REQUIRED COURSE MATERIALS:


   This text provides a comprehensive and concise introduction to the key principles of strategy. We will read most of the chapters over the course of the semester. If you don’t want to buy this textbook, you at least need to read chapters from other textbooks covering similar topics, or do Google search for and read webpages of similar content before and after each session.

2. Course Packet

   It contains 12 Harvard business cases and other reading materials. More information about the course packet will be available in the first class session.

I. COURSE OVERVIEW

Perspective and Theme

This course is about the creation and maintenance of a long-term vision for the organization. This means that it is concerned with both the determination of strategic direction and the management of the strategic process. As such, it deals with the analytical, behavioral, and creative aspects of business simultaneously.

The course is organized around three themes in strategic management: *business strategy* and *corporate strategy* (i.e., *strategy formulation: the “what” or content of a strategy*), and *strategy implementation (the “how” or process behind executing a chosen strategy)*.

Our perspective in this course is that of the general manager whose responsibility is the long-term health of the entire firm or a major division. The key tasks involved in general management include the detection of and adaptation to environmental change; the procurement and allocation of resources; the integration of activities across subparts of the organizations; and, at the most
senior levels, the determination of purpose and the setting of corporate direction.

General managers, from our perspective, are those who are in the position to make strategic decisions for the firm. Note that such managers are not “generalists” in the sense that they need to know a little bit of everything, but not very much of anything. To be effective, general managers need to have in-depth understanding of the generic problems in all the relevant functional areas. Furthermore, they must be able to deal with problems and issues at the level of the total enterprise and its relationships with relevant external environments.

Functional specialists can benefit from the general management perspective even though they may not be general managers. Every function’s actions should be coordinated with the overall needs of the business. In fact, functional specialists are the people on whom general managers must rely to implement their strategies. Since such functional managers can be subject to suboptimizing pressure, they too need to understand the general manager’s perspective. The development of strategy also requires a solid understanding of the functional strategies associated with marketing, operations, finance, and human resources. Thus, you will need to bring what you have learned in other courses and your career to bear in Strategic Management. Our challenge in this course will be to integrate your experiences and functional knowledge with your growing understanding of how to solve strategic problems.

Format and Pedagogy

We will start our study of strategy at the business level and examine the challenges of managing a firm competing in a single industry. An integral part of this study will be an exploration of the components of strategy and how they vary among various settings and situations. In most large and medium-sized firms, corporate strategy is different from business strategy because of the multiplicity of industries in which the firm is involved. We will explore the differences in corporate and business-level strategies and the requirements each places on managers at different levels in the firm. We will also explore the challenges and opportunities of strategic change.

Successful general managers are highly competent in problem identification and analysis and have a strong action orientation. One purpose of this course is to provide an environment that will allow you to hone these skills, while at the same time gain a conceptual understanding of the strategic manager’s task. Most general managers spend very little time reading and even less time writing reports. The vast majority of their interactions with others are verbal. For this reason, the development of verbal skills is given a high priority in this course. This has two critical implications for this class:

First, there will be relatively few lectures. We will, instead, emphasize case analysis and discussion because strategy is best learned by immersion in actual business situations where one can fully appreciate the inherent conflicts, pressures, uncertainties, and risks that general management entails.

Second, a case-based approach necessitates learning by doing, so your active participation is both integral to your performance in this course and necessary for you to pass. The classroom should be considered a laboratory in which you can test your ability to convince your peers of
the correctness of your approach to complex problems, and of your ability to achieve the desired results through the use of that approach.

**Objectives**

Our course objectives include:

1. Development and reinforcement of a general management point of view—the capacity to view the firm from an overall perspective in the context of its environment.

2. Development of an understanding of fundamental concepts in strategic management: the role of the general manager, the levels and components of business and corporate strategy, and managing strategic growth and change.

3. Development of an awareness of the various impacts of external environmental forces on business and corporate strategy.

4. Practice in distinguishing between the causes of business problems and attendant symptoms.

5. Practice in working out business strategies and implementation plans.

6. Integration of the knowledge gained in previous courses and understanding what part of that knowledge is useful to general managers.

7. Development of analytical thinking and skill in communicating your ideas effectively in both written and oral form.

8. Familiarity with some of the practical realities of running businesses in different industries.
## COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Session</th>
<th>Date</th>
<th>Day</th>
<th>Topic</th>
<th>Markus Reading</th>
<th>Case (Course Packet)</th>
<th>Additional Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>01</td>
<td>08/19</td>
<td>Tue</td>
<td>Course Overview</td>
<td>No case</td>
<td>Alaska Gold Mine</td>
<td>“What is strategy?” (Porter); “Why we use the case method” (in syllabus)</td>
</tr>
<tr>
<td>01</td>
<td>02</td>
<td>08/21</td>
<td>Thur</td>
<td>What is Strategy?</td>
<td>Chapter 1</td>
<td>Coke and Pepsi in 2006</td>
<td>“The five competitive forces that shape strategy” (Porter)</td>
</tr>
<tr>
<td>02</td>
<td>03</td>
<td>08/26</td>
<td>Tue</td>
<td>External analysis</td>
<td>Coke and Pepsi in 2006 (cont.)</td>
<td>Email me your preference for presentation dates (rank order the 3 presentation dates)</td>
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</tr>
<tr>
<td>02</td>
<td>04</td>
<td>08/28</td>
<td>Thur</td>
<td>External analysis (cont.)</td>
<td>Whole Foods Market, Inc.</td>
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<tr>
<td>03</td>
<td>05</td>
<td>09/02</td>
<td>Tue</td>
<td>Internal analysis</td>
<td>Whole Foods Market, Inc. (cont.)</td>
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<tr>
<td>03</td>
<td>06</td>
<td>09/04</td>
<td>Thur</td>
<td>Internal analysis (cont.)</td>
<td>Whole Foods Market, Inc. (cont.)</td>
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<tr>
<td>04</td>
<td>07</td>
<td>09/09</td>
<td>Tue</td>
<td>Business-level Strategy: Cost-based</td>
<td>Wal-Mart Stores, Inc. (cont.)</td>
<td>Re-read “What is strategy?” (Porter) (If you need to present in two weeks, send me your choice of articles for approval)</td>
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<tr>
<td>04</td>
<td>08</td>
<td>09/11</td>
<td>Thur</td>
<td>Business-level Strategy: Cost-based (cont.)</td>
<td>Wal-Mart Stores, Inc. (cont.)</td>
<td>“Are you sure you have a strategy?” (Hambrick &amp; Fredrickson)</td>
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<tr>
<td>05</td>
<td>09</td>
<td>09/16</td>
<td>Tue</td>
<td>Business-level Strategy: Differentiation-based</td>
<td>eHarmony</td>
<td>“Creating competitive advantage” (Ghemawat &amp; Rivkin)</td>
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<tr>
<td>05</td>
<td>10</td>
<td>09/18</td>
<td>Thur</td>
<td>Business-level Strategy: Differentiation-based (cont.)</td>
<td>eHarmony (cont.)</td>
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## II. COURSE SCHEDULE

