COURSE OBJECTIVES

The course will introduce you to the basics of how business organizations are managed, with a special focus on the role played by a firm’s strategy. Strategic management is concerned with how a firm sets its direction, chooses its business activities, and establishes and defends its position in a competitive market. This course will introduce you to concepts and tools that will help you to develop an understanding of how strategies are formed and managed, and how competitive advantage might be created and sustained. The course learning objectives are:

1. To expose you to a wide range of business practices and industry contexts including the strategies of major corporations.
2. To develop an analytical toolkit of concepts, frameworks and techniques you can use to identify, assess and develop strategies.
3. To help you learn how to approach the analysis of unstructured problems and ambiguous situations encountered in the business world.
4. To provide an opportunity to further develop your skills in problem solving, analytical thinking, and oral communication.

COURSE MATERIALS

1. Thompson, Peteraf, Gamble, and Strickland, Crafting & Executing Strategy: The Quest for Competitive Advantage: Concepts and Readings, 20th edition. This is available for purchase at Wheelock bookstore. There are also six copies of the book on reserve at Baker Library as well as three on reserve at Feldberg Business-Engineering Library. Note: The “Essentials” version of this text, in any edition, is NOT an acceptable substitute. Neither is the Global edition nor is any earlier edition of the book an acceptable alternative. But you may use the hardcover version of the text, subtitled Concepts and Cases, so long as it is the 20th edition.
2. Custom case packet to be purchased from Wheelock Books.
3. Additional readings will be distributed in class or made available through Canvas.
4. Slides displayed in class will be made available on Canvas after the session.
FORMAT

Class sessions will be mixed in format, to include interactive lectures, discussions of readings, case analyses, video clips, and in-class exercises. Much of the learning in this course will occur in class as you share your experiences, questions, and analyses with each other. Therefore, you cannot make up for a missed class by simply reading my lecture notes later. So, **attendance is strictly required.** If you are unable to attend class due to illness or family emergency, you are expected to notify me by email in advance if possible. **An unexcused absence will result in a failing grade for that day’s participation.**

CASE STUDIES

For case study discussions, I will assume that everyone has carefully studied the case and is ready to discuss it. In preparing for a case discussion, you should read the case at least twice. The first (quick) reading should give you an impression of what the case is about. Once you have a good idea of the fundamentals, you should read the case again carefully while thinking more specifically about the class preparation questions in the syllabus. After the second reading, you should prepare your answers to the assigned discussion questions. It is often very helpful to work on cases with other students. You can discuss these questions in study groups before you decide how you would answer each question. Study groups are a useful and informal forum in which to test your ideas and to debate the pros and cons of each alternative. The discussion questions are meant to guide your thinking and will help you prepare for class -- but our class discussions will not always revolve around these same questions.

While it can be helpful to look through the exhibits, you need not spend much time on them since I am not expecting you to do any numerical analysis of the cases. Concentrate on the story. The case provides all the facts that you need. You should not attempt to find out what actually happened or bring in outside information about the company or the industry beyond what is described in the case. Such information is often not only irrelevant but counterproductive for your learning.

GRADING

There are four graded components:

1. Contribution to class discussions  10%
2. Homework (best 3 out of 4)  15%
3. Exam 1  35%
4. Exam 2  40%
There are no make-up homework assignments nor are there any extra credit assignments available.

**Contribution:** Your individual contributions to discussions will be evaluated on an ongoing basis. In an interactive class like this, everyone is expected to contribute to class discussions. You all play a part in each other’s learning so coming to class and just listening is not sufficient. **Thus, you are expected to be thoroughly prepared at each class meeting** (i.e., to have done the required readings and thought carefully about the discussion questions). To reinforce this expectation, I will often randomly select (i.e., cold call) a class member to comment on an issue or open a case. **Remember, participation and contribution are not the same!** I use the following guidelines to evaluate contribution to each discussion:

**SUPERIOR CONTRIBUTION:** A student’s comments reflect thorough preparation. They show that he/she has thought about the readings, cases, and assignments and can generate insights that add to the learning of fellow students.

**GOOD CONTRIBUTION:** A student’s comments reflect satisfactory preparation. They show that he/she has thought about the readings and assignments, and is able to add to the class discussion.

**NO CONTRIBUTION:** A student makes few or no comments. He/she does not provide sufficient evidence to demonstrate whether or not he/she has performed the assigned work or learned the assigned material.

