



School of **Business Administration**

COMPETITIVE STRATEGY (BMGT 604-60)

Syllabus Fall 2016

INSTRUCTOR

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or by appointment

COURSE DESCRIPTION

604 is a one-credit introductory course on the topic of strategic management. Strategic management is about the identification, creation and capture of value and the decisions made in pursuit of strategic goals. Managers make these decisions under conditions of constant change, ambiguity and risk, based on an incomplete understanding of the firm and its environment (competition, customers, economic, political and social conditions, global and domestic markets, etc.). This class will also raise many questions tackled in later classes of your MBA program.

We will learn about environmental conditions, the people involved, the tools used for better understanding them and the decisions made through the discussion of case studies, conceptual readings and some mini lectures. This course therefore requires much preparation and active class participation from each student.

COURSE LEARNING GOALS

1. Appreciate the challenges general managers face in competitive environments.
2. Understand basic questions and concepts of strategic management.
3. Learn concepts and tools of strategic analysis and be able to apply them.
4. Recognize the value of frameworks that help us understand strategic behavior, innovation, implementation, leadership and performance of organizations.
5. Accept the complexity of business reality and the ill-defined problems of competitive strategy.

READINGS

Articles (required readings unless noted otherwise; available on Moodle)

- Collis & Rukstad, 2008. Can You Say What Your Strategy Is? Harvard Business Review.
- Nohria et al., 2003. What Really Works. HBR, July.
- Kotter, 1995. Leading Change. HBR, May-June. (optional)
- Hamel & Prahalad, 1989. Strategic Intent. HBR May-June. (optional)
- Porter, 2008. The Five Competitive Forces That Shape Strategy. HBR, January.
- Ehmke et al, n.d. Industry Analysis: The Five Forces. Purdue AICC. (optional)
- Beinhocker et al., 2009. The 10 Trends You Have to Watch. HBR July-August. (optional)
- Collis & Montgomery, 2008. Competing on Resources. HBR, July-August.
- Prahalad & Hamel, 1990. The Core Competence of the Corporation. HBR, May/June. (opt.)

- Ulrich & Smallwood, 2004. Capitalizing on Capabilities. HBR, June (optional)
- Kim & Mauborgne, 2005. Blue Ocean Strategy. Calif. Mgmt. Review, Spring.
- Kumar, 2006. Strategies to Fight Low Cost Rivals. HBR, December (optional)
- James et al., 2013. How Firms Capture Value from their Innovations, JOM, July.
- Cottrell & Sick, 2001. First-Mover (Dis)advantage and Real Options, JACF, Summer.
- Amit & Zott, 2012. Creating Value Through Business Model Innovation, Sloan MR, Sp. (opt.)

Case Studies (required reading; you can buy these from the following HBSP course packet:
<http://cb.hbsp.harvard.edu/cbmp/access/51506311>)

- Whole Foods Market, Inc. (HBS case # 705476)
- Cola Wars Continue: Coke and Pepsi in 2010 (HBS case # 711462)
- Southwest Airlines (Thunderbird case # TB0333)
- Pacific Cataract and Laser Institute: not from Harvard, but can be found here:
http://www.wiley.com/legacy/wileychi/ginter/supp/Case_17.pdf
- Apple Inc. in 2015 (HBS case # 715456)

REQUIREMENTS/GRADING

| | <u>weight (%)</u> |
|--------------------------------------------------|-------------------|
| 1. Five Forces Analysis for the airline industry | 20 |
| 2. Class Participation/Contribution | 20 |
| 3. Discussion Forum Participation/Contribution | 20 |
| 4. Strategic Analysis and Planning Group Project | 30 |
| 5. Peer Evaluation | 10 |

1. **Five Forces Analysis Based on Southwest Airlines Case**

The assignments consist of a two-page paper to be created based on the Southwest Airlines case study. This paper is an assignment for individual work! It requires a comprehensive Five Forces analysis of the airline industry. Finish your paper with a summary of your conclusions drawn from your analysis regarding the overall profit potential of the airline industry.

We will address Five Forces analysis during the conceptual discussion of external analysis and the Cola Wars case on the days prior to the assignment's due date of Sept. 13th (before class). Grading depends on completeness with respect to identifying all of the determinants of the five forces, correctness of the analysis and conclusions based on the Five Forces framework, and conciseness (precise and "tight") of your writing.

2. **Class Participation and Contribution**

Your class participation is a critical element of this course. Students learn from each other by openly sharing their insights. Active participation is also good practice as passive behavior finds little reward in the business world. While I realize that active participation may not overlap with everyone's learning style, it is a good habit to have. Please also be respectful of others.

