

Course Syllabus BPS4305 Strategic Management

Course Information

<i>Course Number/Section</i>	BPS 4305-006/007
<i>Course Title</i>	Strategic Management
<i>Term</i>	Fall 2013
<i>Days & Times (Room #)</i>	Tuesdays & Thursdays 1:00-2:15 (SOM 2.804) Tuesdays & Thursdays 2:30-3:45 (SOM 2.804)

Professor Contact Information

<i>Professor</i>	Livia Markoczy, Ph.D.
<i>Office Phone</i>	972-883-4828
<i>Office Location</i>	SOM 4.206
<i>Office Hours</i>	Tuesdays & Thursdays 4:00-5:00 PM
<i>Other Information</i>	Please email me through eLearning.

Course Pre-requisites, Co-Requisites, and/or Other Restrictions

Co-requisite: BA 4371

Pre-requisites: BA 3311, BA 3341, BA 3351, BA 3352, BA 3361, BA 3365 and STAT 3360 or BA 3360

Course Description

This course is aimed at providing you with the frameworks for understanding the different parts of the strategic management process. We will use these frameworks to map the environment surrounding the firm, analyze the competitive situation facing the firm, and understand the sources of competitive advantage that lie within the firm. We also discuss models of business, corporate, and international strategy and issues associated with implementing strategy such as leadership, controls and corporate governance.

The approach of the class is practical and problem oriented. We will apply conceptual frameworks to case studies, in class exercises and to writing up a major research paper. This course will improve your application skills by analyzing case studies from a wide variety of industries, engaging in class discussions, and performing individual company analyses. These exercises will give you hands-on experience using the tools and approaches discussed in class. For the class to work well, and for you to benefit from it, attendance and preparation for each class meeting is *required*.

Student Learning Objectives/Outcomes

After completing this course you should be able to:

1. Complete an external and internal analysis of a firm
2. Identify the strategic problems of a firm
3. Develop solutions to a firm's strategic issues
4. Integrate skills acquired in finance, accounting, marketing, and MIS courses to create a successful firm strategy

Course Requirements

This course requires extensive reading, writing, active discussions, and diligent attention to the exercises. Each student will be expected to spend an average of 4 hours a week on this course in addition to class time. If a student cannot commit this amount of time and effort to this course, he or she must realize that it may be very difficult to earn a good grade. Failure to fully prepare for class is also detrimental to one's fellow students. It is the student's responsibility to thoroughly read the syllabus, fully understand all the requirements, and keep track of all the important dates in order to succeed.

Required Textbook and Materials

- Gregory G. Dess, Alan B. Eisner, G. T. Lumpkin and Gerry McNamara: Strategic Management. Creating competitive advantages (6th edition). McGraw-Hill: Boston. ISBN-13: 978-0077439569
- Reader: It is available at the campus bookstore and a Case pack is available from the Harvard Business Publishing Website: <https://cb.hbsp.harvard.edu/cbmp/access/20275277>

Course Assessment

Exams (I & II)	70%
Individual Research (Project) Paper	20%
Class Participation	10%
Total	100%

Grading Policies

Grading and evaluation of the above course components are detailed below. The weighted average score calculated from the above components is converted into a grade as follows:

Score	Grade
97 - 100	A+
94 - <97	A
90 - <94	A-
87 - <90	B+
84 - <87	B
80 - <84	B-
77 - <80	C+
74 - <77	C
70 - <74	C-
67 - <70	D+
64 - <67	D
60 - <64	D-
0 - <60	F

(1) Exams (70% of Course Grade)

Exam I. (35% of Course Grade)

The in-class *exam I* will take place on **October 10, 2013**. The questions are multiple-choice questions. ***No make up exam is given, so please arrange your schedule accordingly.***

Exam II. (35% of Course Grade)

In-class *exam II* will take place on **December 10, 2013**. *Exam II* will be non-cumulative, and will cover course materials covered after exam I. Similarly to exam I, *exam II* has multiple-choice questions. Again, ***no make up exam is given, so please arrange your schedule accordingly.***

(2) Individual Research Paper (20% of Course Grade)

See Appendix B for details.

(3) Class Participation (10% of Course Grade)

Class Attendance: Class attendance is part of the learning process. I will therefore monitor class attendance. Although you will **not** be graded on your class attendance, you cannot participate in class discussions if you do not attend class. Since your class participation is worth 10% of your course grade, I strongly encourage you to take class attendance seriously.

Class Participation: Strategic thinking and analysis is best learned through practice. The cases we will study are about *real world* business situations; they are an opportunity to both apply the concepts we discuss in class as well as further develop our ability to think about business strategy. How much you get out of a case depends on your preparation and active participation.

