

MANA 6A83 - STRATEGIC MANAGEMENT
FALL-Session 06, 2017
Tuesdays, 6-9 pm, MH 128

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COURSE OBJECTIVES

The purpose of this course is to enhance your capacity to do the job of a general manager. A general manager in our terminology is someone who leads a multi-functional group (business, division, profit center, etc.) and is responsible for the strategic performance of that group.

The cases and concepts of the course take the total business as the unit of analysis, and the general manager of the business as the key actor. The materials encompass a wide range of industries, businesses and issues. They are integrated, nevertheless, through their emphasis on the key general management tasks to:

1. Assess the performance of a business and forecast future performance based on the competitive forces that exist or might exist in the future.
2. Identify the important opportunities and challenges facing a business and set a course of action to deal with them.
3. Define the resources and capabilities essential for the development of a business and act to build or acquire them in order to *gain and sustain* competitive advantage.
4. Implement changes, as necessary, in the way that a business is being run.

In addition, this course is associated with the following Bauer Learning Goals:

1. Communication
2. Cross Disciplinary Competence
3. Critical Thinking
4. Ethical Reasoning

COURSE MATERIALS

Textbook: Frank Rothaermel, *Strategic Management, 3rd Edition*, McGraw-Hill Education, 2017. ISBN: 978-1-259-42047-4. You may also purchase the ebook version from McGraw Hill Connect. Go to http://connect.mheducation.com/class/n-celly-fall-2017_ptmba to register after September 15, 2017.

- Cases to be purchased on HBSP site. Email instructions will be provided.

BLACKBOARD LEARN

Blackboard is a password-protected online course management system. Starting on the first day of classes, students can use their PeopleSoft ID, to log on to Blackboard Learn courses by going to <http://www.uh.edu/webct> and clicking the “Blackboard Learn” button.

- Assignments: Please pay close attention to instructions and due dates/times. Assignments must be submitted through this link on blackboard. Late papers will not be accepted.
- Grades: Use this tool to access your grades for this class including group case presentations, class contribution, the individual paper, and the final course grade.
- Course Content: Case PowerPoint presentations and other material will be uploaded periodically.

COURSE EVALUATION

Class Contribution	30 points
Individual Case Analysis	30 points
Group Final Project + Peer Evaluation	30 points 10 points
Total	100 points

POINTS:	GRADE:	POINTS:	GRADE:	POINTS:	GRADE:
93-100	A	83-86	B	73-76	C
90-92	A-	80-82	B-	70-72	C-
87-89	B+	77-79	C+	60-69	D
				below 60	F

Contribution

A unique aspect of the course experience is the sharing of insights and experiences in the classroom, in small teams and in the many interactions that happen between participants. Classroom discussion presents a unique opportunity for you to develop and enhance your confidence and skill in articulating a personal position, reacting "on the spot" to new ideas, and receiving and providing critical feedback from a group of assertive and demanding colleagues. Significant classroom contributions result when you discuss alternatives or decision criteria that assist the class in reaching a decision, ask questions to clarify issues or concepts, probe aspects of a peer's comments for improved understanding, share past experiences and insights on effective and ineffective practices, or generally facilitate the classroom process to arrive at significant conclusions.

It is expected that you will be present and prepared for every class and share your views in the classroom discussion. The study questions assigned with each case are designed to guide and stimulate your analysis and preparation. They are not “assignments” to be handed in. I will feel free to call on any individual at any time. If you must miss class it is your responsibility to (1) advise me of your absence by email, (ncelly@bauer.uh.edu) and (2) arrange with your classmates for briefings, to pick-up hand-outs, etc. You should understand that absences will

significantly your participation grade.

In general I evaluate class contributions in an ascending order from good chip shots, to substantial comments, to case cracking contributions. I believe that challenge and debate are important to discovery and understanding, and I appreciate the willingness of individuals to engage in such activities with their classmates and with me. Using air-time involves an obligation to actually contribute. Try to avoid comments such as recitations of case facts and bland summaries of prior discussion that are devoid of implications. Comments should pass the “so-what” test.

