Course Description
This is the capstone course in the MBA program. Using a corporate strategic management model, students will act as top managers and use the concepts and tools they have developed in their core MBA courses to analyze situations (opportunities and problems) from a cross-functional or integrative perspective, make decisions that enhance the competitiveness of the entire firm, and manage the implementation process to achieve the desired strategy. All three stages will be done in the context of existing organizations.

Course Sequencing
This course is to be taken only after the completion of the fundamental tool courses (MBA 610, MBA 611, MBA 612 and MBA 613) and the integrative seminars (MBA 621, MBA 622, MBA 623, and MBA 624).

Required Readings:

http://cb.hbsp.harvard.edu/cb/access/5067218

I have placed readings and cases related to this course at the Harvard Publishing link given above. You may go in to this link and register to purchase the content directly from HBSP using a credit card. You will be given a special discounted student rate on all the material.

Supplementary Materials:
Additional readings will be distributed in class. Strategy related readings from the Financial Times, The London Economist and The Wall Street Journal will be included.

Note: Please note these important points for the blended (online and in-class) course.
Please read the syllabus and assignment guidelines carefully. You may want to print a copy of the syllabus for your reference. Before e-mailing me a question, please check to see if the answer to your question is contained in the syllabus. I will be glad to respond to any questions
you may have related to the course structure, assignments etc; however I expect you to have read the syllabus carefully first.

I recommend using Skype for communication in this class. You may download a free copy of the latest version of Skype from www.skype.com. The only equipment you will need is a microphone and an optional webcam. A webcam with a built-in microphone is relatively inexpensive. Please note that Skype requires a broadband internet connection (cable or DSL will work). I plan on using web chats for individual as well as group communication in class this semester.

**Important Note:** I will be sending you periodic e-mails to keep you posted on course events. In addition, other students in your group / class may be e-mailing you. To receive course e-mail personal information must be complete. If your e-mail address is incorrect, you may miss important course information and this could adversely affect your grade.

Please go to the following link to update your e-mail information:


**NOTE:** Please make note of my virtual office hours. I will try to respond to your e-mails sent during weekdays within 24-48 hours. You are more likely to get a faster response during my virtual office hours.

**Course Educational Objectives**

At the completion of the course, students should be able to:

1. Recognize appropriate and inappropriate fit among and across corporate resources in the multi-business corporation.
2. Develop and apply appropriate models and tools to exploit opportunities and solve problems in ways that lead a firm toward competitive, comparative, or value chain advantages.
3. Develop an understanding and sensitivity to the unique ethical issues that arise in the conduct of forming and implementing strategy.
4. Analyze a firm’s strategic choices in the context of its industry and the larger environment.
5. Practice at integrating cross-functional concepts to the solution of complex strategic management problems.
6. Recognize likely competitive responses to strategic decisions.
7. Identify problems and opportunities associated with mergers and acquisitions.
8. Analyze globalization strategies.
9. Examine concepts and skills necessary for successful strategy implementation.

**Evaluation:**
Grades will be assigned on the following scale

<table>
<thead>
<tr>
<th>Letter grade</th>
<th>Scale</th>
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<tbody>
<tr>
<td>A</td>
<td>92% - 100%</td>
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<tr>
<td>B+</td>
<td>89% - 91.9%</td>
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<tr>
<td>B</td>
<td>82% - 88.9%</td>
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<tr>
<td>C+</td>
<td>79% - 81.9%</td>
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<tr>
<td>C</td>
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<tr>
<td>D+</td>
<td>69% - 71.9%</td>
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<td>D</td>
<td>60% - 68.9%</td>
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<td>F</td>
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**Current Business Strategy paper**: The objective of this assignment is to assess your ability to apply theoretical concepts from the strategic management area to the analysis of a firm’s strategy and strategic choices over a period of time. To start with, you need to scan the business press such as *The Economist, Financial Times, The Wall Street Journal, Business Week* to find a full-length article about a company as a basis for your paper. You need not limit yourself to one article or one source in your information search. For instance, once you have located an appropriate article you may want to go to web sources such as yahoofinance.com, quicken.com or the Annual Report on the company’s web site to gather additional information on the selected firm. Use an appropriate strategic management model / concept(s) to analyze the company situation you have chosen, setting out the key strategic issues and recommend the strategic actions which you think are needed. Make sure you develop a strong rationale to justify the selected course of action.

