

# **Strategic Management**

## **290.347**

**Semester Two - 2002**

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**Office Hours:** Tuesdays & Thursdays 10.30-11.30am; Fridays 2.00-4.00pm  
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**Course Time:** Tuesday 11.00am & Thursday 12.00pm  
Tutorials as scheduled  
**Course Place:** Tattersall Lecture Theatre, Chemistry Building

### **Course Overview**

Strategy refers to the formulation of basic organizational missions, purposes, and objectives; development of policies and program strategies to achieve them and; efficient execution of implementation processes that result in the achievement of organizational objectives.

While the role of the general manager is often vaguely defined, you will have the opportunity during the course of the semester to outline the parameters for top management decisions and decision-making in medium and large corporations. You will have the opportunity to provide clear and concise direction for the firms that you assess. The relative success of this course for your development will be determined by: (1) your diligence in attacking the opportunities provided by the assignment, (2) your ability to synthesize prior year's coursework and then apply your accumulated knowledge base onto ambiguous real-world situations; and (3) your willingness to acknowledge personal strengths and deficiencies while leveraging the distinctive competencies of your peers; 4) Your ability to motivate yourself and your peers

This course is designed to provide you with the opportunity to develop an essential managerial tool... confidence in your ability to structure problems and make to decisions. This course provides you with an opportunity, perhaps unique to your undergraduate experience, to synthesize the functional areas of accounting, marketing, finance, law information systems, engineering and economics into a comprehensive strategic analysis of a firm. The confidence acquired should increase your ability to make decisions within an integrative framework.

## **Course Objectives**

1. To develop an understanding of the *strategic management process* by an exposure to theoretical concepts and current developments in the business arena.
2. To develop an appreciation of the *organization as an integrated system* through extensive case analysis, encompassing a variety of concepts and theories covered in class.
3. To develop the skills necessary to be a productive group member. Skills will be acquired through intensive and on-going interactions with fellow students from diverse backgrounds.

In support of these objectives the student will:

1. apply key course theories and tools to identify key challenges and opportunities.
2. formulate plausible solutions and initiatives consistent with organizational goals
3. make informed recommendations regarding the optimal path for the organization.
4. conduct, as part of a team, a strategic audit of a publicly listed corporation.

## **Texts**

1. Strategic Management and Business Policy, Wheelen & Hunger, 8<sup>th</sup> ed., 2002, ISBN # 0-13-009086-7
2. Course handouts, on-line readings assigned in class and websites as provided in class.

## **Course Format**

This course combines a number of instructional tools including lectures, case analyses, team projects, and examinations. The lecturer will assume that the student has read the relevant material identified in the course schedule prior to attending class.

The *lectures* will focus on ensuring that the student and lecturer have a common understanding of the key concepts of the course, will describe the application of these concepts to current business challenges, and will seek to assist the student in developing an adaptive mental model for the analysis of future business challenges.

*Case analyses* will be the predominant focus of the tutorial sessions. Students should prepare the case analyses in advance of the tutorial session by applying key concepts gleaned from the readings and lectures to the assigned case.

A *team project* will be completed by groups of 3-6 students formed within the larger tutorial groups. The group will perform a comprehensive strategic audit of a publicly listed company of their choice.

*Examinations* will test student understanding of reading, lecture, and case content. A preliminary schedule of lecture and tutorial session contents is provided later in the syllabus. The student should be aware that this schedule is subject to change. Messages regarding changes will be posted on the course website or via the ECS-generated unit address list.

## **Course Expectations**

The workload in this course is above average at a minimum and at a maximum unbounded. Few CEO's or top managers will suggest that every possible option was considered, or that the decision made could not have been improved had additional analyses (time) been available. Accordingly, this course should be among the most mentally taxing, interesting, and best courses of your undergraduate experience. *If you do it right, the course will be among the most demanding and the most enjoyable course. If you do it wrong, you may get by, even score well, but you will have forfeited an opportunity to develop a perspective that will enhance your opportunities for future advancement.* It is important that each member of the class work consistently and diligently to complete the objectives of the course. My pledge is to work as hard as anyone else in this course to make it a success.

