

## Strategic Management

### STRAT 3700

#### CONTACT

Professor: Bill Hesterly

Contact: Please use the Canvas Inbox for Course-Related Messaging.<sup>1</sup>

*Information about Student Hours and TA are provided in Canvas.*

#### COURSE DESCRIPTION

The central question of this course, and of the topic of strategy generally is “**Why do some firms outperform others?**” Applied to firms and managers, the question is, “How can we strategically position our firm for superior performance?” We will spend the term learning strategy concepts and applying them to real business situations presented in cases and other examples.

This course is intended to introduce students to the basics of how firms choose and implement their strategies. Strategic management is concerned with how a firm sets its direction, chooses its business activities, and establishes and defends its position in a competitive market. This course will introduce you to concepts and tools that will help you to develop an understanding of how strategies are formed and managed, and how competitive advantages might be created and sustained. Course topics include industry analysis, firm analysis, business level strategies, vertical integration, diversification, strategic alliances, and mergers and acquisitions among other topics.

This course 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 also valuable for entrepreneurs, and would-be-entrepreneurs, who are often responsible for a wide range of decisions. When those decisions are based on sound strategic analysis, the venture has a greater likelihood of surviving. Additionally, this course allows you to practice deploying strategic tools and gives you the opportunity to make mistakes in a relatively cost-free environment. **Strategy can be uncomfortable because the questions and answers are often ambiguous and the solutions unclear.** However, it is typically the case that better alternatives can be chosen through careful application of the tools and frameworks used in this course.

---

<sup>1</sup> Please send an email to me on Canvas by 10pm the day before if you would like to meet and send me specific questions if you have them (e.g., I want to discuss my PO) so that I can be prepared.

## LEARNING OBJECTIVES

The overarching objective of this course is to give you the tools to analyze the strategic situation and prospects of any business. This will mostly be accomplished through the systematic application of powerful frameworks and critical thinking. By the end of the course, you will be able to:

1. Identify and analyze business units and their corporate strategies using the tools provided by the instructor and the textbook.
2. Assess the past performance and likelihood of future success of real strategies.
3. Formulate recommendations for meeting competitive and organizational challenges faced by managers.
4. Communicate recommendations persuasively and succinctly.

## REQUIRED TEXT AND COURSE MATERIALS

*Strategic Management and Competitive Advantage: Concepts and Cases*; Barney and Hesterly, 6th edition.

Through Inclusive Access, this book will be available electronically via Canvas. If you do not want to use the electronic textbook, you may opt out. To access the textbook sign into Canvas. On the left side of the screen, click on Bookshelf to get the book.

Hard copies of the text can be purchased online. If you decide to purchase the book on your own, make sure that you purchase the Concepts and Cases version and that you get the 6th edition.

## COURSE GRADES

Grades will be weighted as followed:

Position Outlines	25%
Exams	20%
Team Project	15%
Team Videos	10%
Quizzes	10%
Participation	20%
Total:	<u>100%</u>

### Position Outlines

Each student must submit short (**300 words** only) assignments that we will term **Position Outlines (PO)**. **The goals of the PO are to show me:**

- **how well you can apply course concepts to a case;**
- **that you can present that analysis clearly in a quickly digestible format.**

## PO Expectations

The PO should present your main idea(s) about the case for discussion. In other words, give me what you think is important about the case. Do not summarize (I have read the material). **Please underline or highlight in some other way in the PO, in a few words, the most significant contribution points that you wish to make.** Generally, highlighting 3 to 4 sentences is about right. Less than three is usually too few. More than five is usually too many. Do not try to cover every issue in the case. It is much better to develop one or a few issues than to deal superficially with several. Finally, write these assignments in paragraph form not outline form.

A 300-word PO fits nicely on one double-spaced page. You may add tables, figures, etc. beyond one page. Such exhibits will not count against the 300-word limit. Remember, exhibits must complement rather than substitute for one page of text.

