



# THE OHIO STATE UNIVERSITY

---

## FISHER COLLEGE OF BUSINESS

### STRATEGIC MANAGEMENT BUSMHR 4490 Spring Semester 2017

**Instructor:**

**Dr. Patricia Gorman** MBA, PhD

E-mail: [gorman.207@osu.edu](mailto:gorman.207@osu.edu)

Website: <https://cms.fisher.osu.edu/people/gorman.207>

**Office:**

240 Mason Hall

Hours: Tues 3 PM—5 PM (*and by appointment*)

Phone: 614/ 292-8903

Fax: 614/ 292-7062

**Recitation Section(s):**

8:00 - 9:20 am Tuesday 4390

11:10- 12:30 Tuesday 4383

12:45 – 2:05 Tuesday 4384

Location: 315 Schoenbaum Hall

**Course Text:**

***Strategic Management 3e*** by Frank T. Rothaermel

© 2017 McGraw-Hill Higher Education

ISBN #9781260040708

**Other readings may be provided.**

**Case Studies:**

Note: Case Studies may vary by Recitation.

#1 Cola Wars Continue: Coke and Pepsi	711-462
#2 Apple Inc.	MH0027
#3 Amazon.com, Inc.	MH0031
#4 Tesla Motors, Inc.	MH0032
#5 Walt Disney Co.: The Entertainment King	701-035
#6 eBay's Strategy in China: Alliance or Acquisition	HKU701
#7 Bank of America and the New Financial Landscape	MH0007
#8 McDonald's Corporation	MH0037

*The required course text is available at the OSU Bookstores at a very special rate, and the case studies are available on the Harvard Business School publishing website at this link:*

<http://cb.hbsp.harvard.edu/cbmp/access/50938691>

**Do not purchase case studies until you determine which are required for your Recitation.**

**Course Overview:**

Strategic management is an integrative field that builds upon the three macro learning objectives of the course—how to *analyze*, *formulate* and *implement* strategy in the quest for control of value creating mechanisms and competitive advantage.

Strategy is the set of goal-directed actions a firm takes to acquire and leverage distinctive combinations of resources to gain and sustain superior performance relative to competitors. In any competitive situation, therefore, an effective strategy enables a firm to achieve superior performance.

### **Course Prerequisites:**

*BUSMHR 4490 is an introduction to the concepts and analytic tools in the field of strategic management to understand the drivers of value creation, and the competitive position of firms. Prerequisites include: BUSMHR 2290 and 2291, or BUSADM 499; and BUSMHR 3200 (701), BUSFIN 3220 (620), 3500 (510), BUSMGT 3230 (630), and BUSML 3250 (650); and Senior standing; and enrollment in Fisher College of Business. Not open to students with credit for BUSADM 799. Not open to students in UUSS, UEXP, or PREBSBA-PR.*

### **Expected Learning Outcomes:**

An effective strategy builds upon of three elements. Students taking this class will master the learning outcomes inherent in these three elements. After taking this class, you will therefore be able to do the following:

1. Complete a *diagnosis* of the competitive challenges facing a firm. This element is accomplished through *analysis* of the firm's external and internal environments. Awareness of the *dynamics* of competitive challenges is important to mastery of this strategic element.
2. Develop a *guiding policy* to address the competitive challenge. This element is accomplished through strategy *formulation*, influencing the shape and direction of the firm's corporate, business, and functional strategies.
3. Construct a *set of coherent actions* to implement the firm's guiding policy. This element is accomplished through strategy *implementation*. Incorporating monitoring, learning, and adaptation in implementation is necessary for success.

By understanding effective strategy, and by understanding how to apply the analysis, formulation and implementation (AFI) framework, we can learn how to develop a strategy/ structure relationship that helps the firm pursue competitive advantage. Additional tools are needed to sustain and renew such advantages.

"There is nothing so practical as good theory" Lewin (1951) wrote. In both our large lecture and case-based recitation sections, we use both established strategy theory, certain practical applications the literature of strategic management has developed through time, along with examples drawn from real organizations.

### **Learning Objectives:**

LO Part 1 Analysis: Analyze what strategy and strategic leadership are. Selectively scan and analyze the internal and external environment. Understand how to manage from the "inside out" and "outside in." Understand how to assess, measure and describe a firm's relative advantage.

LO Part 2 Formulation: Explain generic types of business strategy; (i.e., differentiation, cost leadership, niche), innovation strategy (i.e., first mover, platform builder, disruptor); corporate strategy (e.g., vertical integration, diversification, alliances, M&A), and global strategy.

LO Part 3 Implementation: Recognize the strategy/ structure relationship—including organizational design; structure, culture and control, and the overall relevance of sound corporate governance and business ethics practices. Understand and explain common obstacles to and enablers of successful implementation.