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<thead>
<tr>
<th>Week</th>
<th>Session</th>
<th>Date</th>
<th>Day</th>
<th>Topic</th>
<th>Markus Reading</th>
<th>Case (Course Packet)</th>
<th>Additional Reading</th>
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<tr>
<td>06</td>
<td>11</td>
<td>09/23</td>
<td>Tue</td>
<td>Current event application preparation (no class)</td>
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<tr>
<td>06</td>
<td>12</td>
<td>09/25</td>
<td>Thur</td>
<td>Current event application</td>
<td></td>
<td></td>
<td>Mid-term case analysis due (For those who present: case analysis due in class Tuesday, Sept 30)</td>
</tr>
<tr>
<td>07</td>
<td>13</td>
<td>09/30</td>
<td>Tue</td>
<td>Corporate strategy I: Diversification &amp; Vertical Integration</td>
<td>Chapter 5</td>
<td>Walt Disney: Entertainment King</td>
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<tr>
<td>07</td>
<td>14</td>
<td>10/02</td>
<td>Thur</td>
<td>Corporate strategy I: Diversification &amp; Vertical Integration (cont.)</td>
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<td>Walt Disney: Entertainment King (cont.)</td>
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<tr>
<td>08</td>
<td>15</td>
<td>10/07</td>
<td>Tue</td>
<td>Corporate strategy II: Mergers &amp; Acquisitions, Alliances</td>
<td>Chapter 5</td>
<td>Arla &amp; MD Foods: the Merger Decision (A)</td>
<td>“Not all M&amp;As are alike – and That Matters” (Bower)</td>
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<tr>
<td>08</td>
<td>16</td>
<td>10/09</td>
<td>Thur</td>
<td>Corporate strategy II: Mergers &amp; Acquisitions, Alliances (cont.)</td>
<td>Arla &amp; MD Foods: the Merger Decision (A) (cont.)</td>
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<td>09</td>
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<td>10/14</td>
<td>Tue</td>
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<td>If you need to present in two weeks, send me your choice of articles for approval.</td>
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<td>09</td>
<td>17</td>
<td>10/16</td>
<td>Thur</td>
<td>Global strategy: Market entry &amp; Competitive Moves</td>
<td>Chapter 6</td>
<td>P&amp;G Japan: The SK-II Globalization Project</td>
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<tr>
<td>10</td>
<td>18</td>
<td>10/21</td>
<td>Tue</td>
<td>Global strategy: National Competitiveness and Emerging Markets</td>
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<td>P&amp;G Japan: The SK-II Globalization Project (cont.)</td>
<td></td>
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<tr>
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<td>19</td>
<td>10/23</td>
<td>Thur</td>
<td>Current event application preparation (no class)</td>
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<th>Additional Reading</th>
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<tbody>
<tr>
<td>11</td>
<td>20</td>
<td>10/28</td>
<td>Tue</td>
<td>Current event application</td>
<td></td>
<td>Howard Schultz and Starbucks Coffee Company</td>
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<tr>
<td>11</td>
<td>21</td>
<td>10/30</td>
<td>Thur</td>
<td>Innovation and Entrepreneurship</td>
<td>Chapter 7</td>
<td>Howard Schultz and Starbucks Coffee Company</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>22</td>
<td>11/04</td>
<td>Tue</td>
<td>Innovation and Entrepreneurship (cont.)</td>
<td></td>
<td>Howard Schultz and Starbucks Coffee Company (cont.)</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>23</td>
<td>11/06</td>
<td>Thur</td>
<td>Organizational Structure &amp; Culture</td>
<td>Chapter 8</td>
<td>IBM’s Decade of Transformation: Turnaround to Growth</td>
<td>“Three keys to effective execution” (Raffoni)</td>
</tr>
<tr>
<td>13</td>
<td>NA</td>
<td>11/11</td>
<td>Tue</td>
<td>Veteran’s Day: no Class</td>
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<tr>
<td>13</td>
<td>24</td>
<td>11/13</td>
<td>Thur</td>
<td>Organizational Structure &amp; Culture (cont.)</td>
<td></td>
<td>IBM’s Decade of Transformation: Turnaround to Growth (cont.)</td>
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</tr>
<tr>
<td>14</td>
<td>25</td>
<td>11/18</td>
<td>Tue</td>
<td>Vision &amp; Mission</td>
<td>Chapter 9</td>
<td>IBM’s Decade of transformation: Uniting Vision and Values</td>
<td>“Building your company’s vision” (Collins &amp; Porras)</td>
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<tr>
<td>14</td>
<td>26</td>
<td>11/20</td>
<td>Thur</td>
<td>Vision &amp; Mission (cont.)</td>
<td></td>
<td>IBM’s Decade of transformation: Uniting Vision and Values (cont.)</td>
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<tr>
<td>15</td>
<td>27</td>
<td>11/25</td>
<td>Tue</td>
<td>Corporate Governance &amp; Role of Top Management</td>
<td>Chapter 9</td>
<td>GE’s Two-decade Transformation</td>
<td>If you need to present in two weeks, send me your choice of articles for approval.</td>
</tr>
<tr>
<td>15</td>
<td>NA</td>
<td>11/27</td>
<td>Thur</td>
<td>Thanksgiving: no class</td>
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<td></td>
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</table>
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<table>
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<th>Additional Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>28</td>
<td>12/02</td>
<td>Tue</td>
<td>Corporate Governance &amp; Role of Top Management (cont.)</td>
<td></td>
<td>GE’s Two-decade Transformation (cont.)</td>
<td>Final case distributed</td>
</tr>
<tr>
<td>16</td>
<td>29</td>
<td>12/04</td>
<td>Thur</td>
<td>Current event application</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>16</td>
<td>30</td>
<td>12/09</td>
<td>Tue</td>
<td>No Class</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>17</td>
<td>31</td>
<td>12/11</td>
<td>Thur</td>
<td>Final case analysis due by 5pm (only for those who present)</td>
<td></td>
<td></td>
<td>Final case analysis due by 5pm (only for those who present; please email me your analysis to <a href="mailto:ye.dai@business.siu.edu">ye.dai@business.siu.edu</a>)</td>
</tr>
</tbody>
</table>

