SOM 498: ADVANCED BUSINESS MODELS

Spring 2015

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Section 03; T 7:30AM - 10:10AM; Mason Hall D003

Office hours:
- T 10:30AM - 12:00PM
- By appointment

Course materials:
- Rothaermel FT; Strategic Management, 1st edition
- HBS online casebook: https://cb.hbsp.harvard.edu/cbmp/access/32630681

Course website:
- BlackBoard

Description:

This course is an advanced and integrated conceptual and quantitative exploration of industry structure, business models, and industry dynamics. The course uses a combination of lectures, case analyses, and most importantly class discussions to assess firm competition, strategy, and performance from a firm-centric perspective. The class will examine strategy in firms, integrating knowledge from prior and concurrent core course work. Specifically, knowledge from finance, accounting, information technology, and marketing will be assumed, required, and used. Moreover, this class will make use of microeconomic principles (e.g., supply and demand curves, equilibrium points, and marginal, average, and total costs and revenue curves) as the overarching conceptual framework for understanding strategy in modern medium to large publicly traded for-profit firms. In other words, this course is a senior-level capstone class with the associated challenges and expectations.

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 SOM 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 SOM 498 course prerequisites, (2) are retaking SOM 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 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. When necessary, microeconomics and institutional economics will be used.

Additionally, this course will refine your strategic thinking skills. You will master and apply strategic management frameworks to current events and your class projects. 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 discussion and application rather than traditional lectures. 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 both students and faculty. 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 from all of us, 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 projects as a context. Electronic recording of class sessions is not helpful. As such, electronic recording (any form) is prohibited without written permission from the instructor.

**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 determine 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 (Jim Gilbert).

Because this section meets once a week, it is imperative that each student performs sufficient due-diligence prior to each session. It can be argued that meeting once a week significantly increases course work-load and challenges. Finally, the online case book URL will expire in approximately one month. It is recommended that you 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 ask your instructor if you are unsure what constitutes original work and what constitutes a code violation.
To insure equity across sections of SOM 498 and across groups of a given section of SOM 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. 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. Late assignments (defined as 10 minutes after the scheduled start time of the class session) will not be accepted. 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. Assessment issues, 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. **Course 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 essay. The first exam (Session 7) will cover all material associated with Sessions 1-6. The second exam (finals week) will emphasize course material associated with Sessions 8-14. Although Exam 2 is not cumulative, 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. Any and all decisions regarding the veracity and merit of extenuating circumstances will reside with the course instructor.

b. **Participation (15%):**

Your participation in class discussions is an essential factor in determining the success of this class. We (i.e., your 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 15% of your final grade. Class participation is not “filler points” – they are real. You start the semester with nothing and build points by demonstrating consistent patterns of behavior. Being unprepared for a single class, for example, will not affect your participation grade but missing several classes or showing a consistent pattern of no or poor preparation, participation, or both will. In other words, if you never positively contribute to in-class discussions, your class participation will be very poor – or even zero. Be aware that class participation self-assessments are highly biased upwards.

(2) Team components (40%)

The instructor, by the end of Session 1, must be informed of the students’ team members. Each group must 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. 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.

a. Industry report (10%):  
At the beginning of Session 7, each team will submit an industry analysis of the carbonated beverage industry. This analysis should use the appropriate frameworks and models to analyze firms’ external environment. Do not emphasize a specific firm. Emphasize the whole industry and its 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. Additional information regarding assignment specifics is posted on BlackBoard. Submit two paper copies.

b. Firm report (15%):  
At the beginning of Session 14, each team will submit an internal and corporate strategy analysis of a specific firm competing in the carbonated beverage industry. The analysis should identify the strengths and weaknesses of the selected firm, as well as evaluate the company’s business-level and corporate-level strategies. Brief recommendations on how the firm can improve its competitive position should be offered. 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. Additional information regarding assignment specifics is posted on BlackBoard. Submit two paper copies.

c. Case presentation and competition (15%):  
In Sessions 9 and 10, each team will make a professional and dynamic presentation to a hypothetical audience of senior managers at a firm (“Methanex” case). This presentation will be no more than 15 minutes and should present a strategic analysis of the firm and recommendations for improving their 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 SOM 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 (April 17, 2015 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., hardcopy PowerPoint slides) at the beginning of Session 9. 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 of record immediately if group issues arise.

d. Course ‘pre-assignment’ (0%)

Each student must complete and submit the pre-assignment at the end of Session 1. You will not accumulate course points until you do so. Submit a signed paper copy – namely page 9 of this syllabus.

Grading:
In previous semesters, your earned grade was assigned on a straight scale based on the assignments and the associated points. Per previous semesters, the assignment weights will remain unchanged. However for this semester, a distribution will first be created from the total semester points of all the people in the class. Then your final semester grade will be determined, vis-à-vis this class distribution, using your total semester points and where you “place” on the distribution. The entire class grade point average will not exceed 3.300 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 you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.
# Schedule

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<tr>
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<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
<th>Deliverable</th>
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| 1/18        | 1       | Introduction | Read: Syllabus  
Strategy and the strategic management process  
Read: Chapter 1 (4-9; 19-21)  
Skim: Chapter 2  
Read: Porter¹ (61-68; 68-70) | “Pre-assignment”² |
| 1/25        | 2       | Firm performance and advantage  
External analysis | Read: Chapter 3 (61-70)  
Read: Chapter 5 (113-124)  
Skim: Chapter 3 (56-61) | |
| 2/1         | 3       | External analysis: Case | Analyze: “Crown cork & Seal” | |
| 2/8         | 4       | Internal analysis | Read: Chapter 4 (85-99)  
Read: Chapter 4 (102-105) | |
| 2/15        | 5       | Business strategy: Cost leadership and differentiation | Read: Chapter 6 (140-160) | |
| 2/22        | 6       | Business strategy synthesis | Analyze: “Progressive insurance” | |
| 3/1         | 7       | Exam 1: 1-6 | Industry report | |
| 3/15        | 8       | Exam 1: Discussion  
6th force: Complements and complementors | Read: Chapter 3 (61-70) | |
| 3/22        | 9       | Team presentations | Analyze: “Methanex” | |


²You must submit a signed paper copy. An electronic copy will not be accepted.
### Schedule: Continued

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<tr>
<td>3/29</td>
<td>10</td>
<td>Team presentations: Continued if necessary</td>
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| 3/5         | 11      | Innovation  
Corporate strategy | Read: Chapter 7 (172-180; 189-193)  
Read: Chapter 8 |             |
| 4/12        | 12      | Vertical integration and diversification |           |             |
| 4/19        | 13      | Vertical integration and diversification: Continued  
Acquisitions and alliances | Read: Chapter 9 (238-254) |             |
| 4/26        | 14      | Acquisitions and alliances: Continued  
Corporate strategy: Synthesis | Analyze: “HandSpring: Partnerships” | Firm report |