

**MANAGEMENT 374 [Unique: 03370]
MANAGERIAL POLICY AND STRATEGY**

Fall Semester, 2005

Time: Mon/Wed 12:30-2:00

Location: UTC 1.118

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Note: This is a **learning-by-doing** course – your agreement to actively participate on a regular basis is a prerequisite for your enrollment in this class. Please read, complete, and sign course agreement on last page of this syllabus and bring it with you on the first day of class.

REQUIRED READING:

1. Text: **Strategic Management: Concepts for Managers** by Bourgeois, L.J., Duhaime, I.M., and Stimpert, J.L. 1999. New York: Harcourt Brace.
Available at University Co-op, Guadalupe.
2. Reading packet: Available at Speedway Copy, Dobie Mall. Phone: 512-478-3334.

COURSE DESCRIPTION:

This course is designed to enable students to analyze business situations from the point of view of the practicing general manager. General managers have responsibility for making strategic decisions that insure the long-term health of the entire firm or a major division. The key tasks involved in general management include the detection of and adaptation to environmental change, the procurement and allocation of critical resources, the integration of activities across subparts of the organization, and, at the most senior levels, the determination of corporate purpose and direction.

To be effective, general managers need to have an in-depth understanding of the generic problems in relevant functional areas such as marketing, finance, R&D, and production.

Thus, in this course, we will integrate the knowledge and skills developed in earlier courses. However, this does not mean that general managers can only be “generalists” who know a little bit of everything, but not very much of any one thing. Instead, general managers need not only functionally-based knowledge, but also the ability to deal with problems and issues confronting the total enterprise, including relationships between the enterprise and its external environment. Thus, students are expected to combine knowledge from other courses with the new information presented here to develop sophisticated interpretations and analyses of actual business problems and opportunities.

Not everyone who takes this course will ultimately become a general manager. Yet, for two reasons, this course will benefit virtually all students. First, recent trends in the corporate world towards creating “flatter”, less hierarchical organizations have resulted in strategic decisions being made at ever lower hierarchical levels. Thus, even non-executives are likely to make decisions and initiate actions that have significant strategic implications. Similarly, even the lowest level employees within firms are now being asked to contribute innovative and creative ideas that will improve the functioning of the organization as a whole. Thus, it is increasingly important for non-executives to understand how their actions affect the total enterprise. Second, functional specialists will also benefit from developing a general management perspective. Ultimately, every function’s actions must be coordinated with the overall needs of the business. In fact, functional specialists are the people on whom general managers must rely to implement strategy. Since functional managers are often under pressure to fix problems in their own areas without regard to the overall needs of the business, it is critical that functional managers develop a keen awareness and appreciation of the challenges facing the enterprise as a whole.

Communication is integral to general management. Therefore, as discussed further below, your active participation in class discussions is critical to your performance in this class. Moreover, there will be few lectures in this class. Perhaps more than any other subject, strategy is learned best from analyzing real cases: putting yourself in the shoes of a general manager who has to solve real strategic problems. So the emphasis in this class is on active learning, not passive learning. Thus, you are expected to show a high level of commitment to preparing for class each day.

COURSE OBJECTIVES:

1. Development and reinforcement of a general management point of view – the capacity to view the firm from an overall perspective, in the context of its environment.
2. Development of an understanding of fundamental concepts in strategic management: the role of the general manager, the levels and components of strategy, competitive analysis, and organizational evolution and change.

3. Synthesis of the knowledge gained in previous courses and understanding what part of that knowledge is useful to general managers.
4. Development of a better understanding of the inner workings of large and/or complex organizations – the goal being for students to better understand their future work environment.
5. Development of an awareness of the impact of external environmental forces (technological, governmental, demographic, social, etc.) on business and corporate strategy.
6. Practice in distinguishing between basic causes of business problems and attendant symptoms.
7. Practice in working out business strategies and implementation plans.
8. Development of habits of orderly, analytical thinking and skill in reporting conclusions effectively in both written and oral form.
9. Familiarity with some of the practical realities of running different types of businesses.

COURSE REQUIREMENTS AND THEIR WEIGHTS IN COURSE GRADE:

Class participation (including current event presentation)	30%
Individual written case analysis	35%
Group written project and presentation	35%

INDIVIDUAL TASKS:

1. **One written case analysis.** Each student will be required to prepare one written case analysis. The assignment and the case will be distributed ten days before the due date. The analysis should not exceed six (6) **double-spaced** typewritten pages, with 1" margins and 12 point font). I will only read the first 6 pages, so please stay within the page limit. The limit does not include appendices, which can be used to provide charts, figures, or other background material. However, appendices which are not directly referenced in the main text will not be read.

