CALIFORNIA STATE UNIVERSITY SACRAMENTO
COLLEGE OF BUSINESS ADMINISTRATION

SPRING 2013

Course Title: GM 105 - STRATEGIC MANAGEMENT
Section: Section 5 Tues. & Thurs. 12:00 - 1:15 pm (TAHOE 1004)
         Section 8 Tues. & Thurs. 4:30 - 5:45pm (TAHOE 1004)
Instructor: Jai Joon (Jay) Lee, Ph.D.
Office: Tahoe Hall 2079
Phone: (916) 278-7105
Email: jlee@csus.edu
Office Hours: Tuesday 1:30 – 4:30pm or by appointment (email me first)
             Do Not send your emails to the SacCT
             Use my jlee@csus.edu email above

Required Case Pack:
• Case Bundle: Harvard Business School Cases – You can purchase them online from
  Harvard Business Online (Harvard Business School Cases) – more will be discussed
  in class. Course link is provided below (your registration is required).
  https://cb.hbsp.harvard.edu/cbmp/access/17933216
• Individual Case: If you want to purchase an individual case, go to Harvard
  Business’ retail web site, www.hbr.org, and then type 6 digit case call number
  (Wal-Mart Stores: Everyday Low Prices in China case call number is HKU590) in
  the search box.

Required Textbook:
• Grant, Robert M. and Jordan, Judith. Foundations of Strategy (paperback),

Content of the Course: This course introduces students to analytical frameworks that assist
managers in formulating business and corporate strategies. We assume that firms generally seek to
maximize profits and explore how they can strategically deploy their distinctive resources and
capabilities to achieve this. The course covers some of the most fundamental challenges companies
face as they strive to gain and sustain competitive advantage. These include creating and defending
attractive market positions, entering and exiting product and geographic markets, and managing
technological change. Students will learn how to apply widely used frameworks and theories to
address these challenges. In particular, the five forces framework explains how characteristics of
industries affect profitability and helps managers identify opportunities to exploit or influence
industry structure to their advantage. The resource-based framework describes how firms profit from
their unique tangible and intangible assets, and can be used to evaluate alternative strategies for
leveraging them. We also discuss theories that relate the scope of a firm’s activities (i.e. the degree to
which it vertically integrates or diversifies), as well as its organizational structure and culture, to its profitability, and apply them to formulate and critique corporate strategies.

**Structure of the Course:** Our focus is on formulating strategies more than implementing them, although both will be addressed. Superior strategies cannot be derived from formulas or checklists. Instead, analysis, interpretation, and debate are required to arrive at feasible plans of action, with the greatest chances of succeeding. Therefore, this course relies heavily on discussion. Although I will introduce you to frameworks and concepts through lectures, most of our classes will require your **VERY ACTIVE participation.** In order to develop your analytical and problem solving skills, and to assure that you understand when and how to use the course frameworks, you must not only apply the concepts, you also need to share your analyses with others. Only this kind of conversation can generate the depth and breadth of understanding needed to appreciate these tools!

**Grading Guidelines**

These guidelines are designed to foster high standards for student performance, fair grading of student performance across sections of the same course, comparable grade distributions in required and elective courses across disciplines, and flexibility within ranges to adapt to the unique circumstances of particular sections of courses (the target range below may change at the end of semester).

<table>
<thead>
<tr>
<th>Grade Range</th>
<th>Target Range (total: 1000 point)</th>
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<tbody>
<tr>
<td>A, A-</td>
<td>900 or above</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>800 – 899</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>700 – 799</td>
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<tr>
<td>D+ or below</td>
<td>699 or below</td>
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**Course Evaluation (Total 1000 pts)**

**Group Assignment - 1 Case Presentation (REQUIRED) –** Electronic and hard copies are due at the beginning of your group presentation in class. Late submission will not be accepted. You need to answer all the case questions listed in the back of your course syllabus. Your case presentation will be evaluated by your peers in the class. Presenting groups may circulate their materials (ppt handouts) in class.

**Case Presentation (100 pt):** Professionally present your case in class (30 min. max) + Q&A (10-20 min.) + Instructor’s case debrief (15-20 min.) Pretend you are presenting your strategic issues (or recommendations) to your clients (or investors) or business partners (or executives).

