

BST606: STRATEGIC MANAGEMENT

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7-9 January 2013

Location: Room F46, Aberconway Building



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Dear PT MBA 2013,

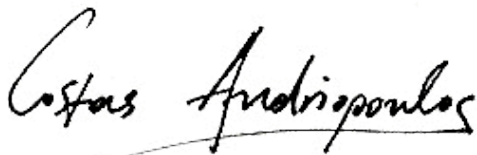
In front of you lies the syllabus for Strategic Management. This course will take you on a journey where you will gain a new understanding about what strategy is, why it matters and what you must do to lead the effort. You will learn to analyse a company's business environment, select a strategy, and organise the firm for strategic success. We will explore and apply tools, frameworks, techniques and practices developed by leading strategy scholars to arrive at insights that are both applicable in the business world *and* deeply rooted in rigorous academic knowledge.

To accomplish our objectives, we have carefully selected a variety of learning techniques: lectures, readings, written reports, presentations, and most importantly, class discussion of case studies. Please prepare for every session by **reading in advance** the cases that would be discussed. For the **first lecture** please **read** the following case:

- Apple Inc. in 2010
- Starbucks

This just leaves me to say that I look forward to our journey and I hope that you will enjoy it too.

See you in class on the 7th of January 2013!

A handwritten signature in black ink that reads "Costas Andreopoulos". The signature is written in a cursive style with a long horizontal flourish underneath the name.

Rationale and Scope

The design, implementation, and evaluation of optimal business strategies and policies have become increasingly important for the survival and long-term viability of modern business organizations. This is due to several factors including the increasing globalization of markets and production, intensifying competition worldwide, and the many environmental threats and uncertainties facing today's business entities. This is an exciting, challenging course that focuses on how firms formulate, implement, and control strategies. Fundamental concepts, tools, and techniques of strategic management are studied. Participants use the knowledge acquired from other business courses and functions, coupled with new strategic management techniques learned, to chart the future direction of different organizations. The major responsibility of participants in this course is to think in a strategic fashion about the organization and its future product-market choices and to make objective strategic decisions and justify them through oral and written communication. Particular attention is given in this course to the effective application of basic tools and techniques of strategic management to the context of the business organization.

Overview

The emphasis of this course is placed on the formulation, implementation, and control of effective business strategies. The course is concerned about key aspects of mission statements, the environment, internal and external factors influencing the operations of business organizations, market expansion and selection options, and the overall process of designing, implementing, and controlling relevant business strategies. Consideration is given to the roles and responsibilities of general managers or directors in designing and implementing company strategies and policies for business operations. Special emphasis is placed on designing and implementing appropriate competitive strategies that enable firms to achieve and sustain positional competitive advantage in those markets or market segments in which they have chosen to operate. By following the course, participants should be able to develop a thorough understanding of market requirements, problems, opportunities, and strategies relevant to firms. Often, participants will find themselves in a senior management position (e.g., CEO, Director), having to make decisions on the strategic direction of the company regarding its strategies and relationships with key business partners in the marketplace.

Aims and Objectives

The aim of the course is to provide an understanding of the opportunities and challenges facing organizations and how business executives can strategically plan and manage their firm's operations.

More specifically, the objectives of the course are:

- (i) to help develop the capabilities required for undertaking the responsibilities and tasks involved in strategic management;
- (ii) to expose participants to contemporary tools, techniques, and practices of strategic management and explore their application to different organizations and business contexts;
- (iii) to provide participants with an opportunity to analyze business problems and issues of managerial importance;
- (iv) to encourage participants to think in a more strategic fashion about the company and its business operations and/or market potential; and
- (v) to reinforce the principles that are essential for building long-term competitive differentiation and superior company performance.

Readings

(a) Required Textbook:

Strategic Management: Concepts and Cases, 13th edition, by Fred R. David
Publisher – Prentice Hall, 2008.

Additionally, a set of executive insights and case studies will be used for class discussion.

(b) Selected Readings:

Baden-Fuller, C., and Stopford, J. (1992). *Rejuvenating the Mature Business* (Routledge)

Hamel, G. & Heene, A. (1994). *Competence-Based Competition*, Wiley.

Porter, M. (1985). *Competitive Advantage* (Free Press).

Quinn, J.B. (1980). *Strategies for Change: Logical Incrementalism*, (McGraw-Hill).

