

Claremont Graduate University
The Peter F. Drucker Graduate School of Management
MBA Program

Mgt. 340
4 unit course (Fall 2007)

THE STRATEGY COURSE

Professor Vijay Sathe
Tel: (909) 607-4010
email: vijay.sathe@cgu.edu

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 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 are recommended (not required) for those seeking additional reading:

(1) For a brief overview of the concepts and techniques of strategy: *Strategy: A View from the Top*, Cornelis A. de Kluver and John A. Pearce II, Prentice-Hall, new edition due in 2005.

(2) For a comprehensive discussion of the concepts and techniques that Professor Sathe will present in the course: *Contemporary Strategic Analysis: Concepts, Techniques, Applications*, Robert M. Grant, Blackwell Publishers, 2005.

COURSE OUTLINE

Class #	Case	Topic
1	Service Master	The concept of strategy
2	Daewoo	Goals, values, and performance
3	Coke-Pepsi	Analyzing the industry environment
4	Apple Computer	Intra-industry analysis
5	Sharp	Analyzing resources and capabilities
6	eBay	The nature and sources of advantage
7	Wal Mart	Cost advantage
8	Edward Jones	Differentiation advantage
9	Panda	Challenges of growth
10	Patagonia	Industry environment
11	Club Med	Review for final exam
12	Peninsula Beverly Hills	Review for final exam
13	Philips 1987	Global strategies and multinationals
14	Philips continued	Global strategies and multinationals

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. Please make every effort not to miss class.

(b) In any event, **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 part of a 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

Talking in class does **not** automatically count as 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.

(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.

(d) **Please do not repeat what is clear in the case, book or reading.** Instead, add value by presenting your inferences, implications and criticisms. Cite the evidence for your position. Is it 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 **page limit of 4 pages, typewritten and double-spaced.**

CLASS ASSIGNMENTS

1. Thursday, September 6

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 13

Read

Competition and Business Strategy in Historical Perspective (HBS Note)

Case: Daewoo Group

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 20

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

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 27

Read

Developing Competitive Advantage by Gilbert & Strebel (Figures 2, 3 and 4)

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 4**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?

6. Thursday, October 11**Case: eBay, Inc.**

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

7. Thursday, October 18

Read

1. Excerpts from “What is strategy?” by Michael Porter (HBR, Nov-Dec 1996)
2. Mapping Activity Systems and Southwest Airlines’ Activity System
3. POSE Framework for Assessing Business Strategy and its Success

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?
3. Will Sam's Wholesale Clubs prove to be as big a success for Wal-Mart as its discount stores? Why?
4. 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 should 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?

8. Thursday, October 25

Read

1. General Grading Criteria for the Final Exam
2. Examination Questions for Edward Jones (Fall 2005)

Case: Edward Jones

This case was used as the final exam for this course in Fall 2005. 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.

9. Thursday, November 1**Read**

1. Examples of Vulnerability: Consider the Sources and Impacts
2. Examination Questions for Panda Management Company (Fall 2000)

Case: Panda Management Company, Inc.

This case was used as the final exam for this course in Fall 2000. 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.

10. Thursday, November 8**Read**

Patagonia: Cost to Obtain Differentiation (WTP)

Case: Patagonia

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?

11. Thursday, November 15**Read**

Examination Questions for Club Med (A) [Fall 2004]

Case: Club Med (A)

This case was used as the final exam for this course in Fall 2004. 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.

THERE WILL BE NO CLASS ON NOVEMBER 22 DUE TO THANKSGIVING BREAK

12. Thursday, November 29**Read**

1. Case: The Peninsula Beverly Hills (cover note)
2. POSE Framework for The Peninsula Beverly Hills (October 1992)

Case: The Peninsula Beverly Hills (The Anderson School at UCLA)

Assume you are in Ali's position in October 1992. What would you do? Sketch out the general approach you would take.

13. Thursday, December 6**Text**

POSE Framework for Assessing 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?

14. Thursday, December 13

Continuation of Philips case discussion.

Your final exam is due at the start of class today