During your case presentation, you should show your understanding of strategic issues in the case and apply any relevant concepts and framework we’ve covered in our class discussion. Provide your strategic recommendations if you can. Your case analysis will be based upon the time(s) when the case was written. Provide any recent updates at the end of your presentation if you can.
Your case presentation will be evaluated by instructor (70%) as well as by peer students (30%).

Group Assignment - Online Case Assessment (REQUIRED) - TBD
Case Write Up (100 pts): Full report format, 5 page max. Tables and Figures are extra. Single-spaced. 1” margin, Times New Roman font, 12 size, and professionally written case write-up with appropriate sub-titles. Just cutting and pasting sentences from the case won’t be enough. In your case write-up, start with the case overview, and then you should show your understanding of strategic issues in the case and apply any relevant concepts and framework we’ve covered in our class discussion. You need to answer all the case questions, and then provide your strategic recommendations if you can. **You should not go over 1 page maximum for the case overview and the industry/company background information.**

3 Tests (M/C, T/F, and essay-type questions) (REQUIRED)
3 in-class tests (1st test – 150pt; 2nd test – 150pt; and 3rd test – 150pt) A closed-book, closed-note format. 450 pts

Class Attendance & Participation (REQUIRED)
Attendance (50%) (each missing class time (or being late) will be penalized) Participation (50%) (every participation counts, your quality participation will be additionally awarded) Your class attendance & participation are **VERY VERY IMPORTANT!!!** 350 pts

### Description of Requirements

**Materials.** The text is your introduction to the course concepts and analytical frameworks. Reading the chapters (or lecture notes) before we discuss them in class will greatly enhance your absorption of the material. We chose this text because it provides a simple roadmap to link the concepts central to strategic management, and offers a solid overview of the fundamental frameworks managers use. Specifically, the text is organized around the view that internal and external analyses provide critical inputs to managerial decisions, and that strategic decisions can be understood as the ‘moves’ a firm can make to achieve sustainable competitive advantage. Major analytical frameworks include the five forces model of industry structure, generic strategies, value chain, and resource-based theory. I may distribute supplementary material (articles, examples, elaboration of the frameworks) when I think additional details will facilitate and enhance your application of the frameworks. I will distribute (or email you in advance) lecture notes that will cover the basic concepts from each chapter. Also, I reserve the right to add additional slides to the sequence, where the text is a bit limited, and when, based on our conversations in a previous class, I feel more examples are called for. I may or may not post these additional slides after class.

**Participation.** In order to develop the analytical and problem solving skills, which the course is designed to build, you must apply the frameworks. Both your written work and your participation in class discussion are important components of this process. The details of your grade allocated to participation will be discussed in class.
Case Presentations. Whereas quizzes test your basic understanding of concepts, cases provide an opportunity to use them in a more complicated, real life setting. The case assignments ask that you apply the frameworks to evaluate competitive strategies, and to recommend how they could be improved. For each case, you should use the relevant concepts and frameworks covered to date. There is no right answer to any case, but there are better justified arguments to making strategic decisions. The frameworks are essential for justifying your understanding of the industry context, a firm’s alternatives, and identifying its best course of action. In addition, they will point you toward specific logics for developing your arguments. Nevertheless, each case is complex and you may have to reconcile insights from several frameworks to put together your assessment of the situation. Also, strategy recommendations apply to futures in which there is substantial uncertainty. Consequently, analysts using the same data and the same tools may form different, but equally plausible views. Our case discussions should surface competing interpretations and assessments of each company and industry situation. The frameworks are valuable, but they influence strategy only through the processes by which managers employ them. Discussion is essential!! Come to class prepared to share your analyses and support your conclusions. Note: even if you do not present a particular case in class, you must come to class prepared to discuss it. I will ask students to present certain facets of the discussion questions for one or more of the cases. Your participation grade will reflect your performance when you are called upon in this capacity.

For those who are presenting the case, you need to answer all the case questions in the course syllabus. Your presentation materials must be submitted on the due date.

The following criteria are used in grading presentations: (i) proper frameworks are used, (ii) frameworks are applied correctly and completely, (iii) implications of the analyses are developed and are appropriate, (iv) arguments justifying recommendations and evaluations are well constructed, i.e. logical, supported by data and analyses, and internally consistent.