Satisfying these objectives involves individual and experiential learning. You will demonstrate understanding of the elements of strategy covered in this course by taking quizzes and exams, completing group case studies, doing a group presentation, and completing at least one individual writing assignment.

**Course Workload:**

The university and college expectation is that students spend two hours outside of class for every hour spent in class. For example, you should expect to spend approximately 6 hours per week outside of class on course-related work for the average course.

**Attendance Policy:**

Any student who fails to attend without giving prior notification to the instructor will be dis-enrolled after the third instructional day of the term, the first Friday of the term, or the second scheduled class meeting of the course, whichever occurs first.

**Lecture and Recitation Grading:**

This course has two main components:

- (1) a **lecture component** where we cover the theories and background material of strategy;
- (2) a **recitation component** focused on case analysis, discussion, and the application of the strategy concepts and frameworks.

*Lecture Component (40% of your final grade):*

- The lecture is where you learn the theory and are exposed to the core concepts, arguments and logic of strategic management.
- Exams: There will be three exams/ quizzes based on lecture material. The quizzes are multiple-choice.
- Your performance on the exams will determine 30% of your total grade. Each quiz is worth 10% each.
- Other: 10% of your grade will be based on other assigned lecture-based criteria such as from submitting original multiple choice questions, class participation, completion of online chapter material, and/or attendance.

*Recitation Component (60% of your final grade):*

- The recitation is where you put theory into practice using the case method. It will consist of conducting the analysis of case studies assigned to you.
- You will be assigned groups that will conduct case write-ups and also present case findings in class.
- You will also be doing an individual writing assignment.
- Your recitation assignments and grading are at the discretion of your recitation professor—please see your recitation syllabus for useful details.

**Grading Scale:**

<b>A</b> = 93 – 100%	<b>C</b> = 73 – 76.9%
<b>A-</b> = 90 – 92.9%	<b>C-</b> = 70 – 72.9%
<b>B+</b> = 87 – 89.9%	<b>D+</b> = 67 – 69.9%
<b>B</b> = 83 – 86.9%	<b>D</b> = 60 – 66.9%
<b>B-</b> = 80 – 82.9%	<b>E</b> = below 60%
<b>C+</b> = 77 – 79.9%	

**Examination Policy:**

Missed exams can only be made-up in extreme cases and with proper documentation. Each decision of potentially allowing a make-up is made by the instructor on a case-by-case basis. Additionally, you must contact the instructor as soon as you know of a potential problem or conflict with a quiz/ exam date. Alternative methods (e.g., oral exam, essay) of testing may be used for make-ups. If you are experiencing an extreme situation or emergency, please attempt to notify the instructor as soon as possible.

**Fairness in Grading:**

We will do everything we can to grade fairly according to the quality of work produced in student assignments. If you carefully review your assignment and become convinced that a particular grade should be reviewed, you may submit a written justification for the reevaluation of the assignment with two copies of all supporting materials. Your appeal will not be successful unless you provide an extensive and well-crafted argument detailing the request. No re-grading will occur before the end of the semester (besides obvious administrative errors).

**Recitation Schedule**

*Tuesday Recitation*

<u>Topic(s) Covered</u>	<u>Week</u>	<u>Date(s)</u>
How to Conduct a Case Analysis	1	Tues Jan 12
Strategic Management Workshop/Group Work	2	Tues Jan 17
Practice Case: Cola Wars Continue: Coke and Pepsi	3	Tues Jan 24
<b>Written Case Due: Apple Inc.</b>	<b>4</b>	<b>Tues Jan 31</b>
Practice Case: Amazon.com, Inc.	5	Tues Feb 7
Practice Case: Tesla, Inc.	6	Tues Feb 14
Practice Case: Walt Disney Co: The Entertainment King	7	Tues Feb 21
Review and Presentations	8	Tues Feb 28
Exam 2 (in Recitation)	9	Tues Mar 7
Spring Break – No Class	10	Tues Mar 14

<b>Written Case Due: eBay's Strategy in China</b>	11	Tues	Mar 21
<i>Completion of a Global Awareness Survey is required between Mar 24 and Mar 31</i>			
Practice Case: Bank of America	12	Tues	Mar 28
<b>Written Case Due: McDonald's Corp</b>	<b>13</b>	<b>Tues</b>	<b>Apr 4</b>
<b>Individual Writing Assignment Due on Business Ethics</b>	<b>14</b>	<b>Tues</b>	<b>Apr 11</b>
Review and Synthesis	15	Tues	Apr 18
<i>Completion of a Peer Teamwork Assessment is required between Apr 19 and Apr 26</i>			
Exam III/Final	16	<i>Determined by your Lecture Section</i>	

\*\*\*\*\*

### **Academic Integrity:**

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's *Code of Student Conduct*, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's *Code of Student Conduct* and this syllabus may constitute "Academic Misconduct."