Class participation provides an opportunity to develop communication skills - in presenting a point of view and in listening. In many ways, these skills are as valuable as the "analytical frameworks"

to be discussed during the course. Case preparation involves identifying the key issues, problems, and opportunities facing the manager; identifying and evaluating alternative solutions; and proposing and supporting your recommended course of action with qualitative and quantitative information.

The most common way to contribute to class learning is through contributing to the discussion. Fundamentally, a good contribution involves presenting a clear opinion, expressing it civilly, and supporting the opinion. In addition, we all have the responsibility to create an environment where each member of the class feels comfortable offering his or her opinion; thus, knowing how to listen is also important. Please note that simply attending class contributes minimally to class learning. **Again, your class participation grade will depend upon your active participation in discussions, not on class attendance.**

Class participation will be graded based on the **quantity** and **quality** of contributions to the class discussions. With regard to quality, some of the following criteria normally applied are:

- Are the points that have been made relevant to the discussion?
- Are the points simple recitations of case facts, or have new implications been drawn?
- Is there evidence of analysis rather than mere expression of opinions?
- Are the comments linked to those of others?
- Did the contribution further the class' understanding of the issue?

Final Grade

Following the university's guideline for grade distribution, the final grade of a student will be based on the relative standing of his or her total credit points accumulated from all the requirements as compared with the rest of the class. In compliance with the university's policy of confidentiality, no grade information will be transmitted via phone or e-mail.

Important Notes

Throughout the semester, each student is expected to follow the university's guideline on student conduct with regard to cheating and other dishonorable behaviors. Severe consequences can occur if such rules are not followed. The instructor also reserves the right to deduct from a student's individual class participation credit if the student has shown severe non-constructive behavior in class (such as disrupting the class or abusing another individual), in addition to other disciplinary actions. If a student is absent or late to a class meeting, it will be his or her responsibility to catch up with all the missed materials including any announcements made while the student was absent. No make-up exams or lectures will be given. It will also be the students' responsibility to accept any consequences that may result from absences. No late assignments will be accepted. Finally, it is a student's responsibility to read the syllabus thoroughly and regularly and keep track of all the important dates and requirements every week. Experience shows that the answer for most questions that students ask can in fact be found in the syllabus.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the Rules and Regulations of the Board of Regents of the University of Texas System, Part 1, Chapter VI, Section 3, and in Title V, Rules on Student Services and Activities of the Course Syllabus Page 8, University's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SSB 4.400, 972/883- 6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty and administration of the School of Management expect from our students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work. We want to establish a reputation for the honorable behavior of our graduates, which extends throughout their careers. Both your individual reputation and the school's reputation matter to your success.

The Judicial Affairs website lists examples of academic dishonesty. Dishonesty includes, but is not limited to cheating, plagiarism, collusion, facilitating academic dishonesty, fabrication, failure to contribute to a collaborative project and sabotage. Some of the ways students may engage in academic dishonesty are:

- Coughing and/or using visual or auditory signals in a test;
- Concealing notes on hands, caps, shoes, in pockets or the back of beverage bottle labels;
- Writing in blue books prior to an examination;
- Writing information on blackboards, desks, or keeping notes on the floor;
- Obtaining copies of an exam in advance;
- Passing information from an earlier class to a later class;
- Leaving information in the bathroom;
- Exchanging exams so that neighbors have identical test forms;
- Having a substitute take a test and providing falsified identification for the substitute;
- Fabricating data for lab assignments;
- Changing a graded paper and requesting that it be re-graded;
- Failing to turn in a test or assignment and later suggesting the faculty member lost the item;
- Stealing another student's graded test and affixing one's own name on it;
- Recording two answers, one on the test form, one on the answer sheet;
- Marking an answer sheet to enable another to see the answer;
- Encircling two adjacent answers and claiming to have had the correct answer;
- Stealing an exam for someone in another section or for placement in a test file;

- Using an electronic device to store test information, or to send or receive answers for a test;
- Destroying or removing library materials to gain an academic advantage;
- Consulting assignment solutions posted on websites of previous course offerings;
- Transferring a computer file from one person's account to another;
- Transmitting posted answers for an exam to a student in a testing area via electronic device;
- Downloading text from the Internet or other sources without proper attribution;
- Citing to false references or findings in research or other academic exercises;
- Unauthorized collaborating with another person in preparing academic exercises.
- Submitting a substantial portion of the same academic work more than once without written authorization from the instructor.

<http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-Basicexamples.html>

Plagiarism on written assignments, especially from the web, from portions of papers for other classes, and from any other source is unacceptable.

