



**GENERAL MANAGEMENT AND STRATEGY**  
 Management 374 (72140)  
 Summer 2011

|                       |   |
|-----------------------|---|
| Class Times/Location: | Monday - Friday 11:30 – 1:00 pm (CBA 4.328)           |
| Instructor:           | Matt Theeke   |
| Office:               | CBA 5.334P  |
| Office Hours:         | Tuesday and Thursday, 1:30 - 3:00 pm & by appointment |
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| Course Web Page:      | via Blackboard  |

**Required Course Materials**

1. Textbook: Marcus, A. Management Strategy: Achieving Sustained Competitive Advantage (2<sup>nd</sup> ed.), McGraw-Hill Irwin, 2011. (Available at University Co-op)
2. Course Packet – available at University Printing Services in the McCombs School of Business, GSB 3.136.

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## **COURSE OVERVIEW & OBJECTIVES:**

Strategic management, at its core, is the search for firm competitive advantage. This search is carried out by individuals within organizations in environments that are quite often highly dynamic and uncertain. Studying strategic management allows us to answer questions such as:

- Why does one firm succeed while a closely-related competitor fails?
- Is success sustainable or will it always be transitory?
- Why are firms in some industries (e.g. high tech) typically far more profitable than firms in other industries (e.g. airlines, steel)?
- What types of decisions can general managers make to influence the success of their firm?
- What impact do managers' decisions have on the performance of the firm?

To capture the high level of complexity under which strategic management takes place, this course will predominantly use the case method to examine how general managers create and maintain competitive advantage for their organizations. We will focus on how managers formulate strategic decisions and manage the strategy implementation process. In regards to strategy formulation, we will employ a variety of explicit frameworks for strategic action. These frameworks are important as they will often guide the case study evaluations. In regards to strategy implementation, most general management decisions are multi-functional in nature, thus we will integrate lessons from other functional area courses (e.g., accounting, finance, marketing) to explore and reconcile the tensions that accompany implementing strategic decisions across the entire organization.

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

1. To be familiar with and comfortable using the language of strategy and applying its basic concepts.
2. Use your new knowledge to develop a reasoned and logical business strategy from a range of possible options.
3. Be able to integrate some of the tools, techniques, and concepts of strategy into your broader professional perspective, regardless of your field of study.

## CLASS SCHEDULE

| Session | Day | Date   | Topic  | Assignments                                 | Markus Reading | Case   | Additional Reading  |
|---------|-----|--------|--|---|----------------|--|---|
| 1       | Mon | 11-Jul | Introduction and Course Overview                                       |   |                |  |   |
| 2       | Tue | 12-Jul | Analyzing a Case Study   |   | Chapter 1      | IKEA invades America   | What is Strategy? (Porter)  |
| 3       | Wed | 13-Jul | External Analysis: Industry  | List of group members due                   | Chapter 2      | Coke & Pepsi in 2006   | The Five Competitive forces that Shape Strategy (Porter)            |
| 4       | Thu | 14-Jul | External Analysis: Institutions and Environment                        |   |                | Coke & Pepsi in 2006 (Cont.)   |   |
| 5       | Fri | 15-Jul | Internal Analysis: Resources and Capabilities                          | Choice of industry and firm for project due | Chapter 3      | Whole Foods Market, Inc.   |   |
| 6       | Mon | 18-Jul | Internal Analysis: Measuring Performance                               |   |                | Whole Foods Market, Inc. (cont.)   |   |
| 7       | Tue | 19-Jul | Business-level Strategy: Cost-based                                    | 1st Written Assignment Due                  | Chapter 4      | Wal-Mart Stores, Inc.  |   |
| 8       | Wed | 20-Jul | Business-level Strategy: Cost-based (cont.)                            |   |                | Wal-Mart Stores, Inc. (cont.)  |   |
| 9       | Thu | 21-Jul | Business-level Strategy: Differentiation-based                         | Project industry analysis due               |                | Edward Jones in 2006: Confronting success                                | Are You Sure You Have a Strategy? (Hambrick and Fredrickson)        |
| 10      | Fri | 22-Jul | Business-level Strategy: Differentiation-based (cont.)                 | Midterm Case Handed Out                     |                | Edward Jones in 2006: Confronting success (cont.)                        | Creating Competitive Advantage (Ghemawat and Rivkin)                |
| 11      | Mon | 25-Jul | Corporate Strategy I: Diversification and Vertical Integration         |   | Chapter 5      | Walt Disney: Entertainment King  |   |
| 12      | Tue | 26-Jul | Corporate Strategy I: Diversification and Vertical Integration (cont.) |   |                | Walt Disney: Entertainment King (cont.)                                  |   |
| 13      | Wed | 27-Jul | Corporate Strategy II: MOA and Alliances                               |   |                | Cisco Systems, Inc   |   |
| 14      | Thu | 28-Jul | Corporate Strategy II: MOA and Alliances (cont.)                       | Midterm case due                            |                | UTV and Disney: A strategic alliance                                     | When to Ally & When to Acquire (Dyer, Kale and Singh)               |
| 15      | Fri | 29-Jul | Project Work Day (Groups Meet with Instructor)                         |   |                |  |   |
| 16      | Mon | 1-Aug  | Global Strategy: Market Entry and Competitive Advantage                | Critique of industry analysis due           | Chapter 6      | Philips and Matsushita   | China + India: The Power of Two (Khanna)                            |
| 17      | Tue | 2-Aug  | Global Strategy: Market Entry and Competitive Advantage (cont.)        |   |                | Philips and Matsushita (cont.)   |   |
| 18      | Wed | 3-Aug  | Strategy Implementation II: Innovation                                 |   | Chapter 7      | Nintendo's disruptive strategy: Implications for the video game industry | Disruptive technologies: Catching the wave. (Bower and Christensen) |
| 19      | Thu | 4-Aug  | Strategy Implementation I: Structure and Culture                       | 2nd Written Assignment Due                  | Chapter 9      | Southwest Airlines in 2008   | Three Keys to Effective Execution (Raffoni)                         |
| 20      | Fri | 5-Aug  | Strategy Implementation I: Structure and Culture (cont.)               |   |                | Southwest Airlines in 2008 (cont.)                                       |   |
| 21      | Mon | 8-Aug  | Strategy implementation III: Continuous Reinvention                    |   | Chapter 8      | Apple in 2010  |   |
| 22      | Tue | 9-Aug  | Strategy implementation III: Continuous Reinvention                    |   |                | Apple in 2010  |   |
| 23      | Wed | 10-Aug | Presentations  |   |                |  |   |
| 24      | Thu | 11-Aug | Presentations  |   |                |  |   |
| 25      | Fri | 12-Aug | Team Project Work Day  |   |                |  |   |
|         | Sat | 13-Aug |  | Final project due 5 pm                      |                |  |   |

