

ATHABASCA UNIVERSITY
COURSE OUTLINEADM 404 (STRATEGIC MANAGEMENT)
Winter 2010

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OFFICE HOURS: TBA or by appointment
CLASS TIME: Wednesday: 18:00 – 20:50
ROOM: B206

COURSE MATERIAL:

Textbook

Hill, C.W. & Jones, G.R. (2008). Strategic management: An integrated approach (8th ed.). Boston: Houghton Mifflin.

Required Readings:

Hambrick, Donald C. & Fredrickson, James W. (2001). Are you sure you have a strategy?. The Academy of Management Executive, 15(4), 48–59.

COURSE DESCRIPTION:

What sets this course apart from all others is the fact that its focus is on organizations in their entirety and, more specifically, their success or failure. So whereas your marketing courses helped you to understand the marketing function and your accounting courses helped you to make sense of an organization's accounts, *this* course is meant to draw upon your knowledge from all your other courses for the purposes of determining how and whether an organization can be successful.

In ADMN 404, you are asked to play the role of owner/CEO. If you someday become an owner/CEO, this course can help you in that role. But even if you never become an owner/CEO you can still benefit tremendously from this course. For example, it will benefit you as a manager/employee when you are inevitably asked to contribute to your organization's strategic planning efforts. It can also benefit you as an investor as you try to pick which companies are most likely to succeed. Simply put, this course will help you to better understand what makes organizations successful.

This course is broken into four distinct sections. Section I revolves around something we'll refer to as a *mandate*. An organization's mandate sets the stage for all that it does—it explains why the organization exists and what it must and must not do. So while it's not officially a part of an organization's strategy, it is essential that the mandate be articulated and affirmed prior to formulating a strategy.

Section II is dedicated to the analysis of an organization's *situation*. As you will see, an organization's situation is frequently divided into an external and an internal portion. Analyzing an organization's external situation is meant to reveal the organization's opportunities and threats. Analyzing its internal situation is meant to reveal its strengths and weaknesses.

In Section III you will learn about the *formulation* of strategies with which to respond to an organization's situation (while at the same time working within the parameters defined by the mandate). You will learn about numerous types of strategies and tactics. And you will learn how these strategies are tailored to particular circumstances.

Section IV addresses the *implementation* of strategies. Implementation is about doing what an organization has said it will do in formulating its strategies. In very simple terms, implementation is about translating the strategies into actions.

GRADING:

Athabasca University uses a percentage grading system and a final grade is normally arrived at by totaling the weighted average for assignments, exams and participation. Passing grade for this course is 50% and achieving at least a 50% in the Assignment 3. In case of dispute the Athabasca University Calendar has the binding conditions. AU determines grade translation.

There are three components to the grading scheme. The first component is the allocation of the final grade among the three assignments and the participation mark. The second component is the allocation of the maximum percent possible, shown in component one, among the sections that make up each case analysis. The third component is the allocation of the maximum grade possible for each section, shown in component two, among the four dimensions which make up each section.

The first component is presented below.

1. Assignment 1 after Lesson 4 10%
2. Assignment 2 after Lesson 11 25%
3. Assignment 3 after Lesson 13 50%
4. Participation 15%

We now turn to the second component.

Your assignments will take the form of written reports. For both pedagogical and evaluative purposes, your assignments must be organized into predetermined sections. In each section, the maximum score you can get is 20. In addition, you can score as high as 20 for presentation. That said, your mark on the assignment is not the simple sum of these scores. Instead, each section is weighted, and this weighting changes from one assignment to the next. Moreover, because you will not learn how to complete some sections of the report until later in the course, some sections are not required in Assignments 1 and 2.

It is extremely important that you consider the weighting of each section when you prepare your assignments. You should let the weighting dictate the amount of space you devote to each section. It will always be possible to say much, much more in each section, so you must decide just how much you are going to say. If you say more, you may get a higher grade on that section. However, if that section is weighted a lot less than other sections in which you could say more, you are probably better off to use the space for sections with a higher weighting.

The table below, reflecting component 2, contains the weighting for each section in each assignment. Note as well the word limits for each assignment. This limit does not include the title page or exhibits (up to 10 pages), but it does include any tables within the body of the report. Assignments that exceed the specified limits will be returned without grading. If the assignment still exceeds the word limit on the second submission, a grade of zero will be assigned.

	Assignment 1	Assignment 2	Assignment 3
Executive Summary	5%	5%	5%
Introduction & Company Overview	5%	5%	5%
Mandate	20%	10%	10%
External Analysis	30%	20%	15%
Internal Analysis	30%	20%	15%
Strategic Options	N/A	30%	20%
Recommendation/Implementation	N/A	N/A	20%
Presentation	10%	10%	10%
Maximum Words	3,000	4,000	5,000
Weight (% of final grade)	10%	25%	50%

Section descriptions are presented in attachment 1 to this outline.

