

SOUTHERN METHODIST UNIVERSITY

E. L. COX SCHOOL OF BUSINESS

STRA-5370

Strategic Management in a Global Era

May Inter-Term 2018

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Course Approach

This capstone class is designed to familiarize you with the key issues and problems facing senior management, especially in medium to large-sized firms. The class emphasizes finding realistic, workable and alternative solutions to various strategic and organizational dilemmas, many of which defy easy classification. Strategy is important because it enables to you achieve a competitive advantage over your rivals when competing for resources, customers, etc. Consequently, I would expect each of you has his/her own unique insights, perspectives and experiences to contribute to the class.

My perspective on strategy is that (1) it can be learned over time, (2) it is very useful (both personally and professionally) and (3) much of it is a combination of both personal experience (insight, common sense) and discipline (analytics and tools). Your own sense of well-being and direction is often your best guide for developing and implementing an effective strategy to deal with an issue or problem facing you. Often, good strategy is a careful balance of both disciplined analysis with instinct. This combination takes time, experience and effort to sharpen effectively.

This class builds upon previous course work by integrating different functional areas into a "total picture" perspective. Many of the industries we will examine - financial services, consumer electronics, health care, restaurants, computers, watches, automobiles - among others, are going through significant industry evolution and change, as well as intense global competition. Organizations in the near future will have to be able to design and implement a variety of different types of strategies, both at the corporate and business-unit level. Thus, we will focus on the job, perspective and skills of the general manager in developing strategies to deal with fast-changing, complex situations. The conceptual framework that organizes all of this material together falls along these categories: industry and competitor analysis, competitive strategy, innovation, corporate strategy, global competition, and strategic alliances. Since the focus throughout this course will be on pragmatic, action-oriented management skills, this class will rely primarily on a set of readings and cases, supported by up-to-date handouts and other materials.

Learning Objectives

Since you will be studying the concept of strategy and competitive advantage from a "general

manager” perspective, you will be examining a variety of environmental developments, opportunities and threats, organizational responses, and different mechanisms for enhancing the firm’s competitive position from a higher-level, macro perspective. However, some of the more specific and immediate learning objectives that frame the basis for our class include the following:

- Understand what exactly constitutes the notion of a competitive environment for a given business,
- Utilize the five-forces framework to understand industry structure and competitive positioning,
- Distinguish the three competitive strategies of low-cost leadership, differentiation, and focus,
- Comprehend the impact of major environmental change on business strategy and the firm’s responses to it,
- Identify important drivers of innovation and why companies succeed or fail at adjusting to disruption,
- Examine and assess the drivers of corporate diversification into new arenas,
- Understand the risks and rewards associated with diversification,
- Acquire a broad-based view on how strategic alliances impact competitive advantage,
- Reinforce the skills that underpin “information literacy,” whereby class participants assess, select, and deploy the use of various information sources to analyze the strategic issues facing the organization.
- Demonstrate the capability of selecting which research methods are well-suited for examining significant strategic issues confronting the business.

Course Materials

1. Case and reading packet for this specific section. All class materials needed for the entire term are available at (will be forthcoming later in the spring). Visit the web site, register as a student, and you will be able to purchase the case packet for our class. Please check to make sure you purchased the right packet, since it may be difficult to get a refund if you inadvertently purchase any other packet with my name. You will be able to access and download all of the material needed through a payment method that best works for you. Note that each member of the class is required to purchase the materials for his/her own use. *Failure to purchase the material constitutes a withdrawal from the class and/or significant potential grade loss.* Again, you will need the unique link listed below to register and to purchase the required materials:

Materials will be available later in the spring semester

2. Various handouts in class.

Case Preparation

Preparing and writing up case analyses form the heart of the written work in this class. Preparing

a case involves the following steps:

