

San Francisco State
COLLEGE OF BUSINESS

BUS 690 Seminar in Business Policy and Strategic Management
Instructors: Antoaneta Petkova, Sanjay Jain, Michael Meeks, Anthony Martinez, David Hover, Geoff Desa

COURSE MATERIAL

The required textbook is Hitt, M. A., Ireland, R. D., and R. E. Hoskisson, *Strategic Management: Competitiveness and Globalization (Concepts and Cases)*, 8th Edition (2008). You can purchase online (from www.iChapters.com) only the chapters and cases that will be covered in class (see the schedule on p. 9). Older editions can be used for the book-chapters only. Please, make sure to obtain all the readings listed in the class schedule well in advance, because you will be required to read all materials and complete all assignments before each class.

COURSE DESCRIPTION

“Why are some firms more successful than others?”

Business Policy and Strategic Management is an integrative capstone course focusing on strategic management. This course is designed to introduce the concepts, tools, and first principles of strategy formulation and competitive analysis. It is concerned with managerial decisions and actions that materially affect the success and survival of business enterprises. The course focuses on the information, analyses, organizational processes, skills and business judgment managers must use to craft strategies, position their businesses and assets, and define firm boundaries, so as to maximize long-term profits in the face of uncertainty and competition. The course will allow students to bring together all their learned functional skills (marketing, accounting, finance, human resources, etc.) and apply them to the study of business problems faced by the top management of the firm, and the employees and partners at every level.

Business Policy and Strategic Management is an integrative and interdisciplinary course in two important respects.

First, this capstone course takes a *general management* perspective. It views the firm as a whole, and examines how policies in each functional area can be integrated into an overall competitive strategy. In studying strategy, this course draws together and builds on all the ideas, concepts, and theories from your functional courses such as Accounting, Economics, Finance, Marketing, Organizational Behavior, Decision-Sciences, International Business, Information Systems and Communication. This course, however, is much more than a mere integration of the functional specialties within a firm. It has been designed to develop among participants the “general management point of view”. The best vantage point, in fact the only valid vantage point, for making decisions that affect long run business performance is the general manager's point of view. The key strategic business decisions of concern in this course involve determining and shaping organizational purpose to evolving opportunities, creating competitive advantages, choosing competitive strategies, securing and defending sustainable market positions, and allocating critical resources over relatively long periods of time in pursuit of specific goals and objectives. Decisions such as these can only be made effectively by viewing a firm *holistically*, and over the long term.

Second, this course assumes a broad view of the environment that includes buyers/consumers, suppliers, technology, economics, capital markets, competitors, government, and global forces. And it assumes that the external environment is dynamic and characterized by uncertain changes. Up until this time, most of your business education has emphasized a specialized, functional perspective of business situations. In accounting, you have concentrated on how to identify and produce the information necessary to effectively manage and guide organizations. In finance, you have been concerned with understanding how capital markets work and, in turn, affect the financing of a company's on-going operations. In marketing, the focus has been on how to analyze, shape, and address the needs of consumers as well as how to manage a company's marketing efforts. In operations management, you have learned about how to organize the production activities of a firm so it is

able to produce quality goods and services at an attractive price. Finally, courses on the management of human resources have been concerned with the effective development and management of a company's human assets. All of these functional disciplines play a critical role in the success of any company, but **how do they fit together?**

This integrative capstone course emphasizes the inter-relationships between the various functional areas that are necessary for overall firm success. It provides a context for students to understand the complexity of formulating and implementing strategic decisions in dynamic and uncertain conditions. Most significantly, students will gain an appreciation of how making good strategic decisions is crucially significant to leading their organization to desired results – whether they are at the top, middle, or lower level of the company.

This course helps students develop skills for crafting various kinds of strategy relevant to firms, including business, corporate, cooperative, international and innovation. The strategy process demands the mastery of a body of analytical tools and the ability to take an integrative point of view. You will develop these skills through:

- In-depth understanding of industries and competitors
- Techniques for analyzing how firms can develop and sustain competitive advantages over time
- Comprehension of strategic problems and alternative solutions

COURSE PURPOSE AND LEARNING OBJECTIVES

“Why are some firms more successful than others?”

“What strategic choices and decisions did the various players make to lead to that outcome?”

“What types of strategic thinking and analyses should be applied in current/future situation to produce the desired results?”

