

Claremont Graduate University
Peter F. Drucker and Masatoshi Ito Graduate School of Management
MBA Program

Mgt. 340
4 unit course (Fall 2008)

THE STRATEGY COURSE

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Thursdays 7-10 PM

Course Syllabus

PURPOSE OF THE COURSE

This course covers the basic elements of strategic analysis—the content of a sound strategy, the analysis of industries and competitors, and the generic forms of strategy. We will address the central role of corporate purpose in strategy formulation, the development and leveraging of core competence, the blurring of firm boundaries as viewed through strategic alliances and diversification, and strategy formulation in global industries (including understanding home country advantages, the concept of strategic intent, and the competitive consequences of differences in corporate purposes originating from different cultural forces).

COURSE MATERIALS

The required course pack containing cases and readings must be purchased at Huntley Bookstore.

There is no required textbook for this course. Professor Sathe will present the relevant concepts and analytical techniques in class throughout the course.

The following two books may be consulted (but are not required) for an overview or for additional information on the topics covered in the course:

(1) For an overview of the concepts and techniques of strategy: *Strategy: A View from the Top*, Cornelis A. de Kluyver and John A. Pearce II, Prentice-Hall, Third Edition 2008.

(2) For a detailed discussion of the theory, concepts and techniques that Professor Sathe will present in the course: *Contemporary Strategic Analysis: Concepts, Techniques, Applications*, Robert M. Grant, Blackwell Publishers, Sixth Edition, 2008.

COURSE STRUCTURE AND OUTLINE

PART 1: INTRODUCTION TO THE “POSE” STRATEGY FRAMEWORK

Class 1

Focus: Purpose of the enterprise
Case: ServiceMaster Industries, Inc.

Class 2

Focus: Purpose in international competition
Case: Daewoo Group
Note: Competition and Business Strategy in Historical Perspective

PART 2: BUSINESS STRATEGY

Part 2-1: Industry Attractiveness

Class 3

Focus: Industry analysis
Case: Cola Wars Continue: Coke vs. Pepsi in the 1990s

Class 4

Focus: Industry changes
Case: Apple Computer 1999

Part 2-2: Strategic Position for Competitive Strength

Class 5

Focus: Strategic Position #1: Low cost
Case: Wal*Mart Stores, Inc.

Class 6

Focus: Strategic Position #2: Customer-perceived differentiation (WTP)
Case: Edward Jones

Part 2-3: Resources and Capabilities Supporting Competitive Position

Class 7

Focus: Capability #1: Core competence
Case: Sharp Technology: Technology Strategy

Class 8

Focus: Capability #2: Activity system
Case: eBay, Inc.

Class 9

Focus: Review: Last year's final exam
 Case: Tesco Plc.

Part 2-4: Other Strategy Issues

Class 10

Focus: Multi-sided platforms
 Case: Brightcove

Class 11

Focus: Environmental responsibility
 Case: Patagonia

Class 12

Focus: The rise of China and India
 Case: Huawei: Cisco's Chinese Challenger

PART 3: CORPORATE STRATEGY

Class 13

Focus: Fundamentals of corporate strategy
 Case: The Philips Group: 1987

Class 14

Focus: Execution of corporate strategy
 Case: None (continue with Philips case discussion)

COURSE POLICIES AND PERFORMANCE EXPECTATIONS

IMPORTANT:

Anyone who does not adhere to the following course policies and performance expectations will receive an unsatisfactory grade. Extensions of time to complete the final examination, or incompletes for the course, are not given.

Absence from class

(a) Class absence hurts not only the quality of your learning, but that of your classmates as well. **You cannot make up for a missed class.** So please make every effort not to miss class.

(b) To allow for illness or extraordinary circumstances, **a maximum of TWO class absences are permitted.** If you miss a third class for whatever reason (INCLUDING ILLNESS), **you will be dropped from the course. If you miss more than 15 minutes of any class, it will count as a missed class.**

(c) The instructor must be informed **in advance** if a class must be missed, and the student bears the responsibility for getting up to speed on the missed material and class discussion. Assistance from classmates should be sought for this purpose as necessary.

