



EMORY

GOIZUETA
BUSINESS
SCHOOL

BUS 331: Strategic Management

Goizueta Business School

Emory University

Spring 2011

Piedmont Project Statement

On Monday, April 11, 2011, students in BUS 331: Strategic Management will discuss corporate social responsibility (CSR) in the context of environmental sustainability. Generally, the debate over CSR involves trade-offs between corporate strategies that focus solely on profits and those that consider a broader set of societal issues (e.g., carbon emissions, conservation, ethics). This session serves as an important contrast to the other sessions in BUS 331. While other classes focus on industry structure and market dynamics that shape opportunities for companies to earn profits, this class forces students to engage broader societal concerns that are shaped by corporate profit-seeking behavior.

Without this session on CSR, students could complete the course without engaging such issues. I realized this the first year I taught this course in 2009 and incorporated a session on CSR into the course in 2010. However, the Piedmont Project enabled me to structure this session in more thoughtful way. The assigned readings and the discussion case provide an excellent opportunity for students to meaningfully engage CSR issues in a way that identifies implicit trade-offs between short-term and long-term profitability, how environmental sustainability influences a company's competitive advantage, and how and why different market participants define CSR so differently. Consideration of such issues now is expected to prepare students to be more conscientious managers in the future.

Two readings are assigned: (1) Milton Friedman's classic *New York Times* article "The social responsibility of business is to increase its profits." and (2) N. Craig Smith's *California Management Review* article "Corporate social responsibility: Whether or how?" These two readings present contrasting views on CSR and provide the theoretical background for our in-class discussion of the Ivey Business School case "Fiji Water and Corporate Social Responsibility." The Fiji Water case details the incredible sales growth of bottled water extracted from the Fiji Islands and sold globally. The case also details CSR issues associated with this growth, namely the measurement of the carbon footprint associated with bottling and transporting water from Fiji to global markets, efforts to reduce that carbon footprint, the sincerity of such efforts, the sustainability of continuing to extract increasingly larger volumes of water from the islands, and the company's relationship with the government and citizens of Fiji.



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**Professor Chris Rider
Office 557
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**Class Times: tbd
Office Hours: tbd**

This syllabus is required reading for this course.

INTRODUCTION

This course is focused on how to create and sustain advantages in highly competitive business environments. We will focus on analytical frameworks and techniques for evaluating business situations and for developing strategies to improve organizational chances of success. Specifically, we will consider the internal and external factors that determine firms' chances of success; firms' offerings and costs relative to competitors; the scope of firm activities; the markets and niches a firm serves; the resources and capabilities that firms leverage; and market expectations of corporate social responsibility. All of these factors inform our understanding of the relationship between strategy and competitive advantage.

Students will adopt the perspective of a general manager (e.g., of a business unit, a plant, a region, a division, a product line, an entire company) focused on long-term profitability. We will answer questions typically addressed by senior corporate executives. There are at least two common reactions to this challenge: (1) "It will be years before I'm a senior executive. Why do I need this course now?" or (2) "This course will accelerate my time-to-senior executive!" You are encouraged to respond to the challenge in a manner consistent with #2. By considering business situations from the perspective of those who will be supervising your work and/or leading your employers, you will be prepared to deliver high quality work products. The reason is that this course will prepare you to anticipate the most likely concerns and questions of senior executives making important business decisions. You will formulate answers before they even formulate their questions; the Goizueta Business School will gladly accept your gratitude in the form of alumni donations.



COURSE FORMAT

This course will consist of lectures, case discussions and group presentations. As a rule, case discussions start with a “cold call.” On occasion, I also cold call students during the discussion so it is in your best interest to prepare for every class and to pay close attention during class. This course will be most valuable (and enjoyable) if all students are engaged and participating in a productive manner. To contribute to a productive learning environment, you must do the following:

SPECIFIC EXPECTATIONS OF STUDENTS

1. Think. Regularly and clearly.
2. Attend all classes for the section in which you are enrolled.
3. Notify the instructor, via email, of an absence before the absence occurs.
4. Prepare, prepare, prepare. For every class.
5. Listen. Pay attention. Seek to understand and then to contribute.
6. Participate regularly throughout the semester (more details below).
7. Treat all classmates and their opinions with respect.
8. Carefully consider your position and state it clearly.
9. Apply course concepts to frame and support your position.
10. Display your name card in each class.
11. Do not use laptops for anything other than taking notes during class.
12. Switch cell phones to silent mode during class.
13. Complete all assignments and exams.
14. Work hard.

