

**CARLSON SCHOOL OF MANAGEMENT  
UNIVERSITY OF MINNESOTA  
MBA 6300: STRATEGIC MANAGEMENT  
Fall 2019**

**GENERAL INFORMATION**

**Course Instructor**

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**Required Course Materials**

1. Hill, C.; Schilling, M.; Jones, G. 'Strategic Management Theory', 12th edition (ISBN: 978-1305502338)

The textbook for the course is available through the University of Minnesota Bookstore (students are welcome to use the eBook version)<sup>1</sup>.

2. Course Pack

The course package for this course is available electronically through the library reserves system. It can be accessed either through the library reserves site: <http://reserves.lib.umn.edu/>, or from the Library Course page on the course Canvas site.

**COURSE OVERVIEW**

This course is designed to serve as an introduction to the area of strategic management. Through a combination of readings, lectures, case discussions and assignments, the course helps to familiarize students with the role of business strategy in creating and sustaining competitive advantage, and the various issues and decisions involved. By the end of the course, the students should be able to: (i) analyze why some firms outperform others, (ii) develop and evaluate strategies to deal with complex business situations and (iii) identify issues that may arise in implementing these strategies.

The course explores issues of industry analysis, opportunities and threats in the external environment, firm's internal resources and capabilities, competition and competitive dynamics. In addition it covers topics related to technology strategy, corporate diversification, multinational business, corporate governance, and corporate social responsibility.

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<sup>1</sup> Students wishing to use earlier editions of 'Strategic Management: Theory', including the 11<sup>th</sup> edition by HSJ or the 10<sup>th</sup> edition by Hill and Jones, may do so.

## **COURSE ADMINISTRATION**

### **Class Agenda and Preparation**

Each class session will begin with a discussion and review of the key concepts from that day's readings. Please note that this is a discussion, not a lecture; students are expected to familiarize themselves with the course concepts covered in the reading before the class. The classroom discussion is intended only to review these concepts, clarifying any doubts and highlighting connections between the different ideas.

This review of concepts shall be followed by an in-depth analysis of the case assigned for the day. The purpose of this discussion will be to explore an application of the course concepts in a real-world context using a set of stylized facts.

In order to make these sessions as valuable as possible, it is imperative that all students come adequately prepared to class. Students are expected to read the listed readings (textbook and papers), and analyze the assigned cases prior to the class. For your convenience discussion questions for each session have been provided below. These represent only a starting point, however; class discussions are expected to go well beyond these questions.

### **Class Attendance**

Class attendance will NOT be recorded. However, regular attendance is important to achieving a full understanding of the course material. Missing a class also reduces the opportunities to participate in class discussions, which will eventually be reflected in class participation grades. Note that simply showing up for a class without saying anything does not count as participation. Students who miss a class are responsible for finding out from other students what they have missed.

Students are expected to arrive on time for each class. Being punctual maximizes one's own learning, and minimizes disruptions for others.

### **Laptop and Phone Policies**

The use of laptops / tablets / electronic readers is permitted in class, with the expectation that students shall use these devices to view course material only. The use of these devices is also permitted in both mid-term and final exams, to enable easy reference to online textbooks / course packages. The use of cell phones is, however, prohibited at all times.

## **GRADING CRITERIA**

Grading will be based on class participation, a group project, a mid-term examination and a final examination. These four components are weighted as follows:

- |                        |     |
|------------------------|-----|
| 1. Class Participation | 20% |
| 2. Group Project       | 30% |
| 3. Mid-Term Exam       | 20% |
| 4. Final Exam          | 30% |

### **Class Participation**

The pedagogical approach of this course is to achieve a better understanding of the subject through a process of interactive dialogue in the classroom. For that reason, meaningful and

constructive participation by each and every student is vital to the success of the course. Class participation will be evaluated by the instructor. A few things to note:

- Merely being present in class does not count towards class participation. Students are expected to engage in a dialog with the instructor / other students.
- Meaningful participation is measured by quality, not quantity; a single insightful comment that helps further the class discussion may be more valuable than long minutes of ‘airtime’
- Don’t be afraid to speak up! Constructive debate is always welcome, and asking the right questions is just as important as knowing the answers.
- Good class participation is about contributing to a discussion. Listen to what your fellow students are saying and try to keep your comments relevant to what’s being discussed.
- To the extent possible, try and link your comments in class to the concepts you’ve encountered in your readings / learned about in the course.
- Insightful participation is founded on diligent preparation. The better prepared you are coming into the classroom, the greater your ability to contribute to the discussion.
- The ability to participate in a public discussion is an important business skill, and one all students are encouraged to develop. If you find it difficult or uncomfortable to speak up in class meet with me during office hours or schedule an appointment to discuss strategies to improve your class participation.