Contributions in class

Attending class, and even talking in class, does **not** automatically count as class contribution. If talking reveals inadequate preparation, repeating points made by others, inattentive listening, or lazy thinking, it will **lower** your class contribution grade. Mere attendance in class without any contribution is unacceptable. Please come to class **thoroughly prepared to contribute actively in every class.** These important ground rules will be followed:

(a) Instructor will usually ask someone to open the discussion, and will then ask others to either agree or disagree with the opening statement, and join the discussion.

(b) **Please raise your hand and wait for the instructor to call on you.** This will allow the instructor to get everyone involved in the discussion, rather than it being dominated by a few individuals. Speaking without being called (even if you raise your hand as you speak!) is unfair to those who wait patiently for their turn. It is unacceptable classroom behavior.

(c) **Please do not repeat a point already made by someone else.** Instead, try to add value by either extending a line of argument being developed, or disagreeing with it or challenging it. Repeating a point already made by someone else is disrespectful to the person who originally made the point and, in addition, it is a waste of time.

(d) **Please do not repeat what is written in the case, book or article.** Instead, add value by presenting your inferences, implications and criticisms of what you have read. What is the **evidence** for your position? Is your position based on facts, beliefs, opinions, or hope?

Course grade

One-half of your grade for the course will be based on the value added by the frequency, consistency and **quality** of your class contributions.

One-half of your grade for the course will be based on the **quality** of the final written paper. The final will be a take-home examination on a case similar to the ones covered in this course, with a **total page limit of 4 pages, typewritten and double spaced.**

CLASS ASSIGNMENTS

1. Thursday, September 4

Read

1. Introduction to the Case Method of Learning
2. POSE Framework for Assessing Strategy and its Success

Case: ServiceMaster Industries, Inc.

1. Who are the key stakeholders of ServiceMaster (SM)? Which stakeholder is the most important? How well is SM meeting the expectations of these stakeholders?
2. What are the main reasons for the success of SM? Where is the company vulnerable?
3. Why does the company seek to maintain its rate of growth? What would happen if the company's growth slowed down significantly?
5. What avenues are available to grow? What should Pollard do?

2. Thursday, September 11

Read

Competition and Business Strategy in Historical Perspective (HBS Note)

Case: Daewoo Group

Do NOT read the 'Appendix' in the case (pages 17-20)

1. How can we explain Daewoo's success to date?
2. What are the major issues facing Daewoo? Are any of these issues strategic?
3. What should Kim do?

3. Thursday, September 18

Read

1. Power Point presentation for Strategy Course (slides 1-14 only)
2. Exhibit 1 of Cola Wars Continue: US Liquid Consumption Trends (Excel chart)

Case: Cola Wars Continue: Coke vs. Pepsi in the 1990s

Do NOT read the 'Appendix A' in the case (pages 22-24)

1. Compare the economics of the Concentrate Producers (CPs) versus the Bottlers: Why is the profitability of the CPs so much higher?
2. Since their profitability is so much higher, why did the CPs forward integrate into Bottling?
3. Will Coke and Pepsi sustain their profitability in the future? What are their key challenges? What would you recommend to Coke to insure its success? To Pepsi?

4. Thursday, September 25

Read

1. Developing Competitive Advantage by Gilbert & Strebel (Figures 2, 3 and 4)
2. Apple Computer in 1999: Assessing the Strategies of 4 CEOs

Case: Apple Computer 1999

1. Prepare a six forces analysis of the Personal Computer (Wintel) industry in 1999 and in 1984. What is your conclusion from this analysis?
2. Since Apple is not a player in the Wintel PC industry, what are the implications for Apple?
3. Evaluate Apple's strategies during the Sculley, Spindler and Amelio eras.
4. What should Steve Jobs do today?

5. Thursday, October 2

Read

1. Excerpts from “What Is Strategy” by Michael Porter
2. Mapping Activity Systems (and Southwest Airlines’ Activity System)
3. POSE Framework for Porter’s Specific Strategies

Case: Wal-Mart Stores, Inc.

1. How do you explain Wal-Mart’s phenomenal financial performance in discount retailing prior to April 1993 (when the stock lost 22% of its value)?
2. What are Wal-Mart's competitive advantages in discount retailing? Which of these advantages are sustainable?
 1. Will Sam's Wholesale Clubs prove to be as big a success for Wal-Mart as its discount stores? Why?
 2. Will Wal-Mart’s Supercenter strategy be successful? International strategy? Why?
5. (a) How large can Wal-Mart become? (b) What should be its strategy in “unfriendly states” like California? (c) Should it pay its workers more? (d) How do Costco, Target and other big boxes compete with Wal-Mart? (e) What are the other key issues for Wal-Mart and how should it address them?

