stage for the SWOT analysis you'll present in Chapter 4.

STRATEGY CAPSTONE

CHAPTER 3. ANALYZING THE FIRM

Chapter 3 focuses on the firm itself. This includes the firm's history, leadership, structure, and operations. (*Style note: remember that a firm is singular, not plural. Don't use "they" or "their" when talking about your company; use "it" and "its."*)

Company Background (history, vision and mission, highlights, snapshot of current operations, and key recent events). The background provides a quick, concise overview of the company's history, key moments in its life, a snapshot of current operations (here's a good place for a table that summarizes key numbers like sales, units sold, key markets, etc.), and key recent events, like a concise mention of a leadership change. The vision and mission are included here to capture the firm's statement about what it does and how it does it; you will refer back to them in your analysis in subsequent sections of this chapter. This is really an introduction to chapter 3, so your main job is to set up the rest of the discussion. It is likely that you'll come back and rewrite this opening bit after you've written the rest of chapter 3.

Ethics and Current Events

A summary or selection of popular-press coverage over the past three to five years, with special attention to key ethical issues. The topics you choose to cover should relate to your key points about the firm (you've already covered ethics and current events for the industry in general). In a good capstone, this should not be a random list of articles, but rather, a well-informed narrative. That means that you should read extensively, and pull out a few key issues, rather than listing many minor stories or events.

Now we get into the analytical heart of chapter 3. You'll recognize that the following sections draw on topics and learning from previous classes in the major:

Organizational Analysis

This section provides information on the company's organizational structure, leadership, and organizational culture.

Structure. What kind of organizational structure does the firm possess (functional, divisional, matrix, or something else)? How does the firm explain the logic of its organizational structure? Include a formal organizational chart showing the firm's formal organizational structure.

Overall, is the firm's structure typical of its industry? Has it recently reorganized or announced a reorganization? If so, why? What was or is the strategic intention of the change?

What is the firm's corporate governance structure (Board of Directors)? Provide an overall assessment of the board—its size, stability, and effectiveness. How does it compare to industry norms? Is its board viewed as effective by industry observers?

Have outsourcing, alliances, joint ventures, or informal partnerships with other firms, suppliers, or customers been strategically significant for the firm? If so, concisely describe them.

Leadership. How stable has senior leadership been in the years covered by your research? Who are the key executives? Provide snapshots of CEO, COO, CIO, and any other key senior executives who you determine play a significant role in guiding the company's strategic operations. If the firm is facing a likely leadership change in the CEO position soon (within three years), what succession planning, if any, is being done?

Culture. Along with structure and leadership, culture is a key coordination mechanism to hold an organization together. What kind of culture does this firm possess? Some firms may have extensive press coverage that sheds light on their culture, but for many firms there will not be very much news coverage of their culture. In such cases, useful sources of information within the firm are likely to be departments of Human Resources and Investor Relations. (In addition, speeches by the CEO or other senior leaders may be good sources of information about the firm's culture, and interviews or personal contact with employees, via LinkedIn or other means, may also prove fruitful.)

However you acquire your information, here are key questions to consider: What are the firm's core values as articulated by its vision or mission statement? How stable has the culture been? Is the organization's culture similar to industry norms, or distinctive? Have there been recent changes or tensions about culture (especially likely in cases of merger and acquisition)? Keep in mind that what a firm claims as its formal, "espoused" values may not be exactly the same as what employees within the firm perceive as the daily reality. Ideally, your job as an analyst is to try to look beyond the "espoused" surface and see more deeply into the heart of the organization you are studying. Summing up this analysis, do you think its culture is a distinctive strength, or a weakness?

Marketing Analysis

Use the four P's of marketing (product, place, price, and promotion) to assess the company's marketing performance. (Note: If the firm you are studying is a conglomerate with products in different markets (as will be the case for many firms studied in strategy capstones), with different approaches to marketing for different products and product lines, it is suggested that you pick one product area and focus on it. If you do so, please note this so your reader understands what you're doing.) A purely narrative discussion is not acceptable: select useful quantitative measures to buttress your analysis of these specific points:

First, has the company segmented the market? If so, how? Why? Multiple segments? Are the segments growing? Contracting? Stable?

What is the product, really? Who buys it? Does the product possess brand equity?