The paper should roughly be divided into three parts:
1. Key Strategic Issues / Choices made by the firm
2. Analysis using key (and clearly specified) strategic management concepts
3. Recommendations

**Case Briefs**: Each team is required to turn in a case brief on the cases scheduled to be presented for the day. You are NOT required to turn in a case brief if you are the presenting team for that day. All teams need to schedule weekly meetings to complete this task. The case brief can include a very brief summary, but should include development of answers to the following questions:

1. What are the key issues or problems involved in the case?
2. Analysis: What are the causes of the problems or issues?
3. Recommendations: What course of action would you suggest should be taken? Why?
Note: Responses to the cases may be provided on the class blog. I will set up a space dedicated to case feedback. We will also work on an evaluation rubric for the cases.

**Group Case Analysis:** Follow the guidelines provided in the text and class for the case analysis. I will set up group wiki on your Blackboard class site for discussions. Please use this site to post all work related to the group project. This will allow me to keep track of group member contributions to the project and resolve any issues related to the free rider problem, if any later on in the semester. Additional guidelines for this project are provided at the end of the syllabus.

**Class Participation:** Class participation is a very important part of learning in this course. All students are expected to attend class regularly and contribute to the class learning experience on a regular basis. For instance, when a team presents it assigned case, the students in class need to demonstrate active involvement in the case discussion that follows. Failure to demonstrate this will negatively affect your course grade.

**Group Research Paper:** Please see attached guidelines.

A Tentative Class Schedule will be posted under Course Docs.

**Policy on Late Papers/ Assignments:** Papers or assignments that are turned in past the due date defined in the syllabus will be penalized by a minimum of 10 points per paper/assignment. After the due date, the instructor may refuse to accept the late assignment.

**Preparation, participation & Attendance:** This is a hybrid class with several sessions held online. Information on due dates, assignments etc. will be posted on your BB course site and you are required to visit the site 3-4 times a week to keep informed. I will be sending you periodic emails to your regular ISU mail accounts in case of important new additions/changes. Attendance in class, when required is essential to your success in this course. In addition, your completion of online course work on deadline will determine a part of your class participation grade. Class participation grades will be determined on quality, quantity and timeliness. If an assignment is completed and submitted past the deadline, I will either choose to not accept the assignment, or accept it with a grade penalty. Blackboard allows the instructor to track visits and time spent on the course site and this will be used as an additional measure of participation.

**Academic Misconduct:** All University, School of Business and departmental policies on academic dishonesty will be strictly enforced.

Detailed guidelines for key assignments
Current Business Strategy Paper

Purpose: To find a recent article related to a company that has substantially changed its competitive strategy and analyze and understand the factors that precipitated the shift in strategy.

Approach:

1. Identify a company for your analysis by scanning and locating an article in the current business press (Business Week, The Wall Street Journal, The Economist, Fortune, Forbes etc.).

2. Once you have selected the company gather recent company press releases from sites such as hoovers.com, quicken.com, yahoofinance.com.

3. Enter the web site of the selected company. Click on “Corporate Information” and then click on “Corporate Timeline”. Study the events in the timeline along with the information you have obtained from your recent article on the company and outline the way it’s strategy has developed over time.

In your analysis and conclusions spell out, What strategy changes did the company make and what is your evaluation of these changes? Do you think the company has created a basis for sustainable competitive advantage in light of the changes taking place in its industry sector and the larger environment?

