California State University, Sacramento  
College of Business Administration  

MBA 290: Advanced Strategic Management  

Fall 2009  

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Required Course Materials:  
Case Package: The assigned cases for this course are available from the University Book Store. When necessary, your instructor may place additional materials in the bookstore for you to purchase.  

COURSE OVERVIEW  

This course focuses on the competitive strategy of the firm, examining issues central to its long- and short-term competitive position. Students act in the roles of key decision-makers or their advisors and solve problems related to the development or maintenance of the competitive advantage of the firm.  

The primary objectives of the course are:  
• To acquire familiarity with the principal concepts, frameworks and techniques of strategic management.  
• To gain expertise in applying these concepts, frameworks and techniques in order to  
  - understand the reasons for good or bad performance by an enterprise,  
  - generate strategy options for an enterprise,  
  - assess available options under conditions of imperfect knowledge,  
  - select the most appropriate strategy,  
  - recommend the best means of implementing the chosen strategy.  
• To integrate the knowledge gained in previous and parallel courses.  
• To develop your capacity as a general manager in terms of  
  - an appreciation of the work of the general manager,  
  - the ability to view business problems from a general management perspective,  
  - the ability to develop original and innovative approaches to strategic problems,  
  - developing business judgment.  
• To improve your skills of oral and written communication.  

COURSE FORMAT AND THE CASE DISCUSSION METHOD  

In order to achieve the objectives of the course, we will devote the majority of our class time to the analysis and discussion of selected management, competitive strategy, and business policy cases. Occasional lectures will be given to elaborate on key theoretical models and frameworks or to reinforce crucial concepts. These lectures, however, will be subordinate to the case analysis. Cases provide a natural "test-bed" for theory and provide vivid examples that help us remember concepts. While nothing can surpass first hand personal industry and managerial experience as a basis for analysis and decision-making, case analysis is an indispensable proxy for the kind of knowledge that can only be gained through years of experience and research. A mix of old and new business cases has been selected on a range of companies from a variety of industry settings. Each case is intended to teach us
something specific, yet each can teach many things. We will not attempt to exhaust each case of all its learning experiences, but rather build up a “war chest” of analytical tools, skills and insights, progressively over all the selected cases.

While I will direct class discussions, the quality of your learning experience will be directly determined by: (1) your degree of preparation, active listening, and participation, and (2) your classmates' preparation, listening, and participation. Some will not agree with you, and you may be asked to defend your argument or change your mind. So long as criticism is directed at arguments and not at individuals, is relevant to the issues at hand and coherently argued, it is very much welcomed.

**Case Preparation.** Because this course relies heavily on case material, extensive preparation before class and participation in class are required to ensure the course's success. (1) **Preparation for a case discussion** should begin with a rapid reading of the assigned case and other materials. (2) Then, it is worthwhile to review the discussion questions provided for clues as to what issues require special attention. (3) The next step is normally to re-read the case carefully, taking notes that sort information, facts, and observations under a number of relevant headings. Try to formulate theories or hypotheses about what is going on as you read ("the company loses money on small orders"), modifying or rejecting them as new information surfaces ("Table 2 shows that shipping costs per unit are higher for small orders, but only for long-distance shipments"). Push yourself to reach definitive conclusions before you come to class. (4) you should perform quantitative analyses, “crunching” whatever numbers are available. It is also very important to provide quantitative support wherever possible, particularly when exploring various hypotheses as to the nature and importance of certain phenomena. (If the requisite data are not available in the case, a precise description of what data are missing often triggers ideas for making creative use of the information that is available.) It is usually worthwhile to identify trends in the firm or industry, preferably with a quantitative measurement. Some of these trends, often very important ones, will not be flagged in the text of the case. (5) Finally, preparation will include notes that can be used to guide your participation in class discussions.

**COURSE EVALUATION**

Course grades will be determined by students’ relative performance on the following course components:

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<tr>
<th>Course Component</th>
<th>Percentage</th>
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<tr>
<td>Course Contribution</td>
<td>30%</td>
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<tr>
<td>Group Case Presentation</td>
<td>10%</td>
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<td>Individual Assignments (3)</td>
<td>24%</td>
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<td>Individual Project</td>
<td>10%</td>
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<tr>
<td>Group Project</td>
<td>26%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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In order to successfully pass this course, a passing grade (>50%) must be achieved in each individual course component.

