



# GMGT 715

## *Business Policy*

### Fall 1998

## Course Syllabus

Professor: Robert R. Wiggins Home Phone: 482-8204 Email: robert.wiggins@tulane.edu or wiggo@freeman.tulane.edu	Office: 551 Goldring/Woldenberg Office phone: 865-5423 Office hours: TR 2:15-4:00 PM and as available, or by appointment
---	---

**Course Web Site:** <http://courses.freeman.tulane.edu/gmgt715>

Section 01 Meets: TR 1:00- 2:15 PM Room 100  
Section 02 Meets: TR 4:00- 5:15 PM Room 100

*Note: You must attend the section you are registered for.*

**Prerequisites:** All required 600 level courses. Failure to meet this requirement may prevent you from receiving credit for this course.

**Required Text:** Miller, Alex, 1998, *Strategic Management (Third Edition)*, Boston: Irwin/McGraw-Hill. Available at the University Bookstore. Also available from [www.amazon.com](http://www.amazon.com) for \$93.80 (special order).

Other readings as assigned.

A regular reading of business periodicals (e.g., *Wall Street Journal*, *Fortune*, *BusinessWeek*, *Forbes*, *Barron's*) is strongly recommended. Student (reduced price) subscriptions can be obtained the first week of the semester.

**Recommended:** D'Aveni, Richard, *Hypercompetition* (hardcover) or *Hypercompetitive Rivalries* (paperback), Free Press, New York, 1994 and 1995. Available from [www.amazon.com](http://www.amazon.com) for \$24.50 (hardcover) or \$25.00 (paperback). Eight copies (hardcover) on reserve in the library.

Brown, Shona L. and Kathleen M. Eisenhardt, *Competing on the Edge: Strategy as Structured Chaos*, Harvard Business School Press, Boston, 1998. Available from [www.amazon.com](http://www.amazon.com) for \$19.57.

## **Course Description:**

This course is designed to present strategic management from the point of view of the practicing general manager. It focuses on specific knowledge and skills that are required to understand strategy and the process by which it is developed in business organizations, and provides information on the situation and context in which strategy is formed and implemented.

The course will integrate knowledge and skills developed in earlier courses, but that is not its only goal. Specific new information about the activities and skills of general managers will be presented. Students are expected to combine knowledge from other courses with information presented here to develop sophisticated interpretations and analyses of actual business problems and opportunities.

The course contains a substantial writing component. Students will prepare business cases on an individual basis. The expected level of quality and professionalism of the content and presentation of these cases will be that used in actual business organizations.

Much managerial communication is verbal. Therefore, class discussion of lecture and case materials forms a large portion of the grade for this course.

The principal objective of the course is for students to learn important facts and procedures about the strategic management process, while developing an understanding that strategy (and the jobs of those who formulate and implement strategy) is a highly uncertain activity in which only careful thought, sensitivity to the managerial environment, and creativity will succeed in the long run.

## **Course Objectives:**

1. Development and reinforcement of a general management point of view—the capacity to view the firm from an overall perspective in the context of its environment.
2. Development of an understanding of fundamental concepts in strategic management: the role of the general manager; the levels and components of strategy; competitive analysis; and organizational evolution.
3. Detailed analysis and discussion of important social and ethical issues faced by managers.
4. Synthesis of the knowledge gained in previous courses and understanding what part of that knowledge is useful to general managers.
5. Development of an awareness of the impact of external environmental forces on business and corporate strategy.
6. Practice in working out business strategies and implementation plans.
7. Development of habits for orderly, analytical thinking and skill in reporting conclusions effectively in both written and oral form.
8. Familiarity with some of the practical realities of running different types of businesses.

# Course Assignments and How They Are Evaluated

Performance evaluation will be based on student performance in three types of activities: class participation, individual case analysis, and homework.

## Class Participation -- *30% of the grade*

Attendance (on time) is required and is a component of the participation grade. Because class participation is a substantial component of the final grade, attending only the section for which you are registered is also essential. ***You will not receive credit nor be allowed to participate if you attend a section for which you are not registered.***

In a typical class, one or more students will be asked to start the class by answering a specific question or discussing a specific issue. A thoughtful reading of the chapter or case assigned for that class meeting should be sufficient to handle these leadoff discussions. As a group, we will then discuss the day's assignment to develop a fuller understanding of the issues presented. Voluntary participation in discussion of lecture or case issues is an important part of this process and an important part of your class participation grade. Please raise your hand to obtain recognition before speaking.

