Strategic Management
BUS MHR 4490
Autumn, 2014

Professor Jay Dial Office 860 Fisher Hall
Email dial.12@osu.edu Phone 292-5438

Class Time/Location
BUSMHR 4490-0020 TU 8:00-9:20 PM, Schoenbaum 0105

REQUIRED READING

- Selected Chapters in Rothaermel book – ** TEXTBOOK READINGS**
- Selected chapters in The Mystery of Capital, by Hernando DeSoto, available from Amazon.com
- Additional articles which will be included in the course packs for the recitation sections
  (Your recitation leader will also give you details regarding a recitation case course pack)

TEXTBOOK

- Strategic Management, by Frank T. Rothaermel, McGraw-Hill 2013. (Selected chapters are available in a custom book specifically for this course.)
Dr. Jay Dial is Clinical Associate Professor of Management & Human Resources at The Ohio State University’s Fisher College of Business. Professor Dial teaches strategy, microeconomics and leadership courses in Fisher’s MBA and undergraduate programs. He has been honored with the Alumni Association Award for Distinguished Teaching, Ohio State’s highest honor granted for teaching and has been admitted to the University Academy of Teaching. He has been recognized as the Outstanding Professor in the Full-time, Working Professional and Executive MBA Programs more than a dozen times and has also received the College’s highest teaching award, the Daniel Westerbeck Pace Setters Award for Graduate Teaching.

Dial is a regular contributor to Fisher’s custom executive programs working with various clients, such as Nationwide, Textron, The Limited, Cardinal Health, OSU Medical Center/Ross Heart Hospital and the Abbott Nutrition among others. Dial has also worked in executive programs at Cornell University and Tulane University working with senior executives from Fortune 100 companies, such as IBM, Citibank, Chase Manhattan, Intel and Hewlett-Packard. He has also consulted to a broad variety of clients on strategy issues, including Aeropostale, Timken, Roadway, Lubrizol, Baker-Hughes, Amerisource Bergen, Keybank, Tosoh America and Sterling Commerce.

Professor Jay Dial’s interests include competitive strategy, leadership and governance issues. He has published scholarly articles in various journals, including the Academy of Management Review, Journal of Financial Economics and Journal of Management. Professor Dial is the author of numerous Harvard Business School teaching cases and also conducts seminars for business school faculty on teaching with the case method.

Professor Dial joined the Ohio State faculty in 2002 after previously serving on the faculties at Case Western Reserve University and Texas A&M University. He also worked as a management consultant with Deloitte & Touche (now Deloitte Consulting) in Boston, focusing on corporate finance and corporate strategy issues. Prior to that, he worked in brand management at Kraft at their Glenview, IL world headquarters.

Dial holds a Doctor of Business Administration degree in General Management from Harvard University and has an MBA from the University of Chicago with concentrations in Finance and Business Policy. He is a summa cum laude graduate of Old Dominion University where he majored in Marketing.

Jay lives in Upper Arlington, OH with his wife Aparna and son Bennett, 6, and daughter Annika, 2. He enjoys woodworking, jazz and acoustic music and rooting for the Cincinnati Reds and Buckeyes.
COURSE INTRODUCTION

This course is about the creation and capture of value in organizations and overcoming the barriers that would prevent that. This course covers two big topics: business strategy (strategic management of individual businesses) and corporate strategy (strategic management of issues specific to the multi-business firm). We examine the following topics:

Business Strategy:

1. What is strategy?
2. External Analysis and Porter’s 5 Forces
3. Internal Analysis and the Resource-Based View
4. Value Added and Competitor Analysis
5. Competitive Dynamics
6. Internal conflicts within organizations
7. Leadership

Corporate Strategy:

8. Why do we have firms?
9. What determines firm boundaries?
10. How to organize
11. Issues with expanding multi-business firms

COURSE OBJECTIVES

The central objective of this course is to understand the strategic management of single business and multi-business firms. We will examine how firms pursue a sustained competitive advantage through the careful selection of business and corporate strategies. In strategy, we take the viewpoint of a CEO, entrepreneur, or division manager with responsibility for the strategic decisions of the firm in a particular product market. From this perspective, we are faced with numerous choices that will directly impact our revenue stream, our cost structure, and our subsequent profitability. Underlying this approach is the assumption that performance is influenced by the active management and guidance of the firm.

This course is mainly targeted to help students understand the strategic issues and tradeoffs in the performance of companies. Consequently, this course is not only pertinent for students who intend to pursue general management careers, but also to those interested in equity and fixed income research, investment banking, venture capital, and other careers where accurate and concise strategic assessments are crucial.

