

MBA 755
Developing and Implementing Competitive Strategies
Spring 2009

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Section: 01, 6:05 - 9:25 p.m., Wednesdays
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ABOUT THIS COURSE AND ITS OBJECTIVES:

This is an integrative, “capstone” course. There are several objectives for MBA 755. Upon the completion of this course, all students should:

1. Understand and be able to discuss current terms and ideas in the field of strategy.
2. Possess the analytical skills necessary to understand, evaluate, and develop organizational strategies.
3. Be able to think strategically about an organization, and be able to describe the issues managers face in gaining and maintaining competitive advantage.
4. Be able to clearly communicate strategy concepts, both orally and in writing.
5. Be able to apply principles of strategic implementation and control.
6. Possess team skills in problem solving and consensus building, developed through case analysis, case discussion, and case resolution.
7. Be able to address issues in an integrative manner, using concepts and tools developed in all previous courses.

ABOUT YOUR TEXT:

As you have no doubt noticed, the price of textbooks has continued to spiral, with no end in sight. At the same time, though, there has been a huge increase in the amount of free online resources. So last year, I began experimenting with using only online and/ or other electronic sources for this class. Those were supplemented by power point charts that formed the skeleton structure of each class. Since then, student feedback has been so positive that I have stayed with the online readings approach..

To some of you, this may be a bit radical. So if you want, you can pick up a strategy text on your own. It doesn't really matter which: They're all about the same anyway. (What *does* vary, edition to edition, in strategy texts are the *cases*, and we won't be using those anyway.)

ABOUT YOUR INSTRUCTOR:

Dr. Bud Baker is Professor of Management here at Wright State University, where he also directs WSU's graduate program in Project Management. His first career was as an officer in the U.S. Air Force, where he served as a transport navigator, Strategic Air Command missile crew commander, Air Force Academy professor and weapon system project manager. While at Wright State, Dr Baker has held both faculty and administrative positions, including Chair of the Department of Management and Associate Dean for Graduate and International Programs. In addition to USAFA and Wright State, Dr. Baker has also taught at Denison University, Antioch University, Regis University, H. Lavity Stoutt Community College of the British Virgin Islands, the University of Dayton, Beijing Capital University of Economics and Commerce, and the Shanghai National Accounting Institute. He holds an MBA from the University of North Dakota, and an MA and Ph.D. from the Peter F. Drucker Center of the Claremont Graduate School. Among his vices are woodworking, woodcarving, and Harley Davidsons.

ABOUT OFFICE HOURS:

I firmly believe that I have the best job in the world, and will *always* make myself available to you, to discuss *any* concern that may arise -- all you need to do is tell me when you want to meet. On a routine basis, I'll be available in Room 260M of Rike Hall after 5:00pm, and also after class, on Wednesdays, as well as from 10:15-11:00am on Tuesdays and Thursdays.

ABOUT COURSE STUDIO

We're going to be using a software product called Course Studio, for administrative and communication purposes. We'll use it to e-mail each other, and your syllabus and charts for each class will also be there. Reach Course Studio through <http://wings.wright.edu>. Login there, and on the new screen click the red "Academics" tab. On the next screen, click the blue book icon ("Access my courses"). You've got it from there, but mostly you'll be in the "Course Tools" area on the left.

ABOUT ATTENDANCE AND THE GRADING SYSTEM, INCLUDING PARTICIPATION:

-Exam	200
-Written Cases	800
-Class Participation	<u>200</u>
	1200

YOU NEED TO BE HERE FOR CLASSES: I will take attendance, and I expect you to be here. If you can't, you really need to find another section. Further, you can expect absences to hurt you in terms of missed material and reduced levels of participation. To quote Woody Allen, "Eighty percent of life is just showing up."

Throughout the course, there will be 200 points available, based on my assessment of your attendance and participation. Obviously, if you're not present, it's hard to participate.

With participation a major part of your grade, some specific criteria will be helpful. Grades will be based upon my judgment of your performance against these criteria:

GRADE

A+/A/A-

BEHAVIOR

Attends all or almost all classes. Regularly initiates discussion on pertinent topics, and supports such discussion when initiated by others. Demonstrates strong understanding of subject material, able to draw connections to/from other disciplines, courses, material, experience. Any and all assignments in on time. Very positive peer reviews.

B+/B/B-

Misses some classes. Occasionally initiates discussions, more often reacts to discussions led by others. Shows understanding of topic material. Generally positive peer reviews.

C+/C/C-

Misses more than 20% of classes. Rarely initiates, occasionally reacts to discussions. Does not always demonstrate topical understanding. Fair or merely neutral peer reviews.

