

## MOR 465: ADVANCED METHODS IN STRATEGY ANALYSIS

Syllabus – Spring 2013 – Tu-Th 4:00-5:50 PM

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Lecture Class

Tue./Th. 4:00 – 5:50 PM Room: HOH 421

Office Hours

Tuesday 6:00 – 7:00 PM; **and** by appointment

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**Introduction and Course Objective:** MOR 465 is an advanced course in strategy. Building upon the tools, concepts and frameworks of BUAD 497, this course seeks a deeper understanding of what makes for a successful (as well as unsuccessful) strategy. We begin by learning how to examine the various parts of a strategy, then identify elements that improve the chances for creating a successful strategy. In addition to success, we will also explore key underlying reasons that strategies “fail.” Finally, since strategy exists in a changing world, we will seek to understand the challenges that arise when an organization attempts to change its strategy.

**Learning Objectives:** The objectives for this course are to strengthen your ability to formulate, change and implement strategy in organizations. This course will help you develop the following:

- Global Objective
  - Understanding theories and methods for analyzing, developing and changing strategy.
- Detailed Objectives
  - Developing critical thinking skills related to strategy.
  - Developing the ability to calculate or identify the underlying economic value (or “advantage”) of a particular strategy.
  - Recognizing the various interconnections that exist within organizations.
  - Learning a systematic approach to identifying and assessing various options available when creating a strategy.
  - Learning to anticipate sources that undermine long term competitive advantage.
  - Understanding the key obstacles that must be addressed when seeking to change a firm’s strategy.

**Required Materials:** There are two required reading items for this course:

- A Course Reader containing the cases we will study as well as several important articles will be available in the USC bookstore.
- “*Good Strategy/Bad Strategy: The Difference and Why it Matters*” by Richard Rumelt. Crown Business, 2011. While possibly available in the USC Bookstore, the easiest (and least expensive) source of the book is Amazon.com.

**Prerequisites:** While there is no “formal” prerequisite, students are strongly encouraged to have completed BUAD 497.

**Course Notes:** Copies of lecture slides and other class information are available through your Blackboard account.

**Grading Summary:** There are several components that combine to determine your course grade. These are listed below with their relative weight.

<b>Component</b>	<b>Weight</b>	<b>Due</b>
Course Contribution	20%	Throughout
Case Update Presentation	10%	Throughout
Written Assignment #1	10%	2/7
Written Assignment #2	10%	2/28
Written Assignment #3	10%	4/2
Group Presentation	15%	4/9
Final Exam	25%	5/9

As a habit, I traditionally post “rough scores” several times throughout the semester (e.g., after classes 10, 16, 22 and going into the final exam) to keep you informed of your standing. This is done in a way that shows the performance of the entire class on all relevant components. Students are identified using part of their student ID numbers to ensure confidentiality.

Final grades represent how you perform in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. The distribution of grades will closely follow the guidelines of the Marshall School of Business. Three items are considered when assigning final grades:

1. Your average weighted score as a percentage of the available points for all assignments (ranging from 0 to 100).
2. The overall average percentage score within the class.
3. Your ranking among all students in the class.

### **ASSIGNMENTS AND GRADING DETAIL**

In order to achieve the objectives of the course, we will devote the majority of our class time to the analysis and discussion of selected cases. Occasional lectures will be given to elaborate on key theoretical models and frameworks or to reinforce crucial concepts. These lectures, however, will be subordinate to the case analysis. Cases provide a natural “test-bed” for theory and provide vivid examples that aid memory of concepts. Case analysis is an indispensable proxy for the kind of knowledge that can only be gained through years of experience and research. A mix of old and new business cases has been selected on a range of companies from a variety of industry settings. Each case is intended to teach us something specific, yet each can teach many things.

