

# BUAD 497: STRATEGIC MANAGEMENT

Summer 2011

## COURSE SYLLABUS

<b>Instructor:</b>	<b>Christine El-Haddad, MBA, Ph.D.</b>
<b>Email:</b>	elhaddad@usc.edu
<b>Sections:</b>	15090; TTh 9:00 - 11:30 am; ACC 201 15092; TTh 12:00 - 2:30 pm; JKP 104
<b>Office Hours:</b>	Tuesdays 8:30 - 9:00am in ACC 203 & 11:30am - 12:00 pm in JKP 104 and by Appointment
<b>Office Location:</b>	ACC 203
<b>Office Phone:</b>	x9419 and x3769
<b>Prerequisites:</b>	Successful completion of all core business requirements

### I. COURSE DESCRIPTION

This course introduces the key concepts, tools, and principles of strategy formulation and competitive analysis. It is concerned with managerial decisions and actions that affect the performance and survival of business enterprises. The course is focused on the information, analyses, organizational processes, and skills and business judgment managers must use to devise strategies, position their businesses, define firm boundaries and maximize long-term profits in the face of uncertainty and competition.

*Strategic Management (BUAD 497)* is an integrative and interdisciplinary course. It assumes a broad view of the environment that includes buyers, suppliers, competitors, technology, the economy, capital markets, government, and global forces and views the external environment as dynamic and characterized by uncertainty. In studying strategy, the course draws together and builds on all the ideas, concepts, and theories from your functional courses such as Accounting, Economics, Finance, Marketing, Organizational Behavior, and Statistics.

The course takes a *general management* perspective, viewing the firm as a whole, and examining how policies in each functional area are integrated into an overall competitive strategy. The key strategic business decisions of concern in this course involve choosing competitive strategies, creating competitive advantages, taking advantage of external opportunities, securing and defending sustainable market positions, and allocating critical resources over long periods. Decisions such as these can only be made effectively by viewing a firm *holistically*, and over the long term.

## II. COURSE OBJECTIVES

The objectives of this course are to develop

1. a clear understanding of the key concepts and principles of strategy formulation and competitive analysis,
2. a set of useful analytical skills, tools and techniques for analyzing a company strategically,
3. the ability to take a general management perspective in analyzing a particular company,
4. the ability to build on and integrate ideas, concepts, and theories from previously taken functional courses such as Accounting, Finance, and Marketing,
5. the ability to think critically and strategically,
6. the ability to make the case for a particular set of strategic courses in a compelling manner, recognizing that no one strategic solution for an organization is necessarily correct
7. the ability to work in teams, and
8. oral and written presentation skills through the analysis and reporting of case situations.

## III. 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 management and competitive strategy 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 attempt to 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 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, without falling into the trap of assuming that any answer is as good as another. Some analyses and proposed strategies are clearly wrong, and some are clearly better than others are. A popular phrase in case analysis classes is "**There are *no* right answers, but there are *wrong* answers.**"

These rationales are offered because the case method is unfamiliar to most 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 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. Please refer to Appendix A for a *Guide to Case Analysis* and to Appendix B for a *Guide to Article Analysis*.

You are strongly encouraged to form **study groups** that regularly meet to share insights and ideas about the assigned cases. While this is voluntary, experience shows that satisfactory performance in this course, and a good grade, depend on it.

#### IV. COURSE EVALUATION

Course grades will be determined as follows:

<b>Individual Class Attendance and Participation</b>	20%
<b>Individual Quizzes (7)</b>	25%
<b>Team Case Presentation</b>	15%
<b>Challenge Team (2)</b>	15%
<b>Team Company Strategic Analysis and Presentation</b>	<u>25%</u>
	100%

In order to pass this course successfully, a passing grade (>50%) must be achieved in the average of both the team components and the individual components. **Please note that if your individual performance in the course is unsatisfactory, it will not be brought up by a good team grade.**

The distribution of grades will closely follow the guidelines of the Marshall School of Business. The grade cut-offs for this course will be as follows.

