I Course Objectives

Strategic Management/Business Policy deals with the resources, organization, management and strategic positioning of the firm to gain long-term competitive advantage. The purpose of this course is for you to develop skills in understanding how firms gain and sustain competitive advantage, analyzing strategic business situations and formulating strategy, and implementing strategy and organizing the firm for strategic success. To accomplish this purpose, this course introduces and employs various analytical frameworks which help us identify the sources of competitive advantage from both an industry and firm perspective. We will focus on strategic decisions and the processes by which general managers position their business and allocate resources in the face of both uncertainty and competition. By focusing on what makes some competitive strategies strong and viable, while others remain weak and vulnerable, we will develop the intuition and skills needed to consider the impact of change and other important environmental forces on the opportunities for establishing and sustaining competitive advantage.

In this course, we will integrate a variety of functional expertise by approaching the problems of the firm from the perspective of the general manager. General managers are responsible for setting the goals, objectives, and strategies of the organizations they lead as well as the implementation and execution of such plans. To do this, the general manager must be capable of understanding and utilizing the knowledge from each of the organization’s functional areas to develop a cohesive and effective competitive strategy. In addition, the general manager must be able to analyze competitive situations within industries in order to understand the sources of a the firm’s competitive advantage.

In the current business environment, it is important to be capable of thinking like a general manager. Even if your intended career is entirely within a functional discipline, your responsibilities will often require you to provide inputs into the strategic management decisions of the general manager. Developing an understanding of strategic management will help you perform your duties such that they improve the competitive position of the firm.
II Techniques for Learning Strategic Management

To accomplish these objectives, we will use a variety of learning techniques: lectures, outside assignments, readings, written reports, presentations, and, most importantly, class discussion of case studies.

Case Analysis
Strategic thinking and analysis is best learned through practice. The cases we will study are about real world business situations; they are an opportunity to both apply the concepts we discuss in class as well as further develop our ability to think about business strategy.

How much you get out of a case depends on your preparation and active participation. Each of us must be fully prepared for each class, and there will be assignments throughout the term to help focus our preparation. All of us are expected to actively participate in each class—comment, question, argue, and analyze. Class participation provides us with an opportunity to develop our communication skills—in presenting a point of view and in listening. In many ways, these skills are as valuable as the analytical tools that will be developed in the course.

Group Work
Discussing cases and preparing analyses in small groups outside of class helps to deepen your knowledge about strategy. Thus, group work will be essential for weekly case preparation as well as the major group project. Developing effective group skills is a critical part of the learning process. It is a good idea to have students with different areas of expertise in the group, to facilitate the exchange of a variety of managerial viewpoints and help guard against “groupthink.” To help bring about this internal balance within each group, I will divide the class into eight groups (with 5-6 people in each group) by the second session.

Policy On Free-Riding
Free-riding (contributing less than an equal share to group work while receiving the full group grade) is wrong. It is primarily the groups’ responsibility to eliminate free-riding. If you feel that there is a problem in your group, you should first try to solve the problem within the group. However, if the problem cannot be resolved in this manner then please discuss the matter with me. I want, and need, to be made aware of such problems in a timely manner, if they exist, so that corrective action can be taken.

III Course Requirements and Grading

Your course grade is a function of the following requirements:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Participation</td>
<td>15%</td>
</tr>
<tr>
<td>B. Quizzes</td>
<td>5%</td>
</tr>
<tr>
<td>C. Concept Application</td>
<td>5%</td>
</tr>
<tr>
<td>D. Competitive Dynamics Project</td>
<td>10%</td>
</tr>
<tr>
<td>E. Midterm Exams</td>
<td>35%</td>
</tr>
<tr>
<td>F. Strategy Practicum</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

A. Participation — 15%

As stated above, group interaction is critical to learning how to think strategically, and the most important group interaction occurs during our discussions in class. Meaningful participation requires that you are
prepared to discuss the cases. It also requires you to make a contribution to our discussion, not just talk, repeat case facts or simply agree with what others have already said. In this course, we all learn from each other. Thus, we are each responsible for making contributions to the class’s effort to analyze a case and gain a critical perspective on the issues confronting the company in question. How well you contribute to this group process forms the basis of your discussion grade.