D/F

Misses more than 30% of classes. Rarely contributes, often demonstrates a lack of preparation or understanding of course material. Does not support others' efforts to participate. Poor peer reviews.

ABOUT THE CARE AND FEEDING OF TEAMS:

You can choose to do this course alone, and some people do. But for most, the workload is too heavy for one person, and they choose to work in teams.

One of the lessons of self-managed work teams is that such teams need to be empowered to maintain themselves. As a result, any team has the authority to discharge any team member for non-performance, by a unanimous (other than the dischargée, of course) vote. This is not to be done lightly, since such a discharge may very well result in a failing grade for the course. Prior to such discharge, the team must meet with the member and try to resolve the situation. If that fails, all parties will meet with the instructor to again try to reach a resolution. If that is also ineffective, the team can then discharge the team member, in a written document, signed by all team members and given to the dischargée.

As another way of ensuring the team stays on track, you'll answer - individually - a question at the end of the course. See Appendix One. This answer, the specifics of which will be confidential, will assess your *own* contributions to the team, as well as those of each of your team members. The purpose of this is to recognize that with so much riding on the team efforts, participation is crucial. And fellow team members can best assess team member participation. What your leader and what teammates have to say about you will have a significant effect on your participation score.

ABOUT YOUR TEAM, AND TEAM LEADER:

If you choose to be part of a team, your team members and your team leader will be two of the most important aspects of this course. A good team will ease your workload tremendously, but even one weak team member will provide you a significant leadership challenge. Your team leader is not a trivial choice, either. They will have to do more work than the rest of you, and your success will depend in large part on them.

ABOUT YOUR WRITTEN REPORTS:

You're going to get a lot of exposure to real business situations, through both written and oral presentations. Outside research will strengthen your learning immensely, and you'll find that the Internet makes it easy to do. Ms. Carol Fang, business librarian at the Dunbar Library, will be here early in the class to show you some research techniques. What she has to teach you will be useful in this class, as well as in other classes and activities.

ABOUT YOUR ORAL REPORTS:

Beginning in the 2d week, teams will have an opportunity to make a 30-minute (max) presentation of their written work for that night. This needs to be a solid, well-crafted presentation, in which you'll be teaching your classmates things important to their success in this course. I.e., aspects of the questions you'll be covering will be seen again on the final exam. Back up your talk with visuals of some sort—e.g., power points, handouts—and watch your time: the 30 minute max will be enforced.

ABOUT YOUR CASE COMPANIES:

In this section, we will be studying companies in the beverage industry. It's a fertile field for strategists, since the differences between one drink and another are more often based on perception than reality, and companies differentiate themselves through the strategic choices they make. Each team will study one firm from the following firms:

1. Coca-Cola (KO)
2. Pepsi-Cola (PEP)
3. National Beverage (FIZZ)
4. Hansen Natural Corp (HANS)
5. Boston Brewing Corporation (SAM)
6. Molson Coors Brewing (TAP)
7. Dr. Pepper Snapple Group Inc. (DPS)
8. Jones Soda (JSDA)

RULES FOR YOUR TEAM ASSIGNMENTS:

The first week of class, you will choose a case company on a first-come, first-served basis. Each week you will answer the questions applicable to that week. Following are some rules which are to be followed each week:

1. Each team will submit a max of four pages only, a cover page and one page for each question, stapled together.
2. The cover page will contain only case company name, all team members' names, and date.
3. Each of the answers will be typed on a separate sheet of paper.
4. For team papers, no individual authors should be identified. All grades will be team grades.
5. Each answer will be graded on a scale of zero to 33.3 so that each team's submission will be worth 100 points.
6. Effective answers will take time and effort to write: You should have to struggle to get all your ideas onto a single page. For that reason, all papers will be single-spaced.
7. Most papers will require research of some sort – internet, library, interviews, etc. Document all sources properly using footnotes. No bibliography is required, only proper footnotes. The "one page" limit includes footnotes. See www.libraries.wright.edu if you don't understand documentation, citations, etc.

8. **Academic integrity is required. All sources must be documented, and the words you use – except for documented quotations – must be your own. Any incident of plagiarism from any source will result in a zero for the entire effort.**
9. Use caution with sources. Company reports and websites are permissible, but do not overrely on them: Everyone has biases and blind spots, and corporations are no exception. Similarly, you can use Wikipedia, but it does not count as a source. That is, if an assignment calls for 5 sources, Wikipedia can't count as one of those 5.
10. Grammar, spelling, punctuation are all part of professional communication, and will be evaluated accordingly.

