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|  | **BUAD 497: Strategic Management** |
| **Syllabus:** Fall 2017  **Sections:** 15100R Tue – Thurs 8 – 9:50 PM, JFF 239  15093R Tue – Thurs 12 – 1:50 PM, JFF 416 |
| **Instructor:** Jason Park |
| **Office:** Leventhal Accounting B1E |
| **Office Hours:** By appointment  **Email:** jasonpar@marshall.usc.edu |
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**Course Description**

**Content of the Course**: This course introduces students to analytical frameworks managers use to formulate business and corporate strategies. The goal of strategic management is to gain *sustainable competitive advantage* (SCA) – a concept that has much relevance beyond business organizations. In fact, I encourage you to consider how the ideas and tools in this course can help you to achieve *your* professional and personal objectives. Firms attain SCA by building ‘distinctive competencies’ and deploying them more effectively than their rivals. Similarly, each of us has strengths and weaknesses that enable us to excel easily at some tasks, but cause us to struggle with others. Understanding these, and learning to compensate for our weaknesses and leverage our strengths, are critical life skills. Organizations face the same challenge. We’ll examine a variety of strategic choices firms can make, which position them to compete on their strengths while neutralizing the effects of their weaknesses. These include: staking out a defensible cost or differentiation advantage; establishing an operational scope - vertically, horizontally, and globally - that will reinforce those positions; and developing organizational systems to support innovation and the search for new business opportunities.

**Structure of the Course**: While the course concepts are fairly simple, their application is not. Clear choices (e.g. whether to enter a new business) have uncertain and uncontrollable outcomes. The efficacy of any strategy depends upon the simultaneous actions and responses of multiple stakeholders. Often, managers are confronted with ill-structured, ambiguous decisions. For example, performance is flagging, yet little about the firm’s strategy or context seems to have changed. Or, the environment has shifted dramatically, and managers need to determine how their current strategy should evolve. This course is designed to build skills in: (i) identifying complex problems and decisions, (ii) clarifying their structure, (iii) developing alternative solutions, and (iv) selecting among them. You’ll learn these skills through a variety of learning formats. Again, while our context is strategic management, the competencies you acquire are transferable to other professional and personal situations.

**Prerequisites.** The course prerequisites as listed in the USC catalogue are as follows: BUAD 281 or BUAD 285*b* or BUAD 286*b* or BUAD 305 and BUAD 304 and BUAD 307 and BUAD 215*x* or BUAD 306 and BUAD 302 or BUAD 302*T;* *co-requisite:* BUAD 311 or BUAD 311*T*.

**Learning Objectives**

The learning objectives are:

1. To develop factual and conceptual knowledge about the field of strategic management
2. To possess analytical skills specific to the field of strategic management
3. To apply problem-solving abilities in the field of strategic management
4. To critically evaluate empirical evidence about the (mis)use of the concepts and analyses covered
5. To improve facility in gathering, categorizing, analyzing, interpreting, and consuming information

**Required Materials**

**Textbook.** Strategic Management 3rd edition, by Frank T. Rothaermel, McGraw Hill, 2016, with Access Connect, available in the USC bookstore.

**Harvard Coursepack.** Assigned cases and readings for this course are compiled in a course reader available from Harvard Business School Publishing. Additional readings may be distributed in class or posted to Blackboard. (http://cb.hbsp.harvard.edu/cbmp/access/65656979)

**Blackboard (Bb)**. Additional course materials may be posted to Blackboard including the course syllabus, PowerPoints, lecture notes, case discussion questions, assignments and newspaper articles. Please check Blackboard regularly for any new information or materials relevant to upcoming sessions.

**Course Format and the Case Discussion Method**

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 business cases. Occasional lectures will be given to elaborate on key theoretical models and frameworks. These lectures, however, will be subordinate to the case analysis. Cases provide a natural "test-bed" for theory and provide vivid examples that aid the memory of concepts. While nothing can surpass first-hand personal industry and managerial experience as a basis for analysis and decision-making, case analysis is an indispensable proxy for the kind of knowledge that can only be gained through years of experience and research. A set of 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 us many things. We will not exhaust each case of all its learning experiences, but rather build up a "war chest" of analytical tools, skills and insights, progressively over all the selected cases.

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. Cases typically do not have an obvious set of tasks whose performance will lead to mastery. Rather, they force you to sift through a mass of information, some of it irrelevant or contradictory, in order to identify the key 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, without falling into the trap of assuming that any answer is as good as another. Some analyses and proposed strategies are clearly ill-advised, and some are obviously wise counsel. A popular phrase in case analysis classes is **"There are *no* right (wrong) answers, but there are better (worse) justified ones."**

These rationales are offered because the case method may be unfamiliar to some of you and frequently causes initial confusion. There will be many times when I will not reveal my own opinions about a particular issue, and there will be many cases that do not end up neatly packaged with an "answer." You may discover that your preparation "misses" key points of a case, especially at first. This is a normal part of the learning experience.

