

PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. OTIS W. BASKIN

MBAM 619.12

Strategic Management

SPRING 2008

TUESDAY

1:00 – 5:00 P.M.

Beckman Management Center

SYLLABUS

MBAM 619.12 Spring 2008

Day/Time: Tuesday, 1:00 pm – 5:00 pm
Location: Malibu
Professor: Otis W. Baskin, Ph.D.
Office Hours: Tuesdays, 11:30 am – 1:00 pm and by appointment
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Course Rational

This course is designed to be a “capstone” for the MBA to integrate the knowledge and skills gained during the program from the perspective of the chief executive officer. The purpose of business strategy is to provide frameworks and tools for conducting strategic problem identification, analysis and decision making for improving overall organizational performance. It is designed to prepare students to analyze the company as well as its environment. The course is integrative in that students will constantly be using skills and knowledge from various functional business areas such as accounting, economics, finance, marketing, production and operations, and quantitative methods. Therefore, students should expect to revisit knowledge gained in earlier in their studies with the intent of applying this information to gain a holistic view of the enterprise. This course will help students develop skills related to critical/multidimensional thinking, analytical reasoning, argument construction, debate, project management, running effective teams and written and oral communications. In addition to analysis and planning particular emphasis will be given to application and implementation of strategy.

Expected Student Outcomes

At the end of this course, the successful MBA candidate should be able to:

1. View the organization from a CEO/Board of Directors perspective.
2. Understand the relationship between strategy and organizational performance.
3. Speak intelligently about a variety of different industries.
4. Understand the intricacies of managing change at various stages in the company’s lifecycle.
5. Formulate strategy from the perspective of front line implementers.
6. Develop a strategic leadership perspective necessary to manage effectively in the 21st century.
7. Address ethical dilemmas confronting executives.
8. Understand the role of senior management.

9. Develop the personal qualities of strategic managers such as judgment, wisdom, integrity, and courage.
10. Understand how strategy affects various levels inside the organization.
11. Conceptualize a personal action model for strategy implementation.
12. Hone critical thinking and written, oral, and presentation skills.

Methodology

Case discussion will be the primary method of instruction incorporating individual assignments, along with individual and group presentations. While some material will be presented in lectures, the primary focus will be on material prepared by the students for class discussion. Emphasis will be placed upon learning ways to conceptualize and implement strategy in organizations. Each student will be expected to demonstrate a personal portfolio of approaches to manage change in organizational settings and contribute to the learning of fellow students.

Texts and Course Materials

Required:

- Hoskisson, Hitt, & Ireland, *Competing for Advantage*, Southwestern Publishing, 2004. ISBN #0-324-27158-1
- **Assigned cases** to be purchased on-line:
<http://harvardbusinessonline.hbsp.harvard.edu> (See case list and order numbers in Blackboard)
- **Journal Articles** as assigned – available through library data base links posted in Blackboard
- **Merger Plan Simulation** – purchased on-line (professor will provide details)

Recommended:

- Bossidy & Charan, *Execution: The Discipline of Getting Things Done*, Crown Business, 2002. ISBN #0-609-61057-0
- Pfeffer & Sutton, *The Knowing-Doing Gap*, Harvard Business School Publishing, 2000. ISBN #1-57851-124-0
- *The Wall Street Journal*
- *The Financial Times*

Grading

Class participation is the center of the instructional methodology for this class and therefore, attendance at each class is important. Both the quality and quantity of comments in class will be considered in grading. Therefore, it is expected that students will come to each class meeting prepared and ready to employ the concepts and content of readings and other assignments.

Attendance Policy

Since class participation is such a large portion of your grade in this course, absences will adversely affect your evaluation. Also, given the fact that each absence constitutes a miss of four hours of class time and a class of this format cannot be “made up,” **you are expected to attend all sessions.** Those missing a session will be asked to prepare a special paper that will be due the next class session. The paper will be graded credit/no credit (failure to hand in the paper will result in a 5-point penalty.). If you miss two or more classes, I reserve the right to drop you from the class or lower your grade.

University and School Policies

Students will be expected to abide by all policies of The Graziadio School and Pepperdine University including rules of conduct as listed in the catalog.