Further, *it is imperative to be courteous to your peers and the lecturer* during lectures, case discussions, and presentations. Otherwise exemplary behavior on examinations, team projects and tutorials may be severely adjusted in a negative fashion for rude and discourteous behavior.

## **Evaluation**

Your mark in this course will be determined by your performance on five items of assessment. *University guidelines state that the student should be informed that the final raw mark will be subject to adjustment, or scaling.* The guidelines also require that 50% of student assessment be by examination.

<b><u>Assessment</u></b>	<b><u>Weight</u></b>	<b><u>Timing</u></b>	<b><u>Place</u></b>
Tutorial Participation	20%	All weeks except 1 and 2	Tutorials
Quizzes	30%	Weeks 3, 5, and 7	Tattersall
Company Analyses – Oral	10%	Weeks 10-13	Tutorials
Company Analyses – Written	20%	2 November	OLS Assignment Box
Final Exam	20%	TBA	TBA

## **Tutorial Participation**

The tutorial mark represents 20% of the course mark. The tutorial mark is a positive function of your positive contributions to the tutorial experience and a negative function of your discourtesy to those who have the class lead at any point in time. You start with an average mark for tutorial participation. This score assumes that you attend the tutorial regularly, are prepared, are polite to peers and the tutor, and do not contribute to the discussions. Scores increase to the maximum for consistent positive participation and exemplary attendance. Scores decrease to include negative scores for consistent discourteous behavior and excessive absenteeism. Thus, there is a maximum weight of 20 percentage points available for this component of the mark and a potentially infinite number of negative points. Lively discussion is encouraged. For the most part, the line between lively relevant activity and discourtesy or indifference to the intent of course activities is easily drawn.

A number of activities are planned for the tutorials. The predominant activity will be case analyses using the strategic audit process that will be the focus of this course. However, other activities such as exercises and receiving company analysis consultations will be conducted in the tutorial sections. Regardless of the activity I will ask the tutor to use the following four questions to assess the performance of the student:

1. Was the student there? (15%)
2. Was there evidence the student prepared was prepared? (40%)
3. Did the student participate in a positive way? (20%)
4. Was the quality and quantity of the student's participation high? (20%)

To prepare cases for the tutorial session the student should use the Strategic Management Audit (SMA) outline provided in the text (see Chapter 10 Appendix). The student should also read Chapter 14 prior to completing the first case. Case brevity will typically result in some aspects of the SMA not being applicable to a particular case. The student should not become frustrated with this lack of information but rather recognize that this parallels "real world" scenarios where all relevant information simply cannot be known (a current example is the acquisition of the Sydney airport). Ultimately your SMA analyses will provide you the perspective to answer the following three questions in your tutorial sessions:

1. What are the challenges and opportunities for this organization?
2. What can be done to overcome the challenge and leverage the opportunities?
3. What would I do if I had to make the decision? Why?

### Quizzes

There will be three in-class quizzes comprised predominately of multiple choice questions with a few short answer questions (see course schedule for dates). The questions will test the students' knowledge of the key chapter concepts and tools introduced in the text, lectures, readings, and case discussions. Each quiz will represent 10% of your total mark. If you miss one quiz that mark will be replaced with the average of your scores on the quizzes taken or the class average on that quiz, whichever is lower. Missing more than one quiz will result in a score of zero points with no opportunity to replace the points except under unique circumstances, such as illness supported by medical certification for all quizzes missed.

Individual quizzes will not be adjusted (scaled). Scaling will be applied only to final course averages.

Company Analysis: Written (20%), Oral (10%): You will form groups of 3-6 students within your tutorial groups and each group will perform an in-depth analysis (strategic audit) of a company. The text chapters (1-11) and consequently the strategic audit template (see pages 265-272) should be treated as an essential resource and guidebook for conducting the analyses. Experience suggests that the quality of analyses is improved considerably when the group is composed of multiple majors (ie accounting, management, finance, ISOM, etc). Other important variables are schedule compatibility, research skills, and presentation skills.

Highlights of this comprehensive analysis will be presented by the teams to their tutorial group during the eleventh and twelfth semester weeks. The date for your team's presentation will be determined in the tutorials on 13 September. The student can expect the course lecturer will to attend a significant portion of the company analysis presentations.

