

School of Management 497A - Business Policy and Strategy

**Isenberg School of Management
The University of Massachusetts - Amherst**

Fall 2007

Tuesdays and Thursdays

11:15 a.m. – 12:30 p.m. / 1:00 p.m. – 2:15 p.m.

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(check periodically for slides, class assignments, announcements)

Office Hours:

For short questions, feel free to meet with me just before or after class as I will try to be available for short discussions. I will be available to meet with students before class on Tuesdays (9:30 a.m. – 11 a.m.) and after class (2:30 – 3:30 p.m.) on Tuesdays and Thursdays and by appointment during other times of the week. Please come in or contact me (by phone or email) to address concerns or to set up an appointment, as needed (**Note: The best way to contact me is by email**). In voice mails, please leave a message that includes your name, a phone number at which you can be reached, the best time to reach you, and a brief summary of what you would like to discuss so that I can prepare a response.

COURSE INFORMATION

SCH-MGT 497A is intended to be a challenging and exciting capstone course for senior level undergraduate students. It is first and foremost a course about "strategy" and about "managing for success" through the integration of all fields of business. Students will draw on their broadened awareness of various environmental influences (e.g. social and political) to solve business problems. Most of your other classes do not examine a corporate environment (e.g., creating value across business units). Rather, they tend to adopt a functional perspective within a given line of business. Given that many of you will be working in a corporate environment at some point, you should have a basic understanding of the *total enterprise* of businesses, meaning the environment in which it operates, its internal condition, and its prospects for success. We will focus on the analysis of the strategic challenges facing the modern business enterprise, the goals and objectives of firms in various industries and the manner in which these firms can achieve these goals. Analyses of the industry, interfirm rivalry and firm specific competitive advantage are the key components of the course. The course initially focuses on strategy at the business level and then moves on to multi-business firms and firms that have diversified across national borders. The class formally covers the conceptual areas of the concept of strategy, industry analysis, firm capabilities, business level and corporate strategies, organizational structure and design, and the international context.

This course adopts a general management perspective and maintains that strategy is fundamental to not just the chief executive, but to managers at all levels of the firm. As a result, it provides you with the opportunity to analyze business decisions from the perspective of the general manager. This approach is fundamental for developing critical thinking skills. To achieve this objective, we will use case analysis and discussion to connect strategic management theory with practice. Additionally, this course allows you to practice management judgment, and make mistakes in a cost-free environment.

COURSE FORMAT

The content of the course has all of the ingredients needed to keep your interest and attention. This course is highly interactive requiring you to actively participate in class discussions and group assignments. Through readings, written assignments, presentations, homework, large and small group discussions, and case analyses, you will broaden your understanding of strategic level decision-making. In addition, a substantial amount of each student's grade is reliant on group assignments. Coordination is a major part of management and particularly true of strategic management, which demands the close coordination of an executive team on highly complex issues. My hope is that each of you will be able to respond successfully to changing environments in your present or future jobs as managers and professionals in the business world.

The primary instruction vehicle will be the analysis of selected management, strategy, and policy cases. Short lectures and discussions of assigned readings will be used to complement the discussion of the case material. In addition, readings in the popular business press may be used to supplement the conceptual readings and formal case material. This material will be used primarily to understand the practical application of the competitive strategy frameworks. Some students may initially feel uncomfortable in this course because of the high level of ambiguity and the lack of "precise" answers. However, we will examine real problems, messy problems, and problems without "optimal"

solutions. Tools are important, but are inadequate in and of themselves and the ever changing conditions of today's business world quickly renders yesterday's analysis inappropriate for tomorrow. Consequently, it is critical to develop skills in both the "art" and the "science" of strategy.

Note: The professor reserves the right to change assignments and cases as necessary to facilitate an improved learning experience.

COURSE MATERIALS

Required Texts:

Dess, G., Lumpkin, G.T., and Eisner, A. (2007). Strategic Management. Mc-Graw Hill/ Irwin (ISBN: 13 978-0-07-310246)

Management Simulations (Smith, D.C.) CAPSTONE: Team Member Guide 2008
 (Booklet will be distributed in class; fee for materials and registration is \$39 – you are REQUIRED to IMMEDIATELY sign up and pay through the website <http://www.capsim.com>)

Additional Readings distributed in class

GRADING COMPOSITION

1. Class Participation	Includes in-class contributions to discussions, exercises, and completion of homework assignments	20%
2. Capstone Foundation Simulation (Major Project) – Team Assignment	Weekly analysis and participation / Online and Written Assignments Final Stockholder Debrief Reports (Written and Presentation) Peer Evaluation	35% 10% 20% 5%
3. Exams	Exam 1 Exam 2	45% 20% 25%

GRADING REQUIREMENTS

1. CLASS PARTICIPATION – 20%

I consider active participation (not just attendance) an important part of the learning experience for both you and the other students in the course. Students are expected to be familiar with the material to be covered in each class session, and to be able to contribute significantly and in a relevant way to class and case discussion on a regular basis during the course of the semester. The quality of individual preparedness in case discussions is important. Although it can be difficult, students should anticipate being called on at random, and attendance at all classes is expected. If you are not present, you cannot participate or receive credit for in class assignments.

