



Business Strategy (GEB 4890, 3 credits)
Spring 2012
CRN 10149 Tuesday 6:30pm - 9:15pm
Lutgart Hall Room 1204

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Office Hours: Tuesday & Thursday 12:00 - 2:30

GEB 4890 is a Senior level capstone experience requiring student and their teams to analyze and implement solutions to complex business problems and opportunities. Students are required to incorporate knowledge acquired in all areas of their College of Business course of study in actual business situations. (Senior standing and advisor permit required). Prerequisites: MAN 3025 (minimum grade of C); MAR 3023 (minimum grade of C); FIN 3403 (minimum grade of C).

A. REQUIRED COURSE MATERIALS

Text: Thompson, Peteraf, Gamble, & Strickland, **Crafting & Executing Strategy; Concepts and Readings**. 17th or 18th ed. ISBN-13 9780077325176 (**NOTE:** this is not the more expensive case version)

On-line:

- Business Strategy Game <http://www.bsg-online.com>. Registration via credit card on the BSG website, or a prepaid access code available for purchase at the university bookstore
- ANGEL: Some course materials and presentations will be posted to ANGEL.
- Study.net Some course materials will be posted to study.net. Refer to the guide for access.

B. OUTCOMES & COURSE KNOWLEDGE

1. External and Internal Analysis

A set of tools and techniques that assist the analysis of the organizations environment. The broad environment consists of local and global trends & forces, while industry forces consists of issues surrounding the firms specific business. Students will also analyze the internal environment of the firm including goals and governance, as well as the firm's resources and capabilities.

2. Business and Corporate Strategy Formulation

Business strategy refers to how businesses choose to compete. Students will learn a set of business-level analysis tools and strategies. Corporate strategy refers to the selection of business areas and markets to compete in order to achieve specific goals. Topics covered include firm-level diversification, horizontal and vertical integration, and core competencies.

3. Strategy Implementation, Control and Restructuring

Implementation involves creating functional strategies, systems and processes needed by the organization to achieve objectives. Strategic control involves developing a set of metrics which are typically both financial and non-financial performance measures, by which firm strategy can be assessed and adjusted. In addition to control, firms need to structure to carry out their objectives. Therefore, organizational structure is covered.

C. LEARNING OUTCOMES & ASSESSMENT

Management Department Mission Statement

The department of Management creates an environment that enables students to develop managerial knowledge and leadership skills, both individually and collaboratively, to: (1) recognize, evaluate, and

cultivate business opportunities; (2) identify, understand, and implement positive solutions to organizational issues; and (3) build leadership capabilities to effectively manage organizational change in the global environment.

Learning Goal & Learning Objective. BBA Graduates will:	Learning Objective MAN graduates will:	Course Learning Objectives (Measureable):	Assessments Used to Measure Outcomes:
<p>Understand the business environment E</p> <ul style="list-style-type: none"> • Demonstrate knowledge of ethical Issues. • Demonstrate knowledge of global factors influencing business. • Explain the importance of environmental responsibility. 	<ul style="list-style-type: none"> • Analyze ethical issues as they apply to management. • Propose solutions to business problems in a global environment. • Explain the importance of environmental responsibilities. 	<ol style="list-style-type: none"> 1. Identify & describe the complexities of operating in the global business environment. 2. Apply knowledge of diverse demographics in a global economy to make effective business decisions. 	A, B, C, E, F, G
<p>Be effective problem solvers P</p> <ul style="list-style-type: none"> • Solve business problems using analytical tools. 	<ul style="list-style-type: none"> • Propose solutions to organizational issues. 	<ol style="list-style-type: none"> 1. Formulate & solve business problems using analytic & statistical tools. 2. Apply knowledge of strategic decision making in various “real world” contexts in simulation, cases and tests. 	A, B, C, D, E, F
<p>Be effective communicators C</p> <ul style="list-style-type: none"> • Deliver effective oral presentations. • Prepare effective written reports. 	<ul style="list-style-type: none"> • Demonstrate effective oral communication skills. • Prepare effective written materials. • Work effectively in diverse teams. 	<ol style="list-style-type: none"> 1. Prepare oral & written reports that are clear & concise. 2. Work effectively with others in classroom and project teams. 	A, B, C, F, G
<p>Have interdisciplinary business knowledge K</p> <ul style="list-style-type: none"> • Understand main concepts & definitions in accounting, economics, finance, information systems, management, marketing, and operations management. • Integrate knowledge across disciplines. 	<ul style="list-style-type: none"> • Explain key Management theories and practices. 	<ol style="list-style-type: none"> 1. Apply the concepts, framework & techniques of strategic management to evaluate the performance of organizations. 2. Demonstrate mastery of contents, principles & knowledge of the functional areas of business. 	A, B, C, D, E, F, G