**POOR CONTRIBUTION:** A student’s comments show that he/she has not prepared adequately for class and/or detract from the discussion. Note that I do “cold call” students who have not raised their hand, so you may be exposed in this manner if you are unprepared for class. Rude and inappropriate comments also count as a poor contribution.

*Note that unexcused absences will also negatively affect your contribution grade: each one equals a failing participation grade for that day!!*

For calibration purposes consider that in general, a student who regularly makes “Superior” contributions throughout the course will earn an A in class contribution and a student who consistently makes “Good” contributions will earn a B to B+. The full range of grades, including plusses and minuses may be used.

**Homework:** There are **four** written homework assignments. Of those four, only your **best three** homework grades will count toward your final course grade. So if you would like to skip one of the assignments, you may do so. But I recommend that you do them all, both for the learning that comes from doing homework, as well as to minimize the risk that your last homework grade will not turn out to be as high as you might wish.
Some assignments will provide an opportunity to apply material that has been covered in class and you will be evaluated on how well you do that. Others will be designed to help you to learn new material before we discuss it in class and you will be evaluated as much on the way in which you tackle the assignment as on how well you complete it. Unless otherwise specified, these are individual assignments. That is to say, you may discuss the questions with a study group or partner (since they are often a subset of the class preparation questions) but you are each to write up your answers individually.

All homework assignments must be submitted via Canvas by 1:00 AM on the due date. Late work will be accepted but graded down (penalized one point for lateness) until 1:15. After 1:15 AM, late work will not be accepted for credit.

Note that it is your responsibility to check to make sure that your document opens properly, has actually been submitted, and is readable. If you are having any trouble submitting via Canvas, you should email my assistant immediately, sending along your completed homework, so that we can see that it would have been submitted on time.

**Exams:** There are two exams but no final exam during the official exam period. Exam 1 will be administered during class on Thursday, April 28. Exam 2 will be given in class on Tuesday, May 24, with one more week of class sessions to follow. Exam 1 will assess your mastery of course concepts, tools and analytical approaches covered to that point in the course. The second exam will cover course material presented between exam 1 and exam 2. However, since the course concepts build on each other, the second exam will necessarily be somewhat cumulative in nature. **You must take all exams as scheduled for your section.** Plan your travels accordingly.

**POLICIES**

**Attendance:** You must attend the class meeting time for the section in which you are registered – you may not switch sections, except by permission for special circumstances. It is essential that you arrive on time.

Most class sessions will be interactive. **It is expected that you will attend all class meetings.** Missing class means missing the group learning experience and you cannot make this up by reading the textbook or any slides that are posted. Missing class will also affect your class contribution grade adversely because if you are not in class, you will not be able to contribute to the discussion and earn credit for these contributions.

**Seating Assignment and Name Cards:** On the second day of class (Thursday, March 31st), please choose a seat where you will be comfortable for the rest of the term. I use seating charts. I will also provide name cards; please bring and use them in every class.
so I can learn your names. If you forget your name card, you may not be given proper credit for your class participation.

**Professional Conduct:** Treat our class sessions as an opportunity to practice behavior and develop habits that will serve you well throughout your professional life, whether business or some other arena.

- Plan to arrive for class prepared and on time. Lateness is disrespectful and disruptive. Chronic lateness will not be tolerated.
- Turn off your cellphone (don’t just silence it) and put away anything that is not related to the class activities. Students whose behavior interferes in any way with the teaching or learning experience will be required to leave.
- During discussions treat your classmates with respect. Use professional language. Learn to disagree and critique the work of others in a polite and respectful manner. When you have something to say, raise your hand and wait to be acknowledged.

**Laptops, Tablets, and Cell Phones:** Laptops, tablets, iPads, and cell phones **may not be used** during class, unless explicitly allowed by the instructor for a specific purpose.

**Academic Honor Principle and Course Honor Code:** All students are expected to comply with the terms of the Dartmouth College Academic Honor Principle. For details please see [http://www.dartmouth.edu/~uja/honor/](http://www.dartmouth.edu/~uja/honor/).

Conduct of students registered in this course also is governed by a Course Honor Code as outlined below.

