

## **Syllabus**

**Subject Title:** Strategic Management & Business Policy

**Subject Code:** BMO 6511

**Prerequisite:** Nil

### **Subject Aims:**

This subject is designed to develop each participant's capability to develop strategic plans for companies. This will require identification of organisational strengths, weaknesses, opportunities and threats so that competitive advantage is developed in industrial, national and wider contexts.

### **Subject Objectives:**

On completion of this subject students should be able to:

- undertake an environmental analysis for an organisation
- complete an internal analysis of an organisation
- apply various models and techniques for generating strategic alternatives, implementing strategies and their evaluation
- develop a strategic plan for an organisation

### **Subject Content**

The Strategic Management Process: an overview

Environmental Analysis: political, economic, social, technical and physical environments. Identification of key success factors.

**Strategic Management Alternatives:** alternatives such as growth, stability, reduction and downsizing. How to generate strategic alternatives for particular companies.

**Functional Strategies:** preparing a strategy for a company function, such as manufacturing.

**Strategic Choice:** prepare a strategic plan framework for an organisation.

**Strategy Implementation and Evaluation:** consideration of potential problems and the development of contingency plans. Development of effective tools of evaluation.

**Strategic Management in the Future:** pro-active strategic planning for national and world markets. Recognition of trends in privatisation, deregulation, global markets and international competition.

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### **Preparation**

The subject is principally taught through case studies. The initial lectures will cover the main aspects of strategic analysis which form the focus of all the assessment. Workshops will consist of two parts :-

- a) discussion questions based on text chapters. These discussion questions follow closely the themes of the lectures and are a means for reviewing the lecture content.
- b) analysis of text-book cases. Students should read relevant chapters and cases before each workshop

**Text:**

Students are required to purchase the text which forms the basis for the subject:

**Thompson and Strickland, Strategic Management: concepts and cases, 10th edition, (McGraw Hill)**

**Books for further reference:**

-Hill C. & Jones G., 1992, Strategic Management: an Integrated Approach, 3rd edition, Houghton Mifflin, Boston.

-G. Johnson & K. Scholes, 1993 Exploring Corporate Strategy: text and cases, 3rd edition, Prentice Hall.

-Kay, John, 1993, Foundations of Corporate Success, How Business Strategies Add Value, OUP, Oxford.

-Lewis, Morkel, et.al., Cases in Strategic Management: Australia & New Zealand, (Prentice Hall)

-Mintzberg H. and Quinn J. 1991, The Strategy Process, concepts, contexts, cases, Prentice Hall.

-Porter, M E, 1985, Competitive Advantage: Creating and Sustaining Superior Performance, Free Press, New York.

-Porter, M E, 1980, Competitive Strategy Techniques for Analysing Industries and Competitors, Free Press, New York.

-Porter, M C, 1990, The Competitive Advantage of Nations, MacMillan, London.

-Stacey R., 1994, Strategic Management and Organisational Dynamics, Pitman, London

-Thompson A.A., Strickland A.J. and Kramer T., 1995, Readings in Strategic Management, 5th edition, Irwin

## Assessment

case study	1	20%	<i>due final week of workshops</i>
case study	2	30%	<i>due final week of workshops</i>
Exam		50%	

### Case Study 1.

The purpose of this exercise is for students to address aspects of strategic analysis in a specific case.

Students will be required to answer the set question and lead discussion around it. These questions appear in the detailed lecture programme section. The presentation will be done as a group exercise (up to 3) depending on class size. The length of the presentation should be no more than 30-45 minutes. Students should speak (not read) from notes and answer questions. Overheads and power point displays may be used. But students should give close attention to the effective use of such media. 10 marks will be awarded for the presentation itself (items 1 &2) and 10 marks will be awarded on the basis of the materials used in the presentation (items 3&4). For this purpose the overheads used or photocopies of power point frames should be handed in at the end of the class in which the presentation is held.

