

**University of Pennsylvania
The Wharton School
Management 101: Introduction to Management**

Fall 2002

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COURSE NOTE

1. Course Objectives and Structure: Management 101 is the introductory undergraduate course offered by the Department of Management. It is designed to complement the introductory courses of the more functionally oriented Wharton Departments -- Accounting, Finance, Marketing, OPIM, and so on -- by giving students a sense of what modern firms, viewed as entire enterprises, are like. Students who take the course should emerge with a clear picture of the sorts of responsibilities the heads of firms bear, the types of decisions they must ultimately make, and the main issues that characteristically arise in the course of making such decisions. Coverage is inevitably somewhat selective. But, by the end of the course, students should have both a clear picture of the range of courses that they could take later on, as well as a robust foundation for productively learning about these subjects.

Management 101 is thus in part about firms and management and in part about (managerial) thinking. In the spirit of this, the reading materials provide the student with a glimpse of how executives made up their minds on what to do in situations of ongoing salience or with a hands-on opportunity to assess and propose a course of action when confronted with contemporary versions of such situations. We have not yet discovered a text that is good at delivering this sort of hand-on exposure to students: texts usually lead to a passive mental stance. Management is an activity (as well as a vocation), and we want to encourage you to think about it in this way. The lectures and recitations have been carefully structured to provide you with the sense of context and continuity that a text might deliver along with many opportunities for you to engage in dynamic and proactive decision-making.

The course this term is divided into two main parts. The first part is based on the notion that to understand an institution and its capabilities, it helps to grasp how the institution came to be. Part I therefore examines how the modern American business environment came to be structured and how it came to function within a sort of institutional context. The end result of assuming this perspective will be a combination of analytical ideas, a repertoire of striking examples, and a sense of how the jobs and organizations within which Wharton students typically spend the bulk of their lives, fit into the broad scope of American history. The second part of the course then develops the analytical ideas in greater detail and shows how these ideas shed light on the most challenging managerial issues of the present and immediate future. The course will thus require the student to contemplate and integrate a wide variety of material, much like “real-world” managers do. We hope you find this experience challenging and rewarding.

2. Readings: The syllabus is given as item (8) below. The readings on it are contained in a bulkpack that is available from Wharton Reprographics, which is located on the ground floor of Steinberg Hall-Dietrich Hall. Notice that some classes have a single item of assigned reading but that others have two or in two cases three. Be careful to do all the assigned reading. It is conceivable that Professor Raff or your recitation instructor will want to distribute occasional short handouts supplementary to the bulkpack material. Copying costs of such handouts will appear directly on your term-bill.

3. Classes: There will be one formal lecture and two recitations each week. The lectures will take place on Mondays at noon and 1 pm, and the recitations will occur on either a Monday-Wednesday or a Tuesday-Thursday schedule in locations specified in the University’s Class Schedule. The syllabus gives the details of dates, topics, and assignments.

(Note well that we are occasionally obliged to schedule exceptions to this pattern, specific venues and times will be announced well in advance. The likeliest time will be 7 pm, with a second session at 8 pm. We will certainly have to do this on Thursday, September 12th and on Thursday, October 3rd. Please plan ahead so that you can attend.)

Your basic responsibility for each of these meetings is to attend it having read and thought about the material in advance. Study questions will be circulated and should facilitate this. Required preparation for recitations also includes short written thought papers--see item (4) below. Lectures and recitations will be planned on the assumption that the students have in fact prepared properly. You are expected to attend all scheduled lectures and recitations.

Lectures generally either give context or develop ideas. They will sometimes dig more deeply into the readings but will sometimes cover complementary material. In either case, it will be assumed that the student attends to class having already read and reflected on the material assigned for that day. The size of the audience inevitably poses some limitations, but active participation is welcomed and encouraged. Recitations are different. They take advantage of the much smaller group size and are specifically planned to help you develop your analytic thinking and participation skills. They almost always introduce material not covered in lecture.

We understand that genuine emergencies incompatible with attendance such as serious illness or death in the family do sometimes arise. With appropriate documentation (only), we will consider these excused absences and ensure that you have a chance to go over what was covered in class. But because of the importance of attendance, more than two unexcused absences will be regarded as a very serious matter and will result in the loss of at least a full letter grade. The responsibility for monitoring your attendance situation is yours. Before you miss class, for whatever reason, please contact your TA if at all possible.