In order to provide timely feedback, an **interim class participation score** will be posted in the week following session 6. This is an indicative score and **does not feed into your final grade**. It is intended to give you a sense of how you’re doing, and to provide an opportunity for you to seek guidance / support in improving your grade, if necessary.

### **Group Work**

Each student group will be required to complete a group project; the purpose of the project is to give you the opportunity to apply course concepts to a real-world business decision. Each group will prepare a report analyzing a key strategic decision currently facing a firm, and providing a strategic recommendation on how the firm should proceed (further details about the project may be found in the Group Project Guidelines section below). The completed projects are due **by 5 pm on Thursday, Oct 10, 2019 (at the latest)** and may be submitted in electronic copy via Canvas (no hard copy required). In the interest of fairness, late submissions will be heavily penalized.

Please review the guidelines for the group project and let me have **a one paragraph write-up outlining the strategic decision you plan to focus on by 5 pm, Tuesday, Sep 10<sup>th</sup> 2019**. These write-ups may be sent to me at [akaul@umn.edu](mailto:akaul@umn.edu).

### **Mid-term and Final Exams**

The mid-term and final exams will both be open book / open notes / open devices, and will draw upon all the material covered in the course till that point. Please note that there will be no other make-up examinations or assignments, and failure to take the examination may result in a score of zero. Therefore, please make sure you are present for the exams. If for some reason you are unable to attend the exam, please let me know in writing in advance, so we can explore alternate arrangements.

## **Academic standards and guidelines**

### *Academic Honor Code*

Building trust in the quality and outcome of the learning process is an integral part of the educational experience at the Carlson School of Management. Students are expected to adhere to rules regarding academic conduct defined in the Honor Code, and to the limits defined by the professor regarding use of materials, group projects, etc. In addition, students are empowered to address academic misconduct promptly and directly with one another.

### *Carlson School Code of Conduct*

Building and maintaining a strong community is an integral part of the educational experience at the Carlson School of Management. Carlson School students, faculty, and staff are expected to adhere to the [Carlson School Code of Conduct](#). Adhering to and supporting basic ethical norms such as truth, honesty, integrity, and respect for others, and demonstrating the highest standards of personal behavior are vital to a successful educational experience.

### *Carlson Community Mutual Responsibility*

It is the responsibility of the students, faculty and staff to reinforce the code of conduct with and among each other. It is expected that students, faculty, and staff respond courteously and professionally when asked by a member of the community to adjust their behavior to be realigned with the Carlson Community Code of Conduct.

## **SUMMARY COURSE SCHEDULE**

Class meets in CSOM 2-207: Sec 001: 1.15 – 4.10 pm; Sec 002: 8.20 – 11.15 am

<b>Session</b>	<b>Date</b>	<b>Topic and Deliverables</b>	<b>Case</b>	<b>Readings</b>
1	09/03	Introduction & Overview	Whole Foods Inc.	HSJ Chapter 1 Porter: 'What is strategy?'
2	09/05	External Opportunity	Sandland Vineyards	HSJ Chapter 2
3	09/10	Creating Competitive Advantage <i>Project topic due</i>	Edward Jones	HSJ Chapter 3 & 5
4	09/12	Competitive Dynamics	Tesla Motors	HSJ Chapter 6 Bower & Christensen: 'Disruptive Technologies'
5	09/17	Technology Strategy	Apple Inc. in 2015	HSJ Chapter 7
6	09/19	Business Models, Platforms, & Ecosystems	Amazon.com, 2018	
7	09/24	<i>Mid-term exam (in-class)</i>		
8	09/26	Corporate strategy	Arauco	HSJ Chapter 9 & 10 (pp. 308-328)
9	10/01	Mergers & Acquisitions	Cadbury Schweppes	HSJ Chapter 10 (pp. 329-344)
10	10/03	Multinational Business	L'Oreal	HSJ Chapter 8 Ghemawat: 'Managing Differences'
11	10/08	Structure, Systems, & Implementation	Cisco	HSJ Chapter 12
12	10/10	Ethics, Governance & CSR <i>Group project due (online)</i>	Unilever	HSJ Chapter 11 Porter & Kramer: 'Creating Shared Value'

## **SESSION DETAILS**

### **Session 1: Introduction & Overview**

#### Objective

- 1) Discuss course expectations and logistics
- 2) Introduce the concept of strategy
- 3) Outline the basis structure of the course and the main topics / issues to be covered.
- 4) *Key concepts:* SWOT; Mission, values and goals; planned vs. emergent strategy; role of managers; external and internal fit

#### Readings

- 1) Hill, Schilling, and Jones Chapter 1
- 2) Porter, M. "What is Strategy?" *Harvard Business Review*

#### Case

Whole Foods Market, Inc.