The written case will be due on October 19th. LATE CASES WILL NOT BE ACCEPTED. Please put your name and UT EID on the BACK OF YOUR EXAM, and NOT on the first/cover page. DO NOT put your social security number on your exam. You should not discuss the case itself with any other students.

Your analysis will be evaluated equally on the following criteria:

- a. Problem definition
How well (i.e., thoroughly and concisely) you describe the environmental context and internal factors that are important to the problem
- b. Accurate and thorough use of course concepts
- c. Integration of course concepts with information about the company and problem
How well you integrate course concepts with information about the problem to illuminate the problem in a way that leads to solutions
- d. Extent to which recommendations are consistent with analysis
- e. Feasibility and specificity of recommendations
- f. Quality of written analysis.

2. **Class Participation.** In a case-oriented discussion-based class it is your responsibility to be thoroughly prepared to discuss each case and reading. Whether we are discussing cases or conceptual material, a critical component of the course is spirited, informed discussion. Toward this end, you have two responsibilities, one private and one public. On the private dimension, you should familiarize yourself with the assigned material, taking care to prepare thoroughly, and to develop informed individual responses to the material. On the public dimension, these ideas must be brought forward as a basis for rich classroom discussion. The class can then explore these ideas further in active analysis.

Preparation questions are given with the daily assignments. At a minimum, refer to these questions as you prepare for each case discussion. In addition to those specific questions, one should strive to understand the gestalt of the case – underlying themes that explain how the different problems and opportunities facing management are related. These insights should figure

prominently in your analysis and recommendations. In the past students that have prepared cases in a study group before class have benefited greatly from the advance preparation. In evaluating participation, **quality is rewarded over quantity.**

Since this is a discussion-based course, I consider attendance in every class to be very important. **If you expect to miss more than one class meeting, consider taking this course at another time, as your class participation grade will suffer.** If you do miss a class, it is your responsibility to find out from your classmates what material was covered, what additional assignments were made, and what handouts you may have missed.

You are expected to be prepared for every class meeting. Since I occasionally call on students whose hands are not raised, please let me know before the start of class if you are not prepared so that we can avoid embarrassing you inadvertently. Note, however, that this should only occur for exceptional reasons.

General managers spend a large portion of their working day interacting with colleagues. For this reason, the development of verbal skills is given a high priority in this course. The classroom should be considered a laboratory in which you can test your ability to convince your peers of the correctness of your approach to complex problems, and of your ability to achieve the desired results through the use of that approach. Some of the behaviors that contribute to effective class participation are captured in the questions that follow:

- a. Is the participant a good listener?
- b. Are the points that are made relevant to the discussion? Are they linked to the comments of others?
- c. Do the comments add to our understanding of the situation?
- d. Do the comments show evidence of analysis of the case?
- e. Does the participant distinguish among different kinds of data (that is, facts, opinions, beliefs, concepts, etc.)?
- f. Is there a willingness to share?

- g. Is there a willingness to test new ideas, or are all comments "safe"? (For example, repetition of case facts without analysis and conclusions or a comment already made by a colleague.)
- h. Is the participant willing to interact with other class members?
- i. Do comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being covered?
- j. Does the participant ask questions rather than limit participation to responding to others' questions?

GROUP TASKS:

1. **Current Event Presentations.** You will join a group of 5-6 students for the current event presentation. This is a brief presentation (ten minutes maximum), in which your group introduces a company that illustrates one or more key principles that we have discussed during a particular section of the course. Each group will be assigned to one of the following topics: Environmental analysis and business strategy, competitive dynamics, corporate strategy, or strategy implementation. If your group is assigned to corporate strategy, for instance, then you might choose to talk about the diversification strategy being undertaken by a company covered in a current Fortune, Forbes, Business Week, or Wall Street Journal article. The only rules for this exercise are that you:
 - a. Provide me with a copy of the current article you are presenting, and
 - b. Do not choose a company that is already covered in one of our cases or in the textbook.
2. **Group Project.** Your team will conduct a group consulting project for this course. The project requires you to examine a strategic problem or issue of concern at a real organization. The purpose of the project is to give your team an opportunity to apply what has been learned in the course (through course lectures, readings, and discussions) to strategic problems faced by an organization of the team's choice. Your team should identify a public, private, or not-for-profit organization (or part of one) to study. You may select an organization in which one or more of the team members has worked or been a member. I would suggest that you be selective in

choosing an issue or problem to analyze, as a lack of background on the issue itself will not be an acceptable excuse for a lack of depth in the analysis. The requirements for this project from each group are:

- a. An e-mail with the names and addresses of your group members, a team name, and a brief statement that outlines your proposed project (see below)
- b. A written analysis and data appendix, and
- c. An oral presentation to the class.