The criteria that I will use in evaluating your POs are:

- How well (insightfully) *did you apply concepts to the case?* [most important]
- *How clearly and forcefully did you make your point?* (Does your main point appear early in the paper? It should be in the first sentence!)
- *Style and appearance of the paper* (grammar, spelling, punctuation, logic, flow, etc.)
- *Are the key ideas appropriately highlighted?* It helps to have two to four key points highlighted. Too few instances of highlighting make it difficult for the reader to quickly see what your key ideas are. Too many defeats the purpose of highlighting.
- *Do you use figures, tables, etc. to highlight key insights?* I like appendices when they make the points in your text more vivid.
- *Can you insightfully incorporate quantitative analysis* into your analysis when appropriate?

## Quizzes

Quizzes are a great way to tell if you are keeping up with the material and for me to diagnose where I need to do a better job of explaining course material. The quizzes are intended to be relatively “low stakes.” By that I mean that no single quiz is going to have much impact on your overall grade (approximately 3% meaning that you can miss a quiz entirely and still get an A grade). There are no make-ups.

## Exams

There will be two exams, a midterm and a final. The final exam will be selectively comprehensive. By selectively, I mean that I will include the most central concepts from the first half of the class on the final exam (I will offer guidance as to what will be covered from the first half of the course).

## Team Project

Teams of 5-6 students will conduct research on a company and analyze its strategy. The deliverables for the individual project will be a presentation of no more than 10 minutes along with your slides. I will give more detailed instructions later in the semester.

## Team Case Analysis Videos

Pre-recorded team presentations showcasing your analysis of a case will be submitted in Canvas. Several delivery methods can be utilized including video and audio combined with PowerPoint, white board, and screen captures to help facilitate your case assessment. Team presentations are limited to 5-minutes to encourage unique insightful responses.

### Analysis Components

For these case analyses, teams should adopt the role of an outside analyst or as a consultant to management (unless directed otherwise). Imagine that your team works for an investment or consulting firm and that it has been given the assignment of evaluating the current state, and future potential, of the strategies being pursued by the firm in the case. In preparing an analysis, your team should:

- Identify the key strategies being pursued by the firm;
- Evaluate the effectiveness of these strategies;
- Explain why these strategies are effective or ineffective; and
- Recommend any changes that should be made to increase the effectiveness of these strategies.

In addition, in many of the cases, the firm in question is contemplating, or has implemented, several specific strategic actions (e.g., an acquisition, a divestiture, a strategic alliance). In this situation, the team presentation should also include an evaluation of these specific strategic actions and, where appropriate, recommendations should be made and justified.

### Evaluation Criteria

The following criteria are used to evaluate team presentations:

- **Excellent** Team Presentations tell a distinct/unique story about a firm's strategies: What are the fundamental economics of a firm's strategy? How are different parts of the strategy related? What are the long-term objectives of a firm's investment in a strategy? Excellent analyses justify each major point with reference to critical facts in the case. *Ideas and concepts from the readings and lectures are incorporated into the discussion as appropriate and in a seamless way.* The application of these ideas and concepts often leads to surprising, counter-intuitive analyses and recommendations. At the end of these presentations, the viewer is absolutely convinced of the wisdom of any final recommendations.
- **Mediocre** Team Presentations have few of these attributes. Instead of "telling a story" about a firm's strategies, these analyses simply repeat the facts and assertions contained in the case. Critical facts in the case are ignored or not integrated into the presentation. For example, these mediocre analyses will often include a summary of facts from the case but will fail to discuss the strategic implications of these analyses. The presenters take a "kitchen sink" approach by indiscriminately applying concepts that do not get to the heart of the case. Often, the different parts of these mediocre presentations are not linked—almost as if different people created different sections, but no one took the time to bring these

sections together, or to discuss the implications of each section for other sections. These presentations rarely generate any counter-intuitive or surprising analyses or recommendations. At the end of the presentation, the viewer is only convinced that, in fact, members of the team read the case. The reader is not convinced about the wisdom of any final recommendations.