Final Output:

A 3 page typed, double-spaced paper organized along the lines of Introduction, Summary of the main idea(s), Analysis and Recommendations. The paper should have a title and the sources used should be properly referenced. The cover page should include the paper title, sources used for the paper, name of author and course title and number.

Group Case Analysis Outline Guidelines:
1. Company Description / **Key strategy**: what is the company’s primary business, describe structure, leadership, core competency and source of competitive advantage.

2. **Key Issues** facing company currently (identify at least 2-3 issues of strategic relevance). Events in the external environment and their impact on the firm. A SWOT analysis could be useful in situating the firm in the industry and external environment.

3. Industry perspective / Key competitors – Porter’s five forces is a useful tool to analyze industry structure and competitor rivalry.

4. Internal analysis – Financial analysis – key ratios in comparison to key competitors and industry averages. Stock price – 3-5 yr scenario. Implications?

5. Action plan for the firm based on the above environmental/ industry /firm level analysis. What would you do if you were the CEO of either of these firms in order to more effectively compete with your competitors? This is where you present your team’s critical revisions of the firm’s current strategic course based on your insights derived from your analysis. Your suggested action plan needs to be rooted in sound, detailed facts and not just mere hunches. This is by far one of the most value added parts of your analysis, so pay extra attention to the plan.

6. Current news of strategic relevance. Please be selective about the news events and make sure you provide a sound rationale for their strategic relevance to the firm. For example, if you mention a current news event related to an acquisition by the subject firm, make sure you discuss briefly the strategic drivers of this acquisition. Merely providing a laundry list of news events will detract from the quality of your presentation.

**Final Output**: A 8-10 page, typed, double-spaced paper that includes the key components outlined above.

**Major Fields Test (MFT)**

You are required to take the MFT as part of this course. The date for the test will be specified later.

**** “The Major Field Test in Business contains about 120 multiple-choice items, some of which are grouped in sets and based on such materials as diagrams, charts, and tables of data. The questions are designed to measure a student’s knowledge and ability to apply significant facts, concepts, theories, and analytical methods. The questions represent a wide range of difficulty, and the test attempts to cover both depth and breadth in assessing students’ levels of achievement.” Taken from http://www.ets.org/portal/site/ets/menuitem.1488512ecfd5b8849a77b13bc3921509/?vgnextoid=f929af5e44df4010VgnVCM10000022f95190RCRD&vgnextchannel=86f346f1674f4010VgnVCM10000022f95190RCRD

I will be posting online resources for test prep on the Blackboard course site.

The test is a two hour test and will be given on dates to be announced later.

Major Fields Tests Registration for On-line Test $30.00

**Final Group Research Paper:**
I will provide a detailed description of your final group project which will be a consulting project for an entrepreneur or a case study of a young, innovative firm.

Useful Web Sites:

Ft.com
Wsj.com
Economist.com
Business week.com
Yahoofinance.com
Googlefinance.com
Quicken.com
Google.com

1. Each group will present their group project in class on the assigned dates.
2. A clearly written report, typed, not exceeding 15-20 pages should be turned in on the day of the presentation. Include a complete list of references of all the published information, web sites that were sources of information.
3. In your presentation, do not repeat all the information in the report, but plan your presentation around the key points you wish to convey to the audience.

**Financial Ratios for Case Analysis**

Ratio analysis allows for consistent comparison of a firm’s financial performance with other firms in the same industry or business.

