



MAN 374/374H – GENERAL MANAGEMENT AND STRATEGY FALL 2010 (04575, 04585, 04595)

Professor Dr. Craig Crossland

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Office Hours Monday and Wednesday 1:30pm-3:00pm, or by appointment

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Class Location 04575: UTC 1.144; Monday and Wednesday, 8:00am – 9:15am

04495: UTC 1.144; Monday and Wednesday, 9:30am - 10:45am

04510: CBA 4.324; Monday and Wednesday, 11:00am - 12:15pm

Course Web Page via Blackboard

Course Overview and Objectives

Perspective and Themes

One of the more comprehensive definitions of strategy (also known as strategic management), is as follows: "The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external environments."

This is certainly accurate, but is, admittedly, a bit of a mouthful. What are the key elements here? I believe that there are four. First, the study of strategy is concerned with firm-level issues. Unlike many other courses that you have taken thus far at McCombs (e.g. finance, accounting, human resources), which focus on a particular business function, strategy concerns the entire range of a firm's operations and performance. Thus, we will be particularly interested in whether, when, and why firms themselves can be said to succeed or fail. Is Coke or Pepsi better positioned for future revenue growth? What is Whole Foods Market's strategy? Is Southwest Airlines a successful company? These are the types of questions that we will ask (and, hopefully, answer) in this class.

¹ From Nag R, Hambrick D, & Chen M-J. 2007. What is strategic management, really? Inductive derivation of a consensus definition of the field. **Strategic Management Journal**, 28: 935-955.

Second, we are interested in the resources and capabilities available to firms, how firms deploy these resources and capabilities, and how this may, or may not, help these firms achieve their strategic goals. Also in this vein, we will examine the idea of competitive advantage and the crucial importance of trade-offs. Why does one firm succeed while a closely-related competitor fails? Even more importantly, is such success sustainable or will it always be transitory? We will employ a range of analytical tools to address these questions.

Third, the study of strategy recognizes that a firm does not operate in a vacuum, but is instead heavily influenced by external factors, such as inter-firm competitive rivalry, characteristics of the industry within which the firm operates, and what are called institutional factors, or the "rules of the game," by which firms must play. We will discuss why firms in some industries (e.g. pharmaceuticals) tend to be far more profitable than firms in other industries (e.g. airlines, steel), as well as why there are notable exceptions. We will also address how macro-environmental factors -- political, economic, social, technological -- can impact firms.

Fourth, our perspective will be that of the general manager, or CEO, of the firm. We will examine the role of the general manager, the range of decisions that general managers make, and the impact that these decisions can have (for good and for ill) on the performance of the firm.

Flow of the Course

The course is divided into five major sections: 1) Analysis, 2) Business-level strategy, 3) Corporate strategy, 4) Global strategy, and 5) Strategy implementation. We will spend 4-5 sessions on each topic.

Over the course of the semester we will make the transition from lesser to greater levels of complexity. We will generally progress from examining less complex, single-business firms operating in single industries, to more complex, multi-business conglomerates operating simultaneously in many industries. We will also move from a focus solely on domestic (homecountry) operations to consideration of multi-country and global operations. Finally, we will progress from strategy formulation, the creation of a logical plan for a firm, to strategy implementation, the specific actions taken to implement that plan.

Objectives

At the conclusion of this course, I hope that you will find you have achieved these four core objectives:

- 1. To be professionally conversant in the language and basic concepts of strategy
- 2. To have gained some experience in crafting a reasoned and logical business strategy from a range of possible options
- 3. To have gained experience and confidence in communicating your ideas verbally in front of your peers
- 4. To be motivated to integate the tools, techniques, and ideologies of strategy into your broader professional perspective, regardless of your chosen occupation or field

Prerequisites

Seventy-five semester hours of college coursework, including one of the following: Management 336, 336H, Operations Management 335, 335H; credit or registration for Finance 357 or 357H, and Marketing 337 or 337H; and credit or registration for one of the following: Accounting 353J, 366P, Business Administration 353H, Finance 353, 366P, Management 353, 366P, Management Information Systems 353, 366P, Marketing 353, 366P, Operations Management 353, 366P.

Materials

Required

1. Readings packet from UT Copy Center (GSB 3.136)

This packet contains 13 cases and 12 readings (see Course Outline below for more details). I believe that the price for the readings packet has been set at \$69.61. You should obtain the readings packet before the second day of class (Monday 30 August). *Note that it is a breach of the Honor Code to reproduce another student's readings packet.*

Other

At times, you may wish to go beyond the assigned readings in order to gain a deeper understanding of a topic. I welcome and encourage this. For starters, here are several texts that will be relevant to the material we cover in this course (I have noted the most recent edition of each, but earlier editions are also fine):

- Peng. **Global Strategy** (2nd ed.), Thomson, 2009.
- Carpenter & Sanders. **Strategic Management: A Dynamic Perspective (2nd ed.)**, Pearson Prentice Hall, 2009.
- Saloner, Shepard, & Podolny. Strategic Management (Rev. ed.), Wiley, 2005.
- Grant. Contemporary Strategy Analysis: Concepts, Techniques, Applications (7th ed.), Wiley-Blackwell, 2009.
- Marcus. Management Strategy: Achieving Sustained Competitive Advantage (2nd ed.), McGraw-Hill, 2011.
- Porter. Competitive Strategy: Techniques for Analyzing Industries and Competitors, Free Press, 1980. (NB: This is a classic in the field and should be read by all serious students of strategy).
- Porter. Competitive Advantage: Creating and Sustaining Superior Performance, Free Press, 1985. (Another classic)
- Ghemawat. Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter, Harvard Business School Press, 2007.
- Friedman. The World is Flat 3.0: A Brief History of the Twenty-first Century, Picador, 2007.
- Khanna. The Second World: Empires and Influence in the New Global Order, Random House, 2008.

- Mintzberg. Managers, Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development, Berrett Koehler, 2005.
- Pfeffer & Sutton. Hard Facts, Dangerous Half-truths, & Total Nonsense: Profiting from Evidence-based Management, Harvard Business School Press, 2006.
- Hamel. The Future of Management, Harvard Business School Press, 2007.
- Finkelstein, Hambrick, & Cannella. **Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards**, Oxford University Press, 2009. (NB: This book is geared more toward an academic audience, but is still very much worth reading if you're interested in the role of CEOs/top management teams).

If at any time I can be of assistance in guiding your further reading, please contact me.

Course Outline (see pp16-17 for a summary)

This course is divided into five major sections. We will also spend the first two class sessions getting a general overview of the topic and discussing our first case. If you're able to, I recommend that you try to do all the reading for a particular section by the start of the first class in that section. However, we will only discuss one case at a time, so you need only prepare for the specific case we'll be discussing in a particular session.

Introduction: An Overview of General Management & Strategy

In this section of the course we'll discuss the definition, scope, history, and major components of strategic management. We'll also introduce case analysis.

Session 1 (08/25): Introduction to the field of strategy; Origins of strategy

Reading:

- "The origins of strategy." Ghemawat P. In: *Strategy and the Business Landscape*. 2001. Prentice-Hall: Upper Saddle River, NJ; pp1-18.
- If you have time, I also recommend that you read the "What is strategy?" article by Michael Porter, which is part of the reading for the Business-level strategy section.

