

**UNIVERSITY OF MASSACHUSETTS AMHERST**  
Isenberg School of Management  
Fall 2007

**COURSE**                    **SCH-MGMT 497A Business Policy and Strategy**

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**COURSE MATERIALS**

- Required:**    1) *Foundation – The Business Simulation*, Management Simulations Inc (to be purchased later in the semester, online—not at the Textbook Annex)
- 2) Hitt, M.A., Ireland, R.D., & Hoskisson, R.E. *Strategic Management: Competitiveness and Globalization: Concepts and Cases* (6<sup>th</sup> ed.). South-Western Publishing Co. Available at the Textbook Annex. Used copies online.

I strongly recommend that you subscribe to *The Wall Street Journal*.

**COURSE OBJECTIVES**

As befits a senior level seminar course, Management 497A has multiple objectives. At a general level, this course is designed to expose you to issues that influence the competitive behavior and performance of *entire* organizations. So far in your coursework you have primarily studied business functions (e.g., accounting, finance, marketing) one at a time. Consequently, there is a tendency for such incremental emphasis to lead to narrow functional thinking. This course will help you broaden your perspective so that you consider business functions from the perspective of the overall organization.

Additionally, some fields present well-defined problems with “right” and “wrong” answers. This is not true of management in general and strategic management in particular. Strategic decision-makers generally deal with complex situations characterized by considerable uncertainty. The “problem” or “opportunity” is rarely obvious. Many interrelated problems and opportunities are usually involved. This course will help you develop skills and knowledge for dealing with such situations and assist you in identifying and evaluating alternative courses of action.

More specifically, this class consists of two essential parts: *knowing* and *doing*. The “knowing” part involves using cases, readings, and discussions to learn the basic concepts and techniques of strategic management. The “doing” part involves your participation in Capstone, a business simulation. Capstone provides you with the opportunity to gain hands-on experience running a business. You and the rest of your top management team will develop business strategies as well as manage your company’s R&D, production, HR, marketing, and financial operations over an 8 year time span. The ultimate goal: To have fun, learn, and defeat your competitors.

## COURSE ASSIGNMENTS

### Course Website

The course website can be accessed at <https://spark.oit.umass.edu>. Everyone registered in the course will find the site there. The website is updated throughout the semester and is the definitive source for assignments and announcements. Also, all written assignments are submitted through the website as Word documents. Assignments turned in other ways may not receive credit.

### Case Study Written Assignments:

Prior to the class during which each of the case studies is discussed each student will write a one or two page single-spaced “memo” that lays out what the manager(s) in the case should do. Try to base your recommendation on something you have read in the text. 2 points for each paper. Any paper turned in late without prior alert to the professor will receive zero points.

### Capstone Simulation Team Assignments:

1) Tutorials. On the Capsim site you will find tutorials that help you get ready to participate fully in the game. The required tutorials include “Introductory Lesson and Quiz,” “Getting Started,” “Complete Situation Analysis,” and “Solo Rehearsal.” Capsim keeps track of who has completed the assignment.

2) Situational Analysis Documents – Chapter 4 of your Foundation--Team Member Guide helps you build background information (perceptual map segment centers, ideal spots to compete, demand analysis, capacity analysis, margin analysis, and consumer report) for developing your strategic plan. You will hand in these documents at the beginning of the Simulation component of the course. I highly recommend you use EXCEL to complete this assignment.

3) Strategic Plan – In no more than four typed, double-spaced pages, summarize your company’s vision and intended strategy. Your strategic plan should include:

- the strategic objectives your company has set for itself (i.e., what is your corporate strategy? What markets are you going to compete in? Where are your resources going to go?)
- a description of the markets you have chosen to pursue (traditional, low end, high end, performance, size) and how you intend to compete in each (i.e., your firm’s business level strategies)

- a summary of how you are going to structure the functional level strategies (R&D, production, marketing, financial) to support your firm's strategy
- choice of indicators to determine the success of your strategy (cumulative profits, overall market share, ROA, ROE, ROS, asset turnover, stock price). Each company is required to set ROE at a weighting of 33% and stock price at 33%. The other 33% is up to each firm to select.

Don't be generic! What makes your company unique? What is its identity? In what fundamental ways will you distinguish yourself from you competitors?