Class participation grades are based on the instructor's assessment of the student's in-class contribution to the discussion. The bases for this assessment include the following:

1. Are the points made relevant to the discussion? Are they linked to the comments of others?
2. Do the comments add to our understanding of the lecture or case discussion?
3. Do the comments show careful reading and *understanding* of the text and/or case?
4. Does the participant distinguish among different kinds of data (that is facts, opinions, beliefs, concepts, etc?)
5. Is there a willingness to "take a chance" in the discussion, or are the comments "safe"?  
Examples of "safe" comments: (a) repetition of text or case facts without analysis; (b) repetition or seconding of a colleague's conclusions or comments.

## Homework -- *10% of the grade*

You are required to submit a daily "homework" assignment on any twenty out of the twenty-five class meetings between September 8 and December 3. The content of the daily homework assignment will vary depending on the class content for the day it is due.

1. On days when a book chapter is to be discussed, then the assignment is to either (a) include a ***brief*** set of two or three thought-provoking discussion questions (no more than six sentences total) about the chapter or (b) to provide an example (either positive or negative) of a company and situation currently in the news that illustrates one or more of the concepts in the chapter with a ***brief*** summary of the situation and how the concepts from the chapter are confirmed or denied (include a copy of an article from a business publication if possible).
2. On days when a case is to be discussed, then the assignment is to provide a ***brief*** statement (again, no more than six sentences total) about what you think the company in the case study should do, and why. If you are writing up the case for that day, you may briefly summarize your recommendations.

In either case, the entire daily homework assignment should be limited to one *typewritten* page. Handwritten or late assignments will not be accepted. Note that the word “brief” is emphasized in the descriptions above. These assignments should be able to be completed in at most 10 to 15 minutes. Each assignment counts as ½ of 1% of your overall course grade.

### Individual Case Analyses -- **60% of the grade**

After the first class meeting, you will be expected to choose two case studies for your individual case analysis reports. A preference sheet for the case analysis reports is attached, and you will be expected turn it in by the third class meeting (the second class meeting if you wish to write the first case). When the preference sheets have been turned in, I will assign the cases based on your preferences and distribute copies to all students in the course.

Each of the two case analysis reports constitutes 30% of your overall course grade. I will grade your papers for content only. The MCC will grade your paper for writing mechanics, writing style, and organization. Content will count for two-thirds of the grade, and the writing grade from the MCC will count for one-third of the grade. ***In order to facilitate this dual-grading system, please submit two (2) copies of each individual case analysis report.***

The individual case analysis reports should be around seven to ten pages of double-spaced text, with charts and figures included where appropriate. ***Brevity is important.***

Approach the assignment as though you are a management consultant hired by the management of the company in the case to solve their problem. First, you must determine what the problem is. Then recommend an action plan for the company to follow. The case analysis report is your formal report to the company’s management. You may assume they know the facts of the case, and do not waste their time repeating them. Also, since this report is to executives, be concise. ***Brevity is important.*** Get to the point, but be able to support your conclusions with any appropriate analysis.

Your case analysis reports are due at the beginning of the class when the case is to be discussed. Be prepared to discuss your report with the entire class. Do not prepare a formal presentation, but be ready to be a major participant in the case discussion. You will not be graded separately on the discussion, although it will count as part of your class participation grade.

The following is a ***suggested*** format for organizing your case analysis report. It is up to you to decide on an appropriate format for your specific case and your specific ideas.

- (1) **Brief diagnosis or problem definition** (*about one paragraph, at most one page*). What is the most important problem or set of problems facing the company? What area(s) is(are) the problem(s) in? Why is it important to solve?
- (2) **Analysis of the problem** (*about two pages*). What caused the problem? What evidence or analysis supports your interpretation? How does the problem connect with other areas of the company or other businesses?
- (3) **Recommendations** (*about four pages*). What course of action do you suggest? ***Be specific.*** How does your solution follow from your problem analysis? How will your plan eliminate the problem? How will it be implemented? ***Include an action plan.*** How much will your plan cost? Is it feasible? How will it be financed? What are the risks of your plan? What can go wrong? ***Include a risk analysis.*** How will other actors (competitors, unions, employees, governments, suppliers, etc.) react to your plan?

