Strategy Development Syllabus
Course #94-811 (6 units), Spring 2016 mini 3
Mondays and Wednesdays 1:30–2:50
Hamburg Hall Room 1004

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We do not have scheduled office hours. Please e-mail or call to set up a time to meet.

1. Course Description
This course introduces students to frameworks for understanding strategy development and implementation. Through a combination of theory and practice, students will be exposed to processes for formulating a sound, rational business strategy as well as the discipline required to successfully implement that strategy. Course activities and concepts include: 1) situational and environmental analysis, 2) internal capabilities assessment, and 3) appropriate linkage to an organization’s vision, mission, objectives, and historical performance. In addition, although these processes are most often attributed to private sector operations, this course is designed to consider the similarities and differences of strategy development in government entities and nonprofits as well. There are no prerequisite courses.

2. Course Objectives

<table>
<thead>
<tr>
<th>Learning Objective</th>
<th>How Assessed</th>
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<tr>
<td>Understand a broad overview of strategic thinking, strategy development, and tactical execution in a variety of contexts.</td>
<td>Class participation; papers; group project</td>
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<td>Describe and utilize foundational concepts and frameworks that are used “in the real world” to craft winning strategies.</td>
<td>Class participation; papers; group project</td>
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<td>Identify and clearly define a problem/issue; analyze and question data and information in a rigorous manner.</td>
<td>Class participation; papers; group project</td>
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<td>Listen to, respect and heed the advice and ideas of others.</td>
<td>Class participation; group project</td>
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3. Course Materials (all materials are listed in the ‘Class Schedule’ section of this syllabus)
1) Case studies – typically one case per class session
2) Articles
3) Text – there is no textbook for the class
4. Class Structure
Classes typically consist of one case discussion and a review of the associated reading material. The readings are meant to provide theory and frameworks to assist in case analysis. Instructions for each class and questions to assist with case analysis are included in the ‘Instructions and Study Questions’ section of this syllabus.

5. Expectations
Typically, cases require 2 to 3 hours of preparation and readings/articles require 1 hour of preparation. It is expected that everyone will be prepared to discuss the cases and the readings. You are permitted and encouraged to discuss cases and reading material before class in a study group with other members of the class.

My goal is to make this an excellent learning experience for you. If at any time you feel that the course is not meeting your expectations, PLEASE CONTACT ME. If you would prefer to provide anonymous comments, please leave a message in my office mailbox or speak with my supervisor, Andy Wasser.

Be respectful of others: arrive to class on time; do not return from break late with a coffee from the local coffee shop; if you must leave class early, please let me know beforehand.

6. Evaluation/Grading
All assignments and class participation are graded on a point scale as outlined below. The maximum points one can achieve for the entire semester is 300. Final course grades will be assigned as follows:

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<th>Letter Grade</th>
<th>Point Range</th>
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<tr>
<td>A+</td>
<td>295-300</td>
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<tr>
<td>A</td>
<td>282-294.5</td>
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<tr>
<td>A-</td>
<td>273-281.5</td>
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<tr>
<td>B+</td>
<td>264-272.5</td>
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<td>B</td>
<td>252-263.5</td>
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<tr>
<td>B-</td>
<td>243-251.5</td>
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<tr>
<td>C+</td>
<td>234-242.5</td>
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<td>C</td>
<td>222-233.5</td>
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<td>C-</td>
<td>213-221.5</td>
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<td>D</td>
<td>181-212.5</td>
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<td>F</td>
<td>Below 180</td>
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Class participation – 30% of course grade for a maximum of 90 points. Each student begins the semester with 75 points. Points are added or subtracted from the 75 according to the following:

- 0-15 points are added for class participation as evaluated over the course of the semester by the professor. Everyone is encouraged and expected to participate in class discussions and activities. Sharing your own knowledge and experience benefits the entire class. Constructive contribution to the class discussion and genuine listening to others is an important element of class participation. Keep in mind that high quality participation is the goal, not high quantity of airtime. In other words, it's not how much you talk, it's what you say that's important.
- Attendance is taken at all classes, including the first class. If a student is absent from class, 6 points are deducted from his or her participation score.
- There is a penalty for excessive absences. If you miss four classes, 30 points will be deducted from your final course grade. If you miss five classes, 45 points will be deducted from your final course grade.
grade. If you six or more classes, 60 points will be deducted from your final course grade. Additionally, if you are more than a few minutes late arriving to class, two points will be deducted from your class participation score. Clearly, your attendance in class is valued!