During tests and quizzes, students in this section are not allowed to have with them any food or drinks, scratch paper, course materials, textbooks, notes, invisible ink pens, or electronic devices, including iPads, iPhones, iPods, MP3 Players, earphones, radios, smart phones, cameras, calculators, multi-function timepieces, or computers. When possible, students should sit in alternating seats, face forward at all times, and remove any clothing which might conceal eye movements, reflect images of another's work, or hide course material for copying. Exam proctors will monitor any communication or signaling between students by talking, whispering, or making sounds, or by using your hands, feet, other body movements, the test paper itself or your writing implement.

Students in this course suspected of academic dishonesty are subject to disciplinary proceedings, and if found responsible, the following minimum sanctions will be applied:

- 1. Homework – Zero for the Assignment**
- 2. Case Write-ups – Zero for the Assignment**
- 3. Quizzes – Zero for the Quiz**
- 4. Presentations – Zero for the Assignment**
- 5. Group Work – Zero for the Assignment for all group members**
- 6. Tests – F for the course**

These sanctions will be administered only after a student has been found officially responsible for academic dishonesty, either through waiving their right for a disciplinary hearing, or being declared responsible after a hearing administered by Judicial Affairs and the Dean of Student's Office .

In the event that the student receives a failing grade for the course for academic dishonesty, the student is not allowed to withdraw as a way of preventing the grade from being entered on their record. Where a student receives an F in a course and chooses to take the course over to improve their grade, the original grade of F remains on their transcript, but does not count towards calculation of their GPA.

The School of Management also reserves the right to review a student's disciplinary record, on file with the Dean of Students, as one of the criteria for determining a student's eligibility for a scholarship.

Judicial Affairs Procedures

Under authority delegated by the Dean of Students, a faculty member who has reason to suspect that a student has engaged in academic dishonesty may conduct a conference with the student in compliance with the following procedures:

- (i) the student will be informed that he/she is believed to have committed an act or acts of academic dishonesty in violation of University rules;
- (ii) the student will be presented with any information in the knowledge or possession of the instructor which tends to support the allegation(s) of academic dishonesty;
- (iii) the student will be given an opportunity to present information on his/her behalf;
- (iv) after meeting with the student, the faculty member may choose not to refer the allegation if he/she determines that the allegations are not supported by the evidence; or
- (v) after meeting with the student, the faculty member may refer the allegations to the dean of students along with a referral form and all supporting documentation of the alleged violation. Under separate cover, the faculty member should forward the appropriate grade to be assessed if a student is found to be responsible for academic dishonesty;
- (vi) the faculty member may consult with the dean of students in determining the recommended grade;
- (vii) the faculty member must not impose any independent sanctions upon the student in lieu of a referral to Judicial Affairs;
- (viii) the faculty member may not impose a sanction of suspension or expulsion, but may make this *recommendation* in the referral documentation

If the faculty member chooses not to meet with the student and instead forwards the appropriate documentation directly to the dean of students, they should attempt to inform the student of the allegation and notify the student that the information has been forwarded to the Office of Dean of Students for investigation.

The student, pending a hearing, remains responsible for all academic exercises and syllabus requirements. The student may remain in class if the student's presence in the class does not interfere with the professor's ability to teach the class or the ability of other class members to learn. (See Section 49.07, page V-49-4 for information regarding the removal of a student from class).

Upon receipt of the referral form, class syllabus, and the supporting material/documentation from the faculty member, the dean shall proceed under the guidelines in the *Handbook of Operating Procedures*, Chapter 49, Subchapter C. If the respondent disputes the facts upon which the allegations are based, a fair and impartial disciplinary committee comprised of UTD faculty and students, shall hold a hearing and determine the responsibility of the student. If they find the student in violation of the code of conduct, the dean will then affirm the minimum sanction as provided in the syllabus, and share this information with the student. The dean will review the student's prior disciplinary record and assess additional sanctions where appropriate to the circumstances. The dean will inform the student and the faculty member of their decision.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration

procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of F.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Tuesday, 8:30 a.m. to 6:30 p.m.; Thursday and Tuesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:
The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)
disabilityservice@utdallas.edu

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Technical Support

If you experience any problems with your UTD account you may send an email to: assist@utdallas.edu or call the UTD Computer Helpdesk at 972-883-2911.

Field Trip Policies / Off-Campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be

allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

Spring 2013 CLASS SCHEDULE (As August 23, 2013)

The Professor reserves the right to make changes to the syllabus and schedule as needed throughout the course of the semester.

