

**MBA P720 (C01)
Strategic Management
Summer 2013 Course Outline**

**Tuesdays
19:00-22:00**

**Thursdays
19:00-22:00**

COURSE OBJECTIVE

The purpose of this course is to enhance your ability to **integrate** the different functional areas of business (e.g. accounting, finance, human resources, information systems, marketing, operations management, etc.) into a cohesive whole. In this course you will assume the role of CEO. The challenge is not only in identifying weaknesses and threats facing firms we will study, but to appreciate the strengths of the firm and anticipate opportunities in the external environment. Your role in this course is to correct organizational failures and expand upon organizational successes, however failure and success may be defined. As an MBA student in this course, your goal should be to draw upon course learning, as well as applying your previous business experience, to think beyond the role of any given functional area.

Learning Objectives

- To provide several integrative frameworks that will allow students to synthesize knowledge from other business courses into a comprehensive understanding of **competitive advantage**.
- To provide a basic understanding of the nature and dynamics of the strategy formulation and implementation processes as they occur in complex organizations.
- To develop students to think critically and strategically.
- To develop the ability to identify strategic issues and design appropriate courses of action.

INSTRUCTOR AND CONTACT INFORMATION

Dr. D. Wayne Taylor
B.A. (Hon), MBA/MPA, PhD
P.Adm, P.Mgr, C.Mgr, F.CIM

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Office: RJC 219 – by appointment
905-525-9140 ext. 23966

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	No	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	Yes	Final Exam:	Yes	Guest speaker(s):	No

COURSE DESCRIPTION

Strategic management focuses on the concept of strategy formulation and implementation by exploring the functions and nature of general management at the most senior level of companies. The course serves as an opportunity to develop skills for strategic thinking and analysis, leadership, communication, teamwork, and cross-functional integration. Students learn about corporate and business planning and the implementation of organizational change through structures, systems and people. The approach adopted includes lectures, case analyses and action learning through group efforts.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Articulate a vision that gives meaning to all the firm's stakeholders of the firm's objectives;
- Formulate a strategic plan that operationalizes the goals and objectives of the firm;
- Identify the resource endowments specific to the firm and those that are homogeneous amongst industry rivals;
- Specify current and desired strategic positioning in order to respond to market demands;
- Implement a strategic plan that takes into account the functional areas of business;
- Evaluate and revise programs and procedures in order to achieve organizational goals; and
- Effectively communicate change management strategies in various fora to an array of audiences with accuracy, clarity, specificity and professionalism.

REQUIRED COURSE MATERIALS AND READINGS

STRATEGIC MANAGEMENT, DR. WAYNE TAYLOR; BUSINESS P720, SUMMER 2013 - A required CUSTOM COURSEWARE package containing Harvard, Ivey and other cases plus several readings

RECOMMENDED READINGS:

Strategic Management, Competitiveness and Globalization: Competitiveness and Globalization (Concepts), 3rd Canadian edition, by Hitt, Ireland, Hoskisson, Rowe, & Sheppard.

EVALUATION

Class Case Participation (2% each x 8)	16%
MBA Field Test (last class)	4%
2 Case Reports (5% each)	10%
Group Project: 1 report (30%) & 2 presentations (2 x 7.5% = 15%)	45%
Final Exam (Take Home Case)	25%
Total	100%

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT
A+	90 - 100
A	85 - 89
A-	80 – 84
B+	75 - 79
B	70 - 74
B-	60 – 69
F	00 - 59

Communication and Feedback

Students who wish to correspond with instructors directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student.

Students that are uncomfortable in directly approaching an instructor regarding a course concern may choose to send a confidential email to the respective Area Chair at:

<http://www.degroote.mcmaster.ca/curr/emailchairs.aspx>

Class Case Participation (16%)

This is primarily a **case method course**, which means that most class sessions will involve the discussion of specific case situations. These cases will describe real organizations. Through analysis and discussion in class, you will learn to better understand the nature of firm strategy and the processes of formulating and implementing it. Lectures and assigned readings will provide the theoretical framework with which to read and evaluate the cases. You may be called (at random) at any time during class to contribute to or critique the on-going discussion.

Therefore, you will be expected to come to class well prepared to discuss all assigned chapters and cases. We will not spend any significant amount of class time repeating what was contained in the readings or cases. You should be prepared to discuss all assigned readings.

- Come to class well prepared. Read the case **several times** and think about how the concepts from the chapter, readings or discussed in class can be applied. Make notes that you can refer to during class. I encourage you to meet with your team or friends before class to discuss the case.
- Contribute ideas and analysis to the class discussion. Given the complexities of the real world, **there is no single right answer – but there are wrong answers!** What is more important is how you use strategic concepts and tools to analyze a situation.
- **Listen carefully** to your classmates and suggest supporting or alternative views.

