

## Strategic Management – MGMT 650



- Purdue University, Krannert School of Management
- Syllabus for Spring 2019, Version 3.0, 4/29/2019 (Future updates are likely.)
- Weekend MBA Class of 2020

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## Class Schedule

- Pre-Week: March 4 to 8
- Five Saturday classes on campus in room 2082 RAWL:
- • • • > March 9, March 23, April 6, April 20, May 4
- All class meetings held from 8:00 am to 12:00 noon.
- Numerous online activities between campus class meetings.



## This syllabus is required reading for class #1!

- We have very little class time together, so I don't want to waste any.
- Therefore, please read this syllabus **before** our first class meeting.
- I expect you to know all the policies and assignments in this syllabus.



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## Course objective: How this course will help you



The purpose & goals of this course are discussed in detail in a separate handout called "Purpose & Goals of the Strategic Management Course," which is required reading for the course. However, a few additional points are discussed here.

### THREE GOALS OF THIS COURSE:

1. To develop & practice **diagnostic reasoning** skills relevant to problems of strategic management.
2. To learn & practice **communicating** your reasoning and judgments related to problems of strategic management – both through face-to-face listening & persuading, and through writing formal strategic analysis reports.
3. To understand the **conceptual frameworks** that will help you to frame the relevant issues in a strategic situation.

### THE STRATEGIC MANAGEMENT COURSE FOCUSES ON THE "BIG PICTURE" OF BUSINESS:

- What determines total corporate performance of an entire business enterprise?
- Why do some companies succeed, while other companies fail?
- And what – if anything – can managers do about it?

### WITHIN THESE "BIG PICTURE" ISSUES, WE WILL ADDRESS MORE FOCUSED QUESTIONS AS WELL:

- How can a company anticipate how its competitors will respond to its strategy?
- Which industries/markets offer the best opportunities for sustained profitability, and why?
- How and why do industries evolve over time, and how can firms profit from those changes?
- How can a company build and sustain a competitive advantage?
- What combination of businesses should a company operate to maximize its competitive advantage?
- How can a company use incentives and organization to implement its strategy most effectively?

## Expectations about attendance & preparation



This course emphasizes **active learning** through case discussions and experiential exercises. Success in this course requires your active participation. The most important learning will take place **during** our discussions and activities. The readings offer valuable background information, but a much richer learning takes place when one is challenged by other people who have different backgrounds and therefore may not share one's own point of view. So, if you miss a class discussion or activity, or if you show up unprepared to participate fully, then you not only deprive yourself of learning, but you also deprive your classmates of a learning opportunity, since they will not have a chance to hear your ideas, insights, and views.

### ATTENDANCE

Your attendance is expected at every class meeting. Absences deprive your classmates of the opportunity to learn from your unique insights and experiences. Please arrive on time so that we may start promptly.

### PREPARATION FOR CLASS DISCUSSION

It is essential to the success of this course that you be both physically and mentally present in our discussions and activities, and that you be fully prepared to discuss the material. Being prepared means all three of the following:

1. Do all of the readings on time, and also take some time to think about them.
2. For each case study, the syllabus provides a set of discussion questions for you to think about. Part of being prepared is having answers for these questions. Take at least 15 minutes to write answers to these discussion questions in your notes, and bring those answers to the case discussion. These written answers will not be collected or graded, but having them available during the discussion does help.
3. For each case study, examine the case (both text and exhibits) thoroughly enough to be willing and able to tell the class what specific actions you would recommend that the company take, and why.

If you have not prepared adequately, please inform me before class starts so I can avoid embarrassing you inadvertently. **Nevertheless, it is important that you attend all class meetings, even if you have not adequately prepared.**

## Expectations about professional behavior



It is everyone's responsibility to foster a mutually respectful learning environment. So, there are very high expectations about professional behavior in this course. Unprofessional behavior may be penalized in the class participation grade.

### EXAMPLES OF UNPROFESSIONAL BEHAVIORS

Please avoid the following unprofessional behaviors:

- ❖ Arriving late for class meetings.
- ❖ Holding side conversations during class meetings. (If you have a question about the class material, please raise your hand and ask it, rather than whispering it to your neighbor. Chances are good that if you have a question about what's happening, then many of your classmates may also have the very same question, so asking the question publicly rather than privately helps everyone. If you have to discuss something unrelated to class with a classmate, then please wait until after class.)
- ❖ Inattention during class meetings (e.g., reading unrelated materials or studying for other classes).
- ❖ Personal attacks or comments of a disrespectful or insulting nature, directed toward anyone.

### DEVICE USAGE POLICY

You may use an electronic device (computer, tablet, smartphone, etc.) during class ONLY for purposes that are specifically related to this course, such as accessing assigned readings or taking notes on our class discussion. However, please DO NOT use electronic devices for any purposes that are not directly related to the course itself (e.g., web surfing, texting, messaging, email, social media updates, games, stock trading, homework for other courses, job-related tasks, etc.). I expect the class to be self-policing with regard to upholding this policy. So, if you see classmates violating this policy, please quietly and inconspicuously ask them to stop.

## Mutual expectations & responsibilities



For each of my responsibilities as instructor, you have a corresponding responsibility – and vice versa:

### WHAT YOU CAN EXPECT OF THE INSTRUCTOR

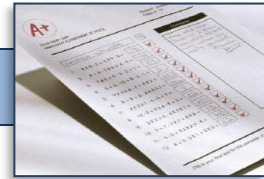
- Come prepared to every class.
- Stay focused on your learning.
- Exhibit only professional behavior (see previous section).
- Design course & activities to achieve stated learning objectives.
- Listen, guide, & create environment for learning.
- Foster mutually respectful learning environment in classroom.
- Provide a model of how experts in this field diagnose and solve problems.
- Consider that it's not always your fault if you don't understand the material.
- Use best professional judgment to evaluate performance fairly, and not be capricious or prejudiced in any way.
- Preserve fairness of performance evaluation by upholding high standards of academic integrity.

### WHAT THE INSTRUCTOR WILL EXPECT OF YOU

- Come prepared to every class.
- Stay focused on your learning.
- Exhibit only professional behavior (see previous section).
- Complete all work required on time, and with proper attention and thought.
- Listen, stay actively involved, study, and learn.
- Treat classmates and instructor with appropriate respect.
- Respect instructor's expertise in this field and emulate the model provided.
- Consider that it's not always the instructor's fault if you don't understand the material.
- Recognize that instructor uses best professional judgment to evaluate performance and is not "out to get" students.
- Preserve fairness of performance evaluation by adhering to high standards of academic integrity.

There is a "zero tolerance" policy for cheating in this course, because cheating by any one student is unfair to all other students. If you have any questions about what is acceptable, please feel free to ask.

## Course requirements & grading



The course grade is based on a weighted average of the following components:

GRADE COMPONENT	WEIGHTING
1. Class participation	30%
2. Participation in weekly on-line polls	10%
3. Team case analysis report	25%
4. Individual case analysis report	25%
5. Strategy application exercise	10%
TOTAL:	100%

### MINIMUM PASSING STANDARDS

A minimum (i.e., passing) level of performance on each of the components of the grade listed above is required for passing the course. You cannot skip the final exam, or fail to submit a case analysis report, or never participate in class discussions, and then still expect to pass the course based on your other grades alone.

### COURSE GRADE DETERMINATION

The MBA program's official grading policy mandates the following grade distribution for required core courses:

*"The Krannert Faculty... strongly recommends that teachers in the Masters' programs... adhere to agreed upon grading guidelines that specify target grade distributions. The efficacy of this grading system depends upon it being consistently utilized across the Masters curriculum such that faculty employ roughly similar grade distributions... The target grade distribution for all core courses is 35-40% A/A-, 50-55% B+/B's, 5-10% B-'s, 0-5% C+ or below resulting in approximately an average Grade Point Average (GPA) of 3.35 for each core course..."*

In effect, this official grading policy requires grading "on a curve." Final course grade cut-offs for the weighted-average point score will be set so as to ensure consistency with this official grade-distribution policy.

### ADDRESSING GRADING CONCERNS

If you have concerns about any aspect of your work or your grades in this course, please contact me immediately. If there is any problem, it is better to get it resolved quickly than to let it simmer unresolved and hope that it will go away.

