The University of South Carolina  
Moore School of Business  
Fall 2010

MBAD 702 -- Strategic Management

Times & Room: Wednesday (6:00 – 8:30), TBA  
Saturday 9/25, 10/30, 12/1 (1:00 – 4:30), Room TBA  
Professor: Thomas P. Moliterno, Ph.D.  
Office: Room 782  
Office Hours: Immediately after class on Wednesday, and by appointment  
Phone: (803) 777-5972  
e-mail: moliterno@moore.sc.edu

COURSE MATERIALS

1. REQUIRED: Course Pack  

The course pack contains required readings (text chapters and cases) for the class. This custom course pack is published by University Readers, and is available ONLY through their website (see instructions below). The course pack price is $77.65.

The course pack must be purchased on-line and will be shipped directly to the address you choose. Please keep in mind that our institution adheres to copyright law, so any copyrighted material should not be copied or duplicated in any manner. To order your pack, go to www.universityreaders.com and follow these steps:

- Click on the “STUDENTS BUY HERE” button located in the “Student Store” section (upper right-hand corner of the page).
- Create an account or log in if you have an existing account to purchase.
- Easy-to-follow instructions will guide you through the rest of the ordering process. Payment can be made by all major credit cards or with an electronic check.

Orders are typically processed within 24 hours and the shipping time will depend on the selected shipping method and day it is shipped (orders are not shipped on Sundays or holidays). If you experience any difficulties, please email orders@universityreaders.com or call 800.200.3908.

2. REQUIRED: Capstone simulation registration & license  

We will be running a computer-based business simulation as part of our class. The simulation is Capstone, available directly from Capsim Management Simulations, Inc. Cost is $43.99. Each enrolled student is required to purchase a license.

- Go to the Capsim website, www.capsim.com, and click on the “Register” button on the left side
• Read and accept the terms
• In the box at the top of the next page, enter C38135 as the Industry ID code
• Click “Enter Industry ID”
• Enter your personal information on the next page, then click “Continue”
• Complete your purchase by credit card

I will distribute a hard copy of the Capstone Student Guide to you in class on our first Saturday, and an electronic copy will be posted on Blackboard. If you would like a hard copy before the first Saturday class, contact me to make arrangements to pick one up.

3. REQUIRED: Three additional articles that will be posted in the “Course Documents” section of Blackboard.

I have assigned three readings that are not in the custom text, since they are available at no charge to USC students through the USC library system. To save you the effort of having to find them through the library’s website, I will simply post them on Blackboard. You can feel free to download and print them if you don’t want to read on-line.

4. REQUIRED: Other information/materials posted on Blackboard.

I will use Blackboard as a vehicle for posting important course information, additional required readings, lecture notes, etc. You are responsible for any information/materials posted on Blackboard … check it often!


This is one of the best collections of worthwhile readings on the topic of strategic management. Throughout the course I will refer you to on-topic recommended readings in this book, and I will summarize some of those reading during our in-class discussions. It’s entirely up to you if, at some point, you want to purchase this book. Copies will NOT be available in the bookstore, but it can easily be found on-line. The investment of your time and money in completing the recommended readings will pay considerable dividends in your individual learning.

COURSE DESCRIPTION

Overview

The central concern of strategic management is understanding what makes a firm successful. Why do some firms outperform others? Why do some prosper and grow, while others in the same industry die? In short, how—and why—do firms make money? The firm’s strategy is its approach to achieving success, and strategic management is the process by which the firm’s decision makers plan and implement firm-level policies to achieve that success.
The objective of this course is to provide knowledge of concepts central to long-range strategy formulation and implementation. To do so, we begin by unpacking the concept of “competitive advantage,” and then develop fundamental and necessary tools for analyzing the structure of an industry and the firm’s place in it. It is essential to understand the structure of an industry, the evolution of that structure, the pattern of interactions among competitors in the industry, and how firm-specific internal resource allocations and capabilities need to be aligned with external industry-specific dynamics.

We then build on this framework of external and internal analysis to consider central questions in strategic decision making. We consider the boundaries of the firm and the strategic implications of vertical integration, outsourcing, and organizational alliances. This will lead us to an exploration of the issues surrounding management of a multi-business firm: how do the strategic issues facing a firm like General Electric, with business lines ranging from network television (NBC) to financial services, differ from those faced by a firm like Southwest Airlines, which (essentially) sells a single product? Or do they differ? Finally, we conclude the semester with a brief discussion of corporate governance and ethics. Few issues are timelier in the business world than that of how the firm’s top management and board of directors set and monitor the long-term strategic direction of the firm.