Your class participation grade is determined based on quality of contribution **and** quantity of contribution. **Marks will range from 0, 1 to 2 marks for each case depending upon your contribution. Not participating in class discussions will affect your final grade significantly, even if you attend all class sessions. Therefore, not speaking up during class will be a deliberate choice that you make, being fully aware of its effect on your final grade.**

Understandably, there are circumstances that may cause you to miss a class; unfortunately, nothing can replace in-class participation. Submitting your ideas to the critique of your classmates and the challenge of defending them in an open forum cannot be duplicated.

Therefore, it is extremely important that you attend all class sessions. Each absence, for whatever reason, will reduce your class participation grade.

M.B.A. Field Test (4%)

Students have the opportunity to earn four (4) marks by taking the MBA Field Test to be given in the last class of the semester. Specific details will be given in the first class of the semester.

Case Reports (10%)

You will be responsible for answering discussion questions for 2 cases (pg. 11). Your answers for each question must not exceed one page in length, single-spaced. Case choice will be determined by random draw in the first class. A maximum of 8 students may sign up for any one case. Your answers are due at the beginning of the class in which your case is being discussed.

Group Projects (Industry & Company Analysis – 2 Presentations & 1 Written Report) (45%)

You are required to belong to a group of 4-5 students for this project. Each group is required to perform an in-depth, longitudinal analysis of a company and the industry in which it operates, **as of the first day of classes**, and submit one written report. **The company you choose must have been in existence for at least 5 years. Companies prohibited for study this term are: RIM, eBay, WagJag and Pepsi.**

You have two options regarding your company choice: (1) you approach a company (probably in the region) and gather information/data through direct interactions with the company as well as from secondary sources, or (2) you choose a company and do research on its strategic issues with information/data only from secondary sources. While you can choose either option, the highest grade you can get from the second option is A (i.e., you won't get A+). The same group is also required to make two professional group presentations.

In order to promote individual responsibility and accountability for decision-making, and to reward those who make an exceptional contribution to their teams, peer evaluation will be used to modify the team-based results for the group projects. At the same time as you submit your project report, you may include your confidential peer evaluations in individually sealed envelopes. A blank peer evaluation form is found in this package (pg.13). **Each evaluation should be signed by the student and allocate to each team member a score between -10% and +10%. The total for all group members must equal zero.**

1. Written report submission (30%)

Each group should submit one group report.

- The group project report should be type written, 1.5 line-spaced, using 12-point font, and not exceed 25 pages (excluding cover page, tables, figures, appendices, references, and endnotes).
- The cover page should provide the complete name of the group members, student ID numbers, course code, and instructor's name.
- The report should contain the following: (1) A cover page listing team members; (2) Table of contents; (3) one page Executive Summary; (4) Statement of Problem including Company Background / History; (5) Analysis (SWOT/PEST/Porter); (6) Options; (7) Decision; (8) Implementation and Contingency; (9) List of References; (10) Appendices (extra tables & charts not in main body).

ITEMS THAT CAN BE INCLUDED IN THE INDUSTRY ANALYSIS PART :

The Industry Environment

- A brief history of the industry (development stages)
- Global/local market description (e.g., size of major markets, products, customers and end users, pricing structure). This is meant to be a brief introduction to the industry.
- Industry structure (Porter's five forces analysis). Analyze the information contained in the five forces model. Do not reproduce that information. This section will include industry trends and driving forces (industry evolution and changes, causes of the evolution and change, its impacts on industry players).

THE COMPETITIVE ENVIRONMENT

- Identify and profile the major strategic groups (You may use size, market share, and other critical and relevant variables to identify viable strategic groups in the industry). Discuss if some strategic group is better positioned to take advantage of the key industry trends and driving forces than others may be.
- Key success factors (What does it take to succeed in this industry, or in each strategic group? What can a company do to gain a competitive advantage? What does it take just to survive in this industry?).
- Identify and compare key strategies pursued by major players in the industry. You are also expected to discuss which strategy seems to be most successful in the industry, and why.
- Provide a value chain analysis for each group (or major players).

The Macro Environment

- Special strategic issues facing the industry (such as changes in governmental policies, changes in demographics, globalization, etc.).

SUGGESTED COMPANY ANALYSIS :

Key Strategic Issue

- From your team's industry analysis and your competitive advantage analysis of the firm, identify the single most important and urgent strategic issue facing the company (the best

issues are typically either major problems to be solved, or major opportunities of which to take advantage).

