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Better World Books - Individual Case Analysis B

What are the vision, mission, and values of Better World Books? Critically evaluate them. Are they helpful to the company’s leaders in formulating strategic intent? Why or why not?

The vision of the company Better World Books began with two students that saw an opportunity to recycle textbooks, help the environment, help people find more affordable textbooks, and profit from the service. The mission statement describes the company as a “global bookstore that harnesses the power of capitalism to bring literacy and opportunity to people around the world”. The core values of Better World Books are to promote literacy with books, pursue personal growth with books and learning, minimize waste by recycling, embrace change, honesty, and respect. These core values are what the company believes in and it is helpful to attract likeminded customers. People are more likely to support a company that aligns with their own values. It is “added value” that comes along with the purchase of the books from Better World Books.

Analyze the ways in which BWB strives to achieve a triple bottom line. Is this business model sustainable in the long term? Why or why not?

Better World Books strives to achieve a triple bottom line as a social entrepreneur. The first part of the triple bottom line is to create economic value for the company. A fixed percentage of revenue goes to the donor of the book. Five percent of the net sales goes to nonprofit literacy partners. The second part of the triple bottom line is to create social value for all the stakeholders of the company. Better World Books gives back to their nonprofit partners and libraries around the world. The third pillar of the triple bottom line is the environmental commitment to promote sustainable business practices. BWB has a neutral carbon footprint and they donate money to wind energy projects.

I do believe that these business practices are sustainable in the long run, but they will have to make some changes to their business. With the rise of digital books and kindle readers, the supply of traditional paper books will dwindle. Better World Books needs to find ways to mitigate this issue in order to maintain profitability.

Utilize Porter’s five forces framework to analyze the used book industry. Is this an attractive industry? Why or why not? Which force(s) have the strongest influence?

Porter’s five forces framework is a great tool to analyze the attractiveness of this industry. The threat of entry is all the new digital competitors that are entering the book market. Better World Books will definitely lose market share to Amazon and these other new digital companies. The power of suppliers is a big factor to the distribution of the textbooks. This company needs to find more libraries and colleges that are willing to donate books so that they can have continued growth. The power of buyers has increased with the new online marketplace because they have more options. They have more and more ways to read books. In addition, there are more companies that have a similar business model to Better World Books. The threat of substitutes is the digital formats of the books that are available to rent at a fraction of the cost. The rivalry among existing competitors is high because there are many new competitors that are entering the market. I do think that the used book market was initially a great market but the constantly changing technology will pose new challenges for Better World Books.

Perform aVRIO analysis. What are BWB’s resources and capabilities? What core competencies do they have to help them compete in the used book industry?

Better World Books has libraries and college book drives as their resources. These resources are rare because there are only a few companies that match the capabilities of acquiring donated books from colleges. These resources are also costly to imitate because other companies can’t acquire the books at the same low cost. Better World Books was also organized to capture value because they have effective organizational structure and coordinating systems. I believe that they do have a sustained competitive advantage according to the VRIO framework.

Perform a SWOT analysis for BWB.

A SWOT analysis is strengths, weaknesses, opportunities, and threats. Better World Books has done a great job utilizing the college book drives and donations from libraries in order to sell books. They are getting books at a really low price while helping people recycle books. The weaknesses that Better World Books has is the ability to maintain the growing supply of book donators. Opportunities that this company has is the ability to enter the digital book market and many more colleges or libraries. They can expand into more countries in order to continue to grow the company. Of course they will have competition that will compete for these book donors, but they need to be first movers in these new markets. Also, it is important to maintain these book donors so that they don’t lose the supply of books. The digital books from Amazon, Google, and other companies poses a huge threat to the growth and sustainability of the company. Better World Books needs to lower costs when buying their books or they may even have to enter the digital book market.