DATE/DAY	TOPIC	ASSIGNMENTS
August 27 (Tues)	Introduction to the course	
August 29 (Thurs)	Exercise: Carter racing Lecture: Short intro to strategic management	Read the Syllabus; Buy the textbook and the reader
September 3 (Tues)	Exercise: Panalba Lecture: More on strategic management	Select a company for project work (see last page in this syllabus for the list of companies to choose from) Read text: Chapter 1
September 5 (Thurs)	Exercise: Mission Statement Lecture: Analyzing the External environment	Read text: Chapter 2
September 10 (Tues)	Lecture: library resources and data bases for doing your project work (guest speaker)	Finalize project company, and group selection
September 12 (Thurs)	Case: Video game industry	Reader: Video Game Industry: Power Play A
September 17 (Tues)	Exercise: social dilemma exercise Lecture: social dilemmas	Re-read text: Chapter 2
September 19 (Thurs)	Case: Bitter competition NASA moon landing exercise	Reader: The Holland Sweetener Co vs NutraSweet (A)
September 24 (Tues)	Lecture: More about the external environment	Re-read text: Chapter 2
September 26 (Thurs)	Selected pairs of students present on external analysis	Prepare presentation slides for the external analysis of your project firm
October 1 (Tues)	Analyzing the internal environment	Read text: Chapter 3 and Chapter 5
October 3 (Thurs)	Case: Walmart	Reader: Walmart
October 8 (Tues)	Exam I: review section	Chapters: 1-3; Chapter 5
October 10 (Thurs)	Exam I.	Chapters: 1-3; Chapter 5
October 15 (Tues)	Selected pairs of students present on the internal analysis	Prepare presentation slides for the internal analysis of your project firm
October 17 (Thurs)	Lecture: Assessing intellectual capital Exercise on social capital	Read text: Chapter 4
October 22 (Tues)	Lecture: Corporate level strategy	Read text: Chapter 6
October 24 (Thurs)	Case: Cooper industries Exercise: Forced Retrenchment at Atkinson	Reader: Cooper industries
October 29 (Tues)	International strategy Exercise: Where have you been?	Read text: Chapter 7
October 31(Thurs)	Case: Silvio Napoli	Reader: Silvio Napoli
November 5 (Tues)	Selected pairs of students present on firm's strategy and competitors strategy	Prepare presentation slides on firm's strategy and competitors strategy
November 7 (Thurs)	Selected pairs of students present on firms'	Prepare presentation slides on

	financial analysis	firms' financial analysis
November 12 (Tues)	Selected pairs of students presentations on problem identification and recommendations	Prepare presentation slides on problem identification and recommendation
November 14 (Thurs)	Self-study for completing individual research paper – No classroom instruction	Complete individual research paper
November 19 (Tues)	Strategic control and corporate governance	Read text: Chapter 9 <i>Individual research papers are due today!!!</i>
November 21 (Thurs)	Strategic leadership, excellence, ethics and change. Stakeholder analysis	Read text: Chapter 11
November 26 (Tues)	Fall-Break	No class
November 28 (Thurs)	Thanksgiving holiday	No class
December 3 (Tues)	Lecture: Managing innovation Exercise on innovation	Read text: Chapter 12
December 5 (Thurs)	Review session for exam II. Nike case	Chapters: 4; 6; 7; 9; 11; 12 Read Nike case
December 10 (Tues)	Exam II.	Chapters: 4; 6; 7; 9; 11; 12
December 17 (Tues)	Final grade checking (at instructor's office)	JSOM: 4.206

APPENDIX B – INDIVIDUAL RESEARCH (PROJECT) PAPER

Individual Company Analysis: Outline

Each student is asked to write a thorough company analysis. This means 10 double-spaced pages PLUS exhibits and references. When writing this assignment, each student should adopt the role of an outside analyst from a consulting firm that is evaluating the current and future potential of the strategies being pursued by the firm being researched. See below the list of companies you can select from. Please note that extensive outside research will be required to complete the assignment.

A complete analysis contains five main parts:

1. A financial analysis to assess the company's health
2. An internal analysis of the firm
3. An external analysis of the firm
4. The identification of the firm's strategy as well as the strategies of its competitors
5. A set of strategic recommendations for the focal firm based on your analysis

Begin with a short executive summary—about four sentences—that explains which firm you are analyzing, what you looked at, and (in one short paragraph or less) what you recommend. This will help your readers grasp what is happening without reading the entire case in order to set up the scenario.

1. Financial Analysis

The financial analysis should demonstrate two things:

1. Is the firm itself financially healthy? Look at its performance over time, both in terms of being profitable or solvent, and how the market has rewarded it. In general, this portion of the assignment should be an in-depth analysis of the financial status of the firm(s) being considered.
2. How strong is it relative to its competition? Are its competitors more or less profitable over time? How has the market valued them?

