



Dr. Tim Pollock

Sections: DC02 & BA01
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Office hours: 45 minutes before class in the classroom and by appointment

CATALOGUE COURSE DESCRIPTION

Integrative strategic management focusing on strategy formulation and implementation in domestic and global settings. Industry and competitor analysis, industry and firm value chain, leadership, goal setting, organizational structure and culture. Case study approach to top management and organizational problems.

COURSE OVERVIEW

This course is about strategy and the creation of value. Implicitly or explicitly, every firm must define the scope of its business operations and, within the chosen scope, how the firm will compete against rivals. Decisions about the scope of business constitute the firm's corporate strategy; decisions about how to compete within chosen market segments reflect the firm's business-level strategy. This course focuses on how a firm can build effective business-level strategies.

The course is also about top management and the total organization. As such, it is an integrative course emphasizing a "general management" or total organizational perspective as opposed to a functional viewpoint (accounting, finance, marketing, etc.). A general management perspective is necessary because the formulation and implementation of effective strategies requires a precise understanding of the interrelationships among the different functions of the organization and the relationships of these functions to the business environment.

COURSE OBJECTIVES

The course extends students' existing background and awareness of the problems involved managing an organization by providing readings, analytical tools and case discussion of strategic management issues. As a result of this course, students will be able to:

- Identify and understand the strategies of different organizations.
- Interpret the competitive environment facing any given organization, which may present opportunities and threats for the organization.
- Evaluate the likely effectiveness of an organization's strategy for creating value and increasing competitiveness.

In addition, the course is designed to help develop students' capabilities in areas deemed critical to their future success as managers and leaders. These capabilities include written and verbal communication skills, teamwork, analytical thinking, decision-making skills, project planning, and management.

COURSE FORMAT

This is not a traditional lecture-based course. The course will consist primarily of participant-centered case discussions and lectures. Each week we will discuss a case in some depth as a class, trying to understand the issues the organizations and their managers face. Your classmates and I expect you to attend and be well prepared for each class, having read the required conceptual material and analyzed the assigned case study ahead of time. We also expect you to play an active role in class discussion. If all class members prepare for and actively participate in each class discussion, we will all learn more from each other and enjoy the course more. Short, occasional, lectures will supplement the cases by suggesting different frameworks and tools that may be useful in addressing the issues illustrated in the cases.

COURSE MATERIALS

A course packet, available at the bookstore, will provide the majority of the cases and readings for this course. Some additional readings may be handed out to supplement these materials.

PERFORMANCE EVALUATION

- 25% Contribution to Class Discussion (See Appendix C for more details)
- 25% Individual Case Analysis on Apple Computer (See Appendix E for more details)
- 50% Group Case Analyses on Benetton and Abgenix (See Appendix D for more details)

Groups should be 5 person, self-selected teams. ***It is expected*** that all group members will contribute to these written case analyses, and that all members should receive the same grade. Peer evaluations may be administered at the conclusion of the course, however, and adjustments will be made to grades on the basis of these evaluations if warranted.

ACADEMIC INTEGRITY

Academic integrity is expected in this class. Academic dishonesty will not be tolerated in any form. According to university policy, activities that constitute academic dishonesty include: (1) using materials published in print or over the Internet in your papers without proper reference to the original source; (2) consulting students who have already taken the course about analysis and answers to cases or assignments prior to their due date; (3) working with others on individual assignments; and (4) working with non-group members on group assignments.

I encourage you to work with others when preparing for class discussions. However, written case analyses must ultimately represent your own work, in your own words (or your group's work, in the group's words). Therefore, do not share written or electronic notes, outlines, or "key points" across groups when preparing written analyses, because papers that are judged to be substantially similar in content must be submitted to the university committee for academic integrity.

