Syllabus v. 04/07: Please note that this syllabus is subject to change with prior announcements.

BUSMGMT 712: Strategic Management

SYLLABUS - Spring 2019

Professor Daniel Albert, Ph.D.
Phone (414) 229-4544
e-mail albertd@uwm.edu
office Lubar Hall S369
hours by appointment

Prerequisites: Admission to MBA Program and BusMgmt 704(P), 705(P), 706(P), 707(P), 708(P), 709(P), & 711(P); one prereq course may be completed concurrently with BusMgmt 712.

Description: Strategic management is concerned with at least two central questions: How does a firm become more profitable than its competitors? And: Once a firm outperforms its rivals, how does it ensure to sustain such a competitive advantage over time? In this course, we will go to the bottom of these questions and acquire a toolkit that will help us understand and assess firms’ strategy, sources of competitive advantage, and their sustainability in the face of changing environments.

You are required to obtain the course pack for this class, which includes all readings and cases at: https://hbsp.harvard.edu/import/619017

The following components will be used to determine your final course grade (I will talk about this in more detail during class):

<table>
<thead>
<tr>
<th>Grade composition</th>
<th>Proportion of Total Grade</th>
<th>Due on</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>35%</td>
<td>All semester</td>
</tr>
<tr>
<td>(2nd) Online component (Quiz)</td>
<td>25%</td>
<td>End of week 3</td>
</tr>
<tr>
<td>(1st &amp; 3rd) online components</td>
<td>15%</td>
<td>End of week 2 and 4</td>
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<tr>
<td>Final Paper</td>
<td>25%</td>
<td>End of semester</td>
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Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>%</th>
<th>Grade</th>
<th>%</th>
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<tbody>
<tr>
<td>A</td>
<td>93-100</td>
<td>C+</td>
<td>77-79.9</td>
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<tr>
<td>A-</td>
<td>90-92.9</td>
<td>C</td>
<td>73-76.9</td>
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<tr>
<td>B+</td>
<td>87-89.9</td>
<td>C-</td>
<td>70-72.9</td>
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<td>B</td>
<td>83-86.9</td>
<td>D+</td>
<td>67-69.9</td>
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<tr>
<td>B-</td>
<td>80-82.9</td>
<td>D</td>
<td>63-66.9</td>
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<td></td>
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<td>D-</td>
<td>60-62.9</td>
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<td>F</td>
<td>&lt;60</td>
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Course Learning Objectives:
- Identify major strategic management concepts, theories, and models and identify business situations in which you could apply them.
- Apply some management decision-making techniques and support tools in exploring and briefly analyzing various companies' problems.
- Apply concepts and techniques you learned in your major courses and in this course in order to perform an in-depth analysis and evaluation of one complex company situation.

Work load for this class:
The proposed workload composition is a rough approximation and certainly differs on a student by student basis. I would like to emphasize, however, that the course readings and cases as well as the individual project will require substantial time investments in order to pass this class.

Total Expected Workload: =139 hours
Class Components: 160 minutes x 13 units = 34 hours
Reading/Preparing Course Materials: = 50 hours
Preparing for quiz = 10 hours
Working on Project = 45 hours

General expectations and class preparation

This class relies on you as a vivid contributor and critical thinker. We will discuss a variety of real-life cases and apply cutting-edge frameworks from business economics and management. In order to do so, it is crucial that you come to class prepared. If not explicitly stated otherwise, each week’s class requires readings (such as articles and or cases). Prior to each week’s class, I will provide you with some advice how to prepare those readings (e.g., in which order and what to focus on) and a few study questions that will help you to organize your responses for class. You should be prepared to give me your thoughts on each of these questions by the time we discuss the respective case and/or article. I will discuss these expectations and some general advice regarding proper class preparation during our first session. Note that slides used in class will only be made available after each class.

Grading of Class Participation

Participation grades naturally have an element of subjectivity. However, I use multiple criteria to assess each student’s participation grade. The most central criteria (in no particular order) are: (1) class attendance, (2) preparedness, (3) class engagement, and (4) quality & timing of comments.
(1) **Class attendance:** One excused class will not affect your grade; however, missing more classes will have a progressively increasing effect on your grade. Missing a substantial number of classes will deem it very unlikely to pass this class. Solely attending class without delivering on the other criteria will not suffice for a good participation grade.

(2) **Preparedness:** I may “cold-call” you during class. Well prepared means that you have read the assigned readings, formed an opinion, and are able to respond to each of my study questions for 2-3 minutes.

(3) **Class engagement:** You proactively speak up and share your thoughts on relevant topics/questions.

(4) **Quality & timing** of your comments: Whether I cold-call you or you would like to add to an ongoing discussion, it is essential that your comments add to the class’ understanding of the materials discussed at that moment. Of course, that can include clarification questions as well. Quality of comments means that you have some rationale to “defend” your comment and that it pushes our discussion forward. Timing means that your comment is relevant to what’s being discussed at that moment rather than something half an hour earlier or something we will only get to later. I will clarify quality and timing in our first class.

**Online Quiz**
The quiz will be mostly or even entirely multiple choice. This assignment will be held online. The goal is to ensure that you are on track with the readings and the core insights we have developed so far.