**Perspective**

The approach to this course is practical and problem-oriented. We will apply concepts, frameworks, analytical techniques, and managerial insights to the strategic issues and questions faced by real-world companies. In so doing, we will rely almost exclusively on case analyses and discussion. In our discussions of these companies, you will analyze a company that is grappling with issues relevant to the strategic direction of the firm.

You will also be participating as teams in a business strategy simulation game. The game gives each team responsibility for running a company over a number of years. Now you will move from thinking and discussing a firm’s strategy to actually having to make and implement it. You will have a large range of strategic decisions to make, and after each “year” you will find out how your firm is performing relative to the other firms. This game will require you to draw on knowledge you’ve gained in this and your other courses, and your firm’s performance will be part of your final semester grade.

While you will be formulating your own solution to the problems you encounter—which may well be different from that of your colleagues—it is important to remember that strategic decision making is not about gut-level reactions. **Instead, your approach to the problem at hand must be driven by analysis of the facts and organizational realities you face.** It is imperative that you use all the resources available to you—frameworks, readings, discussion with colleagues, etc.—when developing your ideas. Good strategy is never created in a vacuum.

**Learning Objectives**

1. Develop a general management viewpoint—the capacity to view the firm and its resources/capabilities from an overall perspective, in the context of its environment.
2. Illustrate fundamental theories and concepts in strategic management: the relationship of economic contribution to competitive advantage, competitive analysis, industrial/organizational evolution, and the levels and components of the firm’s strategy.

3. Introduce and grapple with phenomena central to modern strategic management: partnering, vertical integration/outsourcing, and corporate governance.

4. Synthesize knowledge gained in previous courses and integrate that knowledge into a general management perspective.

5. Illustrate core course concepts through “real-world” case studies, requiring identification of central strategic issue(s), the attendant symptoms, and the appropriate forward-looking strategic response/action/initiative and implementation.

6. Provide hands-on experience in crafting business strategy, reasoning about strategic options, using “what if” analyses to evaluate action alternatives, and making sound strategic decisions.

7. Develop managerial thinking and communication: thorough analytical analysis and effective written and oral presentation of conclusion/recommendations.

Expectations

With only two exceptions, there will be a case assigned for every class meeting. For the class to work well—and for you to get any value from our time together—your preparation for every class meeting is essential. You are expected to analyze cases prior to class and come prepared to discuss them.

This will require that you first assimilate the assigned background material. You will not be able to successfully prepare the case if you don’t first spend some time thinking about the other required material. This material will come in two forms: readings and lecturettes. The readings can be found in your custom text and on Blackboard (see class-by-class notes, below). The lecturettes are short recorded presentations available on-line (additional information on accessing the lecturettes will be provided). The lecturettes are used to cover material more efficiently than requiring you to read numerous textbook chapter. But you must watch them before you try to prepare the cases!!

By this point in your MBA career, case analysis should be familiar to you, but every instructor uses cases a bit differently. Accordingly, you may want to review the guidelines on how to successfully prepare a case for this class (Appendix, below; and case preparation readings in the Custom Text). I expect you to go through this preparation process for each case and come to class prepared to discuss your analysis: I will cold call (ask you to speak even if you have not volunteered).
Once you have prepared your case analysis, the class discussion will become an important part of your understanding of how strategy is actually done. Strategic management is a process of discussion and debate: you can’t do strategy without talking about strategy, and class discussion is one place to develop that skill. For that reason, you and your colleagues are expected to do most the talking in class: I will keep my lectures to a minimum. The ability to present one’s ideas concisely and persuasively, and to respond effectively to others’ comments, is a key success factor in any managerial career. As noted above, one of the objectives of this course is to help you sharpen that skill set, and this can only be done through active participation.

The norms of professional decorum will apply in this course. During our discussion, listen to what your colleagues are saying and respond to them. Comments that ignore what others have said not only make for a disjointed discussion, but also will count against your participation grade. Disagreement is good, and is a productive part of any discussion about strategy, but keep the conflict at a professional, not personal, level. Finally, you are expected to pay attention to the discussion even when not participating directly. Part of participation is making an active audience for others.

You need to participate in class to get a good grade. Since class discussion forms the focus of the course, I expect you to physically attend all the class sessions. This applies to students at both the Columbia and remote locations. You simply will not get full value from this course by watching the case discussions after the fact. To help me get to know you, please display your name card during every Saturday class (Columbia students should have a name card for all classes). For students in remote locations, please state your name and viewing site when calling in to participate on Wednesday nights.

An important feature of MBAD 702 is that it’s an integrative class. So I will expect you to draw on knowledge you have gained from your prior work and professional experiences, as well as from other courses in the PMBA program.