Notice that this is the “course objectives” section and not the “course guarantees” section. This is more than mere semantics. I cannot guarantee that you “learn” anything. It is up to you to take it upon yourself to accomplish that. What I can do is facilitate your learning through lectures, and your section leader can facilitate through discussions and exercises.

I cannot stress this next point enough, …you and your classmates must actively participate for this course to be a true learning experience! Learning goes well beyond memorization and preparation for exams. It is a process – one that is created and enhanced through class discussion.
COURSE STRUCTURE

This course has two components: (1) a big lecture component where we cover the theories and background material of strategy; (2) a discussion section component focused on case analyses, discussion, and the application of the ideas of strategy.

Big Lecture Component (40% of your final grade):

- The lecture is run by me. It is big (over 200 students in the classroom and 200 more viewing the streamed lectures online).
- Objective: I’ll be covering most of the ideas and theories from strategic management that I would like you to know although additional concepts and examples from the readings and recitations will also be important.
- Grading:
  - Quizzes: There will be three exams/quizzes related to the lectures, which may be administered in the recitation sections or during the regular class session. The quizzes will be multiple choice although true/false and short answers may be used. Your performance on the quizzes will determine 40% of your total grade.
  - Any of the required readings, concepts and examples covered in the lectures shall be considered fair game for quiz questions. You will have a hard time performing even adequately well on the quizzes if you have not done the readings and attended the lectures.
  - The schedule for quizzes administered in the recitation sections will be distributed by the recitation leaders
  - Making up missed exams: If you cannot make an exam due to a medical or family emergency, contact ME (and only me). Make up exams must be completed within a week of the scheduled exam.
  - There are no extra credit assignments available for the lecture portion of the course.

Recitation Section Component (60% of your final grade):

- The discussion section is run by your recitation section leader. The recitation sections are small (usually around 40 students).
- Objective: You will be engaged in case analysis and discussion in the recitation section. You will be actively applying the ideas of the course to cases.
- Recitation syllabus: Your recitation leader will be providing you with a separate recitation section syllabus specific to your section. Please see this syllabus for details on the grading and requirements for your recitation section.
- The recitation leaders are solely responsible for how they choose to grade the 60% of the course grade related to the recitation sections.
- Recitation leaders will determine and assign the final grades in the course. Note that questions about your final grades in the course should be directed to your recitation leader.

Grading Component Summary:

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<thead>
<tr>
<th>Component</th>
<th>Percent</th>
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<tr>
<td>Three big lecture exams/quizzes</td>
<td>40%</td>
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<tr>
<td>Recitation section component</td>
<td>60%</td>
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COURSE PREREQUISITES

Strategy courses are traditionally formulated as “capstone” courses, relying on knowledge of all of the major areas of business studies such as finance, accounting, marketing, operations management and logistics, and organizational behavior. I will be asking you to draw on all of your knowledge accumulated during your business studies, and I will also assume you understand how all of these areas interrelate in the management of businesses. If you have any concerns about the prerequisites for this course, please contact the instructor. In addition, I will expect a high level of sophistication in analytical and communication skills.

REQUIRED MATERIALS

We will be using selected chapters from the Rothaermel book. You will be given a link to use to order it. If you prefer not to purchase it, I also will have the book available in course reserve at the OSU library. There is one additional book from which we will use several chapters and that book is available through Amazon.com. Additionally, a number of required readings will be included in the course packets you will purchase for the recitation sections. I will also suggest some optional readings that may be useful in background reading. Assume that all readings distributed in class are required reading unless otherwise specified. You will be expected to draw on all material in your homework and exam responses.

To facilitate your planning and preparation, I have included a table containing a course schedule that covers the required reading for each lecture class. Please note that these materials may be in a slightly different order than the materials in your course pack. Make sure that you find the correct readings to prepare for each class. Importantly, I reserve the right to revise or alter in any way the course schedule and the materials in this syllabus.

COURSE COMMUNICATION

A Carmen website has been created for this course. Please check Carmen on a regular basis. I have a tendency to post updates and comments on the course website that will make the class easier and more interactive. This course website will contain the course syllabus and generally the lecture slides, although I reserve the choice to not post the lecture notes as well. When appropriate, this information will also be sent to you via email.
ACADEMIC INTEGRITY

Fisher Student Standards of Conduct

According to the Standards of Conduct of the Fisher College of Business, students are expected to:

- Represent themselves truthfully in all situations;
- Conduct themselves in a manner that does not seek to gain an unfair advantage over other members of the Fisher community;
- Demonstrate respect for all property that does not belong to them;
- Be personally accountable for one’s own actions.