Criteria for assessment is as follows:-

#### PRESENTATION (20 MARKS)

1. ability to lead discussion and handle questions (5 marks)
2. presentation style (5 marks)
3. ability to address the specified case questions (5 marks)

4. effective use of presentation media. (5 marks)

### **Case Study 2.**

The objective of this assignment is to require students to investigate the application of strategic management in an organisation of their choice. Students are required to follow the model of case analysis as follows:-

#### **1. Macro-Environmental analysis:-**

- a) Specify the political, legal, economic, social etc factors which impact on the industry your company is in.
- b) Analyse these factors and how they determine the key driving forces affecting the industry in general.
- c) Summarise what strategic issues the macro-environment entails for your company in general terms. (6 marks)

#### **2. Micro-environmental analysis:-**

- a) apply the 5 forces model to the industry your company is in. Describe, using this model the competitive dynamics within the industry.
- b) Explain what competitive threats and opportunities your company would need to address in order to gain competitive advantage.
- c) Summarise provisionally what particular courses of actions it would need to undertake. based on a) and b). (6 marks)

#### **3. Company and competitor analysis:-**

- a) Based on your analysis in 1 and 2. explain what the key success factors are likely to be in your companies industry.
- b) employing the method of comparative strength assessment rank your companies performance on the key success factors in relation to its competitors.

- c) Evaluate the particular internal competencies the company needs to develop or strengthen, to address the key success factors. (6 marks)

**4. Strategic analysis and recommendations**

- a) Based on your analysis in 1, 2 and 3, report to the board what generic strategy the company needs to gain comparative advantage. Evaluate the strategy in terms of your understanding of the pros and cons of the generic strategies.
- b) compare this to what you think their existing strategy is. Should the company change strategy or not? Evaluate your recommendations in relation to what you think the company's major competitors are doing or may do?
- c) Employing the 8 components of strategic implementations explain to the board what the company will need to do to implement a new strategy or fine tune its existing strategy. What pitfalls could arise in implementation? (6 marks)

In addition 6 marks will be awarded for the quality of the written presentation. These will be awarded on the following basis:-

- a) overall neat professional appearance  
b) overall scholarly appearance - citing of evidence  
c) Bibliography, use of the Harvard system in references and bibliography.

In selecting a company students may select a company they work for or another company. But companies which appear as case studies in the course are not permitted. Students should inform their lecturer of the case they are doing by week 4. No students are permitted to do the same case. Cases will be allowed on a first come first served basis..

Length : 5,000 approx.

Two copies of this assignment must be submitted on the due date. The assessed copy will be returned to the student, and the other copy will be retained by the tutor.

Assessment: 30%

## **Examination**

The examination consists of two sections. Section A involves short answer questions and Section B a case study.

### **SECTION A**

Students are to answer 5 (five) out of the following 8 (eight) questions. Each question is worth 6 (six) marks.

General topics:

- One question on environmental scanning
- One question on five force analysis
- Three questions on generic business strategies
- One question on globalisation
- One question on corporate strategies
- One question on strategy implementation

In answering questions students are required to refer to a case they have studied in class.

### **SECTION B**

Students are to read the case and answer 2 (two) questions. Both questions are worth 10 (ten ) marks each. Section A is worth (10X2) =20 marks. Your workshop leader will inform you of the case later in the course. It will not be a case you have studied in class.

There will be one question covering five force analysis and one question on analysis of the company's strategy compared to its rivals.

Material allowed in exam room is your textbook only. Copies of the major case are included with the exam paper.

**Students need to achieve at least 40% in the examination in order to pass the subject.**

## **EXAMPLE OF EXAM FORMAT**

### **SECTION A**

Students are to answer 5 (five) out of the following 8 (eight) questions. Each question is worth 6 (six) marks.

Questions:-

1. Why should a company carry out environmental scanning analysis as a basis for considering its strategic choices? Provide examples from a case you have studied of how environmental scanning may have improved the quality of the company's business strategy.
2. Discuss the strategic responses a company might need to consider if a five force analysis revealed that buyers were a strong force. Also discuss the strategic responses a company might need to consider if a five-force analysis revealed that suppliers were a strong force. Provide examples from cases you have studied.
3. What is a product differentiation strategy. How should a company pursue such a strategy if it is going to be successful. What problems and pitfalls does the company need to avoid? Discuss with reference to a case you have studied in class.
4. In what kinds of strategic situations would a focus strategy be appropriate. What assumptions does a company following a focus strategy need to make if it is going to succeed? Discuss with reference to a case you have studied in class.
5. What is a best-cost provider strategy. In what strategic situations is such a strategy appropriate. What are the problems and pitfalls of such a strategy? Discuss with reference to a case you have studied in class.