## Case discussion method & choice of case studies



The case discussion method is an action-oriented learning method whose goals are to develop your tacit skills in diagnostic reasoning that are essential for strategic decision-making, and to sharpen your knowledge of the strategic and economic principles that determine the overall performance of a business.

### SELECTION OF CASE STUDIES TO ACCOMPLISH THIS GOAL

For each of the strategic issues covered in this course, I have carefully selected what I consider to be the best case study for that particular issue – i.e., the case study that best highlights the basic economic principles underlying that strategic issue, and also best demonstrates the challenges, hidden pitfalls, and subtle trade-offs when making decisions about that strategic issue. Harvard Business Publishing has designated most of these cases as "most popular" case studies, or as part of its Premier Case Collection ("a specially selected set of the best Harvard Business School cases"), or both.

### HOW IMPORTANT IS THE AGE OF A CASE STUDY IN STRATEGY?

Not much. The fundamental economic principles underlying strategy are timeless – the same today as they were a century ago, and as they will be a century from now. The challenges, pitfalls, and trade-offs in strategic decision-making are also timeless. Some of our case studies are recognized longstanding classics because they teach their lessons so effectively, because those lessons are just as important today as when the cases were written. This is the same reason why, even now, American students still read the classic works of William Shakespeare, even though they were written over four centuries ago, on a distant island, about ancient societies and aristocracies that no longer exist – because their lessons are timeless. Also, the passage of time lets us learn more from classics, since we know more about what the company decided, and what the long-term results of those decisions have been. In addition to the classics, later in the course we will discuss more recent case studies to give a contemporary perspective on the timeless principles of strategy, as well as some "updated classics" showing how past strategic choices reverberate into the present.

## Written case-analysis reports



The written case analysis report assignment is discussed in greater detail in a separate handout called “Written Case-Analysis Report Assignment,” which is required reading for the course and will be available on the Blackboard web site for this course. That handout contains the recommended format that you should follow, tips on how to analyze a case study, and many other details that are not covered here.

### CASE STUDY CHOICE OPTIONS

You are required to submit two written case analysis reports – the first one as a **team-based** assignment, to be completed in cooperation with the other members of the team to which you have been assigned for this semester, and the second one as a purely **individual** assignment. The team report should be the work of your team only (and nobody else), and the individual report should be your own individual work only (and nobody else’s). The Purdue University Honor Code applies. Each of these two case analysis reports will constitute 25% of the final course grade. The teams will have the opportunity to choose between the following two options:

- **Option A:** Team report on “Wal-Mart Stores, Inc.” (**NOT** “Walmart Update, 2017”) due Friday April 5, and individual report on “PepsiCo’s Restaurants” due Friday April 19.
- **Option B:** Team report on “Apple Computer 1992” due Saturday April 13, and individual report on “Organizational Design at iQmetrix: The Holacracy Decision” due Saturday April 27.

Other case studies covered in this course are not included in this list and are therefore **not** available for the written case analysis assignment. In order to choose one of the two options listed above, your team **must first** sign up for that particular option on the sign-up sheet that will be available in class (see the “Sign-Up Sheet” section below).

### DEADLINES

By selecting which particular case studies to analyze, your team determines its own deadlines for these two reports. The report for each case study will be due just before the start of our class discussion of that particular case study. Reports will not be accepted late, so please plan ahead. **Note:** The deadlines shown in the list above might be subject to change if the overall course schedule changes, but this is unlikely.

### VIRTUAL SIGN-UP SHEET

In order to maintain high quality of class discussion, it is essential that we have a “critical mass” of students who have written their case analysis reports on each one of these case studies (and are therefore very well prepared to discuss it). Accordingly, to ensure an adequate dispersion of students across the case studies in each group, there will be a wiki containing a “virtual sign-up sheet” in the Blackboard web site for this course (in the “Case Report Sign-Up Sheets” section). This virtual sign-up sheet sets a limit on the maximum number of teams who will be permitted to choose each of the two options listed above. In order to submit a case analysis report for a particular case study, your team must first sign up on one of the available slots for that option by editing the sign-up sheet wiki. If no slots are available for the option of your choice, then you must choose a different one or arrange a swap with another team by mutual agreement. (I may grant exceptions in very unusual cases.) Slots on this sign-up sheet are available on a “first come, first served” basis, so if it is important to you to do your written case analysis report on a particular case study, or a particular date (see “Deadlines” above), then sign up early. Please do not vandalize the sign-up sheet by changing anything that anyone else has written. (The Blackboard system tracks every change that is made to the wiki, and who made it.)

### SUBMISSION PROCEDURES

Please submit case analysis reports by uploading your document on the Blackboard web site for this course. Each case analysis report should be submitted as a single document, either in Microsoft Word format or in Adobe Acrobat PDF format, containing all of the text for the report, plus any tables, figures, and appendices. Separate files with figures, tables, etc., will not be accepted. The file name of the submitted document should start with the name of the particular case study, and should also contain the team number (for team report) or your name (for individual report) – e.g., “PepsiCo\_Team4.doc” or “Apple\_TomLee.docx”. Due to limitations of the Blackboard system, the file name must contain **ONLY** non-accented letters, numbers, and underscore characters (\_). Spaces and other characters are **NOT** allowed.

### GRADING COMPONENTS

Case analysis reports will be evaluated both for content, which constitutes 75% of the grade, and also for writing, which constitutes 25%. Each of these two components, and their weighted average, will be evaluated on a 20-point scale.

## Class participation grade



A large portion of the course grade is based on your participation in class discussions. What is considered good quality class participation? Good quality of class participation is defined in the following criteria:

### CONTRIBUTIONS THAT ARE EVALUATED POSITIVELY

- Insightful analysis supported by appropriate logic and evidence.
- Comments demonstrating that you have done a thorough job of preparation.
- Asking clarifying questions in order to improve your understanding. (If you don't understand something, chances are good that half of the class shares your confusion, so asking the question publicly helps everyone.)
- Asking probing questions in order to prompt others to justify their claims or clarify their logic.
- Brevity.
- Relating class material to first-hand personal experience or other concrete examples.
- Distinguishing critical issues from peripheral or extraneous ones.
- "Process comments" offering insights into the class's blind spots or pattern of reasoning.
- Politely helping to curb those in the class who may be monopolizing discussion without contributing much to their classmates' learning.

### CONTRIBUTIONS THAT ARE EVALUATED NEGATIVELY

- Simply reiterating case facts, without analysis or insight about their meaning or implications.
- Comments that are off-the-point or indicate inadequate preparation.
- Superficial comments.
- "Me too" comments that simply reiterate or rephrase what someone else has already said, without adding any new analysis or insight.
- Verbosity.
- Interrupting someone who is speaking.
- Personal attacks, or comments that are disrespectful, insulting, or unprofessional.
- Distracting behavior (e.g., grunts or gestures).
- Holding side conversations. (If you have a question, raise your hand and ask it publicly, rather than whispering it to your neighbor. For anything else, please discuss it after class.)
- Unfounded comments unsupported by logic or evidence.
- Monopolizing discussion without contributing to classmates' learning.

### CONSISTENCY OF PARTICIPATION

In addition to quality, class-participation grades are also dependent upon the degree to which students demonstrate a commitment to contribute consistently throughout the entire course, both in the classroom and on-line in our Blackboard discussion boards. (Yes, the class participation grade includes online class discussions as well.) Of course, if your attendance is inconsistent, then your class participation will necessarily also be inconsistent, and your class participation grade will suffer as a result. Please note that mere attendance does not constitute participation. Attendance is a necessary, but not sufficient, condition for class participation.

### HELP ME HELP YOU

I cannot give you full credit for your participation unless I know your name and can mentally connect your comments with your name and face. It is therefore in your best interests to help me to do this by taking the following steps:

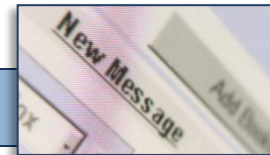
1. Display a name card at every class meeting, showing your name in large, clearly legible letters.
2. Sit in the same seat throughout the entire semester. At the first class meeting, a seating chart will be prepared. Once the seating chart is created, please do not change seats for the rest of the semester.