The schedule and its content are subject to slight modifications with prior discussion with students.

The tasks in bold letters are deliverables.

**Important Dates:**

- **Thursday, Aug 28th:** Email me your preference for presentation dates (rank-order your preference for all the three time slots);
- **Thursday, Sept 25th & Dec 4th; Tuesday, Oct 28th:** Current event application;
- **Thursday, Sept 11th; Tuesday, Oct 14th & Nov 25th:** Email me your choice of presentation articles for approval;
- **Thursday, Sept 25th:** Mid-term case analysis due in class (for those who present: due in the class the following Tuesday, Sept 30);
- **Thursday, Dec 9th:** Final case analysis due in class (for those who present: due Thursday, Dec 11th; please email me your analysis to ye.dai@business.siu.edu).
III. COURSE ASSESSMENT & GRADING

Course Evaluation

Grading will be based on the following sets of factors weighted as presented:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>20%</td>
</tr>
<tr>
<td>Mid-term case analysis</td>
<td>25%</td>
</tr>
<tr>
<td>Final case analysis</td>
<td>30%</td>
</tr>
<tr>
<td>Current event application</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The course is graded on a scale, and the total points that determine your final grade are based on the following criteria:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>100</td>
</tr>
<tr>
<td>Mid-term case</td>
<td>125</td>
</tr>
<tr>
<td>Final Case</td>
<td>150</td>
</tr>
<tr>
<td>Current event application</td>
<td>125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
</table>

I will use the following scale to determine grades:

<table>
<thead>
<tr>
<th>POINTS</th>
<th>GRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>450-500</td>
<td>A</td>
</tr>
<tr>
<td>400-450</td>
<td>B</td>
</tr>
<tr>
<td>350-300</td>
<td>C</td>
</tr>
<tr>
<td>250-300</td>
<td>D</td>
</tr>
<tr>
<td>0-250</td>
<td>F</td>
</tr>
</tbody>
</table>

1. Class Contribution (individual; 100 points, 20% of final grade):

Effective strategy is almost always the result of debate and discussion. The same could be said for effective university courses. Put differently, this class will benefit greatly from your ideas, enthusiasm, and curiosity. Your participation is not only of value to you, but to me and the rest of your peers.

I realize that people may have varying expectations of, and past experiences with, class contribution grading, so I’d like to take a few sentences to explain some things about my views on this component of your assessment.

First, why is class contribution grading a standard practice in every strategy course in every business school? Strategic Management is a case-based course, and is heavy on discussion and interaction. In every single class session, and especially during case discussions, I will expect you to contribute a substantial proportion of the dialogue. I will act as a facilitator, but you will be responsible – individually and as a class – for addressing the case questions, proposing ideas,
and defending those ideas based on logical analysis. As this will require a considerable effort on your part, it is only fitting to reward that effort in terms of a non-trivial portion of the overall grade.

Second, why do we place so much emphasis on verbal interaction in this class? Let me start by addressing those of you who may be more introverted and who find speaking in front of your peers (and me) to be quite stressful. I do empathize with you. Really. I’d don’t particularly enjoy speaking in front of large groups myself. At most parties I’m far more likely to be found huddling in a quiet corner than dancing on tables in the center of the room. Unfortunately, for people like me (and perhaps you), the role of the general manager is a heavily verbal one. Most GMs are extremely busy, obtaining and disseminating the large majority of their information verbally. As you rise up your respective corporate ladders after the MBA, verbal communication skills will become more and more valuable to you. Therefore, a core objective of our class is to help you develop and practice these very skills. The key features of case discussion (incomplete information, uncertain outcomes, pressurized environments, competing solutions, the need to persuade with evidence) are the very same circumstances that you will constantly be faced with outside the classroom.

