



BA 388T: STRATEGIC MANAGEMENT

SPRING 2012 (01955, 01965)

Professor	Craig Crossland
Class Time and Location	Tuesday and Thursday, 8:00am-9:30am, GSB 3.104 (01955: Cohort 2) Tuesday and Thursday, 9:30am-11:00am GSB 3.104 (01965: Cohort 4)
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Course Objectives

Perspective and Themes

Strategic management, or strategy, is the study of “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.”¹ There are several important parts to this definition as it pertains to our class.

First, 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.

Second, we will focus on issues that affect the firm as a whole. Unlike some of the other courses you have taken thus far during your MBA (e.g., accounting, finance, marketing, operations), which focus on a particular business function in depth, strategic management addresses the inter-relationships among functions and therefore the entire range of a firm’s actions and performance. Thus, we will explore the fundamental questions of 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. To be effective in this class, you will therefore need to draw upon the functional knowledge you have gained up to this point in your MBA.

Third, we will examine in detail the resources and capabilities available to firms, how firms deploy these resources and capabilities, and how this may help or hinder these firms in achieving 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?

Fourth, 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.

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

Flow of the Course

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

Over the course of the semester we will make a gradual transition from lesser to greater levels of complexity. We will 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 (home-country) 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 core concepts of strategy
2. To have gained experience and confidence in communicating your ideas verbally in front of your peers
3. To have gained experience in crafting a reasoned and logical business strategy from a range of possible options
4. To be motivated to integrate the tools, techniques, and ideologies of strategy into your broader professional perspective, regardless of your chosen occupation or field

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

The study of strategic management addresses each of these four pillars. In terms of knowledge and understanding, you will gain experience in evaluating and participating in the types of decisions faced by general managers in a range of different firms and different industries. In terms of communication and collaboration, you will develop your skills in proposing and defending your ideas in front of your peers. You will also develop your interpersonal and teamwork skills via your group assignments. In terms of responsibility and integrity, you will gain experience in considering and responding to the ethical dilemmas posed by many of the strategic options available to a firm. In terms of a worldview of business and society, you will be exposed to the different strategic challenges faced by firms based in different countries and those operating simultaneously across many countries.

Materials

Required

Textbook: Peng, M. W. 2010. *Global Strategy (2nd edition)*. South-Western Cengage Learning: Mason, OH.

This textbook is widely available from online retailers or directly from Cengage. Buying a used copy is fine. The book is also available in Kindle format, both for purchase and for rent.

Readings packet: Available from UT Copy Center (GSB 3.136)

This packet contains 3 readings and 15 cases (see course outline below for more details). You should obtain the readings packet before the second day of class. Due to copyright provisions, each student must purchase a new case packet. **Note that it is a breach of the Honor Code to duplicate case packets.**

Optional

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 books that will be relevant to the material we cover in this course (other editions are usually fine also):

Textbooks

- 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.
- Besanko, Dranove, Shanley, & Schaefer. **Economics of Strategy (5th ed.)**, Wiley, 2009.
- 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)

Other relevant works

- Ghemawat. **Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter**, Harvard Business School Press, 2007.
- Ghemawat. **World 3.0: Global Prosperity and How to Achieve It**, Harvard Business Press, 2011.
- 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. **Why Smart Executives Fail: And What You Can Learn from Their Mistakes**, Portfolio, 2003.
- Magretta. **Understanding Michael Porter: The Essential Guide to Competition and Strategy**, Harvard Business Press, 2011.
- Sorkin. **Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System – and Themselves**, Penguin, 2010.
- Lewis. **The Big Short: Inside the Doomsday Machine**, W.W. Norton, 2010.
- 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).

Course Requirements and Grading

Your grade in the course will be determined as follows:

In-Class Contribution	30%
1/17/2011 – 3/1/2011	15%
3/20/2011 – 5/3/2011	15%
Group Presentation	15%
Group Case Assignment	20%
Final Case Assignment	35%
 Total	 100%

The MBA Programs Committee approved the following target grade distribution for all Core and Flex Core courses: A (4.0) 25%, A- (3.67) 20%, B+ (3.33) 15%, B (3.0) 35%, B- or below (2.67) 5%. This course uses that target distribution as a guideline for establishing final grades.