What are the distribution channels? Direct to consumer? Opportunity for new channels by your company? By a competitor? Multiple channels? Who has the channel power? Retailer? Manufacturer?

Pricing: Skimming? Penetration? Value? Low? High? Differential?

Promotion: What is the unique selling proposition (USP)? Brand promise? Channels?

Information Systems Analysis

This section provides an understanding of information systems key to the firm's success. Identify as much of the following as you can determine:

Management information systems is defined as the ethical use of information systems to help organizations achieve their goals and objectives. Which corporate goals and objectives are supported by the use of information systems?

What are the key business processes within the firm? For these key business processes, what sorts of information systems does the firm employ? Are these systems contributing to the firm's competitive success? If so, how? If not, why not? What processes could benefit from the use of management information systems? Describe how they could be improved.

Identify people and technology used to satisfy the firm's internal and external customer requirements. Identify areas of concern or areas of excellence within these processes. Use sociotechnical systems theory to support your findings.

Does the use of information technology reflect the firm's vision, culture and ethics? (Have there been problems or concerns with issues like privacy, integrity of customer data, etc.?)

Financial Analysis

The section on financial analysis is one of the most challenging—and important—parts of the strategy capstone. First, you must gather extensive amounts of financial information and derive pertinent ratios that help tell the story of your company. Second, you must think about how best to present that information to help your reader gain insight. Third, you must analyze and reflect on this extensive amount of information to draw key lessons about your firm's successes and challenges, as compared to its industry benchmark. Your analysis should include graphs and charts as appropriate, showing how the firm's financial performance compares to the benchmark (your designated proxy for the industry average).

In constructing your data sets, make sure to provide comparisons to the industry benchmark: a company's financials by themselves, without the context of competitive comparison, don't carry much meaning.

In some instances, your analysis may be complicated by anomalies or data gaps, where a corporate merger or privatization or other one-time event makes gathering data complicated or even impossible. There are no easy rules about how to deal with these complications: expect to consult with your faculty advisor on how to handle problematic cases.

Financial Ratios: Using your weighted benchmark, compare company performance to benchmark ratios over a four- or five-year period. Ratio analysis should include these elements, where pertinent:

1. Liquidity Ratios: These ratios measure the firm's ability to pay off its short-term debt.
 - Current ratio= current assets/current liabilities
 - Quick (Acid-Test) ratio=(current assets-inventory)/current liabilities
2. Activity Ratios: These ratios measure the firm's ability to use its assets to generate sales
 - Total Asset Turnover = sales/average total assets
 - Inventory Turnover = cost of goods sold/average inventory
3. Debt Ratios: These ratios measure the firm's ability to raise and pay off long-term debts
 - Debt Ratio = total debts/total assets
 - Equity Multiplier = total assets/total equity
 - TIE (times interest earned) Ratio=EBIT (earnings before interest and taxes)/interest
4. Profitability Ratios: These ratios measure the firm's ability to generate profits

- Net Profit Margin = net income/sales
- ROE = net income/total equity

5. DuPont Identity: The DuPont Identity analyzes ROE as a product of three other ratios identified above: operating efficiency (Net Profit Margin), asset use efficiency (Total Asset Turnover), and financial leverage (Equity Multiplier). The DuPont Identity is expressed like this:

$$\text{ROE} = \text{Net Profit margin} \times \text{Total asset turnover} \times \text{Equity multiplier}$$

Use the DuPont Identity to analyze how the ROE of your company has been affected by its three components over the past three to five years.

Critical Reflection: Along with presenting your ratio data in the form of tables and/or charts, you are expected to analyze and reflect on what story or stories the ratios tell, to shed light on the financial and strategic situation of your particular firm. After presenting and discussing your ratios one by one, you should step back to consider three big questions at the close of this section on financial ratios:

- Has the company's financial performance been good or bad?
- Is its financial position sufficient to fulfill its mission and goals?
- How does its financial position compare with industry benchmarks?

Concisely justify your answers to these questions.

Business (Generic) Strategy

Identify the firm's chief business (sometimes called generic) strategy for its lead products. How stable has this strategy been? Compare the company's generic strategy with industry norms, and assess its effectiveness. Note: you should tie this effectiveness of the firm's generic strategy to the success measure presented in chapter 1. This helps tie your analysis together. In practice, since you'll write chapter 1 after you've worked up the analysis here, that means that your analysis of the generic strategy here will help you select an appropriate success measure in chapter 1.