- A) Business Strategy Game 3-Year Strategic Plan
- B) Business Strategy Game Computer Simulation
- C) Business Strategy Game Annual Report and Presentation
- D) BSG Short quizzes
- E) Individual Case Analyses Homework
- F) Three Exams
- G) Class Participation and in-class assignments

D. COURSE REQUIREMENTS

Do all the reading for every class; books, articles, cases, and chapters **before class**. In addition, you are expected to participate in class discussions and in all group work.

Grading:

Class Work		16%
a) Take home questions	13%	
b) Pre-class quizzes	3%	
Overall Participation		17%
a) Attendance	10%	
b) Participation	7%	
Midterm examinations (2)		24%
Business Simulation and Group Paper		26%
a) Simulation	9%	
b) 3-Year Strategic Plan	3%	
c) Annual Report	12%	
d) Online Quizzes	2%	
Final examination		15%
AACSB Writing assignment		2%

There is *NO EXTRA CREDIT*; please apply all your effort to the assigned work.

Pre-class quizzes – There may be short unannounced quizzes anytime in class. The questions will be mostly related to the assigned reading and class discussions since the last quiz.

In-class examinations – You will be expected to demonstrate competency regarding the concepts and cases that we cover. The exams may be comprised of multiple-choice questions, short responses, and essays.

Participation – The class is an on-going discussion about business strategy. This portion of the grade is based on the quantity and quality of your input. ***Class participation does NOT equal attendance and attentive listening***; it is discussion of the readings, case, asking questions to clarify points, etc. - ***talking***.

Take home questions - are intended to help you connect the material from the lecture to the cases. The answers to these questions should be two pages. Use bullet points in complete sentences, short paragraphs, diagrams, and summaries. They must be handed in prior to class for full credit.

E. ATTENDANCE POLICY

Attend all classes. Please discuss absences with me **before** class (email in advance of class). Students who miss more than three classes might not complete the course – a grade above a C+ will be difficult.

Missed classes - If a lecture class is missed, **hand in preparation questions for the module along with any assigned homework for ½ credit by the beginning of the next class**. The prep questions are listed in the Assignment document. If a case class is missed, **hand in answers to the case preparation questions** as well as the module preparation questions. late work faces more rigorous grading standards.

Arrive to class on time. Turn off phones. All laptop computers must be closed and off. As occurs in life, discourtesy shown by such activities as texting, surfing the net, etc. will be noted.

F. ASSIGNMENT COMPLETION DEADLINES

All work is due at the start of class, unless otherwise noted in the Course Schedule.

Every student must individually register for the *Business Strategy Game* at <http://www.bsg-online.com>. Students who do not complete the process by the deadline will receive a lower grade on their individual “Business Strategy Game 3-Year Strategic Plan” grades.

Missed Quizzes and Class Assignments cannot be made up. Missed submissions for Business Strategy Game Simulation decisions and the 3-Year Strategic Plan cannot be made up.

G. ACADEMIC BEHAVIOR STANDARDS AND ACADEMIC DISHONESTY

All students are expected to demonstrate honesty in their academic pursuits. The university policies regarding issues of honesty can be found in the FGCU Student Guidebook under the ***Student Code of Conduct*** and ***Policies and Procedures*** sections. All students are expected to study this document which outlines their responsibilities and consequences for violations of the policy. The Guidebook is available online at <http://studentservices.fgcu.edu/judicialaffairs/new.html>. Cheating will result in a failing grade.