3) Reports to Board of Directors – Each team will maintain a record of its activities including such things as strategic postures taken, assumptions employed about competitors and the market, decisions made and the outcomes of those decisions, changes in strategy you deemed necessary, and so on. After each round the team will prepare and hand in a 1-2 page (single-spaced) analysis. The writing of these post-round reports will be shared equally among team members. Based on these “yearly” reports, each team will describe and analyze its Capstone experiences in the form of a semester-end report to your company's Board of Directors and Shareholders. Your Board Report is not intended to be an academic paper. Rather it should be a truthful sell-job illustrating your company's effectiveness to the Board of Directors and your Shareholders. The report should be approximately 20 typed, double-spaced pages (not including attachments and appendices). At a minimum, the Board Report should include:

- your company's initial strategy
- a comparison of your emergent strategies with your initial strategy
- an evaluation of your intended and emergent strategies within the context of the external environment's opportunities and threats and your company's internal strengths and weaknesses over time
- an analysis of your markets and competition
- a description of the strategic decisions you made over time; why you made them; and how you implemented them
- a discussion of what you learned from your experiences; what worked well and what your company will do differently in the future

The Board of Directors (me) will evaluate you on the following:

- Were the market segments in which your company operated consistent with your strategy?
- Was your company's R&D and product positioning within market segments congruent with your strategy?
- Was your company's financial strategy consistent with your overall strategy?
- How successful was your company's promotion and sales force management?
- How well were inventories and stock outs controlled?
- How effective was your use of capacity and automation within the context of your company's overall strategy?
- Was your company's management of human resources consistent with your strategy?
- If your company got into trouble, did you make reasonable decisions to overcome your problems?
- How well is your company positioned for the future?
- Have the members of your management team shown you have learned to work

together to utilize each of your talents?

**\*\*At the end of the semester, each student will be evaluated by his/her group members. Significantly low ratings will result in a one (1) letter grade reduction in the student's final grade for the course.**

**Class Contribution and In-class Case Activities:** An important part of effective mastery of strategy is active involvement in class discussion of the assigned cases and readings. Additionally, your insights during class discussion aid others in the learning process. Demonstration of insight and understanding are strongly rewarded. Remember, you should always have sound reasoning behind your judgements and conclusions.

**Mid-Term and Final Exams:** Your mid-term exam will be in class. No final exam.

<b>Grade Composition:</b>	Case writeups	10%
	Simulation Participation/Results	55%
	- Post-round Analyses (5%)	
	- Situational Analysis (5%)	
	- Strategic Plan (5%)	
	- Board Report (15%)	
	- Simulation Performance (10%)	
	-Simulation Participation (15%)	
	Class Contribution	15%
	Mid-Term Exam	20%

## SCHEDULE OF EVENTS

<u>Date</u>	<u>Assignment</u>
W 9/5	Introduction
M 9/10	Chapter 1
W 9/12	Chapter 2
M 9/17	Case 23: Pacific Cataract and Laser Institute
W 9/19	Chapter 3
M 9/24	Case 28: Southwest Airlines
W 9/26	Chapter 4
M 10/1	Case: United Airlines
W 10/3	Chapter 6
M 10/8	holiday
T 10/9	Case 14: Gillette
W 10/10	Chapter 7
M 10/15	Case 10: Diageo Plc.
W 10/17	<b>EXAM</b>
M 10/22	Introduction to Capstone Simulation
W 10/24	Introduction to Capstone Simulation
M 10/29	Practice Round Decisions due by 9:00am Review Practice Round 1 Decisions
W 10/31	Practice Round Decisions due by 9:00am Review Practice Round 2 Decisions <b>--Hand-in Situational Analysis and Strategic Plan—</b>

M 11/5	Chapter 8
W 11/7	Round 1 Decisions due by 9:00am Review Round 1 Decisions
M 11/12	holiday
W 11/14	Chapter 10
M 11/19	Round 2 Decisions due by 9:00am Review Round 2 Decisions
W 11/21	no class
M 11/26	Chapter 11
W 11/28	Round 3 Decisions due by 9:00am Review Round 3 Decisions
M 12/3	Round 4 Decisions due by 9:00am Review Round 4 Decisions
W 12/5	Round 5 Decisions due by 9:00am Review Round 5 decisions
M 12/10	Round 6 Decisions due by 9:00am Review Round 6 Decisions Lightning round for round 7—Decisions due by 6pm Chapter 13
W 12/12	Final debriefing Report to the Board due