

The University of Western Ontario
Aubrey Dan Program in Management and Organizational Studies

**Management and Organizational Studies 4410
(Sec 650, 651, 652 – Distance Studies)
Strategic Management**

Course Outline (May 2011 – July 2011)

FACULTY **John White** email: john.white@uwo.ca Office Hours by appointment

COURSE OBJECTIVES

MOS 4410 is designed to be a challenging and exciting capstone course for students completing their BMOS degree. It centres around the theme that a company can achieve sustained success if and only if managers:

- have an astute, timely game plan for running the company
- execute the plan effectively

The course integrates much of what has been studied throughout the BMOS degree and applies it to the study of the firm as a whole. The approach taken is a combination of readings, case analysis, online participation, and an industry analysis project. These theories and techniques will be applied to develop analytical skills, which in turn will allow a better understanding of business strategy and will enable participants to analyze, develop, and implement strategic plans.

TEXTBOOK AND CASEBOOK REQUIREMENTS

Pearson Custom Business Resources
University of Western Ontario
Strategic Management
MOS 4410
ISBN 0558-72501-5

Textbook Website – TBA

Casebook – This package contains 5 cases: Circuit City, PepsiCo, Southwest Airlines, Krispy Kreme Doughnuts, The Quaker Oats Company (including Gatorade and Snapple Beverage).

The course will not be using the business strategy game therefore you don't need to buy the casebook that's bundled with the strategy game registration card – you just need the casebook.

Note: King's University College and Huron University College are also offering this course. Make certain that you purchase the correct text and case package.

PREREQUISITES

Enrolment in the 4th year of the BMOS program.

EVALUATION

Midterm Examination	20%
Final Examination	35%
Industry Note Group Project*	30%
Participation**	<u>15%</u>
	<u>100%</u>

INDUSTRY NOTE GROUP PROJECT

Students will be required to hand in a detailed industry note analyzing the key strategic factors that shape the industry, as well as an analysis of a particular company within that industry. This will be done as a group exercise and the team lists, made up of 3 – 4 students randomly assigned, will be made available during the second week of class. Virtual-teams are a growing phenomenon in successful global companies and the group project will give the students an opportunity to learn to collaborate and work as a team on-line. The write up will be due by **3:00 p.m. on Friday July 22, 2011**. Details of the assignment including group composition, format of the report, length, late penalties, etc will be provided during the second week of the course.

*** The grade for the Industry Note Group Project will be a group mark. That is, everyone will receive the same grade. If you feel the work was not equitably shared among group members you may request a peer evaluation in which case an individual's grade may be reduced.**

PARTICIPATION

Participation represents a significant portion of the overall grade and marks will be assessed based upon individual, weekly participation in the online discussion forum. Individual participation marks will be assessed based on weekly access to the course, weekly postings to answer the questions at the end of the chapters, weekly postings to answer the case questions posted in this outline, meaningful contributions to the case and chapter discussions, discussion topics listed at the start of the week on the course site, etc. Essentially, in order to do well in this area, you have to actively participate and contribute on a regular and meaningful way.

**Regular participation is a key to the success of this course and as a result, it makes up a large part of the overall grade. Participation can take many forms such as:

- answering the assignment questions
- providing relevant background information based upon personal experiences
- relating current events linked to the material being discussed
- asking relevant questions
- providing clarification of points and issues

Participation should be meaningful and not just consist of “me too” postings. If you have any question about what constitutes good participation, you can email me for clarification. **This will represent 15% of your final grade.**

EXAMINATIONS

Students who fail to appear for an examination at the time set in the timetable will not be allowed to write the examination thus missed. Students should report this irregularity immediately to their Dean's office. They may, with the approval of the Chair of the Department concerned, petition the Dean for standing or permission to write a special examination. Petitions will be entertained only when they are submitted on compassionate grounds with supporting documents. See the current Western Academic Calendar.

POLICY ON SPECIAL EXAMINATIONS

1. Students with conflicts or students who are unable to write an exam based on compassionate grounds (supported by appropriate documents), may apply in writing prior to the exam to the course coordinator to be excused.
2. Students involved with approved out-of-town university activities during the scheduled mid-term exam may apply to the course coordinator for special proctoring privileges to write the mid-term exam.
3. Students who are excused from the writing of the mid-term exam will have the appropriate percentage of marks transferred to the weighting of the marks for the final exam.