PERFORMANCE MEASURES & EVALUATION

Grading Overview

1) Individual Work (50% total)
   In-class Participation 20%
   Individual Case Write-up 15%
   Simulation Individual Learning Paper 15%

2) Group Work (50% total)
   Simulation Co. Performance 25%
   Board Presentation 15%
   Case Discussions on Blackboard 10%

Each of these evaluation components are described, in turn, in the following sections. All assignments (other than the Simulation company performance) will be graded with a letter grade which can be translated for final grade calculations to a percentage using a standard conversion:
A+(98.5), A(95), A−(91.5), B+(88.5), B(85), etc. Your final grade for the course will be the weighted average of the various components.

**Individual Work**

**In-class participation.** The quality of class discussions and the value you and your classmates gain from them depends in large part on how well prepared you are for each class and how actively you take part in discussions. Twenty percent (20%) of your final grade will be based on my evaluation of your contribution to in-class sessions. I will weigh both the quality and quantity of your participation. The quality of your participation is determined by: 1) how relevant your comments are to the discussion at hand; 2) how insightful your analyses are; 3) how well your comments relate to, and build upon, previous discussion, and 4) to what extent your participation brings a new perspective to the issues.

As noted above, participation is critical to your learning in this course … and you need to attend classes to participate. If you do not attend a class, or if you attend and do not participate in the discussion, you can expect a “C” level participation grade (i.e., 75%) for that session. “B” level participation consists of comments that add to our conversations, keep us moving forward, and help build group learning. “A” level participation consists of insightful and nuanced comments that push the limits of your—and your colleagues’—understanding of the issues at hand.

Even with the size of our class, and the fact that many students will participate from remote locations, there will be ample opportunity for all students to earn high participation grades. If you feel as though there are technological or other limitations that are bar your active participation (e.g., frequent professional travel during class times), please contact me immediately to discuss your particular situation.

**Individual Case Write-up.** You will write-up your analysis of the IKEA case questions (focus on the first two) in a 3-4 page paper. This write-up is due at the beginning of class on Saturday Sept. 25. Fifteen percent (15%) of your final grade will be based on this assignment.

This assignment will provide you the opportunity to practice thinking and communicating about strategy. Strategy has its own vocabulary, theories, and concepts that you need to become familiar with and learn to use in written form … this assignment provides you with the opportunity to receive written feedback on this particular skill.

Review—and follow exactly—the “Written Paper Format Requirements” listed under Course Policies, below.

There is a lot of useful information on how to prepare a written case analysis in the Appendix below … you should review it!

**Final Individual Simulation Paper.** While the Capstone simulation described below is a team-based project, you will individually experience learning opportunities as a member of your group. You will write-up a reflection on your individual learning in a 3-4 page paper. This
write-up is due at the start of class on Saturday December 4. To facilitate your writing of this paper, it is strongly advised that you keep a journal or other detailed notes on your personal experiences, thoughts, and reflections during your work on the simulation. Maintaining a journal over the semester will help you identify things you learned, didn’t learn, your role in successful (or not) group processes, etc. While you will not hand in your journal, you can quote excerpts in your paper (long quotes should be put in an Appendix). The very best papers are those that can show evidence of thoughtful introspection into your own learning, developed over the course of the semester. This assignment will account for fifteen percent (15%) of your final grade.

**Group Work**

On our first Saturday session, I will form you into groups of 4-6 students, with whom you will work over the course of the semester. The team-based deliverables will account for fifty percent (50%) of your final grade and will consist of: 1) your simulation company’s performance (25%), 2) a final Board Presentation on your simulation company (15%), and 3) on-line case questions discussions (10%). On all these deliverables, each member of the team will be assigned the same, team-wide grade (potentially adjusted in response to peer evaluations; see below).

**Simulation: General Information.** Capstone is one of the premier business simulation games, and it will give you the opportunity to work with your team to run a company that competes against companies run by other teams in your class. Given the size of our class, we may have 2 or more “industries” made up of 6 companies each. Your decisions and the decisions of the other teams will be processed to give you ongoing feedback on how your company is performing.

You will use time both in and out of class to work on the simulation. The simulation is web based, which allows your team to perform analyses and make decisions according to your own schedules. **I will provide an overview of how the simulation works, but you are responsible for reading the Student Guide and understanding how the simulation operates.**

It is imperative that you complete some individual “practice” rounds prior to starting to work with your team. This will serve to familiarize you with the simulation interface, and allow you to “hit the ground running” when you start working with your team. Plan to spend at least a few hours on this individual work, which must be completed by 9AM on Friday September 24. While this individual work will not be graded, your efforts will pay dividends when you and your team start working together and are faced with decision making under considerable time constraints. **You will not have time to “make-up” the individual learning after Sept. 24!** The simulation website (www.capsim.com) provides excellent help and tutorials not only on the program, but on the content of your decisions (e.g., check here if you can’t remember all the meanings of the financial ratios in the reports).