Very occasionally, these situations or others like them are sufficiently serious and extended that they substantially impair the student's ability to engage with the material of the course as a whole. In such unusual and extreme circumstances, we will consider permitting the affected student to withdraw from the course even if the Drop Date has passed. Any student who thinks they are in such circumstances should contact the Course Coordinator promptly.

4. Class-Related Written Work: Students are also required, as part of their preparation for each recitation, to write out some structured reactions to or thoughts about the readings for that day. The objective should be to produce a critical analysis rather than an appreciation. You might make an argument (e.g., Was the central action in the reading wise? Unwise? Were there better choices?) or develop and critique an analogy (e.g., "The situation confronting the decision-makers was like (unlike) one with which I am familiar. On balance, this suggests"). There are many possibilities. The point of the exercise is to engage intellectually with the material and the issues it raises. Summaries are not what we are looking for.

A suitable target length would be one-and-a-half to two typewritten pages. If at all possible, these thought papers should in fact be typed or printed out. They should in any case be brought along to the recitations. Thought papers are due at the beginning of the recitation session. TA's will collect them at that time and will keep them on file.

It is our belief and experience that writing about each day's material will help you think in careful ways about managerial issues, improve your writing skills in ways that will subsequently prove valuable to you, and improve the quality of class discussion. These are all important objectives, and missing thought papers will therefore be considered unexcused absences. It is also worth noting that putting serious effort into thinking through and writing up your thought papers is by a wide margin the most effective means of mastering the material and preparing for the mid-term and final. We will use thought papers as the primary basis on which to resolve cases of borderline grades.

Please note that the papers are to be your own work. It is not acceptable to include without proper acknowledgement material that has been previously published (in print or electronic form) or that is the work of another student. Infringements of this principle will be subject to the University's guidelines and penalties concerning plagiarism and will be dealt with by the Office of Student Conduct.

Part of Class #1 will be devoted to discussing how to write a thought paper. The first set

of materials on which thought papers will be required is the reading for Class #3 on Wednesday, September 11th, or Thursday, September 12th.

5. Examinations: There will be a mid-term examination. It is scheduled to run from 6:30 pm to 8:30 pm on the evening of Tuesday, October 15th. Room assignments will be announced during class and by e-mail closer to the event. The mid-term will cover course material from the first 16 classes. The final examination will take place from 1:30-3:30 PM on Monday, December 16th. The final will cover the entire course.

The format of each exam will be discussed in recitation at an appropriate interval before the exam. You need not worry about it before then. The bulk of the points on each exam will derive from essay questions, the best preparation for which will be mastering the material class-by-class and week by week.

One of your responsibilities as a student in this course is to be present at the midterm and final at the designated times and venues for these events. Outside of instances of class or exam conflicts and certain other very narrowly defined circumstances (see the paragraphs following), we do not administer these exams earlier or later than the designated times. Job interviews or incompatible travel plans are not valid excuses for failing to attend an examination (Thus, for example, if you have purchased a plane ticket for a flight that departs from Philadelphia before early evening on December 16th, you will need to exchange it). Similarly, if you fail to attend an exam because you “forgot when it was,” you will receive a zero on the exam.

Exam Conflicts: It is possible that you will have a class, another exam, or religious holiday that conflicts with one of the exams for this course. It is also possible that you will have 3 finals scheduled on December 16th with our exam as your second final. If any of these possibilities occurs, you qualify to take the make-up midterm or final (although the University rules allow you to take all three finals in the same day if you so choose).