**Individual Paper Project**
The paper project is expected to be carried out during the 5 week semester and constitutes an integrative center stone of this class. You will pick one company that you will analyze using concepts and insights from our class. I will talk about this some more during class, but the basic idea is that you analyze a firm’s current strategy and its source of a competitive advantage or disadvantage.
The final paper needs to cover:

- A brief historical background (~1 page)
- A definition and analysis/assessment of the profitability of the industry this company is in (~2-3 pages)
- A discussion of how the company is positioned within this industry vis-à-vis its key competitors (~2 pages)
- A description of the activity choices made by the firm that help the firm carry out the positioning theme (~ 2 pages) + a discussion of how these choices fit together and reinforce one another (provide examples)
- Visualization of the activity system (activity map)
- Overall evaluation based on the information above, whether the company has a competitive advantage or disadvantage (provide quantifiable evidence and other logical arguments/evidence) (~1-2 pages)
• Discussion of key insights and 2-3 “generalizable” findings (how may this inform managers in other companies/industries?) (~2 pages)

Formatting comments:
• Font: Times New Roman Size 12
• Spacing: 1.5 and 1 inch margins
• Page limit: 10 (excluding references and figures).

Due on May 09th (11:59pm)

Importance of Proper Citation and Quotation
It goes without saying that academic integrity is a necessary requirement of this course. Even though it may be obvious, I would like to emphasize that the proper acknowledgement of others’ words and ideas you are drawing upon is most crucial for academic research. Please familiarize yourself with UWM’s guidelines for avoiding plagiarism (i.e., how and when to cite). Plagiarism and any other academic misconduct can have serious consequences and certainly will endanger the passing of this class. For more information, please refer to: http://guides.library.uwm.edu/noplagiarism
COURSE OUTLINE AND REQUIRED READINGS

Session #1 (April 9): Introduction

No readings

Session #2 (April 11): Five Forces & Cola Wars

Readings:
- Case: Cola Wars Continue: Coke and Pepsi in 2010: 9-711-462

Required preparation for this session:
Please review the Porter reading to refresh your understanding of the five forces industry analysis. I also would like to ask you to prepare the Cola Wars case as we will dive right into it in our first session. Please prepare the following study questions when reading the case:
1. Why, historically, has the soft drink industry been so profitable?
2. Compare the economics of the concentrate industry to that of the bottling industry. Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry’s profits?
4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

Session #3 (April 16): Nintendo’s value net

Readings:
- Case: Power Play (A): Nintendo in 8-bit Video Games, 9-795-102

Required preparation for this session:
Please make sure you understand what complements are (from the Brandenburger & Naelbuff reading). Then read the Nintendo case and prepare the following questions:

1. Nintendo successfully recreated the home video game business following the Atari-era boom and bust. How did it do so?
2. How was Nintendo able to capture value from the home video game business? Use the Value Net as a starting point for your answer.

Session #4 (April 18): Value Based Strategy


Required preparation for this session:
After reading the Brandenburger & Stuart (Sections 1-6), please apply their value based framework to
the following problem set:

There are three firms, labeled A, B, and C, each able to produce a single unit of a product. There are numerous suppliers, each of which can supply the necessary input to only one firm; each supplier has a supplier cost (or opportunity cost) of $4. There are two buyers, each interested in buying at most one unit. Both buyers have a willingness-to-pay of $9 for each firm’s product:

1. What is the total value of this game?
2. What is the added value of each player?
3. How much value do you expect each player to capture?
4. Now suppose a slight change to the game. Everything is the same for firms B and C as before. But now, suppliers have a supplier cost of $5 for supplying firm A, and buyers have a willingness-to-pay of $11 for firm A’s product. Recalculate the added values of the players, and find how much value each player will capture, in the second game

1st ONLINE COMPONENT: PROVIDE FINANCIAL FIGURES ANALYSIS FOR PROJECT (End of Week 2)

Session #5 (April 23): Strategy and Fit


Session #6 (April 25): Strategy & Fit applied

Case: Trader Joe’s, 9-714-419

Session #7 (April 30): Corporate Strategy & Scope at Disney

Readings:
- Case: The Walt Disney Company: The Entertainment King, 9-701-035

Required preparation for this session:
1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

2nd ONLINE COMPONENT: ONLINE QUIZ (End of Week 3)

Session #8 (May 2): Corporate Turnaround at Lego
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Readings:
- Case: LEGO (A): The Crisis, N9-73-478

Required preparation for this session:
1. What has led the LEGO Group to the edge of bankruptcy?
2. What is your assessment of management moves during “the growth period that wasn’t” and “the fix that wasn’t”?
3. As Jørgen, what would you do throughout the LEGO Group in order to turn the company around? Be specific.

3rd ONLINE COMPONENT: SUBMIT YOUR PAPER DRAFT AND PROVIDE FEEDBACK TO YOUR PEER (End of Week 4)

Session #9 (May 7): Corporate Strategy: Organizational Design

Readings:
- Case: Alphabet Eyes New Frontiers, 9-717-418

Required preparation for this session:
1. Why does Alphabet own widely different subsidiaries under the same corporate structure?
2. What is the rationale behind the decentralized structure chosen by Alphabet? What are the benefits of this conglomerate structure? Its drawbacks? Under what conditions is this structure an appropriate organizational design for a diversified company?
3. Is Alphabet’s corporate governance (and in particular the presence of dual class shares) appropriate for the organization? What are the benefits? And the costs?

Session #9 (May 9): Decision Making

Broad topic overview
- Behavioral economics (and decision making)
- Advances in artificial intelligence and organizational decision making

Required preparation for this session:
1. Please reflect on how important, long-term decision are typically made in your organization (what is the typical process? E.g., deliberating, someone presents a case, monthly meetings, etc.). What are advantages or disadvantages of this approach?
2. How would you define artificial intelligence in your own words?
3. What does artificial intelligence mean to your organization? Will it or did it find its way into your day to day operations?