A	90	B+	83	B-	77	C	70	D+	63	F	<60
A-	87	B	80	C+	73	C-	67	D	60		

##### **Individual Class Attendance and Participation (20%)**

Class attendance is absolutely essential. All missed classes will be noted. The policy on missed classes is to allow each student **two (2) absences**, no questions asked, no penalty. All further absences over this limit will reduce the student's participation grade and final course grade, no questions asked, no excuses of any kind accepted. Students with an excessive number of absences are at risk of failing the course. Only Official University engagements, such as officially scheduled USC Marshall sponsored case competitions and sports events, will be accepted as exceptions to this policy. 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.

Because this course relies heavily on case materials, extensive *before-class* preparation and *in-class* participation are required to ensure the class' success. What you get from this course will depend on what you put in – not just in terms of your reading and analysis of the cases, but your willingness to question and to seek alternate perspectives, to be clear about your own position, and to defend your arguments. Unless you have thought about the cases, it is very hard to learn from others' questions and contributions to class. In terms of class preparation, I expect everyone to do all the assigned readings. **Students are also expected to do 2-page case-write ups for five of the cases.**

Your overall commitment and attitude toward this course, and your active participation in oral class discussions, in-class written exercises and online exercises will be closely monitored. In grading class participation, I will look at both the quantity and quality of your class contributions. Class participation is

obviously a function of preparation, skills, attitude, and a willingness to actively commit yourself in front of all class participants. In relative terms, a classroom is a cost-free environment for experimenting and learning to "play the game". Make use of it.

With regard to quality, the dimensions that I look for include:

*Relevance* -- does the comment bear on the subject at hand? Comments that do not link up with what the discussion is focusing on can actually detract from the learning experience.

*Causal Linkage* -- are the logical antecedents or consequences of a particular argument traced out? Comments that push the implications of a fact or idea as far as possible are generally superior.

*Responsiveness* -- does the comment react in an important way to what someone else has said?

*Analysis* -- is the reasoning employed consistent and logical?

*Evidence* -- have data from the case, from personal experience, from general knowledge been employed to support the assertions made?

*Importance* -- does the contribution further our understanding of the issues at hand? Is a connection made with other cases we have analyzed?

*Participation Cards.* At the end of each class discussion, students who actively participated in the discussion can choose to turn in a Participation Card. These cards should list your name, the date, the case or topic discussed that day, and a synopsis of your contributions during that day's discussion.

I score each of you at the end of each class session using a 2 if you are present that changes to a 1 if you are late or leave early. For efforts above sitting in class, I upgrade to a 3, 4, or 5 depending on the quality of your participation. Based on these scores, your participation cards, and peer evaluations I assign participation scores for the final point total based on the scoring sheet in Appendix C.

### **Team Case Presentation (15%)**

You will participate in one case analysis presentation to the class as part of a team. You will make your team presentation using audiovisuals and use your business communication skills to explain and defend your conclusions. Presentations should take approximately 50 minutes: 30 minutes for the presentation and around 20 minutes to answer audience questions. Your presentation will be evaluated based on your audiovisual materials turned in at the start of the session, your oral presentation, your case analysis and your answers to questions from the audience.

### **Challenge Team (15%)**

When a team is presenting their case analysis, I expect that everyone in the class will be able to ask questions. In order to maintain a high level of interaction and discussion, two non-presenting teams will be designated as "Challenge Teams."

The primary task of the challenge team members is to prepare questions for the presenting team based on their own independent analysis of the case. One of the two challenge teams for the session will also be required to prepare a "case update". The case update consists of a 15-20 minute presentation on the key strategic issues faced by the company during the past 3 years along with an analysis and critique of how the company has dealt with those issues. The case update ends with a set of recommendations for the company. The challenge team presenting the case update should then be ready to answer audience questions related to their short presentation.