Case:

No new case

Session 2 (08/30): The case method in strategic management

Reading:

• Please review "Why we use the case method" by Dan Thomas (Appendix 3 of this syllabus)

Case:

• Apple, Inc. in 2010

We begin the semester with a firm that many of you will be very familiar with: Apple. This case is fully up-to-date, having only been published in April this year. It therefore gives us the opportunity to explore many of the strategic issues facing Steve Jobs and his management team right now. We'll discuss Apple's historical position in the PC business and the role of the iPod, iPhone, and iPad in Apple's current strategy. We'll also discuss the sustainability of Apple's competitive advantage.

For this case (and all others this semester), I've included several discussion questions. We will use these to guide our in-class case analysis. At a minimum, you should come to class prepared to address the discussion questions. We will also discuss other aspects of the case as appropriate.

- What have been Apple's main competitive advantages historically?
- Do the competitive dynamics of the PC industry appear favorable to Apple? Why or why not?
- What is Apple's competitive position in PCs? MP3 players? Smartphones?
- How does the iPad fit into Apple's strategy?

Section 1: Analysis

In this section, we'll look at how to analyze a firm's internal environment and its external environment. In terms of the internal environment, we'll examine a firm's strengths and weaknesses, looking particularly at a firm's resources, capabilities, and competencies. We'll also consider the activities that make up a firm's value chain. In terms of the external environment, we'll examine the nature, attractiveness, and profitability of a firm's industry (an industry is a group of firms that provide similar products to a similar group of customers). We'll also briefly consider factors outside the industry that can impact a firm's competitiveness (e.g., technological change).

Session 3 (09/01): Internal analysis of the firm

Reading:

- "Leveraging resources and capabilities." Peng MW. In: *Global Strategy* (2nd ed.). 2009. South-Western Cengage: Mason, OH; pp62-88.
- "Generating a plan of action: SWOT (TOWS) analysis." Gopinath C, Siciliano J. In: *Strategize!* (3rd ed.). 2010. South-Western Cengage Learning: Mason, OH; pp47-52.

Case:

• Robin Hood (in Gopinath & Siciliano reading)

Robin Hood and his Merry Men need your analytical skills to help them develop an action plan in their ongoing fight against the evil Sheriff of Nottingham. This short case is a great way to practice a SWOT analysis. Please read the case and complete the TOWS matrix on page 51.

Session 4 (09/08): Internal analysis of the firm (cont.)

Reading:

No new reading

Case:

• Crown Cork & Seal in 1989

This is the first of several "classic cases" for the semester and is a personal favorite of mine. Crown Cork & Seal (CCS) has been able to remain profitable in an extremely competitive industry for a long period of time. As the case opens, the new CEO, William Avery, is considering a large acquisition. We'll discuss why CCS has been successful for so long and how the new CEO should proceed.

- How attractive has the metal container industry been over the years?
- What resources and capabilities led to CCS's success under John Connelly?
- What actual or potential weaknesses should Mr. Avery be concerned about?
- What should Mr. Avery do?

Session 5 (09/13): External analysis of the industry

Reading:

• "The five competitive forces that shape strategy." Porter ME. *Harvard Business Review*, January 2008; pp79-93.

Case

• Cola Wars Continue: Coke and Pepsi in 2006

This case showcases the soft drink industry and, specifically, two sub-components of that industry: the concentrate business and the bottling business. These two businesses vary significantly in their profitability. Using Porter's Five Forces model, we'll investigate why this is so.

- Why, historically, has the soft drink industry been so profitable?
- Why is the profitability of the concentrate business so different to that of the bottling business?
- How has the competition between Coke and Pepsi affected industry profits?
- Can Coke and Pepsi sustain their levels of profitability?

Session 6 (09/15): Applying your strategic knowledge 1: Pharmaceuticals

This is the first of four sessions during the semester where we'll attempt to apply the techniques and tools of strategic management to current, real-world problems being faced by senior executives in a range of industries. In preparation for these sessions, I'd like you to do some

targeted preliminary research on the relevant industry, such that you have a basic understanding of the strategic challenges and opportunities involved. Then, place yourself in the CEO's chair at one of the firms in the industry. Think about three questions: 1) What are the options available to you?; 2) What actions should you take?; 3) How will those actions contribute to sustainable competitive advantage? As the semester progresses, and your knowledge of strategic management develops, you should find your contributions in these sessions becoming more comprehensive and more nuanced.

For each session, I'll provide links to a couple of recent articles in the business or general press (all are freely available online). Pease read these before coming to class.

Our first session will deal with the pharmaceutical industry. Regulatory pressures, empty product pipelines, decreased rates of innovation, and ever-increasing threats from generic competitors are just some of the challenges facing this historically-successful industry. What can be done to maintain profitability?

Reading:

- "No refills." McArdle M. *The Atlantic*, July/August 2010. http://www.theatlantic.com/magazine/archive/2010/07/no-refills/8133/
 - "Eli Lilly's drug assembly line" Weintraub A & Tirrell M. *Bloomberg Businessweek*, March 8, 2010.

http://www.businessweek.com/magazine/content/10_10/b4169056659487.htm

Case:

No new case

Section 2: Business-level Strategy

Having analyzed the firm and its environment, we now move to an examination of a firm's competitive strategy, or how it attempts to outperform other firms. In this section, we'll focus on how individual business units (or single-business firms) compete. We'll examine the idea of competitive advantage, and whether and when a competitive advantage is sustainable over a long period of time. We'll consider the idea that competitive advantage arises as a function of a firm's ability to drive a wedge between customers' willingness to pay and a firm's total delivered cost. Two broad types of competitive advantage that we'll explore are: 1) differentiation-based, and 2) cost-based. We'll examine each in turn.

Session 7 (09/20: Differentiation-based competitive advantage

Reading:

- "What is strategy?" Porter ME. *Harvard Business Review*, November-December 1996; pp61-78. (HBS product number: 96608-PDF-ENG).
- "Are you sure you have a strategy?" Hambrick DC, Fredrickson JW. *Academy of Management Executive*, 2001. Vol. 15; pp48-59.

Case:

• Whole Foods Market, Inc. (09/28, 09/30)

Opening in 1977, only a few miles away from where we'll discuss this case, Whole Foods Market has since carved out a strong position in the growing natural foods industry. We'll examine how Whole Foods and its CEO, John Mackey, have developed a differentiation-based competitive advantage. We'll also consider how Whole Foods has dealt with the uncertainties inherent in its industry.

- What are "natural foods"? Is "natural foods" a good business definition? What opportunities and threats surround this term?
- What are Whole Foods Market's sources of competitive advantage?
- How sustainable are these advantages?
- What should John Mackey do?

Session 8 (09/22: Differentiation-based competitive advantage (cont.)

Continue discussion from previous class. No new material to prepare.

Session 9 (09/27): Cost-based competitive advantage

Reading:

• "Creating competitive advantage." Ghemawat P, Rivkin JW. *Harvard Business School Note*. 2006. (HBS product number: 798062-PDF-ENG).

Case:

Wal-Mart Stores, Inc.