DESCRIPTION OF ASSIGNMENTS

Written Case Analyses: Each student is expected to read the case(s) assigned for each class period along with the text and articles indicated and prepare a written analysis to be posted in the Blackboard by 12:00 noon on the day of class. Papers should not exceed 5 pages in length using generally accepted formatting, type face, and spacing for business reports. Each analysis should address the questions for the assigned case. In addition, each analysis should apply the concepts from the readings (text and articles) assigned for that class period. Analyses may not be posted for credit after the class period in which the case is covered.

Take-home Exam Case Analysis: a case will be assigned for analysis using the concepts and tools from the readings assigned to that point in the class. The objective of this examination is to assess each student’s understanding of competitive analysis of a firm’s environment and their ability to analyze a strategy within a business model.

Extemporaneous Briefing: During each case discussion one or two students will be called upon to address the class on a particular aspect of the case and/or assigned readings at the professor’s discretion. No advance warning will be given for this assignment – students will be expected to be prepared to stand and brief the class on the topic/issue chosen immediately after being called upon. There will be a strict 5 minute time limit for each briefing. No PowerPoint slides or other prepared materials will be used. Students may elect to “pass” when called upon only once during the entire course. This will be included in each student’s participation grade.

Leading the Class Discussion of a Case: Each project group will lead the class in a debriefing discussion for one of the cases assigned for the course. Prior to the Case Discussion, your role is to thoroughly read the case and readings that have been assigned. **You are responsible for updating the case by conducting a through literature and web search for recent developments in the company or industry that impact the learning experience.** You should develop a plan for leading a discussion of the case that will illustrate the Strategic Management issues of the case with particular emphasis on concepts raised in the readings. In addition to Q and A, look for ways to involve the entire class. Do not spend more than 10 minutes reminding

us of the case facts. Spend the majority of your time helping the class learn from the case. **You will have up to 30 minutes to lead the debriefing discussion.** Please plan not to exceed this time-frame.

Merger Plan Simulation: Specifics for this assignment will be given during the simulation orientation. In general, your grade will depend on the merger strategy presented by your team prior to the simulation and your implementation of that strategy during the simulation. Each group will be responsible for preparing and presenting to the instructor a PowerPoint presentation (not to exceed 10 slides) of their strategy and implementation plan for the simulation.

Final Paper and Presentation:

The project will be an analyst's report. Each project team will select a publicly traded company with offices in LA. Students will prepare an analysis of the industry using publicly available information, interviews with managers from businesses who operate in the selected industry and interviews with company officials. Students will identify what it takes for a company to compete effectively in this industry and then forecast the company's financial future in order to rate the organization as a buy, sell or hold. Students will undertake a thorough analysis of the company's resources, capabilities and competitive advantages. You must receive confirmation from the professor on your project.

Each team will submit a proposal (no more than one page) to your instructor by the date indicated in the course schedule. Your proposal will describe the industry you are selecting, why you feel it is an interesting industry and the names of the companies you will research in preparing this analysis.

Project papers and presentations are due on the last day of class. They must conform to the following format:

- 20 pages maximum (12 point font, double spaced, 1 inch margins, pages numbered (except first), spiral binding).
- Most tables, charts, graphs, and other exhibits should be placed in the appendices and referred to in the text. Appendices do not count as part of the 20 page limit.
- Cover page should include Company name and names (as listed on class roster) of each team member.
- Data and other information/quotations used in the report or appendices must have appropriate citations of sources at the point of use and in a references page at the end of the report. Names, titles, and contact information must be included for experts interviewed by the team.

I recommend you spend some time in the library researching analyst's reports for companies in the industry of the company you select. You are free to choose a format that is common for that industry as long as it meets the criteria above.

Content will be judged based upon your presentation of the following critical information:

- The strengths and weaknesses of its organization.
- The industry in which its organization exists.
- The key success factors for firms in this industry.
- The future of this industry and the future of this firm in this industry
- The organization's resources, capabilities and competitive advantages.
- The organization's limitations – resource, managerial and others.
- A critique of the strategy of the organization.

80% of your grade on this assignment will be the write-up; 20% of the grade will be on your presentation to the class. Each project will be presented to the class.

Course Evaluation

Individual Assignments:

- Class Participation- 30 points
- Take-home exam – 20 points
- Written Case Analyses - 20 points

Team Assignments:

- Merger Plan Simulation – 40 points*
 - Leading Case Discussion – 30 points *
 - Final Paper and Presentation – 60 points*
- TOTAL = 200 points**

*Performance assessments are given by your fellow classmates, and the professor.

