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BMGT 604.60: Competitive Strategy

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School of **Business Administration**

COMPETITIVE STRATEGY (BMGT 604-60)

Syllabus Fall 2014

INSTRUCTOR

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COURSE DESCRIPTION

604 is a one-credit introductory course on the topic of strategic management. Strategic management is about the identification, creation and capture of value and the decisions made in pursuit of strategic goals. Managers make these decisions under conditions of constant change, ambiguity and risk, based on an incomplete understanding of the firm and its environment (competition, customers, economic, political and social conditions, global and domestic markets, etc.). This class will also raise many questions tackled in later classes of your MBA program.

We will learn about environmental conditions, the people involved, the tools used for better understanding them and the decisions made through the discussion of case studies, conceptual readings and some mini lectures. This course therefore requires much preparation and active class participation from each participant.

COURSE LEARNING GOALS

1. Appreciate the challenges general managers face in competitive environments.
2. Understand basic questions and concepts of strategic management.
3. Learn concepts and tools of strategic analysis and be able to apply them.
4. Recognize the value of frameworks that help us understand strategic behavior, innovation, implementation, leadership and performance of organizations.
5. Accept the complexity of business reality and the ill-defined problems of competitive strategy.

READINGS

Articles (required readings unless noted otherwise; available on Moodle).

- Collis & Rukstad, 2008. Can You Say What Your Strategy Is? Harvard Business Review, April
- Hamel & Prahalad, 1989. Strategic Intent. HBR May-June. (optional)
- Porter, 2008. The Five Competitive Forces That Shape Strategy. HBR, January.
- Beinhocker et al., 2009. The 10 Trends You Have to Watch. HBR July-August.
- Collis & Montgomery, 2008. Competing on Resources. HBR, July-August.
- Prahalad & Hamel, 1990. The Core Competence of the Corporation. HBR, May/June. (opt.)
- James et al., 2013. How Firms Capture Value from their Innovations, JOM, July.
- Kim & Mauborgne, 2004. Blue Ocean Strategy. HBR, October.
- Cottrell & Sick, 2001. First-Mover (Dis)advantage and Real Options, JACF, Summer.
- Nohria et al., 2003. What Really Works. HBR, July.
- Kotter, 1995. Leading Change. HBR, May-June. (optional)

Case Studies (required reading. Buy these on Study.Net * where I created a class packet)

- Cola Wars Continue: Coke and Pepsi in 2010 (HBS case # 9-711-462)
- Southwest Airlines (Thunderbird case # A09-13-0008)
- Pacific Cataract and Laser Institute: Competing in the LASIK Eye Surgery Market.
- Apple Inc. in 2012 (HBS case # 9-712-490)
- Digital Chocolate (HBS case # 9-410-049)
- Whole Foods Market, Inc. (HBS case # 9-705-476)

* find a description how to access Study.Net on our Moodle site

REQUIREMENTS/GRADING

	<u>weight (%)</u>
1. Five Forces Analysis for the Beverage Bottling Business	20
2. Class Participation/Contribution*	20
3. Discussion Forum Participation	10
4. Strategic Case Analysis and Leadership Group Project	40
5. Peer Evaluation	10

1. Five Forces Analysis Based on Cola-Wars Case

The assignments consist of a two-page paper to be created based on the Cola Wars case study. This paper is an assignment for individual work! It requires a comprehensive Five Forces analysis of the bottling industry. Finish your paper with a summary of your conclusions drawn from your analysis regarding the overall profit potential of the bottling industry.

We will address Five Forces analysis during the conceptual discussion of external analysis and the Cola Wars case on the days prior to the assignment's due date of beginning of class on Sept. 8th. Grading depends on completeness with respect to identifying all of the determinants of the five forces, correctness of the analysis and conclusions based on the Five Forces framework, and conciseness (precise and "tight") of your writing.

2. Class Participation and Contribution

Your class participation is a critical element of this class. Students learn from each other by openly sharing their insights. Active participation is also good practice as passive behavior finds little reward in the business world. While I realize that active participation may not overlap with everyone's learning style, it is a good habit to have. Please also be respectful of others.

Effective oral communication is critical to every manager and business professional. Excellent participation consists of relevant, well-stated opinions said openly in class that build logically upon readings, peer comments, materials discussed, your personal experience, etc. Feel free to challenge your peers and your instructor. Contributions are not just talking in class, however; they include attentive listening to others, active participation in in-class group projects and asking questions. Being on time for class and regular attendance are expected. Everybody must have read the assigned material. As is the case with real world work environments, you are judged not by what you know but by what you contribute. If you feel you were not able—for whatever reason—to provide your contribution during class, please share your thoughts with me in an email or during office hours. Feel free to inquire anytime regarding your participation grade as I keep a continuous log. Bring your name sign to class every time so that I can give you proper credit.