It is my intention to solicit widespread participation in class discussions and to ensure that everyone who wishes to participate gets an opportunity to do so. So, I may give priority to those students who have not been frequent contributors to prior class discussions. However, mistakes in this area are possible. If you believe that you are consistently and disproportionately overlooked, then please alert me privately.

### MINIMUM PASSING STANDARDS

Finally, please note that it is possible to fail class participation, and that doing so can have a devastating impact on your final course grade. If we reach the end of the course, and you have never (or very rarely) contributed to the class discussion, then you may receive a very low class participation grade, which can dramatically reduce your overall weighted-average grade, even if your performance on all other requirements is perfect.





## Etiquette for on-line class discussions

Technical instructions about how to operate the features of the Blackboard on-line discussion forums are available at the following web address: <https://en-us.help.blackboard.com/Learn/Student/Interact/Discussions>

The class-participation criteria listed on the previous page apply to both in-class discussions on campus, as well as on-line discussions. However, in our on-line discussions, the following three other factors also affect the quality of your class participation:

### BREVITY

Brevity is especially important for the success of our on line discussions. None of us – especially myself – wants to spend our lives reading long, rambling messages in our on-line discussion boards. Therefore, please respect the limited time and attention of your classmates by limiting the messages that you post to our on line discussions to a maximum of five sentences each. If you write more than five sentences, then you ought to have a very good justification for doing so, and include that justification in the message itself. Adhering to this guideline requires discipline and extra effort to edit messages down to size, but it ultimately benefits the entire class. As Benjamin Franklin once wrote, “I’m sorry to have written such a long letter, but I did not have time to write a short one.”

As the discussion facilitator, I play a different role in our case discussions than you play. My job is to synthesize various students’ comments, insert additional analysis, and even occasionally provide mini-lectures – all as part of leading the discussion. For this reason, I cannot hold myself to this same five-sentence rule, because it would produce a less effective learning experience. Nevertheless, I will still strive to communicate my contributions to the discussion as briefly as possible.

My main point is this: Although I appreciate your enthusiasm for participating in the on-line discussion, it is possible to be over-enthusiastic and take your participation too far. So, please resist the temptation to make every single point that you possibly could. As a courtesy to your classmates, please leave some of those points for others to make. Those who happen to arrive later at the discussion board will appreciate the opportunity to say something that others have not already said – and may come to resent you if you do not leave that opportunity available for them.

### MODERATION IN FREQUENCY

Moderation in the frequency of your class participation is also important for the success of our on line discussions of case studies. Unlike a time-limited face-to-face case discussion in a classroom, our on line case discussions do not have any natural “air-time” constraints. This is both good news and bad news: The good news is that the overall quality of our case discussions can be much higher on-line because, in the absence of air-time constraints, we can hear a greater variety of perspectives from a larger number of participants with different experiences, which allows for deeper analysis and discussions of the case studies. The bad news is that if we hear too many perspectives from too many participants, then we can easily be overwhelmed with literally hundreds of messages to read.

To avoid this problem, we will have the following norms and expectations: During our on-line discussions, in order to extend and elaborate our conversation on each week’s topic, I will post a new thread with additional discussion questions every other day (usually in the morning on Mondays, Wednesdays, and Fridays) in that week’s current discussion board. This will give us a total of about three question sets per week, and you should aim to participate in the discussion of about **one-third** of these question sets (i.e., about once per week), but not more. If students participate much more than one-third of the time in our on line case discussions, then we will all get swamped with way too many messages, and the discussion will become unmanageable.

I invite you to help me to police this frequency guideline, as well as the five-sentence rule above, by politely pointing out any truly egregious violations in a private communication to the offending party. If this polite private nudging goes unheeded, then please let me know so that I can intervene further. As noted in the previous section, one of the most valuable forms of class participation is “politely helping to curb those in the class who may be monopolizing discussion without contributing much to their classmates’ learning.” This is just as important for our online discussions as it is for our classroom discussions on campus.

### TO AVOID REDUNDANCY, PLEASE READ EVERYONE ELSE’S COMMENTS BEFORE POSTING YOUR OWN!

As mentioned in the previous section, one of the worst and most annoying forms of class participation are comments “that simply reiterate or rephrase what someone else has already said, without adding any new analysis or insight” because such comments are a waste of everyone’s time. This mistake is much easier to make in on-line discussions than in face-to-face classroom discussions. After all, in the classroom, everyone who has been paying attention has heard what everyone else has already said. But in an on-line discussion board, impatience may tempt someone to post a comment before reading all of the comments that everyone else has already posted. So, it is your responsibility to read everything that everyone else has written **before** posting your own comment, and checking your comment to make sure that it says something genuinely new that nobody has said yet. This discipline is essential to the success of our on-line discussions. Of course, you should also continue to follow the on-line discussion after you have contributed to it as well, so that you can continue to learn from others’ contributions to the discussion.



## Participation in weekly on-line polls

To facilitate class discussion and encourage preparation, you are required to participate in an online poll each week. There are a total of 9 polls for the course, and you are expected to complete all of them.

### POLL LOCATION & DEADLINES

These weekly polls will be hosted on the Blackboard web site for this course. Each week's poll will close at **12:00 noon** on Friday, every Friday from March 8 to May 3, so please plan accordingly in order to submit your poll response by this deadline. Each poll should take less than 15 minutes to complete.

Forgetting to complete the polls is the #1 silliest and most preventable way to lower your grade in this course, so **please set an alarm on your phone, watch, computer, or other device to remind you to complete the poll before the deadline.**

### HOW WE WILL USE THE POLL RESULTS

The poll questions will usually ask you to state your views or perspectives on some of the material that is scheduled to be discussed in the classroom. I will often show the poll results during class in order to stimulate discussions and debates.

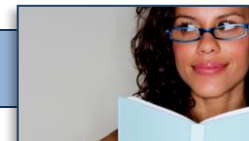
### GRADING ONLY YOUR PARTICIPATION, NOT YOUR ANSWERS

Your answers to the poll questions will **not** be graded. The only thing that is graded is whether or not you completed the poll. So, please complete the poll even if you feel that you are not adequately prepared to answer the questions. Any "wrong" answers in the polls will **not** count against you. Your participation in the 5 polls will together constitute a combined 10% of the course grade.



## Strategy application exercise assignment

In lieu of a final exam (but still during the final exam period), you will be required to complete a "Strategy Application Exercise." The purpose of this exercise is to give you an opportunity to apply the tools and concepts from this course either to your own organization, or if you prefer (e.g., due to confidentiality concerns), to some other organization that you are personally familiar with. The assignment will be provided in the form of Microsoft Word document containing a set of questions. A zip file containing this assignment document will be available in our Blackboard course web site. Simply type your answers into the spaces provided in this assignment document, and then submit it by uploading your document to Blackboard. The file name of the submitted document should start with your last name – e.g., "Jones-Application.doc". The strategy application exercise constitutes 10% of the final course grade, and is due on Saturday May 11.



## Location of readings & other materials

Required readings, lectures, videos, and other materials are located in several different sources:

- ❖ Readings from Harvard Business Publishing will be available at ??? INSERT HBSP WEB LINK HERE???
- ❖ Readings from Study.Net will be available at [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
  - Use your Purdue email address as your Study.Net account ID. However, some students may have been assigned several Purdue email addresses. If you have trouble logging in, then find yourself in Purdue's online directory (<https://www.purdue.edu/directory/>) and click on "view more." If the email address shown in the directory doesn't work, then try adding @purdue.edu to the end of either the "qualified name" or the "alias" shown there.
  - Initially, your Study.Net password will be set to your last name, but you can change it.
  - If Study.Net asks for a "course password," then enter "BoilerUp" (case sensitive, without quotation marks).
  - An optional TEXTPAK printed copy is also available from Study.Net for a small extra fee.
- ❖ A few readings are available to be downloaded through Purdue Library using web links that are in this syllabus.
- ❖ A few readings are on web pages whose links are included in this syllabus.
- ❖ Online lectures and other videos are available through the Blackboard web site for this course.