**Profit Ratios:**

Profitability can be measured by any number of return-based ratios, such as return on assets (net income divided by total assets), return on equity (net income divided by shareholder’s equity), and return on capital ((net income divided by total capital). All three ratios are common measures of return on investment (ROI). These return ratios show how productively a firm is using its resources.

\[
\text{Return on Equity (ROE) } = \frac{\text{Profit after Taxes}}{\text{Shareholder’s Equity}}
\]

Measures percentage of profit earned on common shareholder’s investment in the company. It is a key indicator of increase / decrease in stockholder wealth. Shows productivity of firm’s value adding activities. A firm that maximizes shareholder wealth can attract more capital in the long and short run, so this ratio is important, since it is a true bottom line measure of performance.

\[
\text{Net profit margin } = \frac{\text{Net Income}}{\text{Sales Revenue}}
\]

Measures percentage of profit earned on sales. An important ratio since profit is essential to a business in the long run.
Liquidity Ratios:

Current ratio = \( \frac{\text{Current Assets}}{\text{Current Liabilities}} \)

Quick ratio = \( \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \)

A current ratio of at least 1 is preferable, since anything less than 1 would imply a negative net working capital. Liquidity is an indicator of a firm’s ability to pay its suppliers and creditors. This ratio measures a firm’s ability to pay off short term creditors without liquidating its inventories. Since inventory is relatively illiquid this is a useful measure of the firm’s solvency. A firm with a relatively low current ratio suggests that it may not be able to meet its short term obligations, increasing its credit risk to creditors. For a creditor, the higher the current ratio, the better. However, a high current ratio can also indicate a non-optimal use of cash and other short-term assets.

Activity Ratio:

Inventory Turnover = \( \frac{\text{Cost of Goods Sold}}{\text{Inventory}} \)

Measures the number of times inventory is turned over. Indicates if a firm is carrying excess inventory. Use inventory taken at the balance sheet date. Some use sales instead of cost of goods sold, but COGS is a better measure of turnover than sales, since it is the cost of inventory items.

Leverage or Debt Ratio:

Debt-to-equity ratio = \( \frac{\text{Liabilities}}{\text{Shareholder’s Equity}} \)

If this ratio is .45, we might say that the firm uses 45% debt, or the firm has 45 cents in debt for every dollar of assets. It indicates the balance between debt and equity in the firm’s capital structure, in other words it measures the extent to which the firm is financing its activities with debt or equity. This gives the financing provided by creditors in relation to financing provided by shareholders. High leverage can make earnings per share more volatile. Most widely used measure of firm leverage. Good indicator of financial risk, default risk.

Shareholder’s return ratio:

Price-earnings ratio = \( \frac{\text{Market price per share}}{\text{Earnings per share}} \)

Measures the amount investors are willing to pay per dollar of profit. If the P/E of Firm X is 10, we would say that Firm X is selling shares for 10 times earnings, or carry a P/E multiple of 10. Higher P/Es generally are taken to mean that the firm’s growth prospects are higher. The danger rests in the fact that weak or no earnings can inflate the P/E, so care needs to be used in interpreting this number. This ratio is meaningful only when compared to sector averages or to other firms in the same industry.

Note: The use of ratios requires care in interpretation. The ratios need to be compared with competitors in the same industry and with industry averages. Ratios also need to be assessed over relevant time periods, since cyclical upturns or downturns can distort a firm’s ratios unless viewed within the industry context.

Online Resource Guide
In order to understand and analyze a company’s strategy and strategic choices, knowledge of the industry in which they compete and their competitors is critical. This guide provides a brief overview of sources of information useful for conducting strategic and competitive analysis.

**Company / Industry Information**

*Annual Report Gallery.* This website has over 2000 annual reports that include links to company websites.  
[http://www.reportgallery.com](http://www.reportgallery.com)

*Company Annual Reports Online (CAROL).* This website is useful for finding annual reports on European, Asian and U.S. companies.  
[http://www.carol.co.uk/](http://www.carol.co.uk/)

*Public Register’s Online Annual Report Service.* Lists more than 2000 annual reports.  

*SEC Filings / EDGAR – Company Disclosure Reports.*  
EDGAR Database – Securities Exchange Commission. The 10K for publicly traded companies is available on this website within 24 hours of filing. The 10K is a basic source of company research.  

