



The
knowledge
to compete

**Strategic Management
BUSI 4609 E – Winter 2017**

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| Professor: | Ian Lee, PhD ian.lee@carleton.ca |
| Class Schedule: | 4609 E: Wednesday 8.35 - 11.25 in SA 415 |
| Office Hours: | SKYPE: drianlee |
| Office: | Room 307 Dunton Tower |
| Required Text: | Hitt, Ireland & Hoskisson, <u>Strategic Management</u> , 12th Ed. (Concepts ONLY – paperback), (2016), Cengage Learning ISBN: 978-1-305-50-220-8 Hitt is past President of Academy of Mgmt & past President of Strategic Mgmt Society |
| Prerequisites: | Fourth-year standing in B.Com concentrations except International Business, which requires BUSI 4709; and successful completion of all 2000 and 3000 level courses in the major requirement. The Sprott School enforces all prerequisites. Failure to meet the prerequisites may result in your deregistration from this course any time into the term. |

COURSE DESCRIPTION

From Carleton University's Undergraduate Calendar

Analysis and evaluation of the organization's corporate and business strategies; integration and synthesis of knowledge acquired in the program by application of acquired functional skills to strategic decision making.

Strategic Management is the business school capstone course completed in the final 4th year of study in undergraduate or the final term in the MBA that focuses on strategy making in for-profit business corporations.

Private for profit firms compete for customers, for capital, for employees in the market place. Firms exist to create something of value for their customers – not to maximize profits. Firms that are more successful at creating value with their products or services attract more customers, market share and typically profitability – as an **outcome** of successful value creation strategies.

When the firm's market share, revenues and profitability increase – reflecting superior value creation – the share price and the firm's market capitalization typically increases. Consequently, shareholders of these firms become wealthier as the shares increase in value reflecting superior value creation. Thus, the phrase “wealth creation” is merely a synonym for value creation.

We have known from Adam Smith to Harvard's strategy professor Michael Porter, that competitive markets with firms competing with one another foster increased value creation. Moreover, we have known from Adam Smith to Nobel Laureate trade economist Paul Krugman that countries that liberalize their trading rules with other countries experience increased standards of living (see Krugman, “Ricardo's Difficult Idea” <http://web.mit.edu/krugman/www/ricardo.htm>).

To connect the micro to the macro, countries that possess a significant number of firms that are successful at value creation and adopt liberalized trade practices will enjoy a higher standard of living than countries that have less competitive (including closed) economies, well known to economists and to people who have travelled extensively around the world.

Each student must select a publicly traded firm in Canada, US or Europe, and develop a comprehensive strategic analysis of the firm from “scratch” – no canned case study provided. Students are expected to analyze, identify and evaluate opportunities and threats in the economic, technological, demographic and political-legal environments in light of identified strengths and weaknesses in the organization's value chain, in order to craft a sustainable competitive advantage by recommending changes to specific firm core competencies. Emphasis is on corporate and business level strategic analysis, strategy formulation and implementation.

The course serves to integrate and synthesize knowledge acquired in the functional disciplines in a business school by application of acquired functional skills to corporate and business strategic analysis. The capstone course is similar to the Honours dissertation course in other social science departments e.g. political science. In this course, students are expected to undertake very extensive applied evidence based i.e. empirical research using Statistics Canada, US Census Bureau and US BEA, OECD, IMF, OECD government department databases as well as private databases such as Bloomberg, Capital IQ, EIU, Mergent, Factiva, Business Source Premier.

COURSE OBJECTIVES

1. To familiarize the student with strategic thinking and its component elements, the identification of strategic options and techniques for strategy selection.
2. To integrate the functional knowledge acquired in past business courses by applying those functional skills to analyse a single firm and recommend appropriate strategies.
3. To understand key strategic concepts such as corporate strategy, business strategy, driving forces, key success factors, value chain analysis, economies of scope, core competencies and sustainable competitive advantage.
4. To significantly enhance applied business research skills as well as presentation skills.

APPLIED BUSINESS RESEARCH

This is an extremely demanding course. You are **required** to complete very extensive applied empirical business research for this course - as there is **NO** case study provided. You must select a business firm, research the firm and develop a strategic analysis of approximately 100-150 pages - double spaced.

Students must organize themselves into a group of a maximum of 4 people. Each group must select:

- a publicly traded firm in any industry

- MINIMUM of most recent 3 years of financial statements available

- NOT analyzed by a 4609 group at Spratt in last 24 months – see Ineligible List

The Carleton University Library has prepared an intensive tutorial for the second class that provides an excellent overview of the significant, expensive electronic database resources available funded by your tuition fees:

<http://www.library.carleton.ca/research/course-guides/busi-4609>

EACH student is expected to attend in order to acquire the research skills necessary to complete the course. There is an attendance grade of 1% for attending.

