BUS 498: CAPSTONE ADVANCED BUSINESS MODELS

Dr. Chi-Hyon Lee
Enterprise Hall, #208; (703) 993-1815; cle5@gmu.edu

Section 03: 7:30 am - 8:45 am MW Enterprise Hall 174
Section 04: 10:30 am - 11:45 am TR Sandbridge Hall 107
Section 05: 1:30 pm - 2:45 pm MW Enterprise Hall 277

Office hours:
- MW: 9:00AM - 10:00AM; 12:00PM - 1:00PM;
- TR: 9:00AM - 10:00AM; by appointment

Course materials:
- Rothaermel FT: Strategic Management, 3rd edition
- HBS online casebook: http://cb.hbsp.harvard.edu/cbmp/access/51481285
- BlackBoard

Description:

This course is an advanced and integrated senior-level capstone quantitative exploration of industry structure, business and corporate strategy, and industry and competitive dynamics. Using a combination of in-class discussions and case analyses, this course emphasizes firm competition, strategy, and performance from a firm-centric focus. The class will examine strategy in firms, integrating knowledge from all relevant prior and concurrent core School of Business course work. Specifically, knowledge from finance, accounting, information technology, marketing and especially economics will be assumed, required, and used. In short, this class will make use of economic concepts and logic (e.g., supply and demand curves, equilibrium points, and marginal, average, and total costs and revenue curves) as the overarching bases for understanding strategy in modern medium to large publicly traded for-profit firms. To reiterate, this course is a senior-level capstone class with the associated challenges and expectations. This course is also very research and group intensive – plan accordingly especially per the latter.

Prerequisites:

Students must have completed general education requirements, all core courses (e.g., ACCT 301, BULE 302, OM 301, FNAN 301, MGMT 301, MIS 301, and MKTG 301), and possess senior standing. Consult the undergraduate office or official registrar catalog for a complete list of course prerequisites.

Although a course grade of “D” or higher is sufficient to fulfill BUS 498 course prerequisites, you must meet with the instructor prior to the start of Session 2 if you: (1) earned less than a “C” in any of your BUS 498 course prerequisites, (2) are retaking BUS 498, or (3) both.
Learning goals and objectives:

The following is an abridged list of undergraduate program goals pertinent to this class. Consult the undergraduate office for the complete list of undergraduate goals, if you so wish.

Goals:
- Will be effective communicators;
- Will have an interdisciplinary perspective;
- Will be knowledgeable about team dynamics and the characteristics of effective teams; and
- Will be critical thinkers.

More importantly, the following is a list of the course objectives. This list is not designed to be exhaustive. However, the list does represent the high-level objectives and associated competencies you should possess upon course completion.

Objectives:
- To be familiar with the current literature of strategic management;
- To understand the complexities and challenges of multi-functional organizational problems;
- To focus attention on strategic issues confronting contemporary businesses;
- To facilitate the development of strategic thinking; and
- To further refine research, analytical, critical-thinking, team building, and communication skills.

This class integrates the many core concepts and logic you learned up to this point in the George Mason University, School of Business curriculum. You will examine firms and industries from historical and current economic perspectives. Your written and oral analyses will include the principles of finance, accounting, management, and marketing, with information technology as the “glue” that links the functional specialties together and as a driving force behind existing and emerging firm strategy. Understanding how the various functional areas fit together and determine the performance of the firm is a key foundation of this capstone course. You will also learn traditional strategy concepts including: the strategy process, industry analysis, firm resource analysis, strategy formulation (i.e., corporate and business level strategies), vertical integration, diversification, alliances and partnerships, and mergers and acquisitions. Industrial organizational economics, microeconomics, and institutional economics will be used extensively during the semester.

Additionally, this course will refine your strategic thinking skills. You will master and apply strategic management frameworks to current events and your class assignments. In addition to the course content, the class will help you further develop important skills: research skills, analysis, creative thinking, critical thinking, problem solving, and team building.

Learning approach:

This course is designed to be centered on analysis and discussion rather than traditional lectures (e.g., rote memorization). Research strongly suggests, and our teaching experiences corroborate, that the method used in this class is more effective and more interesting than traditional lecture-based teaching methods. Success requires a major investment from students. You will need to study the assigned readings before each class, do a fair amount of thinking and writing, and be prepared to contribute to the class discussion. You should become a partner in the learning environment, which means asking questions, sharing your reactions, giving feedback to your colleagues and instructor, and staying on top of the workload. We will invest time and energy to help you attain your goals for the course, and work with you to develop your
skills and abilities (more like a manager than a traditional lecturer). This approach requires more work but the long run benefits warrant the extra effort.