Students are expected to be acquainted with the Standards, to adhere to the letter and spirit of the Standards, and to take action when witnessing a breach of the Standards. In this course, a violation of these standards includes but is not necessarily limited to (it is your responsibility to seek clarification of any “gray” areas):

- Discussing, reviewing, or receiving notes/papers on any assignment or quiz with students who have taken the class previously (either in another section or in a prior year).
- Submitting papers that do not exclusively include individual or group work, respectively.
- Using any assignment in this course in fulfillment of an assignment in another course without prior written consent of both professors.

Disability Policy

Students with disabilities or requiring special accommodations must notify me and your discussion section leader of such needs at the beginning of the quarter. You should work directly with The Ohio State University Office of Disability Services (ODS). ODS is expert at working with individual students to provide the appropriate assistance. Should you require special instruction for the course, please provide a written request from the ODS.

FAIRNESS IN GRADING

We will do everything we can to grade fairly according to the quality of work produced in student assignments. Choices about re-grading assignments related to the recitation sections are solely at the discretion of the recitation leaders.
LECTURE SESSION 1  
Tuesday, September 2, 2014

TOPIC: Course Introduction/What Is Strategy?

READINGS: Rothaermel text, Chapter 1

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LECTURE SESSION 2  
Tuesday, September 9, 2014

TOPIC: Industry Structure/ Five Forces Analysis

   How Do We Tell a Good Industry from a Bad One?

   Using Porter’s Five Forces model to assess the attractiveness of an industry

READINGS: Rothaermel text, Chapter 3

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LECTURE SESSION 3  
Tuesday, September 16, 2014

TOPIC: Industry Structure/ Competitive Positioning

   How Do You Make the Best of the Industry You Are In?

   Focuses on how firms make choices in how to compete given the structure of the industry that they face

READING: Rothaermel text, Chapter 3

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MATERIAL TO BE COVERED IN QUIZ #1 ENDS HERE
LECTURE SESSION 4
Tuesday, September 23, 2014

Class Cancelled

LECTURE SESSION 5
Tuesday, September 30, 2014

TOPIC: Business-Level Strategy

How Do You Build Competitive Advantage from the Inside?

Introduces the Resources-Based View concept related to building competitive advantage from inside the firm (as opposed to the external focus of Five Forces analysis).

Introduces various business-level strategies, such as differentiation and low cost

READING: Rothaermel text, Chapter 4 and Chapter 6

LECTURE SESSION 6
Tuesday, October 7, 2014

TOPIC: Competitive and Cooperative Dynamics

No Action is Inherently Right Until You Understand How Your Competitors Will Respond

Examines competitive issues among firms though the lens of game theory

LECTURE SESSION 7
Tuesday, October 14, 2014

TOPIC: Competitive and Cooperative Dynamics

Rational Competitive Responses—But What If We Aren’t As Rational As We Think We Are?

Examines insights from Behavioral Economics


LECTURE SESSION 8
Tuesday, October 21, 2014

TOPIC: Property Rights

Why Capitalism Is the Greatest Economic System on Earth—Except When It Isn’t

Examines the fundamental role of well-defined Property Rights in creating wealth

READING: The Mystery of Capital, Hernando DeSoto, Chapters 1-3, 7

MATERIAL TO BE COVERED IN QUIZ #2 ENDS HERE

LECTURE SESSION 9
Tuesday, October 28, 2014

Quiz #2 administered in big lecture section
LECTURE SESSION 10
Tuesday, November 4, 2014

TOPIC: Corporate-Level Strategy

Make or Buy? Where are the Appropriate Boundaries of the Firm?
Examine Vertical Integration Decisions

READING: Rothaermel text, Chapter 8

LECTURE SESSION 11
Tuesday, November 18, 2014

TOPIC: Corporate-Level Strategy

Why Do So Few Mergers Create Value for Shareholders?
Who Are the Managers Working For Anyway?

Examine issues in managing multi-business firms

READING: Rothaermel text, Chapter 8 and Chapter 11

LECTURE SESSION 12
Tuesday, November 25, 2014

TOPIC: Leadership

Perceptual Barriers to Communication and Leadership
Examine barriers that keep us from being all we can be

READING: Rothaermel text, Chapter 12
LECTURE SESSION 13
Tuesday, December 2, 2014

TOPIC: Leadership

The Foundations of Leadership

Examines the three key foundational elements of effective personal leadership

READING: none

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MATERIAL TO BE COVERED IN QUIZ #3 ENDS HERE

LECTURE SESSION 14
Tuesday, December 9, 2014

TOPIC: Course Wrap-Up

What Do We Do with the Rest of our Lives? Some Thoughts…

READING: none