## How to avoid the most common pitfalls of case analysis:

- (1) **Provide a clear definition of the problem.** The case materials will overwhelm you with information. In a short case analysis paper, you cannot hope to address all of the company's problems. **Choose the one problem that you think is the most important.** Choose your definition of the problem carefully, as the way you define the problem will determine the kinds of solutions you look for. If you define it as a marketing problem, you will seek marketing solutions. If production, production solutions. If finance, finance solutions. And so on.
- (2) **Analyze, don't summarize.** Do not summarize the facts in the case. Your report is aimed at management, who know the facts. Your report will be graded by someone who knows the facts. Do not rehash facts from the case. You do want to, however, cite facts, information and statistics from the case when they are necessary to support your position. But make it clear how they are supporting your position.
- (3) **Always perform financial analyses.** Even if the problem doesn't seem to involve finances, you won't be sure unless you do the analyses. See the Appendix to Chapter 4 in Miller, pp. 146-153, for some of the kinds of analyses that are appropriate.
- (4) **Support your analysis, ideas, and recommendations with adequate evidence.** Again, cite facts, information and statistics from the case to justify your analysis.
- (5) **Make sure your recommendations address the problem you defined.** Do not define one problem, then by the end of the analysis be recommending solutions to a different problem.
- (6) **Give practical, specific, feasible action recommendations.** Make your recommendations the central focus of your paper.
- (7) **Consider the risks.** No plan is foolproof. Anticipate and prepare for risks.
- (8) **Don't report every analysis you undertook.** You're making a recommendation. Use the analyses that support your recommendation. But see numbers (2), (3), and (4).
- (9) **Don't be wishy-washy.** Yes, there may be multiple alternatives. Yes, you may mention them. But choose **one** recommendation and explain why it's the **best** alternative.

## General Rules Regarding Written Work:

- 1.) **Use a spelling checker.**
- 2.) **Minimal grammatical errors.**

These rules are firm because they replicate the conditions the student should expect to find in any well-run business establishment. In general, professionally managed enterprises do not commit, nor accept, needless spelling or grammatical errors in written or presented materials. They diminish the quality of the company's reputation for accuracy and attention to detail, and take attention away from the content of the message presented.

3.) **Management Communications Center.** The Freeman School offers an excellent resource in the Management Communications Center. Take advantage of it. The MCC will be grading both written assignments for spelling, punctuation, grammar, and style, so it is to your advantage to utilize the facilities of the MCC when preparing your papers. Remember that the MCC is busy, so don't wait until the last minute to ask for their help.

## General Information

- 1) Grade ranges: 93–100 = A; 90–92 = A-; 87–89 = B+; 83–86 = B; 80–82 = B-; 77–79 = C+; 73–76 = C; 70–72 = C-; 67–69 = D+; 63–66 = D; 60–62 = D-; Below 60 = F. You will receive numerical grades on each of the three assignments. They will be weighted as specified above and summed to calculate your final grade.
- 2) I will be fully prepared for every class and expect you to be the same. I frequently call on students whose hands are not raised, and therefore request that you advise me before class if some emergency has made it impossible for you to prepare adequately for class discussion.
- 3) Class attendance is required at *every* class meeting. Unexcused absences will result in a deduction to the class participation grade of the student. Excused absences are so rare as to be unworthy of itemization here. If a student does miss a class, it is his or her responsibility to find out *from classmates* what materials were covered, what additional assignments were made, and what items may have been distributed in class.
- 4) The course has a web site on the Freeman School intranet at <http://courses.freeman.tulane.edu> where I will be posting copies of all materials, including lecture slideshows.
- 5) I will attempt to learn your names as quickly as possible. However, to allow me to keep track of participation grades from the very beginning, I will be using a seating chart. Please sit in your assigned seats. If you do not, you will be marked absent.
- 6) Class will begin *on time*. You are expected to be in your seat and ready to begin the leadoff discussion at that time. Learn to be prompt. Showing up late to meetings shows a lack of respect, and will not help your career. Start getting used to it now, when it can only hurt your grade.
- 7) Written work is due at the beginning of class on the day it is due. Late papers will be accepted only in the case of dire emergencies.
- 8) Please do not eat during class.
- 9) Hats and caps should not be worn in class.