Third, what does class contribution entail? You should first note that I don’t describe this as class “participation.” I believe there is a significant difference between participation (speaking in class) and contribution (adding to class discussion). Here is a non-exhaustive list of the elements of strong class contribution, but it should give you a good initial idea:

1. Making evidence-based comments and recommendations
2. Distinguishing between data, opinions, and guesswork
3. Demonstrating an understanding of the case
4. Building on the comments of others
5. A high contribution-to-words ratio (i.e. monopolizing “air time” is not valued)
6. Being a good listener
7. Respecting the opinions of others
8. Asking appropriate questions

Put simply, your aim should be that your contributions increase the average class understanding of the discussion at hand.

Some students may be intimidated by the “obligation” of speaking up in class. Don’t be. Your anxiety will be reduced only through practice. Here’s the secret to cutting your stress level: BE PREPARED. If you have familiarized yourself with the case and readings, you will succeed if you speak up. Please keep in mind that the only measurable output of your preparation is your class discussion – but airtime is a scarce resource, so please use it wisely. Comments based solely on a “gut reaction” generally do not add as much value as those based on prior readings of the cases and book.

I do track individual participation. Your participation grade will be a composite of your attendance, and the frequency and relevance of your in-class comments.
Case introduction and conclusion

At the very start of each case discussion, I will randomly ask student to lead off the discussion. If you have prepared the case, and are capable of answering the assignment questions (in Section V), you should have no difficulty with this lead-off assignment. An effective lead off can do a great deal to enhance a class discussion. It sets a tone for the class that allows that class to probe more deeply into the issues of the case.

Similarly, at the end of each case discussion, I will call on another student, again randomly, to summarize the key findings of the case and the take-away lessons to be learned from it. You will only be called on in this manner once during the semester. Your contribution at this time contributes to your class contribution grade.

Even if you are not called on in this manner, though, everyone should still come to class prepared with answers to the case questions (in Section V) and an action plan for the key protagonist in the case (either an individual or a firm).

Absences

You are allowed two absences throughout the semester, for whatever reason. If you must miss more than two classes, please see me as soon as possible. Each additional unexcused absence beyond the two allowed will drop your participation grade by 15%. If you have a University-sanctioned absence and miss class, please feel free to contact me for any relevant notes or materials.

2. Midterm case analysis (individual; 125 points, 25% of final grade):

The mid-term involves a written case analysis. A detailed assignment and the exam case itself will be distributed approximately one week before it is due. The textual body of your analysis should not exceed 4 double-spaced typewritten pages. Use 1-inch margins and a 12-point font. Also, you may include up to 2 additional 1-page exhibits with charts, tables, or figures. I will read only the first 6 pages, so please stay within assigned limits. Exhibits that are not directly explained, in order, in the main text will not be read. There should be only 1 exhibit per page. Except in extreme emergencies, late cases will not be accepted. Do not place your names on your analysis. Instead, write or type names on the back of the last page. You may not discuss the case itself or your write-up with other people until after the exams have been turned in.

3. Final case analysis (individual; 150 points, 30% of final grade):

The final involves a written case analysis that you will do individually. A detailed assignment and the exam case itself will be distributed approximately one week before it is due. This assignment should follow the same formatting guidelines as the mid-term case analysis and is limited to 6 double-spaced pages of text and 3 exhibits, with one exhibit per page. The final case analysis is due a week after it is distributed.

Reports submitted late are subject to the following penalties: Up to one day late (i.e. 1 to
24 hours late) = 1 letter grade reduction; up to two days late (i.e. 25 to 48 hours late) = 2 letter grade reduction; greater than two days late (i.e. 49+ hours late) = failing grade. While you are responsible for turning your paper in on time, I will do my best to remind you of these deadlines throughout the semester.

In writing your analysis, please refer to the Guidelines for Case Analysis (Section IV) that applies to your case. Exemplary work will follow these guidelines. The specifics of how you conduct your analysis and write your paper are up to you.

4. Current event application (dates vary; 125 points):

This assignment is intended to develop and test your ability to recognize issues of “strategy” that are present in the periodical press and apply what we learn in the course. It requires that you apply the frameworks, concepts and ideas raised in the readings and case discussions to the current “real world”.

For this assignment, you need to identify a recent news article that meets the following requirements: 1) the article must have first appeared in press after the beginning of the course period; 2) the article must cover some new events, rather than summarize the history of a firm; 3) the article must center on a specific company, rather than an industry as whole, and must provide strategic information beyond a simple announcement of an event, such as a new market test or a new alliance; 4) the article must relate to the section of the course, for which you are scheduled to present (e.g., business-level strategy, corporate strategy, or strategic change, etc.).

The presentation itself should: (1) quickly describe the company and the situation presented in the article; (2) use the framework covered in class to frame the analysis of the situation; (3) use additional research about the firm, its competitors, and the industry to provide an in-depth analysis of the situation and generate alternatives; (4) make a recommendation as to what the company should do and why (e.g. How will it help performance?). The criteria used to evaluate the presentation will be similar to those used to evaluate your case analyses. The application of relevant frameworks to frame your analysis will be emphasized and the use of qualitative and quantitative data to support your analysis and recommendations are expected.

The presentation time is limited to 20 minutes, followed by up to 5 minutes of Q&A with the class regarding the analysis and recommendations. The length of the presentation will be strictly monitored. Running over the time limit will negatively affect your grade. Presentations should be professional (clear, concise, based on fact, with references) but you are encouraged to be creative and provocative. There is no need to dress up for the presentation.

You will need to email me your article of choice at least two weeks prior to your presentation. I will review the article for fit with the general theme it covers and will confirm that it is appropriate. On the day of the presentation you are required to hand in a paper copy of the presentation slides and a full list of references of the sources of information used. After you complete your presentation, please e-mail me an electronic version of it.