**Evaluation Criteria**

My objective is for you to actively participate in the class effort to resolve the issues we find in the case. That starts with having an opinion and freely expressing it. Fundamentally, a good conversationalist is someone who has an opinion and knows how to express it. Each of us comes to the discussion with different experiences and perspectives on the strategic issues in the cases. To get the most from our case discussions, it is critical for all of us to contribute our ideas and perspectives. Our interest is not whether your ideas are right or wrong, but rather whether they move the class discussion forward in our development of the issues described in the case. One clear way to contribute is to disagree with the comments of your classmates when appropriate. To facilitate discussion, we all have a responsibility to create an environment where everyone feels comfortable offering his or her opinion. Failure to participate penalizes you and the class in these ways:

- You lose the incentive to prepare for the case properly.
- You squander the opportunity to develop better communication skills.
- You deprive all of us from your insights into the case.
- Your ideas go unevaluated and unscrutinized by others.

Of course, grading discussion is by its very nature a subjective process, and it is impossible to say there is one “best way” to participate in class. Thus, after each group presentation, I will request a brief self-evaluation of your participation and provide you some feedback on how you are doing and how you might do to improve your efforts. Finally, should you have any questions or comments about how things are going in class, my door is always open.

Please, don’t confuse attendance with participation! While showing up is half the battle, you cannot just sit in class for the whole term and offer nothing at all. In a firm, people who don’t show up prepared not only risk their own jobs, but also penalize their colleagues who depend on them. Like in the business world, we will rely on each other. I will keep attendance for this class, and after two missed classes, five percent will be deducted from your participation score if you are absent or unprepared for a case discussion. There are no excused absences; that is the purpose of the two free absences.

Some of the cases we will be covering over the term may appear to be somewhat foreign and technical (for example aircraft). However, each of us has the responsibility for having a basic understanding of these technical issues before we discuss the case in class. You are likely to find the ability to master such material to be a valuable skill in your professional career. In any case, if you don’t understand something, ask someone (Me, for example).

**B. Quizzes — 5%**

Over the course of the semester, I will administer several simple quizzes based on the reading for that day. The quiz should be straightforward if you have prepared for class. Each will be given at the beginning
of class and focus on key issues in the case or lecture reading that day. We will take approximately eight quizzes of which I will count your best five scores.

C. Concept Application — 5%

Format
The purpose of these “concept applications” is to dig deeper into the concepts from the lectures and to understand and illustrate their application in real world situations. Your team will identify a concept to be discussed in class on the day assigned and identify an application for that concept. You will briefly present the concept and application of the concept to the class and play a leading role in our discussion. The presentation should be 5 minutes or less followed by questions and discussion. You should also submit a 1-page, double spaced description of the concept and the application you have identified.

D. Competitive Dynamics Project (Airbus A3XX Case) — 15%

Each group will be responsible for preparing an analysis of the case, Airbus A3XX. This assignment will integrate business strategy with analytical tools you have learned in your other business core classes. In particular, each group will be expected to develop a cash flow model of the strategic decision confronting Airbus or Boeing, undertake a game theoretic analysis of this strategic situation, and develop a strategy with regard to the firm’s investment decision. In addition to a cash flow/scenario analysis of the case, each group should also write up a 5–7 page report outlining your analysis and recommendations.

E. Midterm Examinations — 35%

On Wednesday, October 10, a short midterm exam (40 minutes) will be given that is worth 15% of the final grade. This exam will be comprised of multiple-choice and short-answer questions covering lecture and reading materials up to that date. It will cover no case materials.

The second midterm exam will be given on Wednesday, November 28, and is worth 25% of the final grade. This exam will feature multiple-choice, short-answer, questions that cover the readings and lectures since the first exam. It will also include application oriented essay questions covering one or more cases studied up to that time. The application questions will be cumulative, covering topics throughout the semester. Sometime near the end of the term, the case(s) that will be included in the final exam will be announced. Both exams are closed-book and closed notes.

F. Strategy Practicum (Group Projects) — 30%

The final weeks of class are devoted to applying what we have learned via a series of eight team presentations/class discussions of different cases and firms. You may choose between a case project and a “library” project. In the case project, your team will analyze one of the final cases of the semester and lead the class discussion. In the “library” project, your team will choose a firm, conduct research on the strategic issues facing the firm and make recommendations. Short presentations of the “library” projects will be made during the last few class periods. For both types of projects, you will submit a written report of your analysis some time after your presentation. You will play the role of a consulting team hired to advise your chosen company; a second team will play the role of the firm’s top management. The remainder of the class will play the role of “stakeholders” in the company.