The overall purpose of this course is to develop students' strategic thinking in complex business situations, and more specifically:

- To learn the modern theories and models that can be used to help managers identify, analyze, and solve strategic issues
- To develop a usable knowledge-base of a variety of industries, companies, and their strategic issues
- To enhance analytic skills by applying strategic decision-making to specific management problems
- To integrate functional perspectives to improve strategic thinking and decision-making
- To improve oral and written communication skills through case analyses and group presentations

Theory and Concepts. The central concept of this course is that of competitive strategy. Definitions abound, but they all share some sense of the allocation of critical resources over relatively long periods of time in pursuit of specific goals and objectives. Successful strategies exploit external conditions, entrepreneurial insights, and internal resources, seeking configurations of prices, preferences, technologies, and information that offer opportunities for sustainable competitive advantage. Strategy can be usefully thought of as the comprehensive alignment of an organization with its future environment.

Success, however, depends not only on the soundness of the strategy, but also on its effective implementation through appropriate organizational and managerial choices. In the end, unforeseen external factors may cause a well-conceived and executed strategy to fail, in spite of its initial wisdom -- but a poor strategy badly executed increases the chances of failure. Opportunities to act strategically occur infrequently. If missed, or mismanaged, they can prove disastrous for any firm.

Understanding the concept of competitive strategy formulation is a primary educational objective of this course. This will involve mastering an array of economic, strategic, and organizational concepts and theories, and acquiring an integrative general manager's point of view. The course will cover theories for in-depth

industry and competitor analysis, for anticipating and predicting future industry developments, and for examining the impact of change (in technologies, tastes, government regulations, global competition, and other important environmental forces) on competition and industry evolution. The course will also examine the economic underpinnings of competitive advantages, and the fundamental conditions that allow firms to conceive, develop, and sustain, advantageous strategic positions. While our primary focus will be on first mastering strategy formulation at the business unit or competitive level, the course will also examine corporate and global strategy issues such as diversification, vertical integration, economies of scope across related businesses, transfer of technology and core competencies, and international expansion and growth.

Analytical Skills. Theoretical concepts are a great aid to understanding, but by themselves they do not help resolve real business problems or challenges. Also needed are analytical skills and techniques that can be applied to the data to "fill in" the facts and premises assumed in the theories. A second educational objective is to further increase each student's inventory of useful analytical skills and tools. Some of the tools are quantitative -- analyzing financial statements, computing comparative buyer costs, and calculating the effects of scale and learning on production costs, for example -- while others are more qualitative. Learning how to apply these techniques, and, more importantly, when to apply them is a key objective of the course.

In learning to *size-up* a business and its problems or opportunities, this course will allow you experience in conducting "full blown" strategic analyses. That is, identifying firms' strategies and testing them for consistency, recognizing potential entrepreneurial opportunities and strategic challenges/problems, selecting and establishing competitively protected market niches, identifying competitive advantages and shaping defenses to circumvent the advantages of rivals, formulating and implementing internally consistent business strategies, and designing efficient and effective organizations.

Rhetorical Skills. The best analysis in the world will have little effect if it cannot be communicated to others. Managers must be able to articulate their views coherently and persuasively, and they must be skilled at understanding and critiquing other points of view. Management is a "verbal sport;" perhaps 90% of a typical manager's day is consumed by oral communication. Time is often scarce. You must learn to make convincing arguments and to make them quickly, or the merits of their ideas are likely to become simply irrelevant. This skill takes practice, and we will place a great deal of emphasis on it in class.

Wisdom. Much of the knowledge that successful managers and consultants employ consists of "rules of thumb" about what issues are likely to be important in certain kinds of business situations. These rules of thumb, or heuristics, are often implicit in the thinking of people who have never bothered to articulate them explicitly. A fourth goal of this course is to help you build up your set of useful "stories" and heuristics for your future managerial careers. These stories come from a deep understanding of our case studies, from the insights share by Executive speakers, and from our other readings.

In this course we are as much interested in developing an appreciation for the *art* of management as we are in understanding the *science* of management. Tools alone will not a strategist make. While the ability to master analytical models, frameworks, and tools is essential, ultimate success is equally predicated on prescient judgment, entrepreneurial insight, iconoclastic vision, and a willingness to forcefully act with conviction.

COURSE EVALUATION

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

Case Assignments (Two home-works @ 10% each, in-class case analysis 15%)	35%
Class Contribution (Including 5% for Current Business Strategy Report)	25%
Group Project	20%
Tests and Quizzes	20%

Note: A failing grade on any of these components may result in failing the entire class!

The grading system is as follows:

93-100%	A	80-82	B-	67-69	D+
90-92	A-	77-79	C+	63-66	D
87-89	B+	73-76	C	60-62	D-
83-86	B	70-72	C-	0-60	F

COURSE FORMAT AND THE CASE DISCUSSION METHOD

The Case Discussion Method

In order to achieve the objectives of the course, we will devote the major portion 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 aid memory of 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.

