



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 392 H1F

Strategic Management

Fall 2017

Course Meets:

L0101 Mondays, 11am-1pm; RT142, Rotman 105 St. George

L0301 Mondays, 3pm-5pm; WO25, Woodsworth 125 St. George

L0401 Tuesdays, 11am-1pm; OI5250 OISE 252 Bloor Street West

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Course Scope and Mission

This course will introduce you to the fundamental concepts, frameworks and methodologies useful to managers in crafting and executing business strategy. The course focuses on the fundamental conditions that enable a firm to conceive, develop, and sustain a superior strategic position. We will introduce and apply analytical tools that will help you identify and systematically assess (1) the various environmental forces acting upon a firm, (2) a firm's internal source of competitive advantage, (3) the likely behavior of a firm's rivals (and the ways in which a firm can influence its rivals' behavior), and (4) the long-run sustainability of a firm's competitive advantage. We will also provide an introduction to technology strategy, corporate strategy, and cooperative strategy.

The ultimate goal of this course is to improve your decision-making and critical thinking capabilities through the acquisition and internalization of strategy tools and through active discussion and debate with peers. The emphasis of the course, and particularly of class discussion, is on rigorous thinking and learning rather than finding the "right" answer.

We should also note that RSM 392 is designed to function like an MBA course and to prepare the students (a) for potential MBA courses in the future and (b) for the intensity of the professional experience. Note that the course builds heavily on the MBA Strategy courses offered by leading MBA programs. Consistent with this approach, we emphasize class participation, class discussion, and professionalism to a substantial degree.

Course Prerequisites: RSM219H1, RSM222H1

Required Readings

Course Package (cases + readings), required

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Class Contribution	20%	Ongoing
Case Question Hand in	15%	no later than November 27
Mid Term Exam	25%	October 30/31
Final Exam	40%	During FAS Final Examination Period

Class Contribution (20%)

The goal of class discussion is to arrive at a collective analysis of the issues presented by the day's materials. Strategic analysis is not accomplished through the routine application of formulas, but rather through reasoned analysis under conditions of limited information and uncertainty. One of the primary goals of this course is to help you develop the ability both to clarify your own position on a strategic question and to be able to articulate and defend it clearly.

You should be prepared for every class. This class is highly interactive. Regular class attendance and class participation are therefore a critical part of this course. If for some reason you are not prepared, please let me know before the start of class so that I do not call on you and cause embarrassment. It is likely that I will open the class by asking someone to summarize the readings or cases briefly, or answer a short question. With a reading, you should be able to outline the problem that the article addresses, describe the core points of the reading, and most importantly, offer your analysis of the strengths and weaknesses of the reading's central argument. With a case, you should be able to identify the key issues, problems, and opportunities facing the central protagonists, to articulate and evaluate alternative approaches to the problems, and to describe the course of action that you recommend and the reasons for your recommendations.

If you happen to have information from outside the case materials, please do NOT introduce it in the discussion without prior discussion with the instructor. The point of the case discussion is to adopt the perspective of the decision makers at the time of the case, and adding extra information shifts the discussion away from the issues we need to emphasize in the case. On the other hand, if you are particularly knowledgeable about a case, a firm or an industry we discuss, please let the instructor know so that your insights can be eventually brought to bear in the discussion.

It is my hope that our class can serve as a riskless environment in which we all feel comfortable testing new ideas and pushing the boundaries of our thinking. This may be a different experience than you have had in previous classes, but exploring your ideas out loud by participating in the discussion will serve you well in other classes and in your future careers. I know that some of you may be shy or uncomfortable speaking publicly and/or English is not your first language. *If you are particularly worried about your in-class contributions, please check in at the end of the first month of the semester and I can work with you in creative ways to help your contributions.* For example, I could coordinate with you on an issue for you to raise in class or a question for you to answer.

There is, however, no alternative to participating in class discussions. But if you do fall into this category, please come see me early in the term and we will work together to come up with ways to facilitate your participation. See the section on Preparing for Class for more specific details on what you should do to ensure you'll feel comfortable when discussion starts.

Class contribution will be graded using the following criteria:

- **Relevance:** Are you a good listener? Are your comments clearly related to the case and to the comments of others? Are your comments linked to the themes that the class is exploring together?

