

The University of Western Ontario
Management and Organizational Studies

**Management and Organizational Studies 4410b
Strategic Management**

Course Outline
January 2009 - April 2009

FACULTY Maria Ferraro
Room 2212 SSC
661-2111 Ext 82667
mferrar3@uwo.ca

Office Hours Monday 12:30-1:30
Thursday 9:30-11:30
or by appointment

TIMETABLE

<u>Section</u>	<u>Day</u>	<u>Time</u>	<u>Location</u>
001	Wednesday Friday	8:30 am – 10:30 am 2:30 pm – 3:30 pm	Talbot College Room 341 UCC McKellar Room
002	Monday Friday	8:30 am – 10:30 am 2:30 pm – 3:30 pm	Social Science Centre Room 3018 UCC McKellar Room
003	Tuesday Friday	1:30 pm – 3:30 pm 2:30 pm – 3:30 pm	Talbot College Room 309 UCC McKellar Room
004	Wednesday Friday	3:30 pm – 5:30 pm 2:30 pm – 3:30 pm	Social Science Centre Room 3026 UCC McKellar Room
005	Tuesday Friday	3:30 pm – 5:30 pm 2:30 pm – 3:30 pm	Social Science Centre Room 3010 UCC McKellar Room

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, class participation, and the business strategy competition.

The business strategy competition allows students the opportunity to put the theory into practice by requiring the teams (3 – 4 students per team) to make all the necessary marketing, financing, operating, and human resource decisions needed to compete in the global athletic shoe industry. The teams are in competition within an industry and are required to understand their own, as well as their competitors' strategy.

TEXTBOOK AND CASEBOOK REQUIREMENTS

Strategic Management – Creating Competitive Advantages
Canadian Edition
Dess, Lumpkin, Peridis
McGraw Hill
ISBN 0070922918

Textbook Website – www.mcgrawhill.ca/college/dess - then click on Student Edition link on left side of page

Casebook – This package contains 6 cases: Wal-Mart, Circuit City, PepsiCo, Southwest Airlines, Krispy Kreme Doughnuts, The Quaker Oats Company, Gatorade, and Snapple Beverage
ISBN 0070740488

Note: This casebook is bundled with the Global Business Strategy Game Registration Card. You need to buy a new casebook in order to have the registration card. Registration is done on the GLO-BUS website:

www.glo-bus.com

This is a new version of the Business Strategy Game therefore copies from the previous year will not work.

Note: Each student must purchase and register individually for the Business Strategy Competition in order to receive a grade for this portion of the course.

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

PREREQUISITES

Enrolment in the 4th year of the BMOS program.

EVALUATION

Midterm Examination	25%
Final Examination	30%
Business Strategy Competition*	30%
Participation**	<u>15%</u>
	<u>100%</u>

*** The grade for the competition will be a group mark. That is, everyone will receive the same grade unless there are indications from the peer evaluations that individual members do not deserve the same grade. In such cases, an individual's grade may be reduced.**

Note: The peer evaluation form is considered a mandatory part of the course requirement and it must be completed by Saturday March 14, 2009. If the form is not completed by this date then your individual business strategy grade will be reduced.

Everyone must put something in the "Additional Comments" section at the end of the evaluation. This could be as simple as "No problems" to a much more detailed explanation of why you gave the grade you did. If you do not put some comment in the "Additional Comments" section your individual strategy game grade will be reduced.

The results of the peer evaluations will also be used to determine whether or not everyone in the team receives the same final game grade.

Since the business you will be running is a public corporation, both the weekly and cumulative results of each group will be made available to the entire class. Therefore, the final standings and the final grade for the strategy competition will be known by the entire class.

The reason for the public disclosure is two fold. First, as mentioned above, each company is a publicly traded organization therefore there is a large amount of information that would normally be made available. Second, due to the nature of the competition, it is necessary to know your competitors' results in order to help shape your team's strategic decisions as well as to evaluate the strategy of the competition. Your final results are not just a function of what you do, but also of what your competition does.

The final strategy competition grades will **primarily** be based upon the final year's **CUMULATIVE** game to date score you have received based upon the scoring criteria and weighting described in the player's manual and in the on-line help screens.

