COURSE OVERVIEW AND OBJECTIVES

This course is concerned with building high performance systems to deal with the number one problem facing organizations worldwide-- how to be more competitive in a global marketplace. This course is much more execution and action oriented than most other strategy classes. For example, while some other courses focus on industry analysis (e.g., Porter’s five forces framework) or on firm capabilities, they don't generally emphasize the action plan needed to respond to an unfavorable industry positioning or the lack of capabilities. The course focuses on problem diagnosis and problem solving around the major challenge managers face – strategic change, with an emphasis on the decisions, actions, and conditions that facilitate the successful attainment of strategic objectives. The course will be strongly grounded in the challenges firms face operating in dynamic and competitive markets and will focus on providing a set of tools and guidelines for developing and executing a strategy. The perspective is integrative, and combines theory and insights from strategy, organization theory, finance, technology, marketing and entrepreneurship.

The course starts with the belief that it is naïve to assume that strategy is first “formulated” and then “implemented.” In reality, formulation and implementation are intertwined, iterative processes. In this course we will continue to use the tools that you have learned in other Strategy related courses, but the key emphasis here will be on strategic action that entails going from formulating a strategy to obtaining the desired results. Understanding which strategy would work best given the organizational context as well as knowing how to execute that strategy is what this course is mostly about.

We will examine the key processes that operate within organizations that encompass sequences of tasks and activities that unfold over time and include processes such as strategic planning, resource allocation, decision making, relationship management, and strategic renewal. The process view introduced in this course is a horizontal and dynamic view of an organization and enables the development of a rich perspective of how actions get taken inside organizations. A deeper understanding of the design, direction, and functioning of such processes allows managers to influence the organizations ability to embrace strategic and organizational change.
The objectives of the course are as follows:

1. To develop and understanding of the complexity and dynamics of change in organizations. The objective here is to identify the different factors that facilitate or impede change as well as to understand how that change can create disequilibrium within the structure and processes of a firm.

2. To discuss and evaluate the key organizational processes that impact the ability of organizations to successfully formulate and implement new strategies.

3. To assess how general managers of "best performing" companies drive their organizations to build entrepreneurial capabilities while avoiding bureaucratic inertia.

4. To identify and develop strategies for embedding the capacity for change in organizations. If the rate of change is accelerating, how can organizations structure themselves to build adaptability?

**Pedagogy**

The requirements for this course will combine reading, analysis, and assignments with opportunities to apply basic concepts and analytic approaches to a series of actual businesses and other organizations. The course will combine a mix of cases, lecture/discussion, exercises/role plays, and videos, and group project. Your basic objective is to develop your own understanding and management skills. My primary objective is to stimulate this process. Specifically, the course will attempt to help you develop your knowledge and skills in the application of advanced frameworks, concepts, and methods for making strategic and organizational choices at the business level. At the end of the course, you should have a working knowledge of the approaches that organizations use to resolve organizational issues to make them more effective in formulating and implementing effective strategies.

**Course Assumptions**

1. Today’s competitive environment is complex and challenging. Technology is expanding organizations’ ability to achieve customer intimacy, product leadership and operational excellence along with increasing globalization has intensified competition. Dealing with these challenges is a key organizational imperative of the present and future.

2. Leaders are more inclined to ask quantifiable questions than to seek out answers to fuzzier, complex questions that reveal real strategic issues confronting the organization. The fact that you can’t quickly quantify a question may well indicate that you are now asking questions that are truly important, non-trivial and unique.

3. Key task for a leader is to learn to diagnose strategic issues confronting the organization and to challenge underlying assumptions on which the strategy, structure and processes were developed.
4. A leader needs to have an understanding of theories to give him or her conceptual ability to understand complex and ambiguous situations. With this understanding the leader can develop and implement effective strategic solutions to organizational or environmental problems.

**Purpose of Readings**
To provide an overview of ideas, theories, and research directed to the understanding of a multifaceted change effort in an organization within the specific context of building an effective organization operating in dynamic market settings.

**Purpose of Cases/Exercises**
To provide an opportunity to develop analytic and problem-solving skills in order to be able to better lead interpersonal, group and organization phenomena.
To provide an opportunity to apply one's developing knowledge of strategy, structure and processes in “real” situations.