The presentation, including a subsequent question and answer session, should be completed in 25 minutes or less. The tutor will provide further details on the length, timing, and format of the company analysis presentations. A more comprehensive written report is due to the OLS assignment box **by 4.00 pm on Friday 1 November**.

The company analysis should provide strong evidence of your ability to integrate your cumulative coursework and individual expertise with those of your team members to conduct a strategic audit. The audit must be of a company that is publicly traded on either the ASX or a foreign stock exchange (eg NYSE, NASDAQ, and LSE). The company you select should have at least four years of financial data available.

Your analysis will be easier if you choose a company with a large amount of information in the public domain, such as a Fortune 500 company, or one of the larger firms found in the *Jobson's Online* website that contains data on Australia's 1400 largest publicly traded companies. The UWA library has a number of excellent resources to assist you in gathering data about your company including *Dow Jones Interactive*, *International financial statistics*, *Market comparative analysis*, and *Business Source Elite*.

Your analysis may be complicated by selecting a highly diversified firm. Under these circumstances you may wish to focus on a particularly prominent operating unit of the firm while explaining how the unit does or does not fit into the firm's diversified portfolio.

By the third week of the semester you should have joined a team. Each team should submit to the tutor a team name (e.g. UWA Consulting Group, Perth Capital Partners, Eagles Consulting, Black Swan Ltd), list of team members, team member phone and email contacts, and the name of the company selected for analyses. Team members will work together over the semester to complete the assignment. Interim deadlines have been established to encourage your consistent development of the strategic audit. A draft of select strategic audit components is due to the tutor as follows:

Week 3: Team name and member information

Week 5: Description of the business, financial performance, and corporate structure

Week 8: SWOT analysis of the firm

The tutor will mark these drafts as "pass" or "fail".

Appendix 10.A (pages 265-272) and Chapter 14 of your text outline tools and questions for conducting a strategic audit and case analysis respectively. You will find these outlines to be an effective guide in your preparation of the company analysis. The actual format of your written report should follow the Strategic Audit outline.

Your presentation will be computer-delivered using PowerPoint and should not exceed 25 minutes. A floppy disk containing your PowerPoint slides and any supporting files is to be submitted on the day of your presentation. Failure to provide a presentation will result in no credit for this activity. Failure to provide a floppy disk containing the presentation will result in a 50% reduction in the presentation mark. Deferred or make up times for presentations will be appointed at the discretion of the lecturer and tutor. Late presentations will be assessed a 10% penalty of the overall project mark for each business day it is late.

The *written analysis* is your opportunity to convey in greater detail than possible in the oral presentation that you have conducted a comprehensive strategic audit. The report will contain the summarized information in your oral presentation as well as more detailed information that could not be included in the oral presentation. The report is due **1 November** (by 4.00pm in the OLS assignment box). The overall mark for the project will be reduced by 10% per business day on late assignments. All reports are to be Times New Roman 12 pitch, 1.5 spacing, and A4 paper. The report must have a front cover with: 1) the company name 2) names and student numbers of all team members and 3) student email addresses.

Your written analysis should be no more than 2000 words and it must follow the Strategic Audit format. However, excluded from the 2000 word limitation are supporting appendices, figures and diagrams. To be clear, the 2000 word document should be prepared as a stand-alone document, with the author assuming an informed reader and the reader assuming the author is conducting a “good faith” analysis. Supporting documents then offer the reader (grader) the opportunity (but not the obligation) to access the foundations of the summary conclusions at a greater level of detail or to question the analytic process in use. For example, within the 2000 words a student might assert that the company’s stock price is increasing more rapidly than its main competitors. In an appendix the student might provide in tabular or graphic form the data supporting this assertion.

Over 2000 word reports will be penalized. Submit with your written analysis a copy in Microsoft Word on floppy disk. Failure to provide a floppy disk containing the presentation will result in a 50% reduction in the written analysis mark. Beware of plagiarism and be informed that plagiarism identification software may be used in addition to manual searches to review your reports. Ideas and extended phrases that are not your own should acknowledge the source and identify the relevant page numbers using conventional referencing procedures. Penalties for plagiarism can be quite severe including a failing mark for the course.