Corporate Strategy

Corporate strategy is often misunderstood, and a good capstone will distinguish itself by getting corporate strategy right. Corporate strategy is different from business strategy, which centers on how to do one thing really well. Firms that only do one thing (for example, Living Essentials, which makes and markets the 5-Hour Energy brand) don't face the challenges of diversification, and thus of corporate level strategy. But most publicly traded firms studied in strategy capstones have become complex and diversified enough that they do face the challenge of corporate strategy.

A firm's corporate strategy refers to how to do many things in an optimal fashion. As successful firms grow, they tend to diversify—entering new markets, taking on new activities, and facing new choices about how to allocate resources. Corporate strategy refers to this juggling act, the challenge of making decisions about what portfolio of assets to hold.

If this is relevant to your firm, identify its corporate strategy or strategies. How does its approach compare to industry norms? How stable and effective has its corporate strategy been? What kinds of acquisitions has it made, and have they been effective? What is likely to lie ahead?

Summary

You should end up with a few key points about the company's operations. Since you should be repeating, for emphasis, points you've made earlier in the chapter, you don't need to cite them as if they were new information. We recommend that you organize your summary in terms of the firm's key strengths and weaknesses. These will set the stage for the SWOT analysis you'll present in Chapter 4.

STRATEGY CAPSTONE

CHAPTER 4. RECOMMENDATIONS

Chapter 4 begins by summarizing your research in a SWOT analysis, then looks to the future.

SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) is a powerful clarifying tool for strategic analysis. And the good news is that you've already done the analysis! At the end of Chapter 2 you presented key opportunities and threats in the company's external environment. At the end of Chapter 3 you presented the firm's key strengths and weaknesses. All you have to do now is put them together in a simple two-by-two matrix, like this:

	Positive	Negative
Internal	Strengths	Weaknesses
External	Opportunities	Threats

Each cell should have three to five items. A good SWOT analysis does not contain new information; rather, it highlights key points from the analysis you've already conducted and presented. If you find you want to make points in your SWOT that are not explicitly stated in previous chapters, then you need to go back to your earlier analysis and revise accordingly. The SWOT you present here in chapter 4 needs to restate the key points from the research and analysis you presented in chapters 2 and 3.

Confusion sometimes arises about how to differentiate among the four SWOT categories: strengths and weaknesses are internal and can be controlled, in principle, by the firm; opportunities and threats are external, something that by definition a firm does not control. For instance, a strategic alliance with another firm, or a new marketing program, are internal, not external, because they represent choices a firm can pursue on its own initiative. By contrast, currency fluctuations, new industry entrants, or changes in customer buying habits are examples of external events beyond a firm's control. Of course, such external events can often elicit choices by the firm (for instance hedging for currency risk, acquiring a new competitor, or marketing changes) that could be analyzed as internal strengths and weaknesses. Finally, resist the temptation to label the same external event or factor as both an opportunity and a threat: push your analysis far enough so that you make a choice.

Recommendations

After your SWOT analysis, you will make strategic recommendations, based on all your research and analysis, about your firm. You will present two kinds of recommendation, one internal and one external. (If you and your advisor agree, you may choose to make just one recommendation, either internal or external.)

(1) An internal recommendation to the firm's senior managers to make a significant organizational, operational, or strategic change. For this kind of recommendation, imagine that the firm has hired you to provide strategic consulting services. Provide a concise, data-driven recommendation or set of recommendations. The nature of your recommended change or changes will vary, of course, depending on your analysis. Likely areas for change include entry into or exit from a market, a different mode of market entry, corporate leadership, organizational structure, development of new infrastructure or adoption of new technologies, budgeting and planning, research, or other activities. Your recommendation should be significant in the sense that it can be expected to make a material difference to your company's future performance. It should also be fully justified. Imagine that you have to make the case to your company's board of directors or investment committee as to why pursuing your recommendation is in your company's best interest. What are the costs? What are the benefits? How do the benefits exceed the costs?

You should provide a rigorous, realistic quantitative analysis of the impact (costs and benefits) of your recommendation. In other words, how much is it going to cost, and how much is it going to help the bottom line going forward?