**Evaluation**

You will be evaluated on the basis of the following:
1. Class contribution 50%
3. Group report 50%
Total 100%

**Criteria for the Group Project**

The group project is a major part of the course, and will count for 50% of your grade. The objective the project is to develop a state-of-the-art white paper. Thus, the project should focus on a particular topic/decision problem. The theme of your assignment is to write a white paper akin to a case study of a firm that has been successful or is on the path to success in redesigning itself to be more integrated to leverage synergies across its business units (could be by product or geography or technology). “Synergy” is a big deal for many companies and is also the basis for many mergers and acquisitions, yet the fact of the matter is that it remains an elusive ideal for many companies. Take for example, the disastrous outcomes for AOL-Time Warner, Vivendi, and Bertelsmann. Your job here is to document an example of the best practices of a company that has demonstrated how to obtain some of these elusive synergies through innovative management practices that encompass the management of key organizational processes. You should also look at some of the obstacles that have been encountered in the process and how the company overcame these obstacles (if they have not yet been overcome you can list the obstacles and discuss the solution in the last section of the case as an action plan). Finally, you should take a critical perspective in outlining what still remains to be done and what challenges the firm faces in doing so in the last section of the case. Try
to avoid a long checklist of things. Remember depth is better than breadth. Limit your discussion to a few of the more salient challenges and thoroughly discuss those challenges.

The steps in the project are as follows:

1) Pick a topic that your group finds most interesting and want to learn more about.

2) Identify a real firm or a real problem context within which your group will study this topic. Sometimes, this process may proceed in reverse, in that the group may have contacts with a company, and then decide on the topic. This is fine, as long as your group eventually “maps” the firm’s decision problem into the topic for the assignment. I will expect you to read more deeply about that topic from an academic perspective, using the list of sources that I may recommend to individuals.

3) Once your group has identified a topic and a company, submit a one-page project proposal. The proposal should identify the theoretical issues that the proposed case study will illuminate, and the learning objectives for the case study. The proposal should also briefly describe the context of the company/problem, and should outline the research action plan. I will expect secondary data collection, and most groups should do some form of primary data collection. Primary data may be interviews with industry executives, or may be collected by conducting consumer research. The group should have negotiated access (in person or by phone) to key people in the company you propose to study prior to this meeting.

4) After I approve the topic, the group will then be expected to work as “consultants” for your client on the topic you have identified. Typically, you will formulate a recommended strategy for your client, which you believe to be the “best answer” for the decision problem. In addition, the group will need to create viable decision alternatives that are reasonably balanced and then pick one and provide a justification for your choice. Even though you will recommend one of these alternatives to your client, you will need to develop more than one alternative for the case.

**Deadlines:** To ensure steady progress on the group project, the following intermediate deadlines will need to be met:

1. One-Page Proposal Due: second week of class
2. Interim Presentation: mid-quarter
3. Final Group Project Report Due: last class

The recommended length of the case study is 15 page case (double-spaced) (plus exhibits).
A rough outline of the case would include:

1. Industry background on what are trends/patterns in the industry, who is the competition, what are their current initiatives, and how the focal firm is situated in this context. Present overall trends that make synergy a key strategic imperative, address questions such as what are those synergies and why are companies finding that it is critical to leverage them. Also, clarify what synergy means for the company.
2. Firm background with a brief history, its performance trends and strategic positioning over time, and its current situation and recent initiatives.
3. Discuss the performance implications of synergy. Does synergy matter for the firm? Is this synergy going to become the basis of a competitive advantage for the firm or merely a requirement to participate in the industry? How does the firm measure this synergy and how does that translate to firm performance? Are there any metrics that are being used or should be used to measure return to these efforts?
4. Focused discussion on how the firm enables itself to leverage those synergies. Describe in detail what they have done (what has changed within the company) and how effective those changes have been in bringing about synergy for the firm. Provide some empirical data on the results they have achieved.
5. One final point – feel free to have a liberal number of exhibits with figures, diagrams, video segments …etc. to support the case.

Some general pointers to keep in mind:

1. Make sure you detail first the industry shifts that are necessitating the importance of synergy.
2. Make sure you can delve into the organization structure and processes and link them as tightly as possible to the strategic shifts going on, try to bring in the synergy issue that is a central piece of the requirement (explain in detail the kind of synergy you are focusing on).
3. At the end of the case take a critical perspective - discuss what is working and what is not and needs to be fixed. Finally, make sure you bring up the organizational issues and link them to the strategic changes.
4. In-depth focus on a few key issues is better than a broad focus on lots of issues. Keep the industry and firm background to a minimum and spend the bulk of the case on the issue you are focusing on.
5. Visuals are a good thing such as one that summarizes the history of the firm and key events in its past or one that provides a clear organizational chart.
6. Since you will be interviewing managers for this report, it is important for you to provide actual quotes from your interviews to bolster the case.
7. The sequence of the project should be assess, analyze, and then propose action.
I would like to assist you in any way possible to make the cases as good as possible so please don’t hesitate to iterate with me on your projects as often as you like. I view the project as an important learning component of the course in which you can examine, first hand, some of the course principles and their importance for organizational success. I am happy to assist you in any way possible to help you learn as you do this exercise.
Class Schedule

Part 1: Introduction

Class 1: Overview and Introduction to Strategy Implementation

Class 2: Where Do Good Strategies Come From?
Readings: *An Alternative Approach to Making Strategic Choices* (Jan Rivkin, HBS Note 2002)
Case: Honda (A)
Assignment:

1. What is the strategy that allowed Honda to be so successful in the motorcycle industry, and in particular, in the US?
2. What indications do you have, if any, that the strategy was planned in advance?