See below for more information on each piece of assessment. Further details and explicit assessment guidelines will be posted on Blackboard.

Note: For the group presentation and group case assignment, you will work with the same group as in your MBA core classes during Fall 2011. All group members typically receive the same grade for group work. However, I reserve the right to assign differential grades if necessary.

Description of Requirements

1. Class contribution (First half of semester: 15%; Second half of semester: 15%)

I realize that people may have varying expectations of, and past experiences with, class contribution grading, so I'd like to take a few sentences to explain some things about my views on this component of your assessment.

First, why is class contribution grading a standard practice in every strategy course in every business school? Strategic Management 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 dialogue. 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 we place so much emphasis on verbal interaction in this class? Let me start by addressing those of you who may be more introverted and who find speaking in front of your peers (and me) to be quite stressful. I do empathize with you. Really. I'd don't particularly enjoy 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 a heavily verbal one. Most GMs are extremely busy, obtaining and disseminating the large majority of their information verbally. As you rise up your respective corporate ladders after the MBA, verbal communication skills will become more and more valuable to you. Therefore, a core objective of our class is to help you develop and practice these very skills. The key features of case discussion (incomplete information, uncertain outcomes, pressurized environments, competing solutions, the need to persuade with evidence) are the very same circumstances that you will constantly be faced with outside the classroom.

Third, what does class contribution entail? You should first note that I don't describe this as class "participation." I believe there is a significant difference between participation (speaking in class) and contribution (adding to class discussion). 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

Put simply, your aim should be that your contributions increase the average class understanding of the discussion at hand.

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 use multiple methods to ensure that your class contribution grades are an accurate, 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. Group presentation (15%)

As noted above, for the group presentation and group case assignment you will work with the same group as in your MBA core classes during Fall 2011. The group presentation will be a 10-15 minute analysis of the “Closing Case” for the relevant week’s reading in the Peng textbook (see course outline for schedule), followed by Q&A from the class. The presentation should incorporate material from the chapter as required, along with relevant material from other sources. In order to be fair to all teams, I will not be releasing any presentation grades until after the final presentations (April 17). However, I will provide qualitative feedback within one week of your presentation.

3. Group case assignment (20%)

This is a written analysis of a new case (not in the course packet) that you will complete as a group. I will hand out the case, along with several questions for you to answer, at the end of class on Tuesday February 21. You will also receive a copy of the assessment sheet that I will use to grade the reports. It is due at the beginning of class on Tuesday February 28. I would like you to upload your completed case analyses to Blackboard. As a back-up, please also hand in a printed copy of your assignment to me directly.

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, double-spaced executive summary placed at the start of the assignment, and up to five *relevant* 1-page exhibits (tables, figures, graphs, etc.) placed at the end of the assignment. The executive summary and exhibits do not count toward the ten-page limit. I try to make grading as objective as possible, so please **do not** put your names anywhere in your case analysis. Instead, please enter your names on an empty page placed after your last exhibit.

I expect all case analyses to be your team’s work. Let me state explicitly what this means. ***In completing the assignment, you may use the information in the case, the textbook, the readings, your heads, and nothing else. You are not permitted to gather any extra information regarding the case or the firm 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 SafeAssign, a plagiarism detection program. This is to ensure that no team receives an unfair advantage, not because I think you personally are going to cheat. 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.

4. Final case assignment (35%)

This assignment follows a similar format to the group case assignment, but should be completed individually. The case and questions will be handed out on Thursday April 26. The assignment is due by 5pm on Tuesday May 8. Again, please submit both an electronic copy to Blackboard and a hard copy to my office (CBA 4.328).