You don't need to be a finance major to complete this portion of the assignment. However, you should include appropriate figures and ratios to illustrate your points. Whatever you find from outside research put it into useful charts or tables and place it in the exhibits section. State your conclusions in the report itself, and reference the specific exhibits when you do. The key is to support your conclusions. Everything you include must lead to a point, otherwise do not include it. The tables below should serve as a template for your analysis.

Sample Tables for the Financial Analysis

Case Firm	Current Year	Prior Year	% Change
Income Statement			
...			
Balance Sheet			

...			
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Table 1. Change in Financials

	Case Firm	%	Closest Competitor(s)	%
Income Statement				
Sales		100%		100%
...				
Balance Sheet				
Total Assets		100%		100%
...				

Table 2. Common Size Statements of Case firm and closest competitor for 20__

Ratio	Case Firm	Closest Competitor(s)
Current Ratio		
Quick Ratio		
Debt-to-equity Ratio		
Debt-to-total Assets Ratio		
Inventory Turnover		
Total Asset Turnover		
Gross Profit Margin		
Net Profit Margin		
Return on Assets		
Return on Equity		

Table 3. Financial Ratios for Case firm and closest competitor for 20__

2. Internal and External Analyses

Generally, the internal and external analysis sections should identify the resources and capabilities, which the firm can leverage within its marketplace in order to remain successful in the future. A complete firm-level study will contain two main parts:

1. The external analysis of the firm, which describes the context in which the firm must compete. Thorough external analyses will first address the general environment described in class (see the lecture notes—legal, economic, etc.). Second, look at the industry dynamics and competitive market (e.g. who is the firm selling to, what challenges does the firm face in profitably reaching their customers). Next, the analysis should discuss the firm's competitors—are they larger, smaller, more profitable, more flexible? What advantage or disadvantage would these competitors have in the marketplace? The 5-forces model is a good tool to organize your work when defining the competitive environment. While not perfect, it will ensure that you have covered the main points.
2. The internal analysis of the firm describes the strengths and weaknesses the firm brings to its competitive environment. What resources or capabilities can a firm leverage against its competitors and/or to tap new markets? What weaknesses we might see that will handicap the firm in the future? What are the key strategies the firm is pursuing? Explain whether the strategies are good or bad, and provide support for your arguments.

You should perform the internal analysis using the value chain approach that we will discuss in class. This approach consists of breaking the firm into the main activities in the value chain and then determining which activities may yield a competitive advantage for the firm. A good internal analysis will show the difference between core competencies and their results. As an example, cost leadership can be the result of engineering capabilities. While sometimes difficult to use, the VRIO analysis is another good analytical tool, which can help you to organize your thoughts and develop a supporting argument for why a resource or capability yields a competitive advantage.

3. Identification of the firm's strategy and its competitors' strategies

This section is meant to accomplish two goals: First, you are asked to summarize the focal firm's strategy as well as its competitors' strategies, based upon your analysis of the internal and the external environments. Second, you should discuss why each firm has chosen its respective strategy, as well as the main advantages and disadvantages of each, based upon the firm's characteristics. Keep in mind that this does not mean that you should replicate the same level of analysis that you have performed on the focal firm on every competitor. However, you should be familiar enough with each competitor to discuss its strategy at a high level. This task should be accomplished by means of a table, as follows:

Firm Name	Strategy Highlights	Rationale for Strategy	Pros and Cons
Focal firm	...		
Competitor 1	...		
Competitor 2	...		
...			