In these sessions, the management consulting team will begin by making a brief presentation, giving an overview of their analysis and recommendations. After the presentation, the rest of the class (the stakehold-
ers) will then have an opportunity to comment and ask questions on the presentation. Our purpose is to generate a deeper discussion of the issues involved. Armed with the comments of the “stakeholders,” you should revise your analysis and prepare a written report of your analysis and recommendations. A copy of presentation materials is due on the day of the presentation and a final version of the written analysis is due on or before Monday, December 10 for all groups. Please see the guidelines on written analysis and presentations for further details.

F.1 Group Presentation — 8%
Critical analysis, especially in the form of presentations, has been called the language of strategy. Thus, my objective for these presentations is to provide a forum where you can enhance your ability to:

- develop a clear and direct presentation,
- utilize visual aids to support the presentation,
- think on your feet,
- evaluate the adequacy of an argument, position or plan,
- listen critically and pose worthwhile questions that facilitate constructive group problem-solving,
- and give and receive criticism in a socially acceptable manner.

In preparing this assignment, the presenting group should adopt the role of a consulting firm hired by top management to perform a strategic analysis of the company in the case. The use of visual aids (overheads, charts, graphs) is recommended to enhance the clarity of your presentation. All members of the team are expected to participate in the presentation. You will be evaluated on the clarity of the presentation, persuasiveness, cohesiveness and logic of the arguments presented, and effective use of visual aids. Students should avoid merely reading out presentation material. Presentations are professional; executive attire is suggested.

F.2 Top Management Simulation — 2%
The second half of the practicum case discussion will consist of questions and other interaction between the presenting groups and the class (20 minutes for top management, 15 minutes for the class, and 10 minutes for the instructor). Top management’s task is to critique, comment on, and support and/or question the analysis and recommendations presented by the consultants (which requires you to be TOTALLY familiar with the case company’s situation!) In reviewing the presentation, it is useful to think about what would be the consequence to the organization if the suggested recommendations were adopted. Note that all members of the organization benefit by good decision-making and are hurt when the company incurs losses because of poor analysis. Keep in mind that as a member of the management team, your contribution to constructive problem solving will be evaluated by your superiors (the instructor in this case). Your grade for the top management simulation will be based on your individual comments and questions — it is not a group grade.

F.3 Written Report — 20%
As a part of your project, each group is asked to undertake a written analysis of your case in addition to your class presentation. The paper should do three things: 1) Identify the central strategic issues facing the company; 2) Analyze these issues using the frameworks from class; and 3) Make specific recommendations on what action the company should take. This written case assignment will provide you with the opportunity to use you conceptual, analytic, and technical skills in applications to real-world business situations. You should adopt the role of a management consulting firm which has been asked to examine the corporation in the case and provide: (a) judgments regarding the key issues an problems facing the company with supporting evidence and sound logic; (b) alternative courses of action open to the corporation and assessments of these; (c) specific recommendations with a supporting plan of action.
Evaluation Criteria

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>Executive Summary</td>
<td>5</td>
</tr>
<tr>
<td>Problem Statement</td>
<td></td>
</tr>
<tr>
<td><strong>Central Issues Identified and Communicated</strong></td>
<td>20</td>
</tr>
<tr>
<td>Analysis</td>
<td></td>
</tr>
<tr>
<td>Logical, Focused, and Substantive Analysis</td>
<td>30</td>
</tr>
<tr>
<td>Effective Use of Facts and Figures To Support Arguments</td>
<td>10</td>
</tr>
<tr>
<td>Clear, Concise, and Effective Use of Graphics &amp; Tables</td>
<td>10</td>
</tr>
<tr>
<td>Recommendations</td>
<td></td>
</tr>
<tr>
<td>Recommendations Follow From Analysis</td>
<td>15</td>
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<tr>
<td>Overall</td>
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<tr>
<td>Readable Style and Layout</td>
<td>5</td>
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<tr>
<td>Spelling, Grammar, &amp; Punctuation</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
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</tbody>
</table>

In evaluating your papers, the most important criteria I use concerns the strength and logic of your argument. That is, does your analysis make sense? Do you marshal facts from the case to support your analysis? Do your recommendations follow from your analysis? Are you able to rule out certain options as being illogical and counter productive? Fundamentally, you want to lead your reader through a chain of reasoning that drives them toward the same conclusions presented in your recommendations. Your paper will succeed to the extent that it accomplishes this task.