The Carleton Library subscribes to the following commercial electronic databases:

Bloomberg; Factiva; Business Source Premier; Economist Intelligent Unit (EIU)
GMID; Global Competitiveness Report

The CU Library also subscribes to Statistics Canada, US Census Bureau, US Bureau of Economic Analysis, Eurostats, OECD, IMF, World Bank, WTO, International Energy Agency, UN agencies, Canadian & US Government Department publications, studies, research reports.

You are expected to read recent business media articles e.g. Wall Street Journal, Financial Times, Reuters, Bloomberg, Globe and Mail ROB, Economist, New York Times, Washington Post, concerning economic, political, technological trends, the firm, competitors and the industry you select.

The Library provides access to each of these resources at:

<http://www.library.carleton.ca/research/course-guides/busi-4609/business-news>

Every section of your assignments, presentation and final report **MUST include metrics** and **empirical normalized data** to support what you are arguing throughout. Assignments, presentations or final reports that do not include substantial data and metrics will receive a grade in the lower regions – including failure.

Data Normalization and Comparison

Strategic analysis involves substantial sustained COMPARISON of data that MUST be normalized to allow accurate comparability. For example, an analyst does not compare actual GDP of the US to actual Canadian GDP because US GDP is much larger as the US population is much larger. Instead, we compare GDP per capita to normalize the data and allow comparison that controls for size differences. Ratios and per capita numbers are normalized metrics.

Data Reliability

You will be required to use data that is consistently reliable. Therefore, you will use data produced by government departments and agencies from OECD country members such as Stats Canada or the US Department of Energy. You will also use data produced by International Governmental Organizations (IGOs) such as the OECD, IMF, WTO, IEA, UN.

You will also use data produced by corporations that are considered “legal documents” e.g. audited financial statements, disclosure documents filed with the SEC or OSC or similar regulatory bodies.

You are strongly discouraged from using data from advocacy groups such as NGOs, unions, business associations as these organizations are trying to persuade the public or decision makers of their position – unlike eg Stats Canada. Thus, the data from advocacy groups as they are policy lobbyists with an organizational self-interest in the outcome.

GROUP SELECTION AND CONFLICT

The Sprott School of Business encourages group assignments in the school for several reasons. You may find the resources

http://sprott.carleton.ca/academic_programs/groupwork. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Students will organize themselves into groups of 4 – MAXIMUM. I do NOT select your partners. You do and are thus responsible for your choices.

Each student should keep working papers and estimated time spent on his/her research and preparation on his/her contribution.

Each term, some groups experience conflict concerning the relative contribution of each student. Try to resolve it amongst yourselves.

As a last resort, if the conflict cannot be resolved, you can provide the documentation to me and request that the group be broken into 1 groups: a group of 3 students and a group of 1 student or two groups of 2 each

Each group will share ownership of the assignments on which all their names appear.

The two groups will continue analysing the same firm.

However, you will present separately and neither will witness the presentation of the other group.

LOGIC: You are about to enter the business or professional world where you are responsible for your own choices and decisions.

Company/Firm Selection Policy

It is the responsibility of the student group to select the business firm that will be the basis of the assignments and comprehensive strategic analysis. It is the students' responsibility to undertake the research necessary to determine if sufficient information is available. The selection of a business firm is an assurance by the students to the professor, that there is sufficient information available to complete the assignments and strategic analysis.

Authorization by the professor is to ensure that two groups do not select the same business firm or an ineligible firm. Should it subsequently become apparent that there is insufficient information to adequately complete the assignments, it is the students' responsibility to change firms and obtain authorization of the new firm. The students may change the selection of the business firm at any time prior to the due date of the second assignment, but must receive the necessary approval.

Authorization by the professor is not a guarantee that there is sufficient information. Each student is responsible for selecting his/her partners and the business firm to be analyzed, having ensured the adequacy of information available to complete the required exhaustive, comprehensive strategic analysis.

Although a firm that the student has selected in another course is eligible for the capstone project, you are reminded it is a violation of academic plagiarism policy to submit substantially the same analysis for two courses.