The quality of your learning experience during our class discussions 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. 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. Please refer to Appendix B for a *Guide to Case Analysis* and to Appendix C for a *Guide to Article Analysis.*

**Guest Speakers**

Twice throughout the semester, I will bring outside individuals to speak to you about strategic management and other relevant subjects. They bring with them a wealth of industry experience and outstanding educational pedigrees, and for those reasons I have asked them to share their practical insights and theoretical knowledge with you. While their discussion material is fair game on the exams, that is not the only reason to attend their presentations. Indeed, these are critical moments for you to ramp up your career initiatives as your college careers come to an end. Measuring up your own budding professional aspirations to those of people who are successfully managing their own will let you accurately gauge your own professional ambitions as healthy and realistic, or not. Please attend these presentations as you would any other class meeting.

**Course Evaluation:** Your course grade will be determined as follows:

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| **Individual work (70% of total)** |  |
| Class Participation | 15% |
| Quizzes (5 total) | 10% |
| Midterm & Final Exams | 20% each |
| Research Participation | 5% |
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| **Group work (30% of total)** |  |
| Project Paper & Final Presentation | 15% each |
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**Attendance Policy**

Class attendance is essential and expected. I will not formally keep an attendance log. Generally, up to three (3) absences per student per semester is remedially acceptable. Nevertheless, excessive absences will be noted, which makes managing the course more difficult for you. Excessive absences risk course failure, based on my assessment of your performance up to that point. Also, habitual lateness and leaving class early will be noted as evidence of low course commitment. **You cannot learn from our class discussions, and your classmates cannot learn from you, if you are not present**.

**Class Participation (15%).**

I will look at both the quantity and quality of your oral contributions. A classroom is a cost-free environment for experimenting and learning to “play the game.” Make use of it. That being said, successful businesspeople are sensitive to cultural differences and navigate them by convincing others of their own views through the art of persuasion. At the same time, the business world does not reward people who “hem and haw” on hot-button topics simply out of an excess of liberal-democratic goodwill. With that in mind, please be sure to speak your mind with conviction and be circumspect in your demeanor, and you will do fine.

**Quizzes (10%).** There will be five quizzes during the course to test your level of understanding of the material previously covered. They will be offered online through McGraw-Hill Access Connect. No make-up opportunities are available if you are absent or late.

**Midterm Exam (20%)**. There will be one midterm exam covering the first half of the course. It will cover the lectures, case study analyses, speaker material, newspaper clippings and videos. It will be entirely multiple choice.

**Final Exam (20%).** The final exam is scheduled according to the University’s schedule. You should attend the exam for your specific section. It will be a two-hour comprehensive exam covering all of the material (lectures, cases, speakers, news clippings, videos, etc.). It will be entirely multiple choice.

**Research Participation (5%).** Please refer to Appendix D for a detailed description of this important component of your grade.

**Project Paper (15%).** You will prepare a strategic analysis of an existing company as part of a group. You will apply the concepts, analytical tools and frameworks of this course to analyze the firm’s external and internal environments, identify the key strategic issues it faces, and present a set of recommendations to maximize the firm’s long-term performance.

Team project papers are **5 to 7 pages (double-spaced, 12 point font, one-inch margins).** Feel free to use graphs, figures, and data to demonstrate your rigor and creativity, all of which will not count toward the page limit. **Do not stretch an assignment to meet an upper limit.** Usually, these group case write-ups will be due two weeks after we discuss the particular case in class. This will allow you to have sufficient time to digest what we’ve discussed in class and have a better chance to substantially improve the written analysis. But again, all of these depend on whether you participate fully and with good preparation. Please turn in your team project papers on time.

Below are the grading criteria for team project papers:

* Clarity and logic of writing (30 points)
* Practicability of recommendation (30 points)
* Rigor of Analysis (40 points)

I encourage you to take advantage of the diversity of perspectives and skills in your Marshall School class. All of your colleagues are here because they are conscientious students with a keen desire to excel. Team members with diverse backgrounds and international experience can learn from each other and enhance the odds to develop an excellent project. **The group size is 4 to 6 people**. Group members should differ by at least one dimension. Possible dimensions include gender, major, interest, hometown, etc. *If you are having trouble finding a group, please contact me by the beginning of the second week of class and I will place you in one of my choosing.*

**Final Presentation (15%).** Week 15 is set aside for your Final Presentation. The presentation allows each team to report their analysis and recommendations to the class. The exact presentation date and time for each team will be assigned by a random drawing. Detailed instructions regarding the Final Presentation will be discussed in class and posted to Blackboard.

