MBA 678: STRATEGIC MANAGEMENT

Semester: Spring 2014

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

Course: Section 03; W (7:20-10:00pm) Nguyen Engineering Building; 1109

Office hours: W 6:00pm-7:00pm and by appointment

Course material: (a) Foundations of strategy, by R.M. Grant & J. Jordan
(b) Harvard Business School online case book:
https://cb.hbsp.harvard.edu/cbmp/access/23969188

Course website: BlackBoard (mymason.gmu.edu)

COURSE DESCRIPTION
Firm performance is rarely homogeneous – some firms outperform others. Many argue that strategy differences help explain why some firms outperform others. A firm’s operational scope (i.e., served product and service markets) and how a firm competes given the firm’s boundary are two examples of the myriad issues addressed by a firm’s strategy.

To this end, this course is an advanced (i.e., graduate level) integrated concept driven (e.g., theoretical) and quantitative exploration of industry structure, industry dynamics, and business and corporate strategy. This course uses a combination of lectures (minimized whenever possible), 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, the dominant conceptual anchor is economics – augmented with quantitative analysis. This class will use economic concepts (e.g., supply and demand curves, equilibrium points, and marginal, average, and total costs and revenues) as the overarching conceptual framework for understanding strategy in modern medium to large public for-profit firms. This course is a graduate-level capstone class with the associated challenges and expectations.

PREREQUISITES
Students are responsible for taking the necessary pre-requisites and co-requisites for this course. Consult the course catalog, Graduate Program office, or both for a complete list of pre and co-requisites.
COURSE MATERIALS
We will use *Foundations of strategy* by R.M. Grant and J. Jordan as the dominant source for course content. Additional readings are available from BlackBoard and GMU electronic library sources. The case packet must be purchased from Harvard Business School Publishing (i.e., URL on page 1). PowerPoint slides used during class discussion will be posted.

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

**Goals:**
- To improve analytical decision making.
- To integrate the various functional disciplines.

More importantly, the following is a list of course objectives. This list is not exhaustive. However, the list outlines the high-level objectives and associated competencies you will possess upon satisfactory course completion.

**Objectives:**
- To be familiarize 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, analytic, and critical-thinking skills.

This class integrates core concepts you learned up to this point in the George Mason University, Graduate School of Management curriculum. You will examine firms and industries from historical and current economic perspectives. Your written analyses will include the principles of finance, accounting, management, and marketing. Information technology will be viewed as both the “glue” that links the functional specialties together and as a driving force behind emerging strategies. 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: industry analysis, firm resource analysis, strategy formulation (i.e., corporate and business level strategies), vertical integration, and diversification. Micro, industrial, and institutional economics will be used.

This course will refine your analytic and reasoning 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, analysis, creative thinking, critical thinking, and problem solving.

**Learning approach:**
The learning approach (i.e., pedagogy) involves a combination of in-class discussions – not “lectures” – and case discussions, and when necessary in-class group exercises. This course is designed to be centered on discussion and application (i.e., analytic problem solving) rather than traditional lectures. Research strongly suggests that this pedagogy is more effective and more interesting than traditional lecture-based teaching methods albeit more challenging. This course and by implication the instructor will not “teach you strategy” – this is impossible. Instead, this course is designed to help you think more strategically. In other words, strategy denotes evidence-based systematic, cogent, and robust “thinking” – not rote repetition of concepts, frameworks, or both.

We will use the textbook, articles, and cases to understand key strategic and technological issues and
concepts. For each topic area, we will usually discuss (e.g., define) the key strategic management concepts and frameworks first – namely define a set of concepts. 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, any and all electronic recording is prohibited without written permission from the instructor.

Success requires a major investment. 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 process, which means asking questions, sharing your reactions, giving feedback, and staying on top of the workload. Attendance is not required. Moreover, class attendance, by itself, is grossly insufficient.

**Student responsibilities:**
It will be difficult to perform well in this class without attending office hours. As such, you should plan to spend an appropriate amount of time and make sure that you are in a position to succeed. 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. In short, you are responsible for providing yourself enough time and energy to succeed in this course – being “present” in class will not result in a semester assessment of B or higher. Finally, all students will behave professionally and in a manner consistent with the School of Management Community Standards. Class enrollment will denote and connote tacit acceptance of the course syllabus and additional information provided during Session 1 – unless you provide written correspondence to the contrary by the beginning of Session 2.

