

AEDE 601: Strategic Management

Fall 2009

Instructor: Dr. Abdoul Sam
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Class Time: Mondays & Wednesdays from 1:00 P.M. to 2:48 P.M.
Office hours: Tuesdays & Thursdays from 1:00 P.M. to 2:00 P.M.

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Supporting Websites

- <http://carmen.osu.edu>. You can download lecture slides, assigned readings, and homework assignments from the course website by logging in to Carmen. New material will be added as the course progresses, so consult the website regularly.
- www.capsim.com. The second Website is operated by Management Simulation, Inc. (MSI) and hosts the business management simulation entitled Foundation. Every student is required to register within the first week of the quarter. There is a one-time registration fee to this Website (MSI) of \$43.99, payable by credit card over their secure Website. See the student checklist to learn how to complete your registration.
- www.quickmba.com/strategy is an excellent source for definitions of most of the concepts relevant to this course.

Reading Materials

- Required: Foundation Business Simulation Student Guide 2009.
- Recommended: David Besanko and al., Economics of Strategy, 4th Edition. John Wiley and Sons, Inc., 2007.

Course Description

This course is about applying the tools of management to develop and implement business strategies. The “knowing” part of the course involves learning concepts applicable to strategic management. The readings, lectures, and discussions are designed to help you understand strategic management concepts. The “doing” part of the course involves your participation in Foundation[®], a business

management simulation. This simulation provides you with the opportunity to gain hands-on experience in running a business as a member of a senior management team. Management teams are required to evaluate situations and make decisions, evaluate outcomes, and compete with other management teams for resources, opportunities, and markets. Each team will have the opportunity to set corporate strategies, and apply key concepts and techniques within a practical decision-making framework. In this way, you will have the opportunity to see how a firm's production, marketing, R&D, and financial operations interact, and to observe the impact of key decisions on business performance within a competitive market.

Course Objectives

- To gain a basic understanding of strategic management and how the various functions of management fit together
- To develop a practical understanding of leadership and teamwork.
- To apply your knowledge of marketing, finance, organizational behavior and production in a simulated company.
- To learn how to analyze and diagnose real life situations, to develop alternative strategies, and to make decisions and implement them.
- To improve your level of confidence in your capabilities as a manager.

Lecture/readings

Lectures and readings will be aimed at clarifying basic concepts as well as discussions of key topics. Therefore attendance at all classes is absolutely essential. The website www.quickmba.com/strategy is an excellent source for definitions of many of the concepts relevant to this course.

Management a Virtual Company

You will participate in a computer simulation which will allow you to make decisions and see the results. You will be assigned to a team and each team will operate as a company. This will include developing a business strategy and making annual decisions in regard to implementing the plan. Details are provided in the Student Guide which will be provided to you and the extensive documentation available on the Capsim website, www.capsim.com. Following the initial rehearsal and practice rounds, each team will run the simulation for seven years. Each team will be in competition with five other teams.

Simulations are becoming more commonly used in companies. They are useful in building teamwork and illustrating the dynamics of competition under uncertainty. They also help managers experiment with different alternatives. Our class will be organized into teams of about five people for the Capstone simulation.

Foundation® Team Assignments

1. Initial Strategy Statement (due Wednesday, October 8). Summarize your company's intended strategy in no more than four typed, double-spaced pages. Your statement should answer the following questions:

- What are the long-term objectives of your company?
- What is your plan for reaching these objectives, and under what timetable?
- What will differentiate your company? How will this lead to a competitive advantage?
- How will you create fit among your whole system of functional activities (e.g., marketing, finance, production, and R&D).
- How are you organizing your top management team? What roles is each person performing?

2. Final Board Report (due Friday, November 28). Each team will maintain a record of its activities including such things as strategic changes, assumptions employed, decisions made, the outcomes of those decisions, and the reasons for these activities. Based on this information, each team will report to its Board of Directors and shareholders. I will evaluate the written report as well as your verbal presentation.