1. There are multiple sections of this course that meet at different times. Sharing or discussing class materials or content with students in another section between the times that the first and second sections meet is prohibited.
2. Any course slides and notes provided by the instructor are intended for use by enrolled students only and are not to be redistributed without permission.
3. Unless specified otherwise, all homework assignments are to be completed on an individual basis and should be the original work of the student. Discussing the homework questions with other students before you begin writing up your own answers is permissible, so long as you do the writing on your own.
4. You may, and are encouraged to, prepare for class discussions of cases and readings with fellow students enrolled in either section of the course subject to item 1 above. If there is a homework assignment associated with the discussion materials, that assignment must be prepared individually, in accordance to item 3 above.
5. Naturally, all other honor code principles of Dartmouth College also apply in this course.

Violation of the Honor Principle or terms of the Course Honor Code will result in penalties up to a failing grade on an assignment, an exam, or in the course. Every student is obligated to report to me any suspected violation of the honor code that he or she has
observed. If you wish not to reveal your identity, please drop a note in my mailbox at Tuck.

PEDAGOGICAL USE OF STUDENT WORK

Copies of student written work may be used by the professor for pedagogical purposes. An example of this would be using student homework or answers to an exam question to illustrate high quality work. Student work so used will be rendered anonymous through the removal of any identifiers.

DISABILITY SERVICES

Students requiring disability-related accommodations must register with the Student Accessibility Services (SAS) office. Once SAS has authorized accommodations, students must show the originally signed SAS Services and Consent Form and/or a letter on SAS letterhead to the professor within the first two weeks of the term (or as soon as possible in situations where it is impossible to meet the two week time frame) to ensure that so that appropriate arrangements can be made in a timely manner. All inquiries and discussions about accommodations will remain confidential.

OTHER

1. Preparation questions for the case analyses will be provided on Canvas.
2. Details of homework assignments will be posted on Canvas.
3. Sample answers to the homework assignments and exams will be posted on Canvas.
4. Any revisions to this schedule will be posted on Canvas.
5. Grades will be posted on Canvas. If you find some discrepancy with regard to your grades, please let me know immediately. DO NOT wait until the end of the term to resolve issues such as this.
COURSE OUTLINE

Tuesday, March 29th

Topics:  Introduction to Strategic Management; SWOT Analysis; Deliberate vs. Emergent Strategies

Readings:
   1. Thompson text, Chapter 1, pp. 2-14.
   2. Thompson text, Chapter 4, pp. 89-94.

Case:  Robin Hood (to be distributed in class)

Thursday, March 31st

Topics:  Vision, Mission, Core Values and Business Ethics

Readings:
   1. Thompson text, Chapter 2, pp. 18-26.
   2. Thompson text, Chapter 9, pp. 254-256; 261-280.

Tuesday, April 5th

Topic:  The Business Environment; Five Forces Analysis (Industry Structure); Strategic Groups

Readings:
   1. Thompson text, Chapter 3, pp. 44-63.
   2. Thompson text, Chapter 3, pp. 67-72.

Thursday, April 7th

Topics: Five Forces Analysis; Changing Industry Structure to your Advantage

Readings:
   1. Thompson text; Chapter 3, pp. 48-63 (review).

Case:  Cola Wars Continue: Coke and Pepsi in 2010 (HBS #711-462)
Class Preparation Questions:

1. Use a 5-forces analysis to analyze the economics of the concentrate business. Put the soft drink producers in the center of the diagram, as the industry incumbents/rivals. Identify the key underlying structural determinants of each force, and explain their implications for the relative power of each competitive force. Based on your analysis, how attractive is this industry? That is, how high is the profit potential of industry competitors? What are the key elements of your analysis of the underlying structural determinants that lead to this conclusion?

2. Next use a 5-forces analysis to analyze the economics of the bottling business. Here the bottlers will be in the center of the diagram, as the industry incumbents/rivals. Perform the same analysis as in question 1 above.

3. Compare the economics of the concentrate business to the economics of the bottling business. Why is their profitability so different?

Tuesday, April 12th

Topics: Competitor Analysis; Rivalry between Strategic Groups

Readings:

1. Thompson text; Chapter 3, pp. 67-72 (review).

Case: The Ready-to-Eat Breakfast Cereal Industry in 1994 (A) (HBS #9-795-191)

Class Preparation Questions:

1. Why has the RTE cereal industry been such a profitable industry, historically? Which of these factors are changing at the time of the case?