- **Advancement:** Do your comments move the class discussion forward or simply reiterate points that have already been made? Do you sustain a line of argument or point of view through a significant part of the class session, or is it an isolated comment?
- **Support:** Have you used specific data from the case, from the readings, or from your personal experiences to back up the assertions that you are making?
- **Integrative Thinking:** Is there a willingness to challenge the ideas that are being expressed? Is there a willingness to test new ideas? Does the participant integrate material from past classes or the readings where appropriate? Do the comments reflect cumulative learning over the course, or does the participant merely consider each case in isolation?
- **Clarity:** Are your comments succinct and understandable?
- **Quantity:** Do you participate on a regular basis?

These bullet points highlight two important parts of a good discussion: preparation (so that you can support your answers and make clear statements) and listening (so that you respond to the discussion as it unfolds). Positive contributions may include contributions such as: providing germane illustrations; motivating the use of a particular tool or technique; helpful recapitulation or summarizing; making observations that link or integrate concepts or discussion; responding effectively to questions; asking perceptive questions; illustrating specific points by appealing to your own experiences; quoting movies that neatly illustrate important elements of readings or cases; as well as presenting or supporting alternative, or unpopular, positions. Being “wrong” will not count against you, but it will also not help out. Making empty or repetitive comments that do not add to the discussion will also not help, and may hurt if these comments interfere with the ability to discuss issues in depth.

Students who dominate discussions, discourage, intimidate, or show a lack of respect for other participants, or diminish the value of the class in any way, will be penalized. In particular, you are expected to treat colleagues with respect: to disagree with an idea without discrediting the speaker; to helping others to articulate their points of view; and to use airtime judiciously. Please treat others as respected colleagues.

Case Question Hand-in (15%)

Twice during the semester (once before and once after the midterm), you must write up (in sentence form) and hand in answers to the assignment questions for a particular week’s case. These are to be handed in at the start of the class in which the case is being discussed. Case question(s) for write-up will be assigned at the start of the semester. Your hand-in should be no more than 2 pages (typed, double-spaced, 12 point font, stapled). Please include your name (full names, not nicknames) as well as your student ID number on your write-up. Only PAPER copies of this assignment will be accepted.

In-Class Midterm Exam (25%) An in-class midterm exam will take place on Tuesday, March 7th. This will be an individual, closed book exam. The midterm exam will consist of multiple-choice and/or short-answer questions. I will provide more information on the structure of the exam in advance of the midterm date. The midterm will be graded and returned to you by March 21, if not earlier.

Final Exam (40%) There will be a closed-book 3-hour individual final exam scheduled during the exam period. This exam will consist of multiple-choice, short-answer, and long-answer (i.e., paragraph) questions that span the entire semester’s coursework. I will provide you with more information on the structure of the exam by the final day of class.

Attendance of Other Sections

I teach three sections of this class on Monday and Tuesday. You must attend the section in which you are registered. Due to exceptional circumstances, however, you may attend a different section

(each section will cover the same material) provided that you receive permission from me in advance to attend a particular section.

Note that for Fall, 2017, Professor Klakurka will also be teaching a section of RSM392H1F. Although the scope of our course is similar, the specific content is not interchangeable. We will be using different materials and cases. As a result, attending Professor Klakurka's section is not a substitute for attending (my) class.

Email Policy & Office Hours

Email is the best (and preferred) method of contact. My goal is to reply to your email within 48 hours, although there may be exceptions to this rule. Because I may not respond to email immediately, I encourage you to take advantage of other information about the course. For example, many issues related to format or requirements can be found in this syllabus. Blackboard will also have resources from classes as well as any summary slides that might be available. Please note that I am unable to email you copies of individual cases and that I do not accept any assignments over email. If you would like to meet with me in person, I encourage you to come to my regularly scheduled office hours (Mondays 1-2pm). If you can not make this time, please email me to set up an appointment and we will make arrangements for an alternate time. My office hours are drop-in, on a first-come first-served basis.

Missed Assignments/Examinations

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

Students who miss the in-class midterm exam and provide the appropriate documentation will have their grade percentages reallocated. The 25% of your grade that would have been accounted for by the midterm will be allocated to your final exam. Thus, if you miss the midterm, your final exam will count for 65% of your grade.

Alternative Exam Locations

In the past, students with special needs or conflicts have taken the exam in alternative locations. Given the multi-faceted nature of this class, it is my policy to be present and to answer questions while the exam is in progress. If you are at an alternative exam location, be sure to make prior arrangements so that I may access you in case you have questions only the instructor can answer.