#### Discussion Questions

- 1) What opportunity has Whole Foods tapped into? What changes in the environment have enabled its success?
- 2) What is Whole Foods' value proposition relative to its competitors?
- 3) What are the key choices Whole Foods has made in its business activities?
  - a) Are these choices consistent with the external environment Whole Foods faces?
  - b) Are they consistent with Whole Foods' value proposition?

## Session 2: External Opportunity

### Objective

- 1) Introduce and apply tools and frameworks to evaluate industry attractiveness
- 2) Introduce models of industry evolution and factors driving change in industry attractiveness
- 3) Consider alternate definitions of industry and their implications for strategy
- 4) *Key Concepts*: Five forces; complementors; industry life-cycle; environmental change

### Reading

Hill, Schilling, and Jones Chapter 2

### Case

Sandland Vineyards

### Discussion Questions

- 1) What industry does Sandland Vineyards compete in?
- 2) How attractive is that industry in 2017? What factors drive its attractiveness?
- 3) How might the attractiveness of Sandland's industry change in the future? What are the key opportunities or threats they face?

### Session 3: Creating competitive advantage

*Short note with group project topic due by end of day (5 pm Central).*

#### Objective

- 1) Introduce positioning and the role of generic strategies
- 2) Introduce strategic resources and capabilities
- 3) Discuss the role of internal consistency in enabling competitive advantage
- 4) *Key concepts:* Competitive advantage; generic strategies; resources and capabilities; value chain analysis

#### Readings

Hill, Schilling, and Jones Chapter 3 & Chapter 5

#### Case

Edward Jones: Implementing the Solutions Approach

#### Discussion Questions

- 1) Which generic strategy has Edward Jones adopted? What is the core value proposition underlying its strategy?
- 2) What were the key components of Edward Jones' 'classic' strategy in 2006? How and to what extent did these different components fit together?
- 3) How has Edward Jones adapted its strategy since? What challenges has it faced in doing so?



## Session 4: Competitive dynamics

### Objective

- 1) Discuss factors that make a competitive advantage sustainable
- 2) Introduce idea of disruptive innovation
- 3) Discuss causes for the inertia and failure of incumbent firms
- 4) *Key concepts:* Barriers to entry; barriers to imitation; disruptive innovation; incumbents vs. entrants; managing rivalry

### Readings

- 1) Hill, Schilling, and Jones Chapter 6
- 2) Bower and Christensen, 'Disruptive Technologies: Catching the Wave' *Harvard Business Review*

### Case

Tesla Motors

### Discussion Questions

- 1) What factors make the automobile industry challenging to enter / compete in?
- 2) How has Tesla Motors overcome these barriers?
- 3) Why have established automobile manufacturers been unable to imitate Tesla's success? What could they have done differently?

## Session 5: Technology Strategy

### Objective

- 1) Discuss the challenges of competing in high-technology markets
- 2) Introduce the role of technology standards
- 3) Discuss ways in which firms can promote innovation
- 4) *Key Concepts:* Technological paradigms; types of innovation; knowledge sourcing; standards and dominant design; network effects

### Readings

- 1) Hill, Schilling, and Jones Chapter 7

### Case

Apple Inc. in 2015

### Discussion Questions

- 1) Compare and contrast Apple in 1985 and 2015. What industry does it compete in? Who are its main competitors?
- 2) What were the reasons for Apple's decline in the late 80's and 90's? How did Apple reverse this decline?
- 3) What are the sources of Apple's success with iPod / iTunes? Are these different from the sources of Apple's success with the iPhone?

## Session 6: Business models, platforms, & ecosystems

### Objective

- 1) Discuss the potential for business model innovation
- 2) Review the economics of two-sided platforms and strategies for platform businesses
- 3) Introduce the concept of business eco-systems
- 4) *Key Concepts:* Value creation and capture; business model; indirect network effects; complementarity and interdependence

### Readings

[None: I will introduce key concepts in class]

### Case

Amazon.com, 2018

### Discussion Questions

- 1) What drove Amazon's early success as a bookseller?
- 2) What were the opportunities and challenges for Amazon of opening up its platform to third party sellers?
- 3) What is the logic for Amazon's entry into non-retail businesses: Amazon Prime, Kindle, Fire, etc.? Do you think these expansions made sense?