**Attendance Policy:**

Class attendance is absolutely essential. All missed classes will be noted. Absences will reduce the student's participation grade. Students with excessive absences are at risk to fail the course. Only Official University engagements, such as scheduled debating events, sports events, are excepted. Job interviews, etc., are not excused. Lateness (and leaving class early), for whatever reason, will be noted as evidence of low course commitment and penalized.

**Class Contribution/Participation:**

Your overall commitment and attitude toward this course and your daily active verbal participation in case discussions will be closely monitored. In grading class participation, I will look at both the quantity and quality of your class contribution. Class participation is obviously a function of preparation, skills, attitude, and a willingness to actively commit yourself in front of your instructor and colleagues. A classroom is a cost-free environment for experimenting and learning to “play the game.” Make use of it. Shyness is no excuse.
With regard to quality, the dimensions that we look for include:

- **Relevance** -- does the comment bear on the subject at hand? Comments that do not link up with what the discussion is focusing on can actually detract from the learning experience.

- **Causal Linkage** -- are the logical antecedents or consequences of a particular argument traced out? Comments that push the implications of a fact or idea as far as possible are generally superior.

- **Responsiveness** -- does the comment react in an important way to what someone else has said?

- **Analysis** -- is the reasoning employed consistent and logical?

- **Evidence** -- have data from the case, from personal experience, from general knowledge been employed to support the assertions made?

- **Importance** -- does the contribution further our understanding of the issues at hand? Is a connection made with other cases we have analyzed?

- **Clarity** -- is the comment succinct and understandable? Does it stick to the subject or does it wander?

All students will be formally called on, at random, to take the lead in various aspects of class discussions. If the student called upon is not present, is late, or is not sufficiently prepared to make a substantial contribution to the class discussion, he/she will lose points for class contribution. If the student makes helpful comments, he/she will accumulate points for class contribution. Failure to be thoroughly prepared, on all occasions, will hurt your overall grade.

**Group Case Presentation:**

You will be required to participate in a brief case presentation to the class as part of a group. The presentation will be graded on a group basis. Each group must choose a case and present two types of information: important facts mentioned in the case and recent information collected from external sources regarding the firm and its competitors’ strategic positions (plus deal with any special issues as directed by the instructor). You will make your group case presentations before case discussions using an overhead projector or computer, and use your business communication skills to explain and defend your conclusions to the class. Presentations should take 10-15 minutes. Presentations must be made in groups of 3-4 members. No write-up is required when a group case presentation is made; however, groups should provide their instructors with a hard copy of their presentation slides and a full list of all members of the presenting group prior to making your presentation.

**Case Analysis Assignments:**

You are required to complete three (3) case analysis assignments out of a total of eleven (11) cases. The assignments are of different types. Some require the application of particular analytical tools or models to a case. Others require you to provide recommendations to the company featured in a particular case. The assignments will typically consist of your key recommendations to the managers in a case, along with the supporting logic for those recommendations. You should identify the strategic problems facing the managers, state your position as what the managers in the case should do, and support that position using strategic logic. You should not use precious space rehashing facts from the case. Instead, key facts should be used (sparingly) to help justify particular recommendations. That is, do not simply restate what the case writer has said in other words. Try to go beyond the facts provided by the case writer by doing some new analysis of the situation facing the managers. Then develop recommendations based on the analysis. Also, when making recommendations, do not dwell on things that the company is already doing. Instead focus on things it is not yet doing, but probably should, according to your analysis.

**You must do at least one assignment from each of the following groups:**

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<thead>
<tr>
<th>Section A</th>
<th>Section B</th>
<th>Section C</th>
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<tbody>
<tr>
<td>Dell</td>
<td>Merck-Medco</td>
<td>Iridium</td>
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<td>Ice-Fili</td>
<td>Microsoft</td>
<td>Renault-Nissan</td>
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<td>TiVo</td>
<td>CEMEX</td>
<td>Kodak (A)</td>
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<td>Charles Schwab</td>
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While I encourage you to work in groups discussing the cases and formulating answers to the questions, group discussion is not a substitute for understanding the case material, and the written responses must represent your own work. Due to time constraints I will only briefly evaluate each SA or QA (without written comments). You will know how good a job you’ve done on each assignment after the case is discussed. If after the case discussion you are
still not clear about why you earned a certain grade on an assignment, I strongly encourage you to discuss with me after class.