1. Read the case and then try to answer the guiding questions. Often the problem setting involves several issues requiring some imagination and creative thinking on your part to devise an interesting or workable strategy. Try to avoid overanalyzing case settings using an excessive "micro-management" perspective.
2. Make full use of the vast information-based resources available online and through the Business Information Center located in the Cox School of Business. The case analysis should also help you gain further fluency and ease in reading, utilizing, synthesizing, and discerning the many types and qualities of information that examine different industries, firms, competitors, customers, and other key factors that impact both a company's strategy, as well as the people who study that company and its industry as well.
2. Although the immediate benefit is not obvious, it does pay to make a few notes while reading the cases. First, your notes can serve as a benchmark or guidepost from which you can evaluate your thinking as compared to the instructor and the rest of the class. Second, note-taking provides additional insight and ideas that may help stimulate your choice of which case write-up you would prefer to do. Thus, even though fatigue may rapidly set in, please do make an effort wherever possible; the dividends are significantly better.

Evaluation

My own sense of this and other classes is that they are fun, provocative and often the learning process moves both ways. I often learn a lot from you and your own contributions. As such, I do not believe strongly in rigid formulas, although this breakdown should give you a snapshot of what I consider to be important:

Class Participation (including attendance)	25%
First Examination	25%
Second Examination	25%
One Short Case Write-Up	25%

Class Participation

I value class participation as an essential ingredient to the class. Participation reflects a combination of your attendance, the quality and extent of your listening and input, and the general attitude you adopt towards your colleagues in class. Participation does not mean that you should feel compelled to talk or ask questions simply to get noticed; rather, I look for active listening and willingness to challenge my assumptions and some of the points discussed in class. Your interactive participation stimulates everybody's thinking, and contributes remarkably well to

demonstrating how complex some of these issues can become. While there is no letter grade assigned to the participation component, frequent absences and/or unruly behavior will have impact your assessment negatively. Participation influences your final grade as it becomes a potential way to help students attain a possibly higher grade in those borderline situations between one grade notch and another. However, simply attending class does not mean anyone gets an "A" for just being there.

I strongly encourage all of you to get into the habit of reading such publications as *Fortune*, *Business Week*, and *The Wall Street Journal*, as well as other business-related genre that have a strong global flavor to them. You are always welcome to discuss and to ask questions about articles that you have read in the above publications. In fact, I have often based my midterm and other examinations on specific articles that are covered in *The Wall Street Journal*. In previous classes, a large part of the examination requires to you to read an actual article clipped from the *WSJ* and to ask for your intelligent analysis or commentary as part of the exam. This is not to say that you should dwell over every nook and cranny article that surfaces, but to understand the trends and more importantly, the issues that pervade today's global business climate. This practice of reading a wide variety of business-related publications, digital and/or print, help reinforce some of the important information-literacy skills you will be exposed to in this class as well.

Two Exams

There will be two examinations in this class that will test your ability to read and understand fundamental concepts of strategy learned the first half of the course. The focus of my exams traditionally have not demanded to see if you can memorize vast amounts of material and regurgitate it, but to assess whether you can balance a combined "big picture" view of things with an appreciation for what managers must do to make various kinds of strategies and decisions work. Examinations in the past have tended to emphasize your ability to discern and analyze an issue critically, rather than to overwhelm me (and yourself) with lots of facts and exhibits that don't really revolve around what you perceive to be a clear and dominant issue. Specifically, I will look for common sense, judgment, clear analysis and your own contributed insight to the issues involved. You are responsible for the lectures, readings and general ideas that are discussed throughout the term. ***Exam dates are set and cannot be changed because of the short nature of our class together. First exam: May 25, 2018. Second exam: June 1, 2018.***

Exams are also graded anonymously – please identify yourself solely by your SMU ID number.

Questions that I have placed into past mid-terms can range from simple analysis of competitive analysis or strategic concepts, to discussion of different types of strategies, to an analysis of recent articles from *The Wall Street Journal*.

Written Case Analysis

You are to hand in one written case analysis over the semester. Please type all reports on normal, plain paper. The cases and topics for the projects are detailed within the syllabus, so you will have plenty of latitude to find those cases that closely match your particular interests.