2. Draw a strategic group map for the industry with business size (sales) on one axis and branded versus non-branded on the other. (You can use approximations for size, but consider just the size of a company’s cereals business – not the full size of the corporation if they operate many different types of businesses

3. How are the private label producers likely to respond to General Mills’ move of lowering prices and promos?

4. How are the branded cereal makers likely to respond?

HOMEWORK #1: Homework assignment due by 1:00 A.M. on April 12th (the night before today’s class). Homework assignment questions are posted on Canvas and are essentially just a subset of the questions assigned for class preparation. Work is to be submitted via Canvas. Late work will be downgraded by one point until 1:15 AM, after which time it will not be accepted for credit.
Thursday, April 14th

Topic: Resources & Capabilities; Sustainable Competitive Advantage; the VRIN Framework (add dynamic capabilities??)

Readings:
1. Thompson text, Chapter 4, pp. 83-89.

Tuesday, April 19th

Topic: Identifying Resources & Capabilities, Resource Bundles; Applying the VRIN tests; Value Chains

Readings:
1. Thompson text; Chapter 4, pp. 83-89 (review).
2. Thompson text, Chapter 4, pp. 94-104.

Case: Walmart Stores Inc. (HBS #9-794-024) – just through the end of p. 10

Class Preparation Questions:

1. What types of resources and capabilities have been important to Walmart’s success as a discount retailer? (Hint: Use Table 4.2 on p. 88 of the Thompson text to help you identify and categorize the company’s resources). Can you identify any of Walmart’s competitively important resource and capability bundles?

2. Walmart has undoubtedly a strong record of sustained competitive advantage (since the 1980s). Choose a resource or capability that you feel may be an important explanatory factor for this and see if it passes all four tests of competitive power (on pp. 90-91 in the text).

HOMEWORK #2: Homework assignment due by 1:00 A.M. on April 19th (the night before today’s class). Homework assignment questions are posted on Canvas and are essentially just a subset of the questions assigned for class preparation. Work is to be submitted via Canvas. Late work will be downgraded by one point until 1:15 A.M., after which time it will not be accepted for credit.

Note: If you are having any trouble submitting online, email your completed assignment to my assistant, Mary Biathrow (Mary.Biathrow@Tuck.dartmouth.edu) before 1:00 A.M., so that we can see that you got it done on time.
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Thursday, April 21st

Topic: Generic Strategies; the Value-Price-Cost Framework in Action

Readings:
1. Thompson text, Chapter 5, pp. 116-141.
2. Thompson text, Chapter 1, pp. 9-11 (review)

Tuesday, April 26th

Topics: Focused Differentiation; Business Models; Customer Value Proposition and Profit Formula

Case: Ducati (HBS #9-701-132)

Class Preparation Questions:
1. Why is Ducati’s strategy an example of focused differentiation?
2. What were the main elements of Ducati’s generic strategy in terms of the Uniqueness Drivers listed in Figure 5.3 (p. 147)?
3. What might be the limitations of this strategy for Ducati?
4. How can Ducati continue to grow? Should they consider entering new markets? If so, which ones and why?

Thursday, April 28th

IN-CLASS EXAMINATION (#1)

Tuesday, May 3rd

Topics: Co-opetition; Total Value Created; Added Value

Readings:
Thursday, May 5th

Topics: The Value Net; Complementors; First-Mover Advantages

Readings:
1. Thompson text, Chapter 3, pp. 63-64.
2. Thompson text, Chapter 6, pp. 144-154.

Case: Power Play (A): Nintendo in 8-bit Video Games (HBR #9-795-102)

Class Preparation Questions: Draw a diagram of Nintendo’s Value Net based on the information in the case.

1. What strategies and actions did Nintendo take with respect to each of the other players around their value net that led to their very high profits?
2. What does the concept of Added Value tell you about how Nintendo managed its Value Net so profitably?

Tuesday, May 10th

Topics: Scope of Operations; Value Chain Systems; Vertical Integration Strategies; Partnerships

Readings:
1. Thompson text, Chapter 4, pp. 98-99 (review).
2. Thompson text, Chapter 6, pp. 157-170.