## Confessing a personal quirk: Please help me!



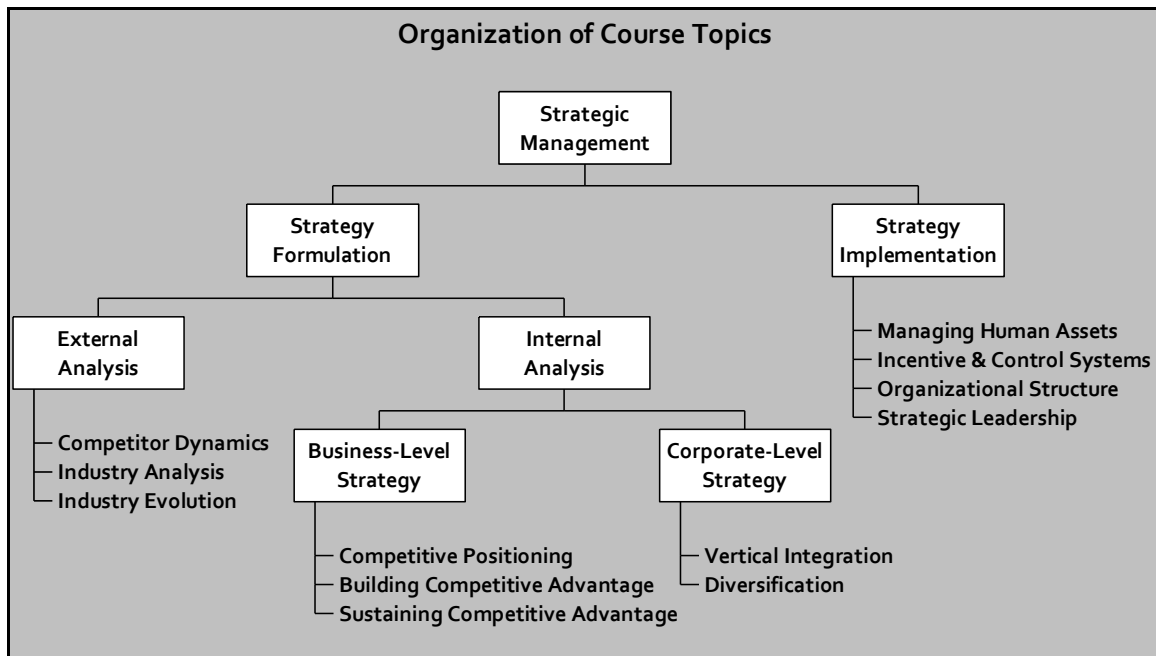
I need to ask for your help to make our class run more smoothly, due to a personal quirk of mine. I am the world's worst "multi-tasker." I am very bad at trying to do more than one task at a time. When I try to concentrate on doing one task, I get easily distracted when other tasks compete for my attention -- and then I forget what I was trying to do in the first place. This is a particularly difficult challenge for me during the 30 minutes immediately before the start of class, when I usually have a long list of tasks to accomplish -- including configuring the classroom audio-visual equipment, finding and loading all of the computer files needed for class, reading my case notes, planning an agenda for class discussion, organizing my list of questions to ask, and confirming availability of handouts and other materials. It may not look like I'm doing much during those 30 minutes, but I really am. And if I get interrupted, it is easy for me to forget something important.

I am dedicated to making sure that you have plenty of opportunity to ask me any questions that you may have, and to bring me any concerns that you may want to express. There is nothing more important to me about this course than making sure that you have access to me. However, because of the limitations on my multi-tasking ability, I must request that you please refrain from engaging me in any conversation during the 30 minutes prior to the start of class, unless it is about something urgent that absolutely cannot wait and must be handled immediately. I will gladly make myself available to you at other times, but I really need to protect those 30 minutes before class. Thanks in advance for your understanding about this personal quirk, and for your cooperation with this request.



## Course organization

Strategic management consists of two parts – strategy formulation and strategy implementation. Within strategy formulation, there are two parts – external analysis (assessing opportunities and threats in the company's environment) and internal analysis (assessing the company's own unique strengths and weaknesses). Internal analysis also has two parts – business-level strategy (how a company should compete in a particular industry) and corporate-level strategy (how a company should decide what combination of industries to compete in). Within each of these main topics, we will discuss several sub-topics. Accordingly, the overall organization of the course topics can be shown hierarchically, as follows:



In general, we will start with topics on the left side of this chart, and then gradually move across the chart to the right. If you are ever confused about where we are in the course or how the current topic is connected to the overall scheme of the course, then simply refer back to this chart.

## Course calendar overview



We will try to follow this calendar as closely as possible, but occasionally we may need to make slight changes. Any changes to this schedule will be announced via course web site on Blackboard, so please check there regularly.



MARCH 2018						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
<b>Pre-Week – Course Introduction</b> See syllabus page 13: <ul style="list-style-type: none"> <li>• View Course Introduction lecture &amp; case discussion videos (about 90 minutes).</li> <li>• Readings: This syllabus, Purpose &amp; Goals handout, Written Case-Analysis Report handout, Mintel eyewear industry report, &amp; Guide to Case Analysis chapter.</li> </ul>						<b>Class 1 meets 8:00 am to 12:00 noon</b> See syllabus page 13: Competitor Dynamics
					Online poll #1 due 12:00 noon	
10	11	12	13	14	15	16
<b>Online Week 1 – Competitor Dynamics</b> See syllabus pages 14: <ul style="list-style-type: none"> <li>• Readings: Entry &amp; Exit chapter, Bitter Competition: HSC vs. NutraSweet case study &amp; accompanying note.</li> <li>• Online discussion about the eyewear industry.</li> </ul>						
					Online poll #2 due 12:00 noon	
17	18	19	20	21	22	23
<b>Online Week 2 – Industry Analysis</b> See syllabus pages 15: <ul style="list-style-type: none"> <li>• Readings: Industry Analysis, Rivalry note, Cola Wars case study, &amp; Xerox article.</li> <li>• View Industry Analysis lecture &amp; Michael Porter video (2 hours total).</li> <li>• Online discussion about the Bitter Competition HSC vs. NutraSweet case study.</li> </ul>						<b>Class 2 meets 8:00 am to 12:00 noon</b> See syllabus page 15: Industry Analysis
					Online poll #3 due 12:00 noon	
24	25	26	27	28	29	30
<b>Online Week 3 – Building Competitive Advantage</b> See syllabus page 16: <ul style="list-style-type: none"> <li>• Readings: Three articles (Competing on Resources, How Market Leaders Keep Their Edge, What Is Strategy?), &amp; Crown Cork &amp; Seal case study.</li> <li>• View Competitive Advantage lecture (3 hours total).</li> <li>• Online discussion about Xerox PARC &amp; the Alto.</li> </ul>						
					Online poll #4 due 12:00 noon	
31						



APRIL 2018						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
	<b>Online Week 4 – Sustaining Competitive Advantage</b> See syllabus page 17: <ul style="list-style-type: none"> <li>Readings: Wal-Mart case study.</li> <li>View Wal-Mart video (16 minutes).</li> <li>Conduct Aldi store visit field study.</li> <li>Online discussion about the Crown Cork &amp; Seal case study.</li> </ul>				<b>Team case report deadline for “Option A” teams (Wal-Mart)</b>  <b>Online poll #5 due 12:00 noon</b>	<b>Class 3 meets 8:00 am to 12:00 noon</b> See syllabus page 18: Competitive Advantage.
7	8	9	10	11	12	13
	<b>Online Week 5 – Industry Evolution</b> See syllabus pages 18: <ul style="list-style-type: none"> <li>Readings: Wal-Mart Update 2017 &amp; Apple Computer case studies, Establishing a Standard article, &amp; 3 web articles on Wal-Mart’s e-commerce.</li> <li>View GUI Demonstration video (2 minutes).</li> <li>Online discussion about Wal-Mart.</li> </ul>				<b>Online poll #6 due 12:00 noon</b>	<b>Team case report deadline for “Option B” teams (Apple)</b>
14	15	16	17	18	19	20
	<b>Online Week 6 – Corporate-Level Strategy</b> See syllabus page 19: <ul style="list-style-type: none"> <li>Readings: PepsiCo Restaurants, Vertical Integration, New Business Development, &amp; 6 web articles on iPhone vs. Android.</li> <li>View Corporate-Level Strategy lecture (2 hours total).</li> <li>Online discussion about the Apple Computer case study.</li> </ul>				<b>Individual case report deadline for “Option A” students (PepsiCo)</b>  <b>Online poll #7 due 12:00 noon</b>	<b>Class 4 meets 8:00 am to 12:00 noon</b> See syllabus page 20: Corporate-Level Strategy.
21	22	23	24	25	26	27
	<b>Online Week 7 – Strategy Execution, Part 1</b> See syllabus page 20: <ul style="list-style-type: none"> <li>View Holacracy at Zappos videos (37 minutes total).</li> <li>Read 3 articles (Zappos Experiment, In Praise of Hierarchy, Beyond the Holacracy Hype) and iQmetrix case study.</li> <li>Online discussion about Zappos.</li> </ul>				<b>Online poll #8 due 12:00 noon</b>	<b>Individual case report deadline for “Option B” students (iQmetrix Holacracy Decision)</b>
28	29	30				
	<b>Online Week 8 – Strategy Execution, Part 2</b> See syllabus page 21: Netflix case studies, slide deck, & video, iQmetrix follow-up case Online discussion about iQmetrix Holacracy Decision case study.					