We will use a combination of lecture, discussion, and case analysis during most class sessions. For each topic area, we will usually discuss the strategic management concepts and frameworks first. Then, we will devote class time to the application of these frameworks using current events, cases analyses, and your selected assignments as context. Electronic recording of class sessions is not helpful. As such, electronic recording (any form) is prohibited without written permission from the instructor. However, class sessions may be electronically recorded for class assessment purposes (e.g., case presentation).

Student responsibilities:

You should take advantage of the opportunities in this class to develop your analytical and strategic thinking abilities, and polish your communication skills. As your instructors, we will create an environment that maximizes your potential to thrive in this course. It will be difficult to perform well in this class without attending office hours. As such, you should plan to spend a significant amount of time on this course and make sure that you are in a position to succeed (e.g., attempting five courses, scheduling other classes during office hours, or working sixty hours a week and trying to go to school full time will not result in satisfactory end-of-semester outcomes). In other words, we expect that school is your first priority. If you have any questions about whether or not this is a reasonable time to take this course, given your competing school and non-school responsibilities, your instructor will be happy to sit down with you before the drop/add date to discuss if you are in a reasonable position to succeed. Put simply, you are responsible for providing yourself enough time and energy to succeed in this course – being “present” in class does not guarantee you of earning a semester grade of C or higher. Finally, we expect all students to behave professionally and in a manner consistent with the School of Business Community Standards. Any other class issues can be discussed with the instructor, the course coordinator, or the Assistant Dean.

It is imperative that each student performs sufficient due-diligence prior to each session. The online case book URL will expire in approximately one month. Store the cases locally (i.e., download and save).

Honor code:

We expect you to adhere to Mason’s honor code. If you have any doubts or questions, consult your instructor promptly for clarification. Specifically, we expect that:

- Exams may be closed book. The use of study aids, memoranda, books, data, or other information – physical or digital – may not be permissible.
- Because team work features prominently, the entire group may be liable if a violation occurs.
- You will complete original work for this class. This requirement applies to both “drafts” and “final submissions.” Research is important and you must appropriately cite all your sources for all papers and presentations in this course. You must present any and all references if requested. You may not paraphrase or quote without proper reference. You may not use materials prepared for other courses. You may not use material prepared by other students in the same or other sections of this course, past or present. You are encouraged to seek clarification if you are unsure what constitutes original work and what constitutes a code violation.
- To insure equity across sections of BUS 498 and across groups of a given section of BUS 498, electronic means may be used to check originality of submitted work using SafeAssign.
If a possible violation of the Honor code is suspected, the matter will be escalated to the appropriate School of Business and George Mason University committees.

**Grade components:**

Learning in this course will be evaluated in several ways. This course takes a mastery-based approach to learning and to the evaluation of your performance. You must demonstrate that you understand and can apply course concepts and skills in order to “pass” the course – effort is insufficient. Class attendance, by itself, is grossly insufficient. Repeating concepts (e.g., mechanical memorization and reiteration), for example without the ability to correctly apply them will be insufficient. We will help by providing detailed feedback and providing resources to maximize your opportunities to learn. All assignments must be submitted at the **beginning** of class – except “Syllabus Page 9” assignment. Late assignments (defined as 10 minutes after the scheduled start time of the class session) will not be accepted. The group must plan accordingly. Unless stated otherwise, submit two paper copies of all assignments. Any electronic attachment that you digitally submit or forward to the instructor must be prefixed with your last name, first name, and assignment name as part of the file name – if not then the attachment will be ignored. All assessment issues including end of semester grades, if any, must be raised within one week (in writing) although resolving it may take longer. Most assessments will be returned in one week. Given the quantity of emails, expect on average a 48 hour turn-time – with the reverse expected.

(1) **Individual components (60%)**

   a. **Exams (45%)**

   You will take two course exams. Exams I and II contribute 20% and 25%, respectively towards your earned course grade. The exams will be essay. The first exam (Session 14) will cover all material associated with Sessions 1-13. The second exam (finals week) will emphasize course material associated with Sessions 14-24 but prior mastery of first half semester concepts and logic are required. In short, Exam 2 is not cumulative but corporate strategy requires mastery of business strategy concepts, tools, and skills. The allotted time for both exams is 75 minutes. No make-up exams will be given without prior permission and significant extenuating circumstances. All decisions regarding the veracity and merit of extenuating circumstances will reside with the course instructor.

   b. **Participation: (10%)**

   Your participation in class discussions is an essential factor in determining the success of this class. We (i.e., instructors) will be in class on-time, prepared, and involved. We expect the same from you. Most importantly, we expect you to take an active role in the discussions by asking good questions, raising interesting points, and contributing positively to in-class assignments. Quality of class participation, of course, will be emphasized over quantity. By implication, poor quality or ‘negative’ class participation will be penalized. Be aware that air time does not represent participation. To reiterate, quality of contribution will be emphasized – although quality and quantity are sometimes highly associated.