Assignments

Wed, Apr 1 Course Introduction, Syllabus Review, A Very Brief Intro to Business Research

Readings for tonight:

Definition of strategic management:

http://en.wikipedia.org/wiki/Strategic_management

<http://en.wikipedia.org/wiki/Strategy> Once there, check out the links to the work of Sun Tzu, Clausewitz, and John Warden: What were their contributions to the field of strategy? Why does so much of strategy seem to spring from military sources?

Also, read up on links to Michael Porter, and his work on competitive strategy. We will see much more about Michael Porter later on in this class.

In class, form teams of no more than 5. Share names, phone numbers, email addresses. Determine your case corporation. Also review Wings Express and Course Studio.

In class: Intro to Strategic Management, Intro to Business Research using SEC reports (10-K or 20-F, 14-DEF for American firms)

Wed, Apr 8 Business Vision and Mission/ Autobiography Due, Intro to Business Research

Readings for tonight:

http://en.wikipedia.org/wiki/Mission_statement See the definition of mission statement, and read the brief description of stakeholders. Also explore the link to 'vision statement.' Understand that the mission statement tends to be more in the present: What we *are*, or what we want to be. The vision statement tends to be more aspirational, and more in the future: What we want *to become*.

In class, submit one page typed autobiography.

Ms. Carol Fang of the Dunbar Library will visit us, providing useful information that will aid you throughout the course.

First papers due (see paper rules), Instructor will lead discussion.

- a. Using multiple reliable sources, write a one-page history of your firm, from its foundation to today. Cover key people, events, products, challenges. Be sure to focus on what's important. Everything you write should be relevant to understanding what REALLY matters about this company.
- b. Provide, in a table, the last 3 years of abbreviated income statements, showing major items to include sales, gross margins, net income, etc. Most importantly, explain what these numbers communicate to you, in terms of trends, unusual changes, extraordinary successes or failures.
- c. Provide, in a table, the last 3 years of abbreviated balance sheets, showing major items to include short- and long-term assets, short- and long-term liabilities, and owners' equity, etc. Most importantly, explain what these numbers communicate to you, in terms of trends, unusual changes, extraordinary successes or failures.

Wed, Apr 15 External Environment/ Opportunities and Threats

Readings for tonight: These particular readings are especially critical to understanding the field of strategy:

http://en.wikipedia.org/wiki/SWOT_analysis Ten years after the fact, the main thing people remember from their strategy class is the SWOT model. Opportunities and Threats (the 'OT' part) form the main basis for the analysis of the external business environment. The SW part (Strengths and Weaknesses) will be critical to next class's topic, the internal environment.

Check out the link to John McCain's SWOT analysis.

<http://economy.franteractive.com/Politics/pst2.html> A good example of a SWOT analysis, using John McCain's presidential campaign.

http://en.wikipedia.org/wiki/Five_forces The most important development in strategy of the past quarter century is Michael Porter's Five Forces model. It does a great job of explaining why some businesses are profitable, and others never will be.

Some people say Michael Porter is on the right track, but that there is a sixth factor. See http://en.wikipedia.org/wiki/Six_Forces_Model for an explanation. Pay special attention to the criticisms of Porter.

Sun Tzu, in The Art of War, wrote about the need to understand yourself

and your enemy. In business, we tend not to talk about enemies, but rather about the competition, but the concept is the same. To better understand how businesses analyze the competition, read http://en.wikipedia.org/wiki/Context_analysis

To read more about Michael Porter, <http://www.globalleadersevents.com/event-speakers/Michael-Porter.cfm>

In class, your second papers are due tonight, and team 1 will present.

- a. Take Porter's 'five forces' model, and apply it to your firm. Explain why your business either is or is not in a good position, based on Porter's five forces.
- b. Using research from multiple sources, identify in priority order the five greatest threats facing your firm. To start your thinking on this, you might want to consider what events could you envision that could damage or destroy the restaurant industry as we know it today?
- c. A great number of companies in the restaurant industry have ceased to exist, having gone bankrupt, or having been absorbed by more prosperous competitors. For this assignment, google "why companies fail?". Then take one of those references, and relate the material in it to your company. Is your firm avoiding those pitfalls, or is it vulnerable to them? Give specific evidence to support your position.

