

Management
Course Number: 22:620:606
Course Title: Managing Strategic Transformations

COURSE DESCRIPTION

In today's environment of disruption and globalization, firms must quickly adapt strategies to maintain competitive advantage. This course provides a set of analytical and practical tools to help managers, consultants, and investors 1) identify firms that are in need of strategic change, 2) formulate the right strategy given the competitive situation, and 3) identify and execute a plan for organizational implementation of the chosen strategy. There will be a particular emphasis on digital transformation, and the various strategic and organizational challenges this change creates.

The course is a case-based discussion class, and the majority of learning will happen through interactive debate in class. We will be discussing real companies facing real strategic and organizational issues, and our goal in each session will be to conduct a comprehensive analysis of these situations, and to generate tangible recommendations for how the firm should solve these problems.

Specific topics and questions will include:

- Why do firms have difficulty changing their strategy?
- How should firms go about transforming parts or all of their business to digital business models?
- What does top management need to do to successfully turn around a firm experiencing declining sales and an unfavorable environment?
- How can firms use mergers and acquisitions to transform their organization?
- How do recent advances in digital technologies transform the way firms engage with customers?
- What are the leadership skills crucial to managing a strategic transformation?
- How can individuals handle changes that are thrust on them as a result of strategic transformation?

COURSE MATERIALS

Cases

This class will be primarily based on in-class case discussions. The casepack is available for purchase through Harvard Business School Press (HBSP):

Casepack link: <https://hbsp.harvard.edu/import/654879>

Class Website

Class slides and communication will happen through the class Canvas page

(<https://canvas.rutgers.edu>) If you are officially registered for the course, then you will have access to the website based on your Rutgers ID and password. I will be using Canvas to send out class announcements. So if you usually use a NON-Rutgers email account (e.g., gmail, yahoo, your employer), then please make sure to forward your email from your Rutgers account to the email account you actually use.

LEARNING GOALS AND OBJECTIVES

You should develop the following skills from this course:

Business knowledge:

- Learn to analyze competitive advantage and competitive environments.
- Understand the conditions under which strategic shifts are more likely to succeed.
- Better understand how to implement new strategies and manage the change process.

Critical thinking skills:

- Identify tradeoffs in strategic plans, and formulate plans to exploit/mitigate strengths/weaknesses.
- Use financial and other quantitative information to support qualitative analyses and arguments.

Persuasive communication:

- Learn to frame arguments effectively and analyze other people's assumptions to be more convincing.
- Understand how to support arguments with evidence and logic.

PREREQUISITES

Prior experience analyzing cases will be helpful for this class. Familiarity with basic financial accounting terms and information is also required.

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

Your preparation and contribution during class is essential for the learning of others, so I fully expect everyone to attend all class sessions. If you are to be absent, please reach out to me by email *prior* to class. You can make up for your absence (but not necessarily participation) by submitting a write-up addressing the assignment questions in the syllabus. Unexcused absences will hurt your final grade.

Everyone should be fully prepared to provide in-depth analyses of the strategic issues facing the company we are discussing for each session. You should also be prepared to share your thoughts on the assignment questions listed below. I will be cold-calling students, so please familiarize yourself with all the case facts and exhibits.

CLASSROOM CONDUCT

All classroom participants should treat each other with respect. This means that you should be polite when engaging in debates, and minimize any disruptions during class. Using cell phones or laptops to email/message during class time is a distraction to all participants, so please refrain from doing so.

I do not prohibit electronics (i.e., laptops), but please refrain from having them out in class unless you are taking notes or referring to the case or your own notes.

GRADING POLICY

Course grades are determined as follows:

Participation	40%
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Case write-ups (2)	10% (5% each)
Team Presentations	20%
Final Paper	30%

1. Class Participation

An important course requirement is active involvement in class discussion. Your participation is essential—for both your own learning and that of other students. Because the class is a case-based course, much of the learning will take place in our collective discussion of the business cases.

The best class comments:

- Make or raise issues that are relevant to the current focus of the class
- Show curiosity and a willingness to experiment
- Use data or examples to support conclusions
- Take into consideration the ideas offered by others
- Offer support for arguments
- Help others feel safe about participating ^[1]_{SEP}

It is essential that you participate often enough so that I can assess the quality of your thinking. Once you pass a certain quantity threshold, your participation grade hinges solely on quality.