As for participation, quality is much better than quantity. You need not speak often; you need speak thoughtfully. Carefully considered arguments based on case facts that support your position are good; even better is specific identification of what it would take to change your position (e.g., alternative assumptions, changes in facts). Structured comments that move discussions forward are preferred to repeating previous points, stating the obvious, and rambling mindlessly. What is and is not “quality” will become clear as the semester progresses.

COURSE MATERIALS

The course reader is required reading; it may be purchased from Study.net. Anything not posted on Study.net will be distributed via FirstClass or via the Emory library eReserves. There will not be a textbook. Additional materials will be distributed in class on an as-needed basis. Lecture slides will be distributed in class and via FirstClass after class; case discussion slides will not be distributed.

EXAMS

There will be two in-class exams on **Wednesday, February 2nd** and **Wednesday, April 6th**. Exams will be discussed in more detail during class.



GROUP ASSIGNMENTS

Business success requires good communication and teamwork skills. This course will prepare students for a successful business career by providing an opportunity to work on course assignments with a group for 2 case analyses and 1 final course project.

You will form your own groups. On average, there will be approximately 6 members per group; there may be no fewer than 5 and no more than 7 group members. All groups must be composed of students in the same section; there will be no exceptions. Group composition will remain the same for the duration of the course.

You must email the instructor with the names of all group members by Wednesday, January 26th.

Case Analyses

All groups will complete two case analyses. Your group may choose one of three cases for the first case analysis assignment. All groups must analyze the Sensormatic case for the second assignment. Due dates and guidelines below; more details in class.

Case Analysis #1: choose one of the following

- Airborne Express → due Monday, February 21st
- Dell → due Wednesday, February 23rd
- Ryanair → due Monday, February 28th

Case Analysis #2: every group analyzes this case

- Sensormatic → due March 23rd
- Case analyses must be emailed by one group member to the instructor by 1pm on the due date. Analyses submitted after 1pm will receive ZERO credit on the assignment. Additionally, groups must submit a hard copy at the BEGINNING of class on the due date.
- All case analyses must directly answer the assigned questions (see course schedule).
- All case analyses must be SOLELY the work of group members. Only course materials (e.g., lecture notes, readings, and cases) may be used to analyze the case. The use of any outside analysis or un-cited sources will be severely penalized (refer to BBA Honor Code).
- Case analyses must be 5 pages long, double-spaced, in 12-pt Times New Roman font with 1-inch margins on all sides. You may print double-sided but have no more than 5 pages of text.
 - Include a cover page identifying all group members (does *not* count as 1 of 5 pages).
 - Up to 3 additional pages for appendices are permitted if additional analysis (e.g., spreadsheets, tables, summary charts) is absolutely necessary to support the argument presented in the case. Appendices MUST be discussed in the text and MUST directly support the analysis. Do not include unnecessary appendices.



Group Project

In lieu of a final exam, all groups will complete a final group project that will be presented towards the end of the semester. We will discuss group dynamics and performance in class on Monday, January 24th. Basic project details follow; more during class time.

1. The job

Each group will be assigned a publicly-traded company (i.e., your client). As consultants, you must thoroughly evaluate your client's competitive situation and prepare (a) a 3-page summary report for the client's senior executive team and (b) a presentation outlining your analysis and strategic recommendations. Both the report and the presentation must address the following:

INDUSTRY ANALYSIS

- How is the client's industry defined? How has the industry evolved?
- What are the critical drivers of success in this industry?

COMPETITOR ANALYSIS

- Identify the client's two primary competitors and evaluate their strengths and weaknesses.