H. DISABILITY ACCOMMODATIONS SERVICES

Florida Gulf Coast University, in accordance with the Americans with Disabilities Act and the university’s guiding principles, will provide classroom and academic accommodations to students with documented disabilities. To request such an accommodation in this class, or if you suspect that your academic performance is affected by a disability, contact the Office of Adaptive Services located in Howard Hall 137. Phone number 239-590-7956 or TTY 239-590-7930

I. STUDENT OBSERVANCE OF RELIGIOUS HOLIDAYS

Florida Gulf Coast University will reasonably accommodate religious observances, practices, and beliefs. Students, upon prior notification to their instructors, shall be excused from class or other scheduled academic activity to observe a religious day of their faith. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. Students shall not be penalized due to absence from class or other scheduled academic activity because of religious observances. Where practicable, major examinations, major assignments, and University ceremonies will not be scheduled on a major religious day. A student who is to be excused from class for a religious observance is not required to provide a second party certification of the reason for the absence.

J. CONTACT

Contact me by email at any time to raise issues or request to meet. I will meet outside office hours on request. Do not delay if you feel you need help or clarification – please seek assistance early!

About me:

After graduating from Carnegie Mellon University with a BS in Electrical Engineering, I worked for General Electric (GE) programming and designing control systems in the Manufacturing Management Program. I then received an MBA from Harvard Business School and went into the computer and communications industries at Fortune 500 size firms. My path was Product Management and Marketing, and as VP of Marketing & Sales (marketing, sales, international operations, support, etc). My first software startup was in the early 1990’s; I raised VC funding and we ultimately took the company public in 1997. I founded my last firm -in the storage software business- in 2002. After 3 years of always-profitable 30% quarter over quarter growth, it was purchased by a public company in 2006. I now focus on strategy, entrepreneurship, and innovation full time as an academic.

GEB 4890: BUSINESS STRATEGY

Fall 2011

Class Schedule: CRN 10149

Readings are from the 18th edition of Thompson Peteraf

Module 1: Introduction to the course – What is Strategy? 1 session.

Module preparation questions – meant to help with your class participation grade. Not to be turned in unless you miss a class.

1. Think of a successful firm: how do you know it is successful? What factors led to success?
2. How does attributes of Strategic Management?
3. In Porter's view, what is the difference between Operational Efficiency and Strategy?

Tues Jan 10: Course Overview and What is Strategy? Strategy in Action.

How do you know if a firm is successful? What made them so? A leading thinker in Strategic Management, Michael Porter of Harvard Business School, has strong opinions about what is and is not strategy.

Read the syllabus and bring it to class.

Readings:

- Thompson Peteraf, Chapter 1
- Porter, What is Strategy? (**Study.net**)

In class exercise: Strategy versus Operational Efficiency (ANGEL)

Module 2: Industry Analysis. 5 sessions.

Module preparation questions:

1. What kind of impact can the environment have on a firm's strategies and performance?
2. Is the five-force model analyzing the firm, the industry, or the country?
3. What are some of the strengths of the five forces model?
4. What are some limitations of the five forces model?
5. How should we define industries, and why does that matter?
6. What are strategic groups?

Tues Jan 10: Industry Analysis – Macro Environment & Industry Life Cycle

Before looking at a firm, we should know the world around it and the state of the industry it participates in.

Readings:

- Thompson Peteraf, Chapter 3 pages 48 – 53.
- PESTEL Analysis (ANGEL)

- Product And Industry Life Cycles (ANGEL).
- Writing Assignments Guide (ANGEL)

Tues Jan 17: Strategy Process – Crafting Strategy

Readings:

- Thompson Peteraf Chapter 2
- Business Strategy Game (BSG) overview—Player’s Guide for Business Strategy Game (at <http://www.bsg-online.com/>)
- BSG analytic tools (ANGEL)
- BSG (ANGEL)
- Club Warm Goal Setting (ANGEL)

I now have a PPT

BSG Team Assignments

Take-home question (hand in at the beginning of class 1/17). 1. Using your knowledge of Macro Environment (PESTEL), perform a short analysis for any industry with which you are familiar. PESTEL is future trends – waves outside the industry that will significantly affect the industry’s revenues in the years to come. What PESTEL trends seem most important? 2. How has the industry progressed over the life cycle (rough time line)? Where is it now on the life cycle? 2 pages.

