

Volume 11

Business Policy and Strategy

**Business Administration
Reading Lists and Course Outlines**

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Compiled by Richard Schwindt, *Simon Fraser University*,
August 1990

NOTE TO THE USER

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The intention is to disseminate as quickly and as efficiently as possible information on what is currently being taught, and how it is being taught in leading business schools. It is recognized that there is a trade-off between rapid diffusion and polished appearance. The former has been emphasized. I hope that users of these volumes will agree with this decision, recognizing that nearly all of the outlines and syllabi pertain to courses given within the last year.

These volumes will be useful to both individual teachers and curriculum committees when revising existing courses and creating new ones. They will also be helpful for librarians responsible for acquisitions in the business area. But, as before, there is a less modest goal. Between publication in academic journals and integration into mainstream textbooks, scholarly research passes through the transition stage of classroom exposure. Hopefully, these volumes will facilitate that transition.

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Richard Schwindt, *Simon Fraser University*

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BA 267
STRATEGIC MARKET MANAGEMENT

Professor Aaker

This course is concerned with strategic market management or strategic planning. The focus is on strategic decisions, decisions which have a long-term impact on the organization and which are difficult and costly to reverse. The strategic decision making process is supported by an external analysis (an analysis of the organization's environment) and a self-analysis. Among the course objectives are to develop an ability to:

1. To conduct the external and self-analyses that support the development of strategies.
2. Identify and address strategic questions like:
 - What environmental opportunities and threats do we face?
 - What are the key strategic questions?
 - What are our organizational strengths, weaknesses and problems?
 - What are our strategic alternatives?
 - What business should we be in?
 - What are our long-term objectives?
 - What is our sustainable competitive advantage?
 - Should we diversify? How?
 - What growth directions are most attractive?
 - How should the organization's resources be allocated?
 - What product markets are attractive to us?
3. Understand and work with a set of useful and important concepts such as mission, objective, strategic group, sustainable competitive strategy, risk, key success factor, strategic opportunity or threat, strategic strength, weakness or problem, strategic question, product market, segmentation, industry structure, positioning, experience curve, portfolio analysis and scenarios.

Case analyses and an industry report are important parts of the course.

Case Analysis

A large part of the course involves case discussions and the presentation of analyses. It is expected that much of the preparations of cases will be done in groups of 2 to 6. Each person will be expected to submit one two-page memo describing their position on some aspect of the case, sometime during the semester. Generally, only one person from a group should submit a paper for any one case; however, the main requirement is that each individual submit one paper some time during the semester on a case other than the Hartley case. There will be a handout

about case analysis and write-ups that you may find helpful.

The memo should be addressed to someone or some group in the case. The memo should be two pages, double spaces or less. You should know that there are people and organizations that do not permit any memo over one page. It usually is possible to get the essence into a short memo although it will take much more effort. If there is a compelling reason, you may attach to your position memo figures or tables. The memo should clearly note what is being advocated. If "more study" is the recommendations, you should be very specific about what is the question that needs study, how you recommend they study it, what are the alternative findings, and how these findings will affect strategy. "Some aspect of the case" provides you with a great deal of latitude. You do not have to address all the issues or alternatives. You might want to focus in on a scenario analysis or upon a key strategic question, for example.

Industry Analysis

An industry analysis is to be completed by a team of 3 to 6 people--the groups need not be the same as those you use for case analyses but it is usually efficient to have some overlap. To the extent possible the industry analysis should include:

1. A customer analysis including an identification of the key market segments. Create, if useful, a segment by motivation grid.
2. A market analysis including a market definition, demand trends, product life cycle analysis and an identification of key success factors.
3. Identification of the important competitors, their strategy objectives, weaknesses and problems. Attempt to identify the sustainable competitive advantages (SCAs) of each of the major competitors. Were the firms "born" with those SCAs? If not, when and how were they developed?
4. If appropriate, a historical view of the strategies pursued by one, two or more competitors. Perhaps two competitors can be identified (i.e., Schlitz and Budweiser) who were similar in the '60s but since have pursued very different strategies with different results. Specify what the strategies were, their rationale and the reason they worked or did not work.
5. If appropriate contact one or two operating managers from a firm (or two firms) in the industry. Determine from them:
 - Who is the leading competitor in his/her business;
 - What are the respective sustainable competitive advantages (SCAs), if any for his/her firm and for the leading competitor;
 - Try to determine which of the SCA the involved firms

were "born" with and which they "developed".

6. An analysis of the major environmental trends, opportunities and threats. Consider doing a scenario analysis. Develop one or two alternative scenarios different from base line assumptions. The scenario could be the accentuation of a trend or the occurrence of a future event. Or it could be motivated by a strategic question. For that (or those) scenario(s), address the following questions:
 - What causal factors will influence whether the scenario emerges?
 - What are the implications for external analysis--segments, motivations, competitors, industrial structure, key success factors, etc.?
 - What strategies would be optimal?
7. An assessment of the industry in terms of the GE "industry attractiveness" dimension and the BCG "market growth" dimension.
8. The completion of a "planning form" as illustrated in pp. 343 to 358 in the appendix.
9. Finally, put yourself in the position of an adviser for one or more of the competitors and assess the strategic alternatives. Or assume your client is someone considering entering the market. What entry alternatives would you consider?

An industry should be selected for which information is available in trade magazines and business publications like Business Week and Fortune. Possible industries include gourmet frozen foods, wine, retail banking, desk top publishing software, word processing, soda pop, frozen novelties, department stores, fiber optics, food retailing, a type of restaurant, automobiles, cross country skis, drug equipment, personal computers, tennis equipment, etc.

