Learning Objectives

Why do some firms succeed and others fail? What can managers do about this? In this course, we address these questions, focusing on the role that managers play in determining the performance of the organizations they inhabit and lead. An organization’s strategy is its plan to win, i.e. how it will create and appropriate value. Formulating and implementing strategy is the primary responsibility of top management, so for much of the course, we will take the perspective of top managers as they make decisions about what businesses they are in, how to compete, and how to structure your organization to support your strategy.

The objective of this course is to help you develop skills to analyze and address issues of firm performance and how managers affect it through strategy. As part of your skill development, you will learn strategic analysis tools, including models and frameworks to help you diagnose organizational issues and make recommendations to improve or sustain performance. Some of the work required for this course is independent and some will be performed in groups. Because top managers must typically coordinate and integrate their activities and strategies as part of a top management team, the ability to work in teams is a critical part of their work. Therefore, it is also a part of your learning in this course.

By the end of the course, I expect that you will be more knowledgeable about the sources of superior firm performance, and will be more conscious of strategic choices and their consequences.

Course Materials

1. *Organizational Structure and Strategy Course Syllabus.* You are responsible for the information contained in this syllabus.
2. *Textpak; Selected Readings and Cases (available through Study.net)*
3. *Handouts.* Occasionally, I will hand out readings in class.
4. *(Optional) Contemporary Strategic Analysis,* Robert M. Grant, 7th ed., 2010. Note: some of the readings in the course packet are from this classic strategy textbook. Some students may want to have the whole textbook for reference, but it is not required. I can usually offer other supplemental readings on request, if you are interested in a particular topic.
Requirements and Grading
In-class contribution to discussion 20%
Quiz 1 (small) 8%
Quiz 2 (large) 25%
Homework 7%
Interim team paper - industry analysis 10%
Final team project paper 30%

Course Format and Administration
Learning occurs both through preparing readings and cases and through in-class interaction. Therefore, it is critical that you attend class and come prepared to discuss the assigned material.

Please let me know in advance if you are unable to attend a class.

If you must miss a class with a quiz, you will receive a 0 on the quiz. It may be possible to make up the exam in very rare cases (business travel or recruiting activities are not rare cases). In-class contributions to discussion cannot be made up.

In order to accommodate working professional students, I have office hours by appointment.

Submitting Written Work
1. Use Times New Roman, 12-point font, double-spaced with standard margins for all written assignments you submit.
2. The following information must be included in the assignment header:
   a. Team name (if applicable)
   b. Your name (all names for team assignments)
   c. Word count
3. Length limits are upper limits. Do not exceed the limit, and do not feel obligated to write more than you feel is needed, just to approach a length limit. If you go over the limit, I will stop reading at the limit in order to be fair to those who met requirements.
4. To be fair to all students, I do not accept late assignments. Submit a hard copy of your assignments at the beginning of class on the due date.

Preparing for case discussions
To prepare for case discussions, read the assigned reading(s) for the week, and keep the key concepts in mind as you read the case. The readings were selected to accompany the case, because they provide theoretical guidance for analyzing the case. Become familiar with the main characters in the case: their roles, actions and problems. Learn their names – otherwise your comments during class will be confusing.

In-class contribution is an important part of our shared pedagogical experience. Your active participation helps me to evaluate your overall performance as a student. More importantly, the quality of the class itself is largely dependent on the quality of your collective discussion. Sections where the discussion is thoughtful and lively and where students engage with each other tend to have a better understanding of the course material and a better experience of the course than sections where students simply answer questions I ask. A high quality discussion requires hard work on your part. Before coming to class, read the case carefully enough to be fully conversant with the facts and have developed an informed opinion about what the firm or person
should do. In class, **pay attention to what others say.** A good case discussion is a guided conversation, and responding to a classmate’s comment enhances the conversation. Repeating what others say or weighing in on a topic we have already left is not productive and shows that you are not following the discussion.

The quality of your participation is more important than the quantity. Given our limited amount of time together, talking without positively contributing to the discussion will not result in the best grade for in-class contributions. However, I want to stress that positive contributions are not necessarily “right” answers. I encourage you to experiment and take risks. “Wrong” answers can also be instructive and debate is often a good way to learn. Positive contributions are those that advance the discussion by presenting new ideas or insights, or building on others’ comments, or presenting a counterpoint to others’ comments in a respectful way.