Your goal throughout the presentation should be to extend and enhance our class’ knowledge of
the topic, beyond that which we gained from the assigned readings. **This is the only part of the course where your peers will evaluate you.** Each member of the class will, anonymously, provide a grade of the presentation on a 1 to 100 scale. You will receive the average of the class ratings unless my own rating is 10 points higher or lower than that given by the class. If this occurs, I will assign the grade for the presentation myself.

Other than noting that you have a maximum of 25 minutes, I leave the specifics of the presentation up to you. You therefore have a large amount of discretion here.

If you want to meet with me to discuss your ideas or to ask any questions, I am happy to do so. Also, please email any PowerPoint file(s) to me the night before your presentation, so I may load it on to my laptop before class.

**About deciding your presentation date**

By the 4th class session (see the course schedule for specific date), I’d like you to email me your preference for presentation date and your choice of presentation partner (you need to consult with your potential partner(s) beforehand to see if he/she is willing to cooperate with you). There are three current event application time slots throughout the semester as indicated in the course schedule. In your email, please indicate your preference for presentation dates by rank-ordering ALL the 3 available time slots. I will try my best to assign you to your most preferred presentation dates. However, I reserve the right to finally decide when you will need to present.
IV. GUIDELINES FOR CASE ANALYSIS

Case analysis provides students with an in-depth and real-world look at the complexities of managerial situations, and the opportunity to practice analytical skills that will be important in the real world. Cases allow you to associate relatively “clean” theoretical concepts and models of strategy formulation with the messiness of strategy implementation. The objectives of case analysis are clear thinking and sound analysis.

Case Preparation

1. **Read the case quickly** once to gain the general overview of major issues presented in the case. Identify key actors. Try to gain a general grasp of their opinions, attitudes, and relationships to one another.

2. **Reread the case more carefully**, annotating, highlighting, and questioning. Read to gain a thorough understanding of the facts. Do not disagree with facts that are presented as such. Consider the opinions, judgments, attitudes, and feelings of actors in the case as “facts” that bear on the situation even if the opinions or judgments are clearly erroneous or biased. As objectively as possible, try to learn everything that contributes to understanding the situation.

3. **Make decisions about the nature of the underlying problems and/or opportunities.** Be careful not to confuse the symptoms of a problem with the problem itself. You are trying to answer the question “What is going on here and why?” Wherever possible, apply concepts and models discussed in class or in the readings. Good analysis requires you to distinguish between important and unimportant information. Understanding the source of a problem is critical to devising solutions that will work. Concepts and models presented in class are specifically designed to help ferret out real problems and thereby to suggest the beginnings of solutions.

Make reasonable assumptions if specific data are not available. For example, you may believe it is important to know the economic performance of the firm to understand their strategic options. Make a sensible assumption, state it clearly as an assumption, and continue. Be careful that your assumptions are not contradicted by other information in the case.
4. **Outline a clear statement of your analysis** that leads to your conclusion about the underlying problem or opportunity. You need a cogent argument that will convince anyone familiar with the facts of the case that your conclusions are correct. Your analysis of people, attitudes, events, structures, and relationships, which always underlie the problem or create the opportunity, constitutes the single most important step in case preparation. It sets the stage for recommendations. Outlining the analysis will lead you to discover where your thinking is faulty and so will lead you to refine your thinking toward a better understanding of the situation.

Problem identification and analysis are obviously intertwined. Ideally, problem identification follows analysis. Often, however, you will make a good and intuitive leap to problem identification. Regardless of how sure you are about your first assessment of the situation, it is critical that you conduct a formal analysis. Recommendations for action based on first insights, even correct and creative insights, often fail to account for other important information.

5. **Propose a course of action** that addresses the problem or opportunity you have identified.

Be very specific about your recommendation. If your analysis suggests that the organization needs a new strategy, what should the new strategy look like and why? How does the strategy you propose solve the problem specifically? Your proposed alternatives must be specific, and be linked explicitly to the analysis you have conducted.

If there are any important timing issues or contingencies that affect your recommendation, spell these out. You need to think through what happens if you do this or that? What if things do not go as you expect they will? About what issues are you most uncertain? What recommendations can you make that accommodate these uncertainties? Managers need to be decisive, but not blind.

Sometimes “doing nothing” is a legitimate course of action and recommendation. You would, of course, need to fully justify the status quo. Significant problems usually require action. Managers make decisions under conditions of extreme uncertainty all the time.
V. CASE QUESTIONS

The questions below are provided as a means to help jump-start your analysis. At a minimum, please consider these questions to be prepared for class discussion. Your analysis is in no way limited to these questions.

Coke and Pepsi in 2006 (External Analysis – Industry)
1. Why, historically, has the soft drink industry been so profitable?
2. Why is the profitability of the concentrate business so different to that of the bottling business?
3. How has the competition between Coke and Pepsi affected industry profits?
4. Can Coke and Pepsi sustain their profits?

Whole Foods Market (External Analysis – Resources and Capabilities)
1. What are ‘natural foods’? Is ‘natural foods’ a good business definition? What opportunities do natural foods offer for producers, distributors, retailers?
2. What is Whole Foods’ strategy? How has it adapted over time?
3. What challenges does Whole Foods face in 2006?
4. What would you advise CEO John Mackey to do to sustain Whole Foods’ lead?

Wal-Mart stores (Business-level Strategy, Cost-based)
1. What are Wal-Mart’s sources of competitive advantage?
2. How sustainable is this advantage?
3. Are Supercenters the answer to the threats identified?

eHarmony (Business-level Strategy, Differentiation)
1. Why do people want to meet others online instead of finding them in the real world?
2. How structurally attractive is the on-line personals market?
3. Does eHarmony have a competitive advantage? If so, where does it come from?
4. How serious is the competitive treat to eHarmony?
5. Which of the four options should Waldorf pursue?