<i>Point Value</i>	<i>Components of in-class contribution</i>
26-30	Attend class, be prepared, and actively participate. Comments indicate a thorough and consistent understanding of the material and go beyond what was read to show analysis and synthesis of available information and provide significant insights. Focus is on quality contributions, not quantity.
21-25	Attend class, be prepared, and actively participate. Comments indicate an understanding of the assigned readings and provide some insights.
16-20	Attend class but actively participate on a limited basis. Comments indicate some understanding but do not provide new knowledge or insight.
15 or below	Miss class, demonstrate a lack of preparation for class discussion, and fail to listen to other people’s comments. Low points will also be awarded for impolite or inappropriate criticism of other people’s ideas.

Occasionally, some students find it difficult to participate effectively in class because of language or other challenges. Please let me know if class participation is a significant concern for you.

Individual Case Analysis

Each student will sign up to perform a case analysis for one of the primary weekly cases. Sign-up will happen during the first class and cases will be due beginning with the second class. Papers are due at the beginning of the class in which the case will be discussed and students assigned for that week will be responsible for helping to lead the case discussion for the week. Papers must respect the following guidelines: **3-4 pages (excluding exhibits etc.), 1-inch margins, Times new roman 12-point font, and double line spacing.**

To analyze the case, the following structure will help push your thinking:

- A. Analyze the current strategic position of the firm using strategic management frameworks (e.g. PESTEL, 5-Forces, Resources and capabilities, etc.)
- B. Identify key issues as well as opportunities and threats.
- C. Propose an action plan and set of recommendations addressing the issues you identified.
- D. The questions listed in Appendix 1 should be answered as part of your analysis.

No collaboration with other students is permitted for individual case analysis. **Grading criteria include:** (1) Analysis rigor, (2) Quality, professionalism and clarity of writing and presentation,

and (3) Specific, action oriented, internally consistent and common sense recommendations (Note: Do not try to guess my conclusions on the case – there is no right/wrong answer!). Please come to the first class with an idea of which cases you want to work on. I will try to accommodate your preferences but each case needs to have roughly the same amount of students assigned to it.

Group Project

The class will be divided into groups of 3-4 students for the Group Project. You will have approximately one week to form your own groups - after that time, I will form the groups. (Note: At any time when you have decided upon group membership, please give me a piece of paper or email with a list of requested members).

The objective of the Group Project is to apply the tools of strategic analysis to evaluate the strategy and performance of a real organization (business or not-for-profit) and, on the basis of an analysis of the present situation and emerging trends, to begin to chart or recommend a future direction of the enterprise. You are assuming the role of management consultants for this project.

Local or Texas-based businesses, as well as national or global businesses may be selected. They may be large or small, a single corporation or a division or business unit of a larger concern. They may also be government, not-for-profit, or charitable organizations. **Three types** of projects may be selected: (1) Interactive, (2) Literature-based, and (3), Start-Up Business or New Venture Idea.

For the **interactive** project, your group will contact, gain cooperation, meet with, and collect information from managers in the firm and other sources to conduct the analysis.

The **literature-based** project does not require personal contact with the firm and is for groups unable to secure local business interest. The task of the group will be to conduct an analysis of a selected firm from public sources. As with the interactive format, sources may include annual reports, 10K reports, magazine/newspaper articles, press releases, Internet sources, and investment analysts' reports.

Finally, the **Start-up Business or New Venture** concerns an idea for an enterprise that your group would like to explore more fully. Rather than a full-blown Business Plan, the task of the group will be to analyze and present a **Feasibility Study** of the idea. The major difference is that a Business Plan will contain a significant section on financial needs and projections, while the Feasibility Study will only provide a cursory review of financial analysis - the major emphasis will be on identifying and matching the market need with a preliminary business plan. The plan should include a plan for the development and sustainability of competitive advantage.

The selected topic must be approved by the professor by week 2. Make your selection as early as possible to lay claim to the organization, as duplication in the class will not be allowed. The professor also reserves the right to reject a topic organization if it has been frequently analyzed by previous classes (e.g., Google, Amazon, Apple, St. Arnold's Brewery, Landrys and so on).

