Course Overview and Objectives

Many of an enterprise’s strategically important decisions involve marketing issues: understanding how to properly segment the market and target the right customer(s), differentiating the product/service offerings, formulating pricing and distribution channels, forming the alliances and network relationships necessary for dynamic, global marketplaces. This course focuses on these issues for companies selling technology-based products where market uncertainties, technology risks and the difficulty of researching markets that don’t yet exist all magnify the marketing challenges. Specific objectives:

- Understand the difference between breakthrough technology (brave new world) vs. incremental improvement (better, faster, cheaper) and the impact on marketing decisions.
- Provide decision making frameworks for managing the marketing process, e.g.
  - Strategic Focus,
  - Technology diffusion models,
  - Economic value pricing,
- Integrate marketing frameworks with financial results and business models.
- Focus on the balance of growth, risk and profitability when evaluating strategic marketing alternatives.
- Relate the creation of customer value to shareholder value.
- Understand the importance of new media in customer communication.
- Look at the importance of branding and other intangible assets (intellectual property) to sustainable competitive advantage.

My goal is to make this the best elective in the MBA program. I am committed to:

- Clear objectives, integrated analytical frameworks leading to significant insights;
- Rigorous intellectual discussion;
- Transparent grading criteria;
- Responsive and timely communications;
- Fun!

I ask that you share these values and commit to submitting your best work, or make room for those who will.
Contact and Background:

Professor: Kevin Williams  
Department of Marketing, CBA 6.432K  
McCombs School of Business  
The University of Texas at Austin  
Austin TX 78712  
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Course Materials

There is no text book for this course. Students may use this link to access the cases and readings required:

https://hbsp.harvard.edu/import/558268

Canvas will also be used for course materials—primarily as the repository for slide presentations and other materials introduced in class.

Format and Performance Evaluation:

The course will emphasize case discussion, although short lectures and additional readings will also be used. The emphasis will be on integration of skills and concepts through the thorough analysis and examination of cases. Grading will be based on class participation, two group case assignments and a final project, as follows:

- Individual class participation 20%  
- Group case open 10%  
- Written case assignment 25%  
- Daily case notes (1-2 pages) 15%  
- Final Exam 30%

Participation is graded as a "1" for those in the bottom 1/3 of the class for quantity and quality of their contribution to case discussions, a "2" for the middle 1/3 and a "3" for the upper 1/3. A very few people get a "4" if they contribute really insightful comments in numerous classes. These scores are then adjusted for attendance and peer feedback.

Final grades will be converted to standard letter grades based on the distribution of 25% A, 20% A-, 15% B+, 35% B, 5% B- or below.
Team Formation and Assignments

Students will form 4 person teams. Case write-ups will be randomly assigned (Attachment 1). I reserve the right to adjust team sizes so that we get the right team to case ratio.

Honor System and Code of Classroom Conduct

The Honor System is taken seriously at McCombs. You are expected to act within the code. For case preparation, all work is to be your own (and your team’s) and no outside research of any kind. You must stick to the information in the case. Honor System: http://mba.mccombs.utexas.edu/students/academics/honor/index.asp

Classroom expectations of students include:

- Students will arrive on time.
- Students will minimize unscheduled personal breaks.
- Students will be fully prepared for each class.
- Students will attend the class section to which they are registered.
- Students will respect the views and opinions of their colleagues. Disagreement and debate are encouraged.
- Intolerance for the views of others is unacceptable.
- Plagiarism will not be tolerated and will be dealt with severely.
- Work submitted for one class should not be submitted for credit in another without permission of the instructor.
- Phones and wireless devices are turned off.
- Laptops are closed and put away unless faculty requires their use.

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 471-6259.

Effective Case Analysis

- Skim the narrative quickly to get a feel for the company and the context. Don’t worry about what the issues might be and resist the urge to jump to conclusions and recommendations. As you’re skimming the case, highlight all the quantitative data buried in the narrative.
- Study the exhibits, especially any summary financial statements provided. What is the top line doing (revenue)? What is happening to margins (gross and net)? If revenues are growing but margins are declining then something significant is happening—there is a price war in the industry or the company has let its expenses get out of line. What does the balance sheet look like? What does the cost structure for this business look like, i.e. is it a high fixed cost/low variable cost type business or a low fixed/high variable cost type business? What are the implications of that structure?
• Is there any quantitative data in the case that is NOT summarized for you in an exhibit? Often there is data about market share, competitive pricing, or other important facts that is not in the exhibits. Summarize this data for yourself in a form that makes sense—maybe a pie chart for market share or a trend line for revenue.
• Try to draw some insights from the quantitative information independent of the case narrative. Use these insights to compare/contrast with the qualitative information in the case.
• Now go back and reread the case slowly, armed with your analysis of the numbers. What are the real issues? Has this company missed a larger problem by focusing on a small one? Have they defined their business correctly? Have they diagnosed their situation clearly? Are they clear about the basis for their competitive advantage? Do they have a sustainable model? What strategic and tactical choices are open to them? (Hint: there are ALWAYS more options than the obvious ones. Don't put unnecessary constraints on the situation.) CAN THEY MAKE A BUCK? (Not revenue, not market share, not penetration—those things are means to an end, not an end in and of themselves.)