### **Length and Other Requirements.**

Team Presentations should be **no longer than five-minute recordings**. These presentations are constrained to five-minutes in order to push teams to provide unique, insightful responses about the case questions rather than reiterating facts from the case. Rather than attempt to cover the full breadth of possible recommendations or insightful explanations, focus on what you think is most important and essential. ***Teams do not need to (and usually should not) draw on sources of information outside the material provided in the case.*** Team presentations that are not turned in on time, will receive a substantial penalty. Unless the University Canvas server closes down, there will be no exception to this rule, so please plan accordingly.

### **Class Participation**

Students are primarily responsible for the quality of class discussions. I expect that you will discuss cases and concepts with one another with some moderation from me. At times I will call on specific students to offer their analysis (you must be prepared when called upon). Much more often, however, you will volunteer comments without me calling upon you.

**To receive a high grade in participation, your participation must be frequent and of high quality.** Essentially, I am interested in the impact that you have on class discussion and learning. Quality is much more important than quantity, but your frequency of participation still matters. By frequency, I expect that you will be *prepared* to make *substantive* contributions (i.e. your hand is raised even if I don't call on you) several times per class. ***Keep in mind that a good class discussion is like a conversation. Students should talk to each other as opposed to making serial unrelated recitations. Most comments build on or address the preceding comments of other students.*** Frequently, two or a few students will engage each other in discussing or debating a point.

In assessing the quality of your participation, I will consider the following:

- Do comments further the class's understanding of the issues discussed?
- Do comments raise interesting questions?
  - Do comments build on the class discussion? Are comments linked to those of others?
- Students should generally avoid making disjunctive comments (i.e. comments unrelated to the flow of discussion).
- Is there evidence of analysis and insight rather than mere expression of opinions?
- Are implications clearly drawn?
- Do comments go beyond mere recitation of case facts?

## **COURSE TECHNOLOGY**

If you are new to Canvas, check the [Student Guide](#) for help. Make sure you have the [basic computer specifications and a current browser](#), a good Internet connection, a webcam and microphone (internal or external). [Add your profile picture](#) to allow classmates to “see” you.

For all technical issues including those related to Canvas (i.e. submitting homework, taking quizzes, videos, etc.), please do one of the following:

1. Contact 24/7 Canvas Support directly at 1-844-527-0328
2. Use "Help" in Canvas to chat with Canvas support.
3. Contact the University of Utah help desk at (801) 581-6112 during business hours or by email at [classhelp@utah.edu](mailto:classhelp@utah.edu).

## **COURSE POLICIES**

Late submissions are not accepted on quizzes. For assignments, I will accept late submissions but with a 10% penalty in the first week and 20% after it is more than 1 week late.

## **PROFESSOR'S SHORT BIOGRAPHY**

Bill Hesterly is the Dumke Family Presidential Chair of Management and Daniels Fund Professor of Ethics in the Department of Entrepreneurship & Strategy in the David Eccles School of Business at the University of Utah where he also serves as Associate Department Chair. From 2006-08 he served as Associate Dean of Academic Affairs and from 2008-19 as Associate Dean of Faculty in the David Eccles School of Business in addition to his service from 1996-99 as Department Chair. He has served as the Senior Editor of Long Range Planning, a European journal in the field of strategy and on the editorial boards of Strategic Organization, Organization Science, and the Journal of Management.

His research on inter-firm alliances, organizational economics, and the micro-foundations of strategic behavior has been published in leading journals such as the Academy of Management Review, Organization Science, Journal of Economic Behavior and Organization, Strategic Management Journal, and the Journal of Management. Professor Hesterly's research has been featured in the Wall Street Journal and a New Yorker article by Malcolm Gladwell among other outlets. He also co-authored (with Jay Barney) a chapter in the Handbook of Organization Studies. The Handbook received the George R. Terry Award for the Outstanding Book in the field of Management. He has also co-authored (with Jay Barney) Strategic Management and Competitive Advantage, which is published by Prentice-Hall and is in its sixth edition.