You are encouraged to use the various frameworks, concepts, and techniques discussed in the course or otherwise known to you. Remember, however, that these are analytical tools and help you in forming judgments about central problems and associated recommendations; they are not ends in themselves. Emphasize your judgments (usually using headings and sub-headings) and present data and information from the case, along with supporting analysis, in support of these judgments. However, most importantly, AVOID MERELY REHASHING THE FACTS!

Finally, the effective use of graphics and quantitative analysis will help you to communicate the point you are trying to get across to the reader and add focus to your analysis. I urge you to undertake all relevant types of analysis (e.g., industry analysis, value chain, business level strategy, value added analysis, discounted cash flow, etc.) and attach them in figures and tables in an appendix. Then refer to the appendices as you develop your analysis, as it relates to the issue, in the body of the paper. The key issue here is that graphics should help clarify the information you are trying to communicate. Also, you should use the quantitative analysis as a vehicle for supporting a point, not as an end in itself.

There is a limit of twelve double-spaced pages for the main body of the paper. The purpose is to encourage you to prioritize the material you wish to include in the final document. Along with each report, you should provide a brief (1-1 2/3 page) executive summary of the key issues and associated recommendations discussed in further detail in the report. You can include as many tables, charts, and graphics as you wish. Though grading will focus primarily on the strength of analysis and strategic recommendations, writing form, grammar, punctuation and professional presentation will be evaluated.

Should you have further questions, refer to the section on case analysis in your textbook or come and talk to me.
IV Bibliography of Text and Cases


Cases and Notes: Harvard Business Cases (available in the MBA 581 Case Readings packet). Cases are available to purchase online at http://www.study.net. You will need to register as a student in MBA 581, Strategic Management course at Brigham Young University. There, you can purchase the case packet — the password will be given in class.

<table>
<thead>
<tr>
<th>Case Description</th>
<th>Case ID</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wal-mart Stores, Inc.</td>
<td>9-794-024</td>
<td>Retailing Industry</td>
</tr>
<tr>
<td>2. RTE Breakfast Cereal</td>
<td>9-794-055</td>
<td>Cereal Industry</td>
</tr>
<tr>
<td>3. Saturn</td>
<td>9-795-010</td>
<td>Auto Industry</td>
</tr>
<tr>
<td>4. Airborne Express</td>
<td>9-798-070</td>
<td>Express Mail</td>
</tr>
<tr>
<td>5. Airbus A3XX</td>
<td>9-201-028</td>
<td>Aircraft Industry</td>
</tr>
<tr>
<td>6. Time Inc.</td>
<td>9-293-117</td>
<td>Media Industry</td>
</tr>
<tr>
<td>7. Viacom</td>
<td>9-398-086</td>
<td>Media Industry</td>
</tr>
<tr>
<td>8. Benetton</td>
<td>9-396-177</td>
<td>Apparel Industry</td>
</tr>
<tr>
<td>10. Xerox and Fuji-Xerox</td>
<td>9-391-156</td>
<td>Photocopy Industry</td>
</tr>
<tr>
<td>11. Saturn Module II</td>
<td>9-795-011</td>
<td>Auto Industry</td>
</tr>
<tr>
<td>12. Nucor</td>
<td>9-793-039</td>
<td>Steel Industry</td>
</tr>
<tr>
<td>13. BMG Entertainment</td>
<td>9-701-003</td>
<td>Music Industry</td>
</tr>
<tr>
<td>14. Powerplay (B)</td>
<td>9-795-103</td>
<td>Computer Games</td>
</tr>
<tr>
<td>15. Display Technologies Inc.</td>
<td>9-699-006</td>
<td>Flat Panel Displays</td>
</tr>
</tbody>
</table>
V Legal Statements

Preventing Sexual Harassment
Title IX of the Education Amendments of 1972 prohibits sex discrimination against any participant in an educational program or activity that receives federal funds. The act is intended to eliminate sex discrimination in education. Title IX covers discrimination in programs, admissions, activities, and student-to-student sexual harassment. BYU’s policy against sexual harassment extends not only to employees of the university, but to students as well. If you encounter unlawful sexual harassment or gender based discrimination, please talk to your professor; contact the Equal Employment Office at 378–5895 or 367–5689 (24–hours); or contact the Honor Code Office at 378–2847.