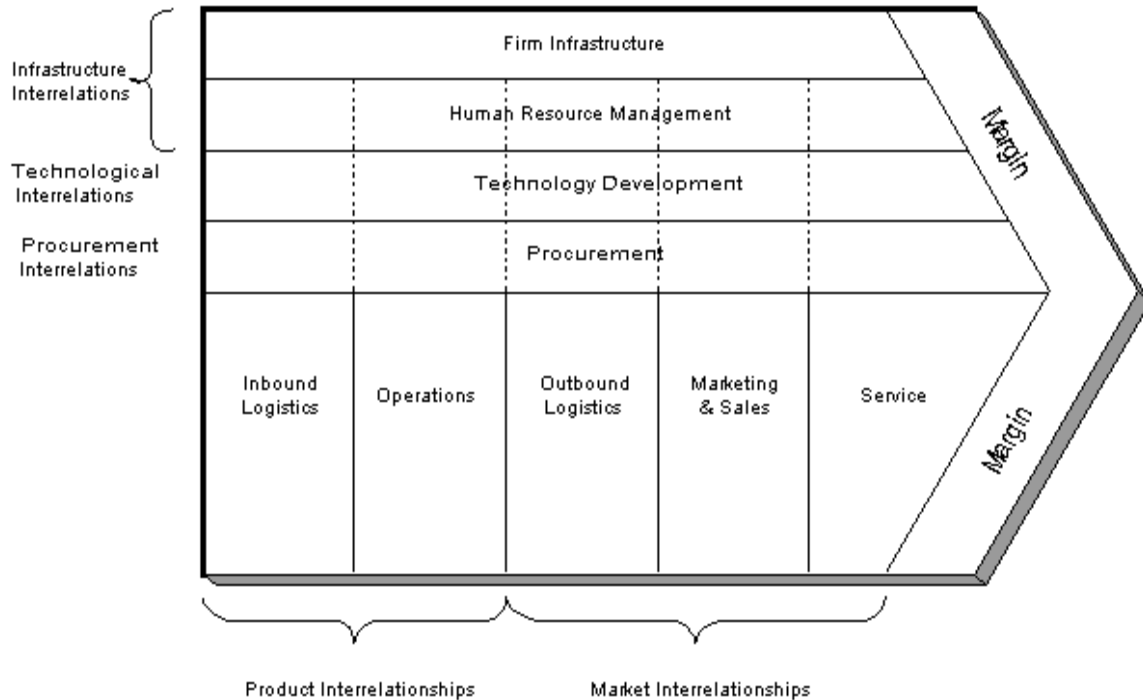
4. Value Chain Analysis: Outline

In addition to the individual company analysis, each student is asked to write a thorough value chain analysis. A value chain analysis allows the firm to understand the parts of its operations that create value and those that do not. It is a template that firms use to: (1) understand their cost position, and (2) identify multiple means that might be used to facilitate implementation of a chosen business-level strategy.

A complete value chain analysis broadly contains two main parts:

6. Primary activities involved with: (1) a product's physical creation, (2) a product's sale and distribution to buyers, and (3) the product's service after the sale;
7. Support activities that provide the support necessary for the primary activities to take place.

As illustrated below, the value chain shows how a product moves from raw-material stage to the final customer. To be a source of competitive advantage, a resource or capability must allow the firm: (1) to perform an activity in a manner that is superior to the way competitors perform it, or (2) to perform a value-creating activity that competitors cannot complete.



As simple illustrations, the value chain analysis should include some the following ideas:

(A) Primary Activities

- (1) *Inbound Logistics*. What activities are used to receive, store, and disseminate inputs to a product (materials handling, warehousing, inventory control, etc.) in your company?
- (2) *Operations*. Describe the activities necessary to convert the inputs provided by inbound logistics into final product form (machining, packaging, assembly, etc.) What are the chief elements of your company's production strategy? (e.g., making plant upgrades, use of TQM programs, etc)?
- (3) *Outbound Logistics*. What activities are involved with collecting, storing, and physically distributing the product to your customers (e.g., finished goods warehousing, order processing, etc)?
- (4) *Marketing & Sales*. Analyze the chief elements of your company's marketing strategy (e.g., pricing, advertising, promotions, distribution channels, deployment of all the other weapons of competitive rivalry).
- (5) *Service*. Describe the activities designed to enhance or maintain your product's value (repair, training, adjustment, etc).

(B) Support Activities

- (6) *Firm Infrastructure.*** Analyze the activities that support the work of the entire value chain (e.g., general management, planning, finance, accounting, legal, government relations, etc). For example, what are the chief elements of your company's finance strategy (e.g., the use of debt, dividend payments, sales/purchases of stock, use of cash, etc)? What is your company's strategy for exercising social responsibility and being a good corporate citizen?
- (7) *Human Resource Management.*** How does your company recruit, hire, train, develop, and compensate its personnel (e.g., use of overtime, worker compensation)?
- (8) *Technology Development.*** What activities are completed to improve your firm's product and what processes are used to manufacture it (process equipment, basic research, product design, etc)?
- (9) *Procurement.*** Describe the activities completed to purchase the inputs needed to produce your firm's products (raw materials and supplies, machines, laboratory equipment, etc).

In addition, the value chain analysis should include the following:

- (10) *Competitor Analysis.*** Benchmark each activity against the closest competitor and industry averages. For example, in your analysis, elucidate what each firm spends on marketing? What marketing methods are used? Did the marketing tactics change in response to competition? In addition, each activity should be examined relative to competitors' abilities and rated *as superior, equivalent or inferior*.
- (11) *Temporal Comparison.*** Compare each activity over two logical points in time (change in the economy, introduction of a new product in the industry, disaster like BP, Toyota recalls).