The role of "Challenge Team" rotates from one case to another so that all teams have the opportunity to both present and challenge. Challenge teams will be evaluated on their case preparation notes and the depth and relevance of their questions to the presenting team. At the end of the session, each challenge team should turn in their previously prepared typed written notes of the case and a handwritten list of the questions they asked during the session. The challenge team in charge of presenting a case update will also be evaluated on their oral presentation and the quality of their analysis in that case update.

### **Individual Quizzes (25%)**

I will give a total of seven short quizzes during the course to test your understanding of the textbook material previously covered in the course and the related cases. These quizzes consist of multiple choice and True/False questions. All seven quizzes will count toward your final grade. No make-up opportunities are available if you are absent or late.

### **Team Company Strategic Analysis and Presentation (25%)**

You will write one 30-page strategic analysis of an existing company of your choice as part of a group. My recommendation is that you choose a company that is going through some tough times or is struggling with some key strategic issues. I am happy to make suggestions about such companies. You (collectively) should imagine yourselves as the company's top management team or as a team of consultants. You will conduct an in-depth study of the firm, and apply the concepts, analytical tools and frameworks of this course to analyze its external and internal environments, identify the firm's strategic options, and come up with a set of recommendations to maximize the firm's long-term performance. Detailed instructions regarding the team project will be distributed in class.

Two days near the end of the course are set aside for presentations of your Team Company Strategic Analysis. The presentation allows each team to report its analysis and recommendations to the class. The exact presentation time and date for each team will be assigned by a random drawing. Each presentation will last 30 minutes and is followed by questions.

**Peer Evaluations.** Each of you will complete a peer evaluation of the members of your team with respect to the team case analysis, challenge team assignment and the team company strategic analysis. A copy of the peer evaluation form is found on the last page of this syllabus and is due on the last day of class.

## **V. COURSE MATERIALS**

### **1. Textbook**

Hitt, M., Ireland, R. and Hoskisson, R. [H.I.H]. 2010. Strategic Management: Competitiveness and Globalization - Concepts, Cincinnati, OH: Southwestern College Publishing. 9th edition. Paperback.

This is a very good text. It provides you with definitions of key terms, detailed descriptions of conceptual frameworks, and useful guidelines for undertaking various aspects of strategic analysis. You should refer to it constantly and use it to help fill in gaps in your understanding, add to your strategic analysis toolbox, and reinforce your skills.

### **2. Course Reader**

The assigned cases for this course are compiled in a Course Reader available from the University Bookstore. When necessary, I may place additional materials in the bookstore for you to purchase.

## VI. COURSE POLICIES

### **Course Communication: Blackboard**

A Blackboard website has been created for this course: <https://blackboard.usc.edu>. You should develop the habit of checking Blackboard on a regular basis. The course syllabus, assignment information, general announcements and additional course materials will be posted on this site throughout the semester. Since e-mails sent to the class originate from the Blackboard system, it is your responsibility to ensure that your Blackboard account settings forward your messages to your preferred email account such as gmail or yahoo.

### **Communication and Entertainment Devices**

Please note that all communication devices such as computers, cell phones, Blackberries, etc. capable of sending and/or receiving electronic communication and all entertainment devices such as iPods or other MP3 players are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to class participants.

### **Academic Integrity**

The following statement on academic integrity is placed here at the recommendation of the Marshall School and is taken from the Faculty Handbook. Additional statements about academic integrity may be obtained from the Office of Student Judicial Affairs and Community Standards at <http://www.usc.edu/student-affairs/SJACS/>

“The University, as an instrument of learning, is predicated on the existence of an environment of integrity. As members of the academic community, faculty, students, and administrative officials share the responsibility for maintaining this environment. Faculty has the primary responsibility for establishing and maintaining an atmosphere and attitude of academic integrity such that the enterprise may flourish in an open and honest way. Students share this responsibility for maintaining standards of academic performance and classroom behavior conducive to the learning process. Administrative officials are responsible for the establishment and maintenance of procedures to support and enforce those academic standards. Thus, the entire University community bears the responsibility for maintaining an environment of integrity and for taking appropriate action to sanction individuals involved in any violation. When there is a clear indication that such individuals are unwilling or unable to support these standards, they should not be allowed to remain in the University.” (Faculty Handbook, 1994: 20)