With respect to the cases, you should be able to identify key issues, apply concepts discussed in class previously to the case and address each of the discussion questions. I require that you build case discussion groups that meet and discuss every case before class. I intend to "cold call" regularly to give everyone the chance to participate in class. (I always have your interest at heart ☺). Please let me know in advance when you are absent or unprepared for class to save us both the embarrassment! Missing classes will hurt your participation grade.

3. Participation/Contribution to Discussion Forums on Moodle

There is an opportunity for you to raise issues and/or post relevant, interesting articles for each week of class in the Discussion Forum of the week on Moodle. I will consider for grading contributions before the related class occurred and give a grade each week. I also will consider later postings to a topic at the end of our course, but not later than September 27th. Quality and quantity of your participation in the discussions are considered for grading.

Students taking this course online will only receive one participation grade for their participation in the Discussion Forums, worth 30%.

4. Strategic Case Analysis and Leadership Group Project

The Case Discussion Groups will alternatively analyze the Digital Chocolate or the Whole Foods case studies. This group paper consists of three sections, a strategic analysis, a leadership analysis and a leadership comparison. The strategic analysis, in turn, consist of two parts. The first part is a SWOT analysis of the company as it is described in the case. Make sure you use a five forces analysis and the RBV to put your SWOT analysis on a more systematic footing. Second, based on this analysis, make suggestions for the firm's strategy into the future. Grading depends on proper application of the concepts (PESTEL, SWOT, 5F, RBV, Generic Strategies, Blue Ocean, Innovation, etc.) discussed in class, if your analysis supports your conclusions (i.e., the fit between your analysis, the firms current strategy and your suggestions for future business-level strategic actions), and the conciseness of your writing.

Second, you are asked to analyze the strategic leadership of the two Founders/CEOs in the cases, Hawkins for Digital Chocolate or Mackey of Whole Foods. Use the assigned articles for that topic and our related class discussion as a basis of your analysis. Finally, compare Hawkins' and Mackey's leadership style. Feel free to be critical of these leaders.

For this ten page paper (plus exhibits as you see fit), use about 40% of the space for the strategic analysis, 40% for the leadership analysis and 20% for the comparison. We will assign the cases to the teams in class.

5. Peer Evaluations

You will have a chance to provide feedback on the individual members of your case discussion group regarding their contribution to your case discussions and written group project. Understandably, group members will have different strengths and weaknesses, varying schedules, diverse learning styles, etc. I therefore urge you to talk about expectations for the joint work upfront: who will do what, when, how, etc. This will save you any misunderstandings as you find yourself trying to meet the deadlines. I will provide a peer evaluation form at the end of the course.

GENERAL COURSE POLICIES

1. Academic Honesty

Plagiarism, cheating, or any form of dishonesty will at a minimum result in a zero point grade for the assignment. All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://life.umt.edu/vpsa/student_conduct.php. It is the student's responsibility to be familiar with the Student Conduct Code.

2. Written Assignments

For the written assignments, writing style, the use of headlines and subheadings, etc. are taken into consideration for grading. Submissions must be formatted for standard paper (8.5" x 11"), have one inch margin all around, 12-pt. font size, and be single-spaced. Please submit your written assignments as an email attachment sent to me.

3. Scale for Grading

930 - 1000 = A	770 - 799 = C+
900 - 929 = A-	730 - 769 = C
870 - 899 = B+	700 - 729 = C-
830 - 869 = B	600 - 699 = D
800 - 829 = B-	Below 600 = F

4. Feedback

I am happy to provide feedback at any time, via personal visits or email. In return, I would appreciate any informal feedback (beyond the course evaluations). I have taught strategic management in various programs and formats, but I am always trying out some new things. I am confident most of them will succeed, but equally confident that some will not. I count on you to share your opinions with me.

5. Email

As of 1 July 2007 and due to security issues, email communication between students and faculty may only use official UM email accounts. Accordingly, students must use their GrizMail accounts (fname.lname@umontana.edu). Email from non-UM accounts may be flagged as spam and deleted without further response.

6. Class Notes

You can find copies of my overheads, this syllabus etc. on the Moodle site for this class.

7. Disability Services for Students

Students with disabilities will receive reasonable modifications in this course. Your responsibilities are to request them from me with sufficient advance notice, and to be prepared to provide verification of disability and its impact from Disability Services for Students. Please speak with me after class or during my office hours to discuss the details. For more information, visit the Disability Services for Students website at <http://www.umt.edu/disability>.

THE UNIVERSITY OF MONTANA MBA PROGRAM
School of Business Administration Mission Statement

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

Master of Business Administration Mission Statement

Serving our region by developing leaders to effectively manage organizations in a global business environment.

