



QUINLAN
SCHOOL of BUSINESS

Schreiber Center • 16 E. Pearson St.
Water Tower Campus • Chicago, IL 60611
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MGMT 573 – BUSINESS STRATEGY
Fall Quarter 2018 (Class Number 2649)
Thursday 6PM to 9PM
Schreiber Center 725

Instructor: Dr. Sung Min Kim (Professor of Strategy; Chairperson of the Management Department)

Email: skim@luc.edu (strategykim@gmail.com)

Phone: 312-915-7052

Office: Schreiber Center 824

Office Hours: Tuesday & Thursday 3PM to 6PM and by appointment

Course Description:

- This course analyzes the responsibilities of general management in formulating, communicating, and implementing a strategic plan. Whereas Corporate Strategy (MGMT 574) defines the scope of the firm with the emphasis on strategic insights and perspectives, **Business Strategy (MGMT 573)** is concerned with how the firm generates sustainable competitive advantage within a particular industry or product market with the emphasis on strategic analyses and frameworks.

Course Overview:

- MGMT 573 (Business Strategy) is concerned with the formulation of business strategy and its implementation to achieve sustainable competitive advantage. Business strategy is the set of objectives and policies that collectively determine how a business positions and organizes itself to create and capture economic value for its stakeholders. Strategy is concerned with answering two central questions: *“What businesses should we participate in?”* and *“How should we compete?”* Managing the enterprise in a way that facilitates arriving at and implementing the best answers to these questions is referred to as strategic management.

Required Materials

- The required course packet includes reading materials and Harvard Business School (HBS) cases. Reading materials (journal articles, handout notes, and lecture slides) are available from the Sakai website or the University Library E-Journals at no charge. Students need to purchase the HBS cases online at the HBS website. Please see further instructions on Sakai.

Suggested Supplementary Resources (OPTIONAL – if any)

- Textbook is not required, but I would recommend the following one for your own reference: Ghemawat, Pankaj (2010) Strategy and the Business Landscape (3rd edition) Pearson-Prentice Hall (ISBN-13: 978-0136015550).

Course Objectives and Learning Outcomes

- In this course, you will learn concepts and frameworks that will be useful for analyzing and formulating business (competitive) strategies. As you go through the course, you will also develop skills for identifying strategic issues, finding alternative ways to deal with those issues, and evaluating alternative plans of action. Finally, the course provides you an opportunity to apply strategy theories and frameworks to actual business situations through diagnosis, analysis, and solution of inter-related business problems. Specifically, you will develop skills at:
 - understanding how firms gain and sustain competitive advantage,
 - analyzing business environments and formulating strategy,
 - deciding tradeoffs between differentiation and efficiency in strategic positioning, and tradeoffs between strategic commitment and flexibility in highly uncertain business environments, and
 - implementing strategy and organizing the firm for success.
- The perspective we take is that of the general manager, who may be a CEO or company president, division head, or manager of an operating unit. They are responsible for setting the goals, objectives, and strategies of the organizations they lead as well as the implementation of such plans. While few students have top management responsibilities as new graduates, understanding their perspective and getting trained in top management skills will help you understand general management's objectives and make you a more effective contributor to the formulation and implementation of strategic plans in your organization.
- The course will cover both the content of strategic decisions and the processes by which general managers position the businesses and allocate resources in the face of both uncertainty and competition. By focusing on what makes some strategies strong and viable, while others remain weak and vulnerable, you will be able to develop the ability to consider the impact of change and environmental forces on the opportunities for establishing and sustaining competitive advantage.

Learning Techniques

- To accomplish these objectives, we will use a variety of learning techniques: readings, lectures, written reports, presentations, and, most importantly, class discussion of case studies.

1. Case Analysis

- Strategic thinking and analysis is best learned through practice. The cases we will study are about real world business situations. Each case is designed to provide you with data on real-life managerial problems, and case analysis is very useful as a simulation of actual managerial activity. The cases provide us with opportunities to both apply the concepts we discuss in class as well as further develop your ability to think about business strategy.
- How much you get out of a case depends on your preparation and active participation. Each of you must be fully prepared for each class and effectively participate in each case discussion – comment, question, argue, and analyze. Class participation provides you with an opportunity to develop your communication skills.