Every effort will be made to include fun and interesting class exercises related to class topics and text material– these should be taken seriously. They may represent your greatest opportunities to learn to apply the course materials before your future employer calls on you to apply them. Since students are expected to learn from each other via interaction and comments. Students should be prepared to answer questions about lecture material as well as case information as included in the text or distributed in class. Preparation should include notes from the chapter/assignments that can be used to help your participation in class discussions.

In addition, assignments (to be submitted for grading) will be given in class, in relation to preparing for or participating in class exercises/discussions. Since graded assignments count towards your participation grade, **NO LATE ASSIGNMENTS WILL BE ACCEPTED**. In sum, class sizes are large so your participation grade will primarily reflect the extent to which you 1) take class discussions and exercises seriously, 2) prepare for and hand-in all related assignments, and 3) the quality of comments shared during class discussions and activities. Students should not expect to receive full points for participation. Simply being present does not warrant full credit, nor does frequent participation that does not advance the learning of the class.

2. CAPSTONE FOUNDATION: GROUP SIMULATION PROJECT - 35%

Coordination is a major part of management. This is especially true of strategic management, which demands the close coordination of an executive team on highly complex issues. Accordingly, we will form teams (of 3-4 people) by the 3rd class session for an ongoing simulation exercise. (Note: students are also encouraged, though not required, to prepare chapter notes in groups as the sharing of knowledge and debate of opinions among classmates significantly enhances learning).

For the in-class simulation exercise, teams will be formed to compete against other teams in the class. Due to class sizes, each student may not compete against every other student in the class. However, the simulation does provide statistics for comparison of performance against other teams in the class as well as across other schools.

PARTICIPATION IN THE SIMULATION IS MANDATORY FOR THIS CLASS. STUDENTS ARE REQUIRED TO REGISTER FOR THE SIMULATION (A \$39.99 FEE) AND TO CAREFULLY READ THE TEAM MEMBER GUIDE BY THE SECOND WEEK OF CLASS.

The purpose of the Capstone Foundation simulation is to test alternative actions of an operating business in a competitive environment without incurring costs or the risk of implementing them in a real setting. Most strategic decisions, especially crucial ones, are made after consultation with key executives and colleagues in an atmosphere of committee deliberations and discussion. To simulate this procedure, each student has the opportunity to select his/her own team.

Each team manages and analyzes their own Capstone Company and develops and implements strategic concepts. The management team will make decisions about various aspects of an assigned company's management for a given period of "simulated time". The simulation is played over several simulated years to maximize the firm's objectives. The objectives are, of course, achieved much more systematically and successfully by considering and applying concepts previously developed in lectures. There will be 3 practice rounds and 8 'real' rounds (decisions) in this simulation exercise. These materials and further directions will be discussed in class.

To evaluate the firm's performance, seven criteria can be examined - Stock Price, ROS, Asset Turnover, ROA, ROE, Market Share and Profits. Each team must decide how they wish to be evaluated by assigning weighted percentages (out of 100%) to at least three of these performance measures. The most that can be assigned to any single performance measure is 45%, the least is 0%, and the total must equal 100%. Performance in the simulation will be calculated into your final grading based on the performance indicators that your team selects. Your weighting selections should match the overall goals and mission of your firm (as you establish in the first several rounds of practice). It is more important to realize that the simulation offers a laboratory for examining different strategies, so we will discuss the variance in performance at the end of the simulation rounds. In addition, several of the weekly discussion topics will be applicable to the current situation in the simulation.

The simulation operates through a website that creates an opportunity to explore an important aspect of 21st management, the "anytime, anywhere" business environment. Wide area networks or "WANS" like the Internet has dramatically changed the strategic environment over the past decade. Coordinating strategy and tactics at a distance will be one of the most important issues you will face during your career.