**ASSIGNMENTS AND GRADING**
Class performance will be assessed using the following items:

- **60% Major case write-ups**
  - First: 15%
  - Second: 20%
  - Third: 25%

- **20% Minor case write-ups**

- **20% Class participation**

In previous semesters, your end of semester assessment was assigned on a straight scale based on the assignments and the associated points. 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 “rank” (e.g., percentile) on the distribution. Normalizations and adjustments (i.e., end-of-semester team peer evaluations) will be used to insure consistency with assignment weights and equity. The entire course final semester grade point average will not exceed 3.300. NOTE: You must earn at least 70% of the total possible points before the distribution is used. Otherwise a “straight” grading scale will be used. Conversely, earning at least 80% (90%) of the potential points will earn you a B (A-) or higher regardless of the section point distribution. Also, 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.

**Case write-ups:**
We will discuss seven cases. Each case requires a submission. Case write-ups can be completed individually or with others (maximum of five people per group with four people being ideal) however all submissions will be assessed equally – namely identical criterion. Group membership cannot change – denote membership on the cover page of the first case submission.
The write-ups are due at the beginning of the session (defined as plus 10 minutes from the session start time) during which the case is scheduled to be discussed. You should plan accordingly. Late papers will not be accepted. Arrange to have the paper printed before you come to class. Submit two paper copies of all case submissions. In short, an assignment is due approximately every two weeks.

**Major case write-up:** Each group will submit three major case write-ups during the semester. Using previous semesters as a referent, a typical major case submission requires a minimum of two weeks to complete. For the first and second major case write-ups, select two cases from the above list – “Monforte dairy” excluded. The third major case write-up (i.e., “Monforte diary”) is mandatory. Each major case submission must be a maximum of three pages (11-point text with one-inch margins) although an unlimited number of exhibits are permitted. The three pages must be double-spaced.

**Minor case write-up:** Each group will submit four minor case write-ups during the semester. All minor case write-ups must be at most one page (11-point double-spaced text with one-inch margins). There is no page limit for exhibits. A minor case write-up, in a stylized fashion, focuses on a few key “foundation” analyses that partially support a key thesis.

Each major and minor write-up will be assessed on how well you understand the issues and demonstrate insights into the particular problems posed by the case using key course concepts. The group must “prove” all assertions – an assertion without supporting analyses and consistent logic is at best opinion. The robustness and clarity of the group’s logical inferences will be a key assessment basis. You should include references to the readings that are appropriate to the case you are analyzing. Assigned readings may be used to substantiate your arguments and provide a theoretical basis for your analysis.

**Do not the paraphrase the case or repeat case facts – unless they are used to “prove” a thesis.** Be mindful that the group is writing to the key case decision maker. You must use key course concepts in your analysis. There is a limited amount of space to convey your ideas. Use it wisely. You should use endnotes (in an exhibit) to reference statements or exhibits from the case to support your thesis. Finally, make use of exhibits. They can help convey information in a visual format that is compact but very compelling. Note: An exhibit that is not explicitly referenced in the text will be penalized. What is not compelling (and results in an assessment decrease) is if you simply include an existing exhibit from the case or a reading. In other words, exhibit “dumping” (e.g., copying and pasting an entire income statement) will be penalized. Instead, you should filter and recombine information, integrate relevant conceptual material, and present it as support for the arguments that you make in the text of your write-up. You cannot earn a semester assessment of “B” or higher without an appropriate use of exhibits. In short, “tell the key decision maker something that he or she does not already know” (i.e., solve the problem and provide a concise and lucid explanation of the solution’s efficacy that is derived from the theoretical foundation, case facts, and case analyses). Consult Session 1 PPTs, the instructor, or both for additional details.

**Class participation:**
An important part of the course pedagogy is participation in class discussions. Participation is a direct
function of material mastery – assigned readings and the cases. You are expected to come to every class
and be prepared to contribute significantly to the class discussions. It is expected that your participation
will stimulate and enrich the in-class discussions. Engaging in “air time” participation is highly
discouraged. The quality (not quantity) and consistency of participation will determine the participation
assessment. Be aware that class participation: (1) cannot exist if one in not present during class sessions,
(2) is not “filler” – they are real points, (3) is not “air time” – case discussion contribution will be
weighted higher than non-case discussion for example, and (4) self-assessments are highly biased
upwards. 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. Negative contribution (e.g., monopolizing “air time,” making “irrelevant”
points, or disrupting discussions) will be penalized.

Class expectations:
Careful writing (e.g., grammar, spelling, and succinct verbiage) is expected in all assignments and will be
a factor in all assessments. Work that does not meet standards for graduate-level work will be penalized.
We are nonetheless cognizant of mitigating factors (e.g., native versus a foreign speaker) and will take
them into account if needed. Of course, concise and lucid writing will be assessed higher than longer and
convoluted writing.