With 2010 revenues of \$408bn, Wal-Mart is currently the largest firm in the world. Wal-Mart has grown to this size via a relentless focus on reducing costs. There is probably no better firm at continuously driving cost out of its systems and processes. We'll investigate how Wal-Mart does this and the sustainability of its approach. In this case, I particularly want you to note how Wal-Mart's founding conditions have influenced its core strategy and culture ever since

- What are Wal-Mart's sources of competitive advantage?
- How was Wal-Mart's strategy "imprinted" by its founder?
- What threats are there to the sustainability of Wal-Mart's competitive advantage?
- How do the Supercenters fit into Wal-Mart's strategy?

Session 10 (09/29): Applying your strategic knowledge 2: (Other) pharmaceuticals

Today, we consider a different branch of the pharmaceutical industry. Although I would obviously prefer that you refrain from using your business knowledge for such nefarious

purposes, I think it's highly instructive to consider how the principles of strategic management apply in less-regulated environments. In this session, I want you to step into the shoes of a mafia Don or gang boss. How might you attempt to obtain a competitive advantage in the illicit drugs trade?

Reading:

• "The heroin road: A lethal business model targets Middle America." Quinones S. *Los Angeles Times*, February 14, 2010.

http://articles.latimes.com/2010/feb/14/local/la-me-blacktar14-2010feb14

• "Unjustifiable carnage, uneasy alliances, and lots of self-doubt: What Grand Theft Auto IV gets right about gangland and illegal economies." Venkatesh S. *Slate*, May 9, 2008. http://www.slate.com/id/2191012

NB: For those interested in this topic, I strongly recommend Sudhir Venkatesh's book "Gang Leader for a Day" and HBO's "The Wire."

Case:

No new case

Session 11 (10/04): No class today

This is in exchange for the time you'll take to attend the two required McCombs VIP lectures (see below for details).

Section 3: Corporate Strategy

We now move on from single-business firms to multi-business firms (those that simultaneously operate in more than one line of business), a topic known as corporate strategy. We'll examine a range of issues within this domain, including: vertical integration, diversification, joint ventures, alliances, mergers, and acquisitions. In addition, we'll examine how firms determine an appropriate scope (the range and mix of business within a firm).

Session 12 (10/06): Diversification, vertical integration

Readings:

• "Mergers, acquisitions, and divestitures." Marcus AA. In: *Management Strategy: Achieving Sustained Competitive Advantage* (2nd ed.). 2010. McGraw-Hill Irwin: New York; pp103-126.

Case:

• The Global Oil and Gas Industry - 2010

This case provides an overview of one of the world's most powerful and important industries – oil and gas. It describes in detail the history, structure, evolution, and competitive dynamics of

this industry. I'd like you to think about how the nature of competition in this environment differs from the other industries we've examined up to this point in the course.

- What are some important characteristics of the oil and gas industry?
- What is the basis of competitive advantage?
- Why are big oil companies so big?
- Why are many of the largest firms vertically integrated?

Session 13 (10/11): Diversification, vertical integration (cont.)

Reading:

No new reading

Case:

• BP and the Consolidation of the Oil Industry

Building on our discussion of the oil and gas industry in the previous class, this case focuses on the actions of one firm, BP, in the late 1990s and early 2000s. In particular, the case provides a detailed examination of the reasons for and against vertical integration (i.e. the acquisition of "upstream" and/or "downstream" firms).

- How favorable was the industry before the BP-Amoco merger? How have the recent mergers affected BP's profitability and competitiveness?
- Will there be more mergers among the largest firms?
- Lord Browne is considering four alternatives: acquisition, internal growth, divestiture, and diversification. What should BP focus on? Why?

Session 14 (10/13): Mid-semester review and assignment discussion

Come armed with your questions about the individual case assignment.

Session 15 (10/18): Mergers and acquisitions, alliances

Reading:

Review the Marcus chapter you read for Session 12

Case:

Cooper Industries' Corporate Strategy

This is another classic case. Cooper Industries is a great illustration of a diversified manufacturing firm whose corporate strategy adds substantial value. In your analysis of the case, note in particular how Cooper's resources are aligned with its strategy. When deciding whether

or not Cooper should acquire Champion Spark Plug, consider the extent to which this acquisition is consistent with Cooper's current corporate strategy.

- What is Cooper's corporate strategy? How does it create value?
- Should Cooper Industries acquire Champion Spark Plugs?
- What are the limits to Cooper's corporate strategy?

Session 16 (10/20): Applying your strategic knowledge 3: Digital publishing

Are e-books the future? Can Amazon make money from the Kindle? Should textbook publishers be worried? Can newspapers profitably charge for online content? Today, we'll consider these questions and more as we examine digital publishing. Unleash your inner Jeff Bezos or Rupert Murdoch and come to class ready to discuss monetizing those eyeballs.

Reading:

• "Publish or perish: Can the iPad topple the Kindle, and save the book business?" Auletta K. *The New Yorker*, April 26, 2010.

http://www.newyorker.com/reporting/2010/04/26/100426fa_fact_auletta

• "Will the paywall work? Thanks to Murdoch, we'll soon find out." Naughton J. *The Observer*, July 4, 2010.

http://www.guardian.co.uk/commentisfree/2010/jul/04/rupert-murdoch-paywall-times

Case:

No new case

Section 4: Global strategy

In this section, we'll first explore the topic of internationalization – how and why firms operate in countries outside their domestic base. We'll consider several different types of international market entry: export, licensing, franchise, joint venture, acquisition, and greenfield start-up. Then, we'll move on to a discussion of global business more generally, including how the global business environment is changing, how "flat" the world really is, and the role of several rapidly-growing economies (especially China and India).

Session 17 (10/25): Market entry and internationalization

Reading:

• "Entering foreign markets." Peng MW. In: *Global Strategy* (2nd ed.). 2009. South-Western Cengage: Mason, OH; pp152-184.

Case:

Zara: Fast Fashion

This case examines Inditex, a Spanish apparel firm, and, specifically, one of its retail chains, Zara. Zara is known for its "just-in-time" operations practices, which, although common in many manufacturing industries, are unusual in this industry. At the time of the case, Inditex operates in 39 countries. In our case discussion, we will focus on Zara's international strategy.

- How do the elements of Zara's strategy affect its "economic logic," i.e. how do they affect Zara's ability to maximize the difference between willingness to pay and total delivered cost?
- How well does Zara's competitive advantage travel globally?
- What is your view of Zara's past international strategy (focus in particular on mode of entry)?
- How should Zara adjust its international strategy in the future?

Session 18 (10/27): Market entry and internationalization

Continue discussion from previous class. No new material to prepare.

Session 19 (11/01): Contemporary issues in global business

Reading:

- "Semiglobalization and strategy." Ghemawat P. In: *Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter*. 2007. Harvard Business School Press: Boston, MA; pp9-32.
- If you have time, you might also like to read "The World is Flat," by Thomas Friedman, particularly the "Ten forces that flattened the world" chapter (pp48-172).

Case:

Philips versus Matsushita: The Competitive Battle Continues

For decades, Philips and Matsushita (renamed Panasonic in 2008) have competed with each other in the global electronics industry. This case traces the contrasting histories and internationalization strategies of the two companies. The case also clearly shows how differences in the Dutch and Japanese business environments at the firms' founding have resulted in significant differences in the firms' current structures and strategies. In particular, we'll compare the multi-domestic and global approaches to doing business internationally.