There are other reasons for employing the case discussion method of instruction. First, it allows you to develop skills at problem definition in addition to problem solving. Cases typically do not have an obvious set of tasks whose performance will lead to mastery. Rather, they force you to sift through a mass of information, some of it irrelevant or contradictory, in order to identify the important or strategic issues. This is an important competency, because real work situations are like this. Second, the case method gives you a chance to deal with ambiguity. Most cases do not have obvious "right" answers. Managers must be able to function in situations where the right answer is not known, without falling into the trap of assuming that any answer is as good as another. Some analyses and proposed strategies are clearly wrong, and some are clearly better than others. A popular phrase in case analysis classes is **"There is no single right answer, but there are wrong answers."** Case discussion techniques provide a chance to learn the *meaning* of analytical rigor in situations other than open-and-shut problems.

These rationales are offered because the case method for strategic analysis may be unfamiliar to some of you and frequently causes initial confusion. There will be many times when your instructor will not reveal his/her own opinions about a particular issue, and there will be cases which will not end up neatly packaged with an "answer." You may discover that your preparation "misses" key points of a case, especially at first. This is a normal part of the learning experience.

While your instructor 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 and is relevant to the issues at hand and coherently argued, it is very much welcomed.

How To Make Your Case Preparation Effective

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 interventions in class discussions. You will probably want to, and are strongly encouraged to, form *study groups* that will meet regularly to share insights and ideas about the assigned cases. While this is, of course, voluntary, past experience has shown that satisfactory performance in this course, and a good grade, depend on it.

WARNING! There is a good chance that you will feel a bit confused or overwhelmed during the first part of the course. This is a byproduct of the particular structure of the strategy course that does not build up linearly by successively adding components of knowledge week by week. Rather, every case in a sense contains all the material in the entire course. Furthermore, the early theoretical concepts probably won't have much meaning for you until you've worked through a few cases. As a result, there is no logical way to start off except by immersion, i.e. throwing you in the deep end of the pool and letting you struggle to stay afloat. The good news is that the number of new ideas for you to learn drops off quickly after the first weeks, and old ideas continue to be relevant. This way you will get multiple chances to master the basic concepts of the course. So remember: **SOME CONFUSION IS NORMAL AT FIRST.**

To have made it this far in your business program at SF State, simply put, you must be good. You have tackled numerous challenges, demonstrated a high level of competence, and mastered many very difficult courses and business concepts. So as this course attempts to overwhelm you, don't ever forget that you are good! Keep in mind that this *capstone* course has been expressly designed to make you even better. It will constantly push you and "help" you discover areas of weakness in need of improvement. It will test you with fire, in a *cost-free* environment. Whether you have aspirations for top management positions or not, this course will make you better in your own chosen business specialty.

Case Assignments

You will submit two written case assignments at the beginning of class on the dates listed in the class schedule. These are homework assignments, no excuses or late submissions will be accepted. The questions for each assignment will be posted on iLearn on the week before the assignment is due. Your answers should be no longer than one page double-spaced, 12-pt font.

There will be one in-class case analysis exam. You will be expected to read a case and answer a set of questions about the case in class. No make-up assignments will be given except for documented reasons according to the university policy.

Class Contribution

Your overall contribution to this course, and your daily active *verbal* participation in case discussion and coverage of reading materials, will be closely monitored. In grading class participation, both the quantity and quality of your class contributions is reviewed. 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**, just as it is not in a real business environment.

With regard to quality, the dimensions evaluated include:

Preparation – does the contribution demonstrate that the student is well prepared on the case?

Relevance -- does the comment bear on the subject at hand?

Causal Linkage -- are the logical antecedents or consequences of a particular argument traced out?

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 or 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?

Persuasiveness -- are the comments made in a confident and compelling way?

It is expected that you will make brief notes or outlines -- identify critical problems, "crank-all-the-numbers," do the financials, generate alternative recommended courses of action, and generate ideas about how to implement them. You should rely on this work when you participate in class so that your participation is well-grounded and well-informed. At various times in the class you will be formally called on, and it is expected that you will be prepared to answer.

Current Business Strategies Report

In order to bring current examples of strategic issues and problems into the class, each student will present a current business strategies report. The report should be drawn from material in the business press and must deal with a topic within the last 12 months. The article(s) should highlight the strategic issues facing a particular firm or industry and should be directly related to specific topics of this course. Your oral report should include the following points:

1. A very brief review of the key facts of the story.
2. Identification and explanation of the key course concepts, tools, topics that this report relates to.
3. Your analysis/evaluation of the effectiveness of this firm's strategy and actions with respect to the relevant topic.