Cases:
1. “De Beers Consolidated Mines Ltd. (A)”, (HBS #9-391-076)

Class Preparation Questions:

1. Draw a representation of the Value Chain System in the diamond industry.
2. Historically, where did DeBeers participate along this industry value chain and how? To what extent were they a vertically integrated firm?
3. More recently, DeBeers has changed its vertical integration strategy. Explain how and why.
4. In particular, they have sought more recently to participate in different activities through partnerships rather than vertical integration. What explains their interest in partnerships now?
HOMEWORK #3:  Homework assignment due by 1:00 A.M. on May 10th (the night before today’s class).  Homework assignment questions are posted on Canvas.  Work is to be submitted via Canvas.  Late work will be downgraded by one point until 1:15 AM, after which time it will not be accepted for credit.

And as always, if you are having any trouble submitting on line, email your completed assignment to my assistant, Mary Biathrow (Mary.Biathrow@Tuck.dartmouth.edu) before 1:00 A.M., so that we can see that you got it done on time.

Thursday, May 12th

Topics: Global, Multidomestic, and Transnational Strategies; Entry Modes; Diamond Framework

Readings:

Case: Euro Disney: The First 100 Days (HBS #9-693-013)

Class Preparation Questions:
1. Assess Disney’s decision to build a theme park in Europe.  How can such a decision be evaluated and was it a wise one?
2. What aspects of the traditional Disney theme park formula might prove transferrable to Euro Disney and which might prove to be specific to the United States and/or Japan?  In general, what issues should a company think through before extending a successful business model across international boundaries?
3. Which of the three main strategic approaches to competing internationally did Disney take as it expanded its theme park business into markets outside the United States?  Does this approach make sense?  Explain.
4. What lessons has Euro Disney learned that could be applied to the development of a 2nd theme park in France or to its next venture of establishing a new park in a foreign country?

Tuesday, May 17th

Topics: Corporate Strategy; Related and Unrelated Diversification
Readings:
1. Thompson text, Chapter 6, pp. 154-157.
2. Thompson text, Chapter 8, pp. 210-230; 242-247.

Thursday, May 19th

Topics: Corporate Strategy: Leveraging resources and capabilities

Reading:
1. Thompson text, Chapter 8, p. 213 (Review).

Case: Newell Rubbermaid: Strategy in Transition, (HBS #9-704-491)

Class Preparation Questions:

1. How would you describe the diversification path represented by Newell’s former strategy? (Related, unrelated, or mixed) Explain your answer.
2. What types of resources and capabilities were the bases for Newell’s former strategy? Which of Newell’s resources were corporate-level resources (residing at headquarters, or centrally - and/or employed by the top management team)? Which of its resources and capabilities were shared or transferred across its divisions?
3. Why was the company faring poorly when Joe Galli was recruited to turn the company around?
4. Evaluate the pros and cons of Galli’s new strategy in light of Newell’s resources and capabilities.

HOMEWORK #4: Homework assignment due by 1:00 A.M. on May 19th (the night before today’s class). Homework assignment questions are posted on Canvas and are just a subset of the questions assigned for class preparation. Work is to be submitted via Canvas. Late work will be downgraded by one point until 1:15 AM, after which time it will not be accepted for credit.

And as always, if you are having any trouble submitting on line, email your completed assignment to my assistant, Mary Biathrow (Mary.Biathrow@Tuck.dartmouth.edu) before 1:00 A.M., so that we can see that you got it done on time.

Tuesday, May 24th

IN-CLASS EXAMINATION (#2)
Thursday, May 26th

Topics: Diversification; Synergies – Strategic Fit among value chain activities

Case: The Walt Disney Co.: The Entertainment King”, (HBS #9-701-035)

Class Preparation Questions:
1. Why was Disney successful for so much of their history?
2. What did Michael Eisner do to rejuvenate Disney in his first three years as CEO?
3. What is the economic logic that underlies Disney’s diversification? (Hint: Think about relatedness).
4. In Eisner’s later years as CEO (through the end of the case), did Disney diversify too far – geographically, in terms of vertical scope, and across businesses?

Tuesday, May 31st

Topics: Strategy Execution; Corporate Culture and Leadership

Readings:
1. Thompson text, Chapter 12, pp. 342-364.

Case: Southwest Airlines: In a Different World (HBS #9-910-419)

Class Preparation Questions:
1. Why has Southwest Airlines been so much more successful than its competitors?
2. How would you describe the company’s culture? What role has the company’s culture played in its success?
3. How has the original strategy been altered in recent years? How, if at all, have these changes affected Southwest’s key success factors?