There are other reasons for employing the case discussion method of instruction. First, it allows you to develop skills at problem definition in addition to problem solving. As you will see, a strategy that does not stem from a properly diagnosed (i.e., defined) problem is destined to fail. Cases force you to sift through a mass of information, some of it irrelevant or contradictory, in order to identify the important or strategic issues. Second, the case method gives you a chance to deal with ambiguity. Most cases do not have obvious “right” answers. Managers must be able to function in situations where the right answer is not known. Some analyses and proposed strategies are clearly wrong, and some are clearly better than others. A popular phrase in case analysis classes is “**There are no right answers, but there are wrong answers.**” In addition, there will be cases which will not end up neatly packaged with an “answer.”

The quality of your learning experience will be directly determined by: (1) your degree of preparation, active listening, and participation, and (2) your classmates’ preparation, listening, and participation. Some will not agree with you, and you may be asked to defend your argument or change your mind. So

long as criticism is directed at arguments and not at individuals, is relevant to the issues at hand and coherently argued, it is very much welcomed.

**Course Contribution.** Course Contribution is manifested by the quality of your Day-to-Day Participation in class, which is a direct result of your Case Preparation.

**Day-to-Day Participation:** Your daily active *verbal* participation in case discussions will be closely monitored. In grading class participation, I will look at both the quantity and quality of your class contributions (**with quality being much, much more important**). A classroom is a cost-free environment for experimenting and learning. Make use of it. Shyness is no excuse.

With regard to quality, the dimensions looked for include:

You've read – and thought about – the case. Use data from the case rather than general knowledge to support your idea.

You're paying attention to what's going on in the discussion.

Your input is relevant. Comments that do not link up with what the discussion is focusing on can actually detract from the learning experience.

You're able to take it to the next level. Comments that push the implications of a fact or idea as far as possible are clearly superior.

Each student will receive a score for contribution at the end of each session. (Yep, I grade each session!) The simple recitation of facts from the case will receive some credit toward the student's class contribution score. Comments that do more than simply recite case facts, however, will receive substantially more credit. Comments that contain factual misstatements, demonstrate lack of adequate preparation, or are distracting will not be helpful. I will elaborate on the scoring criteria during our first class session – a helpful tip is to remember the “French chocolate” analogy (explained in class).

Finally, because of the importance of class participation, you are encouraged to turn in a Participation Card at the end of each case discussion. These cards are entirely optional, but serve as a valuable “reminder” and will be used in combination with the instructor's own daily evaluations to determine your contribution score for the day.

**Case Preparation:** Because this course relies heavily on case material, extensive *before class* preparation and *in class participation* are required to ensure the class' success. ***Preparation for a case discussion*** should begin with reading the assigned case to formulate theories or hypotheses about what is going on as you read (“the company loses money on small orders”), modifying or rejecting them as new information surfaces (“Table 2 shows that shipping costs per unit are higher for small orders, but only for long-distance shipments”). Finally, one of the best tips for success in this class is to get some study buddies – classmates you bounce ideas off of. You'll find that each person sees things the other misses, and vice versa. Collectively, you'll be much better prepared.

**Attendance Policy:** Woody Allen once said: “80% of success is just showing up.” Woody was right – class attendance is absolutely essential in the case study method. All missed classes will be noted. The policy on missed classes is to allow each student **three** (3) absences, no questions asked, no penalty. All further absences over the limit will reduce the student's contribution grade, no questions asked, no excuses of any kind accepted. Students with an excessive number of absences are at risk to fail the course. Job interviews, etc., are not excused, so choose your absences carefully. Habitual lateness (and leaving class early) for whatever reason will be noted as evidence of low course commitment and penalized.

For students missing more than three classes who wish to make up these absences, I have a “summary paper” policy. Please see me about this should the situation apply to you.

**Case Update Presentation.** You will be required to participate in one brief group presentation to the class. The presentation will be graded on a group basis. Presentations are made in groups of 4-5 members and should take approximately 10 minutes. Group membership and presentation dates are determined on a first-come, first-served basis. Additional details will be provided during the semester. Groups that do not volunteer for presentations will have them assigned to them. No write-up is required for this presentation, however, groups should provide their instructor with a copy of their presentation slides.

**Written Assignments.** You are required to complete several written assignments during the semester. Each assignment will focus on a case. Some assignments require the application of particular analytical tools or models to a case. Assignments will typically consist of your key recommendations to the managers in a case, and more importantly, the analysis and supporting logic for those recommendations. Some assignments might involve numerical and/or graphical analysis of data from the cases we will discuss.