6. Why is globalisation becoming an element of strategy which companies need to consider today. What are the major forces behind globalisation? Discuss the major issues which a company would need to consider before embarking on a globalisation strategy.
7. Is related diversification a better approach to handling corporate strategy than unrelated diversification? What advice would you give to a successful business entrepreneur who is on the threshold of considering investments in other businesses?
8. A strategy is ineffective if it is not implemented effectively in the organisation. What issues would a company pursuing a product/service differentiation strategy need to consider if its strategy was to be implemented successfully. Would these issues be the same or different if the company was pursuing a low cost-leadership strategy?

## **SECTION B**

Students are to read the BRIGGS & STRATTON case and answer 2 (two) questions. Both questions are worth 10 (ten ) marks each. Section A is worth (10X2) =20 marks.

Question:-

9. Complete a five force analysis of the outdoor power equipment industry. Based on this analysis what preliminary strategic issues does Briggs and Stratton need to consider?
10. Compare Briggs and Stratton's current strategy with its rivals. To what extent does it address the strategic issues you have detailed above. How should Briggs and Stratton evolve its strategy if it is to deal with the threat from Honda?

**Lecture 1: Setting the Strategic Vision: analysis of the broad strategic environment.**

**Reading:** Thompson & Strickland ch.1-2

**Components:**

- What is Strategy?
- The function of the business strategy
- Business strategy and functional strategy.
- The 5 tasks of strategic management
- Vision & Mission Statements
- Setting Objectives
- Crafting, Implementing and Evaluating strategy
- Whose responsibility is the business strategy?

**Workshop 1:**

**Discussion Questions (ch. 1-2)**

- 1) What is strategy? Whose responsibility should it be to formulate strategy. How should strategies be formulated?
- 2) What are the key elements entailed in a well-conceived strategic vision. Describe the strategic vision of your company.
- 3) What are the elements of a well crafted mission-statement. If your company has a mission statement bring a copy to class. How well does it exemplify the elements of a good mission statement outlined in chapter 2? How could it be improved?

## **Intel Corp (T&S p. 423)**

### **Case Questions:**

- a) What is Andy Grove's strategic vision for Intel as of 1997? Has the vision changed? How would you assess the CEO's performance as a strategist?
- b) What is Intel's strategy as of 1997? Has the strategy helped the company build competitive advantage? Is the strategy working? How is it evolving?
- c) Why are strategic alliances so important in this industry? Why is collaboration with Microsoft so important? What risks or opportunities do you see for Intel in the future?

<b><u>Lecture 2: Relating strategy to industry and company situation</u></b>
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**Reading:** Thompson & Strickland ch.3-4

Components:

- Strategic analysis of the internal/external environment
- Environmental scanning/Driving Forces
- Five Forces Model
- Key success Factors
- Competitive Strength Assessment

### **Workshop 2:**

#### **Discussion Questions ch.3**

- a) Describe the five forces model of competition.
- b) Identify the conditions which make the elements of the model strong or weak competitive forces.

c) Attempt to define a 5 force analysis of your own company's industry. What does this suggest about the strength or weakness of your company's competitive position?

### **Callaway Golf Company (T&S p.534)**

#### **Case Questions:**

a) What are the distinguishing features of the golf equipment industry? What are the key driving forces which are affecting the industry?

b) What does a five forces analysis reveal about the intensity of competition and overall industry attractiveness? Which competitive forces are strongest, weakest? What does this tell us about the factors which are critical to success in this industry?

c) What is Callaway's strategy? Does it address the factors for success in its industry? Does it deliver competitive advantage? Does it build on the company's internal strengths, capabilities?

### **Workshop 3:**

#### **Discussion Questions ch.4**

a) Why is important that there is alignment between a company's strategy and its core competencies? How can knowledge of a company's competencies help the crafting of strategy?

b) What is the relationship between strategy (implicit or explicit) and your company's core competencies?

### **Cannondale and the Mountain Bike Industry**

#### **Case presentation 2**

a) What are the driving forces affecting the mountain bike industry? Using the five forces

model define the competitive forces in the industry?