University procedures will be used to investigate any potential instances of academic dishonesty. Please visit the following website for more information on the University's Code of Academic Integrity: http://www.inform.umd.edu/CampusInfo/Departments/JPO/ACInteg/code_acinteg2a.html

ATTENDANCE & ASSIGNMENTS

Attendance at all class sessions is expected. Because learning in this course occurs primarily through interactions with other participants during class, every effort should be made to attend each class. There is no substitute for being present, prepared, and participating in the class discussion. While I recognize that from time to time absences may be unavoidable, and tradeoffs need to be made, absences necessarily limit your class contribution - and hence can influence your grade. Since we only meet seven times, multiple absences mean you will have missed a significant portion of the course. Please let me know in advance if you will be missing a class. If you do miss class, it will be your responsibility to get notes, find out what was discussed, etc. from one of your classmates.

Without exception, assignments must be turned in by the beginning of class (6:25 p.m.) on the specified due date. Late papers will not be accepted.

DISABILITY POLICY

If you have a documented disability or other special needs and wish to discuss appropriate academic accommodations, please contact me as soon as possible.

CLASS SCHEDULE

Week	Date**	Topic	Reading Material
1	29 Oct 4 Nov	What is Strategy?	Case: Rocky Mountain Adventures, Inc. <i>Hambrick and Fredrickson</i> , "Are you sure you have a strategy?" <i>Porter</i> , "What is strategy?"
2	5 Nov 11 Nov	Industry and Competitor Analysis You must form groups for group case analyses by this date	Case: Coca-Cola vs. Pepsi-Cola and the soft drink Industry <i>Porter</i> , "How competitive forces shape strategy" <i>Brandenburger and Nalebuff</i> , "The right game: Use game theory to shape strategy"
3	12 Nov 18 Nov	Differentiation, Costs and Competitive Advantage Group case analysis due: Benetton	Case: The Benetton Group <i>Ghemawat and Rivkin</i> , "Creating competitive advantage" <i>Grant</i> , "Cost advantage" <i>Grant</i> , "Differentiation advantage"
4	19 Nov 25 Nov	Sustaining Competitive Advantage: Matching Resources to Changing Opportunities and Threats	Case: Nucor at a crossroads <i>Ghemawat</i> , "Sustainable advantage" <i>Collis and Montgomery</i> , "Competing on resources: Strategy in the 1990s" <i>Coyne, Hall, and Clifford</i> , "Is your core competence a mirage?"
5	26 Nov 2 Dec	Developing Strategy: Thinking and Acting Strategically	Case: Copeland Corporation/Bain & Company: The scroll investment decision <i>Hamel and Prahalad</i> , "Strategic intent"
6	3 Dec 9 Dec	Making Commitments Under Uncertainty Group case analysis due: Abgenix	Case: Abgenix and the XenoMouse <i>Leslie & Michaels</i> , "The real power of real options"
7	10 Dec 16 Dec	Crafting Strategy: The Dynamics of Corporate Strategy Individual case analysis due: Apple Computer	Case: Apple Computer 2002 <i>Mintzberg</i> , "Crafting strategy" <i>Hamel</i> , "Strategy as revolution" <i>Eisenhardt</i> , "Has strategy changed?" <i>Anonymous</i> , "Revolution can fail the people"

**The top dates reflect the schedule for the DC section, and the bottom dates reflect the schedule for the Baltimore section.

APPENDIX A: ANALYZING CASES AND PREPARING FOR CLASS DISCUSSIONS

Each case typically focuses on a defining moment in a firm's history. The case contains all the information about the firm and industry you will need to perform an analysis of the situation and develop specific recommendations. While it is tempting to try and figure out "what happened," and the Internet makes this continually easier, this is typically a waste of time and a distraction from the development of your own strategic thinking. Cases are necessarily a simplification of the real situation, and at times actual courses of action are taken for reasons not apparent from the case or are impacted by subsequent events. Also, at times people make poor decisions. It is expected that you will work purely from the data in the case and not be blinded by what transpired after the close of the case.