These cases are written with a high level of ambiguity and contradiction by design. Usually the best way—often the only way—to resolve the ambiguity is to use the quantitative information to test and evaluate the qualitative. What assumptions have they made? Do they make sense? Do the numbers work? Always question the assumptions!

DON'T RELY ON STATEMENTS MADE BY COMPANY MANAGEMENT, ENGINEERS, ACCOUNTANTS OR OTHER INSIDERS. They are myopic and/or guilty of wishful thinking and/or confused and/or going with company and cultural momentum and/or have incentive structures that taint their analysis. Your job is to evaluate the situation as an objective bystander and exercise your own critical thinking skills, based on solid reasoning, informed by rigorous quantitative analysis.

DON'T RUSH TO CONCLUSIONS, RECOMMENDATIONS AND ACTION. Think about medical practice. It is relatively easy for doctors to listen to a patient describe a set of symptoms and then prescribe treatment to address those symptoms. But good doctors don’t practice medicine that way. They get a careful medical history including as much information about family medical history as possible. They listen to the patient but also perform independent tests, consult with other doctors, use specialists, take vital signs, draw blood…. It is the diagnostic process that is important. If it is done carefully and correctly then treatment or remedy is almost automatic.

We will look at several basic frameworks or models that are useful because they can help insure that you are not overlooking some key aspects of a case. Here’s an outline, in the form of questions, which may be useful:

I. Opportunity analysis
   a. What is it?
   b. Is it based on a new technology (push) or a customer demand (pull)?
   c. How big is it?
   d. How long will it last?
   e. How competitive will the market be?
   f. What are the critical success factors going to be?

II. Creation of value
   a. Based on innovation? Breakthrough or disruptive or incremental? Are other forms of product leadership relevant, e.g. quality?
b. Based on operational efficiency? Supply chain or internal processes or what?
c. Based on brand and relationship management? Customers or collaborators or distribution channel or what?
d. What are the core competencies—the unique, internal capabilities, processes, resources, values or people that are the basis for competitive advantage?

III. Capturing value
   a. What is the economic model?
   b. How do we acquire customers? What does it cost?
   c. What is the right marketing mix (4P’s)?
   d. Do we have the right team/skills/experience?
   e. Have we reduced our strategy to an executable plan? Have we communicated it clearly?
   f. Do we have the right incentive structures?

IV. Sustaining value and renewal
   a. What is the competitive response likely to be if we are successful?
   b. Are there contextual issues to worry about — regulation, social/political, macroeconomic trends.
   c. Do we understand the product life cycle, diffusion, maturation issues, obsolescence, and substitution?
   d. How do we retain customers? What does it cost?
   e. Do we have a product/service pipeline consistent with our PLC?
   f. What if things go wrong—competition is more nimble than we thought or we’ve under scoped costs or we stumble on execution? Do we have contingency plans?

Can we create a sustainable competitive advantage, based on a compelling value proposition to customers, and will it be profitable?

Class Participation (Individual)

A major element of success depends on your ability to communicate relevant ideas in a clear, concise, and persuasive manner. It is critical that you be able to follow a discussion, understand other perspectives, and offer insights to advance discussion, i.e., to contribute to your work group’s effectiveness. Therefore, the development of oral and written communication skills is important in this course.

Class participation grades will be based on a number of factors, involving both the content and the process of your participation:

- Attendance – as Woody Allen said, 90% of life is just showing up. Students are expected to attend EVERY class. Also, EVERY student should plan to participate in EVERY class session.
- Analysis – do your comments reflect in-depth analysis of the cases? Did you think about the issues or are your comments just gut reactions? Are your comments based on evidence, reasons and supportable assumptions?
- Relevancy – are your comments timely and linked to the comments of others? Do your comments add value to the discussion and move it in a constructive direction?
- Risk-taking – are you willing to participate? Take a contrarian’s viewpoint? Test new ideas? Question assumptions? Or, are all your comments “safe”? 