The case analysis involves your assessment and evaluation of the particular strategic/organizational/economic dilemmas facing the manager or firm in the case. Using both the case and appropriate information sources from the Business Information Center, you should describe and analyze the major environmental, technological, customer, and other factors that impact the firm at hand. The main body of the paper encompasses your detailed analysis (no repeats of the history or exhibits from the case, please) with supporting arguments to reinforce your perspective and identification of the problem and solution. In addition, an executive summary of no more than 200 words should accompany your case. The summary should concisely state your conclusions and recommendations. Use bullet points and key ideas to get the meaning across fast. Total page length should not exceed four to five double-spaced pages, not including your own exhibits.

Papers should be identified only by your SMU ID number – all papers are graded anonymously.

Cases are due at the beginning of the class period in which we will discuss the case. *Please note I cannot accept late papers.*

Absences

I sincerely do hope and expect that you will be able to attend every class session. All of you do have much to contribute when prepared. If you must be absent for a legitimate reason, please let me know in advance. I do not do this to penalize you so much as to ensure that you are able to assimilate the material that you might miss. However, an excessive number of absences will have a negative impact on your final grade.

Disability Concerns

Disability must first be registered with Disability Accommodations & Success Strategies (DASS) to verify the disability and to establish eligibility for accommodations. Students may call 214-768-1470 or visit <http://www.smu.edu/alec/dass.asp> to begin the process. Once registered, students should then schedule an appointment with the professor to make appropriate arrangements. (See University Policy No. 2.4; an attachment describes the DASS procedures and relocated office.)

Religious Observances

Religious Observance: Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)

Excused Absences for University Extracurricular Activities

Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments

missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work. (University Undergraduate Catalogue).

Perspectives

Again, let me reiterate that this class should reinforce the cumulative learning you have enjoyed throughout this program. Everyone's individual strengths will vary (i.e., some of you will be more numbers-oriented, others less so). Please do not attempt to denigrate your own strengths and individual talent by force-fitting a solution to a problem that you are not comfortable with. What I mean by this is that I believe your best education and maximum value from this class comes from refining your own insights with what you hear and read in this class. Over time, I hope you will feel comfortable with both a "big picture" perspective, as well as to be able to use numbers when needed. Reinforcing the core skills of your acquired information literacy will serve as an important ingredient of this class.

I look forward to working with you to promote an enjoyable learning experience!

STRA-5370 May Term Course and Material Outline – May 2018

- 5/17 What is Strategy?
Can You Say What Your Strategy Is?
- 5/18 Taco Bell, 1983-1984
- 5/21 EMI and the CT Scanner (A & B)
- 5/22 Understanding Industry Structure
Whole Foods Market, Inc.
IKEA Invades America
- 5/23 Design Thinking and Innovation at Apple
How P&G Tripled Its Innovation Rate
The Birth of Swatch
- 5/24 Industry Transformation and BMG Entertainment
Meeting the Challenge of Disruptive Change
- 5/25 **First Exam**
- 5/29 Corporate Strategy and the Quest for Parenting Advantage
- 5/30 Desperately Seeking Synergy
PepsiCo Restaurants
- 5/31 Tomorrow's Global Giants? Not the Usual Suspects
Collaborate With Your Competitors and Win/Collaborative Advantage
Parker's Biscuits: Venturing into China
- 6/01 **Final Exam**

I. Industry and Competitor Analysis

Session 1: May 17, 2018

Introduction and Discussion

Read: "What is Strategy?"
"Can You Say What Your Strategy Is?"

Session 2: May 18, 2018

Case: Taco Bell, 1983-1994

1. What are some critical decisions that Taco Bell needs to make in order to become competitive in the restaurant industry?
2. What is the impact of Taco Bell's numerous initiatives (e.g., K-Minus, TACO) in realigning the company's organizational structure?
3. What has been the impact of PepsiCo on Taco Bell's long-term strategy?

Session 3: May 21, 2018

Case: EMI and the CT Scanner (A & B)

1. What predictions can you make about the industry's competitive setting in 1972? After reading the A case, decide if EMI should enter the scanner business.
2. After reading the B case, decide if EMI is doing well. What are some of the strategic and organizational dilemmas confronting senior management? What should the company do now?