To earn a B grade, all work assigned must be completed as scheduled, be insightful and of high quality. Written and oral expression must demonstrate attention to format and presentation as well as content. **To earn an A grade, work must be clearly superior.** Any late material will be subject to a 10% reduction in points, in fairness to those who are on time with their assignments.

The grades will follow the outline below, for individual projects as well as the class as a total unit.

<u>Points</u>	<u>Grade</u>
190-200	A
180-189	A-
175-179	B+
164-174	B
159-163	B-
154-158	C+
143-153	C
139-142	C-

**ASSIGNMENTS – MBAM 619
STRATEGIC MANAGEMENT
SPRING 2007**

January 8
Meeting 1

Introductory Class: The Purpose of Strategy

Required Readings

- Hoskisson: Chapter 1
- Articles: Porter, “What is Strategy?”

Formation of Project Teams (Professor will provide guidelines)

January 15
Meeting 2

The External Environment – Industry and Competitor Analysis

Required Readings

- Hoskisson: Chapters 3 & 6
- Case: The Chinese Fireworks Industry
- Article: Porter, “How Competitive Forces Shape Strategy”

Case Questions:

1. If you were Jerry Yu, would you invest in a Liuyang fireworks factory? Why?
2. Apply Porter’s Five Forces Model: evaluate the attractiveness of the Chinese fireworks industry.
3. Is the fireworks industry a sunset industry (an industry where the sun has gone down on it; its light is no longer shining), or is it an industry still worth being in for the long run?
4. If you were Jerry Yu, and you decided to make the investment, what would you do to win out in the competition?
5. If you were asked to provide advice to Liuyang Firecrackers and Fireworks Industry Department, as Jerry Yu, what would you say?

January 22
Meeting 3

The Internal Environment – Resources, Capabilities, Core Competency And Value Chain Models

Required Readings

- Hoskisson: Chapter 4
- Case: Core Competence at NEC and GTE
- Article: Stalk, “Competing on Capabilities: The New Rules of Corporate Strategy”

One Page Project Proposal Due from each team

Case Questions:

1. To what do Prahalad and Hamel ascribe the difference in performance between NEC and GTE?
2. To what do you ascribe the differences in performance?
3. How might core competencies contribute to the performance of a firm?
4. What evidence is there that NEC focused on core competencies?
5. What did GTE focus on? What evidence is there?
6. In the ten years before the article was published, how did the two stack up in terms of profitability? Total returns to shareholders?
7. What challenges do the firms face?

January 29
Meeting 4

Strategy Formulation at the Business Level

Required Readings

- Hoskinsson Chapters 5
- Articles: Magretta “Fast, Global and Entrepreneurial: Supply Chain Management Hong Kong Style”
- Case: Zara Fast Fashion

Case Questions:

1. How specifically do the distinctive features of Zara’s business model affect its operating economics?
2. What are the linkages among Zara’s choices about how to compete, particularly ones connected to its quick-response capability, and the ways in which they create competitive advantage?
3. How well does Zara’s advantage travel globally?
4. What do you think of Zara’s past international strategy? In particular, comment on its past strategy for (product) market selection, its mode of entry, and its standardization of its marketing approach.
5. What is the best way to grow the Zara chain? What are the prospects in the Italian market? Would it be better to focus on Europe versus making a major commitment to a second region?

February 5
Meeting 5

Take-home examination – a case will be assigned for analysis using the concepts and tools from the readings assigned to this point in the class. The objective of this examination is to assess each student’s understanding of competitive analysis of a firm’s environment and their ability to analyze a strategy within a business model.

February 12
Meeting 6

Corporate Level Strategies: Diversification, Acquisitions and Restructuring

Required Readings

- Hoskisson: Chapters 7 & 8
- Articles:
 - Markides, “To Diversify or Not to Diversify”
 - Eisenhardt and Galunic, “Coevolving at Last a Way to Make Synergies Work”
- Case: China Keon (A): Diversify or Not?

Merger Plan Case Team assignment (Each student must register and pay the simulation fee)

Project Teams initial industry analysis: Each team will prepare a 15 minute presentation (5 slide max.) on the industry of the company they have selected.

Case Questions:

1. What are the pros/cons of Kelon focusing on each of the product/markets?
2. How should we define and assess the reality of the Chinese home appliance and refrigerator market?
3. Should Kelon diversify into other businesses? If so, what industry should Kelon enter that would allow it to achieve synergy while maintaining its advantages as an entrepreneurial firm?
4. If the answer to the above question is affirmative, how should Kelon accomplish diversification? Should the company build a new product division internally, or should it acquire an existing business?