Options

Develop, in detail, three or four viable strategic options. For each option you should:

- Show how it addresses the key strategic issue.
- Show the ability of the company to successfully pursue each option (from competitive advantage analysis, and financial analysis).
- Discuss the advantages and disadvantages of each alternative.

Make sure you completely discuss all of the above for each option, and then do the same for the other options. Do not jump back and forth between discussing each option.

Decision

- Select one option and discuss why this option was chosen over the other.

Implementation and Contingency

- Discuss how the recommended course of action can be implemented and how the disadvantages and risks of the chosen option can be minimized or handled.

2. Presentations (15%: 7.5% x 2)

Each group is required to make two presentations as follows:

- **The first presentation focuses on industry and competitor analyses.**
- **The second presentation focuses on your target company analysis.**

Each presentation must not exceed 15 minutes. A Q&A session (5-10 minutes) will follow the presentation. Dress code: business attire.

<u>P720 Presentation Grading</u>	
Group_____	Presentation No._____
Company_____	Grader_____
/2.5 Appearance/Voice/Stature/Demeanour/PowerPoint/Hand-out	
/2.5 Highlights only/Time limit met/Addressed key issues	
(#1: history, description, 5 forces; groups; KSFs; strategies; value chain; issues)	
(#2: company; issue; options-pros/cons; choice-why? implementation/contingency)	
/2.5 Handling of Q&A/Convincibility	
17.5	

Exam (25%)

The final exam will be a take home, case-based exam requiring answers to four (4) specific questions.

ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/univsec/policy/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

MISSED ACADEMIC WORK***Missed Mid-Term Examinations / Tests / Class Participation***

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the MBA Academic Services Office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the MBA Academic Services Office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at:

<http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>

Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or

varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the MBA Academic Services Office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by the MBA Academic Services Office.

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the MBA Academic Services Office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroot website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/> Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the MBA Academic Services Office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.

- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the MBA Academic Services Office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the MBA Academic Services Office. In such cases, the request for a deferred examination privilege must be made in writing to the MBA Academic Services Office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email daily and attend all classes during the term and to note any changes.

RESEARCH USING HUMAN SUBJECTS

Research involving human participants is premised on a fundamental moral commitment to advancing human welfare, knowledge and understanding. As a research intensive institution, McMaster University shares this commitment in its promotion of responsible research. The fundamental imperative of research involving human participation is respect for human dignity and well-being. To this end, the University endorses the ethical principles cited in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:

<http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm>

McMaster University has mandated its Research Ethics Boards to ensure that all research investigations involving human participants are in compliance with the Tri-Council Policy Statement. The University is committed, through its Research Ethics Boards, to assisting the research community in identifying and addressing ethical issues inherent in research, recognizing that all members of the University share a commitment to maintaining the highest possible standards in research involving humans.

If you are conducting original research, it is vital that you behave in an ethical manner. For example, everyone you speak to must be made aware of your reasons for eliciting their responses and consent to providing information. Furthermore, you must ensure everyone understands that participation is entirely voluntary. Please refer to the following website for more information about McMaster University's research ethics guidelines:

<http://www.mcmaster.ca/ors/ethics>

Organizations that you are working with are likely to prefer that some information be treated as confidential. Ensure that you clarify the status of all information that you receive from your client. You **MUST** respect this request and cannot present this information in class or communicate it in any form, nor can you discuss it outside your group. Furthermore, you must continue to respect this confidentiality even after the course is over.

COURSE SCHEDULE

Week: Date	Topic	Assignments
1: Apr. 30	Course Introduction	<u>Case assignments</u>
2: May 2	Strategic Management Concepts; The Case Method	Reading: HIH Chapter 1 & 2, & “What is Strategy?” (Porter), <u>Groups</u>
3: May 7	External Environment & Competition	Reading: HIH Chapter 3, Case 1: The Chinese Fireworks Industry
4: May 9	Internal Environment & Resources	Reading: HIH Chapter 4; <u>The Bead Box</u> Case 2: WestJet The Pearson Decision
5: May 14	Business-Level Strategy	Reading: HIH Chapter 5, Case 3: Haier: Taking a Chinese Company Global
6: May 16	Competitive Dynamics	Reading: HIH Chapter 6-8 Case 4: Progressive Corporation
7: May 21	<u>Group Presentations I</u>	<u>Group Presentations I</u>
8: May 23	Corporate Strategy	Case 5: Kodak
9: May 28	Strategy in High-Tech Industries	Reading: HJ Chapter 7 Case 6: Apple 2008
10: May 30	Cooperative Strategy & Alliances	Reading: HIH Chapter 10 Case 7: Renault-Nissan Alliance
11: June 4	International Strategy	Reading: HIH Chapter 9, <u>The Tower</u> Case 8: Silvio Napoli at Schindler India
12: June 6	Course Evaluations <u>Group Presentations II</u>	<u>Group Project Reports Due</u> (along with optional peer evaluations)
13: June 11	MBA Field Test	Final exam handed out