We now turn to Component 3.

As you know, the marking of written work can be very subjective. This is unavoidable. However, in an effort to make the marking of your assignments as objective as possible, a *rubric* will be used to grade them. A rubric is kind of like a marking key. However, instead of stating the specific content that's desired, it describes the characteristics of good and bad answers. So before you even begin to work on your assignments, you should familiarize yourself with the ADMN 404 assignment rubric. Notice that each section is divided into four dimensions. Each dimension has a maximum mark allocation of 5. Marks reflecting poor, average, excellent and what would qualify as a poor, average, or excellent answer are presented in the rubric.

The complete rubric is available from the GPRC Blackboard site for this course.

The ground rules for the assignments and participation are:

1. All assignments are due at the beginning of class on the due date.
2. If you feel you have a valid reason for an extension to a due date, please request the extension at least 24 hours in advance.
3. Unauthorized late assignments, if accepted, will have a 10% per day late penalty applied to the assignment grade.
4. All assignments are to be word processed or typewritten.
5. Participation will be based on a combination of attendance and contribution to the case assigned for that class.

The instructor of the course is responsible for grading ALL assignments and participation mark.

Students are responsible for reading the notes AU posts on the course website, for all lessons

WEEKLY CLASS STRUCTURE:

The weekly three hour session is divided equally into review of the chapter designated for that class and discussion and analysis of the case(s) assigned for that class. You are expected to have read and prepared to discuss and contribute to the class discussion surrounding the particular case.

COURSE SCHEDULE:

Course schedule may vary from time to time.

Unit 1: Introduction to strategic management: Organizational mandate

Week 1 Jan 3-9

- Introduction to AU and distribution of course materials

Delivered by:

Lorraine Prafke, B Ed

Athabasca Liaison Grande Prairie Regional College Learning Services - Collaborations

Grande Prairie Regional College

This will be a shortened class. An additional class will be arranged during the term to make-up for the shortened class.

The topic will be:

- Analyzing and writing a case study

Week 2 Jan10-16

The topic will be:

- Lesson 1: Strategic Leadership
 - o Chapter 1: Strategic Leadership – Managing the strategic making process for competitive advantage
 - CASE #10: SAP and the evolving enterprise resource planning software industry, 2007

Week 3 Jan17-23

- Lesson 2: Governance
 - o Chapter 11: Corporate performance, governance, business ethics
 - CASE #33: Merck, the FDA, and the Vioxx recall

Unit 2: Organization's situation

Week 4 Jan 24-30

- Lesson 3: External analysis
 - o Chapter 2: External analysis – The identification of opportunities and threats
- CASE #17: Cola wars continue – Coke and Pepsi in 2006

Week 5; Jan 31 – Feb 6

- Lesson 4: Internal analysis
 - o Chapter 3: Internal analysis – Distinctive competencies, competitive advantage and profitability
- CASE #16: American Airlines since deregulation – A twenty year experience

Assignment 1 is due

Unit 3: Strategy formulation

Week 6 Feb 7-13

- Lesson 5: Functional level strategies
 - o Chapter 4: Building competitive advantage through functional level strategies
 - o Hambrick, Donald C. & Fredrickson, James W. (2001). Are you sure you have a strategy?. *The Academy of Management Executive*, 15(4), 48–59.
- CASE #18: Staples

Week 7 Feb 14-20

- Lesson 6: Business level strategies
 - o Chapter 5: Building competitive advantage through business level strategies
- CASE #24: Honda Motor Company and hybrid electric vehicles

Week 8 Feb 21-27

- Lesson 7: The influence of industry characteristics
 - o Chapter 6: Business level strategies and industry environment
- CASE #14: The evolution of the small package express delivery industry, 1973-2006
- CASE #15: Airborne Express – The underdog

Week 9 Feb 28 - Mar 6

- Lesson 8: Strategies in high-technology industries
 - o Chapter 7: Strategy and technology
- CASE #5: The home video game industry – Pong to Xbox 360
- NOTE: Friday, March 5 is the start of the Winter Break

Week 10 Mar 7-13

Reading Week

Week 11 Mar 14-20

- Lesson 9: Global strategies
 - o Chapter 8: Strategy in the global environment
- CASE #32: Philips vs. Matsushita – A new century, a new round

Week 12 Mar 21-27

- Lesson 10: Integrating and outsourcing
 - o Chapter 9: Corporate level strategy – Horizontal integration, vertical integration and strategic outsourcing
- CASE #28: 3M in 2006