Specific instructions for each written assignment will be provided soon.

Policies for Written Assignments:

1. ***Deadlines are important. Papers not turned in on time are penalized.\****
2. ***The written portion of assignments (excluding spreadsheet numbers, when applicable) must be no longer than the specified maximum. Type them in 12-point font with one-inch margins around the page.***
3. ***Use the 1<sup>st</sup> four digits of your USC Student ID instead of your name.***

**\*Note: I use the “no problem” policy for Written Assignments handed in late.** This policy is: I have no problem accepting assignments late – so long as you have no problem with the fact that I will grade it just like those papers received on time, but I will then automatically deduct 25% of the total value (e.g., a paper that would have been 10 will be 7.5; one that would have been 8.5 will be 6, etc.).

Returned paperwork, unclaimed by a student, will be discarded after 4 weeks and hence, will not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

**Group Presentation.** You will be required to participate in a short presentation as part of a small group. The presentation will also be graded on a group basis. You will be given a project where you will analyze and apply what you’ve been learning in class to a specific company or industry. The specifics will be given to you later in the semester.

**Final Exam.** A final exam is scheduled for this course. It will be given during the exam time specified by the University. The exam will most likely consist of several short essay questions. The final exam will focus on a case that will be handed out one or two weeks before the exam.

## MARSHALL GUIDELINES

**Add/Drop Process:** In compliance with USC and Marshall's policies classes are open enrollment (R-clearance) through the first week of class. All classes are closed (switched to D-clearance) at the end of the first week. This policy minimizes the complexity of the registration process for students by standardizing across classes. I can drop you from my class if you don't attend the first two sessions. Please note: If you decide to drop, or if you choose not to attend the first two sessions and are dropped, you risk being not being able to add to another section this semester, since they might reach capacity. You can only add a class after the first week of classes if you receive approval from the instructor.

**Technology Policy:** Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the respective professor and/or staff. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, PDAs, I-Phones, Blackberries, other texting devices, laptops, I-pods) must be completely turned off during class time. Upon request, you must comply and put your device on the table in off mode and FACE DOWN. You might also be asked to deposit your devices in a designated area in the classroom. Videotaping faculty lectures is not permitted, due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor. Use of any recorded material is reserved exclusively for USC Marshall students.

**Statement for Students with Disabilities:** Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**Statement on Academic Integrity:** USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles. SCampus, the Student Guidebook, contains the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A.

<http://www.usc.edu/dept/publications/SCAMPUS/gov/>

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/> Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

**Emergency Preparedness/Course Continuity:** In case of emergency, and travel to campus is difficult, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies. Instructors should be prepared to assign students a "Plan B" project that can be completed at a distance. For additional information about maintaining your classes in an emergency please access: <http://cst.usc.edu/services/emergencyprep.html>

Please activate your course in Blackboard with access to the course syllabus. Whether or not you use Blackboard regularly, these preparations will be crucial in an emergency. USC's Blackboard learning management system and support information is available at [blackboard.usc.edu](http://blackboard.usc.edu).

**Evaluation of Your Work:** You may regard each of your submissions as an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. If, however, you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you, write me a memo in which you request that I re-evaluate the assignment. Attach the original assignment to the memo, and explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

### **INFORMATION FOR FACULTY MEMBERS RE GRADE CHANGES**

All grades assigned by faculty members are final. Students have the right to seek explanation, guidance, counsel and reasons for the assignment of a grade. Students may appeal a grade according to university policy as set forth in SCampus. Faculty may initiate a change in grade if there is an error in the calculation of a grade. However, a faculty member may not change a disputed grade outside the formal appeals process. In response to a disputed academic evaluation by an instructor, a student is entitled to two levels of appeal after review by the instructor: first to the chairperson of the department and then to the appropriate dean of the school. The full university policy can be found on page 125 of SCampus and at:

[http://www.usc.edu/dept/publications/SCAMPUS/gov/disputed\\_academic\\_evaluation\\_procedures.html](http://www.usc.edu/dept/publications/SCAMPUS/gov/disputed_academic_evaluation_procedures.html)