What You Should Do If You Have a Class or an Exam Conflict:

- In order to be permitted to take a make-up exam because of a class or an exam conflict, you must provide the Course Coordinator (Mr. Lafkas) with a copy of your schedule so that he can verify the conflict. Simply e-mailing Mr. Lafkas to notify him of a conflict is not sufficient: you must provide your schedule.
- You should attend to this matter as soon as you finalize your schedule.
- You can obtain your schedule by accessing PennInTouch via the Internet. You can e-mail your schedule to Mr. Lafkas, or you can place your schedule in Mr. Lafkas’ mailbox, which is located in the front area of the Management Department on the second floor of Steinberg Hall-Dietrich Hall.
- When Mr. Lafkas verifies your conflict, he will e-mail you to confirm that you are permitted to take the make-up exam.
- If there is an exam conflict that affects a large number of students, we will attempt to arrange for students to take our exam and their other exam consecutively, if they wish to do so. Our ability to make such arrangements is, however, contingent on the

availability of rooms. Students who do not wish to take exams consecutively can take the make-up exam instead.

What You Should Do If You Have a Family Emergency or Are Ill on an Exam Day:

If you have a legitimate family emergency that requires you to be off-campus on the day of the exam, or you are sick on the day of the exam, you may also be eligible to take the make-up. To confirm your eligibility, you need to do two things.

- First, e-mail or call Mr. Lafkas to let him know about your situation.
- Second, get a note from a parent or other relative or see a doctor or nurse so that s/he can write us to confirm your health status and capabilities.
- We will not excuse you from the exam without such documentation.
- You should send a copy of your schedule so that Mr. Lafkas can schedule the make-up exam.

The Scheduling of Make-up Exams:

When we schedule a make-up, we make a reasonable effort to find a time that minimally inconveniences those taking it.

- We cannot know with confidence the names of all the students who will have to take the make-up exam until the day the regularly scheduled exam occurs (because students may fall ill on the day of the regularly scheduled exam).
- Thus, students should not expect to learn the date and time for a make-up until at least a few hours after the regularly scheduled exam is complete.
- We will, of course, expect prompt responses to our attempts to set a date and time for a make-up exam. Normally, we have the make-up midterm about a week after the regularly scheduled midterm. The make-up final occurs early in the spring semester.

6. Grading: Course grades will be predominantly based on performance on the mid-term and final examinations. These will have weights of 30% and 50% respectively. Class participation and thought papers will each count for 10%. Students within each recitation will be rank-ordered on the basis of these weighted scores. A standard curve of 25% A's, 50% B's, and 25% C's will be applied to this rank-order. Borderline cases will be resolved on the basis of a reading of the reaction papers as discussed in item (4) above.

Students whose finals indicate fundamental weaknesses grasping the course material or whose attendance pattern is problematic (see item (3) above) may receive grades outside of the stated curve. Since the curve applied in each section will be applied in all, students do not have to be concerned that other instructors might grade more generously than their own TA does.

The grade of "Incomplete" will be given only in medical emergencies or other extreme circumstances. Students finding themselves in such circumstances should contact the Course Coordinator directly as quickly as possible. Students finding themselves in such circumstances at exam time should take particular care to contact the Course Coordinator prior to the final

examination itself.

7. Course administration: Important announcements regarding the course may be made in lecture, in recitation, or via e-mail.

Questions about course administration should in the first instance be raised with your TA. Questions that cannot be resolved by the TA should be directed to Mr. Lafkas (in office hours or via e-mail). Mr. Lafkas will have final authority in such matters.

MANAGEMENT 101: INTRODUCTION TO MANAGEMENT

FALL 2002

PART I: HOW COMPANIES CAME TO BE AS THEY (MOSTLY) NOW ARE

Week 1: In the Beginning

Class #1

Date: Monday, September 9th
 Lecture topic: Opportunity, information, resources, and organization
 Prepare: John Jacob Astor, 1763-1848

Class #2

Date: Monday, September 9th, or Tuesday, September 10th
 Recitation topic: Technology and Trade
 Prepare: Samuel Slater, Francis Cabot Lowell, and the Beginnings of the Factory System in the United States

Class #3

Date: Wednesday, September 11th, or Thursday, September 12th
 Recitation topic: Nineteenth Century Industry from Below
 Prepare: Work: Craft and Factory in Nineteenth Century America

Class #4
 Date: Thursday, September 12th (NB: THIS IS AN EVENING CLASS)
 Lecture topic: American System Manufacturing and Developments in Cost Accounting
 Prepare: "Merritt Roe Smith, Harpers Ferry Armory, and the New Technology, excerpts"
 Railroads and the beginnings of Modern Management, pp. 9-19

Week 2: The Origins of Big Business

Class #4
 Date: Monday, September 16th (See Thursday, September 12th above)
 Lecture Topic: THIS LECTURE WILL TAKE PLACE ON THURSDAY, SEPTEMBER 12th DUE TO THE RELIGIOUS HOLIDAY. THERE WILL BE NO LECTURE ON THIS DAY.