The report itself should be as concise as possible. Free use should be made of appendices. The paper should not simply paraphrase articles. Rather articles and exhibits should go into appendices. To the extent possible the report should go beyond descriptive material to get at strategic implications. It is helpful if the paper starts with an introduction that describes briefly the client, sets forth the objectives of the study, and provides an overview of the paper structure. It is not imperative that the group agree upon the interpretation and conclusions. A note setting forth areas of disagreement is appropriate if a group member has an opinion not shared by others.

There should be a client selected. Without a client the report will tend to be rambling and unfocused. It will be hard

to identify the strategically important material and to avoid getting overwhelmed by information.

In addition to the paper, there will be a 25 minute presentation of the findings. *This presentation should be polished, professional, rehearsed (using the videotape facility), interesting, punchy, and useful to your client.* You should regard it as an excellent opportunity to improve your presentation skills. Everyone should present although if there is a large group someone who is extremely skilled at presentation can be excluded.

During the presentation of the other groups you will be asked provide a written comments on the presentation skills of each speaker (not the content) and what suggestions for improvement you would make. A set of these comments will be copied (with the author's name excluded) and returned to you on the last day of class. The goal is not only to provide feedback but also to sensitize you to presentation skills.

Executive Presentations

There will be one or two executives who will speak on strategy on selected Monday afternoons. These lectures are a part of the course, and all students are expected to attend. There will be a sign-up sheet that you should be sure to sign.

Final

There may be a take home final examination.

Grade

Case work will count about 60%. The grade will be primarily based upon in class participation but will also include participation in case-study groups and the case write-up. The industry report will be worth around 40%. All members of the group may not receive the same grade. They may receive different grades base upon their oral presentation. Further, at the end of the course, each student will be asked to describe the role played by each of the members of his or her group. Who did what in terms of organizing, leading discussions, sections, writing, etc.? A particular interest is in learning about excellent performance that may not have been reflected completely in class or in the group oral or written report..

Texts

Aaker, David A., Strategic Market Management, 2nd Edition, John Wiley & Sons, 1988. In the course readings, the numbers refer to chapters in this book.

Hartley, Robert F., Marketing Mistakes, John Wiley, 4nd Edition, 1986.

For the Hartley cases ask:
 What happened and why?
 What would you have done differently?

Course Outline	Readings
9/1 External and Self-Analysis	1,2,4,5,6,7,8
9/8 Mission and Objectives	Sears - 5-Year Plan Hartley: Korvette-K-Mart
a. What was the mission of Sears according to their long-range plan? b. According to their more recent moves? c. What would you do differently at Korvette? At Wards?	3,9,17
9/15 The Beer Industry	11,12 Review chapters 4,5,6,7 Hartley: Gilbert
a. Conduct a complete external analysis of the beer industry. b. What are the important threats, opportunities, trends and strategic questions? What are the implications for Miller's? c. What do you see as the strategy alternatives for Miller's? d. Read the Coors case from Hartley.	
9/22 International Systems: A Growth Industry	16
a. Conduct an external/self-analysis. b. Identify key threats, opportunities, trends and strategic questions. c. Should IS enter the CT scanner industry? If so, what entry strategy would you pursue? What investment strategy should they pursue with respect to the X-ray business? d. What would you do if you were in GE's shoes?	
9/29 Kunz: A Declining Industry	15 Hartley: Edsel
a. Conduct an external/self-analysis. b. Evaluate the strategic alternatives. c. How much would you pay for Kunz? Be prepared to defend your price.	
10/6 Crown Cork & Seal	13,14 Hartley: Burger Chef

- a. Conduct an external/self-analysis.
- b. What is your assessment of the industry?
- c. Why has Crown succeed?
- d. What should Crown do now?

10/13 No class

10/16 Tentitive--Executive Presentation

10/20 Signode (A)

- a. Is this an attractive market? What are the significant threats and opportunities? Consider the consequences of changes in each of the 5 forces of competition in the Porter model.
- b. What is Signode's strategy in the steel strapping market? what are the strengths and weaknesses of their current competitive position?
- c. If you were Gary Reed, president of the packaging division, what pricing decision would you make? How would customers, competitors and the sales force likely react?
- d. Would you make any changes to the Signode strategy for competing in steel strapping?

10/27 Xerox

Review 11,12,16
Hartley: Osborne

- a. Identify and evaluate Xerox strategy in the 1960's.
- b. What entry barriers did Xerox create in the 1960's?
- c. Identify and evaluate the strategy of IBM, Kodak, Ricoh/Savin, Canon, and Minolta. How did each overcome Xerox's entry barriers?
- d. Why did Xerox lose position in the 1970's?
- e. What were the strengths and weaknesses of Xerox in 1980?
- f. What should Xerox do to come back in the 1980's?

11/3 Komatsu/Caterpillar

16
Hartley: Nestle

11/10 The Japanese Invasion

Sony, Matstushita,
Honda
Hartley:Harley-Davidson

- a. For each of the three firms: What has been their SCA? Their strategy?
- b. What are the notable similarities

and differences between the firms
c. Why did the Americans lose in consumer electronics and in automobiles? Will the same thing happen in banking and computer software?

11/17 EG&G: A&B

18

Review 17
Hartley: Addidas

- a. What should Freed do about the Electro-Mechanical Division?
- b. Should it be divested?
- c. How should Freed handle the upcoming meeting?
- d. Critique the planning forms.

11/24 13. Thanksgiving

11-27 to 12/1 Industry Reports

12/8 Summary--Wrap-up.

- a. What are the SCAs of Benetton?
- b. Which elements of strategy and SCAs can Benetton maintain in the US market?
- c. Would you introduce Benetton into the US at the time of the case? Why and how or why not?
- d. As Mr. Aluffi and Mr. Palmeri, what would you do first? Second? Third?
- e. How would you resolve the questions posed in the case? Are these the right questions to address?