Your group is required to gather information from people in an organization through direct contact with these people. You may supplement this information with data from the media, the organization's own literature, and other secondary sources. You should identify a relatively recent problem to analyze (i.e., this should not be an historical account of a problem and the company's solution).

You should focus your analysis on applying concepts from the course. Although it is acceptable to incorporate several concepts from the course, please aim for depth rather than breadth regarding the use of course concepts.

The project proposal e-mail will be due by midnight on October 31ST. In addition to the names and e-mail addresses of your group members, and a team name, this e-mail should include:

- a. The name of the organization you will analyze
- b. A one-sentence description of the role of your contact person in the organization
- c. The method you used to gain access to the organization
- d. A brief description (e.g., one paragraph) of the problem.

The written analysis should not exceed ten (10) **double-spaced** typewritten pages, with 1" margins and 12 point font. I will only read the first 10 pages, so please stay within the page limit. The limit does not include appendices, which you can use to provide charts, figures, or other background material. However, appendices which are not directly referenced in the text will not be read.

This written document is due on November 21 for all teams. LATE WRITE-UPS WILL NOT BE ACCEPTED.

Oral presentations will be given during 2 class sessions from towards the end of the semester. Each presentation should be approximately 20 minutes in length, and additional time will be set aside for questions from other teams after the presentation. Based on this assumption, both the oral presentation and written document should cover all of the key elements of your analysis. For grading purposes, it will not be sufficient to present an aspect of your analysis that does not appear in the written document. Further information on the oral presentations will be provided in class.

Your analysis will be evaluated equally on the following criteria:

- a. Problem definition
How well (i.e., thoroughly and concisely) you describe the environmental context and internal factors that are important to the problem
- b. Accurate and thorough use of course concepts
- c. Integration of course concepts with information about the company and problem
How well you integrate course concepts with information about the problem to illuminate the problem in a way that leads to solutions
- d. Extent to which recommendations are consistent with analysis
- e. Feasibility and specificity of recommendations
- f. Quality of written analysis
- g. Quality of oral presentation.

Group Structure and Rewards: Each team is free to structure itself as it wishes. Members will share equally in the rewards, which will be a grade assigned to the group project. It is the group's responsibility to work with its members to assure that everyone is contributing adequately.

If, despite the group's efforts, there are clearly non-contributing members who should not share equally in the rewards, the group should be prepared

to document for the instructor the specific instances of the problem and its efforts to deal with the member. This documentation will be given to the member in question. The individual described as non-contributing will then have an opportunity to document his/her views to the instructor in writing. A group member that is deemed to have not contributed will have his/her group project grade component penalized. Be a good group member and don't have this happen.

Suggestions for individual case and group project:

There is no formula for writing an "excellent" case analysis. However, there are some guidelines to follow. First, for the individual case analysis I do not need a "Reader's Digest" version of the case (i.e., a restatement of the case). However, you should use case facts to support your arguments. In addition, I think that by asking the following types of questions as you develop your case analysis and group project, you might be able to develop more rigor and depth and have the basis for a more compelling argument. They are offered as suggestions only.

1. Start by observing, even listing, what is going on. You can safely assume that those "problems" you listed are really symptoms.
2. What is causing the symptoms? Do some of the symptoms appear related?
3. What is the organization doing right which you don't want to disrupt or which you could build on in implementing a solution?
4. In your solution, be specific about the actions that should be taken, rather than relying on broad prescriptions such as "improve strategic capabilities" or "compete more aggressively."
5. What factors inside and outside the firm would be supportive of or facilitate the success of your solution, and what obstacles might there be?
6. Could your solution touch off other problems? What are the risks facing your solution? Can you plan around some? Do you need a fall-back position?
7. Is there adequate time and money for your solution?
8. Think through the implications of your analysis. Don't end your analysis about going from A to B with B. What is likely to happen if B is or is not achieved? Recognize the inherent tradeoffs of any line of action. Go beyond the obvious and most immediate.
9. Finally, I don't expect brilliant prose, but I should not have to struggle to read your paper. If you have difficulty writing, spend extra time smoothing out the edges. After you are done writing the paper, set it aside for a day or two and come back to redraft it.