However, adjustments may be made to the actual final results based upon individual targets that may be set between the instructor and individual teams. These adjustments will not affect the overall ranking of the teams and if adjustments are made, then all teams will receive some adjustment. The adjustments each team receives will be based upon specific targets set and achieved and may differ between teams. However, as mentioned above, the final rank ordering of the teams will not be affected.

****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

While regular attendance is important, it is not considered participation.

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. **Seeking help from previous years' strategy competition participants or from any other unapproved source is not allowed. If you have any questions you must ask your instructor. Seeking help from anyone or anywhere else will be considered the same as not submitting your own work and will be subject to the same academic sanctions as described above in Point #1.**
3. For a description of the process to be followed for mark/grade appeals see your professor.
4. 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.
5. 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.registrar.uwo.ca/Calendars/index.cfm>

ADD/DROP DEADLINES

Tuesday January 13, 2009

Last day to ADD a first term half course.

Sunday February 15, 2009

Last day to DROP a first term half course without academic penalty.

Note:

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

Course Outline

Class 1

Week of Jan 5 – 9

Topics:

1. Overview of Course
2. Lecture on Chapter 1 – Strategic Management – An Overview
3. Discussion of Business Strategy Competition
4. Organization of students into teams

Friday Class:

1. Organization of students not yet in teams
 2. Overview of strategy program registration and decision making.
-

Class 2

Week of Jan 12 – 16

Reading: Chapters 2 and 3

Friday Class:

1. Review of practice decision results
2. Overview of how to delete and reinstall the program for the first real decision

**Practice Decision (Year 6) is due by 6:00 p.m. on
Wednesday Jan 14/09**

Results will be available shortly after the deadline.

The Practice Decision Results will be removed by 6:00 p.m. on Saturday Jan 17/09 in preparation for the first real decision due on Wed Jan 21/09 by 6:00 p.m.

Class 3

Week of Jan 19 – Jan 23

Reading: Chapters 4 and 5

Friday Class:

1. Guest speaker or work on strategy competition

Decision #1 (Year 6) is due by 6:00 p.m. on Wednesday Jan 21/09

Results will be available shortly after the deadline.

Note: For the first real decision you will be re-submitting for Year 6. The results from the practice decision do not count and will be completely deleted.

Class 4

Week of Jan 26 – Jan 30

Reading: Chapters 6 and 7

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 18, 42 and 43 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?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #2 (Year 7) is due by 6:00 p.m. on Wednesday Jan 28/09

Results will be available shortly after the deadline.

Class 5
Week of Feb 2 - 6

Reading: Chapters 8 and 9
Guide to Case Analysis – see course WebCT site

Friday Class:

1. Guest speaker or work on strategy competition

Case: Wal-Mart Stores Inc.: Dominating Global Retailing

Assignment

Questions:

1. Analyze and summarize how well Wal-Mart has addressed the first two areas identified on the Guide to Case Analysis: Identifying the vision and mission and identifying the strategic objectives. What areas are clearly identified and/or articulated? What areas are not?
2. What generic strategy is Wal-Mart pursuing? Does it make sense? Why or why not?
3. What conclusions can you draw about the domestic discount retailing industry? Is it an attractive place to be or not? What about the future? What are the key success factors?
4. What conclusions can you draw about the international discount retailing industry? Is it an attractive place to be or not? What about the future? What are the key success factors?

Decision #3 (Year 8) is due by 6:00 p.m. on Wednesday Feb 4/09

Results will be available shortly after the deadline.

Class 6
Week of Feb 9 – 13

Reading: Chapters 10 and 11

Case: Wal-Mart Stores Inc.: Dominating Global Retailing (continued)

Assignment

Questions:

5. What conclusions can you draw concerning the competition Wal-Mart faces domestically versus the competition it faces internationally?
6. What are the company's resources/sources of competitive advantage? How have they delivered value? Are these sources sustainable? Why or why not?
7. Are they transferable to their international operations? Why or why not?
8. What are the important principles that the company uses in managing its relationships with its suppliers? What alternative strategies might the suppliers be able to employ to ensure their continued viability as a Wal-Mart supplier? Are these transferable to their international operations? Why or why not?
9. What is your prognosis for the future success of Wal-Mart in the US and abroad? What changes does the company have to make to ensure continued success?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #4 (Year 9) is due by 6:00 p.m. on Wednesday Feb 11/09

Results will be available shortly after the deadline.