Volberda, H., Morgan, R.E., Reinmoeller, P., Hitt, M.A., Ireland, D. & Hoskisson, R.E., (2011). *Strategic Management: Competitiveness and Globalization: Concepts and Cases*, Cengage.

Whittington, R. (2000) *What is Strategy and Does it Matter?* (Thomson Learning).

(c) Strategy Articles in:

- a. *Academic Journals*: Academy of Management Journal, Academy of Management Review, Academy of Management Perspectives, British Journal of Management, Journal of Management Studies, Journal of Management, Long Range Planning, Strategic

Management Journal, Strategy Global Journal, Strategic Organization, Technology Analysis and Strategic Management

- b. *Practitioner-oriented journals and business press*: Bloomberg, Business Week, California Management Review, Economist, Financial Times, Fortune, Harvard Business Review, Management Today, MIT Sloan Management Review, Wall Street Journal

(d) Web Resources

The following are useful web resources in the Strategic Management context:

- To find out more information on specific company strategies of the various companies that we focus on or refer to in this course, please visit their respective websites
- Reports, publications and articles, hosted by management consultancies specialising on strategy, such as
<http://www.mckinseyquarterly.com/Strategy>; <http://www.bcg.com>;
<http://www.rolandberger.com>; <http://www.lek.com>;
<http://www.parthenon.com>; <http://www.monitor.com>;
<http://www.accenture.com>; <http://www.bain.com>;
<http://www.deloitte.com>
- Podcasts: Search iTunes but I suggest:
 - HBR Ideacast
 - The Economist
 - High Performance Business Podcast Series (produced by Accenture)
 - iTunes U (various)

Class Participation

"80 percent of success is just showing up"
Woody Allen

The fundamental condition for class participation is attendance. I expect you to attend all sessions. If it becomes not possible to attend a session for reasons of illness or other urgent situation, you must inform me in advance by email and include a plan for catching up on the information you will miss.

Note also that attending class is not enough. I expect that you participate actively in class discussions.

Each session will consist of a combination of lecture and discussions of the session's topic. In the majority of sessions, we will use cases to illustrate how these concepts can be applied in specific strategic situations. These require advance preparation. It is absolutely essential that you do this carefully. I expect you to read the assigned case for each session in advance of the class. Read the case several times and think about how the concepts from the recommended reading or discussed in class can be applied. Make notes that you can refer to during class. You are encouraged to meet with other fellow classmates before

class to discuss the case. Try not to leave working on these tasks until last minute – this may be stressful for you and it usually leads to poor quality learning. Keep in mind that you may have several tasks due for completion around the same time (for different courses) and that you will need to plan for this.

In class, you are expected to analyze the concepts from the case. If you cannot answer the questions, you are not prepared for class. I may, on occasion, “cold call” class members to establish an even level of participation throughout the sessions. I expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members.

Cases give life to strategy theory. In this course, they give you an opportunity to put yourself in the shoes of senior managers as they make strategic choices by studying cases of companies in a diverse range of industries. I have chosen the cases in the course to explain particular strategic concepts. Many of the cases focus on a critical moment in time for a company. Hence, it is not appropriate to do research on what has happened to the company since the time the case was written. You will never have the luxury of 20/20 hindsight when you need to make strategic choices. The goal of the case preparation and discussion is to hone your own analytical skills using the information at

Three factors determine good class participation:

1. Given thorough and careful preparation, you should be able to identify the important managerial issues related to each case.
2. You should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved.
3. You should be able to analyze constructively the positions your classmates take. Remember it is the quality of your participation, not the quantity (or “air time”), that will lead to good performance in class discussion.

<i>DOs</i>	<i>DON'Ts</i>
<ul style="list-style-type: none"> • Contribute ideas and analysis to the class discussion • Listen carefully to your classmates and suggest supporting or alternative views • Recognize the flow of discussion • Keep an open mind • Bring in outside experience • Be provocative, yet constructive 	<ul style="list-style-type: none"> • Do not repeat yourself and others • Do not "cut" others to "score points"

Assessment

Your final grade will be determined by an individual project (eBay).

