OFFICE HOURS & EMAIL:
My official office hours are Tuesdays from 4 – 6 PM. I am also in my office many other times and encourage you to stop by or make an appointment. Please feel free to come to my office for any reason, as I consider the more personalized interaction outside of class to be an extremely useful learning tool and enjoy talking with students on an informal basis. In addition, you may send any questions or comments that you have using Email and I will respond to them as quickly as possible.

COURSE DESCRIPTION:
Often called “the missing link” in corporate strategy, the strategic management of operations in order to provide a superior product or service is viewed by many “world class” organizations as a means of building a lasting competitive edge. This course examines how a well-defined operations strategy can lead to a set of coherent decisions regarding operations which will lead to improved financial and market performance. Strategy is examined in terms of structural, longer-term decisions, and infrastructural, shorter-term decisions. The operations strategy of an organization is analyzed in tandem with the marketing, financial, human resource, and information systems strategies of the organization.

Case studies are used to illustrate the strategies and resulting decisions made by world-class organizations in both the manufacturing and service sectors. In addition to developing a basic strategic framework that can be used to analyze a broad variety of organizations, we will also focus on specific topics of critical importance. Case studies will be used to examine process design/analysis, technology management/E-commerce, and capacity/inventory issues.

MATERIALS:
- **Course Packet**, consisting of Harvard cases available at: [https://cb.hbsp.harvard.edu/cbmp/access/48011674](https://cb.hbsp.harvard.edu/cbmp/access/48011674). Additional materials will be posted on Carmen.
EVALUATION: Your course grade will be determined according to the following breakdown:

<table>
<thead>
<tr>
<th>Cases</th>
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<tbody>
<tr>
<td>Southwest in Baltimore</td>
<td>10%</td>
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<tr>
<td>Ocado</td>
<td>10%</td>
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<tr>
<td>Cases 3 and 4</td>
<td>10% total (5% each)</td>
</tr>
<tr>
<td>Sharing Economy Company Analysis</td>
<td>40%</td>
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<tr>
<td>Class Participation</td>
<td>30%</td>
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Grades will be assigned according to the following grading scheme:

<table>
<thead>
<tr>
<th>Final Weighted Score</th>
<th>Final Grade</th>
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<tbody>
<tr>
<td>93 – 100</td>
<td>A</td>
</tr>
<tr>
<td>90 – 92.99</td>
<td>A-</td>
</tr>
<tr>
<td>87 – 89.99</td>
<td>B+</td>
</tr>
<tr>
<td>83 – 86.99</td>
<td>B</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
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Class attendance is required. Should you have a legitimate reason for missing class, please inform me via email. You are responsible for all course material – please contact a classmate to gain an understanding of the material should you need to miss a class session. Make up examinations and/or case/group projects are not given.

CLASS PARTICIPATION

An important part of the course is the effectiveness of your individual participation in daily class discussions, and particularly in the case discussions. While a minimum level of participation is expected of every class member, primary emphasis is placed on the quality of classroom contributions. In grading class participation, little emphasis will be placed on redundant or extraneous contributions. Rather, emphasis will be placed on contributions which add new insights to the discussion or which build on the comments of others. Class attendance is a critical component of class participation.

CASE WRITE-UPS

Four cases are required from each student. Each student should work both the Southwest in Baltimore case and the Ocado case (with accompanying routing assignment). You may pick 2 of the remaining 4 cases to write-ups. Writeups should be 1 page and are due prior to class. You may have one additional page of tables/exhibits/figures if you wish – write-ups may be single or double spaced.

SHARING ECONOMY COMPANY ANALYSIS:

Each student will be responsible for making a 10 minute presentation in the last class, along with a 5-10 page paper. The topic will be the operations strategy of a particular sharing economy company. The presentation/paper should examine the strategic operating decisions that business
has made, as well as profile the challenges that organization faces. Your challenge is to analyze the operations and financial strategy of a single Sharing Economy company. Make your best estimate regarding the viability and investment potential for the company.

As part of your final presentation, you should evaluate the prospects for the company using a 1 – 10 metric ranging from 1 = sell and get out as fast as possible, to 5 = hold your position to 10 = mortgage the house and go all in. You will also get a chance to provide the same rating for each of your classmates’ companies as well as an opportunity to invest a fictional $100,000 sum.

The following companies are excluded from consideration:
- Uber
- Lyft
- Car2go
- Zipcar
- Airbnb

Details of the project will be discussed in class.