**Individual Written Assignments** – 33% of course grade. There are two assignments (50 points each) for a total of 100 points for the entire semester. Refer to the last page of this syllabus for the grading rubric and the actual assignments.

**Final group project** – 37% of course grade; 110 points maximum. For the group project, each team will choose an organization to analyze. The team will critique the organization’s strategy and make specific recommendations on areas of improvement.

**7. Academic Statement**
You are expected to attend class, be prepared for class and participate in the discussions. Written assignments are due on or before the due date. If you must miss a class, please notify me with as much advanced notice as possible; if you cannot talk with me directly, please leave a message on my voice mail or on my e-mail. For any class that you miss, you are responsible for obtaining the notes and related materials from another student.

Please let me know if you do not understand class material or requirements or if any special circumstance prevents you from completing a class requirement on time.

You are responsible to know and adhere to all University policies on academic integrity. The Heinz School provides a booklet on Plagiarism and Cheating and the University lists all policies on the web at www.cmu.edu/policies/documents/Cheating.html. Please acquaint yourself with their contents. Any cheating or plagiarism will result in failure in the course and your case will be referred to the Associate Dean, who may decide to take further action.

**8. Recording academic classroom activities, lectures, etc.**
Classroom activities, lectures, etc. may not be recorded without written permission from me (the instructor) in advance. If I permit a student to record classroom activities, lectures, etc., the student may do so for his/her own personal use only; additionally, no copies of the original recording can be made.
<table>
<thead>
<tr>
<th>Class/Date</th>
<th>Topic</th>
<th>CASE AND ARTICLE ASSIGNMENT (read in preparation for class)</th>
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</table>
| 1/11/16    | Class Introduction | 1. “The Case Method” by David Lassman  
2. Course syllabus |
| 1/18/16    | NO CLASS | Martin Luther King Day |
| 1/20/16    | Vision, Capabilities and Coherence | 1. Southwest Airlines: In a Different World (HBS 9-910-419)  
3. “The Coherence Premium” by Paul Leinwand and Cesare Mainardi (HBS R1006F) |
| 1/25/16    | Vision, Capabilities and Coherence | 1. Oxfam America (HBS 9-798-036)  
2. “Building Your Company’s Vision” by James Collins and Jerry Porras (HBS 96501) |
| 1/27/16    | The Balanced Scorecard | 1. City of Charlotte (A) (HBS 9-199-036)  
| 2/1/16     | The Balanced Scorecard (continued) | None – continuation of prior class discussion on City of Charlotte |
| 2/3/16     | Developing Strategic Options: Innovator’s Dilemma | 1. Simulation: Back Bay Battery (HBS 7015HTM)  
2. “Why Good Companies Fail to Thrive in Fast Moving Industries” by Clayton Christensen (HBS 1713BC) |
| 2/8/16     | Developing Strategic Options: Innovator’s Dilemma | Chapter 7 of The Innovator's Dilemma, by Clayton Christensen |
| 2/10/16    | Developing Strategic Options | 1. GE's Growth Strategy: The Immelt Initiative (HBS 9-306-087)  
2. “Seven Ways to Fail Big” by Paul Caroll and Chunka Mui (HBS R0809F) |
2. “Back to Basics” The New Yorker 5/15  
3. ITC Limited’s Dairy Development Initiative (HBS W13249)  
4. “Creating Shared Value” by Michael Porter and Mark Kramer (HBS R1101C) |
| 2/17/16    | Creating Shared Value | 1. Go to the website: Visit ITcportal.com to learn more about ITC. |
| 2/22/16    | Global Strategy | 1. Lincoln Electric (HBS 9-707-445)  
2. “Strategies That Fit Emerging Markets” by Tarun Khanna, Krishna Palepu and Jayant Sinha (HBS R0506C) |
| 2/24/16    | Strategy Implementation | 1. Ben and Jerry’s Homemade Ice Cream: A Period of Transition (HBS 9-796-109)  
2. “Bringing Science to the Art of Strategy” by A.G.Lafley, Roger Martin, Jan Rivkin and Nicolaj Siggelkow (HBS R1209C) |
| 2/29/16    | Wrap up, Summary | “Blue Ocean Strategy” by W. Chan Kim and Renee Mauborgne (HBS R0410D) |
Instructions and Study Questions