HIH: Hit, Ireland, Hoskisson, Rowe, & Sheppard. *Strategic Management*

HJ: Hill & Jones. *Strategic Management – (Article in Custom Courseware)*

Case Questions for Hand-In

Note: Each student will have one written submission for cases 1-4 and one for cases 5-8. However, if you are assigned case 4, you will not do case 5 and vice-versa.

Case 1: The Chinese Fireworks Industry

1. Is the fireworks industry a “sunset” industry or still worth being in for the long run?
2. If you were Jerry Wu, and you decide to make the investment, what would you do to win out in the competition?

Case 2: WestJet: The Pearson Decision

1. What are the key aspects of WestJet’s current business model and how does it compare to its competitors? Who are WestJet’s competitors and will they change if WestJet moves to Pearson?
2. What are the viable options open to WestJet? Describe in one sentence – a) how competition likely affects WestJet under each option; b) the risks under each option; and c) the opportunities for growth under each option. (Use of a table might be best for question 2).

Case 3: Haier: Taking a Chinese Company Global

1. Why was Haier so successful in China? What differentiated it?
2. Can Haier build on its success in niche products to become a dominant global brand in high-end white goods? (Take a position and support it with facts from the case.)

Case 4: Progressive Corporation

1. How has Progressive’s strategy evolved over time? Is it sustainable?
 2. What challenges does Progressive face in 2007? What would you recommend to the CEO?
-

Case 5: Kodak

1. Compare the business model for digital photography and Kodak’s traditional profit model and discuss where the major gaps exist between them.
2. What are Kodak’s core competencies? What are their major implications for the company’s ability to cope with these new industry developments?

Case 6: Apple 2008

1. Analyze the dynamics of the PC industry. Are these dynamics favourable or problematic for Apple?
2. The i-Pod/i-Tunes business has been a spectacular success. Has Jobs found a new formula to create a sustainable competitive advantage for Apple?

Case 7: Renault-Nissan Alliance

1. Why did Renault choose Nissan as its alliance partner? Why did Nissan choose Renault?
2. What were the major challenges in this alliance? How about the benefits? Do these benefits outweigh the challenges?

Case 8: Silvio Napoli at Schindler India

1. What advice would you offer Silvio regarding his decision on the non-standard glass wall elevator that has been ordered? (Options / Pros & Cons)
2. How should he deal with the transfer price challenge & limited technical support from Europe? (Options / Pros & Cons)

MBA P720 GROUP ROSTER

GROUP NAME:	Administrative use only: P720 () TEAM No. _____		
INDUSTRY:	FIRM:		
NAMES	STUDENT NO.	PHONE NUMBER	E-MAIL
<u>TEAM LEADER</u>			
1.			
<u>OTHER TEAM MEMBERS</u>			
2.			
3			
4.			
5.			
6.			

PEER EVALUATION

GROUP NAME/NO.: _____	PEER EVALUATION (-10% to +10%)
<u>TEAM LEADER</u>	
1.	
<u>OTHER TEAM MEMBERS</u>	
2.	
3	
4.	
5.	
6.	
Total:	