Course Work & Academic Honesty

Submission of Assignments – Late submissions of any assignment may be considered; however, a resolution may be determined at the instructor's discretion and may include an academic penalty. The manner in which the assignment should be submitted (via Blackboard or in-class) is noted on

the assignment description itself. No other methods may be used to submit the assignment unless an arrangement has been made in advance of the due date with the instructor. Missing or unreadable attachments submitted via Blackboard will be considered late unless they are resubmitted before the assignment due date.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at www.portalinfo.utoronto.ca/students and review the Frequently Asked Questions.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Classroom Norms

Consistent with the general goal of mutual respect, students are reminded to demonstrate:

Attending the class. Each class benefits from the attendance and participation of all students. Your grade for participation will be affected by absences. You should sit in the assigned seat, if relevant, and display a legible name card at all times.

Arriving on time. Late arrivals are disruptive to both lectures and class discussion, and show disrespect to those who are on time. Class starts 10 minutes after the hour.

Minimizing disruptions. All cell phones and pagers should be turned off during class. You should not leave and re-enter the class. You should avoid engaging in side conversations after class has begun.

Focusing on the class. Laptops and other electronic devices should be turned off during class.

Being prepared for class. You should be ready to discuss any assigned readings and to answer any assigned questions for each day's class, including being ready to open a case assigned for that day.

Respect. You should act respectfully toward all class participants.

Prepare using only class materials. Before a case is analyzed in class, you should neither read an analysis of the cases nor discuss it with students who have previously discussed it in class (either in a previous year or in a different course or section). Similarly, you should

not share the notes handed in class with another student who may take the course at some later time. If you are in violation of this policy, or know of someone who is, please discuss it with the professor.

How to Prepare for Class

Most of our classes involve a case, although there is one full class lecture (Industry Analysis), and there will be at least one class activity during the term.

- For every class, you should be prepared to answer any (or all) of the discussion questions provided in the syllabus should you be called on in class. Use the questions as a starting point to guide your preparation.
- For lectures: you should read the theoretical reading in your case book.
 - Start by skimming the reading, looking at headings and subheadings to understand what the reading discusses. Then examine any diagrams.
 - Then reread the questions for the lecture.
 - Use these questions as you read the text itself.
 - What are the central points of the reading? Why are these points important? What is not addressed? What assumptions are being made? In other words, be prepared to know the central points of the reading as well as share a critical analysis of your reading.
- For cases: while there's no set method of case preparation, one way involves the following:¹
 - Start by reading any theoretical readings or articles that are also assigned. Consider what the case is designed to accomplish—why this case, now, in this course? Use the theoretical readings as a way to frame your reading of the case
 - Read the exhibits first. What do they say about the case?
 - Then skim the case.
 - Examine any case questions, and think about how the case headings relate to those questions.
 - Read the case. Take notes on important issues. Draw links between the theoretical reading and the assigned case. Apply any tools discussed in the theoretical readings.
 - Reread the exhibits.
 - Answer the questions.
 - Also, don't forget what we've learned in prior classes. Often using those tools of analysis (5 forces, for example) will give you new insights into a particular case. Thus, the course will often build on concepts already taught rather than addressing a new subject in isolation each week.
 - It's often helpful to summarize your perspective of the case on a single page of notes. It requires you to focus on the larger issues at hand, rather than feeling that every fact is important.
 - Take a stand. What are the core issues in this case? Why are they so important? What should be done? What will happen if your idea is implemented?

¹ This section borrows heavily from Prof. Anita McGahan's notes on how to prepare cases (article forthcoming)