- How did Philips become the most successful company in its industry in the postwar era?
- How was Matsushita able to overtake Philips? What was the source of Matsushita's competitive advantage?
- How did their respective national environments result in Philips's and Matsushita's differing approaches to internationalization?
- Why are both companies having such difficulty building the capacity they so clearly recognize as missing?

Session 20 (11/03): Applying your strategic knowledge 4: College athletics

For the last of our four sessions, we'll discuss a topic that many of you (and I) spend far too much time thinking about – college athletics. For an hour or so, I'll ask you to step behind the desk of President Bill Powers and do your best to ensure UT's athletic department remains profitable for years to come. Some questions to consider: Should UT have stayed in the Big 12? Is there any money to be made in college sports? And what's with all the fuss about the Big Ten network anyway?

Reading:

• "New alliances, league affiliation ready to reshape college sports." Garcia M. *USA Today*, June 12, 2010.

http://www.usatoday.com/sports/college/2010-06-10-conference-realignment-cover_N.htm

- "Pollard on the Big Ten network." Morehouse M. *GazetteOnline*, June 11, 2010. http://gazetteonline.com/blogs/on-iowa/2010/06/11/pollard-on-the-big-ten-network
 - "Can UT TV make money? Ex-Big 12 leader thinks so." Bohls K & Rosner M. *Omaha World-Herald*, June 30, 2010.

http://www.omaha.com/article/20100630/SPORTS/706309842

Case:

No new case

Section 5: Strategy Implementation

Strategy is often sub-divided into formulation and implementation. Up to this point, we've focused more heavily on strategy formulation – the creation of a logical plan that deploys a firm's resources and capabilities, based on its external opportunities and threats, in pursuit of a long-term goal. Strategy formulation answers the "what?" and "why?" questions of strategy. In the last section of this course, we will move more explicitly toward strategy implementation – the specific actions that can be taken by top managers to implement the previously formulated strategy. Strategy implementation answers the "how?" question of strategy by focusing on the interaction of systems (e.g. incentives), structures (e.g. reporting relationships), and people (e.g. culture).

Session 21 (11/08): Structure and culture

Reading:

• "Organizational structure, systems, and processes." Carpenter MA, Sanders WG. In: *Strategic Management: A Dynamic Perspective* (2nd ed.). 2009. Pearson Prentice Hall: Upper Saddle River, NJ; pp358-399.

Case:

Southwest Airlines 2008

No course in strategic management is complete without at least one case on Southwest Airlines. The U.S. airline industry has, for many years, been one of the most consistently unattractive and unprofitable industries of them all. In the midst of this sea of bailouts and bankruptcies, however, sits Southwest, which continues to boast a market capitalization equivalent to most of its competitors' market caps combined. Why is this? That's what we're here to find out.

Similar to the Wal-Mart case, look carefully at how the current Southwest culture and strategy have been influenced by the earliest experiences of the firm.

- How does Southwest make money when other airlines don't?
- What aspects of Southwest's strategic implementation are particularly noteworthy to you?
- Why has it been so hard for competitors to copy Southwest's strategy?
- Should Southwest go international?

Session 22 (11/10): Vision and mission

Today, we're going to complete an in-class exercise to examine how large public firms use their vision and/or mission statements to differentiate themselves from competitors.

Reading:

• No new reading

Case:

No new case

Session 23 (11/15): Role of top management

Reading:

• "Do top executives matter?" Finkelstein S, Hambrick DC, Cannella AA. In: *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*. 2009. Oxford University Press: New York; pp16-42.

Case:

• GE's Two-decade Transformation: Jack Welch's Leadership (11/16, 11/18)

Our final case deals with the tenure at GE of Jack Welch, variously known as CEO of the year, CEO of the century, or CEO of all-time-since-recorded-history-began, depending on which business publication you read. This case examines the major changes instituted at GE under Welch's watch. Using Welch as an example, we'll discuss the role of senior executives in initiating and overseeing change, and we'll try to work out why he received so many accolades during his 20-year stint as CEO.

• How difficult a challenge did Mr. Welch face in 1981?

- What was Mr. Welch's objective in the series of initiatives he launched in the late 1980s and early 1990s? Is there a logic supporting the change process?
- How does such a large, complex diversified conglomerate continue to grow profitably?
- What is your evaluation of Mr. Welch's approach to leading change? How important was he to GE's success?

Session 24 (11/17): Course review and group project discussion

Bring any and all questions about the group assignment and presentation.

Sessions 25-28 (11/22-12/01): Group presentations

See Course Grading section below for details

Course Schedule

Session	Date	Topic	Case	Readings	Assessment
1	Wed 08/25	Introduction to the field of strategy; origins of strategy		Ghemawat	
2	Mon 08/30	The case method in strategic management	Apple		
3	Wed 09/1	Internal analysis of the firm	Robin Hood (in Gopinath & Siciliano)	Peng; Gopinath & Siciliano	
	Mon 09/06	***No class: Labor Day***			
4	Wed 09/08	Internal analysis (cont.)	Crown Cork and Seal		
5	Mon 09/13	External analysis of the industry	Coke vs. Pepsi	Porter	
6	Wed 09/15	Applying your strategic knowledge 1: Pharmaceuticals		See course outline	
7	Mon 09/20	Business strategy: Differentiation-based advantage	Whole Foods	Porter; Hambrick & Fredrickson	
8	Wed 09/22	(cont.)	(cont.)		
9	Mon 09/27	Business strategy: Cost-based advantage	Wal-Mart	Ghemawat & Rivkin	
10	Wed 09/29	Applying your strategic knowledge 2: (Other) pharmaceuticals		See course outline	
11	Mon 10/04	***No class: Exchange for VIP lectures***			Grades for first-half class contribution
12	Wed 10/06	Corporate strategy: Diversification, vertical integration	Oil and Gas Industry	Marcus	Individual case handed out
13	Mon 10/11	(cont.)	BP		
14	Wed 10/13	Mid-semester review and assignment discussion			
	Fri 10/15				Individual case due by 5pm today
15	Mon 10/18	Corporate strategy: Mergers and acquisitions	Cooper Industries	Review Marcus	V X V

Course Schedule (cont.)

Session	Date	Topic	Case	Readings	Assessment
16	Wed 10/20	Applying your strategic knowledge 3: Digital publishing		See course outline	
17	Mon 10/25	Global strategy: Market entry and internationalization	Zara	Peng	Grades for individual case
18	Wed 10/27	(cont.)	(cont.)		
19	Mon 11/01	Global strategy: Contemporary issues	Philips vs. Matsushita	Ghemawat	
20	Wed 11/03	Applying your strategic knowledge 4: College athletics		See course outline	
21	Mon 11/08	Strategy Implementation: Structure and culture	Southwest	Carpenter and Sanders	
22	Wed 11/10	Strategy Implementation: Vision and mission			
23	Mon 11/15	Strategy Implementation: Role of top management	GE and Jack Welch	Finkelstein et al.	
24	Wed 11/17	Course review and group project discussion			
25	Mon 11/22	Group Presentations			Grades for second- half class contribution
26	Wed 11/24	Group Presentations			
27	Mon 11/29	Group Presentations			
28	Wed 12/01	Group Presentations			
	Wed 12/08				Group report due by 5pm today.
	Wed 12/15				Group project grades and final grades

Course Grading

Your grade in the course will be determined as follows:

Class contribution	33.33%		
08/25-09/29	15%		
10/06-11/17	18.33%		
Individual case analysis	33.33%		
Group project	33.33%		
Presentation	15%		
Project report and critique	18.33%		

Grades for each piece of assessment and final grades in this class will be awarded according to the plus/minus system (A, A-, B+, B, B-, C+, C, C-, D+, D, F). See: http://www.utexas.edu/provost/planning/plus-minus/ for more details of UT's transition to the plus/minus system of grading. I will discuss the specifics of grading during class.