- Objectives of case analysis include:
 - increasing your understanding of what managers should and should not do in guiding business to success in real world business situations,
 - building your skills in conducting strategic analysis and gain in-depth experience in a variety of industries, competitive situations, and company circumstances,
 - getting valuable practice in diagnosing strategic issues, evaluating strategic alternatives, and formulating workable plans of action, and
 - enhancing your sense of business judgment.

2. Group Work

- Discussing cases and preparing analyses in small groups outside of class helps you deepen your knowledge about strategy. Thus, group work will be essential for weekly case preparation as well as the major group project.

- Developing effective group skills is a critical part of the learning process. It is a good idea to have students with different areas of expertise in the group, to facilitate the exchange of a variety of managerial viewpoints and help guard against "groupthink". Involving with people with distinct functional backgrounds will help avoid potential blind spots in your case analysis. To help bring about this internal balance within each group, I will divide the class into six groups with approximately four people in each group during the first session.

Course Grading Scale

- Your final course grade will be established based on the following scale. No curve should be anticipated.

A	900 – 1000 points
B	800 – 899
C	700 – 799
D	600 – 699
F	Below 600

+ or – indicates that your score is borderline (+ or – 10 points).

Course Grading Criteria

- Your final course grade will be determined by adding together the points you earn from each of the individual and group course requirements.

(1)	Class Participation	150 points
(2)	Case Study Questions	100 points
(3)	Comprehensive Case Report	100 points
(4)	In-class Exam	300 points
(5)	Strategy Practicum*	350 points* (adjusted for peer inputs)

		1000 points

1. Class Attendance and Participation: 150 Points

- Active participation in the class is an essential part of the learning experience, and the most important group interaction occurs during our case discussions. In this course, we all learn from each other. Thus, we are each responsible for making contributions to the class's effort to analyze a case and gain a critical perspective on the issues confronting the company in question.

(1) Class Attendance

- Your attendance in every class is extremely important. Please schedule interviews, plant visits, and callbacks for days on which we don't have class. Please be on time, especially for the case presentation and discussion sessions. Attendance is taken at the beginning of class; if you miss the roll call, you have missed the class. You are expected to stay for the entire class. I do keep track of attendance and participation and figure it into the final grade.
- Each person will be allowed one absence, "no questions asked"; beyond that absence, 20 points will be deducted from the participation grade if you are absent or not prepared for the class.

(2) Class Participation

- You are required not only to attend classes, but also to carefully prepare for each class and contribute actively to class discussion. Class participation is graded for class discussion during the course. Meaningful participation means making a contribution to our discussion, not merely talking, and it does not mean repeating case facts or simply agreeing with what others have already said.
- Please do not confuse class attendance with class participation. Note that attending without making meaningful contributions scores no participation points. Daily grades will be recorded on the following scale: 10, said something interesting; 20, said something that really turned the discussion.
- It is important that the instructor get to know who you are and keep track of your class participation; you will be asked to fill out a name card to help that process.

2. Case Study Questions: 100 (2 Cases x 50) Points

- A list of case study questions has been prepared for the following HBS cases. Answering the study questions prior to class is a good way to assure that you have given the materials the requisite amount of thought. Outside research is not required:
 - Case #1: Wal-Mart Stores (HBS 9-794-024)
 - Case #2: Matching Dell (HBS 9-799-158)
- Your assignment is due before class begins on the day of the case discussion. There is no credit provided for late submissions. I expect each student to prepare up to 2-page written answers (full-sentenced, 12-font typed, and double-spaced).
- Please (1) refer to the main concepts and frameworks covered in the readings and lectures, (2) separate and number your answers, and (3) try to balance the length of your answers: 10 points for each answer (10 x 5 answers = 50 points).

