Course Focus

Organizations, such as corporations, public agencies, and not-for-profits, are social structures consciously arranged to achieve goals. How successful they are at reaching their goals is influenced by such factors as the ways in which they are structured, the character of their competitive and regulatory environment, their technology, and the unspoken assumptions that guide social action in the organization. In this course, the interplay among strategy, formal architecture, and culture in shaping organizational performance will be explored through the use of reading, cases, lectures, and discussion.

Questions about organizational phenomena—such as goals, design, and change—are typically complex and the answers usually depend upon the context. So, rather than offer formulaic “solutions” to problems involving organizational issues, this course offers a set of concepts, frameworks, and theories chosen to provide:

1. an understanding of the nature of organizational structure and strategic action, based on current theory and research;
2. a set of foundational frameworks for analyzing alignment of a firm’s strategy and structure with its external environment; and
3. an understanding of the systematic relationships between the choices managers make and the performance their organizations realize.

Course Materials

MGT/P 201B – Strategy and Structure - Course Reader

Course Format

The course is short and involves intensive analysis and case discussion. Attendance and participation are essential parts of the learning process for this course. I expect students to attend all scheduled sessions and to come prepared to contribute to the discussion. Grading will reflect this orientation. Reading assignments should be read in advance of class, and everyone is expected to participate in discussions. Lectures will build on the readings rather than review them, and you are ultimately responsible for topics covered in both the readings and the course lectures. If you have a compelling reason for missing a class, you should inform me in advance (email is best). Missing classes will affect your grade; missing any without reasonable cause is likely to do so significantly (see participation grading scheme below).
Participation

Class participation is a very important part of the learning process in this course. A major part of your final grade (30%) will be based on an assessment of the quality of your contributions to class discussions. I judge comments to be of high quality to the extent that they possess one or more of the following attributes:

- they bring the conceptual issues, treated in the readings, to the analysis of the case;
- they contribute to moving the discussion and analysis forward—they offer a unique, relevant perspective on the issue being discussed;
- they build on others’ comments (too often managers and students fail to listen to what others are saying; simply repeating a previous comment is not participation);
- they transcend the “I feel” syndrome, that is, they make an argument and present supporting evidence.

I use the following scheme to grade student participation in each class:

3: Excellent
2: Good
1: Satisfactory
0: Absent with reasonable cause and advance notification
-3: Absent without cause

Individual Briefing Papers

Students are responsible for writing two Briefing Papers in which they explore weekly topics with respect to any organization of their choice that is different from the one your group is studying. Students will write one paper about organizational strategy and one paper about organization design. The purpose of the Individual Briefing Paper assignment is to encourage you to make connections between the readings and your own observations of a real organization. Briefings need not be formal, but may be written as an informative memo or letter to an outsider or new employee. However, the concepts and theories we cover in the class or readings should inform the briefings, and the writing should be clear and correct. Therefore, it will be necessary to do the readings, and gather interview or other data about the organization, in order to write the briefings.

The best briefings will be analytical and include examples of incidents, policies, procedures, or practices, not just abstractions of the way the organization works. For example, rather than writing, “Smith Food Processing, Inc. is very hierarchical and bureaucratic” give me concrete evidence of this assessment—e.g., “Smith Food Processing’s hierarchy and bureaucracy slow their ability to process orders. In order for a new customer to receive a shipment, three people using ten forms must complete the procurement process.” I want you to become a practiced observer of organizational routines and processes.

Each briefing paper should be 2-3 pages, in 12-pt Times New Roman font, and double-spaced. Papers cannot exceed 3 double-spaced pages in length—if you do this, the excess material will be ignored. I evaluate the quality of writing and presentation, the use of
examples, and correctness of spelling and usage in assigning a grade. **Briefing papers are due at the beginning of their respective class sessions.** Papers will be considered late and marked down accordingly if they are submitted during the class session in which they are due. **Papers will not be accepted after the date on which they are due.**

**Final Projects**

Each group is responsible for choosing an organization to study. Each group will analyze their organization’s current structure, environment, and strategic position, suggesting (where appropriate) alternative arrangements that might better suit its situation. In addition, the groups will analyze such intra-organizational processes as the organization’s decision-making and socialization practices, organizational culture, and control strategies to determine how well they support the organization’s stated strategic posture. Analyses and recommendations will be presented in class. You are responsible for assembling your own team.