The **project output** includes:

1. An oral presentation to the class of a maximum of 15 minutes in which you will outline your findings and recommendations to be followed by 10 minutes of Q&A. A 1-2 page Executive Summary should be prepared and **distributed to each member of the class**. The use of visual aids is recommended and professionalism is assumed. **A brief financial analysis is expected**.
2. A **Project Report** to the Professor comprising a total of 10 pages that will include the 1-2 page **Executive Summary** (see above) and **copies of all overhead/PowerPoint slides** used in your presentation. See Appendix 2 for a suggested report format.

Peer Evaluation

For the group project, each member of the team is required to submit a peer evaluation (that will be available on Blackboard) of the contribution of the other members of the team. The degree to which each team member participated in the group project is worth a total of 10 points and is a consequence of the peer evaluation.

ASSUMPTIONS AND EXPECTATIONS

I expect you to be fully engaged in the learning process. This means devoting time and energy to preparation before class, including active participation in team meetings, listening to others during class discussions and engaging in class discussions. Most of the case studies we will be working on in this course are undisguised. We will be dealing with real people and the real company. This encourages engagement in the case situations and facilitates follow-up on developments subsequent to the case events. It also creates some potential disadvantages that I would like to ensure we minimize. The process of analyzing, discussing and learning from cases depends in a significant way on discovery - discovering what the real opportunities and problems in the case are as it currently stands, discovering and evaluating the possible ways of dealing with them, and discovering the lessons that can be drawn for continuing use. The value of this process is diminished if we short-circuit it by jumping ahead to find out 'what happened' before we have done our best to understand the case. Similarly, we lose something when someone with special knowledge of the situation does not respect the necessary process of analysis.

Each case requires you to ***go back in time***. I expect you to only use the material in the case for the ***written analysis*** of the case. Information related to cases that has been obtained from sources other than the assigned case should not be utilized for written case analysis purposes. Such information includes, but is not limited to, the following:

- Hand-outs, including follow-on ("B") cases
- Exam or report feedback (related to a particular case) from other students or provided in other cohorts or years
- Notes, spreadsheets, etc. specific to cases (obtained before the case has been taught) prepared by students in other cohorts or years
- Teaching notes
- Case analysis reports obtained online

If it is determined that such prohibited information is used in the written case report, such an incident will be deemed to be a violation of the college's code of professional conduct.

Note: Recent updates to the firms/cases are however encouraged for in class discussion purposes.

The **textbook and readings** assigned are your responsibility. They will not usually be covered in detail during class but will be utilized as they apply to the issues at hand. 'Lecturettes' may be used throughout the course to supplement the case discussion. ***Chapters 11 (strategy implementation) and 12 (ethics) are not explicitly assigned as readings but will be touched upon in almost every lecture. You should read these chapters as early as possible in the semester.***

Using your computer during class for personal activities such as reading/writing email, writing letters, surfing the Web, playing games, etc. is also distracting and counter-productive and violates the BAUER Honor Code.

Important Ground Rules

- Class will start and finish on time
- Name cards will be provided and should be used in each class
- **Except for emergency purposes, please turn off all pagers and cell phones.**
- No food in class, except during the break. Drinks are ok
- The 3-hour time block will (in general) be broken up into two parts; first block will focus on discussion of assigned reading ("Content") and discussion of the mini-cases. The second block will include an in-depth discussion of the main case for the week. There will be a 10-minute break between time blocks.

DEADLINES AND LENGTH LIMITS

Over time, I have come to appreciate the degree to which students want to be treated fairly and equitably when dealing with deadlines and length limits on assignments. I am well aware of the significant frustration associated with scrambling to meet a deadline, or working at crafting a succinct and coherent response to an assignment, only to find that a colleague has received greater latitude in their submission. Since there is ample lead-time on the two assignments, I have instituted very significant penalties. A paper may be submitted up to 1 week late with a 5-point deduction. Papers over 1 week late will not be accepted.

Note that failing to submit an assignment will result in a grade of Incomplete for the course and will prevent advancement or completion of the program.

A similar policy is in place for projects that exceed length limits. Minor excesses (10% or less) will normally result in the deduction of 1-2 points and significant excesses (more than 10%) will result in the deduction of 3-5 points. **I expect that the document will be readable and tightly edited.** Small font sizes and verbose analysis are not viewed favorably.

