

**MBA P720
Strategic Management
Summer 2014 Course Outline**

**Strategic Management Area
DeGroote School of Business
McMaster University**

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. 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 success; 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 an integrative framework 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 encourage students to think critically and strategically.
- To develop the ability to identify strategic issues and design appropriate courses of action.

INSTRUCTOR AND CONTACT INFORMATION

Section C01E: Tue. & Thurs.

19:00 – 21:50

Peter Vilks

Assistant Professor

vilks@mcmaster.ca

Office: DSB 209

Office Hours: By Appointment

Class Location: Tues. RJC 357

Class Location: Wed. RJC 249

John Nashid
Teaching Assistant
nashidj@gmail.com

Course Website: <http://www.avenue.mcmaster.ca>

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	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:	No

COURSE DESCRIPTION

Strategic management focuses on the concept of strategy formulation and implementation by exploring the functions and nature of general management. 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 to industry participants;
- 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;
- Consider the ethical dimensions of the strategic management process; and
- Effectively communicate change management strategies in various forums to an array of audiences with accuracy, clarity, specificity and professionalism.

REQUIRED COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials	\$ FREE
• http://avenue.mcmaster.ca	
Text Book: <i>Strategic Analysis and Action</i> , 8th Edition, Crossan, Fry & Killing	\$ 83.90 CAD
Custom Courseware: P720 Strategic Management, Summer 2014, Peter Vilks	\$ 38.00 CAD

prices subject to change

OPTIONAL COURSE MATERIALS AND READINGS

Additional material of interest will be identified during the course of the semester.

EVALUATION

Learning in this course results primarily from in-class discussion and participation of comprehensive business cases as well as out-of-class analysis. The balance of the learning results from the lectures on strategic concepts, from related readings, and from researching your presentations, cases, assignments, simulation decisions and projects. All work will be evaluated on an individual basis except in certain cases where group work is expected. In these cases group members will share the same grade adjusted by peer evaluation. Your final grade will be calculated as follows:

Components and Weights

Class Participation - individual	10%
Case Reports - individual	15%
First Group presentation	10%
Final Group presentation	10%
Group Project	20%
Exam (take home case) - individual	35%
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.

Grade (Points)	* Percentages
A+ (12)	90-100
A (11)	85-89
A- (10)	80-84
B+ (9)	75-79
B (8)	70-74
B- (7)	60-69
F (0)	00-59

Communication and Feedback

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

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

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.

Instructors should conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

Class Participation and Case Discussion (10%) - Individual

This is primarily a case 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 and ask questions about all assigned chapters and cases (and case questions)**. We will not spend any significant amount of class time repeating what was contained in the 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 or discussed in class can be applied. Make notes that you can refer to during class. You are encouraged to meet with your team 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. 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 and quantity of contribution. Contribution marks will be earned from not only the cases but everything that adds value to the class. 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 grade.

Case Report (15%) - Individual

You will be responsible for answering the case discussion questions for one case. Your analysis must not exceed two pages in length total (type written, 1.5 lines spaced, 12-point font). Consequently, you must provide brief, concise answers, possibly utilizing tables/charts. You will choose one of Cases 2,3,4,5 and 7. Your answers are due at the beginning of the class in which your case is being discussed. See back of course outline for case questions.

Group Project (Industry/Company Analysis, & Presentations) (40%) - Group

You are required to form a group of 4-6 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 and submit one written report. 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. Option (2) will be penalized by one letter grade since no primary research is done (i.e. an earned "A" becomes an "A-", etc.). Your group is also required to make two formal 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 will include your peer evaluation along with the report. A blank peer evaluation form is found in this package.

1. Written report submission (20%) – must include peer evaluations

- The group project report should be type written, 1.5 line-spaced, using 12-point size font, and should not exceed 25 pages (excluding cover page, tables, figures, appendices, references, and endnotes).
- The cover page should provide the complete names of the group members, student ID number, and course code

The report should contain the following sections: (1) Cover page listing team members; (2) Table of contents; (3) Executive Summary (note, this is not an introduction, it is a listing of key findings); (4) Company Background/History; (5) Statement of problem(s), for this point you should identify all the problems (bearing in mind that we're dealing only with problems that are strategic in nature) – if you can, list them in declining order of consequence to the enterprise – you could also indicate the magnitude of the consequence without going much further – this serves to frame where the solution, later in the report, will come from; (6) Analysis section – this is a big section which includes Environmental/Industry analysis/Future trends, Competitor analysis, Strengths/Weaknesses/Opportunities/Threats analysis – use resource-based criteria (VRIO key words; resources, capability, competitive advantage, core competency, strategic advantage) – track company performance over time - 3-5 years is sufficient); (7) Alternatives; (8) Decision Criteria; (9) Decision(s); (10) Implementation & Contingency Plan; (11) List of references; (12) Exhibits (Tables and charts).