3. Comprehensive Case Report: 100 Points

- You are expected to turn in one individual case report for the assigned focal firm of the following HBS case based on the class schedule. Outside research for the case is not required:
- Case #3: The Ready-to-Eat Breakfast Cereal Industry (HBS 9-795-191)
 - Group 1, 2, or 3 members: General Mills' Strategy
 - Group 4, 5, or 6 members: Kellogg's Strategy
- Your assignment is due before class begins on the day of the case discussion. There is no credit provided for late submissions. I expect each student to prepare a 4-page case report (full-sentenced, 12-font typed, and double-spaced) and unlimited appendix for figures and tables if necessary.
- Evaluation Criteria: Your individual full case report should include the following four parts:
 - identifying strategic issues in the case: Define the focal firm and the nature/scope of the problem in the first paragraph of your paper. Conclude the first paragraph with the question to be addressed, and explain why the question is important.
 - undertaking an analysis of those issues: Internal and external analyses remain focused on addressing the question raised. Indicate the factors that are important for answering your question and indicate the interrelationships between critical factors.
 - developing alternative strategies: Generate alternative strategies (not merely functional tactics) to solve the problem identified earlier. Use the results of internal and external analyses to evaluate each option (pros and cons) and develop your recommendations.
 - making problem-solving recommendations: Suggested strategy and action plans should follow logically from the analysis. Check whether your recommendations provide a good answer to the question in the first paragraph. Be sure to discuss implementation issues.

4. In-class Exam: 300 Points

- The final exam will cover the entire lecture materials, and require you to demonstrate your mastery of the key concepts, theoretical frameworks, and analytical tools covered in this course.
- The exam is closed-book and closed-notes. The final exam will use a combination of multiple choices, short answers, and quantitative analysis. Review and sample questions will be provided as the exam date approaches.

5. Strategy Practicum: 350 (200 + 100 + 50) Points

- Weeks 8 and 9 of the course are devoted to applying what we have learned via a series of group presentations and class discussions of different project cases.
- The objective of these practicums is to enhance your ability to:
 - develop a clear and direct presentation for problem-solving,
 - evaluate the adequacy of an argument, position, and plan,
 - listen critically and pose worthwhile questions, and
 - give and receive criticism in a socially acceptable manner.

- For each case, one group will play the role of a consulting team hired to advise the focal case company (client); another group will play the role of the focal company's top management team. The remainder of the class will play the role of various stakeholders.

(1) Consulting Team Presentation	200 points
(2) Consulting Team Report	100 points
(3) Management Team Simulation	50 points

350 points

- In evaluating your presentation and report, the most important criteria concern the strength and logic of your argument. That is: *Does your analysis make sense? Do you marshal facts from the case to support your analysis? Do your recommendations follow from your analysis? Are you able to rule out certain options as being illogical, unrealistic, and/or counter-productive?*
- Fundamentally, you want to lead your audience and reader through a chain of reasoning that drives them toward the same conclusions presented in your recommendations and specific action plans. Your final project will succeed if it accomplishes this task.

(1) Consulting Team Presentation (200 Points)

- The consulting team will have primary responsibility for identifying key issues of the focal company, performing a strategic analysis of the case, providing problem-solving recommendations, and leading a discussion of the case in class.
- Since the group project is expected to provide a detailed analysis of the company and its industry environment, active outside research is encouraged to support your arguments and recommendations. Please gather all the relevant information in order to address key strategic issues found in the assigned HBS case. You are encouraged to use various frameworks, concepts, and techniques discussed in the course or otherwise known to you. Emphasize your judgments and present relevant information, along with analyses, in support of these judgments. Avoid merely rehashing the case facts. After your presentation, the instructor will provide the updates of managerial decisions made by the focal company.
- All group members are expected to participate equally in the presentation. The oral presentation will be delivered within 20 minutes. A copy of all presentation slides and exhibits must be provided to the instructor two days before the presentation, and the hard copies of the presentation handouts for the top management team are due on the day of the presentation.

(2) Consulting Team Report (100 Points)

- Each group will be responsible for preparing the consulting team report of the project case you gave a presentation in class. It will consist of (1) the executive summary and (2) the Q&A note from your presentation. Try to gather feedback and comments from the class and the instructor on your consulting presentation, and make them to your own in the consulting team report.
- Format: There is a limit of 4 pages for the executive summary, with no limit on appendix. The purpose of the page limit is to encourage you to prioritize the material you wish to include in the final document such as the key issues and problem-solving recommendations. Push yourself to be selective, in order to generate a clear, concise, and rigorous paper.