Wed, Apr 22 Internal Assessment/ Strengths and Weaknesses

Readings for tonight:

Review the SWOT article from last week. Also, review ratio analysis, which is something you have already seen in your MBA program: For a refresher, see http://en.wikipedia.org/wiki/Financial_ratio

To refresh your memory on how to read a balance sheet, you might start at sites like Motley Fool: <http://www.fool.com/School/BalanceSheet/BalanceSheet01.htm>

Third papers due, Team 2 presents:

- a. Ratio analysis: Determine profitability ratios for your firm and its top 3 competitors. Determine, evaluate, and present in tabular form these ratios for the past 3 years: ROE, ROA, and ROS (also known as net profit margin). Then, and this is important, explain what these

numbers tell you in terms of comparative performance and trends. Even more important, what do these numbers suggest to you about the future?

- b. Ratio analysis: Determine liquidity and debt ratios for your firm and its top 3 competitors. Determine, evaluate, and present in tabular form these ratios for the past 3 years: current ratios, quick ratios, debt/equity and debt/assets. Then, and this is important, explain what these numbers tell you in terms of comparative performance and trends. Even more important, what do these numbers suggest to you about the future?
- c. Strengths and weaknesses: Explain in detail the top 5 strengths of your firm, along with the top 5 weaknesses. You may look at and use the firm's own assessment as reflected in annual reports and 10-K/ 20-F, but do not rely on those: every company has obvious blind spots and biases. Instead, see what industry experts say, and cite those outside sources in your report.

Wed, Apr 29 Strategies in Action

Readings for tonight:

http://en.wikipedia.org/wiki/Vertical_integration
http://en.wikipedia.org/wiki/Horizontal_integration
http://en.wikipedia.org/wiki/Conglomerate_%28company%29
http://en.wikipedia.org/wiki/Product_development
http://en.wikipedia.org/wiki/Market_development
http://en.wikipedia.org/wiki/Market_penetration

Fourth papers due, Team 3 presents:

- a. Using at least 5 sources, write a very brief biography of either John D. Rockefeller, Sr, or of Andrew Carnegie. For whichever man you choose, explain the very different roles his father and mother played in his moral and intellectual development. Explain how he used various strategies to build his empire. Be sure to address his use of horizontal and vertical integration. What did he do with all his money? Whichever man you chose, do you see parallels to him in business and philanthropy today? In what ways?
- b. What strategies described in the readings for tonite have been followed by your firm? Explain what you see as the successes and failures of those strategic initiatives, backing up your opinions with research.

- c. One of the most influential books of the last ten years was authored by Jim Collins. It's called Good to Great, and it summarizes the things that separate the 'okay' companies from the truly great ones. Study and then summarize Good to Great, explaining how your company has either demonstrated or *not* demonstrated the principles Collins describes. Pay special attention to his 'fifth level leadership' concepts.

Wed, May 6 Generic Business-Level Strategies

Readings: Start with Michael Porter's ideas on this
http://en.wikipedia.org/wiki/Porter_generic_strategies

Then move on to examine his value chain ideas:
http://en.wikipedia.org/wiki/Value_chain

Fifth papers due, Team 4 presents:

- a. Consider your firm's top three businesses. For each, identify which business strategy is being followed. Give evidence to support your position. (It is possible that your firm is only in one or two businesses. If so, just answer accordingly.)
- b. Twenty years ago, coffee was a breakfast drink. Today, it is a lifestyle choice. Explain how that change came about, and the role of a man named Howard Schultz in making it all happen. What strategies did he use, at various times? More importantly, predict where the coffee business goes from here. Use at least 5 sources to tell the tale.
- c. How has the corporate environment changed in the last year, re how companies are reconfiguring to survive these difficult times? In a word, the answer is "CASH." What are companies doing to conserve cash? Provide evidence. The most recent book by noted author and consultant Ram Charan would start your thinking on this. What *evidence* can you find about how *your* case company is reacting to get thru these times?

Wed, May 13 Strategy Implementation

Read a review/ summary of John Kotter's Leading Change:
http://www.au.af.mil/au/awc/awcgate/usafa/review_leading_change.htm

You can read about Kotter himself at
http://en.wikipedia.org/wiki/John_Kotter

Sixth papers due, Team 5 presents:

- a. When it comes to implementing strategy, there is no better firm in the world than Toyota. Write a very brief history of Toyota, being sure to identify the importance of Eiji Toyoda and his principles. Put most of your effort into learning about the Toyota Way. Just like other innovators like W. Edwards Deming and aeronautical genius Kelly Johnson, Toyoda built his Toyota Way on 14 principles. Explain what you see as the five most crucial items, and why you chose those five.
- b. Jack Welch took over as CEO of General Electric in 1981, and soon thereafter he had a famous conversation with the late management guru Peter Drucker. Welch complained about some marginally profitable businesses GE was in, and how those businesses were eating up his attention but producing little gain. Drucker then asked Welch two questions, which led Welch to formulate a strategy of market leadership that many credited for G's later success. What *were* those questions Drucker asked Welch, and what exactly did Welch do with them?
- c. Obesity is an enormous and growing problem in this country—puns intended—and some blame the beverage industry for contributing to it. What steps has your firm taken to address this issue? In your judgment, and in the judgment of others as revealed by your research, is your firm well positioned to avoid threats and/ or capture opportunities in this area?