Report 100% (Submission date: 08/02/2013 at 2:00pm)

This assignment consists of a focused research around the global commerce platforms, where you will address the strategic challenges of eBay. Your report should address the following key strategic issues:

You are required to develop a strategic plan for eBay. You are expected to consider systematically key issues involved in eBay plan including:

1. Identify eBay's existing mission, objectives, and strategies
2. Develop vision and mission statements for eBay
3. Conduct an Environmental, Industry, and Competitor analysis:
 - a. Undertake a PEST analysis
 - b. Apply Porter's Five Forces model
 - c. Construct a Competitive Profile Matrix (CPM)
 - d. Construct an External Factor Evaluation (EFE) Matrix
4. Identify eBay's internal strengths and weaknesses:
 - a. Construct an Internal Factor Evaluation (IFE) Matrix
5. Prepare a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Grand Strategy Matrix and Quantitative Strategic Planning Matrix (QSPM). Give advantages and disadvantages of two to three alternative strategies
6. Recommend the type of competitive strategy that eBay should pursue to achieve positional advantage
7. Specify key aspects in implementing this strategy (e.g. HR, Marketing, Finance, R&D, etc.)

Notes:

1. The format is an 'Executive-style' report of 3,000 words.
2. The word limit may vary by +/- 10% and includes all content except References and any Appendix. Word count outside of this range will attract a penalty.
3. References and/or footnotes/endnotes should focus on secondary data that provide facts/figures/numbers framing your analysis.
4. The structure of the report should be as follows;
 - a. Title page with title, module, date, you name, your student number and email

- b. Executive summary
- c. Analysis against the 7 points outlined above
- d. References
- e. Appendix

CLASS SCHEDULE

Monday the 7th of January, 2013

9:30-11:00 **Course Overview, What is strategy?**

In this session, we outline the structure of this course and we introduce the basic concepts of strategy. We are interested in what makes strategy different from operations, how strategies are formed in organizations, and the language of strategy. We ask what strategy is for. How do companies and other organizations begin to think about strategy? How is strategic thinking institutionalized in management processes? We introduce the basic components of strategy.

READINGS: David: Chapter 1
Porter, M. (1996), "What is Strategy?", *Harvard Business Review*, 74(6), pp. 61-78

IN-CLASS EXERCISE: Strategic Thinking (HP)

11:00-11:15 **BREAK**

11:15-12:15 **The Business Vision and Mission**

This session focuses on the concepts and tools needed to evaluate and write business vision and mission statements. We will also cover a practical framework for developing vision and mission statements

READING: David: Chapter 2

12:15-13:00 **LUNCH**

13:00-14:30 **The External Environment**

Here, we introduce the search for competitive advantage as a search for distinctiveness and for superior profitability. We briefly look at the concept of competitiveness at the macro level and we focus on the industry level. Basic concepts introduced include the famous Porter's Five Forces model of competitive intensity and PESTEL analysis.

READINGS: David: Chapter 3
Porter, M. (2008), "The Five Competitive Forces that shape strategy". *Harvard Business Review*, 86(1), pp. 78-93

14:30-14:45 **BREAK**

14:45-16:15 **The External Environment: Forecasting Tools**

In this session, we discuss two forecasting tools and techniques: The External Factor Evaluation (EFE) Matrix and The Competitive Profile Matrix (CPM). We will then apply this knowledge to the Starbucks Case.

16:15-17:00 **The External Environment: Forecasting Tools**

READINGS: Starbucks – 2009

9:30-11:00 **Internal Environment**

In the previous session, we started looking into the strategic analysis of an industry. In this session, we will delve deeper into the role of resources, capabilities, and other organizational assets that underpin competitive advantage. We discuss the importance of a firm's set of values, and we introduce a set of common frameworks to approach the analysis of resources and capabilities.

READINGS: David: Chapter 4
 Huston, L. and Sakkab, N. (2006), "Connect and Develop",
 Harvard Business Review, 84(3) pp. 58-66

IN CLASS EXERCISES: Brainstorming
 Starbucks – 2009 (contd.)

11:00-11:15 **BREAK**

11:15-12:15 **Apple Inc. in 2010 (Harvard Business School Case 9-710-467)**

Read the Apple Case:

1. What, historically, have been Apple's competitive advantages?
2. Analyse the PC industry. Are the dynamics favourable or problematic for Apple?
3. How sustainable is Apple's competitive position in PCs?

12:15-13:00 **LUNCH**

13:15-14:30 **Business, Corporate and International Level Strategies**

Here, we explore business-level strategies in terms of the *who*, *what* and *how* dimensions of business strategy. We will also introduce the multi-business portfolio and the nature and logic of diversification. Globalisation also exerts pressure on firms to compete across national boundaries. Firms may fully operate in foreign markets or they may simply buy from or sell to firms in international markets. In any case, many, if not most, firms will face international issues in their operations.