• Clarity – Reaching class consensus is not necessarily important. But, conceptual clarity and focused debate, based on intellectual rigor and powers of persuasion are critical.

There will also be an opportunity to provide peer feedback on your team members, which will be factored into the final course grade.

**Format for Case Paper (Group Assignment)**

The paper should be written in an active voice from the viewpoint of the protagonist in the case, or a team of consultants advising the company. It should be 6—10 pages long, double-spaced, 11 or 12 point font, with 1 inch margins. Below is a suggested outline but students may choose whatever format works for their purposes:

• Critical issues
• Recommendations
• Support for recommendations, including charts, graphs, tables on analysis.
• Implementation
• Risks, contingencies and alternatives considered

Don’t rehash the case, go off on tangent issues or equivocate. Draw conclusions and make decisions! Business writing should be direct and succinct. Avoid gratuitous exhibits/analysis. Embedding a chart or table to reinforce your point usually works better than separate exhibits.

**Format for Daily Case Notes (Group Assignment)**

We will cover quite a few cases. A one or two page summary of your group analysis will be required at the beginning of class for the cases covered that day. Don’t overkill it but do demonstrate that your group has analyzed the case and created some strong recommendations. A similar, but condensed format is appropriate:

• Critical issue/decisions (usually 2-3)
• Recommendations (address each issue)
• Quantitative support (the numbers)
• Qualitative support (the logic)

**Case Open (Group Assignment)**

We will generally start class with a student or team discussing the critical issues and their recommendations on the case assigned. Everyone will have read and analyzed the case so a rehash of the general situation is not necessary. We’ll try to conclude with some key takeaway points and lessons learned.
### Course Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Case</th>
<th>Reference</th>
<th>Readings</th>
<th>Reference</th>
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<tr>
<td>1</td>
<td>8/29</td>
<td>Frameworks; Opportunity Analysis</td>
<td>Polyphonic HMI</td>
<td>HBS 9-506-009</td>
<td>Syllabus; Building a Business Model and Strategy: How They Work Together</td>
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<td>9/5</td>
<td>Strategic Focus</td>
<td>DuPont Kevlar</td>
<td>HBS 9-698-079</td>
<td>B2B Marketing; Customer Intimacy and Other Value Disciplines; Business Marketing</td>
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<td>Segmentation; New Markets</td>
<td>BioPure; Synthes</td>
<td>HBS 9-598-150 HBS 9-502-008</td>
<td>How to Segment Industrial Markets; Developing New Products</td>
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<td>Atlantic Computer; Cumberland Metal</td>
<td>HBS 2078 HBS 9-580-104</td>
<td>Capture More Value; Precision Pricing</td>
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<td>Distribution; Sales Management</td>
<td>Bolster</td>
<td>Ivey W12242</td>
<td>What B2B Customers Really Expect</td>
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<td>Disruption</td>
<td>ASUSTeK</td>
<td>HBS 9-609-011</td>
<td>Meeting the Challenge of Disruptive Change</td>
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<td>Rohm &amp; Haas;</td>
<td>HBS 9-587-055</td>
<td>Darwin and the Demon</td>
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<td>Standards</td>
<td>Glegg Water; Kindle Fire</td>
<td>Ivey 901M03 KEL770</td>
<td>The Art of Standards Wars; Versioning</td>
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<td>Startups</td>
<td>EndoNav</td>
<td>Stanford E-214</td>
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<td>10/10</td>
<td>External Environment; Strategic Renewal</td>
<td>Quadrant; M-Tronics</td>
<td>TB 0315 HBS 9-807-156</td>
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<td>10/15</td>
<td>Launch</td>
<td>Cialis</td>
<td>HBS 9-505-038</td>
<td>Why Good Companies Go Bad</td>
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<td>10/17</td>
<td>Crash</td>
<td>Kodak...Digital Revolution</td>
<td>HBS 9-705-448</td>
<td>The Twin Pillars of Effective Leadership</td>
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<td>15</td>
<td>10/19</td>
<td>Final Exam</td>
<td>TBD</td>
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Syllabus Attachment 1—Case Assignments

Due dates are listed in the schedule above.

Case Paper:

1. NYT Paywall
2. BioPure
3. Cumberland Metal
4. Bolster
5. Rohm & Haas
6. Glegg Water
7. EndoNav
8. Cialis

Case Open:

1. Uber
2. EndoNav
3. M-Tronics
4. Kindle Fire
5. BioPure
6. Atlantic Computer
7. ASUSTeK
8. NYT Paywall