After you have been assigned to groups, you will work together on three practice decision years (i.e., your company’s performance after these practice rounds will be reset). This will give you time to think through the strategy you want to implement for your company. After this
period of practice you will pause to reflect on your performance and set a strategy for the “real” competition. You will formalize this strategy in a 3-4 page Strategic Plan that is due, by email, by 5PM Oct. 15. This deliverable will not be graded, but failure to turn it in will result in a 5 point penalty assessed on your final company performance grade.

If you are having interpersonal problems in your group, try to work it out among yourselves. If the problem persists, bring it to my attention during the course. Each student will be required to fill out an on-line peer evaluation of his/her teammates (due 5PM Dec. 17) that can affect individual grades. Thus, it is possible for individuals to receive adjustments to the common grades assigned for the team-wide components (below) by distinguishing themselves either positively or negatively.

Simulation: Company Performance. Your team will be graded on how well the company you are running is performing at the end of the course. We will discuss how your team’s performance will be determined. Twenty-five percent (25%) of your final grade will be based on your company’s performance, and each member of the team will be assigned the same team-wide grade.

Simulation: Board Presentation. After running your company for 7 “years,” your team will give a 15-20 minute oral report (exact length will be announced in class) to your company’s Board of Directors, where you will analyze what actually transpired during your tenure running the company, and set out your vision for future growth and performance. Here you will outline your team’s strategic plan (see above), and how you implemented it. Fifteen percent (15%) of your final grade will be based on this oral report.

Other Group Work: Blackboard Case Discussions. Specific questions for each case are listed in the class-by-class schedule, below. These questions are designed to stimulate your thinking and analysis as you prepare for class. To facilitate discussion within your group on these questions, case-specific discussion boards will be set up for each group on the Blackboard system. You will be expected to participate in these virtual discussions with your teammates. Ten percent (10%) of your final grade will be based on my evaluation of these virtual discussions. Here I will be looking for thoughtful participation by all group members, and a collective effort to grapple with the issues of the case. While you are required to use the discussion boards to prepare for all cases (other than IKEA), your team will only be graded on two of your discussions. At the end of the semester, if you wish to know which two were graded, please email me.

To access the Blackboard discussions: log-on to Blackboard, and select this class > Click on the “Communications” button > Click on “Group Pages” > Click on your Group > Click on “Group Discussion Board” > Select the appropriate discussion for the case.
COURSE POLICIES

Saturday Attendance

Attendance for Saturday classes is crucial. In addition to the case discussions on those days, I have allocated team meeting time on those days … these might be some of the only times you will be able to meet with your team face-to-face. Your team membership will be assigned on our first Saturday session.

Class Assignments & Deliverables

All papers are due by the specified deadline. Failure to provide an assignment or deliverable on time will result in a grade of zero for that assignment. If you will not be in class on the day the individual assignments are due, the paper must still be prepared and turned in for grading before the class discussion that day. In the very rare case where you have an excused and unforeseen absence that prevents you from turning in your paper before class, you will be required to do an independent make-up assignment of equal difficulty.

Written Paper Format Requirements

Papers are turned in as hardcopy. Papers that do not adhere to the following guidelines will be marked down:

- Use **12-point** Times New Roman or some comparable font. **Double space** with **1-inch margins** on all sides.
- All pages are to be numbered, and stapled together (no binding, folders, clips, or anything other than plain paper).
- Always put your name(s) on the front page. DO NOT put your social security number(s), or any other information that is confidential, on your paper.
- **Do not exceed page limits**, as those extra pages will not be graded. Exhibits (graphs, tables, pictures, etc.) are not counted in the prescribed page limit (within reason).
- Exhibits, or any numerical analyses, should always have a clear title explaining the exhibit, must be referenced in the text of the paper. Always footnote clearly any assumptions or additional data used for the exhibit.
- Any cited references or other material that is not the author’s should be clearly cited in a bibliography that follows a widely accepted format. The bibliography does not count toward page limits.

Collaboration, Helping, Cheating, and Dishonesty

One of the goals of this course is to encourage students to communicate with each other about strategy, and to help each other learn. Strategy is a process of communication, debate, and argument, not a set of isolated exercises to be performed in private. The limit of collaboration and helping, however, is when a student no longer carries his/her own burden of learning. Some students are particularly adept at using the guise of collaboration and helping as a means to
merely exploit others, and not do their own work. Accordingly, you may discuss case analyses, but you cannot copy from another’s analysis in any form, written or otherwise.