Class 3: Meetings with Individual Groups to Discuss Project
Place and time to be announced

Class 4: Organization and Strategy: Chicken and Egg?
Readings: *Hustle as Strategy* (Amar Bhide, HBR, 1986)
Case: General Electric Energy Management (A)
Assignment:

1. Assess the attractiveness of the energy management industry and the key success factors for operating in it. Is this an industry that GE should enter?
2. What are the advantages and disadvantages of the GE organizational system for starting a new business such as energy management?
3. What action would you take as Raj Bhatt now?

Part 2: Organizational Structures and Alignment

Class 5: Organizational Responses to External Change
Case: Time Life (A)
Assignment:

1. What challenges did John Fahey face in early 1992? What is your evaluation of the steps he took? What has been accomplished and what remains to be done as of January 1993?
2. What challenges does Candice Carpenter face as president of the video and television division? How should she proceed?
3. What challenges does John Hall face as president of the books division? What is your evaluation of his proposed action plan?
4. What should Fahey do about *True Crime*?
5. What distinctive general management skills are required to succeed in a creative business?

Class 6: Competing Internationally
Reading: Going Global: Lessons from Late Movers (Chris Bartlett and Sumantra Ghoshal, HBR, 2000)
Case: Jollibee (A)
Assignment:

1. How was Jollibee able to build its dominant position in the fast food industry in the Philippines? What sources of competitive advantage was it able to develop against McDonald’s in its home market?
2. How would you evaluate Tony Kitchner’s effectiveness as the first head of Jollibee’s international division? Does this broad strategic thrust make sense? How effectively did he develop the organization to implement his priorities?
3. As Noli Tingzon, how would you deal with the three options described at the end of the case? How would you implement your decision?

Part 2: Tapping External Sources of Growth and Innovation

Class 7: Complementary Strategic Alliances
Reading: Launching a World-Class Joint Venture (James Bamford; David Ernst; David G. Fubini, HBR, 2004)
Case: Studds-Nolan Joint Venture
Assignment:

1. What options are available to Studds? Should this company be involved in foreign markets?
2. What are the elements of a successful joint venture partnership? Evaluate the Studds-Nolan relationship on these dimensions.
3. Assess the reasons Studds had for choosing to partner with another helmet manufacturer. What capabilities does Studds need to succeed in the markets which have the greatest potential?

Class 8-9: Interim Presentations

Class 10-11: Managing the Alliance Interface
Reading: Transferring Collective Knowledge: Teaching and Learning in the Chinese Auto Industry (Zhao, Anand & Mitchell, Strategic Organization, 2004)
Case: HP-Cisco Alliance (A)
Assignment:

1. What are the challenges facing Jim Heal and Mike Thomas?
2. What are Heal’s and Thomas’s bases of power? What influence tactics are available to them?
3. If you are appointed to an alliance manager position at HP or Cisco, what would your action plan be? How would you prioritize your actions?
4. If you were Steinhilber or Russell, what kinds of structural interventions would you pursue to enable your alliance organization to function effectively?

Class 12: Making Joint Ventures work: Guest Speaker from Worthington Industries

Part 3: Corporate Restructuring & Refocusing

Class 13: Focus and Value Creation
Case: Ciba Specialty Chemicals (IMD)
Assignment:

1. What is Ciba’s position in the specialty chemicals industry?
2. Was the break-up of Ciba necessary?
3. The share price in June 1996 was SFr140. Is Ciba overvalued or undervalued? How can you justify the price? (Assume WACC=7%, tax rate=25%, number of outstanding shares=72 million)
4. Identify the issues critical to the justification of the price. What specific actions would you recommend?

Class 14-15: Restructuring of Conglomerates
Case: Escorts (Ivey)
Assignment:

1. Outline environmental conditions and Escorts’ strategy to the time of liberalization. How has the environment changed in India post-liberalization?
3. As VP of Corporate Strategy Planning, outline a plan of response to these changes. Use the tractor business as an example of your plan of action.

Class 16: Value Creation in Corporate Strategy: Guest Speaker from The Limited/A&F

Part 5: Personal Perspective and Leadership

Class 17-18: Management in Real-time
Readings: Fry and Killing, chapter 8 “Management Preference Analysis”
Case: Sabena Belgian World Airlines (A)
Assignment: Read both Sabena Belgian World Airlines (A) and Weytjen’s First Assignment (to be handed out).

1. What personal, business and environmental factors influence Erik Weytjen’s decisions and actions? In what way?
2. What is your assessment of the situation at Sabena catering?
3. What actions should Weytjen take to resolve the problems in dishwashing?

Class 19-20: Final Presentations