Your learning from the cases will derive both from your preparation and from your participation in the class discussion. It is important that outside information not be introduced prematurely in a class discussion, as it could undermine the learning experience for some students. If you are particularly familiar with a firm or industry and would like to comment on the case from that perspective, please let me know prior to class. I find that a student's experience can provide valuable insight in further understanding a case, but that this information must be introduced at an appropriate point in the discussion to maximize the learning of all individuals in the class.

In preparing for class, it is recommended that you read each case at least three times. The first reading should be a quick skimming of the text of the case. It should give you a feeling for what the case is about and the types of data contained in the case. Your second reading should focus on better understanding the business and the situation, and should involve careful analysis of the case exhibits. As you work through the second reading, you should begin to develop some fairly clear perspectives on your analysis and recommendations for the case. By your third reading you should have a good idea about the fundamentals of the case. Now you will be searching for additional specific confirmatory or contradictory information. You will need to get at the root causes of problems and gather data from the case that will allow you to make specific, actionable recommendations. Before the third reading, be sure to review the recommended assignment questions (Appendix B) that have been prepared to help guide your analysis.

Each week you will be assigned conceptual readings that provide frameworks, tools and ideas that will help you understand, analyze and communicate the case issues. However, these readings certainly will not provide "perfect insight" into the case issues. Thus when reading and analyzing the assigned cases, you should be prepared to draw on ideas and frameworks from any source, and should not confine yourself to just one idea. You are encouraged to draw upon other sources of information with which you are familiar: books, material from other courses, articles, research reports, your employer's processes and models, and your personal experience. In addition, you are encouraged to discuss the cases (other than the final case) with your classmates, especially those in your work groups. Your classmates' experiences and perspectives will undoubtedly be useful to you as you analyze the case and prepare for our class discussion. Keep in mind, however, that your written case analyses must represent your own work in your own words (or your group's work in the group's words). (See Appendices D and E for more details on the requirements for each written case analysis.)

In a typical class case discussion, one or more students will be asked to start the class by answering a specific question or series of questions posed by the instructor. Anyone who has thoroughly prepared the case should be able to handle this lead-off assignment. The discussion will then be opened up to the rest of the class. Each person is expected to be prepared to share his or her views on the case. Since individuals whose hands are not raised may be called upon at any time, you should let the instructor know prior to the start of class if you are not prepared to participate in that session's case discussion.

While analyses and recommendations are important elements of case discussions, so, too, are probing questions. If someone says something that you do not understand, raise your hand and question that person directly. The purpose of a case discussion is not to come up with the "correct" answer (there rarely is such a thing), but to learn from each other the best way to analyze situations. When someone in the class makes a recommendation that you do not agree with, try to understand why they have come to that conclusion, rather than merely attacking the "correctness" of their conclusions. *The objective of*

using the case method will have been attained if individuals have a well-formulated position regarding what they would do **AND** understand why other individuals would undertake a different course of action.