You will turn in a typed, one-page (max) summary of your report. Be sure to attach a copy of the article and any other materials from which the report is derived. You should be prepared to present, **not read**, a 2-3 minute summary of your report if called upon to do so in class.

Group project

You will be assigned to work-teams for the entire semester. Each team needs to complete a group project on a company of your choice approved by your instructor. The group project includes an in-depth case analysis of a company not otherwise covered in class (including the textbook). The analysis must apply multiple concepts (based on at least five chapters) from the course to help better explain the strategies, actions and performance of a given company. Each group is expected to prepare and present to the class a 20-minute presentation of the results of the group project. You are encouraged to start working on the group projects early in the semester so that you can produce and deliver a high quality analysis.

It is expected that all team members will contribute equally to the group project and presentation, and that all members will receive the same grade. Following the standard practices of most firms, **peer evaluations** of the participation of each member in the analysis and preparation of the group presentation will be administered at the end of the semester. If there is consistent evidence of some team members contributing either more or less to the group project, individual grades will be adjusted accordingly. Anyone who makes no contribution to his or her group project will receive a failing grade for this component. Please note that absence from the presentation given by your group will result in a zero score on the group project, except for documented emergencies in accordance with the university policy.

Tests and quizzes

Each student is expected to come **fully prepared**, having read the assigned book chapter and case material in advance of each session. If you miss a class it is your responsibility to find out from your classmates what we covered in class and to make up for the missed class. To make sure that everybody comes prepared for class,

there will be short quizzes at the beginning and/or the middle of each class. Each quiz will consist of 5-10 questions on the assigned readings for the day. There will be no make-up quizzes, please make sure to be on time and fully prepared for each class.

COURSE POLICIES AND CODE OF CONDUCT

Attendance Policy: This class is designed to teach you multiple tacit skills based on participation in class discussions and assignments, for which you should be present and actively involved. Therefore, it is NOT acceptable to miss classes, except for documented emergencies in accordance with university policy. All missed classes will be noted. Absences will severely hurt your grade. *Regardless of the reason for any absence, it is absolutely necessary for you to email your instructor that you will not be in class.*

Course policies: The classroom is a special environment in which students and faculty come together to promote learning and growth. It is essential to this learning environment that respect for the rights of others seeking to learn, respect for the professionalism of the instructor, and the general goals of academic freedom are maintained. Differences of viewpoints or concerns should be expressed in terms which are supportive of the learning process and respectful for others' identities and opinions. Please make sure to come to class on time; refrain from speaking without raising your hand and from interrupting others while they speak.

It is forbidden to use in class any electronic devices such as electronic games, cell phones, pagers, PDAs and other data transmission tools. Student conduct which disrupts the learning process is not acceptable. The bottom line is that our classroom experience is a professional one, and will be treated as such. Note that **if I see you paging or sending sms messages in class, I will assume that you have been cheating on the test and will give you a failing grade.**

Academic Integrity: Academic integrity means that you are expected to approach all assignments within the letter and the spirit of the class rules. These rules exist to maximize the learning experience for all students, to preserve the integrity of the class, and to help you practice the high level of integrity expected from consultants, professional managers, and business executives. If you have any doubt about whether anything related to this class meets the standards of integrity, you are expected to disclose the particulars of the situation fully to me.

Academic Dishonesty: Academic dishonesty, as defined by university policy, includes any form of plagiarism and cheating. Cheating refers to the actual or attempted practice of fraudulent or deceptive acts for the purpose of improving one's grade, obtaining course credit, or assisting another student to do so. Plagiarism consists of the misuse of the published or unpublished work of others and/or misrepresenting it for one's own work. Academic dishonesty will NOT be tolerated in any form. Activities that constitute academic dishonesty in this course include: (1) copying text passages verbatim or paraphrasing those passages in your paper without referencing the original source (including from the internet); (2) consulting those who have already taken BUS 690 about cases or assignments before they are due; (3) working with others on individual assignments; and (4) working with non-team members on team assignments. You are encouraged to discuss all cases before class with your team. You are not allowed to share written or electronic notes, outlines or "key points" in anticipation of completing written assignments. **Assignments that are judged to be substantially similar in content will lead to a failing grade for the assignment and potentially the entire course.** This course provides opportunities for you to excel, so matters of academic dishonesty will be treated with the most serious consequences. If you observe instances of dishonesty, please report them to me immediately. Academic dishonesty cheapens the value of your degree and undermines the quality of your education. University procedures will be used to investigate reported instances of dishonesty.