Your Board Report should truthfully inform the Board of your company's effectiveness and prospects. It should be a formal typed, double-spaced, maximum ten pages, not including attachments and appendices. The Board Reports should include, at a minimum:

- A comparison of your actual strategies used with the original intended strategy.
- An evaluation of your strategies within the context of the competitive environment and your internal resources and capabilities.
- A description of the strategic decisions you made over time, why you made them, and how you implemented them.
- An analysis of the market and competition at the end of the simulation.
- The strategy you would select for the next few rounds and why.
- A discussion of what you learned from your experience, what worked well, and what you would do differently in the future.

3. PowerPoint presentation to Board Members (December 1 or December 3). You will present your Board Report to the Board Members (i.e., classmates in other companies). The material in your presentation should be a condensed version of your written report.

Academic Misconduct

Academic misconduct of any kind, including failure to cite bibliographic sources in a term paper, is unacceptable. Faculty Rule 3335-5-54 requires that “each instructor shall report to the Committee on Academic Misconduct all instances of what he or she believes may be academic misconduct.” If you have any doubts concerning this policy it is your responsibility to consult with the instructor.

Learning Disabilities

Any student who feels he or she may need an accommodation because of disability should arrange with the instructor for a private discussion of his or her specific needs. After this discussion, the Office of Disability Services (100 Pomerene, 292-3307) will be contacted so that suitable arrangements can be made.

Grading

Thirty percent of the grade is based on your individual and team performance on the Readiness Assessment Tests (RATs). There will be six to seven individual and team RATs starting from the third week. There will be a practice RAT during the first two weeks of the quarter. Twenty five percent of the final grade is based on your team's performance on the management simulation. Individual and team's completion of homework assignments is worth ten percent of the final grade. The written Board report and the PowerPoint presentation will account for ten percent of the final grade. In addition, you will participate in two peer evaluations during the quarter, one about mid-term and one at the end of the quarter. These peer evaluations are to be taken seriously and will count for ten percent of your final grade. Any student failing to complete the peer evaluations by the deadline is penalized twenty percent of their own average aggregate peer evaluation score. The remaining fifteen percent is based on class attendance and participation. The grading scale for this entire course follows:

>92%	A	72-78%	C
90-92%	A-	70-72%	C-
88-90%	B+	68-70%	D+
82-88%	B	60-68%	D
80-82%	B-	<60%	E
78-80%	C+		

The following factors and their weights will be used to calculate a final grade for each individual student at the end of the quarter:

Attendance and Class Participation (<i>individual</i>)	15%
<i>Individual</i> RAT Grades, equally weighted	20%
<i>Team</i> RAT Grades, equally weighted	10%
Foundation Business Management Simulation:	
Company Performance over 7 decision periods (<i>team</i>)	25%
Completing the online Foundation Tutorials (<i>individual</i>)	5%
Completing Homework Assignments (<i>team</i>)	5%
Peer Evaluations (<i>individual</i>)	10%
Board Report (<i>team</i>)	10%
TOTAL (50% <i>individual</i> + 50% <i>team</i>)	100%

I reserve the right to deviate from the above grading scale. However, I will do so, in general, to lower the thresholds for each letter grade. For example, if no student in the class receives 92% of the total points, then I might grade on a curve.

Missed Classes

If a student misses a class or a Readiness Assessment Test there will be no provision for making up the class or the exam. Points are deducted for each unexcused class missed. However, the lowest score of the Readiness Assessments Tests is dropped prior to calculating the individual student's average score for the quarter.