CLIENT ANALYSIS

- What are your client's competitive advantages and/or disadvantages? How have they evolved over time?

STRATEGIC RECOMMENDATIONS

- Deliver 2-3 concrete strategic recommendations for improving the client's competitive position.
 - Must be plausibly implemented within a reasonable timeframe.
 - Include a timeline for implementation and specific criteria for defining "success."
 - Clearly identify key assumptions and potential obstacles.

2. The logistics

There will be 10-12 groups and 5-6 clients in each section; 2 groups will be assigned as consultants to each of the clients. Both groups will prepare strategic recommendations and a presentation for the client. On presentation day, one group will be randomly selected to present for each client and the other group will take on the role of the client's senior executive team. The presentation, including Q & A, will last 30 minutes total (½ for presentation, ½ for Q & A). Presentation dates and clients will be assigned by March 1, 2011.

3. The deliverables

Each group will deliver (a) a 3-page executive summary report, (b) electronic *and* paper copies of all presentation materials and (c) a comprehensive reference list of all sources, including but not limited to books, databases, articles, websites, individual interviews and correspondence, television programs, etc. All deliverables must be emailed by 1 group member to the instructor by 1pm on the scheduled presentation date.



GRADING

Final course grades will follow the Goizueta-recommended grade distribution for BBA courses. This is intended to produce an equitable distribution that ensures academic rigor and offers accurate feedback to students regarding their academic performance. Your course grade will consist of both individual *and* group components.

1. Individual

- 15% class participation (CP)
- 15% exam #1 (EX1)
- 15% exam #2 (EX2)
- 15% individual contribution to the group, as rated by group members (IC)
 - Group members will rate each other on their contributions to the group analyses, the project, and the presentation.
 - More details on this process will be discussed in class.

2. Group

- 10% group’s score on case analysis #1 (CA1)
- 10% group’s score on case analysis #2 (CA2)
- 20% group’s score on final project

Each component (e.g., CP, EX1, CA1) will be normalized by the class average (across both sections) on each component. For example, if the average exam #1 grade is 11 out of 15 then a student that received a score of 14 would receive an EX1 score of 1.27 (14/11). Each normalized component score will then be weighted to produce a Final Grade Score. The calculation is as follows:

$$Final\ Grade = 0.15*(CP) + 0.15*(EX1) + 0.15*(EX2) + 0.15*(IC) + 0.10*(CA1) + 0.10*(CA2) + 0.20*(GP)$$

The Final Grade scores serve only to rank students in BUS 331-000 and 331-001; there is no predetermined relationship between absolute numeric scores and letter grades.

PROJECTED GRADE DISTRIBUTION

Numeric final grades will be converted to letter grades by combining Sections 000 and 001, ranking all Final Grade scores and assigning letter grades according to the recommended grade distribution for BBA core classes. The approximate distribution will be as follows:

Letter Grade	% of Students in 331-000 and 331-001
A	15-20%
A-	15-20% (no more than 35% will receive A or A-)
B+	15-20%
B	15-20%
B-	10-15% (no more than 45% will receive B+, B or B-)
C+ or below	20%

**POLICY ON GRADE APPEALS (VERY IMPORTANT)**

This course will prepare you to succeed in business. After graduation, supervisors will regularly evaluate your performance; you will often disagree with their evaluations. Rarely will stopping by your supervisor's office to lobby for a better rating or to complain about the process be rewarded with greater compensation, more promising projects, increasing responsibility, or unusually early promotions. As such, neither lobbying for higher grades nor complaining about grading will be rewarded in this course. However, mistakes will occasionally be made and the merits of your work product will occasionally be underappreciated. Such instances are addressed as follows:

1. If you would like your grade on a specific assignment to be reconsidered, then you must compose a memo that justifies further consideration of your work.
 - a. All memos must be submitted within 1 week of the original grade being distributed.
 - b. The memo must be no more than 1 page (12-pt font, single-spaced, 1" margins).
 - c. The memo must be emailed to the instructor.
2. Final decisions will be made within 1 week of submission (and, usually, much sooner).
3. The assignment will be re-considered in its entirety; grades may be adjusted upward, adjusted downward or unaltered.
4. All grade appeals must be written; none will be considered during office hours or class time.