## Session 7: Mid-term Exam (in-class)

## Session 8: Corporate Strategy

### Objective

- 1) Introduce the concepts of vertical and horizontal scope
- 2) Discuss the factors driving the make vs. buy decision
- 3) Discuss the benefits and costs of corporate diversification
- 4) *Key Concepts:* Vertical scope; horizontal scope; economies of scope; coordination costs; transaction costs

### Readings

Hill, Schilling, and Jones Chapter 9 and Chapter 10 (pp. 308-328)

### Case

Arauco (A): Forward Integration or Horizontal Expansion?

### Discussion Questions

- 1) Critically evaluate Arauco's corporate strategy in 2004. What are the various businesses Arauco operates in? What, if any, are the economies of scope between these businesses?
- 2) What are the pros and cons for Arauco of expanding into the paper business?
- 3) Should Arauco continue its investment in Nueva Aldea? Or should it enter into some other business?

## Session 9: Mergers & Acquisitions

### Objective

- 1) Discuss the various modes of growth available to a firm—internal venturing, alliances, acquisitions—and their advantages and disadvantages
- 2) Discuss the potential sources of value from acquisitions, as well as the potential pitfalls
- 3) *Key Concepts:* Modes of growth; mergers & acquisitions; synergies; strategic fit

### Readings

Hill, Schilling, and Jones Chapter 10 (pp. 329-344)

### Case

Cadbury Schweppes (A): Capturing Confectionery

### Discussion Questions

- 1) Should Cadbury Schweppes be looking to expand its presence in the chewing gum market? Why / why not?
- 2) Critically evaluate Adams as a potential acquisition target for Cadbury Schweppes. What are the sources of synergy between the two businesses?
- 3) Is Cadbury Schweppes the best buyer for Adams?

## Session 10: Multinational Business

### Objective

- 1) Understand the challenges of managing a business across multiple geographies
- 2) Discuss when, where and how firms should enter foreign markets
- 3) *Key concepts:* Global strategies; foreign entry modes

### Readings

- 1) Hill, Schilling, and Jones Chapter 8
- 2) Ghemawat, P, 'Managing Differences: The Central Challenge of Global Strategy' *Harvard Business Review*

### Case

L'Oreal and the Globalization of American Beauty

### Discussion Questions

- 1) How would you characterize L'Oreal's international strategy? What are the key factors underlying their international success?
- 2) In the light of the above, evaluate L'Oreal's use of acquisitions. What were the sources of value from each of its acquisitions, and how did they help it expand in the US market?
- 3) Does L'Oreal's acquisition of Kiehl make sense? Why / why not?

## Session 11: Structure, systems, and implementation

### Objective

- 1) Introduce the link between strategy and structure and the need for congruence between them
- 2) Discuss various aspects of organization design and the relationships between them
- 3) Discuss the challenges of implementing strategic change
- 4) *Key concepts:* structure; systems; culture; implementing change

### Reading

Hill, Schilling, and Jones Chapter 12

### Case

Cisco Business Councils: Unifying a Functional Enterprise with an Internal Governance System

### Discussion Questions

- 1) Does a functional structure organized around technologies make sense for Cisco? Why / why not?
- 2) What formal and informal mechanisms has Cisco used to maintain a focus on customer satisfaction despite having a structure based on technology areas?
- 3) What has enabled Cisco to employ a 'matrix' structure successfully? What challenges might it face with this structure going forward?

## Session 12: Ethics, Governance and Corporate Social Responsibility

*Final group project report due by end of day (5 pm Central)*

### Objective

- 1) Discuss agency problems arising from the separation of ownership and control, and the ways in which firms may deal with them
- 2) Discuss the various stakeholders that managers need to be responsive to
- 3) Discuss the role of CSR and the potential for integrating CSR efforts with firm strategy
- 4) *Key concepts:* stakeholders; corporate governance; corporate social responsibility (CSR)

### Reading

- 1) Hill, Schilling, and Jones Chapter 11
- 2) Porter and Kramer, 'Creating Shared Value' *Harvard Business Review*

### Case

Unilever's New Global Strategy: Competing through Sustainability

### Discussion Questions

- 1) What are the various elements of Unilever's new global strategy? How might its socially responsible choices help to improve its financial performance?
- 2) Is Unilever's sustainability-based strategy sustainable? What prevents other firms from imitating Unilever?
- 3) To what extent do you think Unilever's new strategy contributes to social welfare?