Class #5
 Date: Monday, September 16th, or Tuesday, September 17th
 Recitation topic: Organization and Operations
 Prepare: Railroads and the Beginnings of Modern Management, pp. 1-9 and 20-22
 NOTE: STUDENTS WHO HAVE TO MISS THEIR MONDAY OR TUESDAY RECITATION DUE TO THE RELIGIOUS HOLIDAY SHOULD CONTACT THEIR TEACHING ASSISTANTS IN ADVANCE TO MAKE ALTERNATIVE ARRANGEMENTS FOR COVERING THE MATERIAL THEY MISSED.

Class #6
 Date: Wednesday, September 18th, or Thursday, September 19th
 Recitation topic: Competition in Context
 Prepare: Jay Gould and the Coming of Railroad Consolidation

Week 3: A First Look at the Second Industrial Revolution

Class #7
 Date: Monday, September 23rd
 Lecture topic: Changing Institutions of Retail Trade
 Prepare: Nineteenth Century Retailing and the Rise of the Department Store

Class #8
 Date: Monday, September 23rd, or Tuesday, September 24th
 Recitation topic: More on Competition in the Late Nineteenth Century Economy
 Prepare: The Standard Oil Company [A]

Class #9
 Date: Wednesday, September 25th, or Thursday, September 26th
 Recitation topic: Standard Oil as a Second Industrial Revolution Company
 Prepare: The Standard Oil Company [B]

Weeks 4-5: Working Through Details

Class #10
 Date: Monday, September 30th
 Lecture topic: The Vertical Imperatives of Technological Change
 Prepare: The Integration of Mass Production and Mass Distribution

Class #11
 Date: Monday, September 30th, or Tuesday, October 1st
 Recitation topic: The Second Industrial Revolution on the Shopfloor: Struggle at
 Homestead
 Prepare: The Manager's Brain Under the Workman's Cap, excerpt
 Employment of Pinkerton Detectives, excerpt

Class #12:
 Date: Wednesday, October 2nd, or Thursday, October 3rd
 Recitation topic: Revolution on the Shopfloor cont.: A Philadelphia Contribution
 Prepare: Mass Production and the Beginnings of Scientific Management

Class #13:
 Date: Thursday, October 3rd (NB: THIS IS AN EVENING CLASS)
 Lecture topic: The Great Merger Movement and Development of the Investment
 Banking
 Industry

Class #14
 Date: Monday, October 7th
 Lecture topic: The Automobile Industry as Mature Mass Production
 Prepare: Alfred P. Sloan, Jr., "Future Manufacturing Lines of the General Motors
 Corporation"

Class #15
 Date: Monday, October 7th, or Tuesday, October 8th
 Recitation topic: Institutions for Mature Mass Production Firms
 Prepare: Alfred P. Sloan, Jr., "Memorandum: General Motors Corporation
 Organization Study"

Class #16
 Date: Wednesday, October 9th, or Thursday, October 10th
 Recitation topic: Review for Mid-Term Exam

Week 6: Perspective and Retrospective (and then the Mid-Term)

Class #17
 Date: Monday, October 14th
 Lecture topic: The True History of the Multidivisional Form at GM and Other Matters
 Optional Reading: “In Goldman, Sachs We Trust”

Mid-Term

Date: Tuesday, October 15th
 Event: Mid-Term Examination
 Venue: To Be Announced
 Time: 6:30-8:30 PM

(No other course events this week)

PART II: THE MODERN BUSINESS ENTERPRISE: A USER’S GUIDE

Week 7: Foundations for Choosing What to Do

Class #18
 Date: Monday, October 21st
 Lecture topic: Competitive Position, Capabilities, Resources, and the Foundations of
 Competitive Success
 Prepare: Competing on Resources: Strategy in the 1990s
 Managing Dell