Note that you are more likely to be successful in business if you can persuade others logically, not emotionally, in a concise and specific manner. Consequently, such appeals are most likely to result in more positive evaluations upon further review. Bear in mind that the grade appeal process is designed to prepare you to succeed in business; the process should *not* be abused (i.e., treated as a lottery ticket with a low probability chance of receiving a higher grade). Excessive appeals will not be viewed favorably.



COURSE SCHEDULE

Date	Topic	Required Preparation
WED 1/12	Introduction	<ul style="list-style-type: none"> Complete online survey (< 5 minutes). Read syllabus.
MON 1/17		No class. Martin Luther King, Jr. holiday
WED 1/19	What is strategy?	<ul style="list-style-type: none"> “What is strategy?” by M. Porter “Crafting strategy” by H. Mintzberg Honda (A), HBS Case #384049 (½ of class) Honda (B), HBS Case #384050 (½ of class) Questions to prep : <ol style="list-style-type: none"> 1) What caused Honda’s success? 2) What role did “good management” play in Honda’s success? 3) How do you define “good management” in #2?
MON 1/24	Economic foundations of strategy	<ul style="list-style-type: none"> Prepare to discuss group dynamics & performance. Introduction and Chapter 1 (pp. 1-39) in <u>Economics of Strategy</u> by Besanko, et al. (5th edition) Questions to prep: <ol style="list-style-type: none"> 1) Do you understand the relationship between cost and output? Can you compute profit? 2) How does a profit-maximizing firm make decisions regarding prices and quantities?
WED 1/26	Industry analysis	<ul style="list-style-type: none"> EMAIL GROUP LIST to Chris_Rider@bus.emory.edu “Understanding Industry Structure” by M. Porter Questions to prep: <ol style="list-style-type: none"> 1) Is this clear? 2) What could be made more clear?
MON 1/31	Applied industry analysis	<ul style="list-style-type: none"> “Cola Wars Continue” HBS Case 9-702-442 (2004 revision) by D. Yoffie & D. Wang Questions to prep: <ol style="list-style-type: none"> 1) Why is the soft drink industry so profitable? 2) Why is producing concentrate more profitable than bottling cola? 3) What effect does Coke-Pepsi competition have on profitability?
WED 2/2	EXAM #1	Review course materials. Prepare to apply knowledge.
MON 2/7	Competitive dynamics	<ul style="list-style-type: none"> “The Right Game” by Brandenburger & Nalebuff Questions to prep: <ol style="list-style-type: none"> 1) Identify a real-world business situation where game theory informs strategy.



Date	Topic	Required Preparation
WED 2/9	<i>Applied competitive dynamics</i>	<ul style="list-style-type: none"> • “Lesser Antilles Lines” by Pfeifer & Gelly <ol style="list-style-type: none"> 1) What is LAL’s pricing strategy? Is it sustainable? 2) What assumptions are behind Exhibit 4? 3) If we accept these assumptions, what action should LAL management take? 4) Which assumptions, if unrealistic, would cause you to change your recommendation and why?
MON 2/14	<i>Core competence and industry evolution</i>	<ul style="list-style-type: none"> • “The Core Competence of the Corporation” by Prahalad & Hamel • “Intel, 1968-97” by Collis, Pisano & Botticelli, HBS Case 9-797-137 • Questions to prep: <ol style="list-style-type: none"> 1) What was Intel’s DRAM strategy? 2) Why did Intel’s DRAM market share decline so dramatically from 1974 to 1984? To what extent is this decline attributable to strategy? 3) What was Intel’s microprocessor strategy? 4) Why was the microprocessor strategy more sustainable than the DRAM strategy?
WED 2/16	<i>Cost advantage</i>	<ul style="list-style-type: none"> • Ch. 6 <i>Cost Leadership</i> in “Gaining and Sustaining Competitive Advantage” by J. Barney (3rd ed., 2007) • Questions to prep: <ol style="list-style-type: none"> 1) What are some examples of companies with substantial cost advantages? 2) What is the basis of each cost advantage?
MON 2/21	<i>Competitive cost analysis (1)</i>	<ul style="list-style-type: none"> • CASE ANALYSIS #1 DUE (option #1) • “Airborne Express” by Rivkin, HBS Case #9-798-070 • Questions to prep: <ol style="list-style-type: none"> 1) How did AE survive and prosper despite changes in the express mail industry? 2) Quantify AE’s competitive advantage. • Should AE adopt distance-based pricing?
WED 2/23	<i>Competitive cost analysis (2)</i>	<ul style="list-style-type: none"> • CASE ANALYSIS #1 DUE (option #2) • “Matching Dell” by Rivkin and Porter, HBS Case #9-799-158 • Questions to prep: <ol style="list-style-type: none"> 1) Why is profitability in the PC industry so low? How did it come to be this way? 2) What strategy is responsible for Dell’s success? 3) Calculate Dell’s advantage over Compaq in serving business customers. How did competitors respond to this advantage?