Note: I do not expect written responses; these are NOT to be answered for the ‘Individual Written Assignment’.

Class 1 – Class Introduction and Introduction to the Case Method
Please read the article “The Case Method” and the course syllabus in preparation for our first class.

Class 2 - Cola Wars Continue: Coke and Pepsi in 2010
1. Analyze the cola industry using the ‘5 Competitive Forces’ model.
   a) Potential Entrants: Why haven’t others successfully challenged Coke and Pepsi? What are the barriers to entry?
   b) Substitute Products: What are the substitute products and how are they doing relative to Coke and Pepsi?
   c) Power of Suppliers: Consider the power of suppliers of cans, sweetener, and other raw materials
   d) Power of Customers/Buyers: Consider the power of bottlers, sellers (grocery, restaurant, etc.) and end-users (customer who drink the CSD)
   e) Cola Industry Rivals: Who are the rivals, including Coke and Pepsi, and how do they differentiate themselves? How many are there?
2. Why, historically, has the soft drink industry been so profitable? How has the competition between Coke and Pepsi affected the industry’s profits?
3. How have the ‘Cola Wars’ played out over the years, i.e. who have been the ‘winners’ and who have been the ‘losers’? Who is winning now?
4. How can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-CSDs (non-Carbonated Soft Drinks)?

Class 3 – Southwest Airlines: In a Different World
1. Why has Southwest been so much more successful than its competitors? In answering this question, consider the following four topics: 1) Who is Southwest’s target market? 2) What is the customer experience like when flying Southwest? 3) What does Southwest do operationally with regards to airports, planes, fuel, etc? and 4) What are Southwest’s HR policies and what is expected of employees?
2. How has the original strategy been altered in recent years? How, if at all, have these changes affected Southwest’s key success factors?
3. Would you recommend that Southwest Airlines acquire the gates and slots available at LaGuardia Airport? Why or why not?
4. How does this decision fit with others that the airline’s management has made recently or faces in the future?

Class 4 – Oxfam America
An Individual Written Assignment is due. Please refer to the last page of this syllabus.

Class 5 – City of Charlotte (Part 1)
1) What do you think of Charlotte’s Mission Statement and Vision?
2) What are the pros and cons of Charlotte’s government structure, i.e. part-time elected officials and appointed city manager, attorney, clerk, etc.? How does it compare to other government structures with which you are familiar?
3) What do you think Charlotte did well in the implementation of the BSC? What have they not done well and how could they improve?
4) Do you like the Balanced Scorecards developed by Charlotte as shown in the exhibits? Do you think they are useful? If not, why not?
5) Have you ever worked for an organization with a Balanced Scorecard or something similar? Was the scorecard explicitly tied to the organization’s strategy? How successful was the scorecard in driving actions that supported the strategy?

**Class 6 – City of Charlotte (Part 2)**
1) In the last few classes, we have discussed for-profit companies (Coke and Pepsi), a not-for-profit organization (Oxfam) and a government (the City of Charlotte). Do organizations view strategic planning differently depending on if they are 1) for-profit, 2) not-for-profit or 3) government/municipality? And do they place the same emphasis on measuring the results of their efforts to ensure that they are meeting their strategic objectives? If, in reality, strategic planning is different depending on the type of organization, why does that happen, i.e. what is it about the environment, circumstances, etc. that causes for-profit organizations to perform strategic planning differently?
2) Perform a five forces analysis for a municipality such as the City of Charlotte: potential entrants, substitute products, power of customers (who are the customers?), power of suppliers (who are the suppliers?) and rivals.
3) Think about how you would implement a Balanced Scorecard for the organization (or just your department) where you currently work or worked most recently. What would be the key objectives in each of the four categories: customer, financial accountability, internal process and innovation/learning?