MAY 2018						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		<b>Online Week 8 – Strategy Execution , Part 2</b> See syllabus page 21: Netflix: 2 case studies, slide deck, & video, iQmetrix follow-up case. Online discussion about iQmetrix Holacracy Decision case study.				4 <b>Class 5 meets</b> <b>8:00 am to</b> <b>12:00 noon</b> See syllabus page 22: <b>Strategy</b> <b>Execution.</b>
			1	2	3	
					<b>Online poll #9</b> <b>due 12:00 noon</b>	
5	6	7	8	9	10	11 <b>Strategy</b> <b>Application</b> <b>Exercise</b> <b>deadline</b>
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## Assignment schedule in detail



The remainder of this syllabus provides details about the topics, case studies, other readings, and other materials to be discussed for each section of this course, as well as discussion questions for you to consider carefully when preparing for each section.

**Note:** We will try to follow this schedule as closely as possible, but occasionally we may need to make slight changes. Any changes to this schedule will be announced via the Blackboard web site for this course, so please check there regularly.



### Pre-Week: March 4 – March 8



#### COURSE INTRODUCTION

To start the course, we consider the overall concept of strategy, and what function it serves. We also categorize the factors that determine overall company performance, and examine the relative importance of those categories.

#### TOPIC OVERVIEW QUESTIONS

What is strategy? How can you tell whether a company really has a strategy? What function or functions does a strategy serve for a company? Why do some companies perform better than others? How effectively can a company's managers influence its performance? What conditions can make that influence more or less effective, and why?

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ "Course Introduction Lecture" (1 hour)
- ❖ "Case Discussion Tips" YouTube playlist (3 videos, 35 minutes total):  
<https://www.youtube.com/playlist?list=PLl1eaoEX1fGgHaNeXyE7v1JIWcob8uRnD>

#### REQUIRED READING

- ❖ From Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
  - This syllabus
  - "Purpose & Goals of the Strategic Management Course" handout.
  - Excerpts from Mintel industry report on U.S. Eyeglass and Contact Lens Industry.
  - "A Guide to Case Analysis" chapter from Crafting and Executing Strategy, 19th ed. by Thompson et al.
  - "Written Case-Analysis Report Assignment" handout.

**DEADLINE:** Online poll #1 is due at **12:00 noon** on Friday March 8.



### Class #1: Saturday March 9



#### COMPETITOR DYNAMICS

Among the many factors that affect the performance of a business, one of the most important is direct competition. In this section of the course, we examine how the dynamic interaction of competitors' moves and counter moves affect the intensity of industry rivalry.

#### TOPIC OVERVIEW QUESTIONS

How can a company anticipate how its competitors will respond to its strategic moves? How can a company use these expectations about competitors' responses to make the best strategic move in the first place? How and why is the intensity of rivalry affected by the number, strength, and behavior of rivals who compete directly in the same market? What, if anything, can managers do to influence industry rivalry?

#### AGENDA FOR CLASS MEETING

- ❖ Finish course introduction lecture.
- ❖ "Win As Much As You Can" experiential class exercise about competitor dynamics.
- ❖ Debrief competitor dynamics exercise & mini-lecture on game theory.



## Online Week #1: March 11 – March 15



### COMPETITOR DYNAMICS

This week we take our understanding of competitor dynamics out of the classroom, beyond the artificial experiential exercises, and we begin to apply it in two real industries – eyewear and artificial sweeteners.

#### REQUIRED READING

- ❖ From Harvard Business Publishing (via Blackboard):
    - "Bitter Competition: The Holland Sweetener Co. vs. NutraSweet (A)" HBP # 794079-PDF-ENG
    - "Bitter Competition: The Holland Sweetener Co. vs. NutraSweet (A), Spreadsheet" HBP # XLS329-XLS-ENG
  - ❖ From Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
    - "Cost analysis for Nutrasweet in 1986"
    - "Entry and Exit," chapter 9 from Besanko et al, Economics of Strategy, 3rd ed.
- ⚠ **Note:** Please read **only** the first 25 pages of this chapter (the pages numbered 297 to 321). The rest of the chapter is not relevant to this course, and it will only slow you down if you try to read it, so please don't.
- ⚠ Please **don't** panic if you don't understand everything in this chapter. That's OK. Just try to get the main ideas from it. You will **not** be expected to understand every detail. If you understand the general concepts well enough to give a simple summary of them, then that will be sufficient.

#### PURPOSE OF THIS CASE STUDY

The HSC vs. NutraSweet case study is virtually unique among case studies due to the long and detailed history of dynamic interplay between the competitors' numerous moves and counter-moves over 20 years, from 1986 to 2006. We use this history to unlock a series of "play-by-play" insights about how differences between competitors' assumptions, beliefs, information, opportunities, and incentives can determine their strategic choices and their reactions to each other. With these unique features and special insights, the Bitter Competition case study has earned its place on HBP's Premier Case Collection as a truly indispensable classic for learning about competitor dynamics.

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) Based on your reading and analysis of the Mintel eyewear industry report, how competitive would you expect the eyeglass frame manufacturing industry to be? Why would you expect that level of competition? Be prepared to defend your answer with evidence from the industry report.
- 2) The Holland Sweetener case study says, "HSC claimed that its method of producing aspartame would be less costly and more flexible than NutraSweet's, although this was disputed" (p. 5). Do you believe this claim? Why or why not?
- 3) HSC plans to enter the European and Canadian aspartame markets in 1987. Taking into account NutraSweet's likely response to HSC's entry, what should HSC's entry strategy be? Specifically, be sure to address the following questions:
  - a) Which customers should HSC target? Should HSC try to sell to Coke & Pepsi? Why or why not?
  - b) Should HSC try to imitate NutraSweet's "branded ingredient" strategy? Why or why not?
  - c) Where should HSC set its price relative to NutraSweet's price, and why?
- 4) Now put yourself in NutraSweet's shoes. If HSC enters the European & Canadian aspartame markets using the entry strategy in your answer to the previous question, how should NutraSweet respond?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about the eyewear industry.

**DEADLINE:** Online poll #2 is due at **12:00 noon** on Friday March 15.



## Online Week #2: March 18 – March 22



### INDUSTRY ANALYSIS

Next, we expand our discussion of external factors that affect firm performance. In addition to intra-industry competitor dynamics that we discussed last week, numerous other external factors also affect the profitability of firms in an industry.

#### TOPIC OVERVIEW QUESTIONS

What makes some industries or markets more profitable than others? How should these external factors affect a company's choice of where to compete?

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ "Industry Analysis Lecture" (1½ hours)
- ❖ Michael Porter on the 5-force model in 1986 (17 minutes)

#### REQUIRED READING

- ❖ From Harvard Business Publishing (via Blackboard):
  - "Strategy Reading: Industry Analysis" HBP # 8101-HTM-ENG
  - "Cola Wars Continue: Coke vs. Pepsi in the 21st Century" HBP # 702442-PDF-ENG
  - "Cola Wars Continue: Coke vs. Pepsi in the 21st Century, Spreadsheet Supplement" HBP # XLS311-XLS-ENG
- ❖ From Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
  - "What Is Rivalry? A Note on Interpreting Porter's 5-Force Model"
  - "How Xerox Failed to Copy Its Success" by Daniel Gross, Audacity, Fall 1995, 42-49.