Week 13 Mar 28-April 3

- Lesson 11: Diversification strategies
 - o Chapter 10: Corporate level strategy – Formulating and implementing related and unrelated diversification
- CASE #29: GE’s growth strategy – The Immelt initiative

Assignment 2 is due

Unit 4: Strategy implementation

Week 14 Apr 4-10

- Lesson 12: Implementing business-level strategies
 - o Chapter 12: Implementing strategy in companies that compete in a single industry
- CASE #30: The new Viacom

Week 14 Apr 11 -15 (Thursday)

- Lesson 13: Implementing corporate-level strategies
 - o Chapter 13: Implementing strategy in companies that compete across industries and countries
- CASE #31: From silver halide to imaging technology at Eastman Kodak – The challenges ahead

Assignment 3 is due April 16 (Friday) no later than mid-night.

ATTACHMENT 1: SECTION DESCRIPTIONS

As indicated previously, your assignments must be divided into predetermined sections. It is important that you fully understand what is expected in each section. To help you, each section is described below.

Executive Summary

As its name suggest, the Executive Summary should summarize the document's contents. While this may seem obvious, far too often an Executive Summary introduces a document rather than summarizes it. To avoid this, it is imperative that you keep in mind that an Executive Summary should stand on its own. Think of it as a thumbnail image on a Web site. The goal in displaying a thumbnail is to reduce the download time, or to allow you to see multiple images simultaneously. If you like one of the images, you can click on it to see a more detailed (i.e., higher resolution) version. The same goes for an Executive Summary. It should provide a rough idea of the document's contents, but should save the details for those who are sufficiently interested to read the entire document.

It is essential that an Executive Summary not be too long. Actual length often depends on the length of the document being described. It also depends on professional norms. It would be unusual for an Executive Summary to be more than 10% of the entire document. And more often than not, it would be closer to 5% of the overall length, particularly when there is a word limit on the length of the overall document (as is the case with your assignments).

Introduction & Company Overview

The Introduction & Company Overview should introduce the reader to the report. Since your report is focused on a single organization, among other things, it should introduce that organization. In the first two assignments, the organization will not need much of an introduction since the marker will have read the case on which your assignment is based. But in Assignment 3, you cannot assume that the marker knows anything at all about the organization. It is essential for you to provide sufficient context to make sense of the subsequent sections. Toward this end, you may also need to introduce the organization's industry.

Author(s) of analytical documents often discuss the limitations of their report. This may happen in a separate section toward the end, or even in the conclusion. However, because you are not required to provide a conclusion to your report, you will discuss limitations in your Introduction & Company Overview. While you need not go into too much detail, you should at least identify the sources or assumptions on which your report depends. Additionally, you may wish to identify the sources or information that would enable you to provide a more detailed or more confident analysis.

Mandate

In [Lesson 1](#) and [Lesson 2](#) you will learn about organizations' mandates. Briefly, an organization's mandate describes why it exists, what it hopes to accomplish, and the limits to what it will do. Every organization has a mandate and many make their

mandate, or at least a portion of them, explicit in the form of Mission Statements, Visions, Core Values, *et cetera*. However, as you will learn, these public declarations often have more to do window dressing than guiding the organization's actions. The publicly stated Mandate is not always the same as the *assumed* mandate. It is important to recognize this distinction for it is the latter that you are to provide in your assignments, not the former.

In your assignments, your mandate should be divided into four elements. The first is the Mission or Core Purpose. The second is the Vision and/or Major Goals. Third is the organization's Core Values or, alternatively, its Guiding Principles. The final element is the Stakeholder Analysis.

Each of the foregoing should be kept relatively brief—even briefer than they might be in reality. So while some organizations might have lengthy Mission Statements, you should provide the Core Purpose, which should be no longer than a couple of sentences. The same is true of the Vision and/or Goals. Ideally, an organization's vision will be quite detailed. However, you should need just a few sentences to convey *your* understanding of what the organization hopes to be and/or accomplish in the long term. This also applies to the organization's Major Goals. If your organization has more than a handful, you need only include in your assignments the five or six that convey the most important outcomes.

As with the other elements of the Mandate, the Core Values/Principles should reflect *your* impressions of the organization's core values. This is particularly important if your organization has a Code of Conduct, which is often quite detailed. It's up to you to distill this code into a handful of values or principles that convey how this organization expects its representatives to conduct themselves. Somewhere between five and ten values or principles ought to suffice within the context of your assignments.

Stakeholder Analysis is the final element of the Mandate. A full-blown stakeholder analysis can be a report unto itself. For your assignments, all that is required is a list of the *most* important stakeholders and their *most* important implications for the organization you are analyzing.