Students With Disabilities
Brigham Young University is committed to providing a working and learning atmosphere which reasonably accommodates qualified persons with disabilities. If you have any disability which may impair your ability to complete this course successfully, please contact the Services for Students with Disabilities Office (378–2767). Reasonable academic accommodations are reviewed for all students who have qualified documented disabilities. Services are coordinated with the student and instructor by the SSD Office. If you need assistance or if you feel you have been unlawfully discriminated against on the basis of disability, you may seek resolution through established grievance policy and procedures. You should contact the Equal Employment Office at 378–5895, D–285 ASB.
# Introduction - The Concept of Business Strategy

1. **Wed. Sep. 5**
   - **Introduction & The Concept of Strategy**
   - **Learning Objectives:**
     - Introduction to the strategic management course.
     - What is strategy and its role in achieving the objectives of the firm?
     - What is the role of the general manager?
     - Why are cross-functional teams increasingly important?

2. **Mon. Sep. 10**
   - **Measuring Performance**
   - **Readings:**
     - Hitt, Ireland, and Hoskisson, Chapter 1
     - Handout, “The Concept of ‘Strategic Coherence’” (on website)
     - Handout, “The Measurement of Firm Performance” (on website)
   - **Learning Objectives:**
     - What are the key definitions of strategy?
     - The concept of strategic coherence.

3. **Wed. Sep. 12**
   - **Wal*Mart Stores, Inc.**
   - **Discussion**
   - **Assignment:**
     - Prepare a statement of the central strategic issue facing Wal-mart
   - **Learning Objectives:**
     - What is Wal-Mart’s "strategy?"
     - How do the different "functional" strategies (operational, marketing, financial, human resource) "fit" together in a unique manner?
     - Historically, what have been the sources of Wal-mart’s competitive advantage in discount retailing?
     - Given recent changes in the competitive environment, what can or should Wal-mart do to maintain its competitive advantage? In other words, how sustainable is Wal-mart’s competitive advantage?
     - Are Supercenters the answer to the threats that Wal-mart faces?
### The Sources of Competitive Advantage & Industry Analysis

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
<th>Learning Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Mon. Sep. 17</td>
<td>Lecture &amp; Discussion: Industry Analysis</td>
<td>Hitt, Ireland, and Hoskisson, Chapter 2</td>
<td>Why do some industries perform better than others?</td>
</tr>
<tr>
<td></td>
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<td>Handout, “A Note on Industry Analysis” (on website)</td>
<td>What are Porter’s 5-forces and how do they influence the profitability of an industry?</td>
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<td></td>
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<td>How do we apply the 5-forces to understand industry performance?</td>
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<td>How is industry analysis used in the strategy process?</td>
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<tr>
<td>5 Wed. Sep. 19</td>
<td>The Ready-To-Eat Cereal Industry</td>
<td></td>
<td>Calculate the size of the barriers to entry into the cereal industry</td>
</tr>
<tr>
<td>6 Mon. Sep. 24</td>
<td>Lecture &amp; Discussion: Core Competencies</td>
<td>Hitt, Ireland, and Hoskisson, Chapter 3</td>
<td>Why do firms differ in performance?</td>
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<td></td>
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<td>What characteristics does a resource advantage need to have to sustain a competitive advantage? (VRISO)</td>
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<td>How do firms create capabilities?</td>
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<td>How does the Value Chain contribute to strategic analysis?</td>
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<tr>
<td>7 Wed. Sep. 26</td>
<td>Saturn: A Different Kind of Company</td>
<td></td>
<td>What are Saturn’s key resources and capabilities (technology-based, knowledge-based, market-based, etc.)?</td>
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<td></td>
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<td>How do these resources and capabilities result in a sustainable competitive advantage for Saturn?</td>
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<td>What are the major strategic challenges facing Saturn? How should they respond?</td>
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</tbody>
</table>
Competitive Strategy

8 Mon. Oct. 1 Lecture & Discussion: Business-Level Strategy — Cost and Differentiation Advantage
Readings: Hitt, Ireland, and Hoskisson, Chapter 4
Handout, “Learning Curves” (on website)
Learning Objectives: How does a firm obtain a low cost advantage? A differentiation advantage?
What are the strategic benefits, risks, and drivers of these strategies?
What are the risks of getting stuck in the middle?