Quizzes (3 tests). Quizzes test your knowledge of the basic concepts covered in the text and especially the material covered in lectures. They will consist of short essay, multiple choice and true/false questions. Some questions test whether you know what a concept means - i.e. they are definitional. Most, however, ask you to apply the concepts in a simple industry or organizational context. In order to perform well on the quizzes, you will have to do more than simply read the text. Pay close attention to the examples in the text, and if you do not understand them, be sure to ask questions in class. As much of our class discussion involves applying the frameworks and concepts, class participation should directly affect your quiz grade. NO MAKE UP QUIZZES UNLESS YOU PROVIDE A WRITTEN PROOF FROM YOUR INTERVIEWER (IN CASE YOU HAVE A JOB INTERVIEW SCHEDULE) OR YOUR MEDICAL DOCTOR (IN CASE YOU HAVE MEDICAL REASONS).

Administrative Notes:

- **Academic integrity**: All university and CBA policies regarding plagiarism, cheating, and similar activities will be pursued as appropriate. Please ask me if you are not familiar with these policies. Please note: downloading or use of material obtained from an on-line site without proper citation is plagiarism. We have become adept at detecting what is and what isn’t student work – please don’t cause unnecessary hassle for your project team.
- **Missed Deadlines and Late Submissions:** Late assignments are not accepted. You will need to schedule an appointment with me to discuss any exceptional circumstances.

**Academic Honesty Policy and Procedures:**

- **General Principles**

The principles of truth and honesty are recognized as fundamental to a community of scholars and teachers. California State University, Sacramento (hereafter referred to as Sacramento State) expects that both faculty and students will honor these principles, and in so doing, will protect the integrity of academic work and student grades. Sacramento State is a publicly-assisted institution legislatively empowered to certify competence and accomplishment in general and discrete categories of knowledge. The President and faculty of Sacramento State are therefore obligated not only to the world at large but also to California to guarantee that substantive knowledge is actually acquired and the ability to acquire it is actually demonstrated by those to whom they assign grades and whom they recommend for degrees. Academic dishonesty defrauds all those who depend upon the integrity of the University, its courses and its degrees. This fraud is accomplished to the extent that faculty, students or campus employees knowingly or unwittingly allow academic dishonesty to work its deception.

In the two past semesters, student ethical and classroom behavioral misconduct have become alarmingly more apparent as the CBA undergraduate programs have had to handle an increasing number of complaints. The University’s policy on academic honesty clearly defines unethical conduct and states your penalty for violations. My policy and penalty will be in line with the University’s policy. Refer to the University's policy on academic honesty ([http://www.csus.edu/umanual/AcademicHonestyPolicyandProcedures.htm](http://www.csus.edu/umanual/AcademicHonestyPolicyandProcedures.htm)). Your penalty for disruptive classroom behavior is also stated in the University’s policy. Refer to the University's policy on student disruptive behavior ([http://www.csus.edu/psysrv/FacultyStaff/Distressed%20and%20Disruptive.pdf](http://www.csus.edu/psysrv/FacultyStaff/Distressed%20and%20Disruptive.pdf)).

When student misconducts do occur in my class, it is my responsibility that I report student misconducts to the Associated Dean of the Undergraduate Programs as the office needs to keep track of students whose behaviors have become a problem. The Associate Dean of the Undergraduate Programs will forward my report to Leonard Valdez, the Director of Student Conduct, with an appropriate recommendation. In severe and repeated cases, the CBA may recommend either suspension or removal from the business major.
Case Questions

In-Class Case Discussion: Robin Hood
1. Summarize the brief of the case: Robin Hood
2. Develop the SWOT analysis of this case in order to answer the following question: How do we decisively end the conflict before the Sheriff regains control (strategic recommendation)?

Case #1: Wal-Mart Stores: “Everyday Low Prices” in China
#HKU590
Case Questions
1. What are Wal-Mart’s competitive advantages? List and explain the sources of Wal-Mart’s competitive advantage in discount retailing.
2. How transferrable are those advantages as Wal-Mart moves into new formats and especially into new international locations such as China. Be prepared to discuss your assessment, and provide illustrative data to support your view.
3. How sustainable their position in discount retailing will be in the future. Provide suggestions on potential strategies that Wal-Mart China should consider in going forward.

# BOS018
Case Questions
1. How attractive is this industry?
2. As an existing player in the industry, what should your strategy be to achieve profitable growth?
3. If you are not in this marketplace should you enter? If yes, what should your strategy be?
4. In this industry, how did Casella’s [yellow tail] make the competition irrelevant and create new demand? 5. Did Casella’s [yellow tail] segment or de-segment the market? Did the company focus on the competition or on alternatives?