External Analysis

An External Analysis is a review of the organization's industry, as well as the societal forces that shape it. Usually, the objective of an external analysis is to identify an organization's opportunities and threats. When an organization can increase the size of its operations or accrue more benefits from its existing operations, it has opportunities. When there is potential for reduced activity levels or for fewer benefits from these activities, the organization is facing threats. Needless to say, the goal of every organization is to exploit its opportunities and eliminate its threats.

[Lesson 3](#) provides you with a variety of tools with which to carry out an External Analysis. Ideally, each of these tools should be utilized. The usefulness of a particular tool will vary depending on the organization and its circumstances. Nevertheless, whenever possible, and to the degree possible, you should attempt to use each tool. That said, you should not include the results of these attempts in the body of your

assignments. If included at all, they should be in Exhibits at the end of the report. In the body of your report, you should provide a well-argued statement of the organization's opportunities and threats that *builds on* the analyses you undertook with the tools from Lesson 3.

The manner in which you organize the External Analysis section is up to you. You will need to consider the information you have at your disposal and how much space you intend to devote to this section. This decision, in turn, will depend on how much space you think you need for other sections. So before you write this section, make sure you have a clear vision of the structure of your report, its argument, and the emphasis to be given to each section.

Internal Analysis

In contrast with an External Analysis, which examines the world of which the organization is a part, an Internal Analysis looks inward at the organization itself. Ideally, it provides an objective assessment of the organization's strengths and weaknesses. Needless to say, strengths and weaknesses are relative measures and, for this reason, an Internal Analysis does make recourse to the world outside the organization. Even so, the emphasis is decidedly *internal* with the Internal Analysis being on the one hand an inventory of what the organization has and, on the other, an inventory of what it can do (and how well it does it).

Some of the tools with which an Internal Analysis is carried out are described in [Lesson 4](#). As with the External Analysis, the utility of these tools will vary from case to case. And here as well, you are not expected to include the raw results of the tools' application in your reports. Instead, you are once again expected to sift through these results and, after considering how much space you will devote to the Internal Analysis, to decide which information you are going to include. As above, how this information is organized is up to you. In the end, what you will be evaluated on is the specific strengths and weaknesses you identify and the level of support that you provide for them.

Strategic Options

In this section, you are expected to provide three distinct strategies for the organization being analyzed along with a balanced assessment of each strategy. In the context of *this* section, strategy is used in the broadest sense. In fact, it might even be better to invoke the concept of a "business model" here provided that it is used in the broad sense described in your textbook. Whatever the term, you are required to put forward three distinct directions in which the organization might go in its efforts to carry out its mission and realize its vision.

The five basic elements of a strategy are described in the Hambrick and Frederickson article assigned in [Lesson 5](#). Briefly, these include the differentiators, the arenas, the vehicles, the staging, and the economic model. If not explicitly, then implicitly you will describe each of these for each strategy. It is also expected that the strategies you propose will be compatible with the organization's mandate *and* its situation. And in that regard, it is assumed that you will provide an assessment of each strategy that allows its pros and cons to be compared with those of the other strategies.

Recommendation and Implementation

In the Strategic Options section of your reports, you are expected to identify several options for the organization being analyzed. In this final section of your report, you are expected to recommend one of those options and then elaborate on it. More specifically, you are expected to provide some guidance with respect to how the recommended option ought to be implemented.

In this section, you need *not* review the details you provided in the previous section. Nevertheless, you may end up doing so as you elaborate on the strategy you have recommended. The goal in this section is to address implementation issues. On one side of the coin are the things that the organization will need to do, and for these you will draw heavily on the ideas presented in [Lesson 12](#) and [Lesson 13](#). On the other side of the coin there are the things that can go wrong, meaning the things the organization needs to watch out for. What are the key risks? What could stop the strategy you have proposed from being successful? And what, if anything, can be done in the event that something does go wrong?

The challenge in writing this section will be deciding what should and should not be included. You could easily use up *all* of the space in your report (and much, much more) on implementation issues alone. Thus, you will need to have a clear sense of the amount of space you can devote to this section and the information that ought to be included. This decision will depend in part on the organization being analyzed. If it's a very large organization, the implementation effort may be outlined at a very high level of abstraction. If it's a small organization, it may get into specific details regarding particular individuals, processes, or products.

Exhibits

Your assignment may contain up to 10 pages of exhibits. These exhibits will not be marked *per se* and, in fact, may not even be examined. Nevertheless, they could have an influence on your mark if the marker decides that something you suggested in the body of your assignment would be significant if it were better substantiated. For example, you may wish to provide *pro forma* financial statements as an exhibit in order to support your earnings projections.

As with the word count, if you exceed the limit of 10 pages of exhibits, your assignment will be returned to you unmarked. And should this happen more than once, you will receive a grade of zero on the assignment.