

Management
Course Number: 22:620:542
Course Title: Strategic Management-
Full Time

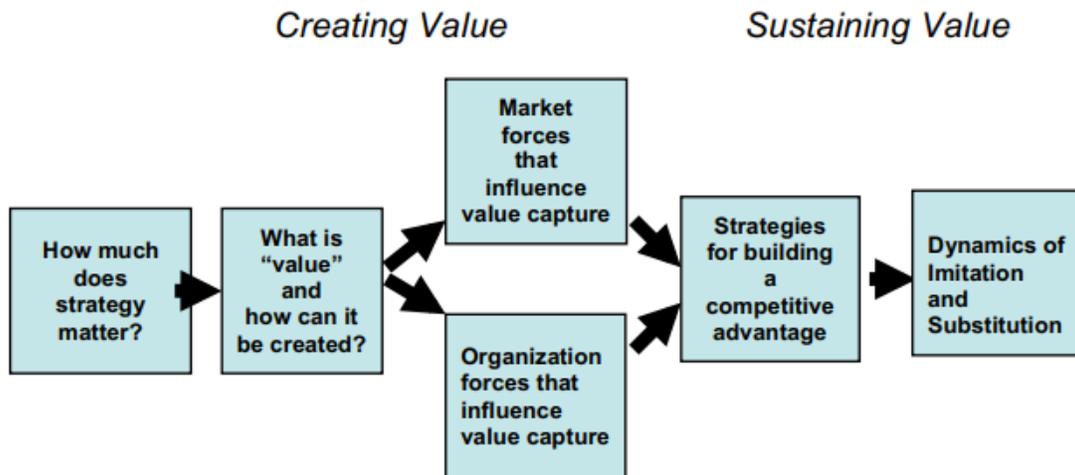
COURSE DESCRIPTION

The course is motivated by a simple question with a set of complicated answers: “What allows certain firms to earn positive economic profits while others deliver negative returns?” To answer this question, the course investigates a series of potential answers:

- Variance in profitability is tied to the external environment such as the structure of the industry and the structural niches occupied by the firms in that industry
- Variance in profitability is tied to the internal functions of the firm – the choices made to support the firm’s strategy and its ability to accumulate and utilize resources, both tangible and intangible
- Variance in profitability is tied to the horizontal and vertical scope and scale of the firm’s multiple lines of business
- Variance in profitability is tied to the means by which the firm has grown and chosen to accumulate resources and assets
- Variance in profitability is tied to superior decision-making and corporate governance

These five answers are interrelated and not mutually exclusive. Additionally, the role of managerial decision-making is not limited only to the last answer – we assume that managers influence the performance of firms by formulating and implementing strategies that vary in their performance implications.

We will use a definition of strategy proposed by the business historian Alfred Chandler in his well-known book, *Strategy and Structure*: Strategy is “The determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.” As such, we describe a firm’s strategy as the formulation of “competitive strategy” and “corporate strategy.” Formulating a competitive strategy involves identifying structurally attractive industry and developing a favorable position for a firm within that industry while utilizing the bundle of resources and capabilities the firm brings to that position. In this position, the firm creates value that encourages others (e.g., customers, suppliers, complementors, etc.) to participate in the firm’s activities. But creating value is not enough. A sizable portion of that value must be captured and sustained by the firm over time in the face of competitive pressures. Defending a favorable strategic position is challenging due to the encroachment of competitors, the deterioration of the value of the resources and capabilities the firm controls, and changes in the environment as a whole. Corporate strategy (see other electives) focuses on the management and understanding of multi-product, multi-location, and multi-business firms.



COURSE MATERIALS

Readings

- There is no textbook required for this course. Instead, articles, mini-cases, videos, and various book chapters have been selected and will be available online to supplement what you will learn from our case discussions.
- You will have to purchase an electronic case packet from Harvard Business School. We will start using the package from the third week of the course. The link to our course packet is <https://hbsp.harvard.edu/import/686298>

LEARNING GOALS AND OBJECTIVES

The following structure is intended to help you organize what you learn into an overall framework for evaluating business strategy. *However, it is important to recognize upfront that this class can not be as perfectly organized as the outline suggests.* This is not an accounting or statistics class that begin with core, universally accepted principles, and then build to harder problems and applications. Instead, business strategy is complicated throughout, and we will be applying new tools and concepts to answer questions that arise throughout the class. A clean linear approach would deliver the false promise that this material works as a tool. This material is a lens that improves your analytical reasoning skills – you will be able to describe business situations in a more comprehensive, logical, and structured way. However, in strategy, there is no equivalent of the option pricing formula. Strategic analysis is ambiguous, and to present it any other way is disingenuous. That said, we will cover the following outline and will always put each concept in a context so that thinking strategically becomes intuitive.