Professor Hesterly has twice received the outstanding graduate teaching award for the David Eccles School of Business as well as the outstanding teaching awards for the EMBA and PhD Programs. He has also received the Student's Choice Award for the outstanding teacher in the Management Department. Professor Hesterly was also awarded the Western Academy of Management's Ascendant Scholar Award. He has consulted with Fortune 500 firms in the computer, electronic instrument, paper, business machines, broadcasting, food retail, mining,

medical equipment, and telecommunications industries as well as smaller firms in numerous industries. A native of Louisiana, Professor Hesterly attended LSU and Brigham Young University before receiving his Ph.D. from the University of California, Los Angeles.

## MY TEACHING PHILOSOPHY

My teaching philosophy is simple: the student's learning philosophy is vastly more important than anything that I do. Ken Bain points out three kinds of learners in his book, *What the Best College Students Do*. **Surface (or survival) learners** focus primarily on passing the exam not on using what they read or hear in a course outside of the "classroom." **Strategic learners** also focus primarily on learning what they need to for a grade but their focus is on achieving a high grade for some instrumental purpose (e.g. graduate school). In contrast, **deep learners** "[try] to comprehend what difference an idea, line of reasoning, or fact [make], and how it relates to something they had already learned." The deep learner seeks to apply, analyze, synthesize, evaluate, and theorize. My personal observation has been that the most successful people that I know (including many CEO's) are curious deep learners.

One final observation: real learning takes effort. Wes Cohen (Duke) and Daniel Levinthal (U. of Pennsylvania) summarize this point very well in their classic article on absorptive capacity:

To develop an effective absorptive capacity, whether it be for general knowledge or problem-solving or learning skills, it is insufficient merely to expose an individual briefly to the relevant prior knowledge. *Intensity of effort is critical*. With regard to storing knowledge in memory, Lindsay and Norman (1977: 355) noted that the more deeply the material is processed- *the more effort used, the more processing makes use of associations between the items to be learned and knowledge already in the memory* -the better will be the later retrieval of the item. (Cohen & Levintah, 1990 *Administrative Science Quarterly*).

## ACADEMIC CONDUCT AND RESPONSIBILITIES

### David Eccles School of Business Statement of Professional and Ethical Conduct

Because of the importance of professional and ethical behavior in business, and its emphasis in our program, professional or academic misconduct is not tolerated in the David Eccles School of Business. Students are expected to adhere to the standards of behavior outlined in the University of Utah Code of Student Rights and Responsibilities ([Policy 6-400](#)). Students engaging in behavioral misconduct could be subject to suspension or dismissal from the University. Students involved in any form of academic misconduct, including but not limited to cheating on tests, plagiarism and collusion may, at the instructor's discretion, receive a failing grade in the course, examination, or academic assignment. In addition to or instead of this sanction, the instructor may refer the case to the Student Behavior Committee for hearing. If the instructor chooses not to do so, the Associate Dean for Academic Affairs, after appropriate investigation, may do so along with a recommendation to dismiss the student from the Business School. If, after hearing the evidence, the Committee determines that the student in question is guilty of the misconduct charged, the Committee may impose sanctions in addition to those taken by the professor. If the academic dishonesty is not proven, the instructor must rescind any sanctions imposed and will be required

to evaluate the student's performance with the assumption that there has been no misconduct. The School will treat the student likewise. If a student suspects another student of academic misconduct, he/she should refer the incident to the instructor, the appropriate department, the Associate Dean for Academic Affairs, or the Student Behavior Committee, administered by the Associate Dean of Students, 270 Union.

### Academic Code of Conduct

For more information on students' rights and responsibilities, please refer to [the Student Code](#).

### Student Conduct in Remote Learning Contexts

The [Student Code](#) remains in place for all students whether a course is offered in person, online, or remotely. The instructor's intellectual property rights and the privacy of all course participants must not be violated by students at the Eccles School of Business. Students may not share course materials with non-class members without explicit written permission from the course instructor. Harassment or bullying of instructors and students, including via electronic media, the internet, social networks, blogs, cell phones, and text messages, will not be tolerated. Students found responsible for such infractions are subject to disciplinary sanctions. Students may not record any part of a class session without the express consent of the instructor, unless approved as a disability accommodation. Individual course instructors may record course sessions but only for use by registered class members for instructional purposes. All recordings will be housed on secure platforms authorized by the University of Utah (e.g., Canvas). Students also have the right to fair treatment by their instructors. This right, and other important rights, are outlined in Section Two of "Policy 6-400: Code of Student Rights and Responsibilities ("Student Code")." This can be accessed through the [Dean of Students website](#).

