REQUIRED COURSE MATERIALS:

1. Course packet at the University Co-Op (Please do not duplicate course packets)
2. Book: Moneyball: The Art of Winning an Unfair Game (Michael Lewis) (Available on Amazon)

The course packet contains the cases that will form the basis of our class discussions as well as several, more focused, readings not available in textbook format.

Note: It is strongly advised that students purchase both required readings as soon as possible. Please do not wait until after the first few classes to see if you “really” need the course packet. It serves as the foundation for the entire class.

Supplemental (OPTIONAL) Readings:

The required readings should provide an adequate discussion of the topics we cover. However, if you wish to go beyond the depth of the assigned readings to gain a more nuanced understanding of a particular topic, the following texts – some classics, some more recent – may be useful.

If I can be of assistance in guiding any further reading, please do not hesitate to let me know.

**COURSE DESCRIPTION**

At its core, the discipline of strategic management is concerned with answering the following fundamental question: Why do some firms outperform others?

In this course we will examine several proposed answers to this question using a variety of theoretical perspectives. Moreover, in our examination of the theories, concepts, and models used to answer this question, we will tackle several other critical questions, including:

- Is competitive advantage sustainable or is it always transitory?
- Why are firms in some industries typically far more profitable than firms in other industries?
- What is strategy? How is it formulated and implemented by firms?
- What is the relationship between strategy and firm performance?
- What is the range of strategic decisions that general managers make?
- What is the impact these decisions can have on the performance of the firm?

Answering these questions will require you to integrate your knowledge of the functional areas of business (e.g. finance, accounting, marketing, and operations management) into a holistic view of the firm. In this way, this course will build on the classes you have taken elsewhere in the business school and serve as a “capstone” class for your undergraduate studies at the McComb’s School of Business. Therefore, the course will be an essential component of your business degree and will be critical in providing you with the skills necessary to be an effective executive (i.e. a manager responsible for making the strategic decisions that impact the long-term viability of an entire firm or business unit).

Even though it is unlikely that all students taking this course have the career goal of becoming a executive, there are several reasons why this course will benefit virtually all students enrolled, regardless of their future career paths. First, trends towards flatter and less hierarchical organizations have resulted in strategic decisions being made at increasingly lower, hierarchical levels. Second, factors such as technological change and the emphasis on global economic markets have increased the innovativeness and entrepreneurialism required of the non-executives ranks. Finally, functional specialists are increasingly relied upon by firms’ general managers to not only implement a firm’s existing strategy but also to collect the information necessary to update and revise firm strategy. Therefore, as an increasing number of individuals will be involved in strategy and strategic decisions, the skills of strategic management are widely, and increasingly, applicable

**COURSE OBJECTIVES**

After completing this course, I hope that you will have achieved the following six objectives:

1. To be conversant in the language and concepts of strategic management and to be comfortable using them to analyze business-unit and firm-level situations.

2. To be able to apply the concepts of strategic management to craft a reasoned and logical
business strategy from a range of strategic options.

3. To be able to confidently communicate your ideas about strategy verbally in front of, and to, your peers.

4. To be able to think analytically about strategic issues and report your conclusions effectively in written form.

5. To be able to efficiently gather, identify, and analyze the information relevant to making strategic decisions and to formulating strategy.

6. To be able to view the firm from the perspective of a general manager and to integrate the tools of strategic management into your broader professional and functional perspective.

COURSE ASSESSMENT & GRADING:

Your grade in the course will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class Contribution/participation</td>
<td>30%</td>
</tr>
<tr>
<td>Individual Written Assignment</td>
<td>35%</td>
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<tr>
<td>Group Project:</td>
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<tr>
<td>Presentation</td>
<td>10%</td>
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<tr>
<td>Group Case Analysis</td>
<td>25%</td>
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Class Contribution (30% of final grade):

Purpose:

1. Reveal lessons from case examples through active discussion and debate.
2. Develop skills in effectively persuading others.
3. Leverage backgrounds and insights of all students to enrich class experience.

Evaluation Criteria – What is a “good” contribution?

1. Shows evidence of thorough preparation for exercises, cases, and discussions.
2. Offers comments that are constructive and conducive to a positive class environment (e.g., does not interrupt others or repeat points already made).
3. Adds value to discussions (e.g., integrates material, shares quantitative analysis, provides relevant examples, presents devil’s advocate arguments, gives constructive feedback). Note that class participation is not evaluated on whether comments are “right,” but on whether they reflect preparation.