(2) An external recommendation to investors to buy or not buy the firm's stock. Imagine that Washington College's Alex. Brown Investment Fund has asked for your recommendation on this firm's stock. Provide a concise,

data-driven answer tied to the key findings of your capstone. Don't think of this as new thinking or an additional bit of research you need to do: this is a natural opportunity to revisit and summarize your most significant findings and conclusion, to support your recommendation. As you do so, keep in mind that recommendations concerning share purchases or sales should be forward-looking and tied to your expectations concerning future company performance.

Research Ethics

As part of writing the capstone, students must conduct research in accordance with accepted scholarly and ethical standards, including providing good citations and references (citations are the in-text mention of a source; references are the complete bibliographic information at the end of the capstone).

Central to ethical research is avoiding plagiarism. **Plagiarism is taking the words or ideas of others and presenting them as your own, and it is a failing offense.** You may not cut and paste sentences or passages from other texts and insert them into your own document, unless you alert the reader to this by a signal phrase, a citation, and quotation marks. Nor may you take ideas, even if you reword them, without citing the source. It is acceptable and expected to borrow and cite, but it is not acceptable to steal—that's the bottom line on plagiarism.

Managing Your Research

Doing research on the Internet, it has been said, is like trying to drink from a firehose: the sheer volume of information available can be overwhelming. Miller Library's reference librarians and web resources are a great starting point for figuring out how to manage your research. This page has links to a number of helpful websites and browser add-ons:

<http://millerlibrary.washcoll.edu/content.php?pid=98427&sid=753911>

Through the library, you can sign up for a free subscription to RefWorks, which lets you export citations from databases and automatically generate citations.

Primary research. Any primary research involving people, such as interviews or surveys, must be approved by Washington College's Institutional Review Board for Research on Human Subjects. You should discuss your research plan with your advisor. You can find more information about IRB guidelines at <https://www.washcoll.edu/academics/research-policy/human-subjects-research.php>

Honor Code. A capstone must bear the Honor Code pledge, and be signed by the student. Violation of the code is grounds for immediate failure, and will be referred to the Honor Board. Your signature may be typed if this makes it easier to submit your capstone digitally to the library.

Sharing capstone learning. As the final step in the research process, BUS capstones will be electronically published in Miller Library's holdings, accessible to the college community. A completed capstone should be submitted to the library via email, to sce@washcoll.edu, as a single PDF file. Any supplementary files such as images or Excel spreadsheets should be integrated into the master file before submitting to the library.

Charts, Images, and Supplementary Material

The Strategy capstone and other capstone tracks are enhanced by good, pertinent images, charts, and graphics. Some of these are required; others are optional. For instance, you may wish to include a map of the company's operations, a photograph of a factory or product, or pictures of senior leaders. If you wish to include other kinds of supplementary information, for instance a company's document that provides useful information on a product or service you discuss, this should go in an Appendix at the end of the capstone. APA style includes guidance on charts, images, captions, and appendices.

Draft Chapters

At each deadline (see the timeline at the end of this document), a draft chapter is due. These deadlines are important, because they allow the faculty advisor to provide useful feedback, and allow time for revision. All submitted

capstone work, including drafts, should follow APA guidelines. **It is important to include page numbers, citations, and references in drafts**, to make it easier for the advisor and the student to share feedback. The advisor may ask for work in hard copy, electronic copy, or both.

Final Chapters

The final draft will include these items (some optional), each on a new page.

1. Title page
2. Honor Code page, with student signature (digitized for the electronic copy)
3. Copyright page (Optional)
4. Dedication page (Optional)
5. Acknowledgments (Optional)
6. Abstract
7. Table of Contents (please learn how to use Word's automatic table generator to manage pagination and tab alignment)
8. List of Tables (only used for five or more tables), with page numbers
9. List of Figures (only used for five or more figures), with page numbers
10. List of Symbols and Abbreviations (only if needed, for some special capstones)
11. Body of capstone (divided into chapters; chapter titles do not need to be on a separate page)
12. References
13. Separation page (titled Appendix or Appendices (when applicable; page unnumbered)
14. Appendix or Appendices, including IRB approval or waiver, if needed