Session 4: May 22, 2018

Read: "Understanding Industry Structure"

1. Understand how Porter's five forces model affects the attractiveness of an industry's structure. Be sure you feel comfortable with the notions of supplier power, buyer power, substitutes, rivalry, etc.

2. Be able to explain and distinguish between the basic generic strategies: differentiation, low-cost leadership and focus. Provide more recent examples of which firms appear to be pursuing each type of strategy. Is it possible for a firm to combine differentiation and low-cost leadership simultaneously?

Case: Whole Foods Market, Inc.

1. How does the organic food segment differ from that of traditional foods in the retail grocery industry?
2. What are some factors that drive Whole Foods' recent growth?
3. Who are Whole Foods' most potent competitors? How has this competitive set changed in recent years?
4. What are some ways that Whole Foods has distinguished itself from its competition?
5. How does the organic food segment differ from that of traditional foods in the retail grocery industry?

Case: IKEA Invades America

1. What strategy does IKEA appear to be taking when confronting the larger, established furniture companies in the U.S.?
2. What factors seem to explain IKEA's success in capturing a large following of devoted customers?
3. How would you characterize IKEA's approach to furniture design? Does IKEA's approach lend itself to easy imitation from competitors? Why or why not?

Session 5: May 23, 2018

Read: "How P&G Tripled Its Innovation Rate"

Case: Design Thinking and Innovation at Apple

1. What are some important drivers of Apple's approach to product innovation?
2. How does Apple plan its innovation strategy over the long-term? What appears to be critical considerations that shape Apple's

thinking and planning?

3. To what extent is Apple's innovation approach replicable by other firms? Where are there some areas that Apple could improve? What are the limits of Apple's design approach?

Case: The Birth of Swatch

1. How is the Swatch different from other watches? Why has the Swatch been so successful?
2. How has watch technology metamorphosized over the past few decades? Likewise, how has the watch market changed over the same time period?
3. What are some examples from other industries where a "Swatch-like" phenomenon occurred?

Session 6: May 24, 2018

Read: "Industry Transformation"

Case: BMG Entertainment

1. Describe the structure of the music industry before the mid-1990s. What are some particularly salient factors that have governed or shaped the evolution of this industry in the past?
2. How does the arrival of the Internet alter or redefine the structure of the music industry? What are some potential scenarios that BMG Entertainment must consider? Are they threats or opportunities?
3. What are some advantages for BMG to embrace Internet-driven technologies early on? What are the risks inherent in such a move?

Session 7: May 25, 2018

First Exam – Good Luck!

II. Corporate Strategy and Competitive Strategy

Session 8: May 29, 2018

Introduction to basic ideas behind corporate strategy and diversification

Read: "Corporate Strategy and the Question for Parenting Advantage"

Session 9: May 30, 2018

Read: "Desperately Seeking Synergy"

Case: PepsiCo Restaurants

1. Should PepsiCo acquire California Pizza Kitchen and Carts of Colorado? Why or why not?
2. How does PepsiCo add value to its restaurant units? What corporate resource or core skill does PepsiCo bring to the restaurant business?
3. Let's say that PepsiCo makes the acquisition of the two aforementioned companies. How should PepsiCo structure the reporting relationship of its newly acquired units with the rest of the company?
4. Does PepsiCo's current organization of its restaurant business make long-term sense?

Session 10: May 31, 2018

Read: "Tomorrow's Global Giants? Not the Usual Suspects"
"Collaborate With Your Competitors and Win"

Case: Parker Biscuits: Venturing Into China

1. From the perspective of Ms. Wittenberg, which partner appears to be the more attractive choice? What criteria would you use to assess partner fit with Parker?

2. What kinds of capabilities does Parker need to develop in order to be successful within China? What capabilities do they already bring to the table?
3. Over time, what considerations and other choices will Parker have to make when operating in China? What would Parker's organizational structure look like as best as you can assess it?

Session 11: June 1, 2018

Final Exam – Good Luck!