Some Final Comments

- 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 12:30pm-2pm, Tuesday and Thursday. 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 happy to discuss career issues and other related concerns.
- I expect you to attend every class session unless you have a compelling reason not to. As you are all business professionals (and adults), it is your responsibility to decide if the reason is sufficiently compelling. If you do miss class, please contact a member of your group for any relevant notes or materials. I expect you to have caught up by the next session. 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.
- By the start of our second session (Thursday, January 19), 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.
- 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.
- 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, any lecture notes that I post will go up *after* a class, but not before.
- I enjoy teaching this course immensely and am greatly looking forward to doing so this semester. Although I'm probably a little 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 you to 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 MBA experience hinges on this.

You should treat the Texas MBA classroom as you would a corporate boardroom.

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 MBA 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 display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students do not confuse the classroom for the cafeteria.** The classroom (boardroom) is not the place to eat your breakfast tacos, wraps, sweet potato fries, or otherwise set up for a picnic. Please plan accordingly. Recognizing that back-to-back classes sometimes take place over the lunch hour, energy bars and similar snacks are permitted. Please be respectful of your fellow students and faculty in your choices.
- **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 Texas MBA 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 attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes

become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.

- **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.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

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.

The responsibilities for both students and faculty with regard to the Honor System are described on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. As a Texas MBA student, you agree to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Students with Disabilities

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.

Schedule

This course is divided into five major sections. We will also spend the first two class sessions getting a general overview of the course and discussing our first case. If you're able to, I recommend that you try to do as much as possible of 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

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

Session 1 (01/17): Introduction to strategic management

Reading:

- Peng, Chapter 1
- If you have time, I also recommend that you read the "What is strategy?" article by Michael Porter and the "Are you sure you have a strategy?" article by Hambrick & Fredrickson, which are part of the required reading for the Business-level strategy section.

Case:

- No new case

Session 2 (01/19): Introduction to case analysis

Reading:

- "Why we use the case method" by Dan Thomas (Appendix 1 of this syllabus)

Case:

- Apple, Inc. in 2010

We begin the semester with a firm that most of you will be very familiar with: Apple. This case provides a great introduction to many of the concepts that we'll explore more fully this semester. Revised very recently (March 2011), the case gives us the opportunity to explore many of the strategic issues facing Tim Cook and Apple's 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 in the syllabus. 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 various other aspects of a 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? Tablets?

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. We'll also consider factors beyond the industry that can impact a firm's competitiveness (e.g., social norms, legal rules, technological changes).

Session 3 (01/24): Industry analysis

Reading:

- Peng, Chapter 2

Presentations

- Groups C and J

Case

- Cola Wars Continue: Coke and Pepsi in 2010

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?

Session 4 (01/26): Industry analysis (cont.)

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

Session 5 (01/31): Company analysis

Reading:

- Peng, Chapter 3

Presentations

- Groups G and N

Case

- eHarmony

This week, we jump from carbonated soft drinks to the online personals industry. eHarmony provides a modern solution to an age-old problem and has grown rapidly in the last few years. However, it seems that the company's approach might not be as unique or defensible as its CEO, Greg Waldorf, might like. We'll examine eHarmony's resources and capabilities to see what the firm should do next.

- Is the online personals industry an attractive one? What unique needs does it fulfill?
- What are eHarmony's most important resources and/or capabilities?
- Does eHarmony have a competitive advantage over Match (try to quantify this advantage or disadvantage if you can)?
- Which of the four options seems most logical to you?

Session 6 (02/02): Company analysis (cont.)

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

Session 7 (02/07): Institutions: The rules of the game

Reading:

- Peng, Chapter 4

Presentations

- Groups A and D

Case

- No case

Session 8 (02/09): CEO for a day #1: Pharmaceuticals

This is the first of four “CEO for a day” sessions during the semester where we’ll 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?

For each session, I’ll provide links to a couple of recent articles in the business or general press (all are freely available online). As a minimum, please read these before coming to class. If the industry or topic is not familiar to you, you should read more widely.

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:

- “How Novartis plans to avoid the ‘patent cliff.’” Von Schaper, E. *Bloomberg Businessweek*, August 4, 2011

<http://www.businessweek.com/magazine/how-novartis-plans-to-avoid-the-patent-cliff-08042011.html>

- “Rallying Pharma’s rebels.” Herper, M. *Forbes*, August 3, 2011.