#### PURPOSE OF THIS CASE STUDY

The Cola Wars case study, designated as one of HBP's "most popular" cases and as part of its Premier Case Collection, is ideally suited for studying industry analysis because it provides a rare example of a situation where virtually all of the major determinants of performance are external industry-level factors. It also allows us to compare the relative profitability of two closely related stages of production, and to understand how industry trends affect the relationship between these stages.

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) Assess the strength of each of Porter's 5 forces in both stages of production in the soft drink industry – concentrate production (CP) and bottling. Based on your analysis, which stage has higher profit potential?
- 2) Given the relative bargaining position of CP's and bottlers in the soft drink industry, why do CP's provide geographic exclusivity for their bottlers? Why does it help the CP's to do so?
- 3) Imagine that there were three Coca-Cola bottlers – one with an urban territory, one with a suburban territory, and one with a rural territory. Assume that all three bottlers pay identical prices for all of the inputs that they purchase, including real estate, equipment, concentrate, packaging, salaries, wage rates, energy, fuel, maintenance services, etc. Which of these three bottlers would have the highest and lowest the cost per case sold, and why?
- 4) During the 1980's and 1990's, the two leading concentrate producers acquired controlling interests in most of their U.S. bottlers. Given your answer to the questions above, why would the concentrate producers acquire their bottlers? What explains the timing of this move by the two major concentrate producers to acquire controlling interests in bottlers? In other words, why did it occur during the 1980's and 1990's rather than earlier or later?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about the Bitter Competition: HSC vs. NutraSweet case study.

**DEADLINE:** Online poll #3 is due at 12:00 noon on Friday March 22.



## Class #2: Saturday March 23

### INDUSTRY ANALYSIS



### INDUSTRY ANALYSIS

Today we continue our discussion of external factors that affect the overall profitability of an industry.

#### AGENDA FOR CLASS MEETING

- ❖ Continue discussing Bitter Competition: HSC vs. NutraSweet case study.
- ❖ Discuss Cola Wars case study.

## Online Week #3: March 25 – March 29



### BUILDING COMPETITIVE ADVANTAGE

This week, we pivot from external analysis to internal analysis, in order to see how competitive forces at the industry level relate to the fine-grained differences between companies within the industry that may lead to competitive advantage.

#### TOPIC OVERVIEW QUESTIONS

What different types of strategic positions can companies hold in order to distinguish themselves from their competitors? How are these distinctive positions achieved? How do these differences affect their relative performance compared to direct rivals in the same industry?

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ "Competitive Advantage Lecture" (3 hours), including two excerpts from "Triumph of the Nerds" about Xerox PARC

#### REQUIRED READING

- ❖ From Harvard Business Publishing (via Blackboard):
  - "Competing on Resources" by David Collis & Cynthia Montgomery, Harvard Business Review, HBP # Ro8o7N-PDF-ENG
  - "What Is Strategy?" by Michael E. Porter, Harvard Business Review, HBP # 966o8-PDF-ENG
  - "Crown Cork & Seal in 1989" HBP # 793o35-PDF-ENG
  - "Crown Cork & Seal in 1989, Spreadsheet" HBP # XLS325-XLS-ENG
- ❖ From web page or Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=3o139221](http://www.study.net/r_mat.asp?crs_id=3o139221)
  - "How Market Leaders Keep Their Edge" by Michael Treacy and Fred Wiersema, Fortune, 6 Feb. 1995, 88-93.
    - [http://archive.fortune.com/magazines/fortune/fortune\\_archive/1995/02/06/2o1831/index.htm](http://archive.fortune.com/magazines/fortune/fortune_archive/1995/02/06/2o1831/index.htm)

#### PURPOSE OF THIS CASE STUDY

Crown Cork & Seal, one of HBP's "most popular" cases and part of its Premier Case Collection, is a true classic by virtue of being the #1 best case to illustrate how the internal company-level factors affecting performance diverge and differ from the external industry-level factors.

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) In their "Competing on Resources" article, Collis & Montgomery outline five tests that a resource must pass in order to provide sustainable competitive advantage. Out of these five tests, which ones did the Xerox Alto's technology pass, and which ones did it fail? Why? Note that this is not a question about whether Xerox as a whole, or even Xerox PARC, passed these five tests. Instead, it is a question about whether a particular technology that was developed by Xerox passed these five tests. To focus on this specific issue, it may be helpful for you to substitute the phrase "Alto technology" for the word "resource" in the five questions that they ask.
- 2) Assess the strength of each of Porter's 5 forces in the metal container industry. Based on your analysis, what would be your assessment of the overall profit potential of this industry?
- 3) As of 1989, what should Crown Cork & Seal do, and why? Peter Kiewit Sons has expressed an interest in selling all or part of Continental. Should Crown Cork & Seal buy it? Why or why not?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about Xerox PARC and the Alto.

**DEADLINE:** Online poll #4 is due at **12:00 noon** on Friday March 29.



## Online Week #4: April 1 – April 5



### SUSTAINING COMPETITIVE ADVANTAGE

This week, we study the challenges to sustaining a competitive advantage, and how a company can overcome those challenges.

#### TOPIC OVERVIEW QUESTIONS

What are the challenges to sustaining a competitive advantage? How can these challenges be overcome?

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ Excerpts from “The Age of Wal-Mart: Inside America’s Most Powerful Company” (16 minutes)
  - This video is intended as background material for our discussion of the Wal-Mart Stores case study, and it should therefore be treated **as if it were part of the case study itself**.

#### REQUIRED READING

- ❖ From Harvard Business Publishing (via Blackboard):
  - “Wal-Mart Stores, Inc.” HBP # 794024-PDF-ENG
  - “Wal-Mart Stores, Inc., Spreadsheet” HBP # XLS326-XLS-ENG

#### PURPOSE OF THIS CASE STUDY

Wal-Mart Stores, designated as one of HBP’s “most popular” cases and part of its Premier Case Collection, is a classic for understanding the dynamic process of building a huge and complex competitive advantage by assembling small and simple components, and shows how this approach neutralizes or prevents many of the challenges to sustaining the advantage.

#### FIELD STUDY ASSIGNMENT

Visit any Aldi store for at least 30 minutes. Observe every aspect of the store (both inside and outside), its products, its marketing, its pricing and other terms of sale, its customers, its employees, and its operations. Keep careful notes of your observations. Spend up to \$10 at the Aldi store with the goal of getting the most value for your money. Bring your purchases (or their empty containers) and your receipt to our next class meeting on campus, and be prepared to explain why your purchases represent a good value for the money. All U.S. Aldi stores can be located at: <https://aldi.us/stores/>. Aldi’s two Lafayette-area stores are at:

[210 Sagamore Parkway W, West Lafayette, IN 47906](#)

[957 Sagamore Parkway S, Lafayette, IN 47905](#)

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) Using the examples of Ikea, Vanguard, and Southwest Airlines from Porter’s “What Is Strategy?” article as models, how would you arrange Wal-Mart’s activities into an activity system diagram? Which activities are central, and why? How are the activities linked?
- 2) Exhibit 6 in the Wal-Mart case study indicates significant differences between Wal-Mart and its competitors. In what areas does Wal-Mart appear to be superior, and why? In what areas does Wal-Mart appear to be inferior, and why?
- 3) Could another competitor like K-Mart duplicate Wal-Mart’s success? If so, how? If not, why not? Can Wal-Mart’s competitive advantage be sustained? Why or why not? What are the biggest threats to Wal-Mart’s advantage?
- 4) What trends do you see in Wal-Mart’s financial ratios during the 5 years leading up to 1993? How might these trends help to explain the 22% decline in its stock price during March and April of 1993? Should Wal-Mart’s management be concerned about this sudden decline in its stock price? What (if anything) should Wal-Mart do about it?
- 5) In what ways does Aldi differ from other grocery retailers? What does Aldi do that other grocery retailers do not do, and vice versa? Why does Aldi choose to differ in these ways? Does Aldi have a strategy? If so, which one of Treacy & Wiersema’s three “value disciplines” does Aldi’s strategy follow? Based on what we have learned about the conditions required for sustaining competitive advantage, how successful would you expect Aldi to be over the long term?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about the Crown Cork & Seal case study.