Description of Requirements

1. Class contribution (33.33%)

I realize that class contribution is not graded in many of your classes, so I'd like to take a few sentences to explain some things about this component of your assessment.

First, why do I grade on class contribution (and why is this form of assessment standard practice in every strategy course in every business school)? General Management and Strategy is a case-based course, and is heavy on discussion and interaction. In every single class session, and especially during case discussions, I will expect you to contribute a substantial proportion of the discussion. I will act as a facilitator, but you will be responsible – individually and as a class – for addressing the case questions, proposing ideas, and defending those ideas based on logical analysis. As this will require a considerable effort on your part, it is only fitting to reward that effort in terms of a non-trivial portion of the overall grade.

Second, why do I place so much emphasis on verbal discussion in this class? Let me start by saying I understand that speaking in front of your peers (and me) can be quite stressful and that some of you may be more introverted or feel that you're better suited to non-verbal means of communication. I do empathize with you. Really. I'm not a big fan of speaking in front of large groups myself; at most parties I'm far more likely to be found huddling in a quiet corner than dancing on tables in the center of the room. Unfortunately, for people like me (and, perhaps, you), the role of the general manager is an overwhelmingly verbal one. Most GMs are extremely busy, obtaining and disseminating most of their information verbally. In business, therefore, verbal skills are supremely prized. You simply will not find an inarticulate CEO of a large public corporation. The key features of case discussion (incomplete information, uncertain outcomes, pressurized environments, competing solutions, the need to persuade with evidence) are actually remarkably similar to the sort of interactions you will experience extensively in the business world once you move on from McCombs.

Third, is attendance mandatory? In short, no. You will not be directly penalized for missing one or more classes. However, I suspect you are smart enough to realize that, if you aren't in class, you aren't contributing. If you miss several classes, it is extremely difficult to achieve the highest grade for contribution. If you miss more than several, your contribution grade will almost certainly be a low one. My recommendation is simple: treat this class as you would a business meeting. Prepare for it, turn up on time, and contribute regularly.

Fourth, what does class contribution entail? It's first important to note that this piece of assessment is not termed class "participation." I believe that there is a significant difference between participation and contribution. Here is a non-exhaustive list of the elements of strong class contribution, but it should give you a good initial idea:

- 1. Making evidence-based comments and recommendations
- 2. Distinguishing between data, opinions, and guesswork
- 3. Demonstrating an understanding of the case
- 4. Building on the comments of others
- 5. A high contribution-to-words ratio (i.e. monopolizing "air time" is not valued)
- 6. Being a good listener
- 7. Respecting the opinions of others
- 8. Asking appropriate questions

One of the single best descriptions of class contribution that I have heard comes from Jan Rivkin, a professor at Harvard Business School. Professor Rivkin rates a comment based on the extent to which it increases the average class understanding of the discussion at hand. Thus, mindless repetition is not highly valued, nor are esoterica. I also like to use the "crickets" test. You'll notice that when I start a class discussion with a difficult question, there is often a deathly silence. Sometimes it's so quiet I swear I can hear crickets chirping. This is normal; it's challenging and stressful to initiate a case discussion (it's certainly much easier to say something foolish at that point). In contrast, it's much easier to contribute after a dozen people have had their say. Accordingly, I reward "direction-setting" comments (good ones, at least) more strongly.

Case introduction and conclusion

At the beginning and the conclusion of each case discussion, I will call on several students, randomly, to take a couple of minutes to give their view of the major issues involved or summarize the insights from the case. Your contribution at this time is an important part of your class contribution grade. You will only be called on in this manner once during the semester. Bear in mind, though, that I often cold call during class discussions.

Calculating contribution grades

I make notes on class contribution after every single session. You will also have the opportunity to let me know what you believe you contributed in each session (I'll discuss how we do this in our first class session). I do not determine contribution grades based on a whim, or one or two notable class sessions. They are a rigorous cumulative assessment of your performance. I take

the same care in determining contribution grades that I do with all other assessment. You are welcome to discuss your class contribution with me at any stage during the semester.

2. Individual case analysis (33.33%)

After we have discussed five or six cases in class, you will be given a new case (which is not in the course packet) to analyze, along with several questions to address. This assignment should be completed individually. Please do not discuss this case, or your analysis, with anyone else. I will hand out the case at the end of class on Wednesday 6th October. You will also receive a copy of the assessment sheet that I will use to grade the reports. The completed analysis will be due by **5pm Friday 15th October**. I would like you to upload your completed case analyses to Blackboard. As a back-up, I would like you to hand in a printed copy of your assignment to my mailbox by the same time.

Please use double-spaced Times New Roman script and 12-point font, with margins of no smaller than one inch. Your analysis should be no longer than ten pages (if it is, I will simply stop reading after ten pages). In addition, I would like to see a 1-page executive summary placed at the start of the assignment, and up to three *relevant* 1-page exhibits (tables, figures, graphs, etc.) placed at the end of the assignment. I try to make grading as objective as possible, so please *do not* put your name anywhere in your case analysis. Instead, please enter your name and EID on an empty page placed after your last exhibit.

I expect all case analyses to be your own work. Let me state explicitly what this means. You are not permitted to gather any extra information regarding the case via the internet or other means. If this is at all unclear, please see me. On a related point, and in the spirit of fair warning, I would like to let you know that all case reports will be run through plagiarism detection programs, such as those found at www.turnitin.com. Please don't give me any nasty surprises when the results come back. Again, if this is unclear, or if you are unsure about what constitutes plagiarism, you should talk to me.

Reports submitted late are subject to the following penalties: Up to one day late (i.e. 1 to 24 hours late) = 1 letter grade reduction; up to two days late (i.e. 25 to 48 hours late) = 2 letter grade reduction; greater than two days late (i.e. 49+ hours late) = assignment given an F grade.

3. Group project (33.33%)

As soon as possible, I'd like you to organize yourselves into groups of five. Please contact me with the names of group members once you've decided. If you are not in a group by Monday 4th October, I will assign you to a group. I also reserve the right to add a member to your group if needed, though I will make my best effort to avoid doing so. You will complete one major project in these groups, which will include a presentation, a written analysis, and a critique of one other presentation (all members of the group will receive the same grade for the group project).

You should analyze either a single-business company (e.g., Starbucks) or a relatively autonomous business unit within a larger organization (e.g., Hewlett Packard's inkjet printer

division). You'll be asked to identify a major strategic problem or problems facing the company, suggest changes, and then describe how you would implement those changes. You can use any data sources that you like. However, you must conduct at least 3 interviews with members of the company. It is also acceptable to interview close observers of the company such as stock analysts, major suppliers, or major customers. A detailed assessment sheet will be distributed in mid-October.