<http://www.forbes.com/sites/matthewherper/2011/08/03/rallying-pharmas-rebels/>

- “Pfizer adds payoff to pipeline in deal seen at \$22 billion.” Randall, T. *Bloomberg Businessweek*, July 8, 2011.

<http://www.businessweek.com/news/2011-07-08/pfizer-adds-payoff-to-pipeline-in-deal-seen-at-22-billion.html>

- “No refills.” McArdle M. *The Atlantic*, July/August 2010.

<http://www.theatlantic.com/magazine/archive/2010/07/no-refills/8133/>

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 the 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, and then contrast the two.

Session 9 (02/14): Differentiation-based vs. cost-based competitive advantage

Reading:

- Ghemawat & Rivkin. “Creating competitive advantage”
- Porter. “What is strategy?”
- Hambrick & Fredrickson. “Are you sure you have a strategy?”

Case:

- Whole Foods Market, Inc.

Opening in 1977, only a few miles away from where we’ll discuss this case, Whole Foods Market has 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?
- Describe Whole Foods Market’s strategy in terms of Hambrick & Fredrickson’s diamond
- Do Whole Foods have a sustainable competitive advantage?
- What should Mr. Mackey do?

Session 10 (02/16): Differentiation-based vs. cost-based competitive advantage (cont.)

Reading:

- Review readings from Session 9

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?
- Describe CCS’s strategy in terms of Hambrick & Fredrickson’s diamond
- Does CCS have a sustainable competitive advantage?
- What should Mr. Avery do?

Session 11 (02/21): Differentiation-based vs. cost-based competitive advantage (cont.)

Reading:

- Review readings from Session 9

Case:

- Samsung electronics

Although we almost always view differentiation-based advantages and cost-based advantages as being mutually exclusive, firms occasionally seem to manage to achieve both at the same time. In this case discussion, we’ll try to figure out whether or not Samsung has just such a dual advantage in the DRAM industry.

- How attractive is the DRAM industry? What are the underlying economic drivers of profitability in this industry?
- What kind of competitive advantage are the Chinese entrants seeking?
- Does Samsung have a differentiation-based advantage? Why or why not?
- Does Samsung have a cost-based advantage? Why or why not?

Try to support your answers with some quantitative analysis. I’ll provide a few hints as to how you might go about this at the end of the previous class.

Session 12 (02/23): Competitive dynamics

Reading:

- Peng, Chapter 8

Presentations

- Groups H and M

Case

- Southwest Airlines: In a different world

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 sits Southwest, which continues to boast a market capitalization almost as high as all of its competitors' market caps combined. In this case, we'll examine the source of Southwest's success, along with some of Southwest's recent competitive moves as it seeks to expand its geographical footprint.

- How does Southwest make money when other airlines don't?
- How has Southwest's strategy changed over time?
- Should Southwest acquire the LaGuardia gate slots?
- What other strategic moves would you recommend moving forward?

Session 13 (02/28): Competitive dynamics (cont.)

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

Session 14 (03/01): CEO for a day #2: Tablet PCs

Today, we'll look at a highly uncertain, but rapidly expanding business. Although various forms of tablet computers using pen-based technology have been around for decades, it's only since the breakthrough appearance of Apple's iPad in April 2010 that we've seen the industry's products begin to appeal to a mainstream audience. Over the last 12-18 months, an increasing number of both established and entrepreneurial firms have released their own tablet PCs. Imagine you were running one of these firms. How do you see this industry developing? Can we predict the sources of competitive advantage over the next 3-5 years? To what extent is commoditization likely? How should we view tablets in relation to laptops, PCs, and smartphones? What would you do?