During the simulation you will manage your company via telephone, email, the website, in-class discussions, and outside of class meetings. The website offers coordination tools that will be discussed and demonstrated in class. When possible, a small portion of class each week will be set aside for the simulation so that teams can meet face-to-face to discuss their strategy, plan for outside of class interactions, and/or request feedback from the instructor. These meetings, however, should be highly structured and short - typically involving coordination and planning activities. To be effective team members, each student should be prepared to use this time wisely to help structure the team's activities for the week (e.g. such as analyzing the data in their particular area of responsibility, preparing the various types of documents that may need to be shared with the team, or tackling coordination or scheduling issues).

The simulation is set up such that all coordination and communication can be done through the internet (but student may decide to use more face-to-face interactions). Each week you will download starting conditions for the current "year", print reports, develop strategy and tactics, make decisions, and upload decisions to the web site before the posted deadline. Capstone is both an individual and team exercise. Each student will have specific decision-making responsibilities within the simulation - product manager or functional manager, for example. Each student must coordinate their decisions with their teammates, such as launching new products, or arriving at an overall corporate strategy.

The Capstone web site is located at <http://www.capsim.com>. Again, You must register on the site so that the system can connect you with our class and your team. The web site includes an electronic bulletin board system. Each team has a Team Conference - a private bulletin board where you can coordinate plans and strategy. A "Class Conference" is visible to the entire class. **STUDENTS SHOULD REGULARLY CHECK THE CLASS CONFERENCE SECTION AS THE INSTRUCTOR MAY POST CLASS ASSIGNMENTS OR CLASSMATES MAY POST COMPLETED ASSIGNMENTS.**

Each person is required:

- (1) To make and/or audit decisions in their areas of responsibility.
- (2) To contribute to their team's strategy discussion in the team conference on the website.

(3) To complete all required assignments related to the simulation exercise.

Each team is required:

- (1) To prepare a team meeting agenda before class and post it on the website.
- (2) To submit weekly the firm's decisions.
- (3) To present a final report to the class (and a written report to the instructor).

At the conclusion of 8 rounds, teams are expected to prepare a final shareholder's debrief (e.g. a self-study) in both a written and oral report format. All oral presentations will be prepared in PowerPoint and uploaded to the class conference on the website for other teams to review prior to December 11th, 2007. All teams should come to class prepared to make a 10-15 minute presentation on December 11th (simulation wrap-up day).

Students should keep a record of their analyses, decision rationales, meetings, etc. over the simulation. This documentation will help you discuss any strategic problems or justify any decisions made. This material will become a part of the final reports.

Peer Evaluation -

Members of each team must evaluate each other's performance in terms of attendance at team meetings, willingness to cooperate, importance of contributions, etc. Each team member evaluates the performance of the other team members of his/her team on the five-point scale of Outstanding (5), Very Good (4), Good (3), Fair (2), or Poor (1). Students are judged by all team members in ten areas of behavior related to team contribution throughout the course:

Peer evaluations are entered using the website at www.capsim.com. The system keeps peer evaluations confidential between you and the instructor. There will be two peer evaluations during the course. The first will follow the simulation's Practice Round 3. The second will follow the wrap-up presentations at the end of the last class. Only the second peer evaluation can affect your grade. The objective of the confidential peer evaluation is to remind all team members that their behavior and work ethic affect the entire group, and they are held accountable for the impact they have upon their partners. The instructor will accept team evaluations at face value but will use her own discretion in judging the objectivity of the evaluations. However, **significantly low ratings will result in a one (1) letter grade reduction in the student's final grade for the entire course.**

FURTHER DETAILS FOR THIS ACTIVITY WILL BE GIVEN IN CLASS.

Grading for these activities will be as follows:

Weekly analysis / Online and Written assignments	15%
Stockholder Debrief Reports	15%
Peer Evaluation	5%

3. EXAMINATIONS – 45%

There will be two examinations in this course. The first exam will contribute 20% to your final grade and the second and final exam (which is not cumulative) will contribute 25% toward your grade. The exams will cover general strategic frameworks and theory discussed in class. Cases and other materials discussed in class and not in the textbook may be included in these exams as well. The date for the final exam will be announced once those dates are published by the registrar's office. Exams may include multiple choice, short answer, and essay questions.

NO MAKE-UP EXAMS will be given. Non-excused absences on the day of an exam will result in a zero for that exam grade. In the case of unavoidable situations, advanced notice of absences can result in the arrangement of earlier exam sittings. In ALL CASES, the professor must be notified of the expectation of a missed exam before the scheduled exam day.