Some people are uncomfortable with presenting viewpoints in a large group setting. However, contributing to discussions is an important part of your development as a manager. You may find it useful to discuss the case with other students prior to class. Talking about your ideas with someone else helps you refine them, and helps you to gain facility with airing your ideas out loud.

I do call on students, so if you are unprepared for class one day, please let me know in advance and I will not call on you. If there is anything that may interfere with your ability to contribute in an effective way on an ongoing basis, please discuss it with me so that we can set mutually satisfactory expectations.

**In-Class Contribution**
Students who actively and positively contribute to case discussions are performing a service for the whole class by improving everyone’s learning and they will be rewarded accordingly. In-class contributions are scored immediately after each class as follows. In class, as in life, showing up matters, and you’ll earn 2 points for that. Any attempt to contribute will merit one point, and positive contribution can earn up to two additional points for a maximum of 5. The class is richer if there are a diversity ideas voiced from a variety of students. However, I understand that this type of scoring can lead some students to say anything at all once per class to try to optimize their participation grade, rather than actually being engaged in the discussion. Such behavior will be noted; I find it as unproductive as you do. At the same time, I understand that it is difficult to have full participation in large classes. Do your best. Though I may not be able to call on you every time, I will notice who’s engaged in the conversation (and who’s web surfing or texting).

**At least once per class, I will ask you to use your i-clicker, so make sure to bring it to every class.** Your responses will also serve as a backup record of your attendance.

**Quizzes**
There will be two quizzes in lieu of a final exam. These quizzes test your understanding of strategy concepts and models contained in readings. You will not be tested on specifics about cases: cases just give you practice in applying concepts and models. Quiz 1 (30 minutes) will be a short, straightforward test of your understanding of basic strategy concepts from the first 3 classes. If you have been paying attention in class and keeping up with the readings, this quiz should not require much special preparation. Quiz 2 (90 minutes) will be a longer, more
comprehensive and more challenging test of your understanding of the concepts covered in classes 1-7. Note that Quiz 2 will be different in format and difficulty from Quiz 1, and will require a deeper understanding of the concepts we’ve covered. You will probably find Quiz 2 substantially more difficult than Quiz 1. Quiz 1 is worth 8% of your course grade, while Quiz 2 is worth 25% of your course grade, and you should allocate your attention to these quizzes accordingly.

Homework
The homework assignment consists of answering one of the case preparation questions associated with the case assigned for that week. Please choose one of the following cases to submit a homework assignment for: Apple 2012 (Q1), Zara (Q2) or Disney (Q2). The assignment is due at the beginning of the class where your selected case is discussed. Do not submit more than one homework assignment. The length limit for this assignment is 500 words. When you turn in your homework, make sure you check off your name on the turn-in sheet.

Team Project and Interim Team Analysis
The Team Project is a strategic analysis of a firm in trouble. You will form teams in the first class, and your choice of firm is due in the second class. The firm you choose must be a publicly held firm that is either performing worse than the industry average or whose performance has fallen significantly in the past few years. Use an appropriate measure of profitability (not stock price) to assess firm performance. Your strategic analysis is essentially a diagnosis of the firm’s problem(s), using course frameworks and theories that are relevant to the firm’s situation. Your analysis should also end with recommendations. These recommendations should flow naturally from your analysis, i.e. if your analysis of the firm’s structure reveals a mismatch between the firm’s organizational structure and its strategy, your recommendations should include either a change in strategy or a reorganization. More information about the final project will be forthcoming.

To help you stay on track for the final project, each team will submit an interim team analysis. The interim analysis will analyze the industry your firm participates in, using the industry analysis tools you learned in weeks 1-2. The analysis should be very focused on the question of how much of the firm’s performance troubles are due to the industry it inhabits.

The length limit for interim team analyses is 1000 words (about 3-4 pages). For the final paper, the page limit is 5000 words in total (about 17 pages). Do not feel obligated to use all of the pages if you don’t need them

The final project paper is due at the beginning of the last day of class.