APPENDIX B: RECOMMENDED CASE ANALYSIS QUESTIONS

Rocky Mountain Adventures, Inc.	<ul style="list-style-type: none"> ▪ What are the key characteristics of the outdoor recreation industry? Given these characteristics, would you expect it to be a profitable industry or not? ▪ Given this industry environment, what sort of strategies would you expect to be most successful? Least successful? Why? ▪ Use Hambrick and Fredrickson’s “Five Major Elements of Strategy” to describe Rocky Mountain Adventures’ current strategy. Has this strategy been effective to date? Is it likely to remain effective going forward? Explain. ▪ Use Hambrick and Fredrickson’s “Five Major Elements of Strategy” to specify a new strategy for Rocky Mountain Adventures to follow. Explain why you chose this strategy, and why you dismissed other possible strategies. Be sure to include estimates/arguments regarding expected financial performance in your analysis.
Coca-Cola vs. Pepsi-Cola and the Soft Drinks Industry	<ul style="list-style-type: none"> ▪ Why is it that concentrate producers have been so profitable? What aspects of industry structure and conduct have produced such profits? ▪ What are the important trends in the soft drink industry, and how do these developments affect the competitive positions of Coca-Cola, Pepsi-Cola, and the smaller competitors? ▪ Evaluate Coca-Cola and Pepsi-Cola’s primary strategic moves and countermoves over the past 50 years. Which have been successful (unsuccessful) and why? ▪ What should Pepsi do next, and how might Coke respond? ▪ Which strategies should the smaller competitors follow? Which strategies should a new entrant follow?
The Benetton Group	<ul style="list-style-type: none"> ▪ Describe Benetton’s “business model.” Which elements of the industry value chain has it chosen to participate in, and which has it avoided? Why has it made these choices? ▪ Given these choices, how does Benetton make money? What are its sources of competitive advantage? ▪ Are these sources of advantage sustainable? What challenges does Benetton face in maintaining its historic profitability? ▪ Which of the two basic strategies described in the case, if either, would you recommend that Luciano Benetton support? Explain with strategic and/or financial rationale. ▪ What are the most important elements of an action plan for implementing this recommendation?
Nucor at a Crossroads	<ul style="list-style-type: none"> ▪ Why has Nucor performed so well in the past? ▪ How attractive do the economics of thin-slab casting look? ▪ Is thin-slab casting likely to provide Nucor a sustainable competitive advantage in flat-rolled products? ▪ What uncertainties does Nucor face in making its thin-slab casting investment decision? How do these uncertainties affect your evaluation of this investment opportunity? ▪ What recommendations would you give to Ken Iverson?
Copeland Corporation/ Bain & Company: The Scroll Investment Decision	<ul style="list-style-type: none"> ▪ What are the specific strategic issues facing Copeland management as they prepare to make a capacity decision for the scroll compressor? ▪ What analytic techniques might you use to structure your thinking about the issues? ▪ What questions remain to be answered? ▪ What hypotheses can you develop concerning the answers to those questions? ▪ What data do you need to test those hypotheses? How would you obtain it? ▪ What should we be listening for during our interviews with Copeland executives?

Abgenix and the Xenomouse	<ul style="list-style-type: none"> ▪ Which elements of the pharmaceutical industry value chain have Abgenix chosen to participate in and what is the logic supporting such choices? Is Abgenix well positioned to create and sustain competitive advantage through these activities? Would you recommend expanding or contracting the scope of Abgenix's activities? Why or why not? ▪ Evaluate Geoff Davis's statement that Abgenix should be "out by the end of Phase II" of any drug development program. What drives the optimal timing to exit and/or out-license any given drug development program? ▪ For ABX-EGF, in particular, should Abgenix "Hand-Off," "Hand-In," "Do Phase II's and Then Decide," or do something else altogether? Provide financial and/or strategic rationale for your recommendation.
Apple Computer 2002	<ul style="list-style-type: none"> ▪ How has the structure of the personal computer industry changed over the past 20 years? How have these changes impacted different players' abilities to create and capture value in the industry? ▪ How has Apple's strategy changed over the past 20 years? Which moves have "fit" the changing environment, and which haven't? Use strategy frameworks from this course and/or financial analyses to support your arguments. ▪ Suggest a range of feasible strategic options available to Apple in 2002. What specific course of action would you recommend to Apple? Provide strategic and/or financial rationale for your recommendation.

APPENDIX C: PERFORMANCE EVALUATION - CONTRIBUTION TO CLASS DISCUSSION

Managers must often “sell” their ideas to others in order to get their acceptance and support. In this course, the classroom provides a laboratory in which you can test your ability to convince your peers of the appropriateness of your approach to complex management problems. Furthermore, it tests your ability to carefully listen to others’ perspectives and understand why they may reach a different conclusion. Before you can effectively sell your ideas to others, you must understand what is motivating them, what issues they feel are important, and what assumptions they are making that may be different from your own.