Effective oral communication is critical to every manager and business professional. Excellent participation consists of relevant, well-stated opinions said openly in class that build logically upon readings, peer comments, materials discussed, your personal experience, etc. Feel free to challenge your peers and your instructor. Contributions are not just talking in class, however; they include attentive listening to others, active participation in in-class group projects and asking questions. Being on time for class and regular attendance are expected. Everybody must have read the assigned material. As

is the case with real world work environments, you are judged not by what you know but by what you contribute. If you feel you were not able—for whatever reason—to provide your contribution during class, please share your thoughts with me in an email or during office hours. Feel free to inquire anytime regarding your participation grade as I keep a continuous log. Bring your name sign to class every time so that I can give you proper credit.

With respect to the cases, you should be able to identify key issues, apply concepts discussed in class to the case and address each of the discussion questions. However, no written submission is needed. I require that you build case discussion groups that meet and discuss every case before class. I intend to "cold call" regularly to give everyone the chance to participate in class. (I always have your interest at heart ☺). Please let me know in advance when you are absent or unprepared for class to save us both the embarrassment! Missing classes will hurt your participation grade.

The participation grade for students taking this course online is replaced by a written assignment. Online students need to provide me with a one-page paper in which they answer the case study questions for three of the five case studies discussed in this course. These short-answer papers are due before the class period the case is discussed.

3. Participation/Contribution to Discussion Forums on Moodle

There is an opportunity for you to raise issues and/or post relevant, interesting articles for each week of class in the Discussion Forum of the week on Moodle. I will consider for grading contributions before the related class occurred. I also will consider later postings to a topic at the end of our course, but not later than September 30th. Quality and quantity of your participation in the discussions are considered for grading.

4. Strategic Analysis and Planning Group Project

Students in groups of 4-5 members will identify a real, existing firm for which they identify a current need of strategic change, e.g., based on weak performance not common among its competitors. The Analysis and Plan consist of three sections: First, the external and internal strategic analysis, then summarized in SWOT. Second, based on your analysis, make suggestions for the firm's strategy into the future, building on concepts we addressed in class, such as Generic Strategies, Blue Ocean, Business Model Innovation, etc. Grading of these parts depends on proper application of the frameworks (PESTEL, SWOT, 5F, Value Chain, Activity Maps, RBV, Generic Strategies, Blue Ocean, Innovation, etc.) discussed in class, if your analysis supports your conclusions (i.e., the fit between your analysis, the firm's current strategy and your suggestions for future business-level strategic actions), and the conciseness of your writing. The final section contains appendices as you see fit as well as references.

For this ten page paper (plus exhibits as you see fit), use about seven pages for the strategic analysis and three for the strategic plan. More detailed instructions are forthcoming.

5. Peer Evaluations

You will have a chance to provide feedback on the individual members of your project group regarding their contribution to the project. Understandably, group members will have different strengths and weaknesses, varying schedules, diverse learning styles, etc. I therefore urge you to talk about expectations for the joint work upfront: who will do

what, when, how, etc. This will save you any misunderstandings as you find yourself trying to meet the deadline. However, I expect that the various sections of the paper are fully integrated and are written in “one voice.” I will provide a peer evaluation form at the end of the course.

GENERAL COURSE POLICIES

1. Academic Honesty

Plagiarism, cheating, or any form of dishonesty will at a minimum result in a zero point grade for the assignment. All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at http://life.umt.edu/vpsa/student_conduct.php. It is the student’s responsibility to be familiar with the Student Conduct Code.

2. Written Assignments

For the written assignments, writing style, the use of headlines and subheadings, etc. are taken into consideration for grading. Submissions must be formatted for standard paper (8.5” x 11”), have one inch margin all around, 12-pt. font size, and be single-spaced. Please submit your written assignments as an email attachment sent to me.

3. Scale for Grading

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|----------------|----------------|
| 930 - 1000 = A | 770 - 799 = C+ |
| 900 - 929 = A- | 730 - 769 = C |
| 870 - 899 = B+ | 700 - 729 = C- |
| 830 - 869 = B | 600 - 699 = D |
| 800 - 829 = B- | Below 600 = F |

4. Feedback

I am happy to provide feedback at any time, via personal visits or email. In return, I would appreciate any informal feedback (beyond the course evaluations). I have taught strategic management in various programs and formats, but I am always trying out some new things. I am confident most of them will succeed, but equally confident that some will not. I count on you to share your opinions with me.

5. Email

As of 1 July 2007 and due to security issues, email communication between students and faculty may only use official UM email accounts. Accordingly, students must use their GrizMail accounts (fname.lname@umontana.edu). Email from non-UM accounts may be flagged as spam and deleted without further response.

6. Class Notes

You can find copies of my overheads, this syllabus etc. on the Moodle site for this class.

7. Disability Services for Students

Students with disabilities will receive reasonable modifications in this course. Your responsibilities are to request them from me with sufficient advance notice, and to be prepared to provide verification of disability and its impact from Disability Services for Students. Please speak with me after class or during my office hours to discuss the details. For more information, visit the Disability Services for Students website at <http://www.umt.edu/disability>.