The Ohio State University's *Code of Student Conduct* (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's *Code of Student Conduct* is never considered an "excuse" for academic misconduct, so I recommend that you review the *Code of Student Conduct* and, specifically, the sections dealing with academic misconduct.

**If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct.**

If COAM determines that you have violated the University's *Code of Student Conduct* (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Other sources of information on academic misconduct (integrity) to which you can refer include:

- The Committee on Academic Misconduct web pages ([COAM Home](#))
- *Ten Suggestions for Preserving Academic Integrity* ([Ten Suggestions](#))
- *Eight Cardinal Rules of Academic Integrity* ([www.northwestern.edu/uacc/8cards.htm](http://www.northwestern.edu/uacc/8cards.htm))

### **Disability Policy:**

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options. You are also welcome to register with Student Life Disability Services to establish reasonable accommodations. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information: [slds@osu.edu](mailto:slds@osu.edu); 614-292-3307; [slds.osu.edu](http://slds.osu.edu); 098 Baker Hall, 113 W. 12th Avenue.

\*\*\*\*\*

### **Case Study Questions:**

#### **#1 Cola Wars Continue: Coke & Pepsi**

1. Why, historically, has the soft drink industry been so profitable?
2. Using the competitive forces model compare the attractiveness of the concentrate business to that of the bottling business.
3. How profitable is the concentrate industry segment versus the bottling segment? Which competitive forces best explain why profitability is so different between these two industry segments?
4. How has the competition between Coke and Pepsi affected the industry's profits?
5. How can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-CSDs?
6. Analyze shareholder return and compare and contrast Pepsi and Coke with each other and broader market averages in terms of stock price and relevant historical and updated financial data. Who is winning the cola wars?

#### **#2 Apple Inc.**

1. Conduct an internal and external environmental analysis for Apple using the SWOT matrix.
2. Next, conduct a SWOT analysis for one of the following (Samsung, Google, Xiaomi, Amazon, or Microsoft) and compare Apple with it, and how the technology changes and the convergence of markets have increased competition between technology firms.
3. Summarize Apple's product segments and suggest where it can pursue continued growth. Use data in and outside the case to assess Apple's profitability in these segments. Is it likely to continue? If yes, how so? If not, why not?
4. Pick one of Apple's product segments and use the VRIO decision tree to decide if the resources, capabilities, and/ or competencies that underpin it can help Apple achieve and sustain competitive advantage.
5. Dynamic capabilities (DCs) are essential to move beyond a short-lived advantage and create a sustained competitive advantage. For a firm to sustain advantage, any fit between its internal strengths and the external environment must be dynamic. Give an example of DCs Apple has used or can use to transform itself.
6. Identify the top challenges Tim Cook faces and how he should address them.

#### **#3 Tesla Motors, Inc.**

1. Conduct a PESTEL analysis to identify the forces affecting car manufacturing of alternate energy vehicles.
2. Using VRIO analysis, evaluate whether Tesla has a sustained competitive advantage.

3. How has Tesla departed from existing auto industry practices? Use aspects of the strategy formulation area of the AFI framework here (e.g., any partnerships and alliances).
4. What short-term objectives are required in order for Tesla to survive?
5. What are the primary elements of Tesla's internal and external environment that need to be addressed for it to achieve a sustained competitive advantage?
6. Conduct a SWOT analysis to analyze internal and external conditions Tesla must consider going forward.

#### **#4 Amazon.com, Inc.**

1. Assess Amazon's resources and capabilities using the VRIO framework. Can Amazon gain and sustain a competitive advantage? Why or why not?
2. Perform a SWOT analysis for Amazon.com. Pay particular attention to industry convergence. What are the strategic implications for Amazon?
3. Which business strategies and business models are being employed by the major competitors in this case? Which are most successful, and why?
4. Formulate a business strategy and business model that would allow Amazon to become and remain profitable.
5. What are the implications of your strategy formulation at the business level for Amazon's corporate strategy?
6. How should Jeff Bezos go about implementing any changes to the business and corporate strategy recommended earlier? What changes to structure and process need to take place?

#### **#5 Walt Disney Co.: The Entertainment King**

1. Why has Disney been successful for so long? What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income? What are some major things Bob Iger has done more recently to increase net income?
2. Regarding corporate strategy—consider three dimensions of scope (vertical, geographic, product). Which expansion modes has Disney been pursuing?
3. How specifically does Disney pursue vertical integration? Give examples from the case. Apply transaction cost economics to understand Disney's vertical expansion decisions.
4. Is there any evidence of Disney destroying value via diversification?
5. Identify and explain the types of diversification/ integration within Disney's overall corporate strategy you determine to be successful. Use financial data from the case or outside sources.
6. Does it make sense for Disney to be expanding domestically or internationally at present?