When evaluating your contribution to the class discussion, then, I will consider how effectively you put forth your own arguments, as well as how well you listen to, understand, and build upon (or refute) the arguments of others. In all cases, I will look for high quality (which is frequently not the same as high quantity) arguments, analyses and questions that improve the class’ collective understanding of the case issues. While I encourage you to speak up at any time, keep in mind that comments that are redundant, tangential or seemingly irrelevant to the case discussion at hand will have a negative impact on your class discussion grade. I will use the following criteria when determining class contribution grades:

- Has the student attended and made significant contributions to each class discussion?
- Does the student show evidence of careful case analysis by using facts and evidence from the case?
- Does the student draw valid conclusions from the facts presented in the case? (Conclusions are statements about cause and effect relationships, and assessments of the overall impact of these relationships on the firm’s performance.)
- Does the student contribute interesting examples? Does the student make effective comparisons among different cases situations, as well as between case situations and real life cases?
- Do the ideas suggested by the student push us to consider an aspect of the case that is not necessarily obvious at the outset? Do they go beyond the surface and get into core issues?
- Is the student is an active listener? Do his/her comments fit in with the flow of the class discussion? Do his/her comments demonstrate listening to and reflection on points suggested by others? Does the student interact with, challenge, question, and extend comments of other participants, or are all comments directed towards the instructor?
- Does the student engage in constructive debate that challenges the opinions expressed by others without diminishing the value of their contribution?

APPENDIX D: PERFORMANCE EVALUATION - GROUP CASE ANALYSES ON BENETTON AND ABGENIX

The Benetton and Abgenix group case analyses are limited to **2 pages, single-spaced, 12 point Times Roman** text, with 1" margins all around. An outline format for the body of the case analysis is recommended. An outline format consists of headings, sub-headings, and bullet-points that make the structure of the analysis apparent. You can use up to 5 additional pages to provide exhibits, provided that the exhibits support the arguments in the text, are explicitly referenced in the text, and there is a clear title or explanation on each exhibit page describing what the exhibit illustrates. Please use plain, stapled white paper for all analyses with a cover sheet that includes the name of the case, your class section, and the names of the team members. No binders or other paper "packaging" materials should be used. The title page does not count against your two pages or the exhibit limit.

In the Benetton and Abgenix case write-ups, your group is to analyze the situation presented and prepare a recommended course of action. The "recommended case analysis questions" (see Appendix B) have been prepared to help guide you toward the issues that your analyses should address, but these questions should not be directly answered 1, 2, 3, 4, etc., in your case write-ups. Rather the write-ups should be smoothly flowing essays that coherently, concisely, and convincingly present your analyses and recommendations. Your group should focus its write-ups on "What should _____ do now, and why?" The case analyses should demonstrate that you have evaluated multiple courses of action and believe that the one recommended makes the most sense.

The next page provides a copy of the template that will be used in grading - it should help you to understand what will be evaluated. Note, however, that different items may be more or less important depending on the issues and types of analyses necessary. Thus, all items are not weighted equally.

While there is no one right way to write up a case, there are several common errors to avoid:

- *Focusing on minor issues* on which there is little data. Let the case facts and questions guide you to the selection of issues. If there is little or no data on an issue, you can identify it as being potentially important, but do not dwell on it in the analysis.
- *Rehashing the case*. Someone has already written the case, and the instructor has certainly read it. Do not summarize the case; begin by stating the key issues. Present facts from the case to support your line of reasoning.
- *Drawing conclusions without providing the data to back them up*. Don't make unsupported statements or draw conclusions that the available data does not, or cannot support.
- *Drawing generic conclusions*. For example, all companies need to be profitable and to satisfy their customers. For each case, show clearly what this particular company needs to do so that it resolves the issues specific to its competitive situation, available resources, management objectives, etc.
- *Non-critical evaluation of case data*. Before using a "fact" presented in the case, ask if it was collected in a sound manner, is unbiased, and directly relevant to the issue. Qualify conclusions reached by considering the quality of the data on which conclusions are based.
- *Failure to provide a rationale for eliminating alternatives not selected*. It is important to show that the recommended course of action is likely to deal effectively with the problems identified. It is equally important to provide a rationale for dismissing other alternatives as less effective or desirable.
- *Failure to present analytical work in an understandable manner*. When doing computations, be sure that you present the step-by-step analysis you conducted, including data sources and the formulas you used. This kind of information should be presented as exhibits.
- *Fuzzy recommendations*. Avoid making recommendations that lack clarity, are impractical, are not integrated into the analysis, fail to address a key issue in the case, or fail to recognize the importance of short and long-term timing issues.
- *Incomplete analyses*. Incorrect computations, improper use of data, making inappropriate assumptions; or failure to draw on theories and techniques presented in this course.