Master of Business Administration Assessment and Assurance of Learning

As part of our assessment process and assurance-of-learning standards, the MBA program has adopted six learning goals for our students. These are as follows:

SOBA MBA graduates will demonstrate...

- Integrated knowledge of business functions
- Communication skills and teamwork ability
- Ethical conduct, social responsibility and professional leadership
- Analytical and innovative thinking in business problem solving
- Knowledge and application of current trends in information technology
- Ability to evaluate the implications of operating in the global business environment.

PREREQUISITES TO TAKE THIS COURSE

Admission to MBA or MAC program

COURSE OUTLINE

(BMGT 604-60: R 6:10-9:00 p.m., GBB 104)

Date	Topics	Reading Assignment	Due Dates/Notes
Week 1 Aug. 28	<ul style="list-style-type: none"> • Introductions • Strategic Management Process 	<ul style="list-style-type: none"> • Syllabus • Can You Say What Your Strategy Is? • Strategic Intent (opt.) 	
	<ul style="list-style-type: none"> • External Environmental Analysis 	<ul style="list-style-type: none"> • The Five Competitive Forces That Shape Strategy • The 10 Trends You Have to Watch 	Build case discussion groups
Week 2 Sep. 4	<ul style="list-style-type: none"> • External Environmental Analysis (cont.) • Case: “Cola Wars Continue: Coke and Pepsi in 2010” <p><u>Case study questions:</u></p> <ul style="list-style-type: none"> - Analyze the profitability of Coke and Pepsi! Using the Five Forces concept, What is the basis of their profitability? - What macro-level trends are salient to the beverages industry? - What strategic actions do you recommend for Coke and Pepsi? 	<ul style="list-style-type: none"> • Cola Wars case 	
	<ul style="list-style-type: none"> • Internal Environmental Analysis • Case: “Southwest Airlines” <p><u>Case study questions:</u></p> <ul style="list-style-type: none"> - Why is it so hard to make money in the airlines industry? - What are SWA's key resources and capabilities? - How sustainable is SWA's advantage? - What things could go wrong that SWA leaders could control? 	<ul style="list-style-type: none"> • Competing on Resources • The Core Competence of the Corporation (optional) • SWA case 	Five Forces analysis for bottling industry (due Sep. 8)
Week 3 Sep. 11	<ul style="list-style-type: none"> • Internal Environmental Analysis and SWA case (cont.) 		
(Klaus in Billings)	<ul style="list-style-type: none"> • Business Level Strategy • Case: “Pacific Cataract and Laser Institute” <p><u>Case study questions:</u></p> <ul style="list-style-type: none"> - Evaluate PCLI's strategy relative to industry conditions! - Determine PCLI's strengths and weaknesses! - How can PCLI defend its position? 	<ul style="list-style-type: none"> • Blue Ocean Strategy • PCLI case 	

<p>Week 4 Sep. 18</p>	<ul style="list-style-type: none"> • Innovation • Strategic Entrepreneurship • Apple vs. Microsoft 	<ul style="list-style-type: none"> • How Firms Capture Value from their Innovations • First-Mover (Dis) advantage and Real Options 	<p>Watch "Triumph of the Nerds III" video (see Moodle) before class</p>
	<ul style="list-style-type: none"> • Case: "Apple Inc. in 2012" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - What were Apple's historic competitive advantages - Are the conditions in the PC industry favorable or problematic for Apple - Has Steve Jobs found a new formula for Apple's competitive advantage with the iPod—iTunes business? - How sustainable is Apple's competitive position in smartphones? <ul style="list-style-type: none"> • Strategic Leadership 	<ul style="list-style-type: none"> • Apple case • What Really Works • Leading Change (opt.) 	
<p>Week 5 Sep. 25</p>	<ul style="list-style-type: none"> • Strategy Implementation • Strategic Leadership (cont.) • Case: "Digital Chocolate" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - Determine DC's S-W-O-T - Evaluate DC's strategy relative to industry conditions! - Evaluate Trip Hawkins' strategic leadership - What strategic recommendations do you have for Hawkins? 	<ul style="list-style-type: none"> • Digital Chocolate case 	<p>Strategic Case Analysis and Leadership Group Project</p>
	<ul style="list-style-type: none"> • Case: "Whole Foods Market" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - What opportunities do natural foods offer for retailers? - What is Whole Foods strategy? How has it adapted over time? - Evaluate Mackey's strategic leadership. - Compare Mackey's with Hawkin's leadership style - What should Mackey do now to sustain the firm's lead? <ul style="list-style-type: none"> • Course Wrap Up 	<ul style="list-style-type: none"> • Whole Foods Inc. case 	