NOTES

1. It is the student's responsibility to submit his or her own original written material in courses in this program. See the current Western Academic Calendar, "Scholastic Offences".
2. For a description of the process to be followed for mark/grade appeals see your professor.
3. The use of personal computers or any other electronic devices during examinations will not be permitted. However, financial calculators are permitted and are recommended for the course.
4. It is your responsibility to be familiar with the regulations and requirements as described in the Western Academic Calendar. While some of them have been highlighted in this course outline, it is by no means a complete list and you are bound by all of the rights and responsibilities described in the Western Academic Calendar. The calendar can be found at:

<http://www.westerncalendar.uwo.ca/2011/index.html>

ADD/DROP DEADLINES

Note: You should check with the Academic Calendar on the Registrar's website to confirm the add/drop deadlines.

Course Outline

Broadly speaking, the course is broken into two sections. For the first half of the course we'll be working with the textbook to become familiar with the techniques for case analysis that we use in the second half. The best part of the course is in fact, the second half – you'll be analyzing business cases and thinking about long term sustainable strategies.

The text examines the various analyses we use in the framework, which is why we start there. The midterm is a multiple choice exam based entirely on the seven chapters in the text. These chapters delve into more detailed techniques than we use in the case analysis framework in the second part of the course, but the idea is to give you exposure to a wide range of analysis you may come across in your career.

There are countless ways to examine a business case – in your career every organization will have their own methodology for company analysis. The outline we're going to use for MOS4410 is posted in the course content section as the "Guide to Case Analysis".

Session 1

Week of May 9 – May 15

Reading: Chapter 1 – The Nature of Strategic Management
Chapter 2 – The Business Vision and Mission

Topics for online discussion:

Chapter 1 Issues for Review & Discussion – Questions 9, 7, 26 (suggest an example for #26 – perhaps look at the two automakers who recently went through bankruptcy to survive the economic downturn. Would you say either of these companies were lacking in strategic management? Give an example or two).

Chapter 2 Issues for Review & Discussion –

Look at the vision and/or mission statements of any company for which you have worked. Were you motivated by these statements? Why or why not? What are your thoughts on Western's mission statement?

See if you can find examples (try corporate annual reports) of mission & vision statements you consider to be strong, inspiring and motivating, and explain why.

Session 2

Week of May 16 – May 22

Reading: Chapter 3 – The External Assessment

Topics for online discussion:

Chapter 3 Issues for Review & Discussion –

Pick an industry and using Porter's Five Forces, evaluate it (is it an attractive or unattractive industry).

The text talks about performing an audit of external forces – in the Guide to Case Analysis we use in this course, this is essentially looking at the industry driving forces and economic traits. Using the fast food portion of the restaurant industry, suggest some of the key factors you might consider when doing an analysis of the external forces on the industry.

Session 3
Week of May 23 – May 29

Reading: Chapter 4 – The Internal Assessment

Topics for online discussion:

Chapter 4 Issues for Review & Discussion – A big part of what leads to a successful strategy has to do with sustainable competitive advantage. Sometimes it's an obvious one like a patent or a secret recipe – more often it's a bit more subtle. I want you to pick out three firms – do a bit of research and tell me if you think they have a sustainable competitive advantage and what it is.

Session 4
Week of May 30 – June 5

Reading: Chapter 5 – Strategies in Action

Topics for online discussion:

Chapter 5 Issues for Review & Discussion – Scan the business press and answer questions 18 and 19.

There are a lot of criteria you can use to define a company's strategy – the case analysis framework we use talks about locating the company along two axis - low cost vs. differentiated and broad vs. focused (the text on page 172 has a six part version of this). Using the MOS 4410 version in the course content section, see if you can come up with examples of companies which fall into each quadrant. Identify whether this strategy makes sense.

Session 5
Week of June 6 – June 12

Reading: Chapter 6 – Strategy Analysis and Choice
Chapter 7 – Implementing Strategies – Management and Operations Issues

Topics for online discussion:

Chapter 6 Issues for Review & Discussion –
Pick a company you are familiar with – do a SWOT analysis and include implications.
Pick a company with a large product portfolio and place some of those products in the BCG Matrix (packaged goods companies are great for this).

Midterm Examination - Date: Saturday June 11
TIME: To be advised (Duration 2 hours)
LOCATION: TBA

The exam will be multiple choice covering the textbook material from Chapters 1 through 7.

Session 6

Week of June 13 – June 19

Reading: Guide to Case Analysis – see course WebCT site

Assignment: Using the Wal-Mart and Target Financial Statements from the course website, calculate the following ratios for each company. Note: for Wal-Mart sales and income growth calculations do the calculation for the 11 year period as well as for the consolidated period. For Target, use the Consolidated Statement of Operations (income statement) and Consolidated Statement of Financial Position (balance sheet) figures found on pages 24 to 26 of the Target Annual Report.

- Sales growth rate
- Income growth rate
- Age of receivables
- Age of payables
- Age of inventory

What conclusions and implications can you draw by looking at the ratios from the individual companies as well as by comparing the results of each company to each other?