The schedule and its contents are subject to change

## COURSE REQUIREMENTS AND EVALUATION

|   |            |
|---|------------|
| <b>1. Class Contribution</b>                          | <b>25%</b> |
| <b>2. Written Case Analyses</b>                       | <b>10%</b> |
| <b>3. Midterm Exam</b>                                | <b>30%</b> |
| <b>4. Term Project</b>                                | <b>35%</b> |
| 4.1 Draft Critique (group grade) (5%)                 |            |
| 4.2 Presentation (group grade, peer evaluation) (10%) |            |
| 4.3 Industry Analysis (group grade) (10%)             |            |
| 4.4 Firm Analysis (group grade) (10%)                 |            |

Individual final grades will result from the student's performance in each of the activities and assignments listed above. Final grades in this class will be awarded according to the plus / minus system. See <http://www.utexas.edu/provost/planning/plus-minus/> for more details.

### **Class Contribution (25% of final grade):**

I have no policy on attendance. However, this is a case-based course that is heavy on discussion and interaction, and 25% of your grade will be based on your contribution to class discussion and activities. Needless to say, not coming to class prepared to discuss the topic for that day will make it difficult to score well on this, as well as other components of the grading assessment. Furthermore, if you do miss a class, it is your responsibility to find out from your classmates what material was covered and what handouts you may have missed.

Many people are intimidated by the "obligation" of speaking up in class. Don't be. Your anxiety will be reduced only through practice. Here's the secret to cutting your stress level: BE PREPARED. If you have familiarized yourself with the case and readings, you will succeed if you speak up. Please keep in mind that the only measurable output of your preparation is your class discussion – but airtime is a scarce resource, so please use it wisely. Comments based solely on a "gut reaction" generally do not add much value. Participation that does not add any value is treated the same as not participating. Frequent non-quality contributions are not rewarded and in some cases may be penalized.

What does class contribution entail? While not an exhaustive list, here are some key ideas:

1. Asking appropriate questions
2. Being a good listener
3. Making evidence-based comments and recommendations
4. Respecting the opinions of others
5. Distinguishing between data, opinions, and guesswork
6. Building on the comments of others

7. A high contribution-to-words ratio (i.e. simply taking up “air time” is not a valued contribution)

8. Demonstrating an understanding of the case

Ideally, a contribution will increase the average class understanding of the discussion taking place. This is a lofty goal, yes, and not all comments will have this effect, but keeping this criterion in mind should help you ferret out good and not-so-good comments.

### *Case introduction and conclusion*

At the very start of each case discussion, I will sometimes call on two students, randomly, to take 1-2 minutes to answer a particular question about the case or give their view of the major issues involved. Similarly, at the end of each case discussion, I may call on two students, again randomly, to summarize the key findings of the case and the take-away lessons to be learned from it. You will only be called on in this manner once during the semester. Your input at this time builds towards your class contribution grade.

Even if you are not called on in this manner, though, everyone should still come to class prepared with answers to the case questions and an action plan for the key protagonist in the case.

### *Contributions to Team Projects*

Throughout the semester you will be involved in various group projects and in-class exercises. Like other professional settings, it is critical that all team members are effectively contributing to the group’s performance. To ensure that all students are participating, team members may be periodically asked to provide feedback about other members’ contributions and this feedback may contribute up to five percent of the student’s final grade.