The University of South Carolina has clear policies and guidelines concerning academic integrity. If you are at all uncertain of these policies, you should review them at the web site for the Office of Academic Integrity (www.sc.edu/academicintegrity). Violations of these policies will result in penalties and disciplinary action. Please pay particular attention to the information on plagiarism, which is a common area for potential inadvertent academic dishonesty.

I take academic honesty very seriously and will energetically investigate any evidence of dishonesty. It is best to avoid any behavior that could be perceived as dishonest.

APPENDIX: THE CASE METHOD

In the case book, I have included two short readings (An Introduction to Cases and Note on Case Learning) that offer sound advice on how to successfully prepare a case analysis. Regardless of your familiarity and comfort with this approach to learning, I strongly suggest you review these readings. Case study learning appears quite simple, but is actually “exceedingly demanding,”1 and so it’s important that you understand how to go about successful preparation.

To fully prepare a case, expect to read it several times, and schedule sufficient time to do so. Before you pick up the case, carefully read the other readings (i.e., textbook, articles, etc.) assigned along with it. The case was selected to illustrate concepts described in those readings, and you will likely not prepare the case well if you don’t have a handle on the concept it is helping you “practice.” Then skim through the case to get the general story. Ask yourself how the case relates back to the other reading(s).

Take a look at the specific questions assigned for the case, then read the case again: your second read of the case should be much more thorough. Now, you’ll be looking for important details, and studying the exhibits: assume that the case writer had a good reason for including each and every exhibit! On this read through you will want to begin thinking deeply about the questions assigned for the case, and marshalling evidence from the case to support your thinking.

You’ll want to skim the case one more time. This time you’ll be looking to be sure that you’re not making any assumptions: real world problems are messy and hinge on incomplete information. Are you “filling in gaps” without factual support? Is your analysis of the assigned case questions consistent beginning to end, and does it work with all the facts in the case?

Other Guidelines for Success (for both case preparation and case write-ups)

- A good case analysis is a process of defining what should (or shouldn’t) be done and explicitly explaining why. As a consequence, focus on analysis and building an argument, and not simply repeating case facts. Either take a stand and provide facts in support of that stand (e.g., “SmithCo should not merge with another company because it

will conflict with their corporate strategy of stable growth”) or make an assertion with facts to support it (e.g., “The suppliers control this industry because there are so few and their products are not substitutable”).

- There is not single right answer to any of the complicated strategy issues we discuss in class, so the goal is not to try and discover that answer. **But while there is no single correct answer, there are a lot of wrong ones.** Good analysis tells the audience something useful that they would not know simply by reading the case. The analysis should be so clear that someone that disagrees with your conclusions could still feel that they learned something about the important strategic issues in the case. Making a lot of points, without clear or reasoned analysis of any of them, will simply make things less clear and more prone to errors. It is better to talk about fewer issues but with a more in-depth strategic analysis.

- A good analysis provides some structure for making decisions and taking action in light of that situation. Poor papers are those that simply repeat or summarize the case, do not mention important issues, and make recommendations or suggestions without solid support.

- Always know why you are doing the analysis before you begin. There is no such thing as a general strategic analysis, and the goal will help your focus.

- Know the firm and its business, particularly the value chain of producing a product or service. Without a clear understanding of how the business works, and what it does, strategic analysis is very difficult and potentially misleading.

  **One last important note:** Assume – unless you are specifically instructed otherwise – that everything you need to know about the company is included in the case. **Do not go outside the case to find additional information.** We will often read cases that cover an earlier period in a company’s history (e.g., Nike from 1964 to 1982), because this period is strategically interesting for some reason. So limit your focus and analysis only to the period covered in the case.
## OVERVIEW OF TOPICS, DELIVERABLES, & READINGS