Session 7

Week of June 20 – 26

Case: Southwest Airlines 2008

Assignment

Questions:

1. Describe the vision and mission of Southwest Airlines.
 2. What is Southwest's strategy? Does it make sense? Why or why not?
 3. Is the US airline industry attractive? Explain.
 4. Why is Southwest successful?
 5. How easy would it be to imitate this strategy? Why or why not?
 6. Is the strategy sustainable? Why or why not?
 7. Should Southwest become an international airline? Why or why not?
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Session 8
Week of June 27 – July 3

July 1 – Happy Canada Day!

Case: PepsiCo's Acquisition of Quaker Oats

Assignment
Questions:

1. How well has PepsiCo articulated its vision? Its strategic objectives?
 2. What is PepsiCo's overall corporate strategy? Does it make sense? Why or why not?
 3. PepsiCo currently has 4 distinct business segments, each of which could be analyzed as a separate case. For the rest of this week's analysis, just look at the North American soft drink part of the business.
 4. Using the approach from "The Guide to Case Analysis", what is your assessment of the North American soft drink industry?
 5. What are the conclusions and implications of your competitive analysis of the North American soft drink industry?
 6. What are your conclusions and observations regarding the overall financial performance of PepsiCo as shown in Exhibit 1.
 7. Based solely upon the financial information presented in Exhibit 1 did the spin off of PepsiCo's restaurants make good financial sense? Why or why not?
 8. What are your conclusions and observations regarding the overall financial performance of the beverage segment of PepsiCo as shown in Exhibit 14 and as described in the case?
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Session 9
Week of July 4 – July 10

Case: PepsiCo's Acquisition of Quaker Oats (continued)

Assignment
Questions:

9. Repeat your work in Questions 5, 6, and 9 for the snack food segment of PepsiCo.
 10. Using the BCG (Boston Consulting Group) matrix, plot the positions for each of the 4 major segments of PepsiCo. What is your assessment of the long term attractiveness of each of the segments? What is your assessment of the competitive strength of each of the business segments?
 11. Does PepsiCo's portfolio exhibit good strategic fit? What value chain matchups and opportunities do you see?
 12. Based on your analysis, what is your overall evaluation of PepsiCo's business portfolio in 2001?
 13. Did the spin off of PepsiCo's restaurants make good strategic sense? Why or why not?
 14. What recommendations would you make to Steve Reinemund?
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Session 10

Week of July 11 – July 17

Case: Krispy Kreme Donuts

Assignment

Questions:

1. Using the Guide to Case Analysis, summarize Krispy Kreme in terms of the main categories. In particular, you may want to consider the following:
 - What is your assessment of Krispy Kreme's competitive strengths and weaknesses in comparison with key rivals?
 - What is your assessment of Krispy Kreme's financial performance? Is it really as good as it looks on the surface? Why or why not? What is the most profitable part of the business? Do you agree with the statement at the beginning of the case that "the numbers just don't work?"
 - What does a SWOT analysis reveal about the company's overall situation?
 - On the basis of your assessment above, what do you think of Krispy Kreme's growth prospects? Just how good are they? What evidence supports your answer? What size growth rates in revenues and earnings do you believe Krispy Kreme can achieve over the next five years? What will have to happen for Krispy Kreme to realize its target of 25% growth in earnings when the revenue growth target is only 20%?
 - What major issues do you think that Krispy Kreme management needs to address?
 - What recommendations would you make to Krispy Kreme management to improve upon the strategy or otherwise sustain the company's growth and profitability?
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Session 11

Week of July 18 – July 24

Case: The Quaker Oats Company, Gatorade, and Snapple

Assignment

Questions:

Prepare a report to Quaker Oats giving them your assessment of competitive conditions in the New Age beverage market and include recommendations for strategic actions the company can take to ensure a good return on its investment.

As a guideline to your analysis, you should consider, but not limit your discussion to:

- An industry analysis of the New Age beverage market that discusses its attractiveness and key success factors
 - An analysis of possible matchups in the value chains of Snapple and Gatorade (Quaker's only other beverage product). Include any strengths or weaknesses you see in Snapple's resources and comment on what needs improvement.
 - Assess whether or not the acquisition makes good strategic sense for Quaker and comment on the price paid. Was it a good deal or did they pay too much?
 - In order to earn a reasonable return on the \$1.7 billion acquisition how many cases do they need to sell each year? Is this possible?
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Session 12
Week of July 25 – July 31

Case: Circuit City Stores Inc. : Strategic Dilemmas

Assignment
Questions:

As a consultant to Circuit City, prepare a set of recommendations to present to management that address the issues faced by the company. Your recommendations need to be supported by a thorough analysis. You can use the Guide to Case Analysis as a framework for preparing your report.

Final Examination
See Registrar Site for Time and Location