Each team will present their findings to an audience consisting of me and two other teams. One of the two observing teams will conduct Q&A following your presentation and write a critique of the presentation. The presentation will be approximately 15 minutes and the Q&A will be approximately 10 minutes. Presentations take place during the last two weeks of class. All of the material covered in the course is fair game, but a good deal of emphasis should be given to the topics covered in Sections 2 (business-level strategy) and 5 (strategy implementation).

Critiques are due to the presenting team 48 hours after the presentation. Final written reports are due to me by **5pm Wednesday 8th December**.

VIP Lecture Series

As you may know, the McCombs School runs a VIP Distinguished Speaker Series each year. As of the start of this semester, three speakers are scheduled for the Fall:

09/16/2010: Indra Nooyi - CEO, Pepsi

10/07/2010: John Allison – former Chairman and CEO, BB&T

11/02/2010: Barry Salzberg – CEO, Deloitte

I expect you to attend at least two of these VIP lectures this Fall. Because I'm a nice guy, I'm going to give you a class session off in exchange: Monday 4th October. I will be attending as many of them as I can, and we will be discussing them in class. VIP lectures usually run from 5:30-6:30pm.

Some Final Comments

- 1. I care about your progress in this course and will do what I can to assist you. My office hours this semester will be from 1:30pm-3pm, Monday and Wednesday. I'm also available, within reason, to meet with you outside these times. To set up a meeting, please send me an e-mail or speak to me in class. In addition to course-related matters, I'm also happy to discuss career issues, grad school, and other related concerns.
- 2. I will be posting a range of materials on Blackboard through the course of the semester, including the syllabus, basic lecture notes (but not case notes), grading procedures, and other materials as required. On a related note, I will be posting lecture notes to Blackboard *after* each class, but not before.
- 3. Per McCombs and Management department policy, laptop computers, PDAs, cell phones, and other electronic devices should be turned off at the start of class. Accommodations will be made for students with disabilities.

- 4. If you miss class, please contact a member of your group for any relevant notes or materials. There is no need to let me know that you either will be missing class or that you have missed a particular class. However, if you feel that, for any reason, you will be unable to complete a piece of assessment by the due date, you should let me know immediately.
- 5. By the start of our second session (Monday 30th August), please find a seat that you like. This will be your seat for the remainder of the course. My apologies for this small bit of authoritarianism. I make it a point to learn every student's name in my classes as quickly as possible. I'll use name cards and a seating chart to help me do this, hence the need for assigned seats.
- 6. I should probably forewarn you that I am a something of a stickler for time-keeping (and professionalism more generally). *Put simply: if you're planning to come to class, I expect you to get to class on time.* If you are on time, though, I guarantee that we will finish class on time (and, sometimes, a few minutes early).
- 7. I enjoy teaching this course immensely and am greatly looking forward to doing so this semester. Although I'm clearly biased, I believe that the study of strategy is one of the most fascinating and worthwhile components of any business school curriculum. I hope that by the end of the course I can convince to you share this belief.

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas BBA experience hinges on this. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas BBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- Students are fully prepared for each class. Much of the learning in this program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- Students respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- Laptops are closed and put away. When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. In such cases, professional behavior is exhibited when misuse does not take place.
- Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when

the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Please see Appendix 1 of this syllabus for more detailed guidelines concerning academic integrity. For those of you in the Business Honors Program, Appendix 2 contains the BHP Honor Code.

Students with Disabilities

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Restricting Directory Information

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on FERPA related issues see http://registrar.utexas.edu/students/records/ferpa/

Writing Center

I expect a high standard of written communication in your assessment pieces. For students struggling with this requirement, I encourage you to consider using the Undergraduate Writing Center, FAC 211, 471-6222: http://uwc.fac.utexas.edu/). The Undergraduate Writing Center offers free, individualized, expert help with writing for any UT undergraduate, by appointment or on a drop-in basis. Any undergraduate enrolled in a course at UT can visit the UWC for assistance with any writing project. They work with students from every department on campus, for both academic and non-academic writing.

APPENDIX 1: Academic Integrity

Excerpt from the University of Texas at Austin Office of the Dean of Students website (http://deanofstudents.utexas.edu/sjs/acint_student.php)

The Standard of Academic Integrity

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin, as emphasized in the standards of conduct. More specifically, you and other students are expected to "maintain absolute integrity and a high standard of individual honor in scholastic work" undertaken at the University (Sec. 11-801, Institutional Rules on Student Services and Activities). This is a very basic expectation that is further reinforced by the University's Honor Code. At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to <u>Chapter 11</u> of the *Institutional Rules on Student Services and Activities*.

What is Scholastic Dishonesty?

In promoting a high standard of academic integrity, the University broadly defines scholastic dishonesty—basically, all conduct that violates this standard, including *any act designed to give an unfair or undeserved academic advantage*, such as:

- Cheating
- Plagiarism
- Unauthorized Collaboration
- Collusion
- Falsifying Academic Records
- Misrepresenting Facts (e.g., providing false information to postpone an exam, obtain an extended deadline for an assignment, or even gain an unearned financial benefit)
- Any other acts (or attempted acts) that violate the basic standard of academic integrity (e.g., multiple submissions—submitting essentially the same written assignment for two courses without authorization to do so)

Several types of scholastic dishonesty—<u>unauthorized collaboration</u>, <u>plagiarism</u>, and <u>multiple submissions</u>—are discussed in more detail on this Web site to correct common misperceptions about these particular offenses and suggest ways to avoid committing them.

For the University's official definition of scholastic dishonesty, see <u>Section 11-802</u>, *Institutional Rules on Student Services and Activities*.

Unauthorized Collaboration

If you work with another person on an assignment for credit without the instructor's permission to do so, you are engaging in unauthorized collaboration.

- This common form of academic dishonesty can occur with all types of scholastic work—papers, homework, tests (take-home or in-class), lab reports, computer programming projects, or any other assignments to be submitted for credit.
- For the University's official definitions of unauthorized collaboration and the related offense of collusion, see Sections 11-802(c)(6) & 11-802(e), Institutional Rules on Student Services and Activities.

Some students mistakenly assume that they can work together on an assignment as long as the instructor has not expressly prohibited collaborative efforts.

 Actually, students are expected to complete assignments independently unless the course instructor indicates otherwise. So working together on assignments is *not* permitted unless the instructor specifically approves of any such collaboration.

Unfortunately, students who engage in unauthorized collaboration tend to justify doing so through various rationalizations. For example, some argue that they contributed to the work, and others maintain that working together on an assignment "helped them learn better."

- The instructor—not the student—determines the purpose of a particular assignment *and* the acceptable method for completing it. Unless working together on an assignment has been specifically authorized, always assume it is not allowed.
- Many educators do value group assignments and other collaborative efforts, recognizing their potential for developing and enhancing specific learning skills. And course requirements in some classes do consist primarily of group assignments. But the expectation of individual work is the prevailing norm in many classes, consistent with the presumption of original work that remains a fundamental tenet of scholarship in the American educational system.

Some students incorrectly assume that the degree of any permissible collaboration is basically the same for all classes.