**Class Schedule**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Case/Details</th>
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<tbody>
<tr>
<td>March 8</td>
<td><strong>Operational Strategy Principles &amp; Framework</strong></td>
<td>Case: Southwest Airlines in Baltimore <em>(REQUIRED WRITE-UP)</em></td>
</tr>
<tr>
<td>March 22</td>
<td><strong>How scalable is the Sharing Economy? Operational estimation and discussion</strong></td>
<td>Case: Ocado: An Alternative Way to Bridge the Last Mile in Grocery Home Delivery <em>(REQUIRED WRITE-UP)</em></td>
</tr>
</tbody>
</table>
| March 29   | **Valuing, creating and deploying Strategic Flexibility:**  | Case: Eli Lilly
Guest Speaker, Ray Hage, President/CEO Hapten Sciences
Topic: Rare Pediatric Vouchers as a Strategic Tool in Pharmaceuticals |
| April 5    | **Evaluating and Managing Shareable Assets**               | Case: Uber: Changing the Way the World Moves                                  |
| April 12   | **Evaluating large-scale Structural Investments**          | Case: Wal-Mart China: SC Transformation                                      |
| April 19   | **Workforce and Cost Containment**                        | Case: Crisis at the Bally Wedding Dress Co.                                   |
Assignments

March 8 – Southwest Airlines in Baltimore
- The plane turnaround process requires coordination among twelve functional groups at SWA to service, in a short amount of time, an incoming plane, debark and then embark passengers and baggage for a prompt departure. Please evaluate the plane turnaround process at Baltimore – resource utilization, capacity, bottlenecks, information flows, etc. How well is the process working?
- Why is the operational performance in Baltimore eroding? What issues do you identify that require action and what actions would you recommend Matt Hafner take?

March 22 – Ocado
- We will use Ocado as a gateway discussion to the Sharing Economy. While the case is almost 15 years old, it is newly relevant as companies such as DoorDash explore delivery possibilities and investors value such companies at high valuations (nearly $1 billion). The case will be used to examine the many challenges involved in a Last Mile delivery model. Please read the case and work on the following questions:
  - Define the operations strategy model for a company such as Ocado or Freshdirect.
  - Estimate the costs involved in filling an order using largely manual operations vs. the automated approach being developed by Ocado. What is the break-even estimate for Ocado?
  - Complete and turn in the Delivery Routing exercise – there is a spreadsheet posted on Carmen for developing routes for delivering to 45 customers with predetermined 2 hour time windows. Hint: The “optimal” solution is 4 routes, but this is EXTREMELY hard to find.

March 29 – Eli Lilly
- How has the competitive environment in pharmaceuticals been changing over the past few years? What are the implications for the role of manufacturing within Eli Lilly.
- How does each facilities option affect Lilly’s cost structure, capacity management and product development capabilities? For what type of products does the proposed flexible facility provide an efficient (i.e. low cost) manufacturing capability?
- What type of flexibility does the “flexible facility” provide? What is the value of this flexibility to Lilly? How much is Lilly paying for this flexibility?
- Given Lilly’s strategic goals in the 1990s, which option should Steve Mueller recommend? Are there other options that Lilly should be contemplating?

April 5 – Evaluating and Managing Shareable Assets

Please read one or more of the following articles with an eye toward gathering relevant data for your Sharing Economy Evaluation Project.
- http://www.theguardian.com/sustainable-business/eight-best-sharing-economy-companies

Assignment questions for Uber Case:
• Provide your thoughts on Uber’s surge pricing policy? What are the reasons it can be perceived as unfair? What are the risks of the policy to Uber – given these risks should Uber modify its policy? Be prepared to defend your answer.
• How robust is Uber’s operating model? Where are the weak links and how vulnerable is it to competition/disruption?

April 12 – Wal-Mart China
• Evaluate the costs of the cross dock and staple stock dc models. Besides costs, what other factors should be considered as part of the analysis?
• If you were in the position of Lesley Smith, what recommendations would you make?

April 19 – Bally Wedding Dress Co.
• Compare Bally’s operations strategy with that of traditional foreign trade enterprises.
• Describe the current crisis and make suggestions for coping with the crisis. Please examine the pros and cons of each alternative.
• Fiona Lee’s decision to vertically integrate by buying the factory in 2009 appears due for re-evaluation. Should she consider a change?