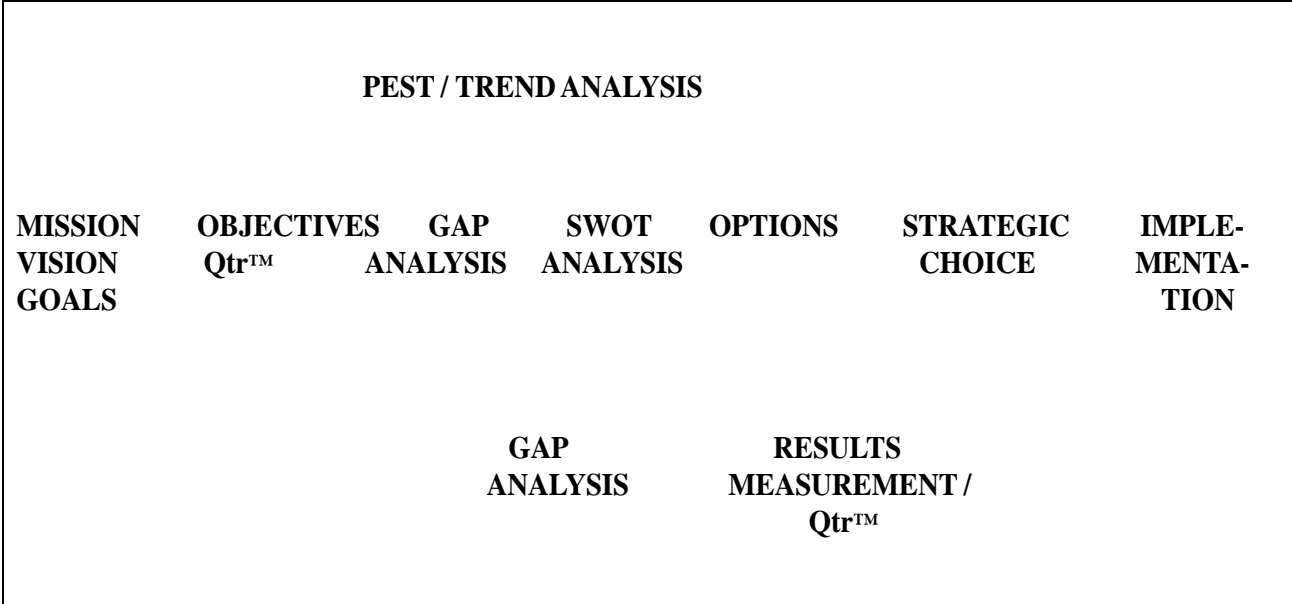
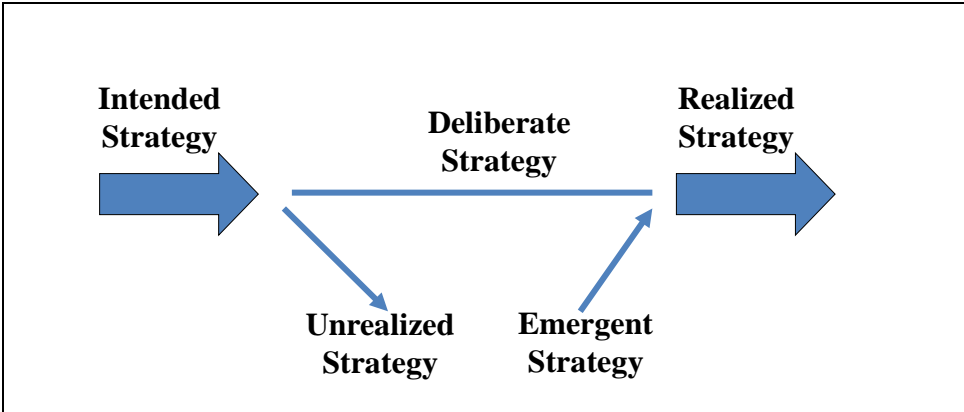
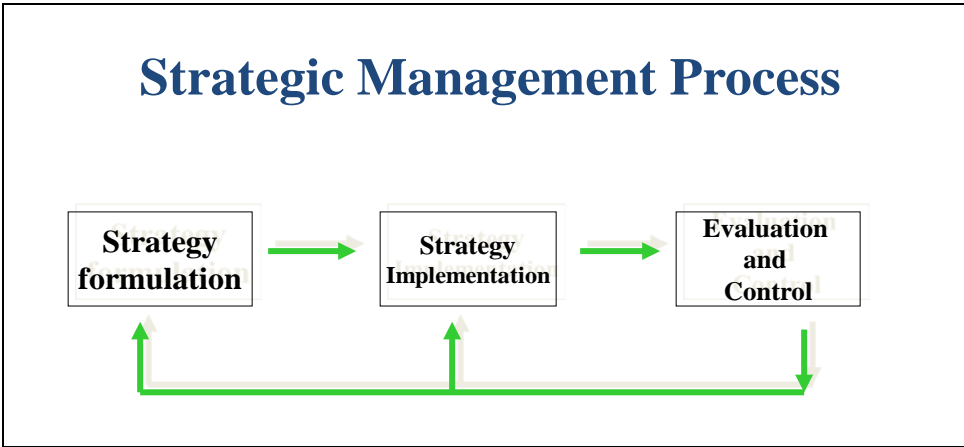
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