## **GROUP PROJECT GUIDELINES**

1. The group project is to be conducted in your project groups (groups of five).
2. The goal of the project is to use the theories, concepts and techniques learnt in class to critically evaluate a strategic decision. Students must identify a company that is either facing an important strategic decision, or has recently (i.e. during or after July 2019) made a major strategic choice. Examples of major strategic decisions include an acquisition or divestment, entry into a new business area, entry into a new geography, or a major restructuring. The group's task will be to either make a recommendation as to how the firm should proceed (if the decision is yet to be made) or to critique the decision the firm has made, drawing on the learning from the course.
3. Firms featured in the course as cases **may not be selected** as the focal firm.
4. Deliverables for the group project (due by 5 pm Central):
  - a. Sep 10, 2019: Project topic write-up to [akaul@umn.edu](mailto:akaul@umn.edu)
  - b. Oct 10, 2019: Final project report due (submit via Canvas)
5. The final project report should include most, if not all, of the following:
  - a. Executive summary
  - b. Brief introduction and overview of the company and the relevant decision
  - c. Analysis of industry attractiveness
  - d. Firm's overall strategy and sources of competitive advantage
  - e. Benefits and challenges of the proposed strategic decision in light of the above
  - f. Identification and evaluation of alternative choices
  - g. Recommendation / conclusion
6. The final project report should **not exceed 12 pages in length with 12-point font, 1 inch margins and 1.5 line spacing** (page length does not include title page, exhibits and references). Please be sure to number pages
7. All information used in the analysis must be publicly available and properly referenced. Please ensure that all information you use is in the public domain and can be independently verified by an external party.
8. Be sure to clearly reference your data sources, using footnotes or end-notes. Cite web addresses in full where web-based information has been used. In case of verbatim quotes of a sentence or more, it is usually necessary to use quotation marks and to cite page numbers. You may use any citation style you prefer.
9. Exhibits included at the end of the report should be referenced in the text
10. Reports shall be evaluated on depth of research, quality of analyses, application of course concepts, presentation, and clarity.
11. All members of the group will receive the same grade (i.e. the grade for the report).
12. Final reports should be **submitted electronically (via Canvas) in pdf format**. No hard copies are required.

## Standard Supplement on Course Requirements

(for more information on student conflict resolution and university guidelines, visit:

<http://www.sos.umn.edu/>)

1. The two major grading systems used are the A-F and S-N. Departmental majors must take major courses on the A-F system; non-majors may use either system. The instructor will specify criteria and achievement levels required for each grade. All students, regardless of the system used, will be expected to do all work assigned in the course, or its equivalent as determined by the instructor. Any changes you wish to make in the grading base must be done in the first two weeks of the semester.
2. The instructor will specify the conditions, if any, under which an "Incomplete" will be assigned instead of a grade. The instructor may set dates and conditions for makeup work, if it is to be allowed. "I" grades will automatically lapse to "F"s at the end of the next semester of a student's registration, unless an instructor agrees to submit a change of grade for a student during a subsequent semester to maintain the grade as an "I".
3. Students are responsible for all information disseminated in class and all course requirements, including deadlines and examinations. The instructor will specify whether class attendance is required or counted in the grade for a class.
4. A student is not permitted to submit extra work in an attempt to raise his or her grade, unless the instructor has specified at the outset of the class such opportunities will be afforded to all students.
5. Scholastic misconduct is broadly defined as "any act that violates the right of another student in academic work or that involves misrepresentation of your own work. Scholastic dishonesty includes, (but is not necessarily limited to): cheating on assignments or examinations; plagiarizing, which means misrepresenting as your own work any part of work done by another; submitting the same paper, or substantially similar papers, to meet the requirements of more than one course without the approval and consent of all instructors concerned; depriving another student of necessary course materials; or interfering with another student's work."
6. Students with disabilities that affect their ability to participate fully in class or to meet all course requirements are encouraged to bring this to the attention of the instructor so that appropriate accommodations can be arranged. Further information is available from [Disability Resource Center](#) (180 McNamara).
7. The University prohibits sexual misconduct in its Administrative Policy: Sexual Harassment, Sexual Assault, Stalking and Relationship Violence. Please contact the [Office of Equal Opportunity and Affirmative Action \(EOAA\)](#) with any questions or concerns (274 McNamara).
8. For assistance with any University-based conflicts or complaints please contact the Student Conflict Resolution Center at [sos@umn.edu](mailto:sos@umn.edu) or call 612-624-7272.