- Along with the 4-page executive summary report, please attach a 2-page discussion note which provides a selected summary of Q&As with the top management team, various stakeholders, and the instructor. A final version of the group case report is due by the final exam date for all groups.
- Evaluation Criteria: Central issues identified and communicated, logical and coherent analysis of the industry and the company, effective use of facts to support arguments, development and evaluation of strategy options (and their pros and cons), and problem-solving recommendations and specific action plans follow from analysis.

(3) Top Management Team Discussion (50 Points)

- After the consulting team presentation, the top management team of the case company (client) will have an opportunity to discuss the case with the consulting team within 10 minutes. Written group report is not required, and top management team simulation will be graded based on the quality of comments and questions asked.
- Top management team should focus on ensuring the accuracy of the diagnosis, the quality of industry/company analysis, and the viability of recommended strategy and action plans. This task requires you to be totally familiar with the focal firm's situation.

(4) Stakeholders Q&A: Individual Participation

- Following the top management team discussion, we will then open the floor to the remainder of the class (the stakeholders).
- Each student of the class (except the consulting or top management team members of the case) is expected to turn in a one-page typed note of three or more questions from the viewpoint of specific stakeholder in order to actively participate in class discussion of the case.
- Individual participation will be graded based on the quality of questions asked in class. A problem well stated is a problem half solved. The statistician John Tukey said:
- *"Far better an approximate answer to the right question, which is often vague, than an exact answer to the wrong question, which can always be made precise."* (John W. Tukey, 1962, The Future of Data Analysis, Annals of Mathematical Statistics, Vol. 33, No. 1, pp. 13-14.)

Please note:

- Please read this syllabus thoroughly. It contains important information that will help you get the most out of your experience in this course.
- While I will do my best to help you, ultimately, you are responsible for knowing what is written here and for your performance in my course.
- The Sakai course website will play a crucial role in this course. You must check it regularly to find announcements and course materials.
- This class may occasionally deviate from the course outline below. The instructor reserves the right to make changes as needed to the course syllabus.

MGMT 573 Weekly Course Outline

Week 1 30-Aug	<p>Introduction to the Business Strategy Course</p> <p>Basic Concepts of Business Strategy: Ghemawat (2010) Ch.1</p> <p>Porter (1996) <i>What is Strategy?</i></p> <p>(Optional) Sadun, Bloom, & Reenen (2017) <i>Why Do We Undervalue Competent Management?</i></p> <p><i>Handout: Strategic Coherence and Sustainable Competitive Advantage</i></p> <p><i>Handout: Theories and Measures of Superior Performance</i></p>
Week 2 06-Sep	<p>Industry Analysis – Opportunities and Threats: Ghemawat (2010) Ch.2</p> <p>Porter (2008) <i>The Five Competitive Forces that Shape Strategy</i></p> <p>Dodd & Favaro (2006) <i>Managing the Right Tension</i></p> <p>(Optional) Schoemaker & Krupp (2015) <i>The Power of Asking Pivotal Questions</i></p> <p><i>Handout: Structure-Conduct-Performance Framework</i></p> <p><i>Handout: Strategic Group Analysis</i></p>
Week 3 13-Sep	<p>Company Analysis – Resources and Capabilities: Ghemawat (2010) Ch.5</p> <p>Peteraf (1993) <i>The Cornerstone of Competitive Advantage: A Resource-based View</i></p> <p>(Optional) Mankins, Harris, & Harding (2017) <i>Strategy in the Age of Abundant Capital</i></p> <p><i>Handout: Criteria of Sustainable Competitive Advantage</i></p> <p><i>Handout: Value-chain Analysis & Value-added Analysis</i></p> <p><u>Take-Home Quiz 1: Causality and Identification</u></p>
Week 4 20-Sep	<p>Competitive Advantage and Generic Strategies: Ghemawat (2010) Ch.3</p> <p>Raynor & Ahmed (2013) <i>Three Rules for Making a Company Truly Great</i></p> <p>McGrath (2013) <i>Transient Advantage</i></p> <p>(Optional) Lafley & Martin (2017) <i>Cumulative Advantage</i></p> <p><i>Handout: Generic Business-level Strategies</i></p> <p><u>Case 1: Wal-Mart Stores, Inc. (HBS 9-794-024)</u></p> <ol style="list-style-type: none"> 1. Evaluate the attractiveness of the discount retailing industry (i.e., five forces) in 1993. 2. Describe Wal-Mart's market-based and resource-based strategies, respectively. 3. What are the main sources of Wal-Mart's advantage (Monopoly or Ricardian rents)? 4. How sustainable will be Wal-Mart's strategic position? What are the threats? 5. How effective will be Wal-Mart's three growth strategies? Their pros and cons?
Week 5 27-Sep	<p>Group Presentation Plan (Progress Report) due at the beginning of class</p> <p>Competitive Dynamics: Ghemawat (2010) Ch.4</p> <p>Van Alstyne, Parker & Choudary (2016) <i>Pipelines, Platforms, and the New Rules of Strategy</i></p> <p>Courtney, Kirkland & Viguerie (1997) <i>Strategy under Uncertainty</i></p> <p>Ghemawat & del Sol (1998) <i>Commitment versus Flexibility</i></p> <p><i>Handout: Strategic Commitment and Strategic Flexibility</i></p> <p><u>Case 2: Matching Dell (HBS 9-799-158) (Continued)</u></p>