Suggestions for Firm Selection

Avoid corporations that operate in multiple businesses eg GE, as too complex

Avoid firms doing business on multiple continents eg McDonalds – too complex

Avoid very small firms eg less than 500 employees, due to insufficient information

Eligibility of Firm for Capstone Project

- no 2 groups may select the same business firm in the same course section
- firms analyzed in past 24 months in capstone course are NOT eligible, nor are any other firms indicated on the ineligible list posted to WEB CT
- firm must be publicly listed (i.e. TSX, NYSE, NASDAQ) for at least the last 3 years
 - government departments, agencies & crown corporations are NOT eligible
 - not-for-profit organizations (NGOs) are NOT eligible for selection
 - bankrupt, delisted firms, privately held firms are NOT eligible
- firm analyzed in previous courses by a student is eligible – provided that the student discloses this information to the professor in writing in the first assignment
- entire firm MUST be analyzed – not a division or subsidiary, and must include all markets within which the firm operates (i.e. diversified multinationals should be avoided)
- student responsibility to ensure there is sufficient information to complete all the assignments and the final report.

ATTENDANCE AND PARTICIPATION

Students are encouraged to actively participate in all classes by being adequately prepared (i.e. having attentively read the text chapters and any assigned articles). The final exam will include questions pertaining to all aspects of strategy discussed during the class, whether or not found in the text. Students will find the final exam very difficult if classes are missed or if the readings have only been skimmed.

There is a grade of 4% for attendance for the group project presentations or 1% for each of the 4 weeks.

CHANGE OF GRADE

Informal requests for grade increases are **always** denied. I have taught strategy capstone for 25 years and undertook strategy analysis of firms for almost 10 years in banking. This course is fully transparent to anyone. All student deliverables are retained for 3 years i.e. exam, assignments, presentation and final report. The student may file an appeal of the final grade pursuant to university regulations. NO professor can sit on the Appeal Committee of a student challenging the grade of that professor. I provide all documentation to the Appeal Committee.

Criteria for Evaluation and Grading – Course Instructor does ALL GRADING

Assignments, verbal presentations and the final capstone project report are evaluated and graded on a “relative” and not “absolute” scale. Each student document is read in its entirety, in order to have a sense of the quality of each document, compared to all other student case analyses in that class. Written comments are provided throughout the written assignments.

NOTE: Every section of each of the 3 assignments, presentation and final report MUST include data and metrics. Assignments, presentations or final reports that do not include substantial data and metrics will receive a grade in the lower regions – including failure.

Automatic Failure: Failure to write the final exam, or failure to submit the final report and presentation slides (paper & e-copy) will result in an automatic failure of the course (an “F” grade) and an FND grade (in case of missed Final exam or project).

Additional Guidance on Citations/Bibliography:

Equally important, you are being graded in part on the degree, depth and quality of your empirical research, demonstrated by citations to appropriate sources. A minimal number of citations points to inadequate research. Ensure that you cite every graph, table, report, quote, original idea or piece of information taken from somewhere else, to avoid plagiarism.

For citations footnotes - NOT endnotes - MUST be used. Given the amount of empirical research required, there should be footnotes for almost every page. When in doubt, cite, paying particular attention to correctly identify phrases as quotations with precise references to their source. Any use of more than 5 consecutive words is a quotation and should be cited accordingly.

Footnotes:

Every source for citations, statistics, tables, etc. should be sequentially referenced to a footnote at the bottom of the page. Full information should be provided to allow a reader to know exactly where you obtained the data, remembering that direct quotations require the specifics of page number. When a subsequent citation is made to the exact same one that proceeds you may identify it as *ibid* (for more details see http://www.chicagomanualofstyle.org.proxy.library.carleton.ca/16/ch13/ch13_sec064.html).

Bibliography:

It is important that you follow a recognized style to present a comprehensive bibliography that ensures an integrated alphabetical order and recognizes multiple citations to same year documents from a common source.

Guidance provided by the Academy of Management in its Style Guide may be found at: http://journals.aomonline.org/amj/style_guide.pdf - see from page 4 for details (disregard the *in-text, in-parenthesis* identification, as the required use of footnotes replaces this format).

It is strongly recommended that you designate an editor for your Capstone report to validate the coherence of your document, ensure that all required elements have been included and that all citations are accurate and correctly included in the bibliography.

STUDENT DELIVERABLES

Students will assign themselves to groups of **no more than FOUR**. Each group must select an approved for profit publically traded business firm (ineligible firms are listed on web CT) that will be the basis for the assignments, presentation and final report as follows:

1. Each group will research, write and submit three assignments worth 5% each. The three assignments represent the first draft of your final case study report. Each part must contain an executive summary as page 1 (placed before Table of Contents).
2. Each group **MUST** make a verbal presentation – with each group member participating - to the class based on the research embodied in the three assignments.

The presentation is worth 10% of the final grade.

It shall be no longer than 30-35 minutes. There will be a deduction for overtime presentations.

The assigned grade will be based on the quality, effectiveness and professionalism of the presentation.

NOTE: An **INDIVIDUAL** Executive Summary of your report must be provided to the professor only.

Each group MUST email the Powerpoint presentation to the professor the evening before the date of presentation

Each group MUST PRINT the PowerPoint slides with 3 slides to a page – not 6 slides to a page - to be given to the Professor (only) when the presentation is given.

Failure to make the presentation will result in an automatic failure of the course.

3. The final written capstone project report (worth 30%) must be submitted to the Instructor 7 days after the verbal presentation in both hard and soft copy format

(include both a MS Word file and as a PDF file). The length of the written report depends on the firm chosen and whether it is diversified or not (remember in business). Please ensure that a one single spaced page Executive Summary is the first page of your final report followed by the table of contents.

NEW: At the beginning of each section within each assignment – and the final report, we require the student who mostly authored that section to provide his or her name as author e.g. Socio-Cultural or Operations in the 2nd assignment.

NOTE: Please provide the final report (in MS Word and as a PDF), and Powerpoint IF you revised it, with hard copy AND e-copy - of your final report one week after your presentation to the professor in the following class.

Your final grade will be NOT be submitted all requirements are submitted to your instructor.

Failure to submit the final report, executive summary, slides in both hard and soft copy will result in an automatic course failure.

4. There is an attendance and participation grade of 2% for the Library Research Tutorial and 2% for attending each of the classes with student presentations.

5. There is a compulsory multiple-choice FINAL exam (based on the text book and the lectures) scheduled the week before the presentations commence. It is worth 35% of the final grade.

GRADING SYSTEM

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| Three group assignments 3 @ 5% each | 15% |
| Verbal case presentation | 10% |
| Written Case Report | 30% |
| Final Examination | 35% |
| Attendance presentations..... | 10% |
| TOTAL | 100% |

4609 E– Wednesday - CLASS SCHEDULE*

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| Jan.11 | Review 4609 syllabus philosophy, purpose, deliverables, exam Create student groups & review criteria for group firm selection Set presentation dates for each group Intro to Corporate and Business Strategy – after break |
| Jan. 18 | COMPULSORY Library Business & Stats Database Tutorial: Frances Montgomery, Manager, Government Documents and Trish O’Flaherty, Business and Economics Specialist Monday: Library 252 MANDATORY ATTENDENCE - <u>DO NOT MISS THIS CLASS</u> |
| Jan.25 | Chapter 1 & 2: Macro & the External Environment Review theories and Assignment #1 deliverables |
| Feb. 1 | Chapter 3: Internal Environment: Value Chain Analysis Review I/O Theory of the Firm vs Resource Based Theory ASSIGNMENT # 1 DUE |
| Feb. 8 | Chapter 6: Intro to Corporate Level Strategy Review similarities and differences btwn corporate level strategy and corporate finance: value creation vs wealth maximization Chapter 4: Business Strategy Chapter 5: Competitive Rivalry & Competitive Dynamics Theories of sustainable competitive advantage |
| Feb. 15 | Chapter 8: Corporate Strategy - International Chapter 7: Mergers and Acquisitions Chapter 9: Cooperative Strategy ASSIGNMENT 2 |
| Feb. 20-24 | WINTER BREAK |
| Mar. 1 | In Class FINAL EXAM – Makeup exam June with medical certificate ASSIGNMENT #3 DUE |
| Mar. 8 | G1; G2; G3 |
| Mar.15 | G4; G5; G6 |
| Mar. 22 | G7; G8; G9 |
| Mar. 29 | G10; G11; G12 |
| Apr. 5 | Course Wrap up |

IMPORTANT ADDITIONAL INFORMATION

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Please check the University's important dates & deadlines

(<http://www.carleton.ca/cuuc/university/academicyear.html>) for information on this term's start & end dates, holidays and drop deadlines).

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

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| A+ = 90-100 | B+ = 77-79 | C+ = 67-69 | D+ = 57-59 |
| A = 85-89 | B = 73-76 | C = 63-66 | D = 53-56 |
| A - = 80-84 | B - = 70-72 | C - = 60-62 | D - = 50-52 |
| F = Below 50 | WDN = Withdrawn from the course | | |

ABS = Student absent from final exam

DEF = Deferred (See above)

FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam

Academic Regulations, Accommodations, Plagiarism, Etc.

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodations

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact

your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). **Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*). The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the April 2017 exam period is March 10th, 2017.

For Religious Obligations:

Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website

(<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

For Pregnancy:

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity>.

Assistance for Students:

Sprott Student Services

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you're having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/support-services/>
Be in the know with what's happening at Sprott: Follow @SprottStudents and find us on Facebook SprottStudents Sprott.

Student Academic Success Centre (SASC): www.carleton.ca/sasc

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

Peer Assisted Study Sessions (PASS): www.carleton.ca/sasc/peer-assisted-study-sessions

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean's approval.
 - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, for us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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