9 Wed. Oct. 3 Airborne Express (A)
Discussion Assignment: Quantify Airborne’s sources of cost advantage. For guidance, look to the class webpage.
Learning Objectives: How and why has the express mail industry evolved in recent years?
How have the changes affected small competitors?
How has Airborne survived, and recently prospered, in this industry?
What must Robert Brazier, Airborne’s President and COO, do to strengthen the company’s position?

10 Mon. Oct. 8 Exam Review and Preparation for Strategy Practicum

11 Wed. Oct. 10 Midterm Examination I
Format: 40 minutes/10% of final grade
Combination of multiple-choice and short-answer questions
Covers all lecture materials and readings through session 12.
Will not cover cases

12 Mon. Oct. 15 Lecture & Discussion: Industry & Competitive Dynamics — Strategic Commitment
Readings: Hitt, Ireland, and Hoskisson, Chapter 5
Handout, “Using Strategic Commitment to Influence Competitor Response” (on website)
Learning Objectives: How can you analyze your competitor’s likely actions?
How does game theory assist strategy formulation?
How do first and second mover advantages influence strategy and performance?
<table>
<thead>
<tr>
<th>Date</th>
<th>Day</th>
<th>Activity</th>
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<tbody>
<tr>
<td>13</td>
<td>Wed.</td>
<td>Lecture &amp; Discussion: Industry &amp; Competitive Dynamics — Strategic Flexibility</td>
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<td><strong>Learning Objectives:</strong> What is the value of strategic flexibility? Under what conditions are strategic commitments more likely to lead to sustainable competitive advantage? What is the relationship between game theory, real options, and cash flow analysis?</td>
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<tr>
<td>14</td>
<td>Mon.</td>
<td><em>no class</em> — Preparation for Competitive Dynamics Project</td>
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<tr>
<td>15</td>
<td>Wed.</td>
<td><em>no class</em> — Preparation for Strategy Practicum</td>
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<td></td>
<td>Oct. 29</td>
<td><strong>Group Assignment:</strong> ALL GROUPS should undertake an analysis and submit recommendations concerning the investment decision from the perspective of either Airbus or Boeing (<em>Odd numbered groups should take Airbus’ perspective and even numbered groups should take Boeing’s perspective.</em>)</td>
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<td><strong>Learning Objectives:</strong> What are the key characteristics of the competitive structure of the commercial jet aircraft industry? Explain under what contexts Boeing should be a first mover? Under what conditions should Boeing be a second mover? What direction should Boeing take in terms of product offerings and product positioning? What direction should Airbus take in terms of product offerings and product positioning?</td>
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<tr>
<td>17</td>
<td>Wed.</td>
<td>Lecture &amp; Discussion: Vertical and Horizontal Scope</td>
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<td>Oct. 31</td>
<td><strong>Readings:</strong> Hitt, Ireland, and Hoskisson, Chapter 6</td>
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<td><strong>Learning Objectives:</strong> Why do firms vertically integrate? Why do firms diversify? How does vertical integration create competitive advantage? How does diversification create competitive advantage?</td>
</tr>
</tbody>
</table>
18 Mon. Nov. 5  
*Time, Inc.’s Entry in the Entertainment Industry (A)*

**Discussion Assignment:** Calculate how large the economies of scope must be to justify Time’s acquisition of Warner Bros. For guidance, look to the class webpage.

**Learning Objectives:** How does the potential merger with Warner Bros. fit into Time’s overall corporate strategy? Would the shareholders be better off accepting one of the other bids for Time Inc.? Does the Time-Warner merger make sense from the perspective of sustainable competitive advantage?

19 Wed. Nov. 7  
*Lecture & Discussion: Organization Structure & Control*

**Readings:**  
Hitt, Ireland, and Hoskisson, Chapter 10  
Hitt, Ireland, and Hoskisson, Chapter 11

**Learning Objectives:** What organization structures are available and how do they influence the implementation of strategy? What are agency costs and the risk of managerial opportunism? What means are available for co-aligning the interests of management and other stakeholders? What is the role of the corporate board of directors? What is the relationship between a firm’s strategy and organization? What is the process of formulating and implementing strategy?