## GRADING POLICIES

### David Eccles School of Business Statement of Grading Policy

Grading provides feedback to students on how well they have mastered the content and learning objectives of a particular course to allow students to capitalize on strengths and work to improve weaknesses through future courses of action. The DESB grading policy is intended to ensure grades offer reliable feedback regarding student performance, and to ensure fairness and consistency across the School. The faculty member is responsible for arriving at a grade for each student that the faculty member believes appropriately reflects the student's mastery of the course material and learning objectives. The faculty member will then consider the class' overall performance in terms of School guidelines. These guidelines are provided to ensure that grading, on average for the School as a whole, is sustained at a reasonable level over time. The guidelines are as follows:

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
94 - 100% = A	87 - 89.9% = B+	77 - 79.9% = C+	67 - 69.9% = D+
90 - 93.9% = A-	84 - 86.9% = B	74 - 76.9% = C	64 - 66.9% = D
	80 - 83.9% = B-	70 - 73.9% = C-	60 - 63.9% = D-
			00 - 59.9% = E

<b>Course Level</b>	<b>Guideline</b>
---------------------	------------------



1000 – 2000	2.8 – 3.2
3000 - 3990	3.0 – 3.4
4000 - 5990	3.2 – 3.5

If students have a concern about their grade in a particular course, they should consider whether it reflects an accurate evaluation of their mastery of the course material and learning objectives, in terms of the above descriptors. If they need clarification of the instructor's evaluation, they should meet with the instructor to obtain additional information and feedback. If after doing so, they believe their grade was arrived at in an inappropriate manner, they may pursue an appeal through the School's appeals process as described in Section 5.15 of the University of Utah Code of Student Rights and Responsibilities ([Policy 6-400](#)).

## UNIVERSITY POLICIES

### Americans with Disabilities Act Statement

The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the [Center for Disability Services](#), 162 Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations. All written information in the course can be made available in alternative format with prior notification to the Center for Disability Services.

### Campus Safety

The University of Utah values the safety of all campus community members. To report suspicious activity, call campus police at 801-585-COPS (801-585-2677). You will receive important emergency alerts and safety messages regarding campus safety via text message. For more information regarding safety and to view available training resources, including helpful videos, visit [safeu.utah.edu](http://safeu.utah.edu).

### Addressing Sexual Misconduct

Title IX makes it clear that violence and harassment based on sex and gender (which includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).

### Undocumented Student Support Statement

Immigration is a complex phenomenon with broad impact--those who are directly affected by it, as well as those who are indirectly affected by their relationships with family members, friends, and loved ones. If your immigration status presents obstacles to engaging in specific activities or

fulfilling specific course criteria, confidential arrangements may be requested from the Dream Center. Arrangements with the Dream Center will not jeopardize your student status, your financial aid, or any other part of your residence. The Dream Center offers a wide range of resources to support undocumented students (with and without DACA) as well as students from mixed-status families. To learn more, please contact the Dream Center at 801.213.3697 or visit [dream.utah.edu](http://dream.utah.edu).

### **Diversity / Inclusivity Statement**

It is my intent that students from all diverse backgrounds and perspectives be well served by this course, that students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength and benefit. It is my intent to present materials and activities that are respectful of diversity: gender, sexuality, disability, age, socioeconomic status, ethnicity, race, and culture. Your suggestions are encouraged and appreciated. Please let me know ways to improve the effectiveness of the course for you personally or for other students or student groups. In addition, if any of our class meetings conflict with your religious events, please let me know so that we can make arrangements for you.