2. Case Write-Ups

There are two case write-ups to be submitted. There is no need to summarize the case or provide background info in the write-up. The write-up should focus on addressing the strategic/organizational dilemma central to the case. (No need to address the assignment questions noted for that session.) Alternatively, you can pose a strategic/organizational decision for the company based on more contemporary data or issues. You should clearly outline the different options available to the company/protagonist and then make the case for why you choose one option over another. Bonus points will be awarded to write-ups that use data in the case, or any other outside data sources, to generate a simple calculation/quantification to support an argument or recommendation. The write-ups will be evaluated in terms of their creativity and clarity in using data—the ideal analysis will be something that shapes the in-class discussion by shedding light on an important issue facing the company. Each write-up should be submitted electronically before noon on the day the associated case is covered in class.

3. Team Presentations

The primary objective of this assignment is to work together in a team to do an in-depth analysis of a proposed digital transformation. Each team (up to 5 individuals) will choose a company that is either undergoing or in need of a transition to a digital business model.

The team will present to the class why digital transformation is necessary (i.e., diagnosis), what the proposed digital business model and steps are (i.e., treatment), and what the team's assessment of the likelihood of success (i.e., prognosis). The presentations should be 15 minutes in length. Presentations will start in Week 6.

4. Final Paper

Each student should analyze a company, and propose a detailed transformation plan, covering the diagnosis (i.e., why they need change) and implementation plan. There is a 2500 word limit, including all exhibits. While providing some details is necessary, you should emphasize analysis over description. Do not use cases covered in this course or other courses at Rutgers Business School. You are welcome to make use of industry contacts. A one to two paragraph synopsis of the final paper will be due for the instructor's approval on Week 8.

COURSE SCHEDULE

- **Week 1 [] Introduction**

Case: Ben and Jerry's Homemade Ice cream

Read the case "Ben and Jerry's" and prepare to answer the following questions:

1. What are the fundamental issues that Ben and Jerry's must deal with?

To answer this question, think about the following:

- What changes are occurring in the ice cream market that are causing problems for Ben and Jerry's?
 - What internal issues are impeding Ben and Jerry's performance?
2. What strategy should Ben and Jerry's pursue going forward? In particular, what should Ben and Jerry's do about its:
 - HR policies
 - Ice cream manufacturing
 - Distribution

- Branding and advertising

- Product range

3. Integrate your decisions about the individual items above into a coherent strategy which has an objective, articulates the source of competitive advantage that Ben and Jerry's will exploit, and defines the scope of businesses in which it will operate?

- **Week 2 [] Reimagining the Business: Business Model**

Case: Walmart: In search of renewed growth

1. Walmart has been far more profitable than the average competitor in the discount retailing industry. What are the sources of Walmart's competitive advantage?
2. How sustainable is Walmart's competitive advantage?
3. If you were in Doug McMillon's position, how (if at all) would you change Walmart's strategy, particularly in relation to competing with Amazon?

- **Week 3 [] Reimagining the Business: Corporate Scope**

Case: Cadbury Schweppes: Capturing Confectionery (A)

1. As a member of the board of Cadbury Schweppes, would you approve a bid of more than \$4 billion for Adams? Why or why not?
2. Imagine that you are John Sunderland. If the acquisition occurs, you plan to give a talk and hold a town hall meeting at Adams' HQ in Parsippany NJ. Prepare the first minute of your talk.

- **Week 4 [] Reimagining the Business: Digital Transformation**

Case: Tate

1. What does the Tate's fifth gallery add to its museum portfolio? What is its value? How well does it help address problems that the four other physical galleries face? How does it open up new opportunities for the Tate?
2. What should the role of digital be at the Tate? Which audiences should it target? What should be its strategic objectives?

3. What have been the keys to Stack's success during the Tate's digital transformation?
4. Assess the feasibility of Stack's vision to make digital a dimension of everything the Tate does. Is this an appropriate goal? What does he need to be more successful in the future?
5. Assess Stack's options for monetizing the Tate's digital assets. Which of the options before him are most likely to deliver a return on investment?
6. Which of Stack's digital key performance indicators (KPIs) are most and least useful for measuring digital return on investment? Why?

- **Week 5 [] Reimagining the Business: Building Platforms Case: The Walt**

Disney Company: If you give a mouse a focus

1. What accounts for Disney's success over such a long time?
2. How do these factors affect the choice of businesses in which to compete? What does Disney add to each of the businesses and what do the businesses add to Disney?
3. How successful has Disney been in digital markets? Why have some efforts succeeded, while others have not?
4. What should Disney's strategy be in competing with Netflix, Apple, Amazon, Facebook and other digital businesses?