Additional Information

1. A seating chart and name placards will be used to facilitate tracking of class participation.
2. Students will be asked to write down their participation for each class on the back of their name placard (which is turned in at the end of each class).
3. Students who have language difficulties or other barriers to participation are encouraged to discuss these with the instructor early in the semester (and alternative arrangements will be made).

Attendance

Attendance is a key component of class participation. In order to accommodate interview schedules and other personal circumstances, students are allowed TWO absences throughout the semester for any reason, with no make-up required. However, you are responsible for the material covered in all sessions. **Missing more than two class sessions is strongly discouraged and is likely to result in a lowering of your course grade (because it is difficult to participate in class if you are not there)**. Students who experience health-related or family emergencies may discuss alternate arrangements with the instructor.

Individual Written Assignment (Moneyball) (35% of final grade):

Due: Thursday, February 23\textsuperscript{rd} (by 8AM – i.e. by the start of class)

During the first half of the semester, you will be asked to complete a major written assignment based on Michael Lewis’ book *Moneyball*. The written assignment is 35% of your grade for the course and it to be completed individually. Please do not consult your group members, class members, or others’ analyses on the web. Your write-up should be approximately 5 pages (single-spaced, 12 point font) and should provide substantive and logical answers to the following questions.

1. According to Lewis, the Oakland A’s seem to have discovered an opportunity in the market for baseball players. Why did this opportunity exist? Why had no other teams learned about it? How could apparently false beliefs about the value of players persist?
2. What were the problems of implementing this different approach to selecting and evaluating players? Why was Billy Beane able to do it?
3. Assuming other teams discover the same opportunities, what should the A’s do?
4. Do you believe there are similar opportunities in other industries? Provide an example of an industry where a similar opportunity could exist? How would you go about exploiting it and what factors would you take into consideration when doing so?

Reports turned in late are subject to the following penalties: One day late = 1 letter grade reduction; two days late = 2 letter grade reduction; greater than two days late = assignment given a 0 grade.

Grading Criteria for the Individual Written Assignment

Analysis
- Does the paper answer the questions?
- Does the paper contain analyses of the major issues?
- Does the paper properly incorporate the relevant concepts from the course?
- Are the assumptions made in the analysis stated explicitly?

Recommendations
- Are the criteria for making recommendations clearly stated and appropriate?
- Were other courses of action considered?
- Is the recommendation concrete and actionable?

Overall Criteria
- Does the paper exhibit creativity and original thought?
- Is the paper logically consistent and effectively structured?
- Is there a high likelihood that the recommendations will achieve their desired results?
- Does the paper exhibit clear writing, namely, does the choice of words, grammar, and other elements of style improve the quality and clarity of the analyses and recommendations?

**Group Project**

**(Part 1) Group Case Analysis (25% of final grade):**

Due Thursday, May 10\textsuperscript{th} (by 5pm)

Another central component of the course is a 15-16 page paper (plus exhibits) which is prepared by a four-person group. This paper focuses on understanding strategy within the context of a single firm or a business unit within a larger firm. Candidates include entrepreneurial companies such as Facebook or HomeAway, or business units of more established firms such as General Electric, Dell, or Exxon Mobile. In selecting your company, please consider the following. It is often difficult to obtain information on privately held companies (so you may want to pick a publicly-traded company).

The intent of the company paper is to enable you to work with course concepts in the context of the strategy of a specific company (or business unit) that is of particular interest to you. It also provides a forum for you to work with course materials with others, and an opportunity to improve your writing, analytic, and speaking skills. The paper should reflect thoughtful and thorough analysis using course concepts, secondary materials, and at least one another's contribution to the group.

A more detailed description of the company paper (and presentation) instructions will be posted on the course website.

Reports submitted late are subject to the same penalties as the individual assignments.

**(Part 2) Group Presentation (10% of final grade):**
You will have a maximum of fifteen minutes to present. Specific instructions for the group presentation will be posted on the course website.

Additional Comments:

1. I care about your progress in this course and want you to succeed. My office hours this semester will be TTH 10-11, right after class. I’m also available to meet with you outside these times. To set up a meeting, please send me an e-mail or speak to me in class.

2. I will be posting all materials (handouts, lecture notes, grading procedures, announcements, etc.) on Blackboard – so please check the site frequently.

3. If you have a University-sanctioned absence and miss class, please feel free to contact me for any relevant notes or materials. If your absence was not University-sanctioned, I suggest you contact one of your classmates.

ADMINISTRATIVE POLICIES:

Policy on McCombs Classroom Professionalism:  
The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the undergraduate program experience hinges on this. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects. The classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the undergraduate program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
• **Phones and wireless devices are turned off.** We’ve all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

**Policy on Academic Accommodations:** Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at [http://deanofstudents.utexas.edu/ssd/index.php](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.

