

**BPS4305 Strategic Management  
Spring 2015  
University of Texas at Dallas**

Dr. Jun Xia

Class: BPS4305-001: MW (11:30am-12:45pm) at JSOM 2.112

Class: BPS4305-002: MW (1:00pm-2:15pm) at JSOM 2.112

Class: BPS4305-003: MW (2:30pm-3:45pm) at JSOM 2.112

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Office Hours: MW: 10:30pm-11:30pm

**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.

**Course Requirements**

BPS 4305 - Strategic Management is a capstone-level course that requires integration of all fields of business. 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.

**Course co-requisite:**

BA 4371

**Course Prerequisites:**

(1) BCOM 3310 or BCOM 3311

(2) FIN 3320 and MIS 3300, OPRE 3310, OBHR 3310 and MKT 3300

(3) STAT 3360 or OPRE 3360

### **Required 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: 9780077439569

### **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

### **Attendance**

Attendance is critical to your success in this course. Excessive absences will be reflected negatively in the final grade. Due to the rapid pace of this course, students are urged to inform the instructor in advance of any anticipated absence so that a mutually agreeable make-up schedule may be devised. It is the responsibility of each student to manage the instructor's impressions of his or her performance. Accordingly, students are well advised to be present and prepared to contribute to class discussions. Attendance will be taken during every class day. If you need to miss class, please inform the instructor. Excessive absences may result in the loss of one or two letter grades. I define excessive absences as greater than (three) missed lectures during the semester.

There will be four objective exams during the semester. You are responsible for all material from lecture, assigned readings, exercises and handouts. Slides will be posted to the course website (eLearning). If you miss an exam or a presentation, you will receive a zero (0) for that exam or presentation. Make-up exam will be allowed only in the most extreme circumstances or emergencies (documentation will be required). **ALL APPROVED MAKE-UP EXAMS MUST BE TAKEN DURING DEAD WEEK.** Make-up exams will not be the same as regular exams. There will be no comprehensive final exam.

### **General Comments**

You are encouraged to consult the professor anytime during the semester for suggestions or feedback. The professor reserves the right to adjust exam grades up (i.e., in students' favor), but will never adjust the scale up (i.e., to students' detriment). Please turn off the ringer on your cell phone/pager while class is in session. All opinions and perspectives are valued in this class, and ridicule of another's viewpoint will not be tolerated. However, spirited debate is strongly encouraged as a means of pushing one another to make logical and informed conclusions. We can all learn from each other.

### **Student Conduct and 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](mailto: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](mailto: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](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.

### **Grading Policies**

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

*Note: The instructor reserves the right to make changes on the syllabus during the semester, such as rescheduling dates for exams and dues dates for homework assignments.*



## TENTATIVE SCHEDULE OF EVENTS

<u>Date</u>	<u>Day</u>	<u>Chapter</u>	<u>Topics</u>
12-Jan	M	1	Intro and Ice Breaker (team formation)
14-Jan	W	1	Strategic Management: Creating Competitive Advantages
19-Jan	M		<b>Martin Luther King Day</b>
21-Jan	W	2	Analyzing the External Environment of the Firm
26-Jan	M	2	Analyzing the External Environment of the Firm
28-Jan	W	3	Assessing the Internal Environment of the Firm
2-Feb	M	3	Assessing the Internal Environment of the Firm
4-Feb	W		Exam 1 (chapters 1, 2, & 3)
9-Feb	M	4	Recognizing a Firm's Intellectual Assets: Moving beyond a Firm's tangible Resources
11-Feb	W	5	Business-Level Strategy: Creating and Sustaining Competitive Advantages
16-Feb	M	5	Business-Level Strategy: Creating and Sustaining Competitive Advantages
18-Feb	W	6	Corporate-Level Strategy: Creating Value through Diversification
23-Feb	M	6	Corporate-Level Strategy: Creating Value through Diversification
25-Feb	W		Group presentation (Teams 1, 2, 3, & 4)
2-Mar	M		Group presentation (Teams 5, 6, 7, & 8)
4-Mar	W		Exam 2 (chapters 4, 5, & 6)
9-Mar	M	7	International Strategy: Creating Value in Global Markets
11-Mar	W	7	International Strategy: Creating Value in Global Markets
16-Mar	M		<b>Spring break</b>
18-Mar	W		<b>Spring break</b>
23-Mar	M	8	Entrepreneurial Strategy and Competitive Dynamics
25-Mar	W	8	Entrepreneurial Strategy and Competitive Dynamics
30-Mar	M	9	Strategic Control and Corporate Governance
1-Apr	W	9	Strategic Control and Corporate Governance
6-Apr	M		Group presentation (Teams 9, 10, 11, & 12)
8-Apr	W		Exam 3 (chapters 7, 8, & 9)
13-Apr	M	10	Creating Effective Organizational Designs
15-Apr	W	10	Creating Effective Organizational Designs
20-Apr	M	11	Strategic Leadership: Creating a Learning Organization and an Ethical Organization
22-Apr	W	11	Strategic Leadership: Creating a Learning Organization and an Ethical Organization
27-Apr	M	12	Managing Innovation and Fostering Corporate Entrepreneurship
29-Apr	W		Exam 4 (chapters 10, 11, & 12)
4-May	M		<b>Reading day</b>
6-May	W		Individual research project due / makeup exam

### Course Assessment

Individual Points	Points
Exam 1	150
Exam 2	150
Exam 3	150
<b>Team Points</b>	
In-class exercise / case analysis	250
Group presentation	40
Individual research project	50
Peer evaluation	10
<b>Total Points</b>	800

### Presentations

**Group presentation:** Choose a case from the textbook. Please follow the procedure described in the Group Presentation Form (on eLearning). We will discuss the presentation in the class.