   In-class assignments, if any, will generally ask you to apply the concepts you read about, will serve as a basis for class discussions, and will be building blocks toward your assignments. In particular, case discussion and presentation sessions will contribute more towards your class participation than other sessions.

   Your participation performance will account for 10% of your final grade. Class participation is not
“filler” – they are real. You start the semester with nothing and build points by demonstrating consistent patterns of behavior. Being unprepared for a single class will not affect your participation grade but missing several classes or showing a consistent pattern of poor preparation, participation, or both will. In other words, if you never positively contribute to in-class discussions, your class participation will be zero. Be aware that participation self-assessments are highly biased upwards.

c. Syllabus Page 9: (5%)

Each student must complete page 9 of the syllabus and submit a paper copy at the end of Session 2. You will not accumulate course points until you do so. Moreover, this assignment cannot be completed if you are absent from Sessions 1 and 2 – if absent then promptly attend office hours.

(2) Team components (40%)

Groups will be formed at the end of Session 2. If you are not present then you will be “group less.” Each group will contain a maximum of five members. If feasible, each group should be balanced on various factors (e.g., gender, major, and nationality). Moreover, each group should be balanced in terms of group members’ concentration. In other words, groups that contain all finance concentrators usually perform below groups that contain a mix of concentrators. Per the course’s design, all group assignments require integration and synthesis of knowledge from multiple disciplines. Forming a team with your ‘friends’ also often does not result in high performance. In short, form your team carefully. Significant learning transpires and occurs in the group discussions – be it inside or outside scheduled course sessions. As such, you must be prepared to work closely and effectively with your group members. Each group will complete and submit three assignments. Finally, you must keep the instructor informed (i.e. email) regarding any changes to group membership. No changes to group membership will be permitted after Exam I although a member may be asked to leave the group. Group-work cannot be accomplished “online” – face-to-face meetings are required. The group must also meet with the instructor during office hours.

Sufficiently document all group interactions. They may be needed if problems arise.

a. Industry report: (10%):

At the beginning of Session 14, each team will submit an industry analysis of the electricity industry. This analysis should use the appropriate concepts and logic to analyze firms’ external environment. Do not emphasize a specific firm. Emphasize the whole industry and analyze the associated industry structure. This strategic analysis must be a maximum of 5 double-spaced pages of text. However, the group is permitted an unlimited number of supporting exhibits and appendices. Exhibits cannot be copied or “dumped.” Additional information regarding assignment specifics is posted on BlackBoard. A list of URLs (i.e., merely identifying online sources) is not research. Submit two paper copies.

b. Firm report: (15%)

At the beginning of Session 28, each team will submit an internal, business strategy, and corporate strategy analysis of a specific firm competing in the electricity industry. The analysis must assess the strengths and weaknesses of a focal firm’s material capabilities, as well as evaluate the company’s business-level and corporate-level strategies. Brief recommendations on how the firm can improve its competitive position are required. The firm specific analysis or report must be consistent with the Industry report. This strategic analysis must be a maximum of 5 double-spaced pages of text. However, the group is permitted an unlimited number of supporting exhibits and appendices. Exhibits cannot be copied or “dumped.” Additional information regarding assignment specifics is posted on
BlackBoard. A list of URLs is not research. Submit two paper copies.

c. **Case analysis, presentation, and competition: (15%)**

In Sessions 17, 18 and 19, each team will make a professional and dynamic presentation to a hypothetical audience of senior managers at a firm (“Best Buy”). This presentation will be no more than **15 minutes** and should present a strategic analysis of the firm and recommendations for improving the firm’s competitive position. You will make the presentation during possibly two events. First, you will make your presentation to the class and your instructor for a grade, which accounts for 15% of your final grade. All teams will present. Second, two teams will be chosen to advance to the School of Business Case Competition. The two teams may incorporate feedback from the in-class presentation to develop a final presentation, to be given during the case competition (November 11, 2016 1:00pm - 6:00pm) to a panel of industry and School of Business judges. The case competition is a single elimination, two-round competition. The selected case competition teams may make their presentation twice. Additional incentives may exist for advancing to or attending the school-wide case competition. Additional information regarding assignment specifics is posted on Blackboard. Submit two paper copies of the presentation slides.