OTHER ADMINISTRATIVE DETAILS:

- **Do not wait** until the end of the semester to see me regarding problems with the course material or your performance. Your performance in this class is important to me, so please call me early for an appointment. I *am* available at my cell phone number.
- Written assignments must be submitted at the beginning of the class session. As managers, you will not be afforded the luxury of missing deadlines (think of deadlines as “windows of opportunity”). Late assignments will be penalized 20% for each class day past the deadline (note: on an A to F scale, this drops your score a full letter grade).
- If you can convey your thoughts more succinctly in your written assignments, please do so! Suggested paper lengths are only upper limits.
- Do form independent study groups to brainstorm about cases and readings outside of class.
- Like managers executing actual strategies, we may find that the course syllabus must be amended slightly as the semester progresses.

Session 1**Introduction**

Reading: ✓ Course syllabus
Bourgeois, pps. 11-13; 56-60.

Session 2**Role of the General Manager**

Case: Astral Records Ltd., North America

Reading: Mintzberg, H., 1990, "The Manager's Job: Folklore and Fact"
Harvard Business Review [90210]

Focus Questions:

1. How should Sarah spend her first three days on the job? Prepare a calendar for the morning, afternoon, and evening of each of those days. What is the very first action Sarah should take?
2. Note your reactions to each in-basket item. What does each one mean? What should her priorities be and why?
3. How should Sarah spend her first three weeks? Her first three months?

Session 3**Environmental Analysis and Business Strategy**

Case: Crown Cork & Seal in 1989

Reading: Bourgeois, Ch. 4

Focus Questions:

1. What are the industry structure and dynamics of the metal container industry? What are the industry trends? What are the implications of these trends?
2. What strategy does CC&S have for competing in this industry? What advantages does a firm the size of CC&S have for competing with American Can and Continental Can? How do you explain the comparison shown in Exhibit 5 of the case?
3. What are the major issues that William Avery faces in 1989? What advice would you offer him about these issues?

Session 4 Business Strategy in the High-Technology Environment

Case: Transcape Systems

Reading: Bourgeois, pps. 164-178; 187-188

Focus Questions: 1. What problems does Transcape face?

 2. Is this an attractive industry? Why or why not?

 3. What is your strategic recommendation for Transcape? What should they do next (and what should they do in the future)?

Session 5 Sustainability of Competitive Advantage I

Case: Pennzoil Company

Reading: Bourgeois, pps. 61-67; 229-231

Focus Questions: 1. Why was Pennzoil able to compete successfully against major integrated oil companies?

 2. Why did Pennzoil overtake Quaker State?

 3. What are the strategic issues facing Pennzoil in 1989? What should Pennzoil do?

Session 6 Sustainability of Competitive Advantage II

Case: Wal-Mart Stores' Discount Operations
 Wal-Mart Ventures into Mexico

Reading: Ghemawat, P., 1986, "Sustainable Advantage," Harvard Business Review

Focus Questions: 1. What, historically, has been Wal-Mart's *key* source of competitive advantage in discount retailing?

2. How sustainable is Wal-Mart's competitive advantage in discount retailing in 1986?
3. Will Sam's Wholesale Clubs prove as big a success for Wal-Mart as its discount stores?
4. Evaluate Wal-Mart's plans for international expansion.

Session 7 Review of Business Strategy

Session 8 Competitive Dynamics I

Case: Cat Fight in the Pet Food Industry (A)

Reading: Bourgeois, Ch. 5

- Focus Questions:
1. Who is best positioned in the pet food industry in 1986?
 2. Who has staked out strongholds? Where? How?
 3. What should Ralston Purina do? Is it threatened?
 4. Who do you predict will bid for Anderson-Clayton? Why?
 5. Who is likely to attack whom? Where? How?

Session 9 Competitive Dynamics II

Case: Gillette's Launch of Sensor

Reading: D'Aveni, R., 1994, Hypercompetition, Introduction: pps. 1-30

- Focus Questions:
1. What should Gillette's initiative/disruption look like? Should Sensor be launched as a cartridge or disposable razor? Justify your choice with a D'Aveni four arena analysis.

2. How sustainable is the advantage from the Sensor product? What will delay competitor response? How should competitors respond? How should Gillette prepare for the likely response?
3. How big should the initiative/disruption be? How much advertising should be used to launch the Sensor? \$100 million? \$50 million? \$25 million?
4. When should the initiative be launched? Why?

Session 10 Review of Competitive Dynamics

Session 11 Boards of Directors and Corporate Governance

Cases: The General Mills Board and Strategic Planning;
Lukens Inc.: The Melters' Committee

Reading: Bourgeois, Ch. 11

- Focus Questions:
1. What is your assessment of each board's involvement in strategic choices? Which approach is preferable? Why did they develop such different approaches?
 2. Why did Van Sant appoint the Melters' Committee, and what are the advantages and disadvantages of a committee like this?
 3. Are there any other ways boards could become involved in strategic decision making, besides those raised in the case?
 4. Are there any important differences in the composition and/or membership of the Lukens board vs. the General Mills board?