### **COVID-19, Flu, RSV, etc.**

My personal goal is to help each one of you successfully complete the course. Please contact me if circumstances are hampering your ability to complete or keep up with the course. **If you are sick and can't keep up with class, please let me know sooner rather than later. I do not need any private health information. I just need to know if you are ill.**

# Course Schedule

**Refer to Canvas for Due Dates and the Most Current Information.**

## **PRE-WORK: COURSE INTRODUCTION**

Read: Syllabus

## **MODULE 1: INTRODUCTION TO STRATEGY**

Read: What is Strategy and the Strategic Management Process? (Ch. 1)

View: Lecture Videos

View: External Videos

Attend Class #1

Attend Class #2

## **MODULE 2: EXTERNAL ANALYSIS**

Read: Evaluating a Firm's External Environment (Ch. 2)

Read: Analyzing Cases and Preparing for Class Discussions (Appendix)

View: Lecture Videos

Submit: Chapter 2 Quiz

Attend Class #3

Submit: SodaStream Position Outline

Attend Class #4

## **MODULE 3: INTERNAL ANALYSIS**

Read: Evaluating a Firm's Internal Capabilities (Ch. 3)

View: Lecture Videos

Submit: Chapter 3 Quiz

Attend Class #5

Submit: Walmart Position Outline

Attend Class #6

#### **MODULE 4: INTERNAL ANALYSIS**

Re-Read: Evaluating a Firm's Internal Capabilities (Ch. 3)

View: Lecture Videos

Submit: Chapter 3 Quiz (Retake required)

Attend Class #7

Submit: Harlequin Position Outline

Attend Class #8

#### **MODULE 5: LOW-COST STRATEGIES**

Read: Cost Leadership (Ch. 4)

View: Lecture Videos

Submit: Chapter 4 Quiz

Attend Class #9

Submit: Team Case Analysis Video (McDonald's)

Attend Class #10

#### **MODULE 6: DIFFERENTIATION STRATEGIES**

Read: Product Differentiation (Ch. 5)

View: Lecture Videos

Submit: Chapter 5 Quiz

Attend Class #11

Submit: Papa John's Position Outline

Attend Class #12

#### **MODULE 7: MIDTERM REVIEW AND EXAM**

*No readings or videos this week. Spend the additional time preparing for the Exam.*

Attend Class #13 (Midterm Review)

Attend Class #14 (Midterm Exam)

## **MODULE 8: VERTICAL INTEGRATION AND STRATEGIC ALLIANCES**

Read: Vertical Integration (Ch. 8)

Read: Strategic Alliances (Ch. 11)

View: Lecture Videos

Submit: Chapter 8 Quiz

Submit: Chapter 11 Quiz

Attend Class #15

Submit: Team Project Company Choice

Submit: Torrey Nano Position Outline

Attend Class #16

## **MODULE 9: CORPORATE DIVERSIFICATION**

Read: Corporate Diversification (Ch. 9)

View: Lecture Videos

Submit: Chapter 9 Quiz

Attend Class #17

Submit: Team Case Analysis Video (Starbucks)

Attend Class #18

## **MODULE 10: IMPLEMENTING CORPORATE DIVERSIFICATION**

Read: Organizing to Implement Corporate Diversification (Ch. 10)

View: Lecture Videos

Submit: Chapter 10 Quiz

Attend Class #19

Submit: Team Project Bibliography

Attend Class #20

## **MODULE 11: MERGERS AND ACQUISITIONS**

Read: Mergers and Acquisitions (Ch. 12)

Submit: Chapter 12 Quiz

Attend Class #21

Submit: Activision Position Outline

Attend Class #22

## **MODULE 12: GLOBAL STRATEGIES**

*Continue working on your Team Project.*

View: Lecture Videos

Attend Class #23

Attend Class #24

## **MODULE 13: TECHNOLOGY STRATEGY**

*Continue working on your Team Project.*

View: Lecture Videos

Attend Class #25

Attend Class #26

## **MODULE 14: TEAM PRESENTATIONS**

*Spend the extra time reviewing for the Exam.*

Submit: Team Project (Slidedocs)

Attend Class #27 (Presentations)

Attend Class #28 (Presentations)

## **MODULE 15: TEAM PRESENTATIONS / FINAL EXAM REVIEW**

*Spend the extra time reviewing for the Exam.*

Attend Class #29 (Presentations)

Attend Class #30 (Final Exam Review)