PLAGIARISM AND ACADEMIC HONESTY

Students must write their reports and assignments in their own words. Whenever students take an idea, or a passage from another author, they must acknowledge their debt both by using quotation marks where appropriate and by proper referencing such as footnotes or citations. Plagiarism is a major academic offence. All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University. All assignments submitted will be included as source documents in the Turnitin database for the purpose of detecting plagiarism of papers subsequently submitted to the system.

The UH Academic Honesty Policy is strictly enforced by the C.T. Bauer College of Business. No violations of this policy will be tolerated in this course. A discussion of the policy is included in the UH Student Handbook which can be found at <http://www.uh.edu/dos/hdbk/acad/achonpol.html>. Students are expected to be familiar with this policy.

ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES

The C.T. Bauer College Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

INSTRUCTOR EVALUATIONS

The Bauer College of Business has a policy that requires all of its instructors to be evaluated by their students. The results of these evaluations are important to provide feedback to instructors on how their performance can be improved. In addition, these evaluations are carefully considered in promotion, salary adjustment, and other important decisions. We openly encourage students to provide feedback to the instructors and to the Bauer College of Business through the evaluation process.

TENTATIVE COURSE SCHEDULE

<p>Week 1 Tuesday, October 17.</p>	<p>Overview and Introduction to Strategy: What is strategy? Strategic Leadership, and External Analysis Readings: Chapters 1, 2, 3 Minicase: Michael Phelps: Strategy Formulation and Implementation Minicase: PepsiCo's Indra Nooyi: Performance with Purpose Primary Case: AirAsia: Building a successful budget airline in Asia (Ivey) <i>Form Groups</i> <i>Individual Case Assigned</i></p>
<p>Week 2</p>	<p>Internal Analysis Readings: Chapter 4 Minicase: Starbucks: Schultz Serves Up a Turnaround Minicase: Nike's Core Competency: The Risky Business of Fairy Tales Primary Case: Merck and Co., Inc. (HBS) <i>Group Project Approval Deadline</i></p>
<p>Week 3</p>	<p>Competitive Advantage, Cost Leadership, & Differentiation Readings: Chapters 5, 6 Minicase: LEGO's Turnaround: Brick by Brick Minicase: Cirque du Soleil: Searching for a New Blue Ocean Primary Case: Tesla Motors, Inc. (HBS & Chapter Case)</p>
<p>Week 4</p>	<p>Competitive Dynamics, Blue Ocean, Platform Strategy, Entrepreneurship, & Innovation Readings: Chapters 6, 7 Minicase: How the Strategy Process Kills Innovation at Microsoft Primary Case: Cola Wars Continue: Coke and Pepsi in 2010 (HBS)</p>
<p>Week 5</p>	<p>Vertical Integration, Diversification, and Global Strategy Readings: Chapters 8, 10 Minicase: Wikipedia: Disrupting the Encyclopedia Business Minicase: A is for Alphabet and G is for Google: Alphabet's Corporate Strategy and Google's Strategy Process Primary Case: Amazon.com Inc.</p>
<p>Week 6</p>	<p>Alliances, Mergers and Acquisitions, & Restructuring Readings: Chapter 9 Minicase: Sony vs. Apple: Whatever Happened to Sony? Minicase: Struggling Samsung Electronics Case: General Electric after GE Capital (HBS)</p>
<p>Week 7</p>	<p><i>Group Presentations and Reports DUE</i> LAST DAY OF CLASSES</p>

APPENDIX 1

STUDY QUESTIONS

AirAsia: Building a Successful Budget Airline in Asia

1. What is the industry environment in Southeast Asia for the entrance of a new budget airline? What opportunities and challenges do these factors produce?
2. What is AirAsia's strategy and how does it compare to the strategies of airlines like Southwest and Ryanair?
3. How would you describe Fernandes' leadership style and strategic orientation? What are the uncertainties and risks of the business and did Fernandes overlook any risks?
4. How would you describe the competitive dynamics of the industry and how should the company respond to these dynamics? What lessons can be learned from other carriers? What is your assessment of AirAsia growing its business into Australia, China, India, and Europe?

Merck & Co., Inc.