Grading the Capstone

Capstones receive a grade of Pass, Fail, or Honors. All capstones (strategy, business plan, and special) are assessed according to a common rubric. The rubric has six categories: **research**, plus categories aligned with five of the department's major student learning objectives: **managerial knowledge**, **critical thinking**, **quantitative analysis**, **writing skills**, and **ethical awareness**. (The other two department learning objectives, **global perspective** and **collaboration skills**, are assessed in other ways throughout the curriculum). On each item, the rubric score can range from 1 to 5. The total number of points possible in the rubric is 30. Adding up the scores for the six elements provides the total capstone score, as in this example:

A. Managerial knowledge	4
B. Research	4
C. Critical thinking	4
D. Quantitative analysis	3
E. Writing skills	2
F. Ethical awareness	3
Total score	20 (Pass)

Pass and Fail. To earn a grade of "pass," an SCE must receive an overall score of at least 15, and a score of at least 2 in each criterion. If an SCE earns an overall score of 14 or less, or if it receives a final score of 1 in any of the six criteria, it receives a grade of "fail."

Honors. The Honors designation represents exceptional merit in a capstone. To earn honors, an SCE must earn an overall score of at least 24 out of 30 on the rubric. Alternatively, a capstone may receive Honors if it includes a satisfactory presentation at a scholarly conference. (Details on suitable conferences may be discussed with the capstone advisor.)

Here is an explanation of each element in the rubric:

A. Managerial knowledge

Does the capstone show understanding of the Department's major content areas (economic thinking, accounting, marketing, finance, organizational behavior, legal environment of business, management information systems, and strategy)?

- 5 **Excellent.** Broad, nuanced understanding and application of major content areas. Excellent integration of these into sound analysis, with comprehensive understanding of different levels of analysis.
- 4 **Good.** Good understanding and expression of major content areas. Good integration of these into comprehensive analysis, with good understanding of different levels of analysis.
- 3 **Average.** Fair understanding and expression of major content areas. Some integration of these into comprehensive analysis, with some understanding of different levels of analysis.
- 2 **Poor.** Partial understanding and expression of major content areas, with some significant content-area gaps or shortcomings. Limited integration of these into comprehensive analysis, with limited understanding of different levels of analysis.
- 1 **Lacking.** Little to no understanding and expression of major content areas. Very limited integration of these into comprehensive analysis, with very limited understanding of different levels of analysis.

B. Research

How well researched is the capstone? Does it use a broad range of credible sources? Does it show familiarity with the conventions of academic research? Does it draw heavily on peer-reviewed research? Does it properly cite research?

In terms of research, a superior capstone uses a broad range of pertinent, current academic and professional sources; provides accurate and complete citations; and shows good judgment in its choice of sources and citations.

- 5 **Excellent.** Very broad range of credible sources. Authoritative handling of the academic and professional literature that gives the reader confidence in the capstone's argument and analysis. Accurate and helpful citation of sources that lets readers locate specific cited information. Original research conducted by the student, for instance interviews, surveys, or market research, is evident.
- 4 **Good.** Good range of credible sources. Good handling of the academic and professional literature that gives the reader considerable confidence in the capstone's argument and analysis. Accurate and helpful citation of sources that lets readers locate specific cited information.
- 3 **Average.** Fairly good range of credible sources. Reasonably good handling of the academic and professional literature. Accurate and helpful citation of most sources.
- 2 **Poor.** Relatively few credible sources. Heavy reliance on a few sources. Citations tend to be too general, and make it difficult for the reader to locate specific cited information.
- 1 **Lacking.** Few if any credible sources. Few if any helpful citations. Citations do little to help the reader locate specific cited information.

C. Critical thinking

How insightful is the SCE? Does it generate new knowledge or insights on a significant topic? Does it pose interesting and significant questions about its subject firm? Does it move past facile and conventional treatments of the business challenges facing the firm? Does it make connections that help drive a deeper understanding of the strategic situation in which the firm finds itself?

- 5 **Excellent.** Excellent insight into the topic. The capstone consistently goes beyond gathering information to encouraging thoughtful reflection and analysis; it feels as if it "gets to the heart of the matter." Creative or interesting ways of categorizing, grouping, and synthesizing information are evident throughout the capstone.

The capstone is able to digest and synthesize complex material and information into a few key and seemingly simple questions, conclusions, and recommendations.