Academic dishonesty includes: (Faculty Handbook, 1994: 21-22)

1. Examination behavior - any use of external assistance during an examination shall be considered academically dishonest unless expressly permitted by the teacher.
2. Fabrication - any intentional falsification or invention of data or citation in an academic exercise will be considered a violation of academic integrity.
3. Plagiarism - the appropriation and subsequent passing off another's ideas or words as one's own. If the words or ideas of another are used, acknowledgment of the original source must be made through recognized referencing practices.
4. Other Types of Academic Dishonesty - submitting a paper written by or obtained from another, using a paper or essay in more than one class without the teacher's express permission, obtaining a copy of an examination in advance without the knowledge and consent of the teacher, changing academic records outside of normal procedures and/or petitions, using another person to complete homework assignments or take-home exams without the knowledge or consent of the teacher.

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student's work as unacceptable and assign a failing mark on the paper.

### **Disruptive Classroom Behavior**

Disruptive classroom behavior can take many forms. It can involve a student talking constantly while the professor is delivering a lecture or a student who loudly and regularly interrupts the flow of class with questions or interjections. Such behavior is unacceptable to the University and will not be tolerated "because it interferes with the learning process for other students, inhibits the ability of instructors to teach most effectively, and diverts university energy and resources away from the educational mission." (Office of Student Judicial Affairs and Community Standards at [http://www.usc.edu/studentaffairs/SJACS/pages/faculty/disruptive\\_behavior.html](http://www.usc.edu/studentaffairs/SJACS/pages/faculty/disruptive_behavior.html))

Further information can be found at

[http://www.usc.edu/student-affairs/SJACS/pages/faculty/disruptive\\_behavior.html](http://www.usc.edu/student-affairs/SJACS/pages/faculty/disruptive_behavior.html)

### **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. You can access DSP's website online at the following address:

[http://sait.usc.edu/academicsupport/centerprograms/dsp/home\\_index.html](http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html)

## VII. COURSE SCHEDULE

Session	Date	Assignment
1	Th. 5/19	<b>Course Introduction and Overview</b> <b>Lecture/Discussion: Strategic Management &amp; Strategic Leadership (HIH Ch. 1, 12)</b>
2	T 5/24	<b>Article Discussion:</b> What is Strategy? <b>Case Discussion:</b> Starbucks Coffee Company in the 21 <sup>st</sup> Century Form Teams.
3	Th. 5/26	<b>Lecture/Discussion: External Analysis (HIH Ch. 2)</b> <b>Quizz 1: Ch. 1, 12 and related cases</b> Finalize team case presentations schedule.
4	T 5/31	<b>Case Discussion:</b> Cola Wars Continue: Coke and Pepsi in 2010 Company selection for final project due.
5	Th. 6/2	<b>Case Discussion:</b> Intel Corporation: 1968-2003
6	T 6/7	<b>Lecture/Discussion: Internal Analysis and Business-Level Strategy (HIH Ch. 3, 4)</b> <b>Quizz 2: Ch. 2 and related cases</b>
7	Th 6/9	<b>Case Discussion:</b> Wal*Mart Stores, Inc.
8	T 6/14	<b>Case Discussion:</b> Ducati <b>Case Discussion:</b> Samsung Electronics
9	Th 6/16	<b>Lecture/Discussion: Anticipating Competition and Cooperative Dynamics (HIH Ch. 5, 9)</b> <b>Quizz 3: Ch. 3, 4 and related cases</b>
10	T 6/21	<b>Case Discussion:</b> Matching Dell <b>Case Discussion:</b> Delta Airlines (A)
11	Th 6/23	<b>Case Discussion:</b> General Motors: Acting Strategically?
12	T 6/28	<b>Lecture/Discussion: Corporate Strategy (HIH Ch. 6,7)</b> <b>Quizz 4: Ch. 5, 9 and related cases</b>
13	Th 6/30	<b>Case Discussion:</b> The Walt Disney Company and Pixar, Inc.: To Acquire or Not to Acquire? <b>Case Discussion:</b> Tyco International
14	T 7/5	<b>Case Discussion:</b> Arauco (A): Forward Integration or Horizontal Expansion?