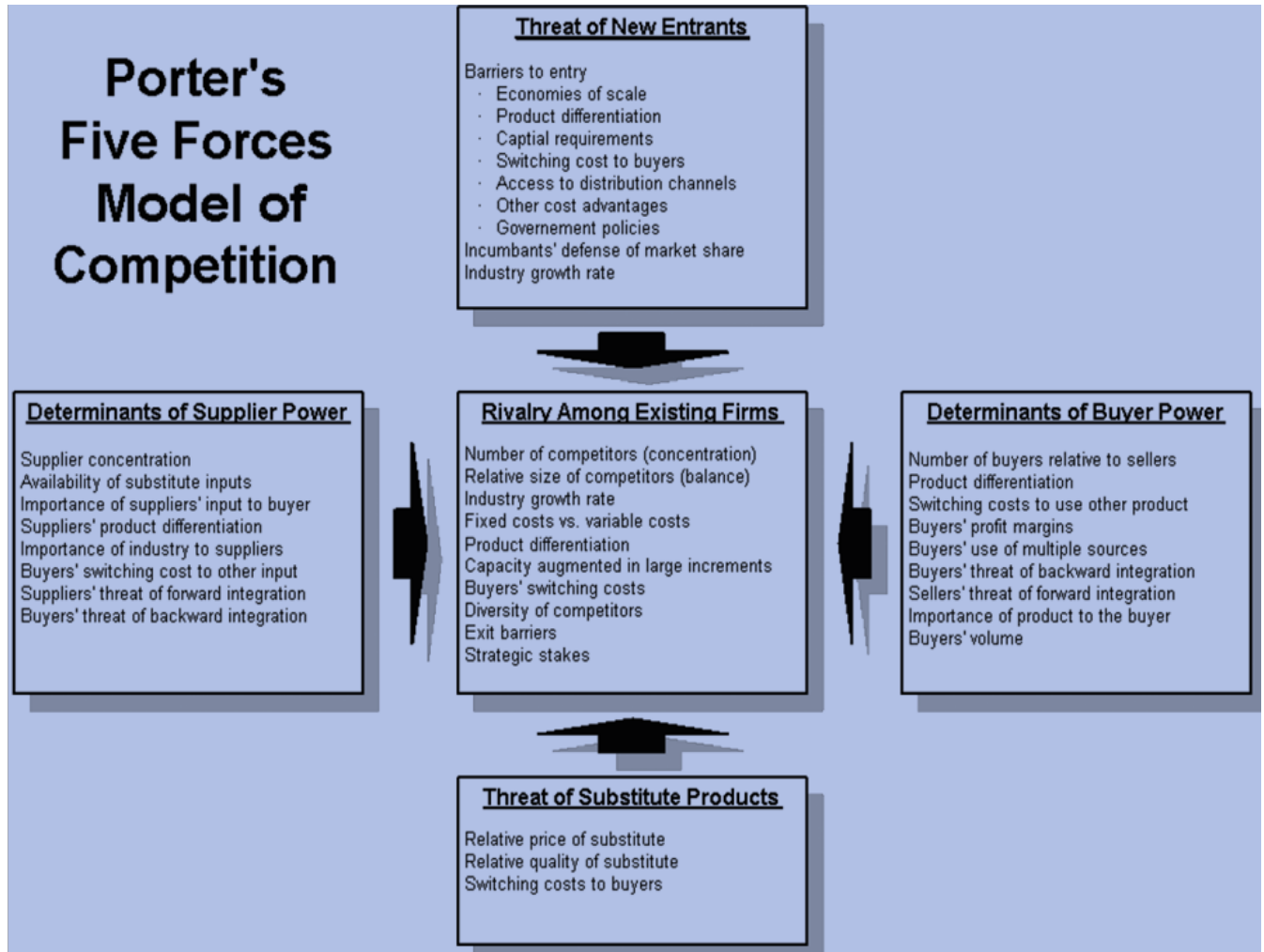
Include yourself in the peer evaluation. The total of the right column must equal zero.