- The extent of any permissible collaboration can vary widely from one class to the next, even from one project to the next within the same class.
- Be sure to distinguish between collaboration that is authorized for a particular assignment and unauthorized collaboration that is undertaken for the sake of expedience or convenience to benefit you and/or another student. By failing to make this key distinction, you are much more likely to engage in unauthorized collaboration. To avoid any such outcome, always seek clarification from the instructor.

Unauthorized collaboration can also occur in conjunction with group projects.

 How so? If the degree or type of collaboration exceeds the parameters expressly approved by the instructor. An instructor may allow (or even expect) students to work together on one stage of a group project but require independent work on other phases. Any such distinctions should be strictly observed.

Providing another student unauthorized assistance on an assignment is also a violation, even without the prospect of benefiting yourself.

- If an instructor did not authorize students to work together on a particular assignment *and* you help a student complete that assignment, you are providing unauthorized assistance and, in effect, facilitating an act of academic dishonesty. Equally important, you can be held accountable for doing so.
- For similar reasons, you should not allow another student access to your drafted or completed assignments unless the instructor has permitted those materials to be shared in that manner.

Plagiarism

Plagiarism is another serious violation of academic integrity. In simplest terms, this occurs if you represent as your own work any material that was obtained from another source, regardless how or where you acquired it.

- Plagiarism can occur with *all* types of media—scholarly or non-academic, published or unpublished—written publications, Internet sources, oral presentations, illustrations, computer code, scientific data or analyses, music, art, and other forms of expression. (See Section 11-802(d) of the *Institutional Rules on Student Services and Activities* for the University's official definition of plagiarism.)
- Borrowed material from written works can include entire papers, one or more paragraphs, single phrases, or any other excerpts from a variety of sources such as books, journal articles, magazines, downloaded Internet documents, purchased papers from commercial writing services, papers obtained from other students (including homework assignments), etc.
- As a general rule, the use of any borrowed material results in plagiarism if the original source is not properly acknowledged. So you can be held accountable for plagiarizing material in either a final submission of an assignment *or* a draft that is being submitted to an instructor for review, comments, and/or approval.

Using *verbatim* material (e.g., exact words) without proper attribution (or credit) constitutes the most blatant form of plagiarism. However, other types of material can be plagiarized as well, such as *ideas* drawn from an original source or even its *structure* (e.g., sentence construction or line of argument).

• Improper or insufficient paraphrasing often accounts for this type of plagiarism. (See additional information on <u>paraphrasing</u>.)

Plagiarism can be committed intentionally or unintentionally.

- Strictly speaking, any use of material from another source without proper attribution constitutes plagiarism, regardless why that occurred, and any such conduct violates accepted standards of academic integrity.
- Some students deliberately plagiarize, often rationalizing this misconduct with a variety
 of excuses: falling behind and succumbing to the pressures of meeting deadlines; feeling
 overworked and wishing to reduce their workloads; compensating for actual (or
 perceived) academic or language deficiencies; and/or justifying plagiarism on other
 grounds.
- But some students commit plagiarism without intending to do so, often stumbling into negligent plagiarism as a result of sloppy notetaking, insufficient paraphrasing, and/or ineffective proofreading. Those problems, however, neither justify nor excuse this breach of academic standards. By misunderstanding the meaning of plagiarism and/or failing to cite sources accurately, you are much more likely to commit this violation. Avoiding that outcome requires, at a minimum, a clear understanding of plagiarism and the appropriate techniques for scholarly attribution. (See related information on paraphrasing; notetaking and proofreading; and acknowledging and citing sources.)

By merely changing a few words or rearranging several words or sentences, you are *not* paraphrasing. Making minor revisions to borrowed text amounts to plagiarism.

• Even if properly cited, a "paraphrase" that is too similar to the original source's wording and/or structure is, in fact, plagiarized. (See additional information on paraphrasing.)

Remember, your instructors should be able to clearly identify which materials (e.g., words and ideas) are your own *and* which originated with other sources.

• That cannot be accomplished without proper attribution. You must give credit where it is due, acknowledging the sources of any borrowed passages, ideas, or other types of materials, and enclosing any verbatim excerpts with quotation marks (using block indentation for longer passages).

Multiple Submissions

Submitting the same paper (or other type of assignment) for two courses without prior approval represents another form of academic dishonesty.

You may not submit a substantially similar paper or project for credit in two (or more) courses unless expressly authorized to do so by your instructor(s). (See Section 11-802(b) of the *Institutional Rules on Student Services and Activities* for the University's official definition of scholastic dishonesty.)

You may, however, re-work or supplement previous work on a topic with the instructor's approval.

Some students mistakenly assume that they are entitled to submit the same paper (or other assignment) for two (or more) classes simply because they authored the original work.

Unfortunately, students with this viewpoint tend to overlook the relevant ethical and academic issues, focusing instead on their own "authorship" of the original material and personal interest in receiving essentially double credit for a single effort.

Unauthorized multiple submissions are inherently deceptive. After all, an instructor reasonably assumes that any completed assignments being submitted for credit were actually prepared for that course. Mindful of that assumption, students who "recycle" their own papers from one course to another make an effort to convey that impression. For instance, a student may revise the original title page or imply through some other means that he or she wrote the paper for that particular course, sometimes to the extent of discussing a "proposed" paper topic with the instructor or presenting a "draft" of the paper before submitting the "recycled" work for credit.

The issue of plagiarism is also relevant. If, for example, you previously prepared a paper for one course and then submit it for credit in another course without citing the initial work, you are committing plagiarism—essentially "self-plagiarism"—the term used by some institutions. Recall the broad scope of <u>plagiarism</u>: all types of materials can be plagiarized, including unpublished works, even papers you previously wrote.

Another problem concerns the resulting "unfair academic advantage" that is specifically referenced in the University's definition of scholastic dishonesty. If you submit a paper for one course that you prepared and submitted for another class, you are simply better situated to devote more time and energy toward fulfilling other requirements for the subsequent course than would be available to classmates who are completing all course requirements during that semester. In effect, you would be gaining an unfair academic advantage, which constitutes academic dishonesty as it is defined on this campus.

Some students, of course, do recognize one or more of these ethical issues, but still refrain from citing their authorship of prior papers to avoid earning reduced (or zero) credit for the same works in other classes. That underlying motivation further illustrates the deceptive nature of unauthorized multiple submissions.

An additional issue concerns the problematic minimal efforts involved in "recycling" papers (or other prepared assignments). Exerting minimal effort basically undercuts the curricular objectives associated with a particular assignment and the course itself. Likewise, the practice of "recycling" papers subverts important learning goals for individual degree programs and higher education in general, such as the mastery of specific skills that students should acquire and develop in preparing written assignments. This demanding but necessary process is somewhat analogous to the required regimen of athletes, like the numerous laps and other repetitive training exercises that runners must successfully complete to prepare adequately for a marathon.

APPENDIX 2: BHP Honor Code

We, the students of the Business Honors Program (BHP), have adopted this code as an expression of our commitment to ethical standards. We believe honor and trust are essential to a superior academic experience and continued professional success. It is intended to unite us and create an atmosphere of trust and mutual respect. Each student must abide by and defend the code.