**DEADLINES:** Online poll #5 is due at **12:00 noon** on Friday April 5.

For “Option A” teams (Wal-Mart Stores, Inc. – i.e., 1993 case), the team case analysis report is due on Friday April 5.

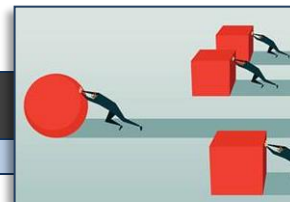
## Class #3: Saturday April 6

### COMPETITIVE ADVANTAGE

Today we continue our discussions about building and sustaining competitive advantage.

#### AGENDA FOR CLASS MEETING

- ❖ Continue discussing Crown Cork & Seal case study.
- ❖ Discuss Aldi field study.
- ❖ Discuss Wal-Mart case study.



## Online Week #5: April 8 – April 12

### INDUSTRY EVOLUTION

This week, we consider both the opportunities and the challenges that arise as industries change and evolve. Although industry analysis gives us a snapshot of the competitive forces in an industry at a particular point in time, those forces often change as the industry matures, and companies either must adapt to this new reality, or else fall victim to it.

#### TOPIC OVERVIEW QUESTIONS

How do the competitive forces in an industry change as it matures? How do these changes affect competitive positions of different firms in the industry? What adjustments must companies make in order to adapt successfully to these changes?

#### REQUIRED READING

- ❖ From web pages:
  - "Can Wal-Mart's Expensive New E-Commerce Operation Compete with Amazon?" by Brad Stone & Matthew Boyle, bloomberg.com, May 4, 2017: <https://www.bloomberg.com/news/features/2017-05-04/can-wal-mart-s-expensive-new-e-commerce-operation-compete-with-amazon>
  - "Walmart's E-Commerce Challenge to Amazon Gets a Reality Check" by Phil Wahba, fortune.com, February 20, 2018: <http://fortune.com/2018/02/20/walmart-ecommerce-3/>
  - "Walmart's Catch-Up Game With Amazon Is Crushing Its Bottom Line" by Matthew Boyle, bloomberg.com, February 20, 2018: <https://www.bloomberg.com/news/articles/2018-02-20/walmart-s-margins-hit-record-low-as-fight-with-amazon-takes-toll>
- ❖ From Harvard Business Publishing (via Blackboard):
  - "Wal-Mart Update, 2017" HBP # 717468-PDF-ENG
  - "Apple Computer - 1992" HBP # 792081-PDF-ENG
- ❖ From Purdue Library:
  - "Establishing A Standard: Competitive strategy and technological standards in winner-take-all industries" by Charles Hill, *Academy of Management Executive*, February 1997 (v.11,n.2), 7-25: (CLICK ON "PDF FULL TEXT" LINK NEAR TOP LEFT.)
    - <http://search.ebscohost.com.ezproxy.lib.purdue.edu/login.aspx?direct=true&db=bth&AN=9707132143&site=ehost-live>

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ GUI demonstration excerpt from "Triumph of the Nerds" (2 minutes)
  - This video is intended as background material for our discussion of the Apple Computer case study, and it should therefore be treated **as if it were part of the case study itself**.

#### PURPOSE OF THIS CASE STUDY

Apple Computer was the first company to sell a complete personal computer in 1976, and the first to sell a GUI-based computer in 1984. But by 1992, the industry had evolved in ways that threatened its position of leadership. Among strategy case studies, the Apple 1992 case is unique in the complexity of multiple challenges that it presents, including: How does an industry evolve in the transition to maturity? How does a "standards war" between competing technical standards affect that evolution and the viability of a competitive advantage? Can a product leader still win in market competition even if it loses the "standards war"?

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) How effective is Wal-Mart's response to recent and current trends in retailing? What, if anything, should Wal-Mart do differently now?
- 2) As of 1992, what is Apple's competitive advantage in the personal computer industry? The case says, "Apple's management became convinced in the spring of 1990 that their position was unsustainable" and that "the company was on a glide path to history" (page 2). As of 1992, can Apple's competitive advantage in the personal computer industry be sustained? Why or why not?
- 3) As of 1992, what should Apple do next & why?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

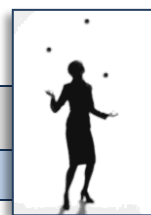
- ❖ Online class discussion in Blackboard about Wal-Mart's response to the e-commerce challenge.

**DEADLINES:** Online poll #6 is due at 12:00 noon on Friday April 12.

For "Option B" teams (Apple Computer), the team case analysis report is due on Saturday April 13.



## Online Week #6: April 15 – April 19



### CORPORATE-LEVEL STRATEGY

Corporate-level strategy addresses the question of what combination of different businesses a company should compete in, and how those businesses should interact with each other.

#### TOPIC OVERVIEW QUESTIONS

What are diversification and vertical integration? What are their respective benefits, costs, and trade-offs? What are the motivations for diversification and vertical integration? Which of these motivations create shareholder value, and which do not? How should a company's business units be organized to interact with each other? How can companies best manage the trade-offs between autonomy and coordination between different businesses?

#### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ "Corporate-Level Strategy Lecture" (2 hours).

#### REQUIRED READING

- ❖ From web pages:
  - "Android vs. iOS: Which smartphone platform is the best?" by Simon Hill, digitaltrends.com, October 24, 2017.
    - <https://www.digitaltrends.com/mobile/android-vs-ios/>
  - "The Epic Battle Between Apple & Google Is All But Over - Who Won?" by Derek Brown, readwrite.com, May 17, 2013.
    - <http://readwrite.com/2013/05/17/the-epic-battle-between-apple-google-is-over-can-you-guess-who-won>
  - "Google's Android Activations" by John Kirk, techpinions.com, June 6, 2013.
    - <https://techpinions.com/googles-android-activations-are-a-lot-less-cash-cow-and-a-lot-more-bull-2/18124>
  - "So, will Android crush the other phones?" by Geoff Kratz, farwestab.wordpress.com, April 29, 2011.
    - <https://geoffkratz.wordpress.com/2011/04/29/so-will-android-crush-the-other-phones/>
  - "Apple Is Being Shortsighted" by Henry Blodget, businessinsider.com, September 12, 2013.
    - <http://www.businessinsider.com/apple-is-being-greedy-2013-9>
  - "How Android beat the iPhone to world domination" by Seth Fiegerman, money.cnn.com, June 28, 2017.
    - <http://money.cnn.com/2017/06/28/technology/business/android-iphone-world-domination/index.html>
- ❖ From Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
  - "Vertical Integration and Outsourcing" chapter from *Modern Competitive Strategy*, 3rd ed. by Walker
  - "New Business Development" chapter from *Modern Competitive Strategy*, 3rd ed. by Walker
- ❖ From Harvard Business Publishing (via Blackboard):
  - "PepsiCo's Restaurants" HBP # 794078-PDF-ENG
  - "PepsiCo's Restaurants, Spreadsheet" HBP # XLS328-XLS-ENG

#### PURPOSE OF THIS CASE STUDY

PepsiCo's Restaurants has earned its place on HBP's Premier Case Collection by being the perfect "Swiss Army Knife" of corporate-level strategy case studies, because it relates to **all** of the major corporate-level issues in a single case, including diversification, vertical integration, the overall rationale and motivation for corporate-level expansion, and autonomy versus coordination in corporate-level strategy implementation. In addition, through the instructor's personal contacts, we will get unique special access to private information about the outcomes of the decisions that are considered in the case.

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) What are both the similarities and differences between the PC wars of the 1990's and the smartphone wars of today? Based on these similarities and differences, what predictions can you make about the ultimate future outcome of today's smartphone competition?
- 2) Should PepsiCo acquire Carts of Colorado and/or California Pizza Kitchens? Why or why not?
- 3) If PepsiCo chooses to acquire them, how should they be integrated into its organizational structure? To whom should they report?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about the Apple Computer case study.

**DEADLINES:** Online poll #7 is due at **12:00 noon** on Friday April 19.

For "Option A" students (PepsiCo's Restaurants), the individual case analysis report is due on Friday April 19.



## Class #4: Saturday April 20

### CORPORATE-LEVEL STRATEGY

Today we continue our discussions about how companies can best combine multiple businesses.