Date	Topic	Required Preparation
MON 2/28	<i>Applied strategic management</i>	<ul style="list-style-type: none"> • CASE ANALYSIS #1 DUE (option #3) • “Dogfight over Europe: Ryanair (A)” by Rivkin, HBS Case 9-700-115 • <i>Questions to answer for Case Analysis #1:</i> <ol style="list-style-type: none"> 1) Based on your industry and competitor analysis, does Ryanair have a good strategy? 2) How will Ryanair’s competitors likely respond? 3) Will Ryanair’s launch strategy be profitable? 4) Will Ryanair gain a sustainable competitive advantage?
WED 3/2	<i>Final project preparation</i>	Strategic issues regarding the final project and presentation will be discussed. Prepare questions.
MON 3/7		<i>No class. Spring recess.</i>
WED 3/9		<i>No class. Spring recess.</i>
MON 3/14	<i>Differentiation advantage</i>	<ul style="list-style-type: none"> • Ch. 7 <i>Product Differentiator</i> in “Gaining and Sustaining Competitive Advantage.” by J. Barney (3rd ed., 2007) • Questions to prep: <ol style="list-style-type: none"> 1) What are some examples of companies with differentiation strategies? 2) What is the basis for differentiation advantage?
WED 3/16	<i>Competitive differentiation analysis</i>	<ul style="list-style-type: none"> • “Ducati” by Gavetti, HBS Case 9-701-132 • Questions to prep: <ol style="list-style-type: none"> 1) What was Ducati’s turnaround strategy? 2) Can Ducati sustain its competitive advantage? 3) Should Ducati offer cruisers? How would you persuade the CEO to follow your advice?
MON 3/21	<i>Vertical integration (1)</i>	<ul style="list-style-type: none"> • Ch. 13 <i>Vertical Integration and the Scope of the Firm</i> in “Contemporary Strategy Analysis” by R. Grant (6th ed., 2007). • Questions to prep: <ol style="list-style-type: none"> 1) Why do some companies “outsource” (e.g., sub-contract an activity to a 3rd party)? 2) Why do some companies “off-shore” (e.g., relocate an activity to another country)?