- b) What are the key success factors in the mountain bike industry? How would you rate Cannondale on these compared to its rivals.
- c) What is Cannondale's strategy. To what extent does it address the strategic situation in its industry? What recommendations would you make?

<b><u>Lecture 3: Strategic Choice: selecting a business strategy</u></b>
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**Reading:** Thompson & Strickland ch.5-6

Components:

- The Generic Business Strategies
- Low Cost Leadership
- Differentiation Strategies
- Focus Strategies
- Strategies in Different Market Situations
- Global Strategy.

**Workshop 4:**

**Discussion Questions ch.5**

- a) Describe and compare the advantages and disadvantages of a low cost broad differentiation and focused approach. Under what circumstances would you adopt one or the other?
- b) Define your own company's strategy in terms of the 3 generic strategies. Is it clear

what business strategy is being adopted? What are the pro's and con's in your case?

### **Nintendo versus Sega (A &B) (T&S p.577, p.614)**

#### **Case Questions:**

- a) Do a five force analysis of the video game industry. Which of the five competitive forces is strongest? weakest? What are the key success factors in the video game industry?
- c) Do a competitive strength assessment of Nintendo and Sega. How does this suggest the two companies are situated in relation to the key success factors affecting the video-game industry?
- c) Compare the key features of Nintendo and Sega's strategies. How do these represent different generic business strategies? What do they tell us about the advantages and disadvantages of the generic business strategies.

#### **Workshop 5:**

#### **Discussion Questions ch.6**

- a) What strategies are appropriate in emerging mature and declining industries?
- b) How does globalisation affect strategy? Under what circumstances is a multi-country strategy preferable to a global strategy, and vice versa?

### **FedEx (T&S p.666)**

#### **Case Questions:**

- a) What is your competitive assessment of the rivalry and positions of FedEx and UPS? Profile their strategies and market positions. Compare their resource strengths and weaknesses, their competitive styles and their global strategies.

b) Has FedEx been successful in competing with UPS? How well does its financial performance compare with UPS? Has UPS been successful in competing with FedEx?

c) Recommend how should UPS and Fedex respond to each other in the future

<b><u>Lecture 4: Strategic Choice in multi-business environments</u></b>
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**Reading:** Thompson & Strickland ch. 7-8

**Components:**

- Single business versus multi-business strategy.
- Diversification strategy
- Related diversification
- Unrelated diversification
- Evaluating Diversification strategy: 9 cell matrix
- Evaluating Diversification: BCG matrix

**Workshop 6:**

**Discussion Questions ch.7-8**

a) Under what circumstances is a related strategy of diversification superior to unrelated diversification. What are the advantages and disadvantages of either approach?

b) What is meant by the term strategic fit? What are the advantages of pursuing strategic fit in a diversification programme?

c) What are the advantages and disadvantages of using the different portfolio analysis tools? What assumptions do they make and how would these influence the decisions we make when using them?

### **Pepsico (T&S p.759)**

#### **Case Questions:**

a) What kind of corporate diversification strategy is Pepsico employing? What are the key elements of Pepsico's corporate strategy? Identify the strategies being pursued in each of its business segments.

b) Assess the attractiveness of the industries Pepsico has diversified into using a 9 cell matrix. Assess the competitive strength of the business units. What does a BCG matrix for Pepsico's business units look like? What do we learn from using these approaches?

<b><u>Lecture 5: Implementing and Executing Strategies</u></b>
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**Reading:** Thompson & Strickland ch. 9,10,11.

#### **Components:**

- The eight components of strategy implementation

#### **Workshop 7:**

#### **Discussion Questions (ch.9-11)**

a) What are the broad implications of the different generic business strategies for organisational structure?

b) What is the role of leadership in strategy implementation?



c) What are the eight components of strategy implementation. Why are they so important in strategy implementation? What is the relationship between these components and your own company's strategy?

### **Wal-Mart and K-mart (T&S p.923, p.956)**

#### **Case Questions:**

a) Compare the strategy of Walmart and K-mart. How do they differ? Is one more successful than the other? What competitive advantage are the two companies trying to achieve?

b) How have Walmart and K-mart implemented their strategies? Assess the extent to which either strategy addresses the eight components for successful implementation.