15	Th 7/7	<b>Lecture/Discussion: International Strategy (HIH Ch. 8)</b> <b>Quiz 5: Ch. 6,7 and related cases</b>
16	T 7/12	<b>Case Discussion:</b> Motorola in China: Failure of Success? <b>Case Discussion:</b> Haier: Taking a Chinese Company Global
17	Th 7/14	<b>Lecture/Discussion: Corporate Governance (HIH Ch. 10)</b>
18	T 7/19	<b>Case Discussion:</b> Cirque du Soleil <b>Quiz 6: Ch. 8, 10 and related cases</b>
19	Th 7/21	<b>Lecture/Discussion: Organization Structure and Controls; Strategic Entrepreneurship (HIH Ch. 11, 13)</b>
20	T 7/26	<b>Case Discussion:</b> Patagonia <b>Quiz 7: Ch. 11, 13 and related cases</b>
21	Th 7/28	Team Company Strategic Analysis Presentations I
22	T 8/2	Team Company Strategic Analysis Presentations II Team Company Strategic Analysis Written Report due.

## APPENDIX

### Appendix A: Guide to Case Analysis

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

- a. 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.
- b. Carefully review the discussion questions provided for the session for clues as to what issues require special attention.
- c. 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.
- d. 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").
- e. 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.
- f. Prepare definitive conclusions before you come to class concerning the issues raised in the discussion questions.
- g. Bring your detailed notes with you to class to help guide your interventions in class discussions.

## **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: Participation Behaviors and Associated Scores**

### **Excellent performance range: 90-100**

- initiates information relative to topics discussed
- accurately exhibits knowledge of assignment content
- demonstrates excellent listening by remaining on "same page" as rest of class as demonstrated by comments
- brings up questions that need to be further explored
- clarifies points that others may not understand
- draws upon practical experience or personal opinion
- offers relevant/succinct input to class
- actively participates in simulations and classroom exercises
- demonstrates ability to apply, analyze, evaluate, and synthesize course material
- demonstrates willingness to take risk in attempting to answer unpopular questions

### **Good performance range: 85-89**

- regularly participates in discussions
- shares relevant information
- gives feedback to classroom group discussions
- consistently demonstrates knowledge of reading assignments
- demonstrates ability to analyze/apply course material
- demonstrates willingness to attempt to answer questions

### **Fair/average performance range: 80-84**

- participates in group discussion when solicited
- demonstrates knowledge of course material
- offers clear, concise, "good" information relative to class assignments
- offers input, but tends to reiterate the intuitive
- attends class regularly

### **Poor performance range: 75-79**

- occasional input, often irrelevant, unrelated to topic
- reluctant to share info
- not following flow of ideas
- personal application only
- drains energy from class goals

### **Unacceptable performance range: <74**

- fails to participate even when specifically asked
- gives no input
- does not demonstrate knowledge of readings
- shows up to class; does nothing
- group distraction
- irrelevant discussion
- not sticking to topic
- Behaves toward others in disruptive fashion, for example, sarcastic comments aimed at others

## PEER EVALUATION

Your name: \_\_\_\_\_

Please allocate 100 points across all the members of your team including yourself to reflect your assessment of individual contributions to the team effort.

I will treat your assessments as confidential.

**Team-member name:**

**Contribution:**

1. Your name: \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

4. \_\_\_\_\_

\_\_\_\_\_

5. \_\_\_\_\_

\_\_\_\_\_

6. \_\_\_\_\_

\_\_\_\_\_

**Total: 100**

In the space below, provide some summary comments that can be fed back to each of your team members:

<b>Greatest Strength</b>	<b>Areas of improvement</b>
2.	
3.	
4.	
5.	
6.	