1. Value Creation and Capture
 - a. How (or how much of a fit) is the firm with its external environment?
 - b. What are the primary sources of a firm's competitive advantage?

- c. What position does or should the firm “occupy”?
 - d. What are the firm’s resources? How can resources be developed and acquired?
 - e. Analysis of the forces (Porter’s Five Forces) affecting competition in a market.
 - f. Added Value – Source of the firm’s leverage in the vertical chain to which it belongs
 - g. Value Added Analysis – Quantification of the contribution of component activities of the firm to its overall profitability.
 - h. “Winner Take All” markets
 - i. Expropriation of value by critical human resource inputs (when firms depend on “stars”)
2. Sustaining Economic Profit
- a. How can advantage be sustained through time?
 - b. What prevents other firms from imitating the strategies of successful first movers?
 - c. How should firms weigh the risks and benefits from investments in new resources and capabilities, particularly when market conditions are highly uncertain?
 - d. How does the firm manage in the context of producing nontrivial externalities?
 - e. Disruptive Innovation
3. Competitive Dynamics
- a. Analysis of the responses of competitors to a firm’s strategies and the implications of these responses for strategic decisions.
 - b. What advantages arise from being the first-mover in a market? Are these advantages exceptionally substantial in high-technology industries?

PREPARATION, HOMEWORK, AND CASE ANALYSIS

The course is divided into sessions (or topics). Each session consists of ½ to 1 ½ class meetings (details on Canvas). The preparation for each session includes readings, a case study, and questions. I will not be lecturing on the readings, but they will be important for our class discussion. Therefore, I will assume that you have read the assigned readings, understand the basic concepts in the readings, and form your answers to the questions. The answers should be clear after the completion of the in-class analysis and discussion.

For grading, you will submit *two* case analyses online. Deadline – by the beginning of the class.

(see Appendix 1 – Guide to case analysis)

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments

through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don't let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

Mandatory Attendance

I expect that you all realize the importance of attending the classes. Attending the classes is mandatory and will substantially increase your understanding of the material. Based on my experience, it is highly unlikely that you will be able to do well in this course without attending class, due to the content we will cover and the learning methods we will use. It will also allow you to participate in class discussions actively and obtain a high-class participation grade. Note, however, that *your mere presence is not sufficient to earn points for class participation. What matters more is the quantity and, especially, the quality of your contributions to class discussions.*

I am in your court... I want you to succeed and understand that you have to manage classroom requirements in the context of family, work, and recruiting obligations. I get there are times when you may have to make conscious trade-offs. That said, there are those students who manage to miss less class than others...their grades tend to be better. Missing one class is unlikely to be an issue...missing two or more classes is problematic. The lecture will contain material not covered in the readings or slides. If you are unable to attend a lecture, make sure to get someone else's notes.

Arriving Late, Leaving Early, and Coming & Going: Students are expected to arrive to class **on time** and stay until the end of the class period. If you are late, I will assume you have an excellent reason.

PREPARATION AND PARTICIPATION

Active, high-quality participation is essential to receiving a high grade in the class. This is an intensive course with extensive reading and assignments. The only way to be prepared for each session is to start preparing early. The goal of the class discussions is NOT to come to a comfortable consensus but, instead, to learn about the dynamics of strategic management by grappling with difficult and complex strategic problems. For this reason, the fear of being wrong should not inhibit your participation.

This course is less about acquiring a “bag of tricks” and more about developing knowledge, analytical skills, and intuition. This is not a lecture course, and you are responsible for a significant portion of your own and your peers’ development. You are required not only to attend classes but also to carefully prepare for each class, contribute actively as well as listen carefully to others.

You are expected to come to class having read the required readings and case study for the session, to be able to use and critique concepts and models presented in the readings, ready to be “cold-called” and to

respond to the questions outlined for each case. Cold calling is designed to move the discussion along and give all students in the class a chance to participate, not to intimidate or create a hostile environment.