- 4 **Good.** Good insight into the topic. The capstone often goes beyond gathering information to encouraging thoughtful reflection and analysis; it occasionally feels as if it “gets to the heart of the matter.” Creative or interesting ways of categorizing, grouping, and synthesizing information are present. The capstone is able in one or two instances to digest and synthesize complex material and information into a few key and seemingly simple questions, conclusions, and recommendations.
- 3 **Average.** Some insight into the topic. The capstone at times goes beyond gathering information to encouraging thoughtful reflection and analysis. Creative or interesting ways of categorizing, grouping, and synthesizing information appear once or twice.
- 2 **Poor.** Limited insight into the topic. The capstone shows some limited signs of going beyond gathering information to encouraging thoughtful reflection and analysis.
- 1 **Lacking.** Little to no insight into the topic. Very little to no signs of going beyond gathering information to encouraging thoughtful reflection and analysis.

D. Quantitative analysis

How well does the capstone use quantitative data? How accurately and perceptively does it analyze the data it collects? How well does it present data in words, tables, and diagrams to help the reader understand the data? Are graphs and other visual presentations helpful, clear, and well designed?

In terms of writing, a superior capstone uses clear, compelling, and accurate data; skillfully analyzes it; and presents the data in accurate, detailed prose and graphics that capture the reader’s attention and facilitate understanding.

- 5 **Excellent.** Throughout the SCE quantitative data is plentiful, clear, current, germane, and compellingly presented. Graphs, charts and other visual presentations are colorful and helpful. The SCE may even use electronic appendices to augment its data richness. The SCE is clear and explicit about research methodology and the construction of benchmarks or other data points. Problems—gaps in data, difficulties locating key data—are identified and their impact on the project is assessed. Creative ways of locating hard-to-find data may be evident.
- 4 **Good.** For the most part, data is plentiful, clear, current, germane, and well presented. Graphs, charts, and other visual presentations are fairly helpful. The SCE is reasonably clear about research methodology and the construction of benchmarks or other data points.
- 3 **Average.** Most key data is presented. Most of it is clear, timely, and germane. Graphs are adequate, with no obvious errors or gaps in terms of data points, labels, or legends. Prose explanations or analyses help the reader make sense of data.
- 2 **Poor.** Data is relatively sparse, somewhat unclear, not as current as it could be, or occasionally off-topic. Some key data is missing. Graphs are inadequately labeled. Explanations or analyses of data are wordy and difficult for the reader to learn from.
- 1 **Lacking.** Data is sparse, unclear, old, and off-topic. Key data is missing. Graphs are inaccurate or inadequately labeled. Attempted explanations or analyses of data do little to help the reader.

E. Writing skills

How well written is the capstone? Does it encourage the reader to keep reading? How well is the material organized? Is it adequately broken into chapters? Do the introduction and conclusion serve their purposes well? Within chapters, how well does the capstone use paragraph structure to help the reader follow the argument? How coherent and cohesive are individual paragraphs? Does the capstone use introductions, conclusions and transitions between logical units to help the reader?

In terms of writing, a superior capstone is written clearly and concisely, in a style that emphasizes action and agency (clarity about “who is doing what”). It is clearly organized, chapter by chapter, section by section, and paragraph by paragraph.