6. Thursday, October 9

Read

1. Examples of Vulnerability: Consider the Sources and Impacts
2. General Grading Criteria for the Final Exam
3. Examination Questions for Edward Jones

Case: Edward Jones

This case was previously used as the final exam for this course. Grading criteria used to evaluate the answers will be handed out after we discuss this case in class.

No paper or other written work is required, and the instructor will not be able to provide feedback on any written work, but you may wish to make notes for yourself or prepare this case as a practice final exam in ways that work best for you.

7. Thursday, October 16**Read**

Sharp Corporation Exhibit 12 (Illustrations)

Case: Sharp Technology: Technology Strategy

1. Why has Sharp been able to grow so impressively?
2. What technologies does Sharp invest in? Why is Sharp so successful in developing the technologies/capabilities it chooses to invest in?
3. Is Sharp an end product company or a components company? What should it become? Does it matter what percentage of its business is in end products versus components?
4. What do Intel and Apple seek in their strategy alliances with Sharp? What does Sharp seek from these alliances?

8. Thursday, October 23**Case: eBay, Inc.**

3. What are the reasons for eBay's success?
4. How do you compare eBay's internet business with that of Amazon.com? What is the most distinctive difference?

9. Thursday, October 30

Read

Examination Questions for Tesco

Case: Tesco plc.

This case was the final exam last year. Grading criteria used to evaluate the answers will be handed out after we discuss this case in class.

No paper or other written work is required, and the instructor will not be able to provide feedback on any written work, but you may wish to make notes for yourself or prepare this case as a practice final exam in ways that work best for you.

Your final examination will handed out in class today and will be due at the beginning of the last class on December 13.

10. Thursday, November 6

Read

Note/Article on Multi-sided platforms

Case: Brightcove

1. What is Brightcove's business model? What are its strengths and weaknesses?
2. Take a quick look at the following web sites, and compare Brightcove's approach to building an Internet video marketplace with YouTube's approach. (Note that Barrio35 and Musicbox are Brightcove publisher-customers). How do these approaches differ, and what are the strengths and weaknesses of each approach?
 - a. www.brightcove.com
 - b. www.barrio305.com
 - c. www.sonybmg.com/musicbox/video/sonlybmg
 - d. www.youtube.com
3. How should Brightcove use its \$60 million in newly raised funding?

11. Thursday, November 13

Read

Patagonia: Cost to Obtain Differentiation (WTP)

Patagonia in November 2004: Target Market, Channel Sales and Trends.

Case: Patagonia

Do NOT read the 'Appendix A' in the case (pages 25-27)

1. How successful is Patagonia in 2003?
2. What is the purpose of Patagonia? Why does the firm exist?
3. What is Patagonia's target market and competitive advantage?
4. Does Patagonia need to grow? If so, what are the best avenues for growth?

12. Thursday, November 20

Case: Huawei: Cisco's Chinese Challenger

1. In the context of the global telecom equipment market, discuss the challenges, opportunities and threats faced by Huawei Technologies as it ventured into international markets. How did the company position itself in its international expansion strategy?
2. What are the competitive advantages of Huawei in the global telecom equipment industry? Can these competitive advantages be sustained? How can Huawei successfully move up the technology ladder to compete with its international rivals?
3. Compare and contrast the strategic positioning of Huawei technologies and Cisco in their effort to reach the international telecom equipment markets. What are the major differences in the formation and execution of the global strategies between the two companies?

THERE WILL BE NO CLASS ON NOVEMBER 27 DUE TO THANKSGIVING BREAK

13. Thursday, December 4**Text**

POSE Framework for Corporate Strategy

Case: The Philips Group: 1987

1. What is corporate strategy of Philips? How long has this strategy been in place?
2. What are the key issues for Philips?
3. What are the key actions taken by Van de Klugt? How effective have they been?
4. What should Van der Klugt do?

Your final exam is due at the start of class today

14. Thursday, December 11

Continuation of Philips case discussion.

End of the course