#### **#6 eBay's Strategy in China: Alliance or Acquisition**

1. eBay first entered the Chinese market in 2002 by acquiring a 33% stake in its local counterpart, EachNet, followed by a full acquisition a year later in 2003. Critically assess eBay's choice of market entry strategy for China, listing both the advantages and disadvantages of its acquisition strategy.
2. Assess the potential benefits and risks of eBay's joint venture with Tom Online.
3. eBay will have a 49% stake in the new joint venture while Tom Online will have 51% ownership. Critically assess both companies' decisions on their respective percentage of stake.
4. Identify and explain alternative ownership and governance structures that would help to mitigate the risks of the joint venture with Tom Online. What alternative expansion modes might mitigate these risks and why?

5. eBay's expansion modes in China included acquisition and joint venture. Critically evaluate each mode of diversification by identifying the advantages and disadvantages for eBay given the competitive environment within the overall industry and specifically in China.
6. Why did eBay lose out to Alibaba in China? What lessons can be learned for non-Chinese ecommerce companies as a result?

#### **#7 Bank of America and the New Financial Landscape**

1. Perform an internal (VRIO) analysis of BAC's resources, capabilities, and core competencies. Which competencies should be the basis of the bank's future strategy?
2. What should be BAC's corporate-level strategy moving forward? What should the newly integrated bank look like and do in terms of activities?
3. How did corporate governance policies (or lack thereof) contribute to the financial crisis of 2008?
4. Did BAC breach ethical standards by failing to disclose the extent of Merrill's losses and its agreement to pay year-end bonuses to Merrill executives?
5. Consider the effects of BAC's actions on stakeholders in light of the five questions listed in the stakeholder analysis framework.
6. Analyze the leadership changes at BAC after the financial crisis. Do you think they will be effective? Why or why not? Consider the strategy implementation framework.

#### **#8 McDonald's Corporation (written)**

1. Which trends in McDonald's external environment are likely to have the greatest impact on the company's ability to sustain a competitive advantage?
2. How is McDonald's positioned vis-à-vis its major competitors?
3. Which business-level strategy does McDonald's employ? Is it effective? How so?
4. Which international strategy does McDonald's employ? Is it effective? How so?
5. How should Easterbrook adapt the organizational structure of McDonald's to achieve his strategic plan?
6. Among all the roles played by strategic leaders, which ones will be most important as Easterbrook implements his strategic plan?

#### **Case Study Guidelines:**

- The case write-ups should be at a minimum five pages of text, or about 1,800 words with 12-point font and 1.5-line spacing. At least three additional exhibits are to be included, although these exhibits will not be counted in the five pages.
- The three group written case studies are due in the assignment dropbox on the due dates given. Bring a copy to class for discussion purposes (although you only need turn in a digital copy, one per group). Include the names of everyone in your Group on your work.
- For practice cases, you need not turn in anything, but have your answers ready and come to class prepared to discuss them.
- The group case presentations to class should be a minimum of 20 minutes (maximum 30) and allow a few minutes for discussion. On the day you present, have one of your group members put the presentation notes or any prepared materials in the assignment dropbox.
- You will be asked to assess the teamwork in your group at the end of the semester.



**Case Study Q & A:**

- Is it all right to use outside materials? Of course. Although you are only charged with answering the case questions above, you may wish to use outside materials such as financial data and/ or material from your text or other useful sources.
- Can I talk about the case with other students? Yes. This is part of the preparation process. You need to meet with your group to analyze, discuss, debate and share insights. You may not reach a consensus—that's OK. The goal is to discuss your ideas with the group and come up with high- quality, plausible solutions.
- Is it OK to contact the company for more information? You won't need to do this and it is not encouraged. If you wish to and/ or if you know someone working at one of the firms, take care to represent yourself in the most professional and ethical manner. Some companies may not be receptive to this, and others may. If you wish to try, please see your professor.
- What should I include in the case write-ups? Include a brief outline of salient facts, but spend most of your time explaining and supporting your recommendations. See examples of previous write-ups on the website. Follow the memo format and answer the questions to the best of your group's ability. You will use elements from the case, the text, and consider your strategy tools, the AFI framework, and the content of the lectures.

**Individual Writing Assignment Guidelines:**

Ethical business practices are the foundation of all good strategy. Instructions for the individual writing assignment on business ethics will be made available before Spring Break.

The deadline for the individual writing assignment is on or before the calendar due date (Apr 11), no exceptions. Please submit the individual writing assignment in the assignment box. The individual assignment is worth 10% of your final grade.