## Schedule of Classes

Date	Day	Subject	Reading	Tools	Other
9/3	Thurs	Overview, distribution of syllabus, introductions.			
9/8	Tues	The Content of Strategy	Miller Ch. 1	EVA (Stern Stewart) TRS (McKinsey & Co.)	
9/10	Thurs	The Process of Strategic Management	Miller Ch. 2		
<b>9/11</b>	<b>Fri</b>	External Analysis	Miller Ch. 3	5 Forces (Porter/BCG) Scenario Analysis (Porter/BCG)	<b>Friday Session</b>
9/15	Tues	<b>Case 1: Dell Computer</b>	Miller Case 13		
9/17	Thurs	Internal Analysis	Miller Ch. 4	Value Chain (Porter/BCG) Balanced Scorecard (Harvard/Renaissance)	
9/22	Tues	<b>Case 2: Ben &amp; Jerry's</b>	Miller Case 7		
9/24	Thurs	Operations-Level Strategies	Miller Ch. 5	TQM and CPR	
9/29	Tues	<b>Case 3: SOR, Inc.</b>	Miller Case 29		
10/1	Thurs	Business-Level Strategy	Miller Ch. 6	Generic Strategies (Porter/BCG)	
10/6	Tues	<b>Case 4: Hue-Man</b>	Miller Case 16		
10/8	Thurs	Corporate-Level Strategy	Miller Ch. 7	Growth-Share Matrix (BCG) Life Cycle Matrix (Arthur Little) Position Matrix (McKinsey)	
10/13	Tues	<b>Case 5: Kyocera</b>	Miller Case 30		
10/15	Thurs	International-Level Strategy	Miller Ch. 8		
10/20	Tues	<b>Case 6: Birra Moretti</b>	Miller Case 25		
10/22	Thurs	<b>NO CLASS</b>			<b>Freeman Days</b>
10/27	Tues	The Challenges of Change and Organizational Learning	Miller Ch. 9	7-S (McKinsey & Co.)	
10/29	Thurs	Context Levers	Miller Ch. 10		
11/3	Tues	System Levers	Miller Ch. 11	DuPont ROI model	
11/5	Thurs	<b>Case 7: Southwest Airlines</b>	Miller Case 12		
11/10	Tues	Action Levers	Miller Ch. 12		
11/12	Thurs	<b>Case 8: Perdue Farms</b>	Miller Case 21		
11/17	Tues	Hypercompetition	D'Aveni	4 Arenas (D'Aveni) New 7-S (D'Aveni)	
11/19	Thurs	<b>Case 9: Motorola</b>	Miller Case 20		
11/24	Tues	<b>NO CLASS</b>			<b>Thanksgiving</b>
11/26	Thurs	<b>NO CLASS</b>			<b>Thanksgiving</b>
12/1	Tues	Competing on the Edge	Brown & Eisenhardt		
12/3	Thurs	<b>Case 10: Canon</b>	Miller Case 19		
12/8	Tues	Concluding Lecture			
12/10	Thurs	Wrap-Up and Evaluations			

## Case Discussion Questions

The following questions will form *part* of the basis for class discussion of the cases. A good way to prepare for the class discussion is to formulate answers to these questions. ***Do not rely solely on these questions for preparing for class discussion, and do not rely on them at all for doing the written case analyses.***

### **Case 1: *Dell Computer*** (Miller Case 13, page C191)

What environmental trends have allowed “third-party” computer assemblers/marketers to emerge as dominant players in this industry? What are the most important opportunities and threats facing Dell in this case? Write a mission statement for Dell. What are Dell’s strategic objectives? What are the major selling points of Dell computer systems? Evaluate Dell’s marketing strategy. What strategy should Dell pursue?

### **Case 2: *Ben & Jerry’s*** (Miller Case 7, page C70)

Assess the opportunities and threats present in Ben & Jerry’s general environment. Analyze Ben & Jerry’s competitive environment using the five forces framework. Identify Ben & Jerry’s most important strengths and weaknesses across its major functional areas. Does Ben & Jerry’s have a competitive advantage? If so, what is it? Based on your analysis, what are the key strategic issues facing Ben & Jerry’s? On what recommended strategic actions should Ben & Jerry’s leaders focus?