Walt Disney (Corporate Strategy I: Diversification and Vertical Integration)
1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney?
3. Has Disney diversified too far in recent years?

Arla and MD Foods (Corporate Strategy II: M&A and Alliances)
1. Put yourself in the position of the CEO of each company. What are the key competitive advantages of your own company? And of the other company?
2. What are the advantages and disadvantages of the merger?
3. If undertaken, how should it be implemented?

P&G Japan: The SK-II Globalization Project (Global Strategy: Market Entry and Competitive Advantage)
1. As Paolo DeCesare, what factors do you need to consider before deciding what to
recommend in your SK-II presentation to the global leadership team (GLT)? What kind of analysis will you need to do in preparing for that meeting?

2. Does SK-II have the potential to become a global brand within Procter & Gamble’s worldwide operations? Why or why not?

3. Which of the three market options should Paolo DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?

4. How should he implement your recommended option? What are the implications for P&G’s new post-2005 organization? What support and/or resistance do you expect? How will you manage it?

**Howard Schultz and Starbucks Coffee Company (Innovation and Entrepreneurship)**

1. In the early 1980s, how did Howard Schultz view the possibilities for the fledgling specialty coffee market? What were the most important factors in shaping his perspective?

2. In 1987, Schultz bought Starbucks from its original founders. At the time, the Seattle-based coffee bean retailer had six stores and a roasting plant. By the end of the twentieth century, Starbucks had 3,300 locations in 17 countries and was the leading specialty coffee purveyor in the world. What were the critical drivers of Starbucks’ success?

3. What is the source of Starbucks’ competitive advantage? Is it sustainable? What should the company do next to enhance its position in the market?

**IBM’s Decade of Transformation: Turnaround to Growth (Continuous Reinvention and Strategic Change)**

1. Why was IBM struggling so much in the late-1980s/early-1990s?

2. What were Mr. Gerstner’s most important initial actions?

3. Why is it so difficult to change course in large, established firms like IBM?

**IBM’s Decade of Transformation: Uniting Vision and Values (Strategy Implementation I)**

1. What challenges did Mr. Palmisano face when he first became CEO in 2002?

2. What was the ValuesJam? What was its role?

3. How do a firm’s vision and values relate to the broader topic of strategy implementation? How did this work at IBM?

**GE and Jack Welch (Strategy Implementation II)**

1. How difficult a challenge did Welch face in 1981?

2. What was Welch’s objective in the series of initiatives he launched in the late 1980s and early 1990s? Is there a logic supporting the change process?

3. How does such a large, complex diversified conglomerate continue to grow profitably?

4. What is your evaluation of Welch’s approach to leading change? How important was he to GE’s success?
VI. **TOP 10 TIPS FOR SUCCESS**

1. **Speak up!**

Strategy requires thoughtful discussion. I want to hear your analysis, and the more you share, the more the class will benefit!

2. **Check Desire2Learn regularly.**

I will be posting a range of materials on Desire2Learn through the course of the semester, including the syllabus, lecture notes, grading procedures, and other materials as required.

3. **Fill out an attendance index card every class.**

I’ll be distributing index cards at the beginning of every class. Write your name and return to me at the end of the class. This will ensure that your attendance is counted. If you have any comments or questions you weren’t able to ask in class, write these on the card and I’ll be happy to address them either individual or with the next class.

4. **Mind your absences.**

As mentioned earlier, you are allowed two absences throughout the semester. If you must miss more than two classes, please see me as soon as possible, as every unexcused absence beyond the two allowed will drop your participation grade by **5%**. However, I still expect you to attend every class session unless you have a compelling reason not to. As you are all business professionals (and adults), it is your responsibility to decide if the reason is sufficiently compelling. If you do miss class, please contact a member of your group for any relevant notes or materials. I expect you to have caught up by the next session. There is no need to let me know that you either will be missing class or that you have missed a particular class. However, if you feel that, for any reason, you will be unable to complete a piece of assessment by the due date, you should let me know immediately.

5. **Take advantage of office hours.**

I’m here to help you. Come see me if you’re confused, frustrated, or curious about learning more about any topic we discuss. I’m also available, within reason, to meet with you outside of office hours. To set up a meeting, please send me an e-mail or speak to me in class. In addition to course related matters, I’m happy to discuss career issues and other related concerns.

6. **“Be present.”**

Laptop computers, PDAs, cell phones, kindles, iPads, and any other electronic devices should be turned off at the start of class. Accommodations will be made for students with disabilities.

7. **Respect your classmates and their ideas.**
At the risk of sounding like a broken record, our class depends on your participation. When you respect your classmates’ ideas – even the ones that you may disagree with – you help create an atmosphere where your peers feel free to share their thoughts and ideas. In the end, we’ll all benefit. (Note: this doesn’t mean you have to agree. In fact, feel free to challenge and question your fellow classmates – it will make for a better and more intelligent discussion. Just do so with respect.)

8. **Practice excellent writing: Get help when needed, proofread, and do your own work.**

   Effective writing skills are essential to effective strategic decision-making and implementation. As such, I expect a high standard of written communication throughout the class.

   The most effective way to ensure your writing is of high quality is to proofread your own work. Give yourself enough time to complete the assignment without rushing. It can often help to read your work aloud to catch any lingering errors.

   **Do not plagiarize.** All individual and group reports will be run through plagiarism detection programs, such as those found at www.turnitin.com. Again, if this is unclear, or if you are unsure about what constitutes plagiarism, please talk to me.