#### AGENDA FOR CLASS MEETING

- ❖ Continue discussing Apple Computer case study.
- ❖ Discuss Apple's current "standards war" in the smartphone industry.
- ❖ Discuss PepsiCo Restaurants case study.



## Online Week #7: April 22 – April 26

### STRATEGY EXECUTION, PART 1

Strategy implementation should align the organization and its people with the overall strategy, through organizational structure, incentives, and control systems. Structure serves two functions for an organization: First, it breaks down the organization's work into specific chunks for which responsibility is assigned to individuals or groups (i.e., task differentiation, or division of labor). Second, it should also define the processes, interfaces, connections, relationships, etc., by which those chunks of work get combined to achieve the organization's intended overall results (i.e., task integration). Incentives and control systems define how the performance of each of those chunks of work gets measured and rewarded.

#### TOPIC OVERVIEW QUESTIONS

What are the strategic trade-offs between different organizational structures, incentives, and control systems? How can a company best align its people and organization with a product-leadership strategy? How can a company best align its people and organization with an operational-excellence strategy? How can a company best align its people and organization with a customer-intimacy strategy?

#### REQUIRED ON-LINE VIEWING

- ❖ "Holacracy at Zappos" YouTube playlist (4 videos, 37 minutes total):  
➤ <https://www.youtube.com/playlist?list=PL1eaoEX1fG-2yluC-PYp5NP2rQO4CWH2>

#### REQUIRED READING

- ❖ From Purdue Library:
  - "The Zappos Experiment" *Fortune* by Jennifer Reingold: (CLICK ON "PDF FULL TEXT" LINK NEAR TOP LEFT.)  
▪ <http://search.ebscohost.com.ezproxy.lib.purdue.edu/login.aspx?direct=true&db=bth&AN=113500241&site=ehost-live>
- ❖ From Harvard Business Publishing (via Blackboard):
  - "In Praise of Hierarchy" by Elliott Jacques, HBP # 90107-PDF-ENG
  - "Beyond the Holacracy Hype" by Bernstein et al, HBP # R1607B-PDF-ENG
  - "Organizational Design at iQmetrix: The Holacracy Decision," HBP # W17707-PDF-ENG

#### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

- 1) What made Zappos so successful in the first place? What was its strategy? What made Zappos so popular with customers?
- 2) Zappos spent seven consecutive years on *Fortune* magazine's "100 Best Companies to Work For" ranking, and boasted the lowest turnover rate in its industry despite paying below-market wages. In 2013, over 25,000 people applied for 250 job openings at Zappos. What made Zappos so popular with employees? Would you want to work at a company like Zappos **before** the transition to holacracy? Why or why not? How about **after** the transition to holacracy? Again, why or why not?
- 3) How well does the holacracy structure align with the strategy of Zappos? Does it fit the strategy well? Why or why not?
- 4) Why did Tony Hsieh make this change to holacracy? Has it been beneficial so far? Will it be beneficial over the long term?
- 5) What do you think about his "rip off the Band-Aid" approach to reorganizing? How do you interpret the fact that 14% of Zappos employees, including 20% of the IT department, accepted the buyout offer? How do you interpret the disappearance of Zappos from *Fortune* magazine's "100 Best Companies to Work For" ranking?
- 6) For **next week's** discussion about iQmetrix:
  - a) What are the problems facing iQmetrix at the time of the case study? Would holacracy solve these problems? Why or why not?
  - b) How would you describe the strategy of iQmetrix? How well would the proposed holacracy structure align with that strategy? How well would it align with the company's organizational culture?
  - c) Would holacracy work better for iQmetrix than it did for Zappos? Why or why not?
  - d) If iQmetrix were to adopt holacracy, should it follow the Zappos "rip off the Band-Aid" approach, or implement more gradually?

#### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about Zappos. (The iQmetrix case study will be discussed next week.)

**DEADLINES:** Online poll #8 is due at 12:00 noon on Friday April 26.

For "Option B" students (Organizational Design at iQmetrix), the individual case analysis report is due on Saturday April 27.







## Online Week #8: April 29 – May 3



### STRATEGY EXECUTION, PART 2

Strategy implementation should align the organization and its people with the overall strategy, through organizational structure, incentives, and control systems. Structure serves two functions for an organization: First, it breaks down the organization's work into specific chunks for which responsibility is assigned to individuals or groups (i.e., task differentiation, or division of labor). Second, it should also define the processes, interfaces, connections, relationships, etc., by which those chunks of work get combined to achieve the organization's intended overall results (i.e., task integration). Incentives and control systems define how the performance of each of those chunks of work gets measured and rewarded.

### TOPIC OVERVIEW QUESTIONS

What are the strategic trade-offs between different types of organizational structures, incentives, and control systems? How can a company best align its people and organization with a product-leadership strategy? How can a company best align its people and organization with an operational-excellence strategy? How can a company best align its people and organization with a customer-intimacy strategy?

### REQUIRED ON-LINE VIEWING (FROM BLACKBOARD)

- ❖ "Netflix in 2006" video (12 minutes)

### REQUIRED READING

- ❖ From Harvard Business Publishing (via Blackboard):
  - "Evaluating Holacracy at iQmetrix," HBP # W18419-PDF-ENG (will be posted on May 2, unavailable until then)
  - "Netflix in 2011," HBP # 615007-PDF-ENG
- ❖ From Study.Net: [http://www.study.net/r\\_mat.asp?crs\\_id=30139221](http://www.study.net/r_mat.asp?crs_id=30139221)
  - "Netflix in 2013" by Li-Wei Chen, Connor Leydecker, and Richard Makadok
  - "Netflix Opportunity/Culture" recruiting slides by Netflix CEO Reed Hastings, adapted from files on slideshare.net

### PURPOSE OF THIS CASE STUDY

The Netflix series of case studies illustrates how an innovative firm can implement radical internal changes to adapt to radical changes in its external environment. Netflix faces the challenge of preserving its competitive advantage while drastically changing its business model and while also adapting to a new set of external threats from different players.

### QUESTIONS TO PREPARE FOR CLASS DISCUSSION

1. Draw a diagram showing Blockbuster's original video-rental store business model, including all of the players involved in the value chain from the movie studio to the viewer at home. Draw a diagram showing Netflix's original DVD-mailing business model, including all of the players involved in the value chain from the movie studio to the viewer at home. How did the differences between Blockbuster's video-rental store business model and Netflix's DVD-mailing business model cause differences between these two companies in: (a) the average popularity of their DVD's, (b) the average cost of their DVD's, (c) how quickly their customers could get DVD's, (d) how conveniently their customers could get DVD's, (e) what they know about their customers, and (f) how they help their customers choose DVD's?
2. Draw a diagram showing Netflix's new video-streaming business model, including all of the players involved in the value chain from the movie studio to the viewer at home. What are the key differences between the value chains of Netflix's DVD-mailing and video-streaming business models? What is different about the sets of participants who are involved in the value chains of these two business models? What is different about how the value-chain participants in these two business models get paid, who pays them, and what they get paid for?
3. Use the "five forces" framework of industry analysis to assess the external threats to Netflix's DVD mailing business as it existed around 2005, before Netflix entered the video-streaming business, and also to assess the external threats to Netflix's video-streaming business in 2013. Which one of these two industry analyses looks more attractive, and why?
4. What have been the main challenges for Netflix in transitioning from a DVD mailing business to an on-line video-streaming business? What internal resources and capabilities have helped Netflix through this transition? Overall, how well has Netflix managed this transition? What role has Netflix's organizational structure, culture, incentives, control systems, and leadership played in managing this transition?

### ONLINE CLASS ACTIVITIES FOR THIS WEEK

- ❖ Online class discussion in Blackboard about the iQmetrix case study.

**DEADLINE:** Online poll #9 is due at **12:00 noon** on Friday May 3.



## Class #5: Saturday May 4



### STRATEGY EXECUTION, PART 3

Today we continue our discussions about strategy execution, and reflect on what we have learned in this course.

#### AGENDA FOR CLASS MEETING

- ❖ Continue discussing iQmetrix case studies.
- ❖ Discuss Netflix case studies.
- ❖ Course wrap-up and reflections.

**UPCOMING DEADLINE: Strategy Application Exercise assignment will be due in one week, on Saturday May 11.**

**Please do continue to stay in touch... and stay energized!**