**Course Policies**

**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. 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/).

**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 as early in the semester as possible. DSP is located in GFS 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**Course Schedule**

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| **Week** | **Date** | **Session Topics & Agenda** | **Readings/Assignments** |
| **The Concept of Strategy** | | | |
| **1** | T: 8/22 | **Icebreaker & Introductions** | Rothaermel, Introduction (optional) |
|  | Th: 8/24 | **Overview of the Syllabus** | Register for a research study account  Form groups |
| **2** | T: 8/29 | **Managing the Strategy Process** | Rothaermel, Chapters 1 & 2 |
|  | Th: 8/31 | **Case Analysis** | Case: Trouble Brews at Starbucks (CP) |
| **Industry and Competitive Analysis (ICA)** | | | |
| **3** | T: 9/5 | **External Analysis: Industry Structure, Competitive Forces & Strategic Groups** | Rothaermel, Chapter 3  **Quiz #1** |
|  | Th: 9/7 | **Case Analysis** | Case: Apple Inc. in 2015 (CP) |
| **4** | T: 9/12 | **Internal Analysis: Resources, Capabilities & Core Competencies** | Rothaermel, Chapter 4 |
|  | Th: 9/14 | **Case Analysis** | Case: Burberry (CP) |
| **Competitive Advantage** | | | |
| **5** | T: 9/19 | **Competitive Advantage, Firm Performance & Business Models** | Rothaermel, Chapter 5  **Quiz #2** |
|  | Th: 9/21 | **Case Analysis** | Case:Facebook (CP) |
| **6** | T: 9/26 | **Business Strategy: Differentiation, Cost Leadership & Blue Ocean** | Rothaermel, Chapter 6 |
|  | Th: 9/28 | **Case Analysis** | Case: Global Wine War 2015: New World versus Old (CP) |
| **Competitive Dynamics** | | | |
| **7** | T: 10/3 | **Competitive dynamics in technology-intensive industries** | Rothaermel, Chapter 7 |
|  | Th: 10/5 | **Guest Speaker** | TBD |
| **Competitive Dynamics** | | | |
| **8** | T: 10/10 | **Midterm Exam** | Study Ch. 1 – 7; Starbucks, Apple, Burberry, Facebook & Global Wine Wars cases; Guest Speaker notes |
|  | Th: 10/12 | **Review of the Midterm Results** | TBD |
| **Corporate Strategy** | | | |
| **9** | T: 10/17 | **Corporate Strategy: Vertical Integration and Diversification** | Rothaermel, Chapter 8 |
|  | Th: 10/19 | **Case Analysis** | Case: Nike (CP) |
| **10** | T: 10/24 | **Corporate Strategy: Strategic Alliances, Mergers and Acquisitions** | Rothaermel, Chapter 9  **Quiz #3** |
|  | Th: 10/26 | **Case Analysis** | Case: Lenovo (CP) |
| **Global Strategy** | | | |
| **11** | T: 10/31 | **Global Strategy: Competing Around the World** | Rothaermel, Chapter 10 |
|  | Th: 11/2 | **Case Analysis** | Case: Google (CP)  **Quiz #4** |
| **Executing Strategy** | | | |
| **12** | T: 11/7 | **Organizational Design: Structure, Culture, and Control** | Rothaermel, Chapter 11 |
|  | Th: 11/9 | **Case Analysis** | Case: Uber (CP) |
| **13** | T: 11/14 | **Corporate Governance and Business Ethics** | Rothaermel, Chapter 12 |
|  | Th: 11/16 | **Case Analysis** | Case: NFL (CP)  **Quiz #5** |
| **Special Appearances & Holidays** | | |  |
| **14** | T: 11/21 | **Guest Speaker** | TBD |
|  | Th: 11/23 | **THANKSGIVING HOLIDAY** | NO CLASS |
| **Group Presentations** | | | |
| **15** | T: 11/28 | **Final Project Presentation I** | TBD |
|  | Th: 11/30 | **Final Project Presentation II** | TBD |
| **FINAL EXAMINATION** | | | |
| **16** | TBD | **Final Examination** | **Cumulative: 80% material covered after midterm, 20% material covered before midterm.**  **Multiple choice** |

*CP = Harvard Coursepack*

*TBD = To be distributed in class*

**Appendix A. Guide to Case Analysis**

Cases require careful preparation before class. The following is a list of steps to guide your case preparation.