Tues Jan 17: Industry Analysis – The Competitive Environment

Professor Porter developed the ubiquitous model for analyzing the competitive environment. This model is a foundation for our analysis of industry structure.

Reading: Thompson Peteraf, Chapter 3 pages 54 - 71.

In class exercise: **Oracle** (ANGEL)

Take-home question (hand in at the beginning of class 1/19) Go to the web sites for Home Depot (<http://corporate.homedepot.com/wps/portal>); Avon (www.avoncompany.com); Yum Brands, (www.yum.com). Find examples of strategic and financial objectives or decide for yourselves what they are, if not explicitly stated. Describe four objectives for each company, and indicate which of these are strategic and which are financial. 1/2 page.

Tues Jan 24: Industry Analysis – The Competitive Environment continued

Today we will apply the five forces model to the gaming industry.

In class exercise: **The Competitive Environment of the Gaming Industry** (ANGEL)

Team contracts – signed, are due

Tues Jan 24: Industry Analysis – Applying the Five Forces

How has something as simple as colored, flavored, bubbly water become one of the most profitable industries of all time? Will profitability continue as the soft drink industry moves into other products such as water?

Read and prepare Case: Cola Wars - Coke and Pepsi in 2006 (Study.net)

BSG activity Breaking the Ice BSG Annual Report (ANGEL)

Questions to help prepare, not to be turned in:

1. Why, historically has the soft drink industry been so profitable?
2. Compare the economics of the concentrate business to that of the bottling business: Why is the profitability so different?
3. How has the competition between Coke and Pepsi affect the industry's profits?
4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-CSDs?

Take-home question (hand in at the beginning of class 1/26). Using your knowledge of industry structure (Porter's five forces) do an analysis of the industry structure of the concentrate producers, and also the industry structure of the bottlers – which one is more attractive – why? 2 pages

Module 3: Internal Analysis. 4 sessions.

Module preparation questions:

1. What is the key unit of analysis in the Resource-base view of the firm?
2. What is the principal goal of the Resource-based view of the firm?
3. What are the four characteristics that a resource must possess in order for it to contribute to sustainable competitive advantage?
4. Which three are sufficient for a firm to achieve temporary competitive advantage?

Tues Jan 31: Business Analysis – The Value Chain & SWOT

We will look at frameworks that focus on the key internal drivers of industries and all firms in general

Readings:

- Thompson Peteraf, Chapter 4 pages 103 - 121.
- Strengths checklist (ANGEL)

In class exercises:

- **Dell and the Value Chain** (ANGEL)
- **Otimeyes** (ANGEL)

Tues Jan 31:: Assessing the Internal Environment of the Firm: Resources and Capabilities

Much work that has been done on resources available to firms in strategic management. What do they tell us about firm strategy? Do these ideas help firms attain sustainable competitive advantage?

Reading: Thompson Peteraf, Chapter 4 pages 90 - 102

In-class exercise: Resources and capabilities (to be handed out)

BSG Quiz 1 opens

Tues Feb 7: Understanding financial issues – goals, resources, analysis, control, comparison

It is critical to understand firm strategy, and also to be able to relate it to firm level financial data: financial goals, control, operation analysis, firm comparisons.

Readings:

- Thompson Peteraf pages 94 - 96.
- Financial ratio appendix
- **BSG 3 year Strategic Plan Assignment (ANGEL)**

In-class exercise: Financial resources: Which firm is the stronger performer? (Handout in class)

Bring a Calculator to class

BSG in class activity: Creating a Winning Strategy

Tues Feb 7 Applying the concepts of business level strategy, resources, and capabilities

Fast food in the Philippines: “What capabilities does Jollibee Foods have?” “Given those capabilities, into what markets should they expand?”

Read and prepare Case: Jollibee Foods (Study.net)

Case preparation questions (to analyze the case for class discussion - not to turn in):

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

Take-home question (hand in at the beginning of class 2/9). On what resources and capabilities did Jollibee build its strong market position in the Philippines? Which are more material to sustained advantage? Are these resources and capabilities transferrable to the international context? 2 pages

Tues Feb 14: First Section Test

Exam 1

Module 4: Business Strategy, Positioning & Competitive Advantage. 3 sessions.