- **Week 6 [] Reevaluating the Value Chain: R&D**

Case: Houston We Have a Problem: NASA and Open Innovation (A)

1. How effective have the open innovation experiments been at NASA: Space Life Sciences?
2. Why is collaboration and open innovation so strategically important for Davis?
3. Davis and Richard have been working on bringing open innovation methods to SLSD for four years. How would you characterize Davis's and Richard's change process? What was their mental model for change at SLSD?
4. Why has the response to open innovation been so negative? Why such emotion?
5. Why were those few scientists and engineers so excited by open innovation?
6. What would you suggest that Davis and Richard do going forward?

- **Week 7 [] Reevaluating the Value Chain: Supply Chain Case: Patagonia:**

Driving Sustainable Innovation by Embracing Tensions

1. How would you describe Patagonia's supply chain and innovation strategy? What are the pros and cons of such a strategy?
2. What are the tensions for Patagonia around DWR and who are the stakeholders associated with each of these tensions?
3. Is Patagonia's search for a drop-in DWR substitute an impediment to disruptive innovation?
4. Is Patagonia's focus on quality, in this case water repellency, constraining its ability to rethink its products? Should Patagonia change its quality/durability standards for different products lines (Super Alpine vs. Board Shorts)?
5. What will really change the textile industry to adopt more sustainable solutions? What influence do brands have over global supply chains? What role do consumers have? How can a relatively small company like Patagonia move massive companies like DuPont/Chemours? How can it move the entire ecosystem away from environmentally damaging practices?
6. In what instances have Patagonia attempted to transform its supply chain and the broader industry but did not succeed? Why do you think the company failed?

- **Week 8 [] Reevaluating the Value Chain: Manufacturing**

Case: LEGO

1. What has led the LEGO Group to the edge of bankruptcy (by 2004)? Please focus on the management moves during "the growth period that wasn't" (1993-98) and "the fix that wasn't" (1999-2004).
2. Why did Knudstorp's turnaround strategy work? In your opinion, which actions were the most effective? Which actions were the least effective? Be specific.
3. Should LEGO launch the new line of board games?

- **Week 9 [] Reevaluating the Value Chain: Finance**

Case: Thomas Cook Group on the Brink (A)

1. Is Thomas Cook Group "on the brink"? What caused the problems and how severe are they?

2. Does Green have the right turnaround plan? What is she proposing to do immediately (within the next three months), and what is she proposing to do in the medium (3-9 months) and longer term (beyond 9 months)?
3. Is Green's plan going to work? What factors make it likely to succeed or fail?
4. Is Green the right person to run the turnaround? Why or why not?
5. What advice would you give Green as she takes over as TCG's new CEO?

- **Week 10 [] Reevaluating the Value Chain: Marketing**

Case: Social Strategy at American Express

1. How does American Express's business strategy differ from the business strategies that Visa and MasterCard and issuing banks pursue?
2. What impact does Members Project have on American Express's profit and on cardholders' social relationships?
3. What impact does Members Know have on American Express's profit and on the social relationships of its cardholders?
4. What impact does OPEN Forum have on American Express's profit and on the social relationships of cardholders?
5. What impact does Link/Like/Love have on American Express's profit and on the social relationship of cardholders?
6. Should American Express pursue the "broad" option or the "deep" option first?

- **Week 11 [] Rebuilding the Organization: Guest Speaker**

- **Week 12 [] Rebuilding the Organization: Culture**

Case: Leading Change at Simmons (A)

1. What are the challenges faced by Simmons in December 2001? How has Charlie Eitel's leadership affected the company in his first six months as CEO?
2. What should be the top management team's priorities heading into 2002?

3. What is Eitel attempting to accomplish with the Great Game of Life program? What is the premise of the GGOL program? How is it supposed to help Simmons or other companies?
4. Should Simmons roll out the GGOL program? If so, how, and how would you justify the \$7.2 million investment to the New York investors? If not, why not, and what would you do instead? Be specific.

- **Week 13 [] Rebuilding the Organization: Navigating Change**

Case: Donna Dubinsky

1. Why was Donna initially so successful?
2. How and why did things unravel for her?
3. What should she have done differently?
4. How should Steve Jobs/Apple management have handled things differently?

- **Week 14 [] Final Presentations**

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.]