Case 2: Matching Dell (HBS 9-799-158)

1. Evaluate the attractiveness of the PC industry in the 1980s versus the 1990s.
2. Why has Dell been so successful in the PC industry during the period?
3. How big was Dell's cost advantage per PC over Compaq and others? (Quantitative)
4. How effective have competitors been in responding to Dell? Any trade-offs?
5. What should major rivals (e.g., IBM, Compaq, HP, or Gateway) do?

Week 6
04-Oct

Strategy under Uncertainty: Game Theory
(Optional) Gans, Scott, & Stern (2018) *Strategy for Start-ups*
Handout: Game Theory and Strategic Commitment
Take-Home Quiz 2: Strategic Commitment and Strategic Flexibility

Week 7
11-Oct

Strategy under Uncertainty: Real Options Theory
Handout: Real Options Theory and Strategic Flexibility
(Optional) Adner & Kapoor (2015) *Right Tech, Wrong Time*

Week 8
18-Oct

Strategy Implementation: Organizational Structure and Control System
Mankins & Steele (2005) *Turning Great Strategy into Great Performance*
O'Reilly & Tushman (2004) *The Ambidextrous Organization*
(Optional) Girod & Karim (2017) *Restructure or Reconfigure?*
(Optional) Neilson, Martin & Powers (2008) *The Secrets to Successful Strategy Execution*
Case 3: The Ready-to-Eat Breakfast Cereal Industry (HBS 9-795-191)
Comprehensive Case Report due at the beginning of class
Group 1, 2, and 3 members: General Mills' Strategy
Group 4, 5, and 6 members: Kellogg's Strategy

Week 9
25-Oct

Strategy Practicum 1: Hulu (HBS 9-318-002)
Consulting team: Group 1 (Top Management team: Group 4)
Strategy Practicum 2: Goldman Sachs (HBS 9-518-039)
Consulting team: Group 2 (Top Management team: Group 5)
Strategy Practicum 3: HTC (HBS 9-718-421)
Consulting team: Group 3 (Top Management team: Group 6)
Strategy Practicum 4: Google Assistant (HBS 9-718-519)
Consulting team: Group 4 (Top Management team: Group 1)
Strategy Practicum 5: Ferrari (HBS 9-618-047)
Consulting team: Group 5 (Top Management team: Group 2)
Strategy Practicum 6: Sandlands Vineyards (HBS 9-718-438)
Consulting team: Group 6 (Top Management team: Group 3)

Week 10
01-Nov

Final Exam
Final Group Report due for all groups

Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

Because MGMT 573 uses in-class group exercises as well as individual participation, a student *cannot* earn an A for the course without contributing to the class as both an engaged individual student and an involved team member. **If you must miss a class or leave early, please notify me in advance.** You are responsible for any class assignments or requirements missed.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believes examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period.

Make-up examinations are discouraged. Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://luc.edu/media/lucedu/quinlan-graduate/pdfs/Honor-Code-Quinlan-July2012.pdf>

Special Request

This course depends on a high level of student engagement and participation. Thus, to minimize distractions to you, your fellow students, and me, please keep your cell phones off during class. Thank you!