Additional Guidance for Points listed on Previous Page:

The Industry Environment (point 6)

- 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 (Porters Five Forces analysis). Analyze the information contained in the Five Forces model. Do not reproduce that information, just provide the analysis. 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 (point 6)

- 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 the value chain analysis for each group (or major players).

The Macro Environment (point 6)

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

Key Strategic Issue (point 6)

- From your team's industry analysis and your competitive advantage analysis of the firm, identify a single major strategic issue facing the company (the best issues are typically either major problems to be solved, or major opportunities to take advantage of).

Alternatives (point 7)

Develop, in detail, two to four viable strategic alternatives. In each alternative you should:

- show how it addresses the key strategic issue.
- show the ability (using VRIO) of the company to successfully pursue each alternative (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 the first alternative, and then do the same for the second alternative. Do not jump back and forth between discussing each alternative.

Decisions Criteria (point 8)

- Construct Criteria Table

Decision - Recommended Course of Action (point 9)

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

Implementation and Contingency Plan (point 10)

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

2. Presentations (20%: 10% x 2)

Each group is required to make two presentations.

- The first presentation focuses on industry and competitor analyses (Porter's and SWOT).
- The second presentation focuses on your client/target company analysis (VRIO and SWOT).

Each presentation should not exceed 15 minutes (plus 5 minutes of Q&A). Hard copies of PP slides must be given to TA and Instructor before presentation in order to not lose marks. Dress code: business attire.

Case Exam (35%) - Individual

The final exam will be a take home case-based exam requiring answers to specific questions. You will pick up a copy of the exam on Thursday, June 5th in class. Your analysis is due on Thursday, June 12th (late submissions will be penalized at 5% per day). No make-up exam will be administered. If you miss the final exam, no grade will be given. Your submissions will be subject to "Turnitin.com" for verification of authenticity.

<http://www.mcmaster.ca/academicintegrity/turnitin/students/index.htm>

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>

In this course we will be using Turnitin.com which is a plagiarism detection service. Students will be expected to submit their work electronically to Turnitin.com so that it can be checked

against the internet, published works and Turnitin's database for similar or identical work. If a student refuses to submit his or her work to Turnitin.com, he or she cannot be compelled to do so and should not be penalized. Instructors are advised to accept a hard copy of the assignment and grade it as per normal methods. The assignment can be subjected to a Google search or some other kind of search engine if the instructor wishes. To see guidelines for the use of Turnitin.com, please go to:

<http://www.mcmaster.ca/academicintegrity/turnitin/students/index.html>

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 DeGroot website at <http://mbastudent.degroot.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.degroot.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 and course websites weekly during the term and to note any changes.

COURSE SCHEDULE

**MBA P720 – C01E
Strategic Management
Course Schedule Summer 2014**

Week/Date	Topic	Assignments
1) / April 29	Course Introduction, Strategic Management Concepts	Discuss: course outline schedule, participation, grading, AVENUE, courseware Discuss: Selecting team members for group project Lecture: Introduction to Strategy and Strategic Process Lecture: the VRIO tool
2) / May 1	General Management Perspective & Strategy	Read: SAA (Strategic Analysis and Action) Chapters 1 and 2 Read: Guide to case analysis (handout) Read: HBR How competitive forces shape strategy (handout) Optional Read: HBR What is strategy (CCW) Lecture: Porter's 5-Forces
3) / May 6	The Diamond-E Framework & Tools for Environment Analysis	Read: SAA Chapters 3 and 4 Case 1: The Chinese Fireworks Industry – Revised Case 2: Southwest Airlines: Singin' the (Jet)Blues
4) / May 8	The Strategy-Environment Linkage, & The Strategy-Resource Linkage	Read: SAA Chapters 5 and 6 Case 3: Designer Classics Carpet Manufacturing Ltd.