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Due</th>
<th>Case to Prepare for Discussion</th>
<th>Other Reading(s) / Lecturette</th>
<th>Simulation Notes</th>
</tr>
</thead>
</table>
| Wed. Sept. 15 | 1) Course Introduction  
               2) What is Strategy? |                      |                                | “An Introduction to Cases” & “Note on Case Learning”            | 1) Complete on-line registration  
               2) Read Chapters 1-7 (pp. 1-25) in Student Guide  
               3) Work on Individual Simulation Rehearsal |
| Fri. Sept. 24 | Individual Sim Rehearsal                      | Individual Case Write-up  
               (Due in Class) |                                |                                  | In Class:  
               1) Situation Analysis  
               2) Team Planning |
| Sat. Sept. 25 | Competitive Analysis II                       | IKEA                 |                                |                                  |                                                                                  |
| Wed. Sept. 29 | Industry Analysis                            | Practice Year 1 Decisions  
               (Due 9AM)          | Apple Inc.           | 1) Porter: “Five Competitive Forces that Shape Strategy”  
               2) Industry Analysis Lecturette         | In Class: Practice Year 1 Review |
| Wed. Oct. 6  | Industry Evolution                            | Practice Year 2 Decisions  
               (Due 9AM)          | Motorcycle Industry | Industry Evolution Lecturette                                  | In Class: Practice Year 2 Review |
| Wed. Oct. 13 | Practice Year 3 Decisions                    |                      |                                | No class meeting: Simulation Team Strategic Planning Meetings |                                                                                  |
| Fri. Oct. 15 | Strategic Plan                                |                      |                                | 1) Simulation “restarts” at 3PM  
               2) Decisions for Year 1 can be entered after 5PM |

MBAD 702 – Fall 2010
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Due</th>
<th>Case to Prepare for Discussion</th>
<th>Other Reading(s) / Lecturette</th>
<th>Simulation Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wed. Oct. 20</td>
<td></td>
<td></td>
<td>FALL BREAK: NO CLASS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed. Oct. 27</td>
<td>Strategy Execution I</td>
<td>Year 1 Decisions (Due 9AM)</td>
<td></td>
<td></td>
<td>In Class: Year 1 Review</td>
</tr>
<tr>
<td>Fri. Oct. 29</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat. Oct. 30</td>
<td>Strategy Execution II</td>
<td>Walmart</td>
<td>Fishman: “The Wal-Mart Effect and a Decent Society: Who Knew Shopping was so Important?”</td>
<td></td>
<td>In Class: 1) Year 2 Review 2) Team Meeting Time</td>
</tr>
<tr>
<td>Wed. Nov. 3</td>
<td>Vertical Integration / Outsourcing I</td>
<td>Year 3 Decisions (Due 9AM)</td>
<td>Feed R&amp;D or Farm it Out?</td>
<td>1) “A Note on Strategic Alliances” 2) Vertical Integration/Outsourcing Lecturette</td>
<td>In Class: Year 3 Review</td>
</tr>
<tr>
<td>Wed. Nov. 10</td>
<td>Vertical Integration / Outsourcing II</td>
<td>Year 4 Decisions (Due 9AM)</td>
<td>Intel-Capital</td>
<td>Partnering Lecturette</td>
<td>In Class: Year 4 Review</td>
</tr>
<tr>
<td>Wed. Nov. 24</td>
<td></td>
<td></td>
<td>THANKSGIVING: NO CLASS -- CELEBRATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed. Dec. 1</td>
<td>Year 6 Decisions (Due 9AM)</td>
<td></td>
<td>No class meeting: Simulation Team Meetings &amp; Presentation Prep</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri. Dec. 3</td>
<td>Year 7 Decisions (Due 8PM)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Due</td>
<td>Case to Prepare for Discussion</td>
<td>Other Reading(s) / Lecturette</td>
<td>Simulation Notes</td>
</tr>
<tr>
<td>------------</td>
<td>----------------</td>
<td>------------------------------------------</td>
<td>--------------------------------</td>
<td>-------------------------------</td>
<td>---------------------------</td>
</tr>
</tbody>
</table>
| Sat. Dec. 4 | Corporate Governance | Individual Learning Paper (Due in Class) | Enron                         | Ghoshal: “Bad Management Theories …” | In Class:  
1) Wrap-up  
2) Board Pres. Prep Time |
| Wed. Dec. 8 |                |                                          |                                |                               | BOARD PRESENTATIONS       |
| Wed. Dec. 15 |                |                                          |                                |                               | BOARD PRESENTATIONS       |
| Fri. Dec. 17 |                | Peer Evaluations (Due 5PM)               |                                |                               |                           |
**WEEK-BY-WEEK SCHEDULE & QUESTIONS FOR READINGS**

<table>
<thead>
<tr>
<th>Class 1 – Introduction to Strategy and Course Overview</th>
<th>9/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>This class introduces the idea of strategy, what the class offers, and the format of the course.</td>
<td></td>
</tr>
</tbody>
</table>

**Assignment**

- Read *An Introduction to Cases* (HBS case 9-584-097) & *Note on Case Learning* (HBS case 9-899-105)
- Carefully read the syllabus (available on Blackboard, on the PMBA page on the Moore School website, or by email request from the professor). Hard copies will be provided by request only (please email). **Bring the syllabus with you to the first class.**
- Register for simulation and begin individual rehearsal (read Chapters 1-7 in Capstone *Student Guide* & start work on individual rehearsal rounds, which **must be completed by 9AM, Friday 9/24**).