1. Rapidly read the assigned case and other materials to gain a general understanding of the industry, the firm, and the general competitive situation and issues.
2. Carefully review the discussion questions provided for the case for clues as to what issues require special attention.
3. Carefully re-read the case, taking notes that sort information, facts, and observations under a number of relevant headings. Use the discussion questions to guide your own thinking about the issues.
4. 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").
5. Perform quantitative analyses, “crunching” whatever numbers are available. It is also very important to provide quantitative support wherever possible, particularly when exploring various hypotheses as to the nature and importance of certain phenomena. (If the requisite data are not available in the case, precise descriptions of what data are missing often triggers ideas for making creative use of the information that is available.) It is usually worthwhile to identify trends in the firm or industry, preferably with a quantitative measurement. Some of these trends, often very important ones, will not be flagged in the text of the case.
6. Prepare definitive conclusions before you come to class concerning the issues raised in the discussion questions.
7. Bring your detailed notes with you to class to help guide your interventions in class discussions.

References:

* How to Conduct a Case Analysis in Rothaermel, Frank T., Strategic Management, 3rd edition, 2016, pp. 516-526.
* USC-CT framework (14:31 mins.) available at: <http://info.marshall.usc.edu/faculty/critthink/Pages/default.aspx>
* Tackling Case Analysis video (29:13 mins.) available at: <http://info.marshall.usc.edu/faculty/critthink/Pages/default.aspx>

**Appendix B. Guide to Article Analysis**

The following set of questions are provided to guide your analysis of the articles assigned in this course.

1. What is the purpose of this article? What problem or issue does it address?
2. What are the basic assumptions/assertions/values that underlie this piece? (View of human nature; purpose of organization e.g. economic efficiency vs. human satisfaction; degree to which planning is possible etc.) Are these assumptions explicit or implicit?
3. What is the basic argument/thesis? What are the major findings and conclusions?
4. What is the nature of the evidence presented in support of the argument/thesis? Are the conclusions well supported?
5. What problems or concerns are you left with?
6. How does the article relate to other articles you have read and to your own knowledge and experience? How does it contribute to your overall understanding of business strategy?

**Appendix C. Individual Research Participation**

**Marshall Behavioral Research Lab Participation and Requirements—Fall 2017**

**RESEARCH PARTICIPATION**

* **Participation in Discussion Sections:** This part of your grade will be based on effective contributions to class discussions. These include input that is relevant to course content and the topic of discussion. Participation also includes involvement in research activities. You can choose one of two options below to fulfill this requirement. **Please Note:** If you do not complete one of these two options, you will lose points for the participation part of your grade.
* **Option 1: Participate in research studies.** To do this, you will attend sessions outside of class, participating in studies conducted by researchers in MOR at Marshall. You will earn .5 or 1 credit for each separate study you complete; most sessions are no more than one hour long. You will need to obtain **4 credits** during the semester to fulfill the research requirement. Students must be age 18 or older by **Sunday, October 22, 2017** to choose Option 1; otherwise, you will need to use Option 2.
  + **How to choose the participation option:** register for an account at <http://marshall-mor.sona-systems.com/> no later than **Friday, September 15, 2017**. Instructions are posted on Blackboard. Those who do not register or reactivate by this date will be required to complete Option 2 (research papers; see below). After you verify your Sona account, you will need to check the Sona site regularly to find open studies and sign yourself to participate in them. Studies are scheduled throughout the semester at various days and times. Please remember to cancel if you cannot attend a study. While there are usually enough studies to accommodate all students, it is important that you complete your credit early for your own peace of mind and to be sure you can find all the studies you need. You are not guaranteed enough study spots. To receive full participation credits, you must earn your first credit by **Friday, November 3, 2017.** Your final credits can be earned any time before **Friday, December 1** (the last day of classes).
  + **Please note:** If you earn your first 3 credits by showing up to ALL of your scheduled sessions on time, then you will automatically earn your 4th credit “free.” That is, the system is “earn three, get one free” providing you show up at all sessions you registered for, and were not a no-show for any.
  + **Important Notes:** (a) If you already have a Sona research study account from a past BUAD 304 or BUAD 497 course, you will still need to **email the administrator from the website by Friday, September 15, 2017** in order to request account reactivation. Past credits earned CANNOT be used for current courses. (b) If you are enrolled in Marketing BUAD-307, please make sure you can visit the Marketing research study website your Marketing professor has given you (see your Marketing course syllabus). Each course has its own unique Sona Systems web address. Credits will NOT transfer from one course to another for credit fulfillment (no exceptions).
* **Option 2: Research Papers.** You can also complete the research requirement by writing three short (3-page) research papers on topics pre-approved by your Professor or Discussion Instructor. Papers must be turned in by Friday, December 1 to your Professor or Discussion Instructor.

**Questions about completion of studies (Option 1) should be directed to** [**mor.sona@marshall.usc.edu**](mailto:mor.sona@marshall.usc.edu)**. Please review the Sona FAQs for additional assistance.**