Reading:

- "Upside down business models for the Kindle." Gans, J. *Digitopoly*, September 29, 2011. <http://www.digitopoly.org/2011/09/29/upside-down-business-models-for-the-kindle/>
- "Thinking of buying a \$99 TouchPad? Don't" Caulfield, B. *Forbes*, August 21, 2011. <http://www.forbes.com/sites/briancaulfield/2011/08/21/thinking-of-buying-a-99-touchpad-dont/>
- "How the tablet will change the world." Levy, S. *Wired*, March 22, 2011. http://www.wired.com/magazine/2010/03/ff_tablet_levy/
- "Amazon has high hopes for its iPad competitor" Streitfeld, D. *New York Times*, September 25, 2011. <http://www.nytimes.com/2011/09/26/technology/anticipated-amazon-tablet-to-take-aim-at-apple-ipad.html>

Case:

- No case

Mid-semester Break (03/05 – 03/16): Global Trips

Enjoy!

Section 3: Corporate Strategy

We now move on from single-business firms to multi-business firms (those that simultaneously operate in more than one industry). 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 15 (03/20): Diversification and vertical integration

Readings:

- Peng, Chapter 9

Presentations:

- No presentations

Case:

- Walt Disney: The Entertainment King

This is another of my favorite cases. It provides a great summary of Disney's early history and then moves on to a detailed discussion of Disney's transformation under Michael Eisner. The case concludes with the aftermath of Disney's acquisition of ABC. This case will allow us to explore many of the topics in corporate strategy. We'll focus on what is arguably the most fundamental question in this domain: when and how does the corporation add value to its individual business?

- What has been the source of Disney's competitive advantage over time?
- What changes did Michael Eisner make to Disney's strategy?
- Which businesses should Disney continue to own? Why?
- Has Disney diversified too far?

Session 16 (03/22): Diversification and vertical integration (cont.)

Readings:

- Review readings from session 15

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 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 17 (03/27): Mergers, acquisitions, and alliances

For the two sessions this week, you'll be working with a guest lecturer, Professor Steve Courter. As you may know, Professor Courter is responsible for the Strategic Management class (BA388T) for Cohorts 1 and 3 this semester. In addition to being an award-winning teacher, Professor Courter is a highly experienced executive, having served as CEO of several public firms in the U.S. and Europe. In the interests of inter-cohort intellectual cross-pollination, and to make sure you see a new face every once in a while, we'll be changing places this week.

During today's session, we'll discuss the motivations, drivers, and key success factors for merger and acquisition activity.

- Why do many mergers destroy shareholder value?
- The role of corporate governance and due diligence
- The importance of post-merger integration
- GOAL matrix
- Globalization's impact on M&A

Readings:

- Marks & Mirvis. "Making mergers and acquisitions work"

Case:

- No case

Session 18 (03/29): Restructuring and turnarounds

During today's session, we'll discuss corporate restructuring and turnarounds.

- Common restructuring activities
- Chapter 11 bankruptcy procedures and impact on:
 - Shareholders
 - Debtors
 - Customers
 - Competitors
 - Employees
 - Capital markets
- Stakeholder analysis
- Post-turnaround planning

Readings:

- No reading

Case:

- Mercury Telecom (to be supplied; not in course packet)

Section 4: International strategy

In this section, we'll explore in depth 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 19 (04/03): Market entry and internationalization

Reading:

- Peng, Chapter 6

Presentations:

- Groups E and I

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 20 (04/05): Market entry and internationalization

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

Session 21 (04/10): Contemporary issues in global business

Reading:

- Peng, Chapter 10

Presentations:

- Groups L and K

Case:

- No case

Session 22 (04/12): CEO for a day #3: Topic of your choice

Today's discussion will be devoted to a topic and an industry of the class's choosing. We'll decide on this topic several weeks beforehand, and I'll circulate an initial reading list to prime the discussion.

Reading:

- To be determined

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 23 (04/17): The role of the general manager

Reading:

- Peng, Chapter 11

Presentations:

- Groups B and F

Case:

- IBM's Decade of Transformation: Turnaround to Growth

Over the next three sessions, we'll follow the tenures of three highly visible CEOs as they attempted to initiate and manage fundamental, firm-wide strategic changes in large, inertial organizations. We begin today with Lou Gerstner of IBM. Gerstner arrived in a time of great uncertainty for IBM and oversaw a massive turnaround over the next 9 years. We'll discuss the functional and structural changes that Gerstner made in an attempt to build the firm's capacity for sustained innovation.