Code of Academic Conduct
I expect that all of you take UC Davis’ code of academic conduct as seriously as I do. Cheating is counter-productive to our shared learning goals. It is an academic conduct violation to present others’ ideas or writing as your own, or to discuss cases with students who have already analyzed the case in class. If you are uncertain about what constitutes an academic conduct violation, please see me, or refer to http://sja.ucdavis.edu/cac.html.
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**Competitive Strategy and Industry Structure**

| 2. Competitive advantage from the outside: Industry structure | Porter. The Five Competitive Forces That Shape Strategy. Porter. Generic Strategies (Ch. 1, Competitive Advantage) | Cola Wars Continue | • Choice of firm for final project due |
| 3. Competitive advantage from the inside: Resources, capabilities and competence | Barney. Firm Resources and Sustained Competitive Advantage. | Apple in 2012 | • Homework option (choose only one) |

**Corporate Strategy and Organizational Design**

<p>| 5. Putting it together: Value chain analysis, Vertical integration | Grant, Ch. 14 of Contemporary Strategic Analysis. Value Chain Analysis (TBD, handout) (review) Porter. What is Strategy? | Zara | • Interim team analysis due • Homework option (choose only one) |
| 6. Corporate strategy: Diversification and alliances | Grant, Ch. 16 of Contemporary Strategic Analysis. Schilling, Collaboration Strategies | Disney Xenomouse | • Homework option (choose only one) |
| 7. Quiz 2 (90 minutes) | | What’s wrong with Microsoft? (Handout) | |</p>
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<td>Strategy formulation and implementation</td>
<td>Mankins &amp; Steele. Turning Great Strategy Into Great Performance. (review) Collins &amp; Hansen. What’s Luck Got to Do With It?</td>
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Readings and cases are in the textpak unless noted otherwise.
Thinking through the case preparation questions are the first step in analyzing the case. Before class, use these questions and the week’s readings to help you start thinking along the lines of what’s important in the case. **Note that answering these questions does not constitute a complete case analysis.** We’ll finish the case analysis together in class.

**Cola Wars Continue: Coke and Pepsi in 2010**

1. Why has the soft drink industry been so profitable over its long history?
2. Compare the economics of the concentrate business to that of the bottling business. Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry’s profits?

**Apple Inc. in 2012**

1. (Address this question for homework) What historically were Apple’s strategic resources? Have they changed over time? Which, if any, resources are still relevant and why?
2. Analyze the structure of the personal computer industry over Apple’s life. How have the dynamics of the PC industry changed?
3. How sustainable is Apple’s competitive position in PCs? MP3 players? Smartphones?

**Procter & Gamble: Organization 2005 (A)**

1. Why did the US organizational structure shift from product groupings in the 1950s to a matrix in the 1980s? Why did the European organizational structure shift from geographic grouping in the 1950s to category management in the 1980s? Why were the two structures integrated into a global cube in the 1990s?
2. What are the key distinguishing features of Organization 2005? Why did P&G adopt this structure?
3. Should Lafley make a commitment to keeping Organization 2005, or should he plan to dismantle it?

**Zara: Fast Fashion**

1. Which of the international competitors listed in the case is the most interesting to compare to Inditex’s in terms of financial results (see pp. 4-8 and Exhibit 6)? Why? What do comparisons indicate about Inditex’s operating economics and relative working capital efficiency?
2. (Address this question for homework) How do distinctive features of Zara’s business model affect its operating economics? Where in the value chain does Zara add value, and how does this differ from the women’s apparel industry as a whole?
3. How sustainable is Zara’s competitive advantage versus the kinds of advantage typically pursued by other apparel retailers?
Walt Disney Co.: The Entertainment King

1. Why has Disney been successful for so long?
2. (Address this question for homework: note that you must use the financial information presented in the exhibits to address this question well.) What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A)

1. How should Marianne Barner respond to the invitation for IKEA to have a representative appear on the upcoming broadcast of the German video program?
2. What actions should she take regarding the IKEA supply contract with Rangan Exports?
3. What long-term direction should she take regarding IKEA’s continued operation in India? Should the company stay or exit? How would you manage the impact of your recommendation?

The Late Shift: Letterman, Leno, and the network battle for the night.

1. Refer to the "cheat sheet" as you read to learn about Johnny Carson, David Letterman, Jay Leno, John Agoglia, Warren Littlefield, Bob Wright, Helen Kushnick, and Robert Morton – who are they, what is their job and how are they related in the structure of NBC?
2. Make a "cheat sheet" for yourself of biases and political influences that affect decision making (use the Whyte article and the Jackall article).

Honda (A)

1. What is the strategy that has allowed Honda to be so successful in the motorcycle industry and, in particular, in the United States?
2. What indications do you have that the strategy was planned in advance, or that the company stumbled onto its strategy?