Before turning in your case analysis, carefully proof-read it and run it through a grammar and spell checker. Sloppiness in writing style, spelling, grammar, and presentation reflects poorly on your work and decreases your ability to effectively communicate. A paper that is poorly structured; contains numerous grammatical and spelling errors; and/or fails to articulately present the analysis and recommendations, can receive a failing grade (even if the content is fairly complete). The analysis and recommendations should be professional and illustrate your best possible effort and abilities.

Without exception, group case analyses must be turned in by the beginning of class (6:25 p.m.) on the specified due date. Late papers will not be accepted.

GRADING CRITERIA FOR CASE ANALYSES

<u>ANALYSIS</u>	(Understanding the issues that the firms and that the individuals in the case are facing)	Poor	Average	Great
1.	Does the paper contain analyses of the major issues?			
2.	Do the analyses properly incorporate the relevant tools?			
3.	Do the analyses show the relationships among issues?			
4.	Are assumptions made in the analyses stated explicitly?			
5.	Do the analyses isolate the underlying causes of problems?			

<u>RECOMMENDATIONS</u>	(Developing and evaluating alternative courses of action)	Poor	Average	Great
1.	Are the criteria for making recommendations stated?			
2.	Are the criteria for making recommendations appropriate?			
3.	Are a broad range of feasible options thoughtfully considered?			
4.	Are the recommendations clearly articulated?			
5.	Is the action plan integrated in a logical way to the analysis?			
6.	Is the action plan specific, complete, and feasible?			
7.	Are timing (short term, long term, phasing) issues addressed?			
8.	Are the expected benefits of the recommendations stated?			

<u>OVERALL CRITERIA</u>	(Presenting ideas in a coherent, articulate and professional manner)	Poor	Average	Great
1.	Are the analyses in the exhibits (if any) done correctly?			
2.	Do the exhibits (if any) support and add to key points in the text?			
3.	Is the paper logically consistent and effectively structured so that it sells its recommendations?			
4.	Is there a high likelihood that the recommendations will achieve their desired results?			
5.	Do the choices of words, spelling, grammar, and other elements of style contribute to the effectiveness of the analyses and recommendations?			

APPENDIX E: PERFORMANCE EVALUATION - INDIVIDUAL CASE ANALYSIS ON APPLE COMPUTER

The Apple case analysis is limited to **2 pages, single-spaced, 12 point Times Roman** text, with 1" margins all around. Your analysis of this case will consist of answers to specific questions, which will be handed to you a week before the assignment is due. An outline format for the body of the case analysis is recommended. An outline format consists of headings, sub-headings, and bullet-points that make the structure of the analysis apparent. You can use up to 3 additional pages to provide exhibits, provided that the exhibits support the arguments in the text, are explicitly referenced in the text, and there is a clear title or explanation on each exhibit page describing what the exhibit illustrates. Please use plain, stapled white paper for all analyses with a cover sheet that includes the name of the case, your class section, and the names of the team members. No binders or other paper "packaging" materials should be used. The title page does not count against your two pages or the exhibit limit.

Without exception, your case analysis must be turned in by the beginning of our last class (6:25 p.m., December 10, 2002). Late papers will not be accepted.