<table>
<thead>
<tr>
<th>Class 2 – Competitive Analysis I</th>
<th>9/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>In this class, we will define “competitive advantage,” and unpack the framework that is central to how we will think about strategy in this class.</td>
<td></td>
</tr>
</tbody>
</table>

During this class meeting, we will also 1) discuss the Capstone Business Simulation and 2) address any issues that are arising during your individual rehearsal rounds.

**Assignment**

- Read Walker, “Chapter 3: Competitive Advantage”
- REMINDER (looking ahead): Simulation Individual Rehearsal to be completed by 9AM Friday 9/24.

<table>
<thead>
<tr>
<th>Class 3 – Competitive Analysis II</th>
<th>Sat. 9/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>This class illustrates and applies the concept of competitive advantage with a case study of Nike.</td>
<td></td>
</tr>
</tbody>
</table>

During this class meeting, we will also 1) establish team/group membership for the Capstone Business Simulation, 2) perform a situation analysis, and 3) have some time to meet in your groups to start your planning.

**Assignment**

- Prepare *IKEA Invades America* (HBS case 9-504-094)
- Individual case write-up due: hand in at start of class

**Questions for IKEA case** (questions in bold should be focus of your **written** analysis)

- What has been IKEA’s strategy?
- Why has it been successful?
- What risks/potential problems does IKEA face?
Class 4 – Industry Analysis 9/29

This class considers tools and frameworks to analyze the competitive dynamics in an industry, as well as a given firm’s place in that industrial landscape.

During this class we will also debrief and review Simulation Practice Year 1.

Assignment
- Watch the Industry Analysis Lecturette
- Read Porter, M. “The Five Competitive Forces that Shape Strategy” (HBR Reprint R0801E)
- Prepare Apple Inc., 2008 (HBS case 9-708-480)
- Simulation Practice Year 1 Decisions due 9AM

Questions for Apple case
- What industry is Apple in, and how attractive is this industry?
- What strategy has Apple pursued in this industry? Why does/doesn’t this strategy make sense?

Class 5 – Industry Evolution 10/6

We now build on our understanding of industry dynamics to consider how industries evolve over time. We link this idea back to sources of firm-level competitive advantage and consider how industries and firms co-evolve (and what happens if they don’t).

During this class we will also debrief and review Simulation Practice Year 2.

Assignment
- Watch the Industry Evolution Lecturette
- Prepare Note on the Motorcycle Industry—1975 (HBS case 9-578-210)
- Simulation Practice Year 2 Decisions due 9AM

Questions for Motorcycle Industry case
- Describe the U.S. motorcycle market in 1958
- Describe the U.S. motorcycle market in 1975
- Explain the changes between 1958 & 1975
- What do you expect the U.S. motorcycle market to look like in 1986?
Class 6 – Simulation Team Strategic Planning Meetings 10/13

No class meeting today … use this time to meet with your team to discuss your practice round results and prepare your Strategic Plan.

**Assignment**
- Simulation Practice Year 3 Decisions due 9AM
- Prepare Simulation company Strategic Plan Memo (Due 5PM, Friday 10/15).
- **Simulation will reset 3PM Friday, 10/15** (if you want a copy of the Practice Round *Capstone Courier(s)*, be sure to print them out before 3PM … they will not be available after the reset!). Competition Year 1 Decisions can be entered after 5PM, Friday 10/15 and are due 9AM, Wednesday 10/27.

Class 7 – Strategy Execution I 10/27

In this class we begin our discussion of the process of strategy execution: the building of organizational resources and capabilities that lead to competitive advantage through critical value and cost drivers. In many ways, this process is a synthesis of everything we have considered thus far.

During this class we will also debrief and review Simulation Competition Year 1.

**Assignment**
- Simulation Competition Year 1 Decisions due 9AM
- REMINDER (looking ahead): Simulation Competition Year 2 Decisions due 8PM, Friday 10/29

Class 8 – Strategy Execution II Sat. 10/30

In this class we will apply the concept of strategy execution in a case discussion of Walmart. There are two cases about Walmart in your case book. One describes the company 2003, the other in 2005. The 2003 case is much more detailed about the company’s actual operations. If you are very familiar with Walmart, you may need to only skim the 2003 case. The 2005 case (which is short) will bring you up to date on Walmart’s international operations. In other words … do the level of preparation that you need to be ready to discuss Walmart in detail. Finally, carefully read the Fishman article … this is an amazing article that will leave you thinking about Walmart in a different way … and it will be the focus of some of our discussion.