   Here are a few extra tips:

   - Be concise, clear and informative.
   - Avoid personal anecdotes, opinions and casual grammar.
   - Do other respected references provide a different opinion? If so, briefly mention the disagreement and cite the external reference.

9. **Come to class prepared.**

   Read the assignments (chapters AND cases) before class.

   I selected the Markus book because I believe it’s everything a textbook should be: well written, informative, short and to the point. The chapters are relatively short, and provide a wealth of information that will make reading the cases easier and more enjoyable.

   I recommended that you read each case at least twice. The first reading should be a quick run-through of the text in the case. On your second reading, you should read in more depth, making an effort to understand the business and the situation. Ask yourself questions like: (1) Why has this company survived? (2) How does this business work? (3) What are the economics of this business? You will often find that you will need to apply some analytical technique (for example, Porter’s five forces, SWOT, etc.) to the exhibit in order to benefit from the information in the raw data. You will want to get at the root causes of problems and gather data from the case that will allow you to make specific action recommendations.

   You are encouraged to deal with the case as it is presented. You should put yourself in the
position of the general manager involved in the situation and look at the situation through his or her eyes. There is no reason to go beyond the assigned readings for general class preparation. Although additional data might be interesting or useful, the "Monday morning quarterback" syndrome is typically not an effective way to learn about strategic management.

10. Read this entire syllabus.

You’re on page 19 of 23, so you’re making good progress. If you have questions about anything, please check the syllabus first. I’ve made an effort to make it as comprehensive as possible.
APPENDIX I: Why We Use the Case Method

The case method is one of the most effective means of management education. It is widely used in schools of business throughout the world, and this use is predicated upon the belief that tackling real business problems is the best way to develop practitioners. Real problems are messy, complex, and very interesting.

Unlike other pedagogical techniques, many of which make you the recipient of large amounts of information but do not require its use, the case method requires you to be an active participant in the closest thing to the real situation. It is a way of gaining a great deal of experience without spending a lot of time. It is also a way to learn a great deal about how certain businesses operate, and how managers manage. There are few programmable, textbook solutions to the kinds of problems faced by real general managers. When a problem becomes programmable, the general manager gives it to someone else to solve on a repeated basis using the guidelines he or she has set down. Thus the case situations that we will face will require the use of analytical tools and the application of your personal judgment.

Sources of Cases

All the cases in this course are about real companies. You will recognize many of the names of the companies, although some of them may be new to you. These cases were developed in several different ways. Occasionally, a company will come to a business school professor and request that a case be written on that company. In other situations, a professor will seek out a company because he or she knows that the company is in an interesting or difficult situation. Often, the company will agree to allow a case to be written.

Occasionally, cases will be written solely from public sources. This is perhaps the most difficult type of case writing because of the lack of primary data sources.

In those situations where a company has agreed to have a case written, the company must "release" the case. This means that they have final approval of the content of a given case. The company and the case writer are thus protected from any possibility of releasing data that might be competitively or personally sensitive. Public source cases, obviously, do not need a release. Given the requirement for release, however, it is amazing the amount of information that

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1 This note was prepared by Professor Dan R.E. Thomas. It is intended solely as an aid to class preparation.
companies will allow to be placed in a case. Many companies do this because of their belief in the effectiveness of the case method.

Preparing for Class

When you prepare for class, it is recommended that you plan on reading the case at least three times. The first reading should be a quick run-through of the text in the case. It should give you a feeling for what the case is about and the types of data that are contained in the case. For example, you will want to differentiate between facts and opinions that may be expressed. In every industry, there is a certain amount of "conventional wisdom" that may or may not reflect the truth. On your second reading you should read in more depth. Many people like to underline or otherwise mark up their cases to pick out important points that they know will be needed later. Your major effort on a second reading should be to understand the business and the situation. You should ask yourself questions like: (1) Why has this company survived? (2) How does this business work? (3) What are the economics of this business?

On your second reading, you should carefully examine the exhibits in the case. It is generally true that the case writer has put the exhibit there for a purpose. It contains some information that will be useful to you in analyzing the situation. Ask yourself what the information is when you study each exhibit. You will often find that you will need to apply some analytical technique (for example, ratio analysis, growth rate analysis, etc.) to the exhibit in order to benefit from the information in the raw data.

On your third reading, you should have a good idea of the fundamentals of the case. Now you will be searching to understand the specific situation. You will want to get at the root causes of problems and gather data from the case that will allow you to make specific action recommendations. Before the third reading, you may want to review the assignment questions in the course description. It is during and after the third reading that you should be able to prepare your outlined answers to the assignment questions.

There is only one secret to good case teaching and that is good preparation on the part of the participants. Since the course has been designed to "build" as it progresses, class attendance is also very important.

Class Discussions
In each class, we will ask one or several people to lead off the discussion. If you have prepared the case, and are capable of answering the assignment question, you should have no difficulty with this lead-off assignment. An effective lead-off can do a great deal to enhance a class discussion. It sets a tone for the class that allows that class to probe more deeply into the issues of the case.

The instructor's role in the class discussion is to help, through intensive questioning, to develop your ideas. This use of the Socratic Method has proved to be an effective way to develop thinking capability in individuals. The instructor's primary role is to manage the class process and to insure that the class achieves an understanding of the case situation. There is no single correct solution to any of these problems. There are, however, a lot of wrong solutions. Therefore, we will try to come up with a solution that will enable us to deal effectively with the problems presented in the case.

After the individual lead-off presentation, the discussion will be opened to the remainder of the group. It is during this time that you will have an opportunity to present and develop your ideas about the way the situation should be handled. It will be important for you to relate your ideas to the case situation and to the ideas of others as they are presented in the class. The instructor's role is to help you do this.