February 19
Meeting 7

Cooperative Strategies**Required Readings**

- Hoskisson: Chapter 10
- Article: Gary, “A Growing Reliance on Alliance”, Kanter, “Collaborative Advantage: The Art of Alliances”
- Case: The HP-Cisco Alliance

Merger Plan Strategy Review – the professor will meet separately with each team.

Case Questions:

1. What are the challenges facing Jim Heal and Mike Thomas?
2. What are the required skills to succeed in such a managerial role?

3. Does it make any sense to rely almost entirely on a middle manager with no formal authority to manage a strategic alliance? What are the alternatives?
4. If you were a high-level executive interested in the success of your company's strategic alliances, what would you devote most of your energy to?
5. What is the best way to ensure that alliance activities are endowed with sufficient power to create value for the organization?

February 26
Meeting 8

Merger Plan Simulation – In-class

(each team should have 1 computer that is compatible with the university wireless network)

March 4
Meeting 9

International Strategy

Required Readings

- Hoskisson: Chapter 9
- Group Assignment: Go Global or No?
- Case: L'Oreal and the Globalization of American Beauty
- Articles:
 - "Distance Still Matters: The Hard Reality of Global Expansion"
 - "Go Global or No"?

Case Questions:

1. Describe L'Oreal's acquisition activities. Do you agree with Owen-Jones' assessment of their strategy?
2. L'Oreal's wants to become a leading player in the U.S. market. What is their strategy for accomplishing this goal? Is it a sound one? Why or why not?
3. Assess the Kiehls acquisition.
4. How would you describe competitive dynamics in the cosmetics industry?
5. What do you see as the biggest challenges for L'Oreal? How should the company address them?

March 11
Meeting 10

Corporate Governance & Ethics

Required Readings

- Hoskisson: Chapter 11
- Case: The Enron Collapse
- Article: "The Board's Missing Link"

Case Questions

1. What is “mark to market” accounting and what are the implications of this for Enron?
2. What are special purpose entities or vehicles and why did the banks do inadequate due diligence?
3. What were the main reasons for Enron’s collapse? Where and why did it go wrong? Could it have survived?
4. Evaluate the boards’ monitoring of strategic and financial activities.
5. Could something like this happen again at a typical company?

March 18
Meeting 11

Strategic Entrepreneurship and Innovation

Required Readings

- Hoskisson: Chapter 12
- Article: “The Discipline of Innovation”
- Case: E-Ink

Case Questions:

1. What is the nature of the opportunity confronting E-Ink?
2. What do you think of their 3-stage approach to achieving their long-term goal?
3. What were other possible routes?
4. How much money should the company raise? From whom? On what terms?
5. What should Iuliano and his management team do?

March 25
Meeting 12

Change Management

Required Readings

- Case: News Corp
- Articles: McGahan, “How Industries Change”

Case Questions:

1. What is the strategic logic of acquiring DirecTV? How significant are the benefits from this acquisition?
2. Does News Corporation have a corporate strategy? Are there any distinctive themes or patterns that emerge from the series of choices that this company has made over its history?
3. What do you consider to be the major weaknesses of News Corporation’s approach, and the most salient risks to its strategy? How has it dealt with risk in the past?

4. What can News Corporation do to address the deteriorating economics of its core assets (network television and newspapers)?
5. Are there significant societal costs to having media conglomerates? What is the likely impact of consolidation in the media industry on the “diversity of media voices”?

April 1
Meeting 13

Strategic Leadership

Required Readings

- Hoskisson: Chapter 2
- Case: Paul Levy: Taking Charge of the Beth Israel Deaconess Medical Center A, B, C
- Article: “A Survival Guide for Leaders”

Case Questions:

1. How would you describe the situation Levy inherited at the BIDMC? What challenges did he face? Why did previous turnaround efforts fail?
2. How did Levy get started in his new job? In particular, what were his objectives and what did he accomplish: prior to his first day of work? On his first day? During his first week?
3. What was distinctive about the way Levy went about formulating, announcing, and implementing the recovery plan?
4. How did Levy tackle the problem of BIDMC’s “curious inability to decide?”
5. How would you describe Levy’s leadership style? Will it need to change as his tenure progresses?

April 8
Meeting 14

PROJECT PRESENTATIONS DUE