*SCH-MGT 497A(Sections 4 and 5) - Class Schedule
Professor Galvin*

Date	Topic/Discussion	Readings (To be completed before class)/ In Class Discussion	Assignments due
4-Sep	Class Introduction		
6-Sep	What is Strategy?	Begin Chapter 1	
11-Sep	Mission, Vision, Leadership	Read Chapter 1: pp. 19-35 Read Chapter 11: pp. 394-417	<i>Submit any assignments announced in prior class</i>
13-Sep	Ethics and Social Responsibility	Read Chapter 11: pp. 417-427 Read Case 4: Skeleton in the Corporate Closet	<i>Submit any assignments announced in prior class –</i> Team Assignments / Names Submitted
18-Sep	Introduce simulation	Read CAPSTONE FOUNDATION TEAM MEMBER GUIDE 2008	
20-Sep	Simulation Day	Read CAPSTONE FOUNDATION TEAM MEMBER GUIDE 2008 In-Class Meetings – Situation Analysis, Preparation for Practice Rounds	Registration on www.capsim.com should be completed – Complete tutorials, quizzes, Solo Rehearsal, and forum participation Practice round 1 due - Monday 9/24 – 9 a.m.
25-Sep	Assessing the External Environment:	Read Chapter 2	<i>Submit any assignments announced in prior class</i>
27-Sep	Assessing the External Environment : General Environment	Chapter 2: General Environment Video Case	<i>Submit any assignments announced in prior class –</i> Practice round 2 due - Monday 10/1 – 9 a.m.
2-Oct	Assessing the External Environment: Specific and Competitive Environment	Gaming Industry and Case 28: The Casino Industry	<i>Submit any assignments announced in prior class</i>
4-Oct	Assessing the Internal Environment	Begin Chapter 3	<i>Submit any assignments announced in prior class –</i> Practice Round 3 due Monday 10/8 – 9 a.m.
9-Oct	Monday schedule - NO CLASS		
11-Oct	Review Practice Rounds/ Simulation Team Preparation	Bring Reports/ Round Results - In Class Team Meetings	Submit Initial Peer Evaluations I – Online Simulation reset to starting conditions of Round 0

16-Oct	Assessing the Internal Environment	Read Chapter 3 Read Case 17: McDonalds	Submit Team Business Plan/Mission Statement Success Measurements Submitted online
18-Oct	Assessing Intellectual Assets	Read selected sections of Chapter 4 (TBA in prior class); Read Case 39: Southwest	<i>Submit any assignments announced in prior class</i> Round 1 decisions due by Monday 10/22 - 9 a.m.
23-Oct	External and Internal Environment Analysis / Midterm Review	Read Case 14: Panera	<i>Submit any assignments announced in prior class</i>
25-Oct	<u>EXAM 1</u>	Chapters 1-4, 11	Round 2 decisions due by Monday 10/29 - 9 a.m.
30-Oct	Business-Level Strategy	Read Chapter 5	<i>Submit any assignments announced in prior class</i>
1-Nov	Business-Level Strategy	Read Case 13: Dippin' Dots	<i>Submit any assignments announced in prior class</i> Round 3 decisions due by Monday 11/5 - 9 a.m.
6-Nov	Business-Level Strategy	Read Chapter 5; Read "Lodging Industry Profile"(distributed in previous class)	<i>Submit any assignments announced in prior class</i>
8-Nov	Corporate Level Strategy	Read Chapter 6	<i>Submit any assignments announced in prior class</i> Round 4 decisions due by Monday 11/12 - 9 a.m.
13-Nov	Corporate Level Strategy	Read Case 12: Growing For Broke	<i>Submit any assignments announced in prior class</i>
15-Nov	NO CLASS – Team Work Day		
20-Nov	Corporate Level Strategy	Read Case 31: World Wrestling Entertainment	<i>Submit any assignments announced in prior class</i> Round 5 decisions due by Monday 11/19 - 9 a.m.
22-Nov	Thanksgiving Break – NO CLASS		Round 6 decisions due by Monday 11/ 26 - 9 a.m.
27-Nov	International Strategy	Read Chapter 7	<i>Submit any assignments announced in prior class</i>
29-Nov	International Strategy	Case 3: Starbucks	<i>Submit any assignments announced in prior class</i> Round 7 decisions due by Monday 12/3 - 9 a.m.

4-Dec	Digital Business Strategy	Read selected sections of chapter 8 (TBA in prior class) Read Case 29: Yahoo!	<i>Submit any assignments announced in prior class</i>
6-Dec	Strategic Control & Governance / Organizational Design	Read selected sections of chapters 9 and 10 (TBA in prior class) Read Case 8: The Best Laid Incentive Plans	Round 8 decisions due by Friday Dec 7 - 5 p.m.
11-Dec	Wrap- Up / Review / Team Meetings	Chapters 5-10	
13-Dec	Simulation Presentations /Final reports due		Final Reports Submitted
TBA	EXAM 2		

****Note: Homework may be assigned on any class day, and it will be due at the beginning of the following class.**