5) / May 13	The Strategy-Management Preference Linkage, & Strategy and Organization	Read: SAA Chapters 7 and 8 Case 4: Harlequin Enterprises Limited - 1979
6) / May 15	Strategic Choice, & Change Agenda, & Guidelines and Action	Read: SAA Chapters 9, 10 and 11 Case 5: Rehabilitation Research Centre
7) / May 20	Group Presentation I	Group Presentation I
8) / May 22	Re-cap of main tools	Class Activity: PEEST, VRIO and 5 Forces analysis
9) / May 27	Management Preferences in Action	Case 6: Sabena Belgian World Airlines Weytjen's First Assignment
10) / May 29	International Strategy	Case 7: Sher-Wood Hockey Sticks: Global Sourcing
11) / June 3	Group Presentation II	Group Presentation II (Group reports due.)
12) / June 5	Wrap-up of course	Reading: "Strategy & Society" (Porter & Kramer) Pick up Case exam in class
13) / June 12		Case exam due to TA and Turnitin

P720 PEER EVALUATION	INSTRUCTOR: PROF. VILKS	SUMMER 2014
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The total budget to distribute among the people in your group is \$100 multiplied by the number of people in your group. For example, if there are 5 people in your group, then you have a \$500 budget ($\$100 * 5$), and all of it must be distributed.

You, as a group, are to assign each person in your group an amount of money that represents their *overall* contribution to all group assignments including presentations. If everyone contributed equally, then pay each person \$100. If group members did not contribute equally, then adjust this fee according to your honest and professional assessment of the value of their contribution. For example, if one person gets \$105 then someone else must get \$95 (all things equal) so the overall budget will have been spent. Note that variances have significant impact.

Your evaluation is to be completed through consultation with others in your group and you are to reach a consensus. Bringing the instructor in for last minute adjudication is frowned on. Only one form is to be returned per group. Again, note that variable evaluations can significantly affect final marks.

All group members must PERSONALLY sign the form submitted. Your signature indicates agreement with this evaluation. The form MUST be handed in along with the final client group report in order for it to be graded. Please list names alphabetically.

TEAM NAME: _____

DATE: _____

Full Name (print)	Student No.	Signature	Fee (\$)
Total Fee (\$100 x # of members in group)			

P720

Strategic Management

Case Questions

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 investments, what would you do to win out in the competition?

Case 2: Southwest Airlines: Singin’ the (Jet)Blues

- 1) How does Southwest Airlines compete? What are its advantages relative to the other airlines? What are the secrets of its success?
- 2) What is distinguishable about JetBlue?
- 3) How does this contribute to its high performance?
- 4) What are the challenges facing Southwest? What are your recommendations?

Case 3: Designer Classics Carpet Manufacturing Ltd.

- 1) Assess the company’s strategic components (use Figure 2.1 in SAA text)
- 2) Succinctly explain the company's core competence and value proposition
- 3) What are the pros and cons of the following strategic initiatives:
 - a. WSM acquisition
 - b. Elite Carpets acquisition
 - c. Ownership Exchange with Distributor
 - d. Importing Company
- 4) Draw the value chain starting with "Fleece" and ending with the "Customer"
- 5) Which deal should Jim Dunlop make?

Case 4: Harlequin Enterprises Limited - 1979

- 1) Complete the 2X2 performance / health matrix (see Figure 1.2 in the SAA text)
- 2) What product is Harlequin offering?
- 3) What are the key success factors in the industry?
- 4) Conduct an Environment and Resource analysis (see Chapters 5 and 6 in SAA text)
- 5) Develop and evaluate alternatives. Make a recommendation for action.

Case 5: Rehabilitation Research Centre

- 1) Evaluate the 2X2 performance - health matrix.
- 2) What is the Net Liquidation Value?
- 3) Evaluate Korpela’s Diamond-E report.
- 4) What are the pros and cons of each alternative?
- 5) What should Korpela do personally?

Case 6: Sabena Belgian World Airlines Weytjen's First Assignment

- 1) What is the decision context that Erik faces?
- 2) What personal, business and environmental factors influence Erik's actions?
- 3) What is your assessment of the situation at Sabena catering?
- 4) How ready is the organization for change?
- 5) What specific actions should Erik take to resolve the problems?

Case 7: Sher-Wood Hockey Sticks: Global Sourcing

- 1) What motivated Sher-Wood to outsource its manufacturing to suppliers inside or outside Canada in 2007 and 2011?
- 2) What decision factors changed between 2007 and 2011?
- 3) Which firm activities would be impacted by offshore outsourcing? How different were these influences between 2007 and 2011?
- 4) Should Sher-Wood outsource its remaining manufacturing to China? Will this solve Sher-Wood's concerns?
- 5) What alternatives exist? What are the pros and cons of each?