1. What does the structure of the pharmaceutical industry look like? Is it an attractive industry? Why or why not?
2. Analyze Merck's resources, capabilities, and competencies. Do any of them provide the basis for a competitive advantage? Why or why not?
3. Can open innovation help Merck meet the needs of its customers in creative and cost-effective ways that also bring value to its shareholders? Why or why not?
4. Assuming open innovation is the path to follow, what implementation issues would you expect? How should Merck overcome its cultural resistance to change?

Tesla Motors, Inc.

1. What are the biggest external issues facing Tesla Motors? How should Elon Musk address them?
2. Analyze Tesla Motors' resources, capabilities, and competencies. Do any of them provide the basis for a competitive advantage? Why or why not?
3. What type of innovation strategy is Tesla Motors pursuing? Is it successful? Why or why not?
4. How can Tesla Motors help making electric vehicles the future standard in the automotive industry?
5. What should Elon Musk do for Tesla to gain and sustain a competitive advantage?

Cola Wars Continue: Coke and Pepsi in 2010

1. Why, historically, has the soft drink industry been so profitable?
2. Compare the economics of the concentrate business to the bottling business: Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry's profits?
4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-carbonated drinks?

Amazon.com, Inc.

1. Perform a SWOT analysis for Amazon.com. Pay particular attention to industry convergence. What are the strategic implications for Amazon.com?
2. Analyze Amazon.com's resources, capabilities, and competencies. Do any of them provide the basis for a competitive advantage? Why or why not?
3. Describe Amazon.com's business model. What are its strategic implications?
4. Describe Amazon.com's corporate strategy. What are its strategic implications?
5. What are your top three recommendations for Jeff Bezos and Amazon.com to gain and sustain a competitive advantage?

General Electric after GE Capital

1. Jeff Immelt became CEO and Chairman of GE on September 7, 2001. What were the biggest external factors Jeffrey Immelt had to contend with since?
2. How is GE performing under Jeffrey Immelt? What and/or who is responsible for GE's performance?
3. Describe how GE's corporate strategy has changed over time. What is the rationale behind this change? Do you agree with the chosen corporate strategy? Why or why not?
4. What should Jeffrey Immelt do with the cash generated from the sale of GE Capital? Buttress your arguments.

APPENDIX 2

Suggested Group Project Report Format

1. **EXECUTIVE SUMMARY:** A brief (1-2 pages) overview of the group's analysis, key strategic issues, and recommendations. This is the *handout* you will give out to each student in your presentation.
2. **MISSION/GOALS:** Evaluation of the firm's stated (if stated) mission and goals. If none exist, develop them in a *very brief and concise* manner.
3. **EXTERNAL ANALYSIS:** Analysis and evaluation of the firm's major external environmental components. This includes the General Environment, Industry Analysis (5 Forces Model), and Competitor Analysis. Section should end with a *clear identification of key opportunities and threats*.
4. **INTERNAL ANALYSIS:** Analysis and evaluation of the firm's major internal resources, capabilities, and core competencies. A financial analysis is expected. You should end this section with a *clear identification of key strengths and weaknesses*.
5. **COMPETITIVE ADVANTAGE:** Brief statement which highlights the firm's *Competitive Advantage* or *Sustainable Competitive Advantage* (if any). This will serve as the lead into the next section.
6. **STRATEGIC ALTERNATIVES:** Flowing directly from Step 5, this section should identify and evaluate the *major* strategic alternatives or options available to the firm currently.
7. **RECOMMENDATION AND IMPLEMENTATION:** Provide your final recommendations, and also a brief discussion of implications and implementation aspects, including strategic, financial, and operational.

INSTRUCTIONS

1. Remember that you are acting as management consultants to the firm to analyze the situation.
2. The report should be professionally done. The report will be submitted with the presentation.
3. The presentation should be *no more* than 15 minutes in length (excluding Q&A session). The format need not be totally followed, though the key points should be made at some time.
4. Creativity is welcomed and encouraged. Use of PowerPoint and other presentation aids is also encouraged.
5. Every member of the team need not present. The presentation is informal.
6. **Remember:** Your project submission will include two elements: (1) Project report, and (2) copies of all slides, tables, exhibits and so on.