The written report must be submitted by the beginning of class, Monday, March 17th. The oral presentations will also be presented on March 17th. More details on the final projects can be found on the course website.

**Evaluation**

Final grades will be computed as:

- Individual participation: 30%
- Individual Briefing Papers: 25%
- Final Team Project: 45%

**Course Schedule**

**Session 1: Introduction to Strategic Management**
Date: Monday, Jan 7th

**Session 2: Industry Analysis**
Monday, Jan 14th
**Required reading(s):**
- Porter, How Competitive Forces Shape Strategy
- Case: Cola Wars Continue

**Study Questions:**
1. What are the strategy-shaping business and economic characteristics of the soft drink industry? Why is this industry so profitable?
2. What is competition like in the soft drink industry? Which of the five competitive forces are strongest? Which is weakest? What competitive forces seem to have the greatest effect on industry attractiveness and the potential profitability of new entrants?

Monday, Jan 21th: No class

**Session 3: Competitive Advantage**
Monday, Jan 28th
Required reading(s):
- McGahan, Note on Competitive Positioning
- Collis and Montgomery, Competing on Resources
Case: Delta Air Lines (A)
Study Questions:
1. During the 1990s, none of the five largest air carriers in the US earned its cost of capital. Why do such low rates of return on investment persist in the airline industry?
2. Despite the challenging industry environment, airlines like Southwest Airlines and JetBlue earn enviable returns. How?
3. Why have all of the low-cost subsidiaries of legacy airlines, including Delta Express, failed?
4. Based on the information available to you, what course of action would you recommend to Delta’s board?

Session 4: Competing over time: Industry and Firm Evolution
Monday, Feb 4th
Required reading(s):
- Porter and Rivkin, Industry Transformation
Case: BMG Entertainment
Study Questions:
1. Why have a handful of major record companies dominated the music industry through most of the last century?
2. How does the advent of the Internet change the music industry? Will major companies continue to dominate the business?
3. Does BMG’s approach to the Internet make sense?
4. What should Zelnick and Conroy do? Specifically, what should the strategy and structure of BMG’s digital organization be? Should BMG continue to work with a wide array of technology partners?

First briefing paper due: “What an application of the Five Forces model to my organization reveals…”

Session 5: Organizational Design
Monday, Feb 11th
Required reading(s):
- Nohria, Note on Organizational Structure
Case: Appex Corporation
Case Questions:
1. What were the challenges that Shikhar Ghosh faced when he joined Appex?
2. For each of the structural changes he implemented: What problems did each new structure address? What problems, in turn, did each create?
3. What would you have done in Shikhar’s place? Were all the changes in structure necessary? How would you address the challenges that Appex is confronting by the end of the case?
Session 6: Organizational Culture
Monday, Feb 25th
Required reading(s):
Baron and Hannan, Organizational Blueprints for Success in High-Tech Start-ups?
Case: Dreyer's Grand Ice Cream
Study Questions:
1. What is Dreyer's strategy (e.g. its goals, scope, competitive advantage, and logic)?
2. How would you describe Dreyer’s culture? How well aligned is it with its goals?
3. How bad is the current situation? Is the restructuring warranted?

2nd Briefing paper due: “My organization’s design is consistent/inconsistent with its strategy because…”

Session 7: Corporate Strategy
Monday, Mar 3rd
Required reading(s):
Collis and Montgomery: Creating Corporate Advantage
Case: Viacom, Inc.
Case Questions:
1. What factors lie behind Viacom’s domestic success?
2. There is a range of opinion as to how the company should be managed as it competes internationally ranging from Frank Biondi to Jeff Dunn. What is your view?
3. What should Biondi do about the proposed Kirsch deal?

Session 8: Strategic, Ethics, and Social Responsibility
Monday, Mar 10th
Required reading(s):
Case: IKEA’s Global Sourcing Challenging: Indian Rugs and Child Labor (A)
Case Questions:
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 strategy would you suggest she take regarding IKEA’s continued operation in India? Should the company stay or should it exit?

Session 9: Final Project Presentations
Monday, Mar 17th