- 5 **Excellent.** Very high degree of clarity; clear sense of agency. Action-oriented writing style. Professional language and jargon used when appropriate. Appropriate simplicity and concision to keep the reader’s attention. Very clear statement or suggestion of purpose occurring in or near the opening paragraph, when appropriate. Very effective development through support established by specific details, reasons, and/or examples. Effective sense of closure at the end of the composition, in light of the development that the writing has made. Effective transitions between paragraphs, coherence within paragraphs, and unity of whole composition, all where appropriate. Relationship between ideas is clear. No mechanical errors and typos.
- 4 **Good.** Good degree of clarity; good sense of agency. Much of the writing is in an action-oriented style. For the most part, professional language and jargon used when appropriate. Appropriate simplicity and concision to keep the reader’s attention. Clear statement or suggestion of purpose occurring in or near the opening paragraph, when appropriate. Effective development through support established by specific details, reasons, and/or examples. Effective sense of closure at the end of the composition, in light of the development that the writing has made. Effective transition between paragraphs, coherence within paragraphs, and unity of the whole composition, all where appropriate. Relationship between ideas is relatively clear. A very small number of mechanical errors and typos.
- 3 **Average.** Reasonable clarity and agency. Some degree of wordiness, nominalizations, but many passages show appropriate simplicity and concision to keep the reader’s attention. Fairly clear statement or suggestion of purpose occurring in or near the opening paragraph, when appropriate. Adequate development through support established by specific details, reasons, and/or examples. Adequate sense of closure at the end of the composition, in light of the development that the writing has made. Adequate transition between paragraphs, coherence within paragraphs, and unity of whole composition, all where appropriate. Relationship between ideas is often clear. Some mechanical errors or typos.
- 2 **Poor.** Much windy and wordy writing. Few efforts at simplicity or concision. Many nominalizations. Little attention to agency, or clarity about actions and actors. Attempt at statement or suggestion of purpose, though organizational scheme is only slightly evident. Little development of ideas; that is, little use of detail, reasons, and/or examples. Conclusion is at least suggested. Little evidence of transition, coherence, and unity. A fair number of mechanical errors and typos.
- 1 **Lacking.** A preponderance of flat, pompous, windy, wordy writing. Confusion about agency. A profusion of being verbs, nominalizations, and shapeless, rhythmless sentences that defeat the reader’s effort to pay attention. Weak attempt at statement or suggestion of purpose; organizational scheme is not evident. No development through use of detail, reasons, and/or examples. No conclusion. Absence of transition, coherence, and unity. Numerous mechanical errors and typos.

F. Ethical awareness

How ethically aware is the capstone? For Strategy capstones, does the capstone show a deep understanding of the ethical challenges the firm faces in doing business, both within the broad marketplace (in terms of how customers, partners competitors, and the external environment are treated) and within the organization itself (in terms of how employees are treated)? Does the capstone show awareness of the firm’s mission, vision, and core values, and the degree to which these are adhered to in the firm’s operations? For the Business Plan capstone, does the capstone show a broad understanding of the ethical challenges a new business and the entrepreneur will face, particularly in terms of competition, marketing, and building a business? For other kinds of capstones, does the capstone show a deep understanding of the ethical implications of the topic being studied?

- 5 **Excellent.** A deep, nuanced understanding of the specific ethical challenges facing the firm or topic being studied in the capstone. Excellent awareness of both external (market and environment-oriented) and internal (treatment of employees, working conditions) ethical issues. Thoughtful handling of the ethical tension between profit-maximization and other goals. Good use of appropriate scholarly literature on business ethics as related to the topic.

- 4 **Good.** A relatively deep and nuanced understanding of the specific ethical challenges facing the firm or topic being studied in the capstone. Good awareness of both external (market and environment-oriented) and internal (treatment of employees, working conditions) ethical issues. Reasonably thoughtful handling of the ethical tension between profit-maximization and other goals. Some use of appropriate scholarly literature on business ethics as related to the topic.
- 3 **Average.** Some understanding of the specific ethical challenges facing the firm or topic being studied in the capstone. Some awareness of both external (market and environment-oriented) and internal (treatment of employees, working conditions) ethical issues. At least some handling of the ethical tension between profit-maximization and other goals. Limited use of appropriate scholarly literature on business ethics as related to the topic.
- 2 **Poor.** Little understanding of the specific ethical challenges facing the firm or topic being studied in the capstone. Little awareness of both external (market and environment-oriented) and internal (treatment of employees, working conditions) ethical issues. Little or no handling of the ethical tension between profit-maximization and other goals. Little or no use of appropriate scholarly literature on business ethics as related to the topic.
- 1 **Lacking.** Virtually no understanding of the specific ethical challenges facing the firm or topic being studied in the capstone. Virtually no awareness of both external (market and environment-oriented) and internal (treatment of employees, working conditions) ethical issues. Little or no handling of the ethical tension between profit-maximization and other goals. No use of appropriate scholarly literature on business ethics as related to the topic.

Writing Guidelines

DOCUMENT FORMAT: APA

The capstone in Business Management follows a slightly modified APA format, the most common style for citations and document preparation in the social sciences. Miller Library's reference page has links to a number of websites that provide helpful directions and examples for using APA format such as Hacker online and the Purdue OWL:

<http://millerlibrary.washcoll.edu/content.php?pid=98427&sid=753911>

As part of APA format, when you cite sources, the two components—the in-text **citation** and the full **reference** in the list of references at the end of the capstone—must follow APA formats. To see an example, here's a side-by-side comparison of proper and improper citations (the in-text component) and references (the entry included in the list of References):

IMPROPER CITATION

(Hoovers)

IMPROPER REFERENCE

Hoovers.com. (2012). Apple.