Your name (print): _____

Your signature: _____ Date: _____

KEY CONCEPTS



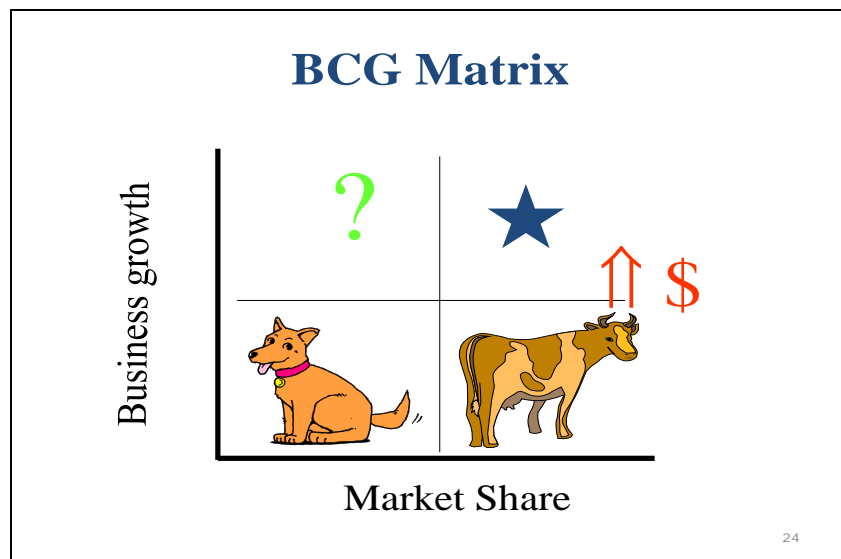
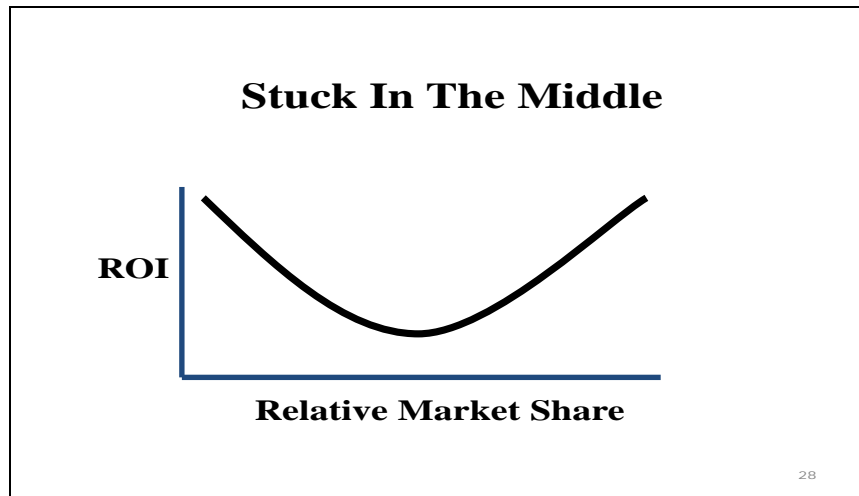
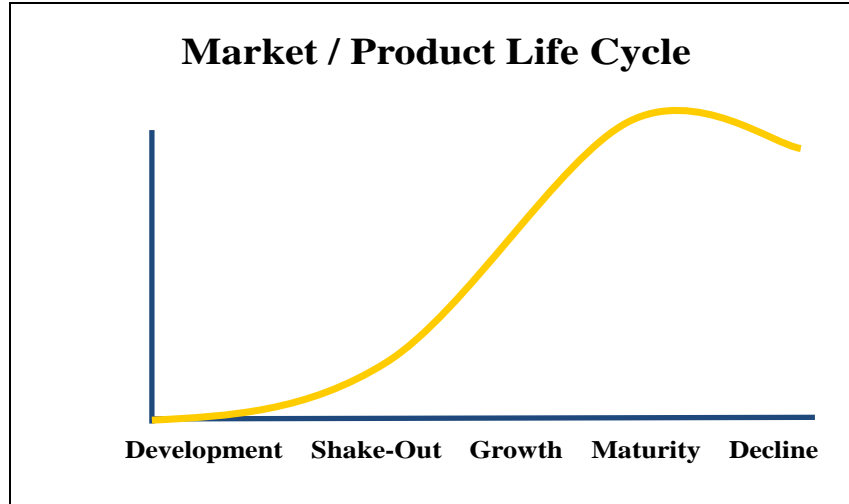