**Length:** Approximately 15 minutes. Do not just include facts, but relate the knowledge learned in this class to the business world.

**Delivery:** Power Point slides. Appropriate graphics, font size and use of color will be graded. You may choose to also include other elements in your presentation such as posters, props, or other creative elements.

**Format:** All members of the team should plan to talk for approximately the same amount of time. Business Casual is the appropriate dress for this presentation. Please rehearse your presentation as reading major parts off note cards or the screen/monitor is not going to allow your team to receive full points for this exercise. Expect questions from the class.

Team	Case	Choose only one case for presentation
1	1	Robin Hood
1	13	QVC
1	25	Weight Watchers
2	2	Edward Marshall Boehm, Inc.
2	14	Johnson & Johnson
2	26	Pixar
3	3	The Skeleton in the Corporate Closet
3	15	Samsung Electronics
3	27	Proctor & Gamble
4	4	The Best-Laid Incentive Plans
4	16	Movie Exhibition Industry 2011
4	28	Geely Automobile
5	5	Growing for Broke
5	17	Readers Digest
5	29	Ann Taylor
6	6	American International Group & the Bonus Fiasco
6	18	Ford Motor Company
6	30	Jamba Juice
7	7	United Way of America
7	19	FreshDirect
7	31	Build-A-Bear Workshop
8	8	General Motors
8	20	Apple Inc.: Taking a Bite Out of the Competition
8	32	JetBlue Airlines: Getting Blue again?
9	9	Heineken
9	21	Southwest Airlines: Does LUV last?
9	33	Casino Industry in 2011
10	10	McDonalds
10	22	Ebay in Asia
10	34	Dippin Dots Ice Cream
11	11	World Wrestling Entertainment
11	23	Mattel
11	35	Micro Finance Banks
12	12	Yahoo!
12	24	Nintendos Wii
12	36	Green Mountain Coffee Roasters and Keurig Coffee

## **APPENDIX – INDIVIDUAL RESEARCH (PROJECT) PAPER**

### **Individual Company Analysis**

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			
...			

Table 1. Change in Financials

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

...				
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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	...		
...			

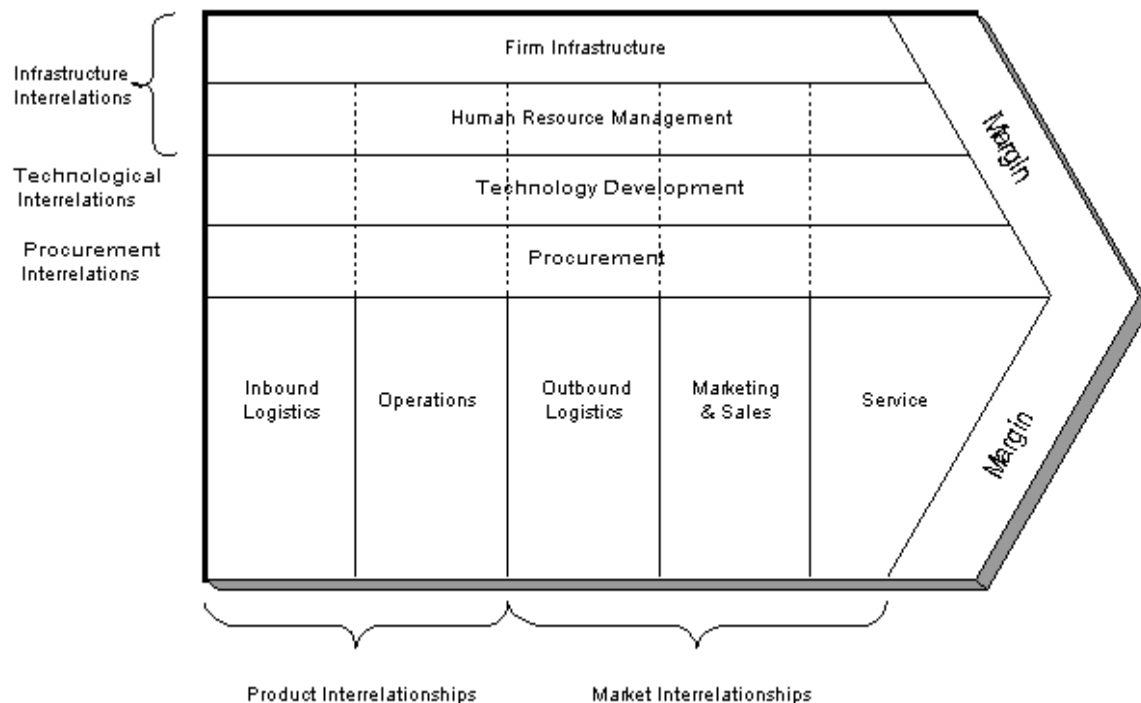
#### 4. Value Chain Analysis: Outline

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.

### **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).

### **Assignment Summary**

This assignment meets the four learning goals set forth by OSIM and AACSB. By performing a complete analysis of the firm (internal and external), students will meet goals number one and two. By developing strategic recommendations based upon their analysis, goal three is met. Lastly, given that the analytical part of the assignment calls for students to examine all the activities performed by a firm and its competitors (this includes finance, accounting, marketing, production, information technology, logistics, etc), students will be required to integrate the broad variety of skills they have acquired while in business school, in order to complete the assignment successfully. For instance, after completing their analysis, students may find that a firm needs to improve upon its distribution systems, or that its access to capital is limited vis-à-vis a competitor. Alternatively, they may find that the company they are evaluating might need to work on its marketing strategy, in order to target more appropriate customers, adjust its pricing structure or better its brand recognition.

Please note that while comprehensive, the assignment above would be complemented by a number of other activities, such as in-class case discussions, required minute presentations, and exams, which would also cover the four objectives mentioned above.