Some ideas on ways to maximize your learning and participation score:

It is imperative that you narrow the focus of your analysis based on the case questions that are provided online, and the readings assigned for the session. Therefore:

- Look at the guiding questions for the case and think about potential answers while reading the case
- Try to link the readings and the case – they are assigned together for a good reason. Focus on the sections of the case that are relevant to the questions.
- Where necessary, analyze data in tables and case body to support further and develop your arguments. Note that cases do not give pre-packaged analysis: the information in the case is raw data to which you have to add value through synthesis, analysis, and application of concepts. In many cases, you will have to make inferences and best-guess estimates based on information in the case.
- Develop a detailed answer(s) to the case questions. There may be multiple answers, representing alternative courses of action or diagnosis of a problem. Take a stand on the issues at hand and be prepared to back up with analysis.
- Listen carefully to the comments of others – repeating prior comments will not lose you points, but building constructively on prior comments can be beneficial
- Be willing to take a chance and actively engage in class
- Think for a second before you put up your hand and answer a few questions:
 - Is what you have to offer novel?
 - Does it move the class discussion along in a significant and relevant way?
 - Is your comment at least semi-structured?
 - Can you put your idea into the “language” of the class and business?

If you are diligent about preparing for class, you will sharpen your ability to think, read, write, speak, and present your arguments logically.

I want to ensure that everyone participates. I know, however, that students have different comfort levels with speaking in class. If you never volunteer to speak, please come to discuss it with me.

Additional Reading Recommendations

Believe it or not, I get asked a lot for what else people can read on these subjects. The following books are offered as suggestions for additional readings, either to provide more detail and clarification on

specific issues or to serve as references in the future. Also, for most topics, I will give a list of post-class **optional readings**, including academic articles (readily available through the online library catalog), journal articles, or videos.

Rothaermel, Frank. Strategic Management, McGraw Hill. *For our purpose, you do not need the latest edition.*

Grant, Robert M. Contemporary Strategy Analysis. Wiley-Blackwell Publishing. *For our purpose, you do not need the latest edition.*

This is probably the most accessible and comprehensive classic on competitive AND corporate strategy but is somewhat lengthy (~500 pages). A fantastic reference, however.

Ghemawat, Pankaj. Strategy and the Business Landscape. Harvard Business School Publishing, Third Edition is 2008.

The “other” strategy textbook is worth talking about. It is shorter (160 pages), but dense and challenging to get through. Again, not a book to really sit down and just read.

If you are interested in a text that covers some of the key-value creation/capture concepts that are important to our class, please see Stuart, H. The Profitability Test: Does Your Strategy Make Sense? MIT Press, 2016.

EXAM DATES AND POLICIES

The exam will focus less on memorization and knowledge of easily accessed information, and more on the synthesis and conceptual application of that information. The exam covers the strategy concepts covered in the text, readings, class lectures, and slides. I will provide dates, more details, and mock exam questions as we approach the exam.

(Note: optional readings provided for each session are NOT included in the exam).

CLASSROOM POLICIES

Try to avoid using laptops, smartphones, & other electronic devices. Here’s why you should take notes by hand (instead of with a laptop)

<http://www.lifehack.org/articles/productivity/heres-why-you-should-take-notes-hand-instead-with-laptop.html>

GRADING POLICY

Course Grading

- 2 Case analyses: 25%
- Final Exam: 50%
- Class Participation: 25%

Please do NOT ask me to change your grade for personal reasons. I do not determine your grade; I only record your performance.

There is no individualized extra credit. Providing special deals to particular students violates academic integrity.

Fairness in Grading

I will make a determined effort to ensure that you are graded fairly on each assignment and exams based on the quality of each student. If you feel I have made an error, submit your written argument to me within one week of receiving your grade. Clarify the precise error I made and provide all supporting documentation by email. If I have made an error, I will gladly correct it. But I will adjust grades only if I have made an error. It is dishonest to attempt to influence faculty in an effort to obtain a grade that you did not earn, and it will not work.

APPENDIX 1 – GUIDE TO CASE ANALYSIS

The course is divided into sessions (or topics). Each session consists of ½ to 1 ½ class meetings (details on Canvas). The preparation for each session includes readings, a case study, and questions. I will not be lecturing on the readings, but they will be important for our class discussion. Therefore, I will assume that you have read the assigned readings, understand the basic concepts in the readings, and form your answers to the questions. The answers should be clear after the completion of the in-class analysis and discussion.