THE UNIVERSITY OF MONTANA MBA PROGRAM

School of Business Administration Mission Statement

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

Master of Business Administration Mission Statement

Serving our region by developing leaders to effectively manage organizations in a global business environment.

Master of Business Administration Assessment and Assurance of Learning

As part of our assessment process and assurance-of-learning standards, the MBA program has adopted six learning goals for our students. These are as follows:

SOBA MBA graduates will demonstrate...

- Integrated knowledge of business functions
- Communication skills and teamwork ability
- Ethical conduct, social responsibility and professional leadership
- Analytical and innovative thinking in business problem solving
- Knowledge and application of current trends in information technology
- Ability to evaluate the implications of operating in the global business environment.

PREREQUISITES TO TAKE THIS COURSE

Admission to MBA or MAC program

COURSE OUTLINE

(BMGT 604-60: T 6:00-8:50 p.m.; GBB 104, other campuses and online)

| Date | Topics | Reading Assignment | Due Dates/Notes |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Week 1 Aug. 30 | <ul style="list-style-type: none"> • Introductions • Strategic Leadership | <ul style="list-style-type: none"> • Syllabus • Can You Say What Your Strategy Is? • What Really Works • Leading Change (opt.) • Strategic Intent (opt.) | |
| | <ul style="list-style-type: none"> • Case: "Whole Foods Market" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - What opportunities do natural foods offer for retailers? - What is Whole Foods' strategy? How has it adapted over time? - Evaluate Mackey's strategic leadership. - What should Mackey do now to sustain the firm's lead? | <ul style="list-style-type: none"> • Whole Foods case | Build case discussion groups |
| Week 2 Sep. 6 | <ul style="list-style-type: none"> • External Environmental Analysis | <ul style="list-style-type: none"> • The Five Competitive Forces That Shape Strategy • Purdue Industry Analysis (5F tool) (opt.) • The 10 Trends You Have to Watch (opt.) | |
| | <ul style="list-style-type: none"> • Case: "Cola Wars Continue: Coke and Pepsi in 2010" <p><u>Case study questions:</u></p> <ul style="list-style-type: none"> - Analyze the profitability of Coke and Pepsi! Using the Five Forces framework, What is the basis of their profitability? - What macro-level trends are salient to the beverages industry? - What strategic actions do you recommend for Coke and Pepsi? | <ul style="list-style-type: none"> • Cola Wars case | |
| Week 3 Sep. 13 (Klaus in Billings) | <ul style="list-style-type: none"> • Internal Analysis and Competitive Advantage | <ul style="list-style-type: none"> • Competing on Resources • The Core Competence of the Corporation (opt.) • Capitalizing on Capabilities (opt.) | Five Forces analysis for airline industry (due today before class) |
| | <ul style="list-style-type: none"> • Case: "Southwest Airlines" <p><u>Case study questions:</u></p> <ul style="list-style-type: none"> - Why is it so hard to make money in the airlines industry? | <ul style="list-style-type: none"> • SWA case | |

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|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| | <ul style="list-style-type: none"> - What are SWA's key activities, resources and capabilities? - How sustainable is SWA's advantage? What threats exist to this advantage? | | |
| Week 4 Sep. 20 (Klaus in Helena) | <ul style="list-style-type: none"> • Business Level Strategy I: <ul style="list-style-type: none"> • Generic Strategies • Blue Ocean Strategy | <ul style="list-style-type: none"> • Blue Ocean Strategy • Strategies to Fight Low Cost Rivals (opt.) | |
| | <ul style="list-style-type: none"> • Case: "Pacific Cataract and Laser Institute" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - Evaluate PCLI's strategy relative to industry conditions! - Determine PCLI's strengths and weaknesses! - How can PCLI defend its position? | <ul style="list-style-type: none"> • PCLI case | |
| Week 5 Sep. 27 | <ul style="list-style-type: none"> • Business Level Strategy II: <ul style="list-style-type: none"> • Innovation • Strategic Entrepreneurship • Business Model Innovation | <ul style="list-style-type: none"> • How Firms Capture Value from Their Innovations • First-Mover (Dis)advantage and Real Options • Creating Value Through Business Model Innovation (opt.) | Watch "Triumph of the Nerds III" video (see Moodle) before class |
| | <ul style="list-style-type: none"> • Case: "Apple Inc. in 2015" <p><u>Study questions:</u></p> <ul style="list-style-type: none"> - What were Apple's historic competitive advantages - Are the conditions in the PC industry favorable or problematic for Apple - Has Steve Jobs found a new formula for Apple's competitive advantage with the iPod—iTunes business? - How sustainable is Apple's competitive position in smartphones? | <ul style="list-style-type: none"> • Apple case | |
| Strategic Analysis and Planning Group Project; peer evaluation (due Oct. 11 th) | | | |