Reading Week
Monday February 16/09 – Friday February 20/09

Class 7**Week of Feb 23 – 27****Reading:** Chapter 12**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. Identify the business strategies that PepsiCo is using in each of its consumer business segments – soft drinks, snack foods, Gatorade/Tropicana, and Quaker Foods North America. Do these strategies make sense? Why or why not?
4. 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.
5. Using the approach from "The Guide to Case Analysis", what is your assessment of the North American soft drink industry?
6. What are the conclusions and implications of your competitive analysis of the North American soft drink industry?
7. What are your conclusions and observations regarding the overall financial performance of PepsiCo as shown in Exhibit 1.
8. 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?
9. 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?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #5 (Year 10) is due by 6:00 p.m. on Wednesday Feb 25/09

Results will be available shortly after the deadline.

Midterm Examination
Saturday February 28, 2009
1:00 p.m. – 3:00 p.m.
Social Science Centre
Rooms 3018, 3024, 3022, 3026, 3028

Check with your instructor for your specific room location

The exam will be multiple choice covering the textbook material up to and including Class 7 as well as questions on the guest speakers' presentations.

Class 8
Week of Mar 2 – Mar 6

Reading: Chapter 13

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

Assignment

Questions:

10. Repeat your work in Questions 5, 6, and 9 for the snack food segment of PepsiCo.
11. 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?
12. Does PepsiCo's portfolio exhibit good strategic fit? What value chain matchups and opportunities do you see?
13. Based on your analysis, what is your overall evaluation of PepsiCo's business portfolio in 2001?
14. Did the spin off of PepsiCo's restaurants make good strategic sense? Why or why not?
15. What recommendations would you make to Steve Reinemund?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #6 (Year 11) is due by 6:00 p.m. on Wednesday Mar 4/09

Results will be available shortly after the deadline.

Class 9

Week of Mar 9 – Mar 13

Case: Southwest Airlines 2005

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?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #7 (Year 12) is due by 6:00 p.m. on Wednesday Mar 11/09

Results will be available shortly after the deadline.

Note:

The peer evaluations are due by 6:00 p.m. on Saturday March 14, 2009. If the evaluations are not completed, then your individual strategy game grade will be reduced. Everyone must put something in the "Additional Comments" section at the end of the evaluation. This could be as simple as "No problems" to a much more detailed explanation of why you gave the grade you did. If you do not put some comment in the "Additional Comments" section your individual strategy game grade will be reduced.

The results of the peer evaluations will also be used to determine whether or not everyone in the team receives the same final game grade.

Class 10

Week of Mar 16 – Mar 20

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?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #8 (Year 13) is due by 6:00 p.m. on Wednesday Mar 18/09

Results will be available shortly after the deadline.

Class 11

Week of Mar 23 – Mar 27

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?

Friday Class:

1. Guest speaker or work on strategy competition

Decision #9 (Year 14) is due by 6:00 p.m. on Wednesday Mar 25/09

Results will be available shortly after the deadline.

**NOTE: THE NEXT (AND FINAL) DECISION IS DUE BY
SUNDAY MAR 29/09 BY 6:00 P.M.**

**IMPORTANT NOTICE:
YOUR BUSINESS DOES NOT END AFTER THE NEXT
DECISION THEREFORE YOU CANNOT MAKE WHAT ARE
CONSIDERED TO BE "IRRATIONAL" DECISIONS.
SPEAK WITH YOUR INSTRUCTOR WITH REGARDS TO
WHAT IS CONSIDERED IRRATIONAL.**

**ANY DECISIONS DEEMED TO BE IRRATIONAL WILL BE
REVERSED AND THERE MAY BE ADDITIONAL
PENALTIES/COSTS IMPOSED**

Class 12
Week of Mar 30 – Apr 3

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.

Friday Class:

1. Final business strategy competition results will be presented

Decision #10 (Year 15) is due by 6:00 p.m. on Sunday Mar 29/09

**Results will be presented during class on
Friday Apr 3/09**

Class 13
Week of Apr 6 – 10

To Be Announced

Final Examination
See Registrar Site for Time and Location