Class #19
 Date: Monday, October 21st, or Tuesday, October 22nd
 Recitation topic: Example: Tangible Resources
 Prepare: Managing Dell

Class #20
 Date: Wednesday, October 23rd, or Thursday, October 24th
 Recitation topic: Example: Intangible resources
 Prepare: McKinsey & Co.: Managing Knowledge and Learning

Week 8: Getting Things Done

Class #21
 Date: Monday, October 28th
 Lecture topic: Managerial Work
 Prepare: What Effective General Managers Really Do
 Informal Networks: The Company Behind the Chart
 Managing Xerox's Multinational Development Center

Class #22
 Date: Monday, October 28th, or Tuesday, October 29th
 Recitation topic: The Entrepreneurial Manager
 Prepare: Managing Xerox's Multinational Development Center

Class #23
 Date: Wednesday, October 30th, or Thursday, October 31st
 Recitation topic: Leading Change Initiatives
 Prepare: Charlotte Beers at Oglivy and Mather Worldwide [A]

Week 9: The Boundaries of the Firm

Class #24
 Date: Monday, November 4th
 Lecture topic: Firms Globalizing
 Prepare: Phillips and Matsushita

Class #25
 Date: Monday, November 4th, or Tuesday, November 5th
 Recitation topic: Horizontal Boundaries in Activity Space: Location and Porosity
 Prepare: Corning Inc: A Network of Alliances

Class #26
 Date: Wednesday, November 6th, or Thursday, November 7th
 Recitation topic: Vertical Partnerships
 Prepare: Hardball Is Still GM's Game
 How Chrysler Created an American Keiretsu
 Supplier Management Dilemma at GM

Week 10: Innovation and the Boundaries of the Firm over Time

Class #27
 Date: Monday, November 11th
 Lecture topic: Strategy, Resources, and Innovation
 Prepare: Disruptive Technologies

Class #28
 Date: Monday, November 11th, or Tuesday, November 12th
 Recitation topic: Steel in Another Transition
 Prepare: Nucor at a Crossroads

Class #29
 Date: Wednesday, November 13th, or Thursday, November 14th
 Recitation topic: Organizing for Change
 Prepare: Hermes Systems

Weeks 11 and 12: Rivalry at Whatever Boundaries There Are

Class #30
 Date: Monday, November 18th
 Lecture topic: Competition as Rivalry
 Prepare: Coca-Cola versus Pepsi-Cola [A], excerpt

Class #31
 Date: Monday, November 18th, or Tuesday, November 19th
 Recitation topic: A Constructive Approach: Who Should the Players Be?
 Prepare: Bitter Competition: The Holland Sweetener Company versus Nutrasweet

Class #32
 Date: Wednesday, November 20th, or Thursday, November 21st
 Recitation topic: How Important Should You Let Each Be?
 Prepare: Power Play [A]: Nintendo in 8-Bit Video Games

Class #33
 Date: Monday, November 25th
 Lecture topic: What Should the Rules of Play Be?
 Players' Choice of Tactics
 Prepare: General Motors Leads the Charge
 American Airlines Value-Pricing [A]

Class #34
 Date: Monday, November 25th, or Tuesday, November 26th
 Recitation topic: Linking Outcomes Over Time
 Prepare: Power Play [B]: Sega in 16-Bit Video Games

(No course events in the remainder of the week due to the Thanksgiving holiday)

Week 13: Something Entirely New?

Class #35
 Date: Monday, December 2nd
 Lecture topic: Management Challenges in the “New Economy”
 Prepare: Vermeer Technologies [A]-[C]

Class #36
 Date: Monday, December 2nd, or Tuesday, December 3rd
 Recitation topic: Transition Mode
 Prepare: Vermeer Technologies [D]-[G]

Class #37
 Date: Wednesday, December 4th, or Thursday, December 5th
 Recitation topic: Review for the Final
 Prepare: No assigned reading

Class #38
 Date: Monday, December 9^h
 Lecture topic: Wrap-up
 Prepare: No assigned reading

FINAL EXAMINATION

Date: Monday, December 16th
 Event: Final examination
 Venue: To be announced
 Time: 1:30-3:30

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