The assessment criteria for the written portion of your project are:

	<u>Weight</u>
<input type="checkbox"/> Current Situation and Corporate Governance	15%
<input type="checkbox"/> Corporate Governance	5%
<input type="checkbox"/> External and Internal Environment Assessment	25%
<input type="checkbox"/> Strategic Factors, Strategic Alternatives, Recommendations	25%
<input type="checkbox"/> Strategy Implementation, Evaluation, and Control	20%
<input type="checkbox"/> Report Format/Readability/Grammar	10%

The assessment criteria for the oral portion of the company analysis will be:

<input type="checkbox"/> Identification of current business issues	33%
<input type="checkbox"/> Plausible solution generation and recommendation	34%
<input type="checkbox"/> Polished and convincing presentation within schedule	33%

The oral presentation should answer the three questions suggested as an overarching framework for case analyses.

1. What are the challenges and opportunities for this organization?
2. What can be done to overcome the challenge and leverage the opportunities?
3. What would I do if I had to make the decision? Why?

#### End of Semester Final Exam (20%)

This final examination will be a series of short answer questions, a case study, or a combination of the two. You will be apprised of the particular format for the final exam during the lecture period preceding the study break. Content of the exam will be derived from course lectures, readings, and case studies. Your answers will be assessed on how well you display and apply a comprehensive and integrated view of the strategic management process.

#### Marks Scaling Procedures

Under Faculty of Economics and Commerce guidelines, marks in this unit may be subject to scaling. Where this occurs, marks will be scaled to a distribution having parameters descriptive of the aggregate qualities of the student cohort taking the unit this year. These distribution parameters are assessed on the basis of the cohort's past performance in selected core units. Students should, however, note that the individual's rank in this unit is in no way tied to their performance in past units.

Whilst emphasising that parameters applied in scaling this semester's results may differ with the attributes of the student cohort, students should note that the parameters for this unit, had these scaling guidelines been applied last year, would have a mean mark of 64-65% and a standard deviation of 8-9. The indicated parameters for the unit this year will be available from the end of Week 4, Semester 2.

## Course Schedule, Topic Outline and Assigned Reading

<b>Term Week</b>	<b>Week of</b>	<b>Tuesday Lecture Topics</b>	<b>Thursday Lecture Topics</b>	<b>Assigned Reading</b>	<b>Tutorial Sessions</b>
1	22 Jul	Unit Overview	Intro to SM	Chapter 1,14	No tutorial
2	29 Jul	Intro to SM Corporate Governance	Ethics	Chapters 1,2	Orientation
3	5 Aug	Environmental Scanning – External	Industry Analyses	Chapter 3 Case 19	Case 30
4	12 Aug	Organizational Analysis	Functional Analysis	Chapter 4	Case 2
5	19 Aug	<b>Quiz Chapters 1-4</b>	SWOT Analysis	Chapter 5	Project Consultation
6	26 Aug	Corporate Strategy	Portfolio Analysis	Chapter 6	Case 14
7	2 Sep	Functional Strategy	Strategic Choice	Chapter 7	Case 18
8	9 Sep	<b>Quiz Chapters 5-7</b>	Strategy Implementation	Chapter 8	Project Consultation
9	16 Sep	Global Strategy Implementation	Strategic Staffing	Chapters 8,9	Case 32
----	23 Sep	<i>Study Break</i>	<i>Study Break</i>	-----	-----
----	30 Sep	<i>Study Break</i>	<i>Study Break</i>	-----	-----
10	7 Oct	Evaluating Strategy	Levers of Strategic Control	Chapter 10	Case 20
11	14 Oct	<b>Quiz Chapters 8-10</b>	Technology & Innovation	Chapter 11	Project Presentations
12	21 Oct	Technology & Innovation	Strategy for Smaller Businesses	Chapter 12	Project Presentations
13	28 Oct	Current Events and Strategic Management	All Star Presentations	Chapters 1-12	Case 6
----	4 Nov	<i>Study Break</i>	<i>Study Break</i>	Chapters 1-12	
----	TBA	<b>Final Examination</b>			No Tutorial