**Policies for Assignments:**

1. Assignments are due in the beginning of the class session when the case is to be discussed. Late assignments will not be accepted. No excuses, no exceptions.
2. Assignments must be typed in 12-point font with one-inch margins around the page.
3. Assignments must be no longer than three double-spaced pages.

**Group Project:**

A major group project is required. The final report will contain a comprehensive analysis of a company that will be assigned during the semester. The case analysis should be comprehensive, and should include identification of all major problems and challenges, an analysis of potential options, and detailed recommendations. The paper should incorporate relevant theoretical concepts, frameworks and models from the course. More detailed guidelines will be given during the semester.

**Individual Project:**

Guidelines will be given during the semester.
COURSE OUTLINE

Session 1: Course Introduction & Group Formation

Session 2: Strategy and Competitive Advantage
Readings: HIH Chapter 1
Case: Matching Dell (B): 1998-2003
Study Questions: 1. How has Dell been so successful despite the low average profitability in the PC industry?
2. How effective have competitors been in responding to the challenge posed by Dell’s advantage? How big is Dell’s remaining advantage?
3. What should each of Dell’s major rivals do now?
Assignment: What are the sources of Dell’s competitive advantage in the PC industry? Have major competitors been able to successfully imitate Dell’s strategy? If not, Why?

Session 3: Structural Analysis & Competitive Dynamics
Readings: HIH Chapters 2, 4
Case: Ice-Fili
Study Questions: 1. How structurally attractive is the Russian ice cream market? How is it likely to evolve?
2. How well positioned is Ice-Fili relative to its key competitors?
3. What strategic options does Ice-Fili have? What strategies would you recommend to the company? Be specific.
Assignment: (1) Use Porter’s Five Forces Model to analyze the attractiveness of the Russian ice cream market. (2) Use strategic group analysis to break down the Russian ice cream industry into several strategic groups. Analyze the structural attractiveness of each strategic group.

Session 4: Strategic Positioning
Readings: HIH Chapters 2, 4
Case: Strategic Inflection: TiVo in 2003 (A)
Study Questions: 1. What are TiVo’s competitive advantages?
2. Where does TiVo fit in the home entertainment value chain? Who are TiVo’s allies? Enemies? Why?
3. Will TiVo be able to sustain a position in the home entertainment value chain?
4. What should TiVo’s strategy be going forward?
Assignment: Identify two to three strategic options for TiVo to better position itself in the home entertainment industry. Present the pros and cons of each option. What strategies would you recommend to TiVo’s top management team?

Session 5: Core Competence & Dynamic Capabilities
Readings: HIH Chapter 3
Case: Charles Schwab in 2002
Study Questions: 1. What have been Schwab’s core competences in the financial services industry?
2. What were the strengths and weaknesses of Schwab’s business model during each of the three periods in the company’s history?
3. What is the situation facing Schwab’s top management team in 2002? Do you agree with the new strategy that the company is pursuing? If yes, explain why the new strategy is appropriate. If not, what are the flaws and what alternative strategy would you propose?
Assignment: (1) Identify Schwab’s core competences in the financial services industry. (2) Do you think Schwab has the capabilities and resources required to execute the new strategy proposed in 2002? If yes, why? If not, what capabilities must it build and what resources must it acquire?

Session 6: Group Project Preparation
### Session 7: Vertical Scope & Value Chain
**Readings:** HIH Chapter 7  
**Case:** Merck-Medco: Vertical Integration in the Pharmaceutical Industry  
**Study Questions:**  
1. What was the rationale for PBMs?  
2. Does Medco fit with Merck’s strategy?  
3. What does Medco bring to Merck? What are the advantages and disadvantages? What does Medco get from the Merck acquisition?  

**Assignment:** How would you assess Merck’s acquisition of Medco? Present the pros and cons.

### Session 8: Diversification
**Readings:** HIH Chapter 6  
**Case:** Microsoft in 2004  
**Study Questions:**  
1. What has been Microsoft’s path of diversification? What has been the dominant logic underlying the company’s diversification strategy?  
2. What have been the primary challenges for Microsoft since the mid-1990s? How effectively has Microsoft been responding to these challenges?  
3. How do you think about Microsoft’s recent new business initiatives in four areas? Are these initiatives adequate and effective in order to sustain the company’s long-term competitive advantage?  
4. What are the areas that you think Microsoft should enter or should have entered, based on the company’s core competences?  

**Assignment:** What has led to Microsoft’s diversification strategy? Will the company’s new business initiatives in four areas ensure its long-term competitive advantage? If yes, why? If not, what is missing? What do you recommend to the company?