**Class 7 – Back Bay Battery (Part 1)**
1. Please read the article “Why Good Companies Fail to Thrive in Fast Moving Industries” before running the simulation.
2. When you log into the simulation, you will be provided with two pieces of background information: an 8-page, downloadable pdf and a brief (7 minutes) video. Please read the article and watch the video before running the simulation.
3. Please do the simulation BEFORE class – this is a requirement. I will allow you to run the simulation up to three times on your own. Please don’t wait until the last minute to run the simulation in case you need assistance from me or HBS Publishing.
4. If for some reason the simulation is not running correctly, I recommend you reboot your computer or try it on another computer before contacting me or HBS Publishing. Believe it or not, every semester a couple of students have technical problems, which are easily resolved by rebooting or using a friend’s computer. Another trick is to clear your browser’s ‘browsing history’: I once had an issue with the simulation using Google Chrome, so I cleared my browser’s history from ‘the beginning of time’, rebooted my computer, and the simulation worked. However, don’t hesitate to get in touch if you are truly stuck – I can be reached at 412-999-3612.
5. I will monitor the results in the days leading up the class. If warranted, I may allow you to run another simulation on your own before class.
6. In class, I will put you into teams of 2-3 and you will run the simulation another 1 or 2 times.
7. Everyone please bring a computer – and a power supply if needed – to class.
8. For these individual runs, the simulation is in an ‘easier’ mode. In class, the simulation will be more advanced and you will be required to enter annual sales estimates. If your estimates are too far off, you run the risk of getting fired, and thus will not be permitted to finish the simulation.
9. Depending on the results of the in-class simulation, I may allow you to run additional simulations after class.
Class 8 – Back Bay Battery (Part 2)
1. What did you learn during the simulation?
2. What was difficult about playing the simulation?
3. What did you struggle with most as you thought about how you would allocate your R&D investment dollars?
4. What specific information did you concentrate on during each decision-making round?
5. What do you think it takes to win, i.e. what comprises a winning strategy in this simulation?
6. Have you worked for an organization facing a disruptive innovation? What happened?
7. Can you envision a disruptive innovation impacting an organization you have worked for? What could happen?

Class 9 – GE’s Growth Strategy: The Immelt Initiative
1. How difficult was the task facing Immelt as he assumed the CEO role in 2001? What is forcing him to consider change, especially when one considers how well GE has done the previous 20 years?
2. What do you think of the broad objectives Immelt has set for GE? Can a giant global conglomerate hope to outperform the overall market growth? Can size and diversity be made an asset rather than a liability?
3. What is your evaluation of the growth strategy Immelt has articulated? Is he betting on the right things to drive growth?
4. After 4 ½ years, is Immelt succeeding in his objectives? How well is he implementing his strategy? What are his greatest achievements? What is most worrying to you?
5. What advice would you offer to Immelt as he faces the next stage of his leadership of GE?

Class 10 – ITC Limited’s Dairy Development Initiative
1. What are the benefits of e-Choupal for farmers and for ITC? How did ITC leverage e-Choupal to develop new food products?
2. Why did ITC develop the ‘social and farm forestry program’ described on pages 5 and 6 of the case? What are the benefits of this program for farmers and for ITC?
3. How has the concept of ‘creating shared value’ been woven into ITC’s overall corporate strategy? Look for examples in the case of how ITC has: 1) reconceived products and markets, 2) redefined productivity in the value chain, and 3) enabled local cluster development (the three key ways to create shared value, per the article by Porter and Kramer)
4. Can ITC’s existing model of creating shared value be applied to dairy development? Why or why not?