Module preparation questions:

1. What are the four generic strategies and why are they important?
2. How do the generic strategies impact firm performance?
3. How can you apply the life-cycle concept to firm-level positioning and the generic strategies?

Tues Feb 14: Firm Positioning and Sustainable Competitive Advantage

Porter states that business strategy is simple, "You are either the most efficient, the most different, or most focused. Setting goals are important too.

Reading: Thompson Peteraf, Chapter 5

BSG activity: Launching Your Firm
Individual Online Quiz #1 due by 11:00 am (45 minutes)

Tues Feb 21: Applying Generic Strategies

Today you develop a generic strategy for a new hotel. The class will vote on the winning strategy.

In-class exercise: **Generic Strategies and the Hotel Industry (ANGEL)**

First practice decision due 11:00 am

Tues Feb 21:: Competitive Positioning

What is the competitive structure of the motorcycle industry and then specifically the Italian motorcycle company Ducati? What is their generic strategy?

Read and prepare Case: Ducati (Study.net)

Case preparation questions (to help you in your preparation of the case - not to turn in):

1. How did Ducati become the second most profitable motorcycle maker in the world despite its small scale? What is the fundamental economic logic of Minoli's turnaround?
2. Can Ducati sustain its position in the sport segment? Can Honda and the other Japanese manufacturers stop its growth in this segment?
3. What strategic alternatives are available to Ducati in 2001?
4. Which alternative would you recommend? Why?

Take-home question (hand in at the beginning of class 2/23). Using your knowledge of Industry Structure, is the Motorcycle Industry attractive to compete in for incumbent firms? Explain. What is Ducati's generic strategy? Explain. 2 pages

First Practice Session Review
Second Practice Session due by 11:00 am Fri

Module 5: Strategic Decisions, Structure, Implementation - 3 sessions

Module preparation questions:

1. Why is it so important for managers to consider the type of organizational structure that they use to implement their strategies?
2. What are the relative advantages/disadvantages of the types of organizational structure discussed in this chapter? (simple, functional, divisional, matrix)
3. Why are flexible organizational structures necessary?

Tues Feb 28: Strategic Decisions & Market moves

Reading: Thompson Peteraf, Chapter 6:

BSG activity: Creating a Winning Strategy (Due at 9 PM)
BSG Data Reset (1:00pm)

Tues Feb 28

First Simulation Decision work (enter by Wednesday, 9:00 pm)

Tues March 13: Strategy Implementation

Readings:

- Thompson Peteraf, Chapter 10
- The Balanced Scorecard (ANGEL)

Review first decision

Tues March 13: Organizational Structure

Do firms develop their strategy and then determine their structure... or do firms have a structure and then develop a strategy? We discuss firm structure and then you will develop your own organizational structure.

Reading: Thompson Peteraf, Chapter 10

In-class exercise: Club Warm structure (ANGEL)

Second Simulation Decision due by 9:00 pm
BSG Quiz 2 opens

Module 6: Corporate Strategy. 3 sessions.

Module preparation questions:

Horizontal Integration

1. What is the difference between related and unrelated diversification?
2. What are economies of scope and what is their role in horizontal integration?
3. What is the role of market power in diversification?

Vertical Integration

1. What is integration?
2. What is the difference between horizontal and vertical integration?
3. What are the benefits and risks of vertical integration?

Tues March 20: Corporate Strategy & core competency

The press is replete with mergers and acquisitions (M&A). This activity keeps the investment bankers employed. Strategist needs to know: if it create shareholder value or "fit" with the existing company strategy.

Reading: Thompson Peteraf, Chapter 8

In class exercise: **Portfolio Analysis (ANGEL)**

Tues March 20: Applying the concepts of diversification & integration

Back to Pepsi - its restaurant group: Taco Bell, Pizza Hut and Kentucky Fried Chicken. In this case PepsiCo is considering two strategic acquisitions. We need to determine if they should proceed. Since this case was written PepsiCo has divested of their restaurant business. After we finish the case, let's try to figure out why.