Date	Topic	Required Preparation
WED 3/23	Vertical integration (2)	<ul style="list-style-type: none">• CASE ANALYSIS #2 DUE• “Sensormatic Electronics Corp.” by Garvin, HBS Case #9-681-095• Questions to answer for Case Analysis #2:<ol style="list-style-type: none">1) Should Sensormatic manufacture injection-molded plastic parts (i.e., backward vertical integration)? If so, how?2) What qualitative evidence supports your position?3) What quantitative evidence supports your position?
MON 3/28	Diversification (1)	<ul style="list-style-type: none">• “Creating Corporate Advantage” by Collis & Montgomery, HBS #98303.• Questions to prep:<ol style="list-style-type: none">1) What is “synergy”?2) How does “synergy” create value? How might value be destroyed by diversification?
WED 3/30	Diversification (2)	<ul style="list-style-type: none">• “The Walt Disney Co.” by Rukstad, Collis & Levine, HBS Case #9-701-035• Questions to prep:<ol style="list-style-type: none">1) How has Disney sustained its success?2) How did Eisner improve Disney’s competitive position?3) What limits Disney’s diversification strategy?
MON 4/4	Strategic management review	Review key course concepts and prepare questions for discussion.
WED 4/6	Exam #2	Prepare to apply knowledge of strategic management.
MON 4/11	Corporate social responsibility (CSR)	<ul style="list-style-type: none">• “The social responsibility of business is to increase its profits.” by Milton Friedman.• “Corporate social responsibility: Whether or how?” by N. Craig Smith• “Fiji Water and Corporate Social Responsibility” by McMaster and Nowak, Ivey Case 909A08.• Questions to prep:<ol style="list-style-type: none">1) To what do you attribute Fiji Water’s success?2) Is Fiji Water a socially responsible company? Why or why not?3) Can CSR be a competitive advantage? If so, then is such an advantage sustainable?4) What are <i>your</i> standards for CSR?



Date	Topic	Required Preparation
WED 4/13	Group presentations (1)	Groups to be announced.
MON 4/18	Group presentations (2)	Groups to be announced.
WED 4/20	Group presentations (3)	Groups to be announced.
MON 4/25	Strategic career management	Brief readings to be assigned. Prepare questions for discussion.
WED 4/27		No class. Reading period.

Appendix 1: Goizueta Business School BBA Honor Code

Members of the Roberto C. Goizueta Business School community are committed to values of honor, integrity, and accountability. We will not use dishonest means to gain unfair advantage in the academic arena, nor will we tolerate anyone who does so.

Academic dishonesty is a corrosive force at any University. Apathy or acquiescence in the presence of academic dishonesty is not a neutral act. It undermines the bonds of trust and honesty between members of the community and defrauds those who may eventually depend on our knowledge and integrity.

All members of the University community, students, faculty, and staff share the responsibility and authority to challenge and report acts of apparent academic dishonesty. Any member of the University community who has witnessed an apparent act of academic dishonesty, or has information that reasonably leads to the conclusion that such an act has occurred or has been attempted, has the responsibility to inform the faculty member in the class involved or the Honor Council promptly in writing.

More info: http://www.goizueta.emory.edu/degree/bba/downloads/BBA_Honor_Code.pdf

Specific Applications of the BBA Honor Code to BUS 331 (list not all-inclusive)

1. Providing course materials to other students who have not yet taken BUS 331 is an act of academic dishonesty.
2. Providing course materials to, or discussing assignments and/or exams with, students in other sections of BUS 331 before the material has been covered in their section is an act of academic dishonesty.
3. Group projects that do not reflect the work of *all* group members or that reflect individuals who are *not* members of the group are the product of academic dishonesty.
4. Using external sources without properly citing them is an act of academic dishonesty.

Appendix 2: Sample Group Member Evaluation Form



Your Name: _____

Signature: _____

Date: _____

You must evaluate the contribution of each group member, including yourself, to the group assignments for BUS 331 (i.e., Ryanair and NHLEC case analyses and the final group project). Please use the scale below to rate the contribution of each group member. Use only the integers below; no fractions or decimals. Refer to the table below for rating guidance.

1	2	3	4	5
Unsatisfactory	Marginal	Satisfactory	Good	Excellent

Rating	Label	The quality of the group's work would have been...
1	Unsatisfactory	...better without this member.
2	Marginal	...the same with or without this member.
3	Satisfactory	...somewhat diminished without this member.
4	Good	...diminished without this member.
5	Excellent	...severely diminished without this member.

In the table below, please list all group members in alphabetical order by last name. Include yourself and take care to list all group members' full names. In the third column list your numeric rating of their contribution to the group (1, 2, 3, 4 or 5).

Group Member	Group Member Name	Your Rating of Their Contribution
1		
2		
3		
4		
5		
6		
7		