Instructors cannot and will not provide any feedback until **after** the School of Business Case competition. All teams must submit their presentation (i.e., two paper copies of the PowerPoint slides) at the beginning of Session 17. Presentation order will be determined randomly. You may use the “notes” section to add additional information. If your team is asked to participate in the school-wide case event, you will have 48 hours to respond.

**Note:** At the end of the semester, each member of the team will evaluate the contribution of the other members to ensure “grade equity”. This means that you **may** receive a grade for group-work that is **above** or **below** what the team earns. **Inform the instructor immediately if group issues arise.**

**Grading:**
A distribution will first be created from the total semester points of all the people in the section. Then your final semester grade will be determined, vis-à-vis this class point distribution, using your total semester points and where you “place” on the distribution. The entire class grade point average will not exceed 3.200 for each section. Normalizations may be used to insure consistency with assignment weights.

**NOTE:** You must earn at least **60%** of the total possible points before the distribution is used. Otherwise a “straight” grading scale will be used.

To reiterate, this course takes a mastery-based approach to learning. You must demonstrate competency – namely **you must demonstrate that you understand and can apply (appropriately) course concepts and skills in order to pass the course** (i.e., end-of-semester assessment ≥ “C”). Class attendance, by itself, is **grossly** insufficient.

**Disability accommodation:**
If need you need academic disability accommodations, see me and contact the Disability Resource Center (DRC) at 993-2474. All accommodations must be documented with the DRC.

**Participation in Mason sponsored activates:**
It is each person’s responsibility to comply with all relevant academic policies (e.g., 1.6.1).
<table>
<thead>
<tr>
<th>Date (Week)</th>
<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/28</td>
<td>1</td>
<td>Introduction</td>
<td>Read: Syllabus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Strategy and the strategic management process</td>
<td>Read: Chapter 1 (4-11; 20-22) Skim: Chapter 2</td>
<td>Syllabus page 9</td>
</tr>
<tr>
<td>9/4</td>
<td>3</td>
<td>Firm performance and advantage</td>
<td>Read: Chapter 5 (140-156) Focus: Porter (61-68; 68-70)</td>
<td></td>
</tr>
<tr>
<td>9/11</td>
<td>4</td>
<td>External analysis</td>
<td>Skim: Chapter 3 (64-72) Read: Chapter 8 (264-265) Read: Chapter 3 (72-89)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>External analysis: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/18</td>
<td>6</td>
<td>External analysis: Case</td>
<td>Analyze: “Crown cork &amp; Seal”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Internal analysis</td>
<td>Read: Chapter 1 (11-12) Read: Chapter 4 (104-118)</td>
<td></td>
</tr>
<tr>
<td>9/25</td>
<td>8</td>
<td>Internal analysis: Continued</td>
<td>Read: Chapter 4 (118-122; 127-129)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Business strategy: Introduction</td>
<td>Read: Chapter 6 (174-199)</td>
<td></td>
</tr>
<tr>
<td>10/2</td>
<td>10</td>
<td>Cost leadership and differentiation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Cost leadership and differentiation: Continued</td>
<td>Analyze: “Progressive insurance”</td>
<td></td>
</tr>
<tr>
<td>10/9</td>
<td>12</td>
<td>Business strategy synthesis</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/16</td>
<td>14</td>
<td>Exam 1: 1-13</td>
<td>Industry report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Exam 1 discussion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/23</td>
<td>16</td>
<td>Innovation</td>
<td>Read: Chapter 7 (208-212; 217-238)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Team presentations</td>
<td>Analyze: “Best Buy”</td>
<td>Case competition presentation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date (Week)</th>
<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/30</td>
<td>18</td>
<td>Team presentations: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Team presentations: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/6</td>
<td>20</td>
<td>Innovation: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Corporate strategy</td>
<td>Read: Chapter 8</td>
<td></td>
</tr>
<tr>
<td>11/13</td>
<td>22</td>
<td>Vertical integration and diversification</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Vertical integration and diversification: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/20</td>
<td>24</td>
<td>Vertical integration and diversification: Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Winter recess (Thanksgiving)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/27</td>
<td>25</td>
<td>Acquisitions and alliances</td>
<td>Read: Chapter 9 (294-306)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>26</td>
<td>Acquisitions and alliances: Continued</td>
<td>Read: Chapter 9 (309-315)</td>
<td></td>
</tr>
<tr>
<td>12/4</td>
<td>27</td>
<td>Acquisitions and alliances: Continued</td>
<td>Analyze: “HandSpring: Partnerships”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>Corporate strategy: Synthesis</td>
<td></td>
<td>Firm report</td>
</tr>
</tbody>
</table>