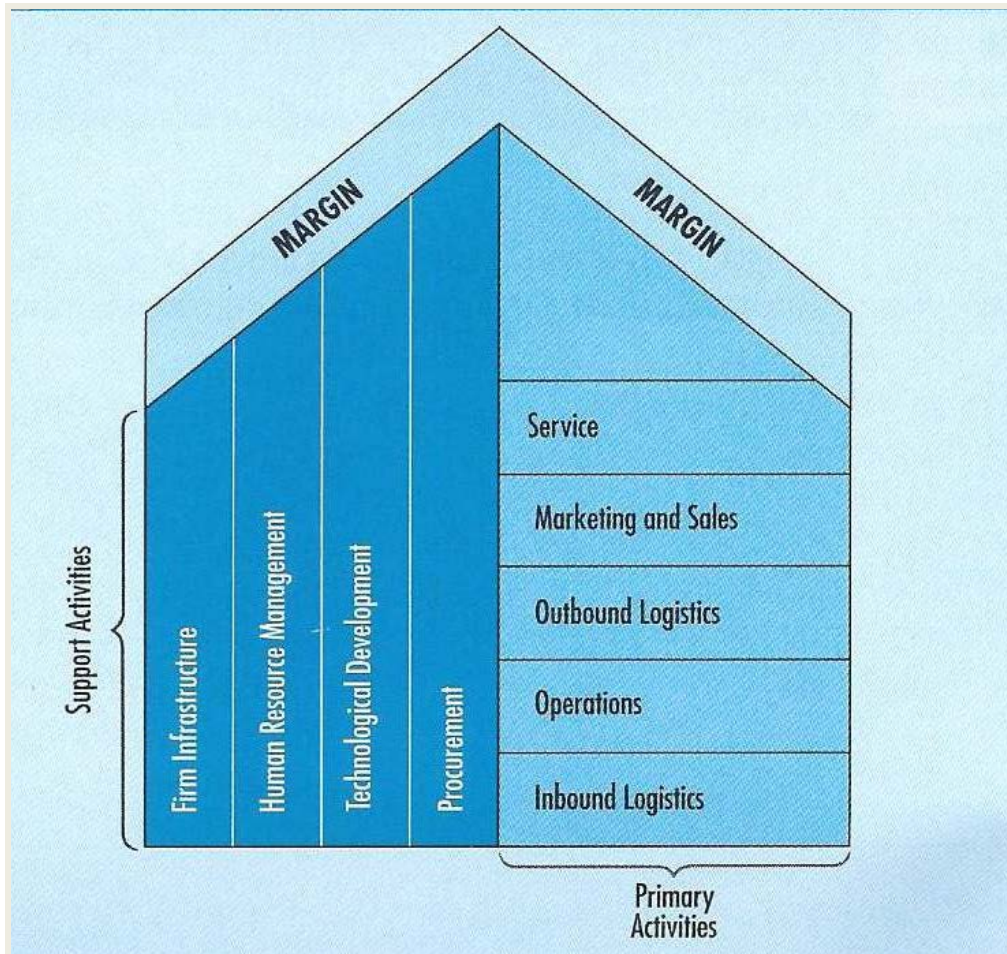
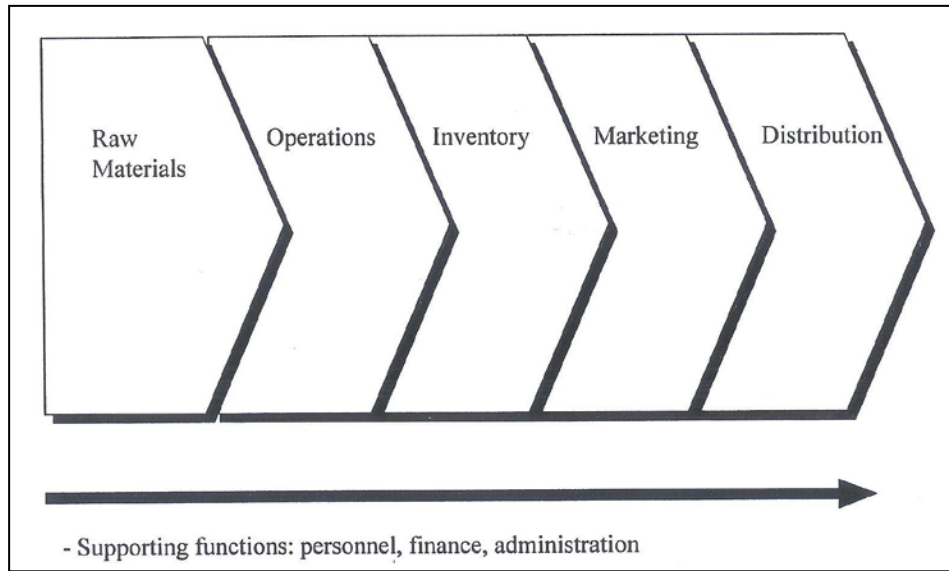
PRODUCT AND MARKET MATRIX

PRODUCT MARKET \	PRESENT	RELATED	UNRELATED
PRESENT	LOW RISK		HIGH RISK
RELATED			
UNRELATED	HIGH RISK		EXCESSIVE RISK

Arrows in the matrix indicate risk transitions:

- From **LOW RISK** (Present Product, Present Market) to **HIGH RISK** (Present Product, Unrelated Market)
- From **LOW RISK** to **EXCESSIVE RISK** (Unrelated Product, Unrelated Market)
- From **LOW RISK** to **HIGH RISK** (Unrelated Product, Present Market)





2 Little Words

EGO

FIT

Discipline to be consistent

FIT

Strategy-Environment

Mission-Vision-Goals-Strategy

Goals-Strategy-Performance metrics (Qtr™)

Strategy-Structure