20 Mon. Nov. 12  
*Viacom, Inc (Condensed).*

**Learning Objectives:** How effective are the strategic planning processes at Viacom? What is your assessment of the strategic decisions regarding international expansion?

21 Wed. Nov. 14  
*Lecture & Discussion: International Strategy*

**Readings:**  
Hitt, Ireland, and Hoskisson, Chapter 8

**Readings:**  
*The Benetton Group*

**Learning Objectives:** How do global strategies help create value? How do firms organize for global strategies? When are the various organizational forms most appropriate?

**Learning Objectives:** Which option for expansion should Benetton pursue? Does a presence in the U.S. market represent a real option? Can the U.S. stores be saved without a reorganization? What are the implications from a strategic coherence perspective?
Strategy Practicum

22 Mon. Nov. 19

Novo Industri

*Learning Objectives:* What forces operate on the insulin industry to make it profitable or unprofitable? Have these changed in recent years? Can this industry be characterized as multidomestic or global? What forces make it so? Are they changing? What are the key elements of Novo’s strategy to date? How do they compete? Is it a good strategy? How does it compare to the strategy of other firms in the industry? What should Novo do now?

Xerox and Fuji-Xerox

*Learning Objectives:* What role had Fuji-Xerox played in Xerox’s global strategy? How do you expect that role to change in the future? Is Fuji-Xerox a successful joint venture in 1990? How do you measure its performance? Please be as concrete and specific as possible. What were the key success factors in this alliance in the past? Do you expect these factors to change in the future? Consider the different options for reorganization listed in Exhibit 11 of the case. Select one option in each functional area and be prepared to explain why you prefer it over the others.

23 Wed. Nov. 21

no class — Thanksgiving holiday

24 Mon. Nov. 26

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Saturn Module II Decision

*Learning Objectives:* Which option for expansion should Saturn advocate? Which option should GM accept? Should Saturn delay expansion? What is the appropriate strategic intent?

Nucor at a Crossroads

*Learning Objectives:* What is Nucor’s business-level strategy? What resources and capabilities contribute to Nucor’s business-level strategy? Nucor’s What potential first-mover advantages and disadvantages will Nucor confront if they decide to adopt the CSP technology? Should Nucor adopt the “Thin-Strip” casting technology? Are there any potential benefits in waiting?
25  Wed. Nov. 28  Midterm Examination II

Format:  80 minutes/25% of final grade
Multiple-choice questions covering material since Midterm I
Essay questions covering all lecture materials and readings through
session 21 — comprehensive.
Will cover one or more cases that will be identified before the exam

26  Mon. Dec. 3  Lecture & Discussion: Strategy in the New Economy
Readings:
Evans and Wurster, “Blown to Bits,” HBR article
Varian and Shapiro, “Information Rules,” HBR article.

Learning Objectives:  
(Lecture)  Is there a new economy?
How is the economics of information different from the economics of
things?
How do we formulate strategy in an information/e-Business economy?
How can a company exploit the Internet to reduce costs and improve
differentiation?

Learning Objectives:  
(Case)  Does BMG’s approach to the Internet make sense?
Why have a handful of companies dominated the music industry
through most of the last century?
How does the advent of the Internet change the structure and eco-
nomics of the music industry? Will the major record companies con-
tinue to dominate the business?

27  Wed. Dec. 5  Strategy Practicum

Powerplay (B): Sega in 16-bit Video Games

Learning Objectives:  
Why was Nintendo able to dominate the 8-bit video game industry?
How big is the threat from Sega? How does “Genesis” change the
nature of competition?
Should Nintendo launch a 16-bit player immediately? Should it be
backward compatible?

Display Technologies, Inc.

Learning Objectives:  
What does DTI deliver to its customers that Sharp and other competi-
tors do not?
What is needed to be outstanding in the flat panel display business?
Does DTI’s path to success differ because it is a joint venture?
What principles and concepts enhance learning in a complex produc-
tion system such as flat panel display technology?
What should Shima-san do? How might his previous experience shape
his decision?
28  Mon. Dec. 10  Strategy Practicum “Library” Project Presentations

29  Wed. Dec. 12  Summary and Review

           Mon. Dec. 17  Strategy Practicum Written Report due