5. Recommendations

Having analyzed the firm and its competitors, you should have an idea of what strengths the firm should be leveraging on and you can look again at the external environment to see what opportunities it should pursue. In many of the cases, the firm in question is contemplating, or has implemented, several specific strategic actions (e.g., an acquisition). In this situation, the written case analysis should also include an evaluation of these specific strategic actions and, where appropriate, recommendations should be made and justified. The recommended strategy should occupy the last quarter to one-third of your analysis. Ideally, you would give one to three alternatives, possibly listed in bulleted form. One option could actually include "don't change anything," but very likely this will not be the best choice, especially in a competitive market. Select one of these alternatives as the preferred recommendation. While all three might be good, a firm may only be able to attack one at a time, and will want to know which one you think has the biggest return. Explain why you believe this is the best option for the firm. The alternatives need to be specific action items—something that if it were developed into a plan, you could go to a bank and get financing. As an example, instead of saying "Firm Z should acquire other companies," try to suggest possible candidates—and say why Firm Z would benefit. If you can't

find specific firms, you could say, “acquire firms in the range of \$XX revenue, or \$YY market capitalization,” or some other relevant factor. Instead of saying, “form an alliance,” you could recommend “form an R&D alliance with Q to leverage this firm’s superior product rollout capabilities against Q’s more advanced technology.” It may take some effort, but this will show that you understand a) what makes the firm strong or weak and b) how it can take advantage of those factors. You could even recommend a firm liquidate—be specific and say how management should sell it off.

Additional Requirements

Obviously to do a good strategic analysis of a firm, you will need to compile additional data. The university subscribes to many online journals, and much news is available from sources like AP or Reuters, or even Lexis-Nexis. Keep records of what you find. If you cite from press releases or articles, list them in a bibliography. If you use numbers from an investing website, compile the information you use into some easy-to-read tables or charts, and put all of this into your exhibits. Try not to include things in the exhibits for the sake of taking up space—predigest the useful knowledge for your audience so that they can quickly spot what is important.

Finally, you should be thinking critically about the firm in this analysis. I don’t have to agree with your conclusions or recommendations, if you argue them convincingly. I am looking to see that you understand the process for completing this assignment. Once you understand the logical framework to follow, good answers come with practice.

Additional Oral/Written Evaluation Guidelines. Excellent analyses “tell a story” about a firm’s strategies and describe the fundamental economics of a firm’s strategy, how different parts of the strategy are related, and the longer-term objectives of a given strategy. It is important that each major point in the arguments to be justified with reference to critical facts in your research, and appropriate ideas and concepts from lectures and the readings be seamlessly incorporated into the discussion.

Mediocre analyses demonstrate few of these attributes. Instead of “telling a story” about a firm’s corporate strategies, these analyses simply repeat the facts and assertions contained in the materials you gather. Critical facts about the company are ignored, or not integrated into the paper. For example, a mediocre analysis will often include a summary and cursory discussion of a firm’s profit and loss statement and its balance sheet, but will fail to discuss the strategic implications of these analyses. The author(s) of these analyses often seem more interested in making sure that every theory or model mentioned by the professor or in the book is mentioned in the report than making sure that the report tells an integrated story about a firm’s strategy. Often, the different parts of these mediocre analyses are not linked--almost as if different people wrote different sections, but no one took the time to bring these sections together or to discuss the implications of each section for other sections. These analyses rarely generate any counter-intuitive or surprising analyses or recommendations. At the end of reading or listening to these analyses, the reader/listener is only convinced that, in fact, members of the group read the case. The reader is not convinced about the wisdom of any final recommendations.

Individual Company Analysis: Rubric for Grading Final Assignment

The following rubric contains five main sections: Financial Analysis, Internal Analysis & External Analysis, Value Chain Analysis, Supplementary Analysis, and Recommendations. Each section is worth between 15 and 25 points. The following objectives guide this rubric for the purpose of meeting the Capstone individual requirements for BA 4305:

1. Complete an internal and external analysis of a firm.
2. Identify the strategic problems of a firm.
3. Integrate skills acquired in finance, accounting, marketing, production, and MIS courses to create a successful firm strategy.
4. Develop ethical solutions to the problems identified from the firm analysis.

Financial Analysis (15)

The goal of the financial analysis is to assess the financial health of the firm and compare the firm with its competition.

Criteria:	Does not meet expectations (0)	Needs improvement (2.5)	Meets expectations (5)
Statement of financial health			
Analysis over time			
Analysis compared with competition			
Appropriateness of figures and supporting material			

Internal Analysis (15)

The goal of the internal analysis is to identify firm strengths and weaknesses. The VRIO framework will help guide a resource and capability discussion, and build on the strengths and weaknesses identified in the first part of this section.