*FreeEDGAR.* Offers free access with easy to navigate table of contents.  
[http://www.freeEDGAR.com/](http://www.freeEDGAR.com/)

*Corporate Information.* Covers 65 industry sectors, company and country information. Provides interactive research reports analyzing sales, earnings, profit ratios, R&D and inventory. Also provides access to company research reports by geographic region and industry sector. Allows comparison of up to three companies selected.  

*Hoover’s Online.* Includes capsule descriptions of over 50,000 companies with links to corporate websites.  
[http://hoovers.com](http://hoovers.com)

Current company information / news articles.  
The following sources are available through the ISU library link.

*ABI Inform / Proquest.* Provides abstracts and full-text articles from over 1000 business and management journals.

*Academic Universe.* Lexis-Nexis. The Business section provides access to current business articles from various sources. Detailed company financials, industry and market information and company comparisons are also available for over 25 industries.

*F&S Index.* Provides a compilation of company, product and industry information from numerous financial publications, special reports and trade magazines.

*Industry Norms and Key Business Ratios.* Industries are classified by four digit SIC codes. The site can be used to locate key financial measures and ratios related to efficiency, profitability and solvency and used as benchmark to compare with the industry average.

*Standard and Poor’s Industry Surveys.* S&P’s Industry Surveys provides an overview of 52 industries. Each industry report contains a table of contents, narrative description, history, trends, financial and company information and a section on how to perform an analysis of the industry.

**Guides for company information**

*Guide to Understanding Financials.* This guide provides basic information on how to read the financial statements in a company’s annual report.  

*Strategic Management Club Online –*  
[http://www.strategyclub.com](http://www.strategyclub.com)
This is the Fred David text web site. Provides links and strategic planning tools useful for analyzing business strategy cases.

*Business Week.*  [www.businessweek.com](http://www.businessweek.com) Allows a search of Business Week archives by topic or industry. Useful for locating current strategy articles.

**Course relationship to College of Business Learning Goals:**

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<thead>
<tr>
<th>Business Practices</th>
<th><strong>1. Students</strong> will be knowledgeable about current business practices and concepts. In this course, students will learn to apply strategic management theories and concepts to analyze current business events. Analysis and synthesis of concepts and theories with actual practice will be emphasized in this course.</th>
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<tbody>
<tr>
<td>Analytical Thinking</td>
<td><strong>2. Students</strong> will be able to make prudent business decisions by employing analytical and critical thinking. In this course, students will be required to think critically by analyzing business situations in cases as well as current events from the business press.</td>
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<tr>
<td>Communication Skills</td>
<td><strong>3. Students</strong> will be effective communicators. Students will work in groups to analyze cases, solve problems and to present their findings to the class.</td>
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<tr>
<td>Technology Skills</td>
<td><strong>4. Students</strong> will be competent in applying relevant technology to business problems. Students will learn how to make effective use of communications technology in this class. Blogs, wikis and podcasting tools will be used in the assignments for the course along with Adobe Connect and Presenter for some of the group meetings.</td>
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<tr>
<td>Ethical Reasoning</td>
<td><strong>5. Students</strong> will be competent in ethical decision making. Students will be exposed to ethical dilemmas and the concepts of ethical decision making in this course through discussion of current news events as well as cases with an ethical dimension.</td>
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<tr>
<td>Professional Skills</td>
<td><strong>6. Students</strong> will be able to function effectively in professional settings. In this course students will be exposed to expectations of professional behavior, hone their professional presentation skills, and learn how to communicate verbally and orally in professional settings. Group work is an integral part of this course and this will expose students to the team environment and the complexities of working with people from diverse backgrounds.</td>
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<tr>
<td>Global Awareness</td>
<td><strong>7. Students</strong> will be cognizant of the complexities of operating in a global business environment. In this course, students will be exposed to complexities of operating in a global environment as well as the differences between the global and the domestic environment through case studies and the personal experience of the instructor, which includes travel, teaching and research in many parts of the world.</td>
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