Discussion is encouraged and often required to complete an assignment but collaboration on answers is
not permitted. Late assignments will not be accepted. The merit of any extenuating circumstances will be
assessed on a case by case basis by the course instructor. There will be no way to make-up a missed
assignment if a one elects to not submit it. (By university policy, special arrangement will be made for
those students who cannot be present due to a religious holiday).

Unless stated otherwise, submit two hard 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 (or group name) – if not then the attachment will be ignored.
Given the quantity of emails, expect on average a 48 hour turn-time.

Given the course’s potential emphasis on teamwork, all team members are responsible if an honor code
violation transpires. Moreover, each person will evaluate his or her teammates’ group performance.
Positive or negative inequities will result in individual end of semester assessment being adjusted up or
down, respectively. Submit the team member peer evaluation with the final case submission (i.e.,
“Monforte”). All team members peer evaluations must be completed and submitted individually (i.e.,
one evaluation per sealed and signed envelope). Notify the instructor if group problems surface. As with all
course submissions, each person’s evaluation of one’s teammates must be “provable.”

If you have any concerns or questions about how these policies may apply to this course (or to a specific
assignment), ask for clarification.

Honor code:
You are expected to adhere to the George Mason University code of academic conduct. It is available at
(http://www.gmu.edu/facstaff/handbook/ad.html ). If you have any questions, consult your instructor
promptly for clarification. Specifically, you will complete original work for this class. Research is
important and you must cite all your sources for all papers in this course. 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. This
requirement applies to both “drafts” and “final submissions.” Ask if you are unsure what constitutes
original work and what constitutes honor code violations.

**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.
<table>
<thead>
<tr>
<th>Date (Week)</th>
<th>Session</th>
<th>Topic</th>
<th>Readings</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/19</td>
<td>1</td>
<td>Course introduction and overview</td>
<td>Course syllabus</td>
<td></td>
</tr>
<tr>
<td>1/26</td>
<td>2</td>
<td>The concept of strategy</td>
<td>Chapter 1 (skim)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measuring advantage</td>
<td>Porter, “What is strategy”</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rothaermel, Chapter 5 excerpt</td>
<td></td>
</tr>
<tr>
<td>2/2</td>
<td>3</td>
<td>External value system</td>
<td>Chapter 2 (50-72; 78-81)</td>
<td>“Crown cork &amp; seal”*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>External analysis: Industry structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/9</td>
<td>4</td>
<td>Industry analysis: Additional topics</td>
<td>Chapter 2 (84-87)</td>
<td></td>
</tr>
<tr>
<td>2/16</td>
<td>5</td>
<td>Internal analysis: Capabilities</td>
<td>Chapter 3 (106-145)</td>
<td>“Leadership online: B&amp;N versus Amazon”*</td>
</tr>
<tr>
<td>2/23</td>
<td>6</td>
<td>Developing capabilities</td>
<td>Chapter 3 (145-147)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nature and sources of competitive advantage</td>
<td>Chapter 4 (170-186), Ghemawat &amp; Rivkin*</td>
<td></td>
</tr>
<tr>
<td>3/2</td>
<td>7</td>
<td>Business strategy</td>
<td>Chapter 4 (186-190)</td>
<td>“Progressive”*</td>
</tr>
<tr>
<td>3/16</td>
<td>8</td>
<td>Cost advantage: Continued</td>
<td>Chapter 4 (191-198)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Differentiation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/23</td>
<td>9</td>
<td>Differentiation: Continued</td>
<td></td>
<td>“Curled metals”*</td>
</tr>
</tbody>
</table>

* Denotes HBS course package
<table>
<thead>
<tr>
<th>Date (Week)</th>
<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/5</td>
<td>11</td>
<td>Technology-based industries</td>
<td>Chapter 6 (254-283)</td>
<td></td>
</tr>
<tr>
<td>4/13</td>
<td>12</td>
<td>Diversification</td>
<td>Chapter 7 (308-333) Markides, “To diversify”</td>
<td>“IMAX” * (per Session 11)</td>
</tr>
<tr>
<td>4/20</td>
<td>13</td>
<td>Vertical integration</td>
<td>Chapter 7 (333-345)</td>
<td></td>
</tr>
<tr>
<td>4/27</td>
<td>14</td>
<td>Corporate strategy: Conclusion</td>
<td></td>
<td>“Monforte diary” *</td>
</tr>
</tbody>
</table>

* Denotes HBS course package