While you **must be prepared** for each session according to the instructions posted online, you are expected to **submit** written reports on *two* of those cases for grading. The first submitted assignment is an analysis of your choice of one of the following cases: Crown Cork and Seal (session 2, available on Canvas), Apple Computers (session 4, reading package). The second is an analysis of your choice of

one of the following cases: Toyota & McKinsey (available on Canvas), DeBeers (last session, reading package).

Note that case analyses are to be submitted *on Canvas, at the start of class* in which that case is covered according to the sessions schedule on Canvas.

As a rule of thumb, an adequate answer to each question contains about 500 words; if it bounds up towards 1000 words per question, it needs editing. Word counts exclude cover page, references, appendices, and any other tables or figures. This is just a recommendation since writing styles and skills vary. See the grading criteria below.

Cases were selected to facilitate understanding of the implementation of theories, frameworks, and concepts with real strategic issues faced by companies; they put you at the scene of the action and ask you what you would do if confronted with the same circumstances. Each answer must be based on the theory, framework, and concepts addressed in the assigned readings for this session and previous theories, frameworks, and concepts discussed in class. Please support your analysis with the facts presented in the case and external referenced information relevant to the context of the case. Provide real analysis, not your opinion.

Here are some important guidelines for your written case analysis:

- (1) Think of your case analysis as a consulting assignment that you are performing for the firm in the case. Thus, your audience for the case analysis is your client (an executive in the case firm), and your analysis should take the form of an executive briefing.
- (2) The context of the case is firm and time-specific. Therefore, the exact situation and information presented in the case are essential. You can supplement the evidence in the case using external sources as long as they are relevant to the time and firm in the case. To further enhance your report, you can compare a specific situation of the firm in the case to any other firm in different contexts and times. You will need to carefully argue why that comparison is relevant, what can be learned, and identify some boundary conditions to that comparison.
- (3) ***Do not summarize the case.*** The audience (your client) is very familiar with the situation and requires a further analysis that goes beyond the information presented in the case.
- (4) Avoid laundry lists. ***Focus and organize your analysis with theories, frameworks, and concepts***—whether from our class readings (which were assigned with this specific case, or used in previous sessions), from other classes, and lessons learned from personal experience.
- (5) The best structure for your case analyses depends on the particular issues raised in the case that you analyze. The assignment questions for each case should be used as a starting point for your

analysis. During our case discussion in class, we will develop comprehensive answers to those questions.

GRADING CRITERIA FOR WRITTEN ASSIGNMENTS

In grading your written assignments, I use the following criteria:

- (a) **The Rigor of the Analysis**: Your case write-ups should use appropriate theories, frameworks, and concepts developed in this course to analyze the situation. Additional relevant frameworks—from a textbook, or coursework in other disciplines—along with evidence from other sources, should be incorporated to provide insight on those issues.
- (b) **Strategic Issue(s) Identification**: Your identification of issues/problems should be logically consistent with—and directly tied to—your analysis and evidence. For example, as you think about understanding your company's position from a SWOT framework, consider doing it backward: Do TOWS. This allows you to identify emerging threats and opportunities as a foundation for building strategic recommendations around the company's strengths and weaknesses. Think of it from a company's perspective, asking: Do we have weaknesses that leave us vulnerable to emerging threats? Do we have (or can we develop or acquire) strengths that enable us to pursue emerging opportunities? In response, identify alternative answers and, among these, which are most important to improving the firm's performance? One succinct statement summarizing this focuses your arguments.
- (c) **Recommendations**: After analyzing the current situation and identifying the primary issue(s) influencing company performance, your recommendation should be the logical result of your analysis. Thus, you should not recommend an alternative that you have not carefully analyzed, nor should your recommendation come as a complete surprise to the audience. These recommendations should be justifiably implementable: it is vital that you consider the firm's realities that may limit its ability to pursue specific strategies (e.g., politics, culture, access to resources). Also, consider the organizational consequences and changes necessary to initiate any bold moves
- (d) **Professionalism**: Papers should be addressed to a managerial audience. This means that you should outline carefully, write clearly and concisely, and use appropriate tables and figures to support your arguments.

The write up must be individual work. The write-up must be typed and of reasonable quality.

Every class, I may randomly choose students to present the case, and their answers to the assigned questions in front of the class regardless of they submitted their analyses for grading.

It may be helpful to have access to the cases during class – you can bring printed copies or use a tablet in class to access the cases. Another option would be to coordinate with 1-2 people sitting next to you to share printed copies of the cases.

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7. You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish

to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]