Therefore we resolve that:

- We will abide by University of Texas policies for academic integrity.
- We will neither give nor receive unauthorized aid during completion of academic requirements.
- We will not act to gain any unfair advantage as BHP students or to cause academic or professional harm to another student.
- We will not misrepresent facts or qualifications at any time.
- We will not purposely obtain or possess property belonging to the University or another student without consent, nor will we deny other students access to university resources
- We will treat all individuals fairly and with dignity regardless of race, gender, creed, age, disability, national origin, and sexual orientation

BHP Faculty Pledge

We, the faculty of the Business Honors Program (BHP), pledge our support of the BHP Honor Code because we too believe that honor and trust are essential to a superior academic experience. We join in the students' commitment to ethical standards. We recognize the code is intended to bind us together, creating an atmosphere of trust and mutual respect. Commitment to these ideals is important not only in the academic environment, but is also vital to professional success. Thoughtful consideration of these issues will better prepare our students to face complex ethical discussions in the business community.

We recognize that all students in the BHP are bound by this honor code. Students are expected to maintain absolute integrity, and to uphold and defend a high standard of honor in all scholastic work. Each student is expected to compete fairly and ethically with his or her peers. We believe the BHP and all students in it are harmed by unethical behavior by any student.

Therefore we resolve that:

- We support the policies of the University of Texas concerning academic integrity and will not tolerate acts of scholastic dishonesty.
- We will provide guidance on the application of these principles to specific assignments and expect every student to follow all guidelines given for a specific assignment.
- We acknowledge that both giving and receiving unauthorized aid during completion of any academic requirement, no matter how small, is cheating.
- We expect our students will not act to gain any unfair advantage or to cause academic or professional harm unfairly to another student.

- Unless collaboration is expressly permitted, assignments submitted for credit will be work done independently of honors students and all others.
- In all activities, including but not limited to registration and placement, we expect our students not to misrepresent facts or qualifications at any time.
- We also expect our students will not purposely obtain or possess property belonging to the University or another student without consent, nor will they deny other students access to university resources (e.g., libraries and career placement materials).
- If we suspect a violation of this code has occurred, we will be diligent in identifying the student or students involved and will act consistently with the policies of the University of Texas concerning academic dishonesty.
- Given the importance of academic honesty, we will endeavor to avoid ambiguity and assist students in upholding the Honor Code.

APPENDIX 3: Why We Use the Case Method²

The case method is one of the most effective means of management education. It is widely used in schools of business throughout the world, and this use is predicated upon the belief that tackling real business problems is the best way to develop practitioners. Real problems are messy, complex, and very interesting.

Unlike other pedagogical techniques, many of which make you the recipient of large amounts of information but do not require its use, the case method requires you to be an active participant in the closest thing to the real situation. It is a way of gaining a great deal of experience without spending a lot of time. It is also a way to learn a great deal about how certain businesses operate, and how managers manage. There are few programmable, textbook solutions to the kinds of problems faced by real general managers. When a problem becomes programmable, the general manager gives it to someone else to solve on a repeated basis using the guidelines he or she has set down. Thus the case situations that we will face will require the use of analytical tools and the application of your personal judgment.

Sources of Cases

All the cases in this course are about real companies. You will recognize many of the names of the companies, although some of them may be new to you. These cases were developed in several different ways. Occasionally, a company will come to a business school professor and request that a case be written on that company. In other situations, a professor will seek out a company because he or she knows that the company is in an interesting or difficult situation. Often, the company will agree to allow a case to be written.

Occasionally, cases will be written solely from public sources. This is perhaps the most difficult type of case writing because of the lack of primary data sources.

In those situations where a company has agreed to have a case written, the company must "release" the case. This means that they have final approval of the content of a given case. The company and the case writer are thus protected from any possibility of releasing data that might be competitively or personally sensitive. Public source cases, obviously, do not need a release. Given the requirement for release, however, it is amazing the amount of information that companies will allow to be placed in a case. Many companies do this because of their belief in the effectiveness of the case method.

Preparing for Class

When you prepare for class, it is recommended that you plan on reading the case at least three times. The first reading should be a quick run-through of the text in the case. It should give you a feeling for what the case is about and the types of data that are contained in the case. For example, you will want to differentiate between facts and opinions that may be expressed. In every industry, there is a certain amount of "conventional wisdom" that may or may not reflect the truth. On your second reading you should read in more depth. Many people like to underline

² This note was prepared by Professor Dan R.E. Thomas. It is intended solely as an aid to class preparation.

or otherwise mark up their cases to pick out important points that they know will be needed later. Your major effort on a second reading should be to understand the business and the situation. You should ask yourself questions like: (1) Why has this company survived? (2) How does this business work? (3) What are the economics of this business?

On your second reading, you should carefully examine the exhibits in the case. It is generally true that the case writer has put the exhibit there for a purpose. It contains some information that will be useful to you in analyzing the situation. Ask yourself what the information is when you study each exhibit. You will often find that you will need to apply some analytical technique (for example, ratio analysis, growth rate analysis, etc.) to the exhibit in order to benefit from the information in the raw data.

On your third reading, you should have a good idea of the fundamentals of the case. Now you will be searching to understand the specific situation. You will want to get at the root causes of problems and gather data from the case that will allow you to make specific action recommendations. Before the third reading, you may want to review the assignment questions in the course description. It is during and after the third reading that you should be able to prepare your outlined answers to the assignment questions.

There is only one secret to good case teaching and that is good preparation on the part of the participants. Since the course has been designed to "build" as it progresses, class attendance is also very important.

Class Discussions

In each class, we will ask one or several people to lead off the discussion. If you have prepared the case, and are capable of answering the assignment question, you should have no difficulty with this lead-off assignment. An effective lead-off can do a great deal to enhance a class discussion. It sets a tone for the class that allows that class to probe more deeply into the issues of the case.

The instructor's role in the class discussion is to help, through intensive questioning, to develop your ideas. This use of the Socratic method has proved to be an effective way to develop thinking capability in individuals. The instructor's primary role is to manage the class process and to insure that the class achieves an understanding of the case situation. There is no single correct solution to any of these problems. There are, however, a lot of wrong solutions. Therefore, we will try to come up with a solution that will enable us to deal effectively with the problems presented in the case.

After the individual lead-off presentation, the discussion will be opened to the remainder of the group. It is during this time that you will have an opportunity to present and develop your ideas about the way the situation should be handled. It will be important for you to relate your ideas to the case situation and to the ideas of others as they are presented in the class. The instructor's role is to help you do this.

The Use of Extra or Post-Case Data

You are encouraged to deal with the case as it is presented. You should put yourself in the position of the general manager involved in the situation and look at the situation through his or her eyes. Part of the unique job of being a general manager is that many of your problems are dilemmas. There is no way to come out a winner on all counts. Although additional data might be interesting or useful, the "Monday morning quarterback" syndrome is <u>not</u> an effective way to learn about strategic management. Therefore, you are strongly discouraged from acquiring or using extra- or post-case data.

Some case method purists argue that a class should never be told what actually happened in a situation. Each person should leave the classroom situation with his or her plan for solving the problem, and none should be falsely legitimized. The outcome of a situation may not reflect what is, or is not, a good solution. You must remember that because a company did something different from your recommendations and was successful or unsuccessful, this is not an indication of the value of your approach. It is, however, interesting and occasionally useful to know what actually occurred. Therefore, whenever possible, we will tell you what happened to a company since the time of the case, but you should draw your own conclusions from that.