Weekly Schedule

Session	Date	Topic	Case	Reading
1	Sep 11/12	Introduction	Toto Toilets Mini Case (Blackboard)	Porter, " What is Strategy? ", HBR, Nov-Dec 1996, Reprint #96608, Vol. 74 Issue 6, p61-78;
2	Sep 18/19	Industry Analysis Lecture	None.	-Porter "The Five Competitive Forces that Shape Strategy" <i>Harvard Business Review</i> , January 2008 (article on Blackboard)
3	Sep 25/26	Coke & Pepsi	Cola Wars Continue: Coke and. Pepsi in 2010 (9-711-462), HBS	
4	Oct 2/3	Low-Cost	Airborne Express (9-798-070), HBS	
5	Oct 16/17	Competitive Positioning Lecture	None.	- Ghemawat & Rivkin "Creating Competitive Advantage" (798062-PDF-ENG) from HBS Press
6	Oct 23/24	Differentiation	Apple 9-715-456, HBS	
7	Oct 30/31	Midterm	(In-class Midterm)	
	Nov 6/7	No class/Reading Week		
8	Nov 13/14	Technology Strategy	Intel (9-797-137), HBS	Bower & Christensen "Disruptive Technologies: Catching the Wave" , Harvard Business Review, Jan 01, 1995
9	Nov 20/21	Corporate Strategy	Walt Disney and the Entertainment King (9-701-035), HBS	Piskorski, "Choosing Corporate and Global Scope" 707496-PDF-ENG
10	Nov 27/28	Cooperative Strategy	Disney + Pixar (9-709-462), HBS	
11	Dec 4/5	Course Conclusion		Gavetti and Rivkin, "Use and Abuse of Analogies" (9-703-429), HBS
EXAM	Exam Period TBD (Dec 9—Dec 20)			

Assignment Questions:

Class 1: Introduction to competitive strategy: In this class we'll discuss the logic of Competitive Strategy. We will illustrate these concepts in a mini-case on Toto Toilets. Make sure to look at the Posted Case Slides, as we will begin with a discussion of Toto.

Questions:

1. How did Toto successfully penetrate the Japanese market?
2. Why is Toto having less success in the US Market?
3. What specific actions would you recommend to Kazuo Soko?

Class 2: Industry Analysis Lecture

Questions:

1. To which level of analysis does the Five Forces framework apply—the firm, the industry, or the country?
2. What is the main purpose of the Five Forces framework?
3. How can we draw industry boundaries?
4. In practice, how can we tell the difference between Rivals and Substitutes?

Class 3: Industry Structure: Coke & Pepsi in 2006.

Questions:

1. Why is the soft drink industry so profitable?
2. How has the competition between Coke and Pepsi affected the industry's profits?
3. Compare the economics of the concentrate business to the bottling business. Why is the profitability so different?
4. How do Coke and Pepsi manage the value chain?
5. In the wake of flattening demand and the growth of non-carbonated drinks, how can Coke and Pepsi maintain their profitability?

Class 4: Low Cost: Airborne Express.

Questions:

1. How and why has the express mail industry structure evolved in recent years? How have the changes affected small competitors?
2. How has Airborne survived (and prospered) in its industry?
3. What must Robert Brazier do in order to strengthen the company's position?

Class 5: Competitive Positioning Lecture

Questions:

1. How can a firm create competitive advantage?
2. What is the difference between a low-cost and a differentiation strategy?
3. How can a firm create sustainable competitive advantage?

Class 6: Differentiation: Apple.

Questions:

1. How did the PC industry become transformed from an attractive industry structure in the 1980s to an unattractive structure today?
2. What is Apple's strategy?
3. Can Apple sustain its advantage without Steve Jobs?

Class 7: Midterm.

Class 8: Technology Strategy: Intel.

Questions:

1. How would you explain Intel's initial dominance and subsequent decline in DRAMs?
2. Why has Intel been more successful in microprocessors (than in DRAM)?
3. What are the threats to Intel's advantage in microprocessors?

Class 9: Corporate Strategy: Walt Disney: The Entertainment King

Questions:

1. What were the key success factors for Disney during the Walt Disney era?
2. What role did each of Disney's businesses play in its success during the Walt Disney period?
3. How did Disney's corporate strategy change under Eisner? Did it become more or less compelling?

Class 10: Cooperative Strategy: Disney + Pixar

Questions:

1. Are Disney and Pixar the best partners for one another? Why or why not?
2. What points of conflict are there? For example, how might the two firms have differences in the production of sequels and the timing of movie releases?
3. How did the relationship between Disney and Pixar change over time?

Class 11: Conclusion: "On Use and Abuse of Analogies" by Gavetti and Rivkin. Come prepared to discuss the Gavetti and Rivkin reading. In particular, think about what their article implies for you, having just completed a case-based class on strategy.

Fall 2017: RSM 392 Strategic Management, Professor Chris Liu

If you have any questions or technical difficulties, **contact Ivey directly** during business hours:
Monday to Thursday: 8:00am-4:30pm (EST), Friday: 8:00am-4:00pm (EST)
(e) cases@ivey.ca (t) 519-661-3208 | (tf) 800-649-6355

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