Read and prepare Case: PepsiCo Restaurants (Study.net)

Third Simulation Decision due by 11:00 am

Take-home question (hand in at the beginning of class 3/13). Using your knowledge of corporate diversification, what type of diversification activity is PepsiCo engaged in when it acquires California Pizza Kitchen? What type when it acquires Carts of Colorado? Why is PepsiCo looking at each one –what does PepsiCo get and what value (if any) does PepsiCo add back? Which do you think is a stronger acquisition and why? 2 pages

Case preparation questions (to help you with your preparation of the case):

1. Should PepsiCo acquire Carts of Colorado and/or California Pizza Kitchens?
2. If so for either, how should they be integrated into PepsiCo? Should they be treated like the existing restaurants within PepsiCo? In your estimation, what will be the key factors for success with these potential acquisitions?

Module 7: International Strategies. 2 sessions.

Module preparation questions:

1. What are some advantages & disadvantages of a firm's expansion into international markets?
2. What are the four factors described in Porter's diamond of national advantage? How do

the four factors explain why some industries in a given country are more successful than others?

3. Explain the tension between cost reduction and adaptation to local markets.
4. Describe the basic entry mode strategies that firm employ when going international. What are the advantages and disadvantages of each? Which is the least risky and why? Which has the highest risk and why?

Tues March 27: Global Strategy

What do international issues mean for a firm's competitive strategy?

Reading: Thompson Peteraf, Chapter 7

In-class video

BSG activity: Exploring International and Implementation Issues

Individual Online Quiz #2 due by 11:00 am (90 minutes)

Fourth Simulation Decision by 11:00 am

Work on 3 year strategic plan

Tues March 27: Global Strategy in Action

Starbucks has stumbled in its internationalization strategy. Let's try to figure out why.

Read and prepare Case: Planet Starbucks: Caffeinating the World (Study.net)

Take-home question (handed in at beginning of class 3/20). First; what opposing pressures actually exist in the market. Second what strategy does Starbucks choose when expanding outside the US? Why do you think they chose this strategy? Third, do the actual pressures match the firm strategy? Last, what is Starbucks entry strategy? Why do you think they chose it (or them)? 2 pages

Case preparation questions (to help you with your preparation of the case):

1. What are the important factors to the growth and performance of Starbucks?
2. Evaluate the strategy that Starbucks adopted in entering foreign markets? Strategic and profitability dimensions. Is this mode sustainable?
3. Examine the three major theaters in its global operations – namely Asia Pacific, Europe, and Latin America. What does the future hold for the company in each of these regions? What strategies would you recommend in these areas?
4. Do you agree with the company in entering emerging markets? What are the country markets that you would identify for Starbucks as the next priority for entry?

Fifth Simulation Decision by 11:00 a.m. March 30

Tues April 3: Second Section Test

Exam 2

Three year strategic plan due by 10:00 am

Module 8: Corporate Governance. 1 session

Module preparation questions;

1. Top management teams have key roles including setting direction, designing the organization, and creating a culture. Explain how these are interrelated
2. What is the concept of moral hazard? How do firms prevent this?
3. What is the agency problem? Who is charged with preventing it?

Tues April 3: Corporate Governance

What do executives and boards really do?

Readings:

- Thompson Peteraf, Chapter 9:
- Thompson Peteraf, Chapter 12:

In class exercise: Reluctant Director (ANGEL)

Sixth Simulation Decision by 11:00 PM

Module 9: Reports & Preparation. 4 sessions

Tues April 10:

BSG Final Report Preparation

Seventh Simulation Due by 11:00 am

Tues April 10: Team Presentations

First set of teams present

All Presentations due – hardcopy

Eight Simulation Decision by 11:00 PM April 13

Tues April 17: Team Presentations

Second set of teams present

Ninth Simulation Decision by 11:00 am

Final Assignments Due:

Team Annual Reports Due by Sunday at 9:00 pm via email

Team Peer Evaluations due by Sunday at 9:00 pm via email

Final exam case becomes available.

Tues April 17: Team Presentations & Wrap-up

Last teams present

Year in review

Questions prior to exam

Instructor Evaluation

April 24 or 26: FINAL EXAMINATION - 2 hours