**Assignment**
- Prepare *Wal-Mart Stores, Inc.* (HBS cases 9-704-430 & 9-705-460)

During this class we will also debrief and review Simulation Competition Year 2, and you will have team meeting time to discuss your progress and performance. Teams may also meet with me during this time.

*(cont. next page)*
Questions for Walmart case

• How has WM developed the resources and capabilities needed to achieve competitive advantage?
• How sustainable is WM’s competitive advantage in discount retailing?

Class 9 – Vertical Integration / Outsourcing I 11/3

We shift gears now and move from thinking about strategy more generally to specific strategic issues. The first is the question of the firm’s boundaries and the “make or buy decision.” Our case study is a fictitious company (RLK Media), and highlights some important points.

During this class we will also debrief and review Simulation Competition Year 3.

Assignment

• Watch the Vertical Integration/Outsourcing Lecturette.
• Read A Note on Strategic Alliances (HBS case 9-298-047). NB: you can skim (or skip) the sections headed “Strategic Alliances between Academia and Industry”, “Types of Agreements”, and “Benefits to Both Parties,” pp. 2-4.
• Prepare Feed R&D – or Farm it Out? (HBR case R0507X)
• Simulation Competition Year 3 Decisions due 9AM

Questions for RLK case

• What is Lars focused on? Do you agree with this focus?
• What are the arguments for and against the Inova option?
• What should Lars do … and how should he implement his decision?

Class 10 – Vertical Integration / Outsourcing II 11/10

This class examines a dyadic cooperative relationship between firms—the alliance—and covers the strategic challenges to starting and maintaining a collaborative relationship. We also touch upon fundraising for entrepreneurial firms.

During this class we will also debrief and review Simulation Competition Year 4.

Assignment

• Watch the Partnering Lecturette.
• Prepare Intel Capital: The Berkeley Networks Investment (HBS case 9-600-069)
• Simulation Competition Year 4 Decisions due 9AM

Questions for Intel case

• Why did Intel decide to invest in Berkeley Networks?
• Why did Berkeley Networks invite Intel to invest?
• What is each firm learning from the other?
In this class we apply the concepts we have developed thus far to the question of management of a multibusiness firm. How is the alignment of resources/capabilities and external industry dynamics complicated when managing a portfolio of businesses?

During this class we will also debrief and review Simulation Competition Year 5.

**Assignment**
- Watch the Corporate Strategy Lecturette
- Read *Note on Corporate Strategy* (HBS case 9-705-449)
- Read Goold, M., Campbell, A., & Alexander, M. “Corporate Strategy and Parenting Theory.” (Available for download on Blackboard)
- Prepare *The Walt Disney Company: The Entertainment King* (HBS case 9-701-035)
- Simulation Competition Year 5 Decisions due 9AM

**Questions for Disney**
- Why has Disney been so successful for so long?
- What did Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
- Has Disney diversified too far in recent years?

**Class 11 – Simulation Team Planning Meetings**

No class meeting today … use this time to meet with your team to discuss your results and work on your Board Presentation. There will be no formal review of Simulation Competition Year 6 Decisions. Please email if your team has specific questions.

**Assignment**
- Simulation Competition Year 6 Decisions due 9AM
- Begin preparation of your team’s Board Presentation
- REMINDER (looking ahead): Simulation Competition Year 7 Decisions are due 8PM Friday 12/3
Today we will briefly discuss corporate governance and ethics. We focus our discussion on the most well-known corporate governance debacle: Enron. Unlike other cases we’ve read in this class, the Enron case doesn’t have a decision point, *per se*. So our in-class discussion will be a bit more of a “reflection” on the question, “What went wrong at Enron?” Adjust your preparation of the case accordingly: give yourself plenty of time to do a thorough reading of the cases and spend some time reflecting on the organization, its culture, and its strategy.

During this class we will also wrap-up the Simulation Competition and crown our “winners!”

**Assignment**

- Read Ghoshal, S. “Bad Management Theories are Destroying Good Management” (On Blackboard)
- Individual Learning Paper due at start of class

**Question for Enron case**

- What happened at Enron?

---

Due to the large number of teams in this class, we will devote two class sessions to the Board Presentations. Teams will be assigned to one of the class meeting times to deliver their presentations. Each student will be assigned 2 other teams’ presentations on which to provide feedback.

After the December 15th class you have one more (quick and easy) deliverable to complete. Your peer evaluations (done on-line at [www.capsim.com](http://www.capsim.com); additional information will be provided) must be completed by 5PM on Dec. 17. You will be able to access the evaluation form beginning at 8:00PM on Wed. Dec. 15).

**Assignment**

- Prepare Board Presentation
- Complete peer evaluation