### **Written Case Analyses (10% of final grade):**

During the course, students will have to work in groups and submit written case analyses for any two cases discussed between Session 3 and Session 19. You have the flexibility to choose which two cases to analyze. It is your responsibility to ensure that you complete the two assignments. The first written case analysis is due by the start of Session 7 and the second is due by the start of Session 19. Late write-ups will not be accepted.

The main purpose of these assignments is to assess whether students are grasping the key concepts of the course and applying the tools for strategic analysis properly. The written case analyses are an important step towards the preparation for the midterm case and the term project.

**Midterm Case Analysis (30% of final grade):**

Once we have discussed four or five cases in class, you will be given a new case (which is not in the course packet) to analyze. In order to start you in the right direction, I will include several basic questions that you will need to address in your analysis. I will hand out the case at the end of class on Friday, July 22. You will also receive a copy of the assessment sheet that I will use to grade the reports. The completed analysis will be due at the beginning of class on Thursday, July 28. If this presents a problem, please let me know.

This is an individual assignment, so please do not discuss this case, or your analysis, with anyone else. Please double-space your papers and use 12-point Times New Roman font with margins of no less than one inch. Your analysis should be no longer than 8 pages and you are welcome to use/create relevant exhibits (e.g., tables, figures, graphs) if you believe they effectively convey the information you are seeking to explain. Additionally, please include a 1-page executive summary of your analysis.

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.

**Term Project (35% of Final Grade):***Objectives*

Students will work in groups to collect information on an industry, analyze a key strategic challenge pertaining to that industry, examine how firms are responding to that challenge and propose alternative courses of action. This project serves at least three educational objectives:

1. It helps you learn how to gather, organize and analyze information on industries and firms.
2. It provides a hands-on opportunity to practice your skills in strategic analysis, and
3. It offers a chance to learn how to work in teams, tapping on your colleagues' knowledge of different functional areas.

Do not underestimate the value of knowing how to gather and analyze information on specific industries and firms. One of the most common requests that we receive from former students is for help in finding information about their competitors or about industries in which their companies operate.

### *Groups*

Students may form their own groups of 4 or 5 students for the term project. The exact number of students per group will depend on the total number of students enrolled in this class. I understand you may prefer to work with other students you already know well. However, keep in mind that the diversity of perspectives usually enriches strategic analyses. You must submit the names of your term project group members at the end of class on Wednesday, July 13. After that date, I will assign students to groups arbitrarily. That may require re-assigning students who have already joined a group or assigning new members to groups already formed.

#### *Key deadlines:*

1. Group composition: due at the end of class on July 13.
2. Project outline: due at the start of class on July 15.
3. Draft of industry analysis due at the start of class on July 21.
4. Critique of industry analysis due at the start of class on August 1.
4. Project presentations: classes on August 10 and August 11.
5. Final report: due via Blackboard on Saturday, August 13 at 5 pm. (Absolutely no extensions.)

Appendix D contains further information about the term project in class. We will discuss the term project in class several times as the semester progresses.

## ADMINISTRATIVE POLICIES:

### 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 minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam. Students can find detailed information about academic integrity and standards of conduct at the Student Judicial Services website (<http://deanofstudents.utexas.edu/sjs/>). If the application of the policies regarding academic integrity to this class and its assignments is unclear to you in any way, it is your responsibility to ask me for clarification.

### Policy on McCombs Classroom Professionalism

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the undergraduate program 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 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 the undergraduate 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. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. 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.

**Policy Regarding Re-reads of all Graded Coursework:** In the event that you feel something was missed in the grading of your work (be it mathematical error or other), please write a brief summary of what you feel needs further attention and submit this re-read request with your original work with my comments within 1 week of receiving your grade. If you request a re-read, I will read the work again from scratch and your grade may go up or down. Each grade component is considered final one week after given to the class and will no longer be open for re-reading or discussion. I do not accept personal lobbying efforts on behalf of grades other than in writing.

**Policy on Academic Accommodations:** Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

**Policy on Blackboard:** Password-protected class sites will be available for all accredited courses taught at The University of Texas at Austin. 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 restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

**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/home>. 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.

**Other Administrative Details**

1. As the course progresses, I will post information on the Blackboard system. So please check the website regularly.
2. I will post slides used in class to detail assignments or communicate administrative issues after the end of the respective class. I may post slides summarizing key concepts before or after class.
3. Written assignments must be submitted at the beginning of the respective class session. The midterm case is due at the beginning of class on July 28th. The term project must be submitted by 5 pm on August 13<sup>th</sup>.
4. Each student is responsible for any assignment changes that may occur during the semester.
5. I will sometimes call on individuals whose hands are not raised to participate in class discussions. The goal is both to engage everyone in the discussion and to provide a basis for your class contribution grade. Please let me know in advance if some emergency has made it impossible for you to be prepared adequately for class to avoid embarrassment.