Session 12 Strategic Alliances and Corporate Strategy

Case: SAP America

Reading: Bleeke, J. and Ernst, D., 1995, "Is Your Strategic Alliance Really a Sale?" Harvard Business Review

Managing International Alliances: Conceptual Framework
(Harvard Note)

- Focus Questions:
1. Why has SAP America grown so rapidly? What challenges has this created?
 2. What are the critical features of the company's approaches to partnering? What role has partnering played in the company's success?
 3. What is your evaluation of the new organization? What problems was it designed to solve?
 4. What is Basho trying to accomplish with the professional services (consulting) organization? What challenges does she face? What is your evaluation of her chosen approach?
 5. Would a move by SAP to base their service on the internet affect the need for alliances or outside consultants?

Session 13 **Turn in written case analysis** by 5:00 PM (box in Management Department lobby).

No class today. Today will be set aside as a work day so that you can complete your case write-up.

Session 14 **Review of Corporate Strategy**

Session 15 **Ethics and Strategy Implementation**

Case: Bausch & Lomb, Inc.: Pressure to Perform

- Focus Questions:
1. What happened at Bausch & Lomb and *why* did it happen?
 2. If you were the CEO and you discovered these practices, how would you assess the impact on your organization?

3. How would you prevent such problems from occurring at your company?

Session 16

Power and Influence

Reading: Whetten, D. and Cameron, K., 1998, Developing Management Skills, Chapter Five: pps. 226-250

Session 17

Articulating a Strategic Vision

Case: Alpha & Omega (9-488-003); distributed in class

Reading: Hattersley, M., 1991, "Persuasion" (9-392-012)

Session 18

Strategy Implementation I: Strategy and Organization Design

Cases: American Express Travel Related Services Co.
Lou Gerstner (Note: the cases should be read in the order listed)

Reading: Bourgeois, Ch. 10

Focus Questions:

1. What are the most important changes Lou Gerstner made at TRS?
2. How have those changes affected TRS's performance?
3. What is your assessment of TRS's prospects for continued success?

Session 19

Strategy Implementation II: Strategic Change Processes

Case: Cleveland Twist Drill (A)

Reading: Kotter, J., 1995, "Leading change: Why transformation efforts fail," Harvard Business Review

- Focus Questions:
1. What are the major problems facing Jim Bartlett at Cleveland Twist Drill? How serious is the situation?
 2. As Bartlett, what is your detailed plan of action for accomplishing the objectives that you and Ames have for the business?
 3. Which of the three options that Bartlett was considering in April 1982 would you pursue? Why? Are there others that make more sense given his objectives?

Session 20 **Strategy Implementation III: Strategic Change Processes (cont'd)**

Case: Cleveland Twist Drill (B)
(to be distributed in previous session)

Session 21 **Implementation of Global Strategies**

Case: Walt Disney's Dennis Hightower: Taking Charge
Dennis Hightower: Walt Disney's Transnational Manager

Reading: Bartlett, C. and Ghoshal, S., 1998, "Beyond the Russian Doll Management Model: New Personal Competencies for New Management Roles", in D.C. Hambrick, D.A. Nadler, and M.L. Tushman (eds.), Navigating Change: How CEOs, Top Teams, and Boards Steer Transformation, Harvard Business School Press

- Focus Questions:
1. Prepare a detailed plan of action for Hightower to pursue over the next 3 months.
 2. Evaluate the pacing and sequencing of Hightower's actions from 1988 to 1994. How would you evaluate his approach to bringing about change in his organization? How would you compare general management style with Gerstner's approach or Jim Bartlett's approach?
 3. What should Hightower do about the apparel business?

Session 22 **To Be Announced**

Session 23 **Review of Strategy Implementation and Key Course Concepts**

Assignment: Written group project due for all groups.

Sessions 24-27 **Group Presentations**

Session 28 **Course Wrap-up**

Student Questionnaire & Course Agreement

(Please bring completed and signed agreement with you to first class)

Name: _____

Major/minor: _____

Rank (i.e., senior): _____

Email address: _____

Phone number: _____

Are you willing to participate in class discussions? _____

Your objectives in taking this course:

Student Agreement: I, the above-named student, have read this syllabus and understand that much of my final grade will be based on my active participation in class and my independent and group work outside of class.

(Signature)