### Session 9: Global Strategy
**Readings:** HIH Chapter 8  
**Case:** The Globalization of CEMEX  
**Study Questions:**  
1. What has been CEMEX’s competitive advantages in the global cement industry? How transferable are these competitive advantages across borders?  
2. What has been CEMEX’s primary entry mode in international markets? Explain the logic behind the use of this entry mode.  
3. What has been the path of CEMEX’s international market expansion. Explain the logic.  
4. What challenges and opportunities does CEMEX face in the global cement industry? What would you recommend to the company in order to survive and thrive in the competition with other global competitors?  

**Assignment:** Identify CEMEX’s competitive advantages in the global cement market. How well has the company been able to transfer its competitive advantages to international markets? What should the company do to improve its competitive position relative to other global competitors?

### Session 10: Strategy Implementation
**Readings:** HIH Chapters 10, 11  
**Case:** The Rise and Fall of Iridium  
**Study Questions:**  
1. Did Iridium have a sound strategy in the beginning?  
2. Was Iridium’s strategy well implemented as a whole and in individual functional areas?  
3. What were the primary factors that led to Iridium’s failure?  
4. What could have been done to prevent Iridium’s failure in terms of both strategic planning and implementation?  

**Assignment:** Develop a list of primary reasons that led to Iridium’s failure. What would you recommend to the company’s top management team to help it survive in its market?

### Session 11: Strategic Alliances
**Readings:** HIH Chapter 9
Case: The Renault-Nissan Alliance
Study Questions:
1. What was the motive behind the Renault-Nissan Alliance? What did each party bring to the alliance?
2. How well was the Renault-Nissan Alliance executed?
3. What benefits has the Renault-Nissan Alliance generated for each party?
4. What could be the next step of the Renault-Nissan Alliance?

Assignment: Describe the motive behind the Renault-Nissan Alliance. What have Renault and Nissan gained from this alliance? What could be the next step?

Session 12: Innovation Management
Readings: HIH Chapter 13
Case: Kodak (A)
Study Questions:
1. Evaluate Kodak’s strategy in traditional photography. Why has the company been so successful throughout the history of the industry?
2. Compare traditional photography to digital imaging. What are the main structural differences? Will digital imaging replace traditional photography? How have value creation and value appropriation changed in digital imaging relative to traditional photography?
3. How would you assess Fisher’s attempt to transform Kodak?

Assignment: (1) Compare traditional photography to digital imaging. What are the main structural differences? How have value creation and value appropriation changed in digital imaging relative to traditional photography? (2) Has Kodak responded appropriately and adequately to the emergence of digital imaging? What strategies would you recommend to the top management team?

Session 13: Faculty Furlough Day; No Regular Class; Individual Project Preparation

Sessions 14-15: Group Project Preparation
# COURSE SCHEDULE

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<th>Topic/Case</th>
<th>Readings</th>
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<td>2</td>
<td>Sept-8</td>
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<td>Matching Dell (B): 1998-2003</td>
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<td><strong>Structural Analysis &amp; Competitive Dynamics</strong></td>
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<td>Ice-Fili</td>
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<td>Sept-22</td>
<td><strong>Strategic Positioning</strong></td>
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<td>Strategic Inflection: TiVo in 2003 (A)</td>
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<td>Set-29</td>
<td><strong>Core Competence &amp; Dynamic Capabilities</strong></td>
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<td>Charles Schwab in 2002</td>
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<td>Oct-6</td>
<td>Group Project Preparation</td>
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<td>7</td>
<td>Oct-13</td>
<td><strong>Vertical Scope &amp; Value Chain</strong></td>
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<td>Microsoft in 2004</td>
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<td>Oct-27</td>
<td><strong>Global Strategy</strong></td>
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<td>The Globalization of CEMEX</td>
<td>Chapter 8</td>
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<td>Nov-3</td>
<td><strong>Strategy Implementation</strong></td>
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<td>The Rise and Fall of Iridium</td>
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<td>Nov-10</td>
<td><strong>Strategic Alliances</strong></td>
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<td>The Renault-Nissan Alliance</td>
<td>Chapter 9</td>
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<td><strong>Innovation Management</strong></td>
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<td><strong>Innovation Management</strong> (cont’d)</td>
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<td>Kodak (A)</td>
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<td>Nov-24</td>
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<td>Individual Project Preparation</td>
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<td>14</td>
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