Tentative Schedule		
Day	In Class Work	Students--Business Simulation
Wednesday 9/24 (Week #1)	<ul style="list-style-type: none"> • Course Objectives/Syllabus Overview • Readiness Assessment Tests (RAT) • Working in Teams 	<ul style="list-style-type: none"> • Register for the Foundation Business Management Simulation as soon as possible but no later than 5 p.m. on September 29. You can use a credit card or electronic check. The cost is \$43.99 which includes the <i>Foundation</i> student guide (see To-Do Checklist). • Read the Student Guide Thoroughly and Carefully
Monday 9/29	<ul style="list-style-type: none"> • Foundation Business Simulation • Rehearsal Rounds 	<ul style="list-style-type: none"> • Complete all <u>four</u> rehearsal rounds <u>individually</u>
Wednesday 10/01 (Week #2)	<ul style="list-style-type: none"> • Introduction to Business Strategy • Case Study: Corporate Environmentalism • Corporate Strategic Positioning 	<ul style="list-style-type: none"> • Begin First Practice Round • Decisions due Friday at 11:59 pm.
Monday 10/06	<ul style="list-style-type: none"> • Debrief First Practice Round 1 Results • Corporate Finance Overview: Key Financial Statements and Ratios • Practice Readiness Assessment Test 	<ul style="list-style-type: none"> • Begin Second Practice Round • Decisions due Tuesday at 11:59 pm.
Wednesday 10/08 (Week #3)	<ul style="list-style-type: none"> • Debrief Second Practice Round 2 Results • Case Study: Inside Wal-Mart • Begin Round 1 Decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 1.

Day	In Class Work	Students--Business Simulation
Monday 10/13	<ul style="list-style-type: none"> • Economic Concepts of Strategic Management • Readiness Assessment Test # 1 	<ul style="list-style-type: none"> • Decisions for competition round # 1 due today at 11:59 pm.
Wednesday 10/15 (Week #4)	<ul style="list-style-type: none"> • Debrief Round 1 Results • Horizontal Boundaries of the Firm • Begin Round 2 Decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 2.
Monday 10/20	<ul style="list-style-type: none"> • Market Structure and Competition • Readiness Assessment Test # 2 	<ul style="list-style-type: none"> • Decisions for competition round # 2 due today at 11:59 pm.
Wednesday 10/22 (Week #5)	<ul style="list-style-type: none"> • Debrief Round 2 Results • Case Study: Whole Foods Market • Begin Round 3 decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 3.
Monday 10/27	<ul style="list-style-type: none"> • Strategic Commitment • Readiness Assessment Test # 3 	<ul style="list-style-type: none"> • Decisions for competition round # 3 due today at 11:59 pm.
Wednesday 10/29 (Week #6)	<ul style="list-style-type: none"> • Debrief Round 3 results • Total Quality Management Module • Begin Round 4 decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 4.
Monday 11/03	<ul style="list-style-type: none"> • Firm Entry and Exit Decisions • Readiness Assessment Test # 4 	<ul style="list-style-type: none"> • Decisions for competition round # 4 due today at 11:59 pm.
Wednesday 11/05 (Week #7)	<ul style="list-style-type: none"> • Debrief Round 4 results • Firm Entry and Exit Decisions <i>Continued</i> • Begin Round 5 Decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 5.

Monday 11/10	<ul style="list-style-type: none"> • Industry Analysis: Porter's 5-forces model • Readiness Assessment Test # 5 	<ul style="list-style-type: none"> • Decisions for competition round # 5 due today at 11:59 pm.
Wednesday 11/12 (Week #8)	<ul style="list-style-type: none"> • Debrief Round 5 Results • Sustainable Competitive Advantage • Begin Round 6 decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 6.
Monday 11/17	<ul style="list-style-type: none"> • Sustainable Competitive Advantage <i>Continued</i> • Readiness Assessment Test # 6 	<ul style="list-style-type: none"> • Decisions for competition round # 6 due today at 11:59 pm.
Wednesday 11/19 (Week #9)	<ul style="list-style-type: none"> • Debrief Round 6 Results • Case Study: TBA • Begin Round 7 Decisions 	<ul style="list-style-type: none"> • Team work on decisions for competition round # 7.
Monday 11/24	<ul style="list-style-type: none"> • The Origins of Competitive Advantage • Readiness Assessment Test # 7 	<ul style="list-style-type: none"> • Decisions for competition round # 7 due today at 11:59 pm.
Wednesday 11/26 (Week #10)	<ul style="list-style-type: none"> • Debrief Round 7 and Final Competition Results • The Origins of Competitive Advantage <i>Continued</i> 	
Monday 12/01 and Wednesday 12/03	<ul style="list-style-type: none"> • PowerPoint Presentation to Board Members 	