

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

Mgt. 340
4 unit course (Fall 2009)

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.

STRUCTURE AND OUTLINE OF THE COURSE

PART 1: INTRODUCTION

Class 1

Focus: Purpose of the enterprise
Case: Patagonia
Note: Competition and Business Strategy in Historical Perspective

PART 2: BUSINESS STRATEGY

Part 2-1: Industry Attractiveness

Class 2

Focus: Industry analysis
Case: Cola Wars Continue: Coke vs. Pepsi in 2006
Article: The Five Competitive Forces That Shape Strategy

Class 3

Focus: Industry evolution
Case: Apple Inc., 2008

Part 2-2: Strategic Position for Competitive Advantage

Class 4

Focus: Strategic Position #1: Low cost
Case: Wal-Mart Stores in 2003

Class 5

Focus: Sustainability
Case: Wal-Mart's Sustainability Strategy

Class 6

Focus: Strategic Position #2: Customer-perceived differentiation (WTP)
Case: Edward Jones in 2006

Part 2-3: Resources and Capabilities Supporting the Strategic Position

Class 7

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

Class 8

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

PART 3: OTHER TOPICS

Class 9

Focus: Review last year's final exam
Case: Panda Management Company, Inc.

Class 10

Focus: Social sector
Case: KIPP 2007: Implementing a Smart Growth Strategy

Class 11

Focus: A live case with an executive visitor is being planned
If visitor cannot be scheduled, lecture discussion with instructor

Class 12

Focus: A live case with an executive visitor is being planned
If visitor cannot be scheduled, lecture discussion with instructor

PART 4: 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 course grade will be based on the value added by the frequency, consistency and quality of your class contributions.

One-half of your course grade 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 3

Read

1. Introduction to the Case Method of Learning
2. “POSE” Framework
3. Competition and Business Strategy in Historical Perspective (HBS Note)
4. Patagonia: Cost to Obtain Differentiation (WTP)
5. 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. What is the purpose of Patagonia? Why does the firm exist?
2. How successful is Patagonia in 2003?
3. What is Patagonia’s competitive advantage?
4. Does Patagonia need to grow? If so, what are the best avenues for growth?

2. Thursday, September 10

Read

1. The Five Competitive Forces that Shape Strategy (HBR)
2. Power Point presentation for Strategy Course (slides 1-14 only)
3. Exhibit 1 of Cola Wars Continue: US Liquid Consumption Trends (Excel chart)

Case: Cola Wars Continue: Coke and Pepsi in 2006

1. Why, historically, has the soft drinks industry been so profitable?
2. Compare the economics of the concentrate business to that of the bottling business. Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry’s profits?
4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-CSDs?

3. Thursday, September 17

Read

1. Strategies of 4 CEOs of Apple Inc.

Case: Apple Inc., 2008

1. What were Apple's competitive advantages?
2. Analyze the dynamics of the PC industry. Are these dynamics favorable or problematic for Apple?
3. Has Steve Jobs finally solved Apple's long-standing problems with respect to the Macintosh business?
4. The iPod-iTunes business has been a spectacular success. Has Jobs found a new formula to create a sustainable competitive advantage for Apple?
5. How would you assess Apple's initial strategy for the iPhone? Why did Apple change so quickly to a different strategy?

4. Thursday, September 24

Read

1. Book versus Market Measures of Company Performance
2. Excerpts from "What Is Strategy" by Michael Porter
3. Mapping Activity Systems (and Southwest Airlines' Activity System)

Case: Wal-Mart Stores in 2003

1. Why, historically, was Wal-Mart successful in discount retailing?
2. Why did the company move into other retail formats?
3. On page 16 the case states, "... shareholders still looked to Wal-Mart for significant growth: by one estimate, 69% of the equity value implicit in Wal-Mart's stock price was based on growth options..." Do you agree with the market's assessment? Why?
4. What should CEO Lee Scott do?

5. Thursday, October 1

Case: Wal-Mart's Sustainability Strategy

1. Given the fact that Wal-Mart's customers generally are unwilling to pay a premium for environmentally friendly products, how is the company deriving business value from its sustainability strategy, or if not, how can it ensure that it does?
2. Imagine that you are Andy Ruben or Tyler Elm, evaluating the progress of the electronics, seafood, and textile networks. Which networks have been most successful? What factors explain the success (or lack of success) of these networks?
3. How is Wal-Mart motivating its suppliers to share information about and continuously reduce the environmental impacts of products and processes? How can the company stimulate the development of disruptive, breakthrough innovations?
4. Choose one of the three networks and propose one new "game changer" or "innovation project" not described in the case. To support your proposal, outline the environmental benefits, the profit opportunity for Wal-Mart, the greatest challenges in implementation, and how Wal-Mart could overcome them.
5. As evidenced by Exhibit 12, Wal-Mart's sustainability strategy has generally been very profitable. However, two initiatives described in the case benefit society and the environment, but apparently decrease Wal-Mart's profits. Identify those two initiatives and imagine that you are their internal champion. How could you justify pursuing those initiatives?

6. Thursday, October 8

Case: Edward Jones in 2006

1. To what extent can the success of Edward Jones be attributed to the success of the Retail Brokerage Industry (RBI)? Please be specific.
2. Aside from RBI, what are the three most important reasons for the success of Edward Jones? Where is the company most vulnerable?
3. Can Edward Jones successfully enter international markets beyond Canada and the UK with its U.S. strategy? If yes, which markets and why? If not, why not?
4. Should Edward Jones change its strategy? If so, what strategy should Edward Jones pursue in the future? If not, why not?

7. Thursday, October 15

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 22

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?

9. Thursday, October 29

Read

1. General Grading Criteria for Final Exam
2. Final Examination Questions for Panda Management Company, Inc.

Case: Panda Management Company, Inc.

This case was the final exam last year. Specific 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 Class #13 on December 3.

10. Thursday, November 5

Read

1. Strategy for What Purpose? by Vijay Sathe

Case: KIPP 2007—Implementing a Smart Growth Strategy

1. Assess and diagnose KIPP's strategy using the POSE strategy framework
2. What are the risks if KIPP moves from organic growth to "smart" growth? Are the risks worth the potential benefits?
3. Given the criteria set out in the stage-gate process, would you "green-light" University Prep? Why?
4. What would you recommend Richard Barth do? Keep in mind that school leaders and regional executive directors report to their local nonprofit boards, not to the KIPP Foundation

11. Thursday, November 12

Case: A live case to be presented by an executive visitor is being planned

If there is any material to be read in advance, it will be handed out in class

If the visit cannot be scheduled, there will be a lecture and discussion instead

12. Thursday, November 19

Case: A live case to be presented by an executive visitor is being planned

If there is any material to be read in advance, it will be handed out in class

If the visit cannot be scheduled, there will be a lecture and discussion instead

THERE WILL BE NO CLASS ON NOVEMBER 26 DUE TO THANKSGIVING BREAK

13. Thursday, December 3

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 10

Continuation of Philips case discussion.

End of the course