Case #3: Yahoo! Business on Internet Time
#700013
Case Questions
1. How attractive is the Internet portal industry?
2. How would you assess Yahoo’s performance and strategy to date?
3. What accounts for the merger and acquisition activity among Yahoo!’s competitors? Do the M&A maneuvers make sense?
4. Should Koogle and his team adjust Yahoo!’s strategy in light of recent events? If so, how?

Case #4: JetBlue Airways: Starting from
#801354
Case Questions
1. What are the key success factors for JetBlue?
2. What will it take to execute on these factors?
3. If this organization were going public next week, would you invest? Why or why not?
4. Apply these concepts: positioning, market segmentation, and scope, to explain how JetBlue differs from other legacy airlines (e.g. Delta – Northwest). Are these legacy airlines in different strategic groups?

Case #5: Apple Inc. in 2010
# 710467
Case Questions
1. Historically, what was Apple’s source of competitive advantage?
2. Analyze the evolution of the PC industry. Are the dynamics favorable or problematic for Apple?
3. How sustainable is Apple’s competitive position in PCs?
4. How sustainable is Apple’s competitive position in MP3 players?
5. How do you assess Apple’s competitive position in smartphones?
6. What are the prospects for the iPad?

Case #6: Cola Wars Continue: Coke vs. Pepsi in 2010
#711462
Case Questions
1. Why, historically, has the soft drink 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?

Case #7 The Walt Disney Co.: and Pixar, In.: To Acquire or Not to Acquire?
#709462
Case Questions
1. Which is greater: the value of Pixar and Disney in an exclusive relationship, or the sum of the value that each could create if they operated independently of one another or were allowed to form relationships with other companies? Why?
2. Assuming that Pixar and Disney are more valuable in an exclusive relationship, can that value be realized through a new contract? Or is common ownership required (i.e., must Disney acquire Pixar)?
3. If Disney does acquire Pixar, how should Bob Iger and his team organize and manage the combined entity? What challenges do you foresee, and how would you meet them?

Case #8 Arcor: Global Strategy and Local Turbulence
#704427
Case Questions
1. How would you characterize Arcor’s international strategy historically? What were its sources of competitive advantage and how, if at all, did they vary across its key geographies?
2. How did the financial crisis affect Arcor domestically?
3. Looking forward, how might Arcor’s strategy in a region such as the US/Canada resemble or differ from the strategy it is pursuing in Latin America in terms of:
a. whether to engage in local manufacturing?
b. Which products to prioritize?
c. Whether to sell under its own brand or as a private label supplier?
4. Which regions should Arcor Prioritize given its resource constraints?
5. What other recommendations would you make to Luis Pagani about the architecture of Arcor’s international strategy?

Case #9: Philips versus Matsushita: A New Century, a New Round
#910410
Case Questions
1. How did Philips become the leading consumer electronics company in the world in the postwar era? What distinctive competence did they build? What distinctive incompetencies?
2. How did Matsushita succeed in displacing Philips as No. 1? What were its distinctive competencies and incompetencies?
3. What do you think of the change each company has made to date – the objectives, the implementation, and the impact? Why is the change so hard for both of them?
4. What recommendations would you make to Gerald Kleisterlee? To Kunio Nakamura?

Case #10: Ice-Fili
#703516
Case Questions
1. How structurally attractive is the Russian ice cream market? How is it likely to evolve?
   a. Use five forces framework
2. What are the potential sources of competitive advantage in the Russian ice cream market?
   a. Identify sources of competitive advantage
   b. Assessing the sustainability of advantage
   c. The challenges of being “stuck in the middle”
3. How well positioned is Ice-Fili relative to its key competitors?
   a. Competitor analysis – analyzing individual competitors and groups of competitors to see how they might shape structure, react to moves
4. What strategic options does Ice-Fili have? What strategy would you recommend to Anatoliy Shamonov? Be Specific.
   a. Decisions on business unit scope, channels, products, geographic, international strategic choices
   b. Corporate strategy – you can talk about vertical integration into distribution and retailing or horizontal integration into related businesses
   c. Global strategy – you can talk about the logic for Ice-Fili of looking to export markets or the strengths the international players bring to Russia