PROPER CITATION

(Hoovers 2012)

PROPER REFERENCE

Hoovers. (2012). Apple Inc. Financial Summary. Retrieved from <http://subscriber.hoovers.com/H/company360/financialSummary.html?companyId=1264400000000>

The Department's preferred format, however, varies slightly from APA format:

1. No running head, just page numbers in the top right corner.
2. Put one space after periods, not two.

STYLE DO'S AND DON'TS

- Watch your tone: you are a neutral observer and analyst, not a booster of the company. Your loyalty is to your own analytic independence, as well as the financial interests of your intended audience (potential investors, either directly or through senior management). Be skeptical, critical, and sharp-eyed.
- Prefer the active voice to the passive voice, but don't consider this an absolute rule. The passive is often appropriate when the natural focus is on the result, not the doer of the action.
- To encourage an active style, prefer "who-did-what" sentences to "there-was-a" sentences.
- Prefer active verbs to nominalizations (actions expressed as nouns):

Nominalization (weaker)

There was an **increase** of 23% in sales in the fourth quarter compared to the previous year.

Verb (stronger)

Fourth-quarter sales **increased** 23% over the previous year.

- Prefer short and strong words to big, mushy ones.
- Use lots of good, concrete examples: engage your reader's interest.
- A company is an "it," not a "they."
- The first person singular is acceptable. In most capstones, it is most likely to be found in discussion of methodology ("I constructed," "I calculated," etc.).
- Keep numbers to one decimal place, unless additional precision is needed.
- Follow this number format: \$29 billion.
- Know the difference between dashes (–) and hyphens (-).
- Know how to cite and how to use terminal punctuation for quotations.
- Mechanical errors, typos, and sloppy proof-reading are not acceptable. They may be marked, but will not be corrected by faculty advisors.
- You are encouraged to use the college's excellent Writing Center throughout the process of writing the capstone. Students who do so typically evaluate the Writing Center's help highly, and produce better capstones.

General Timeline

Special capstones entail different deadlines, depending on the judgment of the faculty advisor. Capstones written for a double-major must meet deadlines for both majors.

	Strategy capstone	Business plan capstone	Special capstone
2014			
Spring 2014			Students interested in special capstones, including double-majors, should speak with appropriate faculty
Mon, June 2		Expression of interest to Prof. Joe Bauer (jbauer3@washcoll.edu)	Expression of interest in a special-topic capstone to Prof. Susan Vowels (svowels2@washcoll.edu)
Mon, June 23		Application due to Prof. Bauer.	
Mon, June 30		Prof. Bauer notifies students of his decision on business plan capstones.	
Summer 2014	Read the <i>Wall Street Journal</i> and other business news sources; explore industries and companies of interest to you; capstone firms may be selected by emailing Christy Rowan (crowan2@washcoll.edu)	Prof. Bauer will contact students to discuss their business plan ideas, including arranging a timeline suitable for the student's project.	Depending on the individual project, may have a reading list or task list.
Wed, Sept. 3		Business Plan capstone group meeting, 4 pm, Daly 108	
Fri, Sept. 5	Deadline for choosing an approved (publicly traded, available for study) capstone firm.		
Fri, Sept. 26			Deadline for submitting proposals for doing research with interviews, surveys, or other research projects to the Review Board for Research on Human Subjects
Mon, Nov. 24	Due: Benchmark with brief explanation; concise industry description (noting complications for complex corporations, if applicable), with annotated list of key competitors.		
2015			
Mon, Feb. 2	Due: Draft of ch. 2, with citations		
Mon, Feb. 23	Due: Draft of ch. 3, with citations		
Mon, March 16	Due: Draft of ch. 4, with citations		
Mon, March 30	Due: Draft of ch. 1 and abstract, with citations		
Mon, April 6	All capstones: full draft due, including tables, figures, appendices, submitted as a single file		
Mon, April 20	All capstones: complete polished final draft due		