## COURSE SCHEDULE

<u>Session</u>	<u>Date</u>	<u>Topic / Activity</u>
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### REVIEW AND PREPARATION FOR ADVANCED STRATEGY

1	Tu 1/15	Welcome/Introduction/Overview/Objectives
2	Th 1/17	Lecture: BUAD 497 tools -- review 1 of 2
---	M 1/21	<i>Martin Luther King Holiday</i>
3	Tu 1/22	Lecture: BUAD 497 tools -- review 2 of 2
4	Th 1/24	Intro Case: Ice-Fili

### MODULE 1: HOW CAN A STRATEGIST ANALYZE THE PARTS OF A FIRM'S STRATEGY?

5	Tu 1/29	Lecture: Tools, frameworks, etc. <b>Readings.</b> Please read the following two items from the Course Reader: a) "Creating Competitive Advantage," and b) "Analyzing Relative Costs."
6	Th 1/31	Case: Arborite
7	Tu 2/5	Case: Airborne Express
8	Th 2/7	Case: Husky Injection Molding <b>Written Assignment #1 due at beginning of class.</b>
9	Tu 2/12	Case: Honda (A) and (B)
10	Th 2/14	Case: The British Motorcycle Industry
---	M 2/18	<i>President's Day Holiday</i>

### MODULE 2: WHERE DO SUCCESSFUL STRATEGIES COME FROM?

11	Tu 2/19	Lecture: Tools, frameworks, etc. <b>Readings.</b> Please read the following two items from the Course Reader: a) "The Use and Abuse of Analogies," and b) "An Options-led Approach to Making Strategic Choices." <b>Additional Reading:</b> Please read Part I of the Rumelt book before the end of Module 2.
12	Th 2/21	Case: Fresh Tec: Revolutionizing Fresh Produce
13	Tu 2/26	Case: Tesco PLC: Fresh & Easy in the U.S.
14	Th 2/28	Case: Lycos (A): The Tripod Decision <b>Written Assignment #2 due at beginning of class.</b>
15	Tu 3/5	Case: Performance Indicator
16	Th 3/7	Case: Silverado (A)
17	Tu 3/12	Case: USA Today: Making Headlines Across the Nation

### MODULE 3: WHY DO STRATEGIES FAIL?

18	Th 3/14	Lecture: Tools, frameworks, etc. <b>Readings.</b> Please read the following two items from the Course Reader: a) "The Innovator's Dilemma," and b) "Why Good Companies Go Bad." <b>Additional Reading:</b> Please read Part II of the Rumelt book before Class 22 on 4/4.
---	3/18-22	Spring Break
19	Tu 3/26	Case: Matching Dell
20	Th 3/28	Case: Walt Disney Company and Pixar: To Acquire or Not to Acquire?
21	Tu 4/2	Case: Delta Air Lines (A): The Low-Cost Carrier Threat <b>Written Assignment #3 due at beginning of class.</b>
22	Th 4/4	In Class Activity to be announced
23	Tu 4/9	Presentations: Real World "Good Strategy/Bad Strategy"

### MODULE 4: HOW DO FIRMS CHANGE THEIR STRATEGIES SUCCESSFULLY?

24	Th 4/11	Lecture: Tools, frameworks, etc. <b>Readings.</b> Please read the following three items from the Course Reader: a) "Leading Change: Why Transformation Efforts Fail," b) "Cracking the Code of Change," and c) "A Note on Scenario Planning." <b>Additional Reading:</b> Please read Part III of the Rumelt book before the end of Module 4.
25	Tu 4/16	Case: Ben & Jerry's: A Period of Transition
26	Th 4/18	Case: Sears (A): The Turnaround
27	Tu 4/23	Case: IBM's Decade of Transformation (A): The Turnaround
28	Th 4/25	Case: Strategic Planning at UPS
29	Tu 4/30	Case: Tyco International
30	Th 5/2	Course Review
	Th 5/9	Final Exam: 4:30 – 6:30 PM
	F 5/17	Graduation