Wed, May 20 More on Implementation

For a review of how to put a value on a business, start with
http://en.wikipedia.org/wiki/Business_valuation

For a description of two fairly straightforward ways to put a value on a public company:

http://en.wikipedia.org/wiki/Market_capitalization
http://en.wikipedia.org/wiki/Enterprise_value

Seventh papers due, Team 6 presents:

- a. How much is your firm worth? The sources listed above have a good discussion of this, and you can find other sources by googling terms

like “firm valuation.” Use three separate methods to evaluate it, and discuss the pros and cons of each method.

- b. What is Berkshire Hathaway? Who is its CEO? How much is a Class A share worth? A Class B share? Why are the shares so expensive? (And don’t just say because it’s never split: WHY has it never split?) What do you see as the biggest threat facing this company? Give evidence to support your opinion.
- c. Leslie Wexner is the force behind The Greene here in Dayton, and Easton Towne Centre in Columbus. By most accounts, he’s the richest man in Ohio. Write a very brief bio of him, and his business career. He does some interesting things strategically, like buying troubled brands, reinvigorating them, and later spinning them off (Victoria’s Secret, Abercrombie & Fitch, etc). In what way do The Greene and Easton represent vertical integration? In what way do his other retail businesses represent related/ concentric diversification?

Wed, May 27 Corporate Governance and Strategy Control

Readings: For good discussions of corporate governance, the duties of the board of directors, and recent corporate governance legislation:

http://en.wikipedia.org/wiki/Corporate_governance

http://en.wikipedia.org/wiki/Board_of_directors

<http://en.wikipedia.org/wiki/Sarbanes-oxley>

Also, read the Gerstner mini-case located under “Files” on your MBA 755 Course Studio web page.

Turn in by email or in class Appendix One.

Eighth paper due, Team 7 presents:

- a. Using your firm’s DEF-14 (Proxy) report for starters, assess the members, qualifications, and performance of your firm’s board. Considering the criteria in your text, how does your board measure up? Going on line, you can find a huge amount of information on corporate governance in general, and your firm’s governance in particular. What do outside sources say about your board?
- b. Using your firm’s DEF-14, learn how your board and your senior executives are compensated. How much do your firm’s outside directors earn for their work on the board and its committees? How much do the inside directors (directors who are company employees)

make in their executive positions? For both groups, consider pay, stated benefits, and stock and stock options.

- c. What is Sarbanes-Oxley? In what specific ways does it place demands on the management of publicly-traded companies? Is it achieving its stated aims, according to your research?

Wed, Jun 3 International Strategy and Course Conclusion

Read the Gerstner Case on the Course Studio website

Wed, Jun 10 Final Exam. (8:00 PM)

If the average score of your eight papers puts you in the top 3 teams in class, and if your average score exceeds 93.0%, **and assuming satisfactory participation and attendance** (in the instructor's opinion), you will be exempt from this exam, and will earn an A in this course.

Go On For Appendices 1 and 2 >>>>>>

Appendix One

Leadership exists in every team. In a well-crafted essay demonstrating mature thought and reflection, assess the performance of your team. Specifically, address the leadership contributions of each team member, by name. Finally, assume you had a total of 100 points to spread across your entire team, reflecting each member's contributions to team success: how would you allocate those points, and why? Include yourself in this calculation. Be aware that if you say all earn the same points, you are saying that all deserve *average* participation grades, no higher, no lower.

Appendix Two

Presentation Feedback Form

	<Worst				Best>		
<u>Presenters' appearance</u>	1	2	3	4	5	6	7
Comments:							
<u>Presentation content</u>	1	2	3	4	5	6	7
Comments:							
<u>Presentation Organization</u>	1	2	3	4	5	6	7
Comments:							
<u>Expression</u>	1	2	3	4	5	6	7
Comments:							
<u>Visual and Media Aids</u>	1	2	3	4	5	6	7
Comments:							
<u>Overall Impact</u>	1	2	3	4	5	6	7

Overall comments & suggestions for the team: