Required texts
Cases and Readings to be downloaded from instructor’s website and/or distributed in class

My vision is to help you to generate world-class, cutting-edge business solutions. The overriding objective of this course is to provide the questions you need to ask to make the right decisions about the future of a business or non-profit organization. Strategic management entails generating choices to be made among competing alternatives to produce a competitive advantage and earn above-average returns.

Rapid technological change, mergers and acquisitions, increasing pressures for globalization, and changing local environments for businesses have heightened the urgency to ask the right questions about the future, such as:

1. Which distinctive competencies should we be developing for our businesses?
2. Where should we compete?
3. How do we communicate our strategy to our stakeholders?

We will indeed be fortunate to have your collective wisdom as well as that of occasional guest speakers from the business community to help guide us through complex strategic issues.

Course Objectives and Project. The basic objective of this course is to teach you how to think and act strategically. By successfully completing BUS 591, you will learn:

1. What are the interrelationships among the functional areas of an enterprise;
2. How to develop skills in decision-making and oral and written presentation;
3. How to analyze, formulate and implement strategies, especially the role of top management teams in performing these activities.

By the end of the course, you should be able to analyze thoroughly a company, its industry and its competitors and to recommend a well-supported strategy to your Board of Directors.

A related objective of this course is to teach you about how organizations assess, formulate, and implement strategy. Working in teams of two or three students, you will observe how strategic opportunities are identified, conceptualized, planned, financed, implemented, managed and harvested. Class dialogues, readings, case analyses, guest
lectures from local business leaders, and your final project are the learning tools. Your final project will involve writing a case study and accompanying analysis describing the evolution of an organization’s strategy, how resources were acquired to make that a reality, and what results were obtained.

**Topics and guiding questions.** Your term case project should *tell a story* about a strategic decision that needs to be made and provide a cutting-edge example of what could go wrong or right in pursuing a particular business model. During this course we will examine numerous businesses through the eyes of people who needed to make decisions and act. We will focus on ten guiding questions: 1) What drives value creation? 2) What are the strategic issues facing businesses? 3) Are those issues different from those facing rival businesses? 4) To what extent are industries evolving into multi-industry structures? 5) How will new forms of organization affect the traditional “activity-centered” value chain? 6) Are new management tools necessary to operate in the in the 21st century? 7) What are some evaluative techniques that businesses apply to strategic decisions? 8) Where/how will these businesses reshape — or displace — traditional industries? 9) What is their likely impact on society? 10) What *ethical and public policy issues* are likely to be encountered or raised by these enterprises?

**Performance evaluation.** Grades will be based on your (a) oral discussion and argument (defense) of your ideas in class and (b) written work on cases and on your final project. These will be weighted as follows:

- Class participation [attendance & participation, see p. 8] ...................... 20%
- Written case analysis [issue briefs, see Course Calendar, pp. 4-8] ........ 20%
- Résumé and class cards (due 2/11) .................................................. (acceptable or do over)
- Case study proposal (due 2/18) .................................................. (acceptable or do over)
- Case study project [due in class on 5/13] ........................................ 30%
- Instructor’s Manual and other team case analysis [due in class, 5/27] .... 30%
- Total .................................................................................................. 100%

**Written case analyses.** In order to level the playing field for those of you who have not been exposed to the case method and to review the basic tools and concepts of strategic management, we will spend the first third of the course conducting case analysis. In addition, to create opportunities for us to explore the strategic issues and discuss methods of formulation and implementation that might otherwise have to be rushed, we will be using an electronic submission format for Issue Briefs. Submit case analyses as a MS Word file attachment to me at gilinsky@sonoma.edu with the subject line *and* Word document file name reading <CaseAbbrev.lastname.doc> (e.g., for Robin Hood, RH.Gilinsky.Doc). *All issue briefs should be prepared by your study group team*. Use the following format:

1. Indicate your key case decision (what the GM needs to do now and why);
2. Support your decision by three (3) bullet points;
3. Add any qualitative and/or quantitative comments/discussion which you feel is/are necessary to substantiate your analysis. (1-2 page limit)
Do not answer the study questions! Study questions (see Course Calendar) are intended to get you thinking about the issues in the case and to lead you through the process of analysis. Issue Briefs are due by 8:00 a.m. on class days for which Issue Briefs are assigned (see Course Calendar, below). Timely submission of case analyses will facilitate review of your work as well as a summary of the section’s qualitative/quantitative comments. You should always keep a hard copy of your Issue Brief for yourself and bring this to class. Your Issue Brief will serve as a personal document from which you could lead a class discussion. Acceptable Issue Briefs are given a “check,” which is roughly equivalent to a “B” grade. Unacceptable or late submissions will be assigned a “check minus,” roughly equivalent to a “C” grade. Issue Briefs not submitted on the date due for any reason will be assigned an “F” grade. An outstanding effort will receive a “check plus,” roughly equivalent to an “A” grade. Grading and coaching comments on your Issue Briefs will be returned to you as soon as possible.

Case study project. The intent of the team case study project is to further your critical understanding of an organization’s ability to survive and prosper as it interacts with components of its external and internal environments. Several important questions to ask yourself before deciding which organization should be the subject of your case include:

1. Is the case subject interesting? Can you identify with real characters who must take action?
2. Do you have a “story” to tell? Is there a clear decision focus? [very important!]
3. Does the topic address an important issue in this course? Can pros & cons of various alternatives be generated and discussed?
4. Can enough analysis be derived from the case (and other course material)?
5. Is there enough data? Should more be added? deleted?
6. Is the analysis tied to theory?
7. Is the case presentation unbiased? Or is the author’s opinion evident?

Your case may be based on first-hand field research, published data, and/or a personal situation. Please inform me in your case proposal (due 2/18) if you plan to disguise your case in order to protect confidential information. As a guide, use a case-study format that includes five sections: 1) the crisis or challenge; 2) an industry overview; 3) company background; 4) alternatives; and 5) future directions. Consider what your fellow students should learn from your case and how to narrow down the wealth of information that you have collected! Suggested case length should not exceed 10-15 pages, including exhibits. Bring in at least four (4) copies of your completed case on May 13th; one for me, two or three for another student team to analyze, and sufficient copies for your team.

Case study formatting. Cases should be typed, single-spaced. Photocopy double-sided if possible. Use 12 point Times New Roman for body text. Use 1” margins top, bottom, and sides. Indent quotations longer than three lines on the left side only, skip two lines, and set off from body text in 11 pt. Times New Roman. Case title (bold, all caps),
author(s) names and contact information should be identified on the cover sheet for the case. Do not place an abstract at the beginning of the case. First page should have case title (bold, all caps) followed by a full space. Leave a full space between paragraphs; use topic headings and other white space to increase readability. Topic headings should be in **bold** with the first character in Caps.

Use left justification and leave right margins “ragged.” Type case name and page number in the upper right hand corner of each page. Include a running header in your case, with not only the page number but the case name.

Number your exhibits in the order you introduce them in the text of your case. Bold face each reference to an exhibit, i.e., *Exhibit 1, Exhibit 2, etc.*) Short exhibits (under one-half page) can be placed as in-text tables; longer exhibits should be placed after the Bibliography. Exhibits should be annexed at the end of the case, and pages numbered. When in doubt, refer to the Naumes & Naumes text or the examples distributed in class.

**Instructor’s manual and other team case analyses.** Your case analyses are due two weeks later, on May 27th. Each student must turn in an Instructor’s Manual for his/her own case and an analysis of another team’s case, to be distributed at random on May 13th. Your analyses of other teams cases should consist of the following:

1. Indicate your key case decision (what the business owner/protagonist needs to do now and why, the major lesson learned),
2. Support your decision by three (3) bullet points,
3. Add any qualitative and/or quantitative comments/discussion which you feel is/are necessary to substantiate your analysis. (5 page limit)

Again, bring in at least four (4) copies of your case analyses on May 27th; one for me, one for the team whose case you analyzed, and sufficient copies for your team.

**MBA Culminating Project.** You should strongly consider turning your final course project into an MBA culminating project (Master’s thesis). You will need to identify and get the approval of another SBE faculty member to serve as your committee chair and first reader on the project. I will be happy to serve as the second reader on your project.
COURSE CALENDAR

**Week 1 — Tuesday, February 4, 2003**

**Topic:** What is Strategy?

**Read:** Syllabus (handout)

**Watch and listen:** Intro lecture, *Dead Poets' Society* (video, in class)

**Participate and do:** Core Purpose & Values Exercises (see pp. 9 & 10)

Class cards

**Week 2 — Tuesday, February 11, 2003**

**Topic:** Building Teams to Prepare and Analyze Cases

**Prepare:** Your résumé and class cards (turn in hard copy at the beginning of class)

Hitt, Chs. 1 & 12

Naumes & Naumes, Ch. 10

**Watch and discuss:** “Frog’s Leap Winery” (video case, in class)

**Do:** Manager’s Toolkit Exercise (in class)

Choose study group partners

Meet in study groups to prepare RH case due next week

Study questions for the FL case:

1. What is strategy?
2. Which resources do you need to be in business?
3. How do businesses define success? What makes a business successful?
4. How do businesses create value? For whom? Who are the stakeholders?
5. What are the most important decisions a strategist needs to make?
6. What is Frog’s Leap’s *strategy*? Did the video case change your mind about your definition?

**Week 3 — Tuesday, February 18, 2003 **Case Proposals due**

**Topic:** Framework for Analysis

**Prepare:** Hitt, Ch. 3

Case: “Robin Hood” (copies to be distributed in class)

**Issue brief due**

**Participate and do:** Class discussion

Study questions for the RH case:

1. What is the key decision that Robin needs to make now?
2. What is he trying to accomplish?
3. How would you rate his performance as leader/strategist? What is he doing well? not so well?
4. What options are available to him now?
5. What do we learn from this case about strategy?

**Week 4 — Tuesday, February 25, 2003**

**Topic:** Assessing a Firm’s Financial Health

**Prepare:** “A Note on Assessing the Financial Health of the Firm” (please download from my web site)

**Participate and do:** Prepare financial ratios for the “Note on Financial Health.”

Review financial ratio analysis & class discussion.

Meet in study groups to prepare Mendocino Brewing Co. (MBC) case
Study questions for the Note on Assessing Financial Health:
1. How is Kalari Burns doing in 2001, relative to 2000?
2. Is this a financially well-managed company? How do you know?
3. Where do you see areas of strength? weakness?
4. What contextual factors might influence your analysis?

**Week 5 — Tuesday, March 4, 2003**
Topic: Industry and Competitor Analysis
Prepare:
- Hitt, Ch. 2
- Case: “Mendocino Brewing Company—1996” (case download)

Issue brief due

Participate and do:
- Case discussion
- Meet in study groups to prepare the Kimpton Hotel (KG) case

Study questions for the MBC case:
1. How would you rate the attractiveness of the beer industry?
2. What does a Porter “5 Forces” analysis reveal about the competitive forces in this industry?
3. What should be MBC’s strategy given its desired position in the industry?
4. Where is special attention needed for greater future success?
5. How should Laybourn and his team proceed?

**Week 5 — Tuesday, March 11, 2003**
Topic: Competitive Strategy and Competitive Advantage
Prepare:
- Hitt, Chs. 4 and 5
- Case: “The Kimpton Hotel and Restaurant Group” (case download)

Issue brief due

Participate and do:
- Case discussion
- Meet in study groups to prepare Diageo plc (DEO) case

Study questions for the KG case:
1. How would you evaluate the Kimpton Group’s (KG’s) progress thus far?
2. What are the critical factors for success in the U.S. hotel industry? How well has KG succeeded in assembling the resources and capabilities necessary to compete?
3. What is needed to implement KG’s strategy in the future?
4. How should Steve Marx’s successors at KG proceed?

**Week 7 — Tuesday, March 18, 2003**
Topic: Strategies in Diversified Businesses
Prepare:
- Hitt, Chs. 6, 7 and 8
- Case: “Diageo PLC” and IM Exhibit 1 (handouts in class)

Issue brief due

Participate and do:
- Case discussion
- Meet in study groups to review the Instructor’s Manual for this case

Study questions for the DEO case:
1. Use Porter’s Five Forces to assess the attractiveness of the wine industry. Identify and prioritize the key drivers and critical success factors for Diageo’s Chateau & Estates wine businesses.
2. Interrelationships among businesses in a portfolio imply shared assets, activities, inputs, customers, and industry rivals. Evaluate Diageo’s progress using the IM Exhibit 1
handout on corporate diversification and synergy. Is it taking advantage of the potential interrelationships? Please explain.

3. Based on the textbook readings and the literature on diversification, should the Diageo businesses be more tightly grouped or more loosely grouped? What are the pros and cons of a tighter vs. more separate grouping?

4. How would you advise Ray Chadwick to proceed to achieve greater synergies and balance among Diageo’s portfolio brands? Which businesses in the portfolio are net cash generators, net cash users, or balanced? If there are imbalances, would further acquisitions or divestitures be advisable?

Week 8 — Tuesday, March 25, 2003
Topic: The Art of Case Writing: A Workshop
Prepare: Naumes & Naumes, Chs. 1–4

Week 9 — Tuesday, April 1, 2003
Topic: Writing the Instructor’s Manual: A Workshop
Prepare: Naumes & Naumes, Chs. 5 & 8

Week 10 — Tuesday, April 15, 2003
Topic: Living Case Study – Corporate Governance
Prepare: Hitt, Ch. 10
Naumes & Naumes, Chs. 6, 7, & 9
Guest speaker: TBA

Week 11 — Tuesday, April 22, 2003
Topic: Living Case Study – Organizational Structure & Control Systems
Prepare: Hitt, Ch. 11
Guest speaker: TBA

Week 12 — Tuesday, April 29, 2003
Topic: Living Case Study – Entrepreneurial Strategy
Prepare: Hitt, Ch. 13
Guest speaker: TBA

Week 13 — Tuesday, May 6, 2003
Topic: Team Conferences
Schedule: TBA

Week 14 — Tuesday, May 13, 2003
Topic: Your Cases due

Week 15 — Tuesday, May 20, 2003
Topic: Course Wrap-Up & Student Evaluations

Week 16 — Tuesday, May 27, 2003
Topic: Your Instructor’s Manuals & Other Team Case Analyses due
Suggested Guidelines for Class Participation

Your contributions to class will be evaluated on the basis of the following:

1. an understanding and appreciation of case facts;
2. analysis of case data through the use of functional area techniques and general management concepts in the readings; and
3. recommendations for management decision and action which arise from analysis.

My assessments of your participation will be made on the basis of your attendance and preparedness for class, your responses to questions that arise in dialogues, as well as your voluntary participation. Below is a checklist to help you evaluate and improve your effectiveness in class discussions:

___ Are you a good (active) listener? Are the points that you are making relevant to the discussion? Are they linked to the comments of others? Are you willing to interact with other class members?

___ Have you demonstrated an ability to suspend judgment?

___ Do you show an ability to ask good questions (inquire and reflect)?

___ Are you willing to challenge assumptions?

___ Do your comments add to our understanding of the situation? Do they move us forward (as opposed to making a “chip shot”)?

___ Do your comments show evidence of analysis of the case (case preparation)?

___ Do you distinguish among different kinds of data such as facts, opinions, beliefs, concepts, etc.?

___ Do you demonstrate a willingness to share knowledge?

___ Are you willing to test new ideas, or are all comments made "safe"? (An example of a "safe" comment is repetition of case facts with no analysis or conclusions.)

___ Do your comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being covered?
Core Purpose Exercise

I. The “Empire’s DeathStar” game

Suppose you could sell your business to someone who would pay a price that everyone inside and outside the company agrees is more than fair (even with a very generous set of assumptions about the expected future cash flows of the company). Suppose further that this buyer would guarantee stable employment for all your employees after the purchase—but with no guarantee that those jobs would be in the same industry. Finally, suppose you were to learn that the buyer plans to kill your company after the purchase: its products and/or services would be discontinued, its operations would be shut down, its brand names would be shelved forever, etc. Your company would utterly and completely cease to exist. Would you accept this offer? Why or why not? What would be lost if your company were to cease to exist? Why is it important that your company continue to exist?

II. The “I Won the Lottery” game

You are a top level manager in your organization. Suppose you woke up tomorrow morning and discovered that you suddenly had enough money in the bank to retire—comfortably. Would you nevertheless keep working for this organization? What deeper sense of purpose would motivate you to continue to dedicate your precious time and creative energies to this company’s efforts?
OUR VALUES

The most important thing in life is to decide what is most important.

What should our organization, department, unit, or team stand for? What should be the values by which we operate? Look over the list of values below. Circle any values that “jump out” because of their importance to you. Then write your top three values, in order of importance, below the list. Feel free to add values, if needed.

<table>
<thead>
<tr>
<th>truth</th>
<th>persistence</th>
<th>resources</th>
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<tr>
<td>efficiency</td>
<td>sincerity</td>
<td>dependability</td>
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<tr>
<td>initiative</td>
<td>fun</td>
<td>trust</td>
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<td>environmentalism</td>
<td>relationships</td>
<td>excellence</td>
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<td>power</td>
<td>wisdom</td>
<td>teamwork</td>
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<td>control</td>
<td>flexibility</td>
<td>service</td>
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<tr>
<td>courage</td>
<td>perspective</td>
<td>profitability</td>
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<tr>
<td>competition</td>
<td>commitment</td>
<td>freedom</td>
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<tr>
<td>excitement</td>
<td>recognition</td>
<td>friendship</td>
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<td>creativity</td>
<td>learning</td>
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<td>happiness</td>
<td>honesty</td>
<td>justice</td>
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<td>honor</td>
<td>originality</td>
<td>quality</td>
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<td>innovation</td>
<td>candor</td>
<td>hard work</td>
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<td>obedience</td>
<td>prosperity</td>
<td>responsiveness</td>
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<td>financial growth</td>
<td>respect</td>
<td>fulfillment</td>
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<td>community support</td>
<td>fairness</td>
<td>purposefulness</td>
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<td>integrity</td>
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<td>peace</td>
<td>spirituality</td>
<td>self-control</td>
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<td>loyalty</td>
<td>adventure</td>
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<td>clarity</td>
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<td>security</td>
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<td>love</td>
<td>collaboration</td>
<td>support</td>
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1. ____________________________

2. ____________________________

3. ____________________________