### **Case 3: *SOR, Inc.*** (Miller Case 29, page C467)

If the foreign order team is used as the example, how effective has SOR been in achieving the outcomes of the TAI/TQM program? Who selected the foreign order process as the problem? How were members selected? What is SOR’s policy on team participation? Why all the turnover in team membership? Why did Mike Smith resign? Has senior management supported the TAI/TQM process? What should management have done after Mike Smith resigned? What are some obvious improvements that can be made?

### **Case 4: *The Hue-Man Experience Bookstore*** (Miller Case 16, page C221)

What are the critical success factors in this industry? What are the competitive forces in the bookselling industry? Describe the demographics of the Denver area. How do they impact Hue-Man? Describe Clara’s marketing strategy. How do you think it is working? Is this business giving Clara what she wants in life? Should Clara make an offer for the building around the corner? Why or why not? What recommendations would you make to Clara?

### **Case 5: *Kyocera Corporation*** (Miller Case 30, page C483)

What are Kyocera’s expectations for the strategies of its operating units? What are Kyocera’s most important competitive advantages in its core chip housing business? Evaluate Kyocera’s diversification strategy. How has Kyocera benefited from pursuit of an international strategy instead of focusing on purely domestic operations? What changes to its strategy should Kyocera be contemplating?



**Case 6: *Birra Moretti*** (Miller Case 25, page C366)

What social or demographic environmental factors most affected Moretti? Assess the importance of the technological dimension of the Italian brewing industry. How would Italy's political environment affect Labatt's management of Moretti? What are the most important features of the economic and competitive environments facing Moretti? Describe how Labatt's acquisition of Moretti relates to the concept of building corporate strategies around core competencies. Describe the decision situation that surrounded preparation of Moretti's FY1994 business plan and discuss and evaluate alternatives then available to Moretti management and Labatt.

**Case 7: *Southwest Airlines*** (Miller Case 12, page C169)

Evaluate Southwest's financial performance relative to other U.S. airlines. What is (are) Southwest's competitive advantage(s)? How has Southwest addressed issues of structural position to avoid some of the competitive pressures that have hurt its rivals? What core processes have been key to Southwest's competitive advantage(s) and how have they contributed? Why hasn't Southwest diversified? Should it? How has Southwest's organizational capacity contributed to its success? How big a threat are CALite and the United Shuttle? What plan of action should Rhoades propose?

**Case 8: *Perdue Farms*** (Miller Case 21, page C301)

Assess the opportunities and threats facing Perdue Farms in its external environment. Identify Perdue's strengths and weaknesses with an internal analysis. What is the key to Perdue's marketing success? What are its human resource strategies? How does the firm's MIS strategy support the firm's goals? How stable is the company financially? What sets Perdue Farms apart from its competition? What sort of culture does Perdue Farms have? What problems does Perdue Farms face?

**Case 9: *Motorola, Inc.*** (Miller Case 20, page C283)

Evaluate Motorola's performance over the past ten years. How much of Motorola's success can be attributed to having a favorable structural position in a five forces framework? In such highly rivalrous industries, what is the nature of the competitive advantages Motorola holds? What are Motorola's greatest strengths in process execution? Evaluate the manner in which diversification has contributed to Motorola's success. How has competition in global markets made Motorola a more effective and formidable competitor? What are the managerial and organizational practices and capabilities that contribute most to Motorola's success?

**Case 10: *Canon*** (Miller Case 19, page C263)

What are the forms of the competitive advantage on which Canon's success is based? Identify the most important resources Xerox held and the most important resources Canon used in overcoming them. Describe the operations-level strategy of Canon's three core processes and explain how each contributed to Canon's competitive advantage. Assess how Canon positioned its copier business against Xerox and its other rivals. Describe Canon's corporate-level strategy and how it contributed to the competitive advantages in the copier business. Was Canon's copier business stronger because Canon was a global competitor? Identify examples of organizational learning in Canon's development of its copier business. What are the most important implementation levers Canon used to support its strategy?