- Why was IBM struggling so much in the late-1980s/early-1990s?
- What were Mr. Gerstner's most important initial actions?
- Why is it so difficult to change course in large, established firms like IBM?

Session 24 (04/19): The role of the general manager (cont.)

Reading:

- No new reading

Case:

- IBM's Decade of Transformation: Uniting Vision and Values

Today's case picks up from where the previous session ended. In this case, we consider the tenure of Sam Palmisano, Lou Gerstner's replacement at IBM. We'll focus especially on the actions Palmisano took to understand and influence the prevailing values at IBM. In our discussion today, we'll also continue to draw on material from the previous case.

- What challenges did Mr. Palmisano face when he first became CEO in 2002?
- What was the ValuesJam? What was its role?
- How do a firm's vision and values relate to the broader topic of strategy implementation? How did this work at IBM?

Session 25 (04/24): The role of the general manager (cont.)

Reading:

- No new reading

Case:

- GE's Two-decade Transformation: Jack Welch's Leadership

Today, we meet Jack Welch, variously described as CEO of the year, CEO of the century, or CEO of all-time-since-recorded-history-began, depending on which business publication you were reading in the late-1990s/early-2000s. 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 26 (04/26): Managing multiple stakeholders

Reading:

- Peng, Chapter 12

Case:

- Whole Foods: Balancing Social Mission and Growth

For our final case, we'll return to Whole Foods. This time, we'll be looking more explicitly at the topic of corporate social responsibility, or how Whole Foods manages its legal, ethical, and moral responsibilities to multiple stakeholders. As Whole Foods has grown, it has come under increasing attack from critics who argue that the firm is losing sight of its original mission, and that "industrial organic" production is anathema to the values that natural foods firms should espouse. What do you think? Is John Mackey a sinner or a saint?

- How would you define: a) the social mission, and b) the corporate mission, of Whole Foods?
- Are these the same or different? If different, are the two missions complementary or contradictory?
- How should Whole Foods balance the demands of its many stakeholders?

Session 27 (05/01): CEO for a day #4: Topic of your choice

Similar to the last "CEO for a day" session, today's discussion will be devoted to a topic and an industry of the class's choosing.

Reading:

- To be determined

Session 28 (05/03): End of semester review

Come armed with any questions you have about the individual case assignment.

Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the McCombs School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty's commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards

If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Management Office. Below are some of the specific examples of violations of the Honor System.

Lying

Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing

Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also

considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use.")

Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the McCombs School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the McCombs School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the McCombs School of Business."

The following pages provide specific guidance about the Standard of Academic Integrity at the University of Texas at Austin. Please read it carefully and feel free to ask me any questions you might have.

Excerpts 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 [Chapter 11](#) 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—[unauthorized collaboration](#), [plagiarism](#), and [multiple submissions](#)—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 [Section 11-802](#), *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 [paraphrasing](#).)

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).

Plagiarism & Unauthorized Collaboration

[Plagiarism](#) and [unauthorized collaboration](#) are often committed jointly.

By submitting *as your own work* any unattributed material that you obtained from other sources (including the contributions of another student who assisted you in preparing a homework assignment), you have committed plagiarism. And if the instructor did not authorize students to work together on the assignment, you have also engaged in unauthorized collaboration. Both violations contribute to the same fundamental deception—representing material obtained from another source as your own work.

Group efforts that extend beyond the limits approved by an instructor frequently involve plagiarism in addition to unauthorized collaboration. For example, an instructor may allow students to work together while researching a subject, but require each student to write a separate report. If the students collaborate while writing their reports *and* then submit the products of those joint efforts as individual works, they are guilty of unauthorized collaboration as well as plagiarism. In other words, the students collaborated on the written assignment without authorization to do so, and also failed to acknowledge the other students' contributions to their own individual reports.

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 [plagiarism](#): 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 1: 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 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.

² This note was prepared by Professor Dan R.E. Thomas.

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 not 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.