Class 11 – Creating Shared Value (continued)
1. What did you learn about ITC while visiting the itcportal.com website? How has this new information impacted or changed your views on their CSV efforts?

Class 12 – Lincoln Electric
1. What are the Indian markets for welding equipment and welding consummables like?
2. What are the key characteristics of Lincoln Electric, i.e. what are they know for in the industry?
3. Has Lincoln Electric been successful in other foreign expansions? What worked and what didn’t?
4. Assuming Lincoln Electric decides to expand into the Indian market, which of the three options – or combination of options – for entering India would you choose and why: 1) by acquisition, 2) by joint venture with a partner, or 3) by building a new plant on its own?

Class 13 – Ben and Jerry’s Homemade Ice Cream Inc.: A Period of Transition
1. What issues is Ben and Jerry’s Homemade Ice Cream Inc. facing in 1995?
2. In addition to the issues identified in the question above, are there other issues that Bob Holland is facing as he takes over Ben and Jerry’s?

3. Is the first ever financial loss in 1994 due solely to the $6.8 million write-down of the new factory or is something else going on? Are some components of Ben and Jerry’s cost structure higher than their competitors?

4. At the time of the case, does Ben and Jerry’s have a clear and coherent strategy? Articulate it if you can.

5. What should Ben and Jerry’s strategy be going forward? In particular, how should they address quality, their requirement to use ‘Vermont natural dairy’ ingredients, the company’s ‘Hippie’ culture, their cost structure, diversification (both in products and geography), etc. Consider how the first three steps in the “Bringing Science to the Art of Strategy” article could be used to formulate the strategy.

6. Based on your answer to question #5 above, how should Bob Holland implement the strategy? What actions should he take? What will be the biggest obstacles to implementing the strategy?

Class 14 – Wrap up and Summary
In our final class, we will discuss topics of your choosing. Of course these topics should have something to do with Strategy Development. Send me topics of interest and I will come to class prepared to lead a class discussion on them.

Please e-mail your discussion topic ideas by Friday, February 26th, at 6:00PM so that I have enough time to prepare for class.

Also, please complete the 'Strategy Development Case/Article Evaluations’ form, which you received at the beginning of the course, and bring it to class or e-mail it to me. I value your feedback so please take the time to complete this carefully.
Individual Written Assignments

The individual written assignments are due by the beginning of class on the due date. Please submit a Word document (not pdf) via Blackboard. This paper is an individual effort; you may not work on this paper with other students. Note that there is a maximum length for each assignment: one paper is 800 words and the other is 1000 words – please read the assignment carefully!

Grading rubric (50 points maximum) – each bullet below reduces the grade by 2-5 points, (except for late papers, which receive 0 points):
- Argument refutes case/article facts and/or is not supported by information in the case/article.
- Essay does not stay focused on its core points and/or lacks any particular point of focus.
- Response is too short and does not include enough detail.
- An assertion is made but not defended nor elaborated on; if you make an assertion/decision, you must defend it.
- Too much case fact restatement and not enough analysis.
- Excessive poor grammar, run on sentences, etc.
- Paper too long, i.e. it exceeds the stated word limit.
- Paper turned in late (0 points)

   Pointer: It is important that you support your analysis with case facts. It is equally important that you draw conclusions based on those case facts – i.e. don’t just restate case facts; also consider what those facts mean and how they impact your decisions/arguments.

For the individual written assignments, you are not required to footnote if you quote the assigned article and case. However, if you quote/reference another document, you must cite that via footnotes.

Individual Written Assignment #1 – ‘Oxfam America’
The paper must be less than 800 words. For this assignment, please read “Oxfam America” and “Building Your Company’s Vision” and answer the following question:

If you were Raymond Offenheiser, which of the three strategic options described on page 6 of the case would you choose and why? You may pick any one option or any combination of the options in the case.

Individual Written Assignment #2
The paper must be less than 1000 words. For this assignment, please consider all of the readings and class discussions from the course and answer the following question:

What is the one key lesson or concept you learned from this course? Describe the implications this lesson had for you in a prior job, or may have for you in a current or future job.