READINGS: David: Chapter 5, 11
 Graham, J. and Lam, M. (2003), "The Chinese Negotiation",
 Harvard Business Review, 81(10), pp. 82-91

14:30-14:45 **BREAK**

14:45-16:15 **Means for achieving strategies**

This theme focuses on strategic alliances as well as mergers and acquisitions as means to grow and diversify; understanding the key issues and challenges related to combining resources. We would, therefore, look in more detail at motives behind these alternative forms to achieve strategic competitiveness, yet delve deeper on the associated risks.

READINGS: David: Chapter 6

Hughes, J. and Weiss, J. (2007), "Simple rules for making alliances work", *Harvard Business Review*, 85(11), pp. 122-131

16:15-17:00 ***Strategy Analysis and Choice***

Strategy analysis and choice mainly involve making subjective decisions based on objective data. In this session we cover key frameworks, which can help strategists make feasible alternatives, evaluate these alternatives and decide on a specific course of action.

READING: David: Chapter 6

IN CLASS EXERCISE: Starbucks – 2009 (contd.)

Wednesday the 9th of January, 2012

09:30-11:00 ***Strategy Implementation and Evaluation***

Here we examine the third part of the course: 'implementation and evaluation of strategic actions'. Despite the variety of available tools and frameworks, strategy is and remains a crafting process. Successful managers need therefore to craft their companies' strategies by utilizing both analysis (breaking down) and synthesis (building up). We will look at how managers and consultants approach strategy. We focus on the strategy process and we outline the main approaches that successful managers should carefully balance.

READINGS: David: Chapters 7, 8, 9

Bower, J. L. and Gilbert, C. G. (2007). "How managers' everyday decisions create – or destroy – your company's strategy". *Harvard Business Review*, 85(2), pp.72-79

11:00-11:15 ***BREAK***

11:15-12:15 ***Strategy Implementation and Evaluation (contd.)***

IN CLASS EXERCISE: The Resort Business

12:15-13:00 ***LUNCH***

13:00-14:30 ***Emerging trends in strategic management: Rethinking Values in the Post-Crisis World***

During this session, we consider some examples of unethical behaviour and why they occur. We will then discuss some of the key conditions necessary to bring about ethical behaviour in the workplace.

IN-CLASS EXERCISE: Enron Corporation

14:30-14:45 ***BREAK***

14:45-16:15 ***Emerging trends in strategic management: Rethinking Values in the Post-Crisis World and Strategic Renewal***

At the last session, we also discuss the importance of strategic renewal. As environments change over time, organizations need to adapt to change. The premise behind strategic renewal is that the fit between the firm and its environment should be dynamic and firms have to continuously renew their strategies to maintain fit.

READINGS: David: Chapter 10
Andriopoulos, C. and Lewis, M. (2009), "Exploitation-Exploration tensions and organizational ambidexterity: Managing paradoxes of innovation", *Organization Science*, 20(4), 696-717.

16:15-17:00 **Feedback, Discussion and Wrap up**

Instructor's Biographical Note

Constantine (Costas) Andriopoulos is a Professor of Strategy and Head of Marketing and Strategy Section at Cardiff Business School, Cardiff University. Prior to this, he held academic appointments at University of Strathclyde Business School (Strathclyde University); University of Aberdeen Business School (University of Aberdeen) and Brunel Business School (Brunel University). He also holds visiting posts in France (Grenoble Ecole De Management); India (Indian Institute of Management, Ahmedabad); UK (Hult Business School) and Greece (ALBA). He holds a B.Sc. in Business Administration, an MSc in Human Resource Management and a PhD in Marketing/Strategy.

His main teaching and research interests lie in the areas of strategy, organizational ambidexterity, innovation management and entrepreneurship. He has published widely in these fields and his articles have appeared in *Organization Science*, *Human Relations*, *Long Range Planning*, *European Journal of Marketing*, *International Small Business Journal* among others. He serves on the editorial and advisory boards of several scholarly academic and practitioner-focused journals, such as *Long Range Planning*, *International Journal of Entrepreneurship and Innovation* and the *Creative Industries Journal*.

He is an active member of the Academy of Management (US), Strategic Management Society (US) and the European Marketing Academy. He has engaged in several major consulting projects in both public and private sectors (e.g. Financial Services, New Product Development, Oil and High-Tech firms) and has led management development and training courses for business executives on the themes of strategic management, competitive strategy, innovation management in various countries including the U.K., France, Greece and in the Middle East.