Criteria:	Does not meet expectations (0)	Needs improvement (2)	Meets expectations (4)
Strength and weakness analysis			
Discussion of value			
Discussion of rarity			
Discussion of inimitability			
Discussion of organization			

External Analysis (15)

The goal of the external analysis is to assess the environment in which the firm competes. To supplement this, a stakeholder analysis gauges potential issues outside the context of firm to firm competition for a complete external analysis. While the rubric proposes a Porter's 5-Forces analysis other analytical tools are acceptable. A general assessment statement will integrate the analyses into a comprehensive statement of the competitive environment.

Criteria:	Does not meet expectations (0)	Needs improvement	Meets expectations
Stakeholder analysis		(1.5)	(3)
Threat of entrants		(1.5)	(3)
Buyer power		(1.5)	(3)
Supplier power		(1.5)	(3)
Threat of substitutes		(1.5)	(3)
Threat of rivalry		(1.5)	(3)
General assessment of competitive environment		(1)	(2)

Value Chain Analysis (15)

The goal of the value chain analysis is to integrate the various areas of business surrounding a firm and its competitors, such as, for instance: (1) the elements of a company's marketing mix using the 4P framework: Product, Price, Promotion, Place; (2) pricing strategies such as markup pricing and target pricing; (3) solve typical operations management problems: e.g. forecasting, inventory control, and quality control; (4) describe what drives a firm's cost of capital and how to estimate it; (5) analyze investments in real and financial assets using various methodologies. There are three components to the value chain analysis, as outlined below:

Primary Activities Analysis (5) - The goal of this analysis is to assess the primary activities in the value chain analysis.

Criteria:	Does not meet expectations (0)	Needs improvement (2.5)	Meets expectations (5)
Inbound logistics			
Operations			
Outbound logistics			
Marketing & Sales			
Service			

Support Activities Analysis (5) - The goal of this analysis is to assess the support activities in the value chain analysis.

Criteria:	Does not meet expectations (0)	Needs improvement (2)	Meets expectations (4)
Firm infrastructure			
Human resources management			
Technology development			
Procurement			

Supplementary Value Chain Analysis (5) - The goal of the supplementary analysis

is to emphasize the need for competitive benchmarking and comparison of activities over time.

Criteria:	Does not meet expectations (0)	Needs improvement (2.5)	Meets expectations (5)
Competitor analysis			
Temporal comparison			

Supplementary Analysis (15)

The goal of the supplementary analysis is to emphasize the need for succinct presentation and quality communication in the business environment.

Criteria:	Does not meet expectations (0)	Needs improvement (2.5)	Meets expectations (5)
Executive Summary			
Organization and communication			
Tables, figures, and attachments other than financial tables			
References			

Recommendation(s) (25)

The goal of the recommendations is to assess the translation of analysis into a firm strategy. This section should comprise 25 - 35% of the paper. The recommendations should reflect the analysis from above, leading to a commitment to one strategy as the 'strongest' candidate supported by analytical conclusions. The final step is to outline a specific plan for implementation.

Criteria:	Does not meet expectations (0)	Needs improvement (2.5)	Meets expectations (5)
Identify the firm's current strategy			
Recommend three (3) potential strategies			
Commit to one of the recommended strategies			
Outline a strategic implemental plan			

Definitions:

Does not meet expectations - an element is missing in whole or in part. For instance, in the external analysis a student presents the 5-Forces with some analysis but without a statement of the strength of the force (high, moderate, low).

Needs improvement - an element contains incorrect information, lacks support for analysis, contains mere restatement of facts, and/or does not incorporate appropriate use of terminology. For instance, in a 5-Forces analysis a student incorrectly states the strength of the force (high, moderate, low).

LIST OF COMPANIES FOR INDIVIDUAL RESEARCH (PROJECT) ANALYSIS

MICROSOFT
CISCO SYSTEM
FEDEX
INTEL CORP
GOOGLE
GENERAL MILLS
COSTCO WHOLESALE CORP
EBAY INC
FORD MOTOR COMPANY
HEWLETT PACKARD COMPANY
IBM
JOHNSON & JOHNSON
KELLOGG CO
KROGER CO
MARIOTT INTERNATIONAL
KELLOG
STARBUCKS
MCGRAW HILL INC
NOKIA CORPORATION
PEPSICO INC
PROCTER & GAMBLE CO
NEIMAN MARCUS GROUP INC
SONY CORP
TEXAS INSTRUMENTS INC
DELL
TOYS R US INC
TXU CORPORATION
YAHOO! INC
BLOCKBUSTER
NORDSTROM
WHOLE FOOD MARKET
EXXON MOBIL
CHEVRON
TARGET
HOME DEPOT
BEST BUY
BOEING
CITI-GROUP
WELLS FARGO
MERCK
DUPONT
TYSON FOOD
AMAZON