To ensure strict observation to the above-specified rules, on the front cover of all documents submitted for evaluation in this course you should hand-write and sign the following honor pledge:

“I pledge on my honor that I have not given or received any unauthorized assistance on this assignment.”

Observance of Religious Holidays: This course follows the University policies regarding Observance of Religious Holidays. Complete details regarding this Policy, including implementation can be found on the Academic Senate Web Page at: <http://www.sfsu.edu/~senate/documents/policies/F00-212.pdf>

Accommodations for Students with Disabilities: The University has a legal obligation to provide appropriate accommodations for students with disabilities. In order to ascertain what accommodations may need to be provided, I ask that students with disabilities please inform me of their needs at the beginning of the semester. The Disability Programs and Resource Center is available to facilitate the reasonable accommodations process.

Grade Grievance Procedures: If you feel you have been treated unfairly in the course or feel that the evaluation of your performance was inaccurate or otherwise unjustified, you should follow the university procedures to voice your complaint. You should fill out the online grievance form immediately upon receiving your grade. Please, make sure to provide a carefully reasoned appeal, detailing why you think that the grade is unfair. Arguments along the lines that you “feel” you deserve a better grade or you “need higher GPA” because this is your last semester are NOT well-reasoned arguments and will not be taken into account! I will consider your appeal, make a decision, and notify you in writing of my decision. If you are still not satisfied with my decision, you may ask the department chair to review your appeal.

Syllabus is subject to change: This syllabus and schedule of classes are subject to change in the event of extenuating circumstances. If you are absent from class, it is your responsibility to check on announcements made while you were absent.

Note: Please note that any of the instructors listed on the front page may lead a class on particular date.

Section: BUS690-09 Wed 4:10-6:55 pm in BUS 218
 BUS690-12 Wed 7:00-9:45 pm in BUS 218

Instructor: Dr. Antoaneta Petkova

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Email: apetkova@sfsu.edu

Office Hours: Wed 1:30-4:00 pm (Main campus); Th 5:00-6:30 pm (DTC)

CLASS SCHEDULE

Week	Date	Class Topic	Readings
1	Jan. 28	First Day of Class: Introduction to Strategy	
2	Feb. 4	Group project topic selection: work with your group in computer lab	
3	Feb. 11	Ch 2 – External environment Case analysis for Strategic Management	Textbook – Ch 2
4	Feb. 18	<i>Case 1: Dell – From a low-cost PC maker to an innovative company</i> Ch 3 – Internal organization: Resources, capabilities and core competencies	Dell case – p. 85 Textbook – Ch 3
5	Feb. 25	<i>Case 1 – continue</i> Ch 4 – Business-level strategy	Dell case – p. 85 Textbook – Ch 4
6	Mar. 4	<i>Case 2: Ford Motor company</i> Ch 5 – Competitive rivalry and competitive dynamics	Ford case – p. 123 Textbook – Ch 5
7	Mar. 11	<i>Case 2 – continue</i> Ch 6 – Corporate-level strategy	Ford case – p. 123 Textbook – Ch 6
8	Mar. 18	<i>Case 3: Capital One</i> 1st case assignment due at the beginning of class! Ch 7 – Acquisition and restructuring strategies	CapitalOne – p. 65 Textbook – Ch 7
9	Mar. 25	SPRING BREAK!	
10	Apr. 1	Group Project outline due at the beginning of class! <i>Case 3 – continue</i> Ch 9 – Cooperative strategy	CapitalOne – p. 65 Textbook – Ch 9
11	Apr. 8	<i>Case 5: Lufthansa – going global but how to manage complexity</i> 2nd case assignment due at the beginning of class! Ch 8 – International strategy	Lufthansa – p. 233 Textbook – Ch 8
12	Apr. 15	<i>Case 6: China's home improvement market</i> Ch 13 – Strategic entrepreneurship	China case – p. 165 Textbook – Ch 13
13	Apr. 22	Individual case analysis (in class exam)	
14	Apr. 29	<i>Case 7: 3M – cultivating core competency</i> Guest speaker	3M case – p. 1
15	May 6	Final group presentations PowerPoint slides due by 12:00 pm!	
16	May 13	Final group presentations <ul style="list-style-type: none"> • Course evaluations • Peer evaluations 	
17	May 20	Cal State Standardized Learning assessment test (Final exams week)	