*The Use of Extra or Post-Case Data*

You are encouraged to deal with the case as it is presented. You should put yourself in the position of the general manager involved in the situation and look at the situation through his or her eyes. Part of the unique job of being a general manager is that many of your problems are dilemmas. There is no way to come out a winner on all counts. Although additional data might be interesting or useful, the "Monday morning quarterback" syndrome is not an effective way to learn about strategic management. Therefore, you are strongly discouraged from acquiring or using extra- or post-case data.

Some case method purists argue that a class should never be told what actually happened in a situation. Each person should leave the classroom situation with his or her plan for solving the problem, and none should be falsely legitimized. The outcome of a situation may not reflect what is, or is not, a good solution. You must remember that because a company did something different from your recommendations and was successful or unsuccessful, this is not an indication of the value of your approach. It is, however, interesting and occasionally useful to
know what actually occurred. Therefore, whenever possible, we will tell you what happened to a company since the time of the case, but you should draw your own conclusions from that.
IMPORTANT DATES *
Semester Class Begins ........................................... 08/18/2014
Last day to add a class (without instructor permission): ........08/24/2014
Last day to withdraw completely and receive a 100% refund: ... 08/31/2014
Last day to drop a course using SalukiNet: ..........10/26/2014
Last day to file diploma application (for name to appear in Commencement program): .............................................. 12/10/2014
Final examinations: .......................................................... 12/8–12/12/2014

Note: For outreach, internet, and short course drop/add dates, visit Registrar’s Academic webpage: http://registrar.siu.edu/

FALL SEMESTER HOLIDAYS
Labor Day 09/01/2014
Fall Break 10/11—10/14/2014
Veterans Day 11/11/2014
Thanksgiving Vacation 11/26—11/30/2014

WITHDRAWAL POLICY ~ Undergraduate only
Students who officially register for a session may not withdraw merely by the stopping of attendance. An official withdrawal form needs to be initiated by the student and processed by the University. For the proper procedures to follow when dropping courses and when withdrawing from the University, please visit http://registrar.siu.edu/pdf/ugradcatalog1314.pdf

INCOMPLETE POLICY ~ Undergraduate only
An INC is assigned when, for reasons beyond their control, students engaged in passing work are unable to complete all class assignments. An INC must be changed to a completed grade within one semester following the term in which the course was taken, or graduation, whichever occurs first. Should the student fail to complete the course within the time period designated, that is, by no later than the end of the semester following the term in which the course was taken, or graduation, whichever occurs first, the incomplete will be converted to a grade of F and the grade will be computed in the student's grade point average. For more information please visit: http://registrar.siu.edu/grades/incomplete.html

REPEAT POLICY
An undergrad student may, for the purpose of raising a grade, enroll in a course for credit no more than two times (two total enrollments) unless otherwise noted in the course description. For students receiving a letter grade of A,B,C,D, or F, the course repetition must occur at Southern Illinois University Carbondale. Only the most recent (last) grade will be calculated in the overall GPA and count toward hours earned. See full policy at http://registrar.siu.edu/pdf/ugradcatalog1314.pdf

GRADUATE POLICIES
Graduate policies often vary from Undergraduate policies. To view the applicable policies for graduate students, please visit http://gradschool.siu.edu/about-us/grad-catalog/index.html

DISABILITY POLICY
Disability Support Services provides the required academic and programmatic support services to students with permanent and temporary disabilities. DSS provides centralized coordination and referral services. To utilize DSS services, students must come to the DSS to open cases. The process involves interviews, reviews of student-supplied documentation, and completion of Disability Accommodation Agreements. http://disabilityservices.siu.edu/

PLAGIARISM CODE

SALUKI CARES
The purpose of Saluki Cares is to develop, facilitate and coordinate a university-wide program of care and support for students in any type of distress—physical, emotional, financial, or personal. By working closely with faculty, staff, students and their families, SIU will continue to display a culture of care and demonstrate to our students and their families that they are an important part of the community. For Information on Saluki Cares: (618) 453-5714, or siucares@siu.edu, http://salukicares.siu.edu/index.html

EMERGENCY PROCEDURES
Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. We ask that you become familiar with the SIU Emergency Response Plan and Building Emergency Response Team (BERT) programs. Emergency response information is available on posters in buildings on campus, available on BERT’s website at www.bert.siu.edu, Department of Safety’s website at www.dps.siu.edu (disaster drop down) and the Emergency Response Guideline pamphlet. Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.

INCLUSIVE EXCELLENCE
SIU contains people from all walks of life, from many different cultures and sub-cultures, and representing all strata of society, nationalities, ethnicities, lifestyles, and affiliations. Learning from and working with people who differ is an important part of education as well as an essential preparation for any career. For more information please visit: http://www.inclusiveexcellence.siu.edu/

MORRIS LIBRARY HOURS
http://www.lib.siu.edu/about

LEARNING AND SUPPORT SERVICES
Help is within reach. Learning support services offers free tutoring on campus and math labs. To find more information please visit the Center for Learning and Support Services website:
Tutoring: http://tutoring.siu.edu/
Math Labs http://tutoring.siu.edu/math_tutoring/index.html

WRITING CENTER
The Writing Center offers free tutoring services to all SIU students and faculty. To find a Center or Schedule an appointment please visit http://write.siu.edu/

AFFIRMATIVE ACTION & EQUAL OPPORTUNITY
Our office's main focus is to ensure that the university complies with federal and state equity policies and handles reporting and investigating of discrimination cases. For more information visit: http://diversity.siu.edu/

Additional Resources Available:
SALUKINET: https://salukinet.siu.edu/cp/home/displaylogin
ADVISEMENT: http://advisement.siu.edu/