**Religious Holidays:** A student who misses classes or other required activities, including examination, for the observance of a religious holy day should inform the instructor as far in advance of the absence as possible so that arrangements can be made to complete an assignment with a reasonable time after the absence.

**Policy on Blackboard:** Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: [http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html](http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html).

**Writing Flag:** This course carries the Writing Flag. Writing Flag courses are designed to give students experience with writing in an academic discipline. In this class, you can expect to write regularly during the semester, complete substantial writing projects, and receive feedback from your instructor to help you improve your writing. You should therefore expect a substantial portion of your grade to come from your written work.

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

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

**UNIVERSITY HONOR CODE:** “The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and
ACADEMIC DISHONESTY: The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business.

By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in the Policy on Scholastic Dishonesty. By teaching this course, I have also agreed to observe all of the faculty responsibilities described in this policy. The Policy on Scholastic Dishonesty reads: “Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced.” You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

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

Introduction
(Jan. 17) Course Overview
(Jan. 19) Concept of Strategy
   Article: Porter, M. "What is Strategy?"

I: Strategy as Position: Industry Structure and Generic Strategies
(Jan. 24) Industry Structure
   Article: Porter, M. "The Five Forces that Shape Strategy."
   Case: "Apple Inc. in 2010"
(Jan. 26) Generic Strategies I
(Jan. 31) Generic Strategies II
   Case: "Prelude Corp."

II. Strategy as Leverage: Resource-Based View
(Feb. 2) Introduction to RBV
   Article: Collis, D. and Montgomery, C. "Competing on Resources."
   Case: "Whole Foods: Balancing Social Mission and Growth."
(Feb. 7) Developing Resources
   Article: Prahalad and Hamel. "Core Competence of the Corporation."
   Case: "Eli Lilly and Co.: Drug Development Strategy (A)"
(Feb. 9) Leveraging Resources
   Case: "Toyota Motor Corporation: Launching Prius."

III. Strategy as Arbitrage: Learning and Behavioral Strategy
(Feb. 14) Introduction to Learning
   Article: Gavetti, "The New Psychology of Strategic Leadership."
(Feb. 16) Introduction to Behavioral Strategy
   Article: Lovallo & Sibony "The Case for Behavioral Strategy"
(Feb. 21) No Class (Work on Individual Assignment)
IV. Strategy as Competitive Interaction: Game Theoretic View

(Feb. 23) Applying Behavior Strategy
Discuss: *Moneyball*

**Individual Written Assignment Due** (email it to instructor by 8AM)

(Feb. 28) Introduction to Competitive Interaction
Article: Brandenburger & Nalebuff “The Right Game: Use Game Theory to…”

(Mar. 1) Competitive Interaction I
Case: “Cola Wars Continue: Coke and Pepsi in 2006”

(Mar. 6) Competitive Interaction II
Case: “Responding to Wii?”

(Mar. 8) Competition and Disruption
Article: Bower & Christensen, “Disruptive Technologies.”
Case: “Netflix”

V: Strategy as Opportunity Capture: Complexity and Institutional Theories

(Mar. 13) No Class (Spring Break)

(Mar. 15) No Class (Spring Break)

(Mar. 20) Introduction to Opportunity Creation / Capture

(Mar. 22) Opportunities from Technology
Case: “A123 Systems”

(Mar. 27) Opportunities from Market Creation
Case: “Linear Air: Creating the Air Taxi Industry”

(Mar. 29) Opportunities from Business Models
Case: “LinkedIn (A)”

VI: Strategy and the Social Good: Social Entrepreneurship and CSR

(Apr. 3) Article: Porter & Kramer. “Creating Shared Value.”
Case: “Genzyme’s CSR Dilemma: How to Play its Hand”
(Apr. 5) Article: Anderson & Markides. “Strategic Innovation at the Base of the Pyramid”
   Case “Baring Private Equity Partners India Limited: Banking Services for the…”

(Apr. 10) Introduction: Strategy and Social Entrepreneurship

(Apr. 12) Strategy and Novel Organizational Forms
   Article: Sabeti, “The For-Benefit Enterprise”

(Apr. 17) Case: “Urban Video Game Academy”

VII. Integration: Putting it all together

(Apr. 19) Project Work Day

(Apr. 24) Presentations

(Apr. 26) Presentations

(May 1) Presentations

(May 3) Reflections, Debrief, and Lessons

(May 10) **Group Case Analysis Due (by 5pm)**