

**MGT 527—STRATEGIC MANAGEMENT**  
**Fall, 2014- Section 81E**

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**Course Description:** This class involves the study of administrative processes and policy determination at the general managerial level which will be taught through assigned readings, applied homework, a business plan, a strategic audit, and the sharing of ideas and experiences with peers. This course is open to business majors only and should be taken during semester of graduation unless approved by department head and professor.

**Course Objectives:**

1. Understand the nature of competition and industries at an advanced level.
2. Understand how external forces such as social, political/legal, economic, and technological, influence strategic decision-making and firm performance.
3. Understand the sophisticated relationships among the functional areas of an organization (marketing, human resources, production, finance, and accounting) and how effective strategic planning requires a concerted effort among all functional areas.
4. Understand strategy research, including extensive use of the internet as a research tool.
5. Be able to systematically apply the strategic management model to the analysis of an ongoing enterprise, including industry, environmental, and firm assessments; firm, business, and functional strategic assessments; development and evaluation of strategic alternatives; and strategic implementation and control.

**Course Text:** Hitt, M.A., Ireland, R.D. & Hoskisson, R.E. (2015). Strategic Management: Concepts and Cases: Competitiveness and Globalization (11<sup>th</sup> Edition). Cengage Learning: Stamford, CT. ISBN: 9780132153225. Print: ISBN-10 1285425170, ISBN-13 9781285425177; eText: ISBN-13 9781285801063, ISBN-10 1285801067. Cost: New Price: \$127.88; Used Price: \$180.

**Course Grading:**

Homework (2): 20%  
Class participation/activities: 15%  
Cumulative/Comp Exam: 15%  
Business Plan: 20%  
Strategic Audit: 20%  
Major Field Test: 10%

**General Guideline for Assignments:** All assignments (homework, business plan, and strategic audit) are to be done in teams of 3-5 members and submitted via Dropbox in eCollege on the due date stated on the syllabus. The following formatting guidelines for all written assignments should be used: typed using 12-point Times New Roman font, double spaced, one-inch margins all around, page numbering on bottom of page, no header or footer, and student name, assignment information, and date in upper left-hand corner.

**Homework assignments**

- 1) This homework involves selecting a firm of your choice (other than the firm for your strategic audit), and conducting an external environmental and industry analysis for the firm. Specifically, I want you to:  
1) offer a brief introduction of the company including the company history, 2) a brief industry overview,

- 3) an in-depth qualitative AND quantitative analysis of how environmental variables have impacted the firm in the past, 4) an in-depth analysis of how industry forces (Porter's five forces) have impacted the firm, 5) a literature review of environmental and industry variables and how they influence organizations. The objective of this homework is to make you more aware of how environmental trends and industry forces need to be considered when elaborating strategic plans/audits. This homework will be graded based on the identification of the relevant variables, the in-depth analysis of those variables including their trends and their impact on the firm (preferably quantitative), and the breadth and depth of your literature review on the topic.
- 2) This homework involves selecting a firm of your choice (other than the firm you plan to use for your strategic audit or used in previous assignments) and creating a SWOT matrix and analysis. Specifically, I want you to offer: 1) a brief introduction of the company including the company history, 2) brief industry overview, 3) an external environmental and industry analysis similar to that produced in the prior assignment, 4) literature review on firm strengths (e.g., competencies, capabilities, patents, reputation...), weaknesses and their impact on firm performance and competitiveness, 5) a SWOT analysis (not just bullet points), 6) potential strategies that the firm could take to capitalize on opportunities and strengths while protecting itself from threats and weaknesses. This homework will be graded based on the level of detail of the SWOT analysis, the breadth and depth of your literature review, and the depth and logic of your insights regarding strategies the firm should pursue.

### **Cumulative/Comp Exam**

This exam will be given to you during the first couple weeks of the semester and is to be completed individually. It covers a broad scope of topics and counts as the required Comp exam for graduation. YOU MUST OBTAIN A PASSING GRADE (I consider a passing grade as 70% or greater) ON THIS EXAM TO GRADUATE.

### **Business Plan**

The purpose of this assignment is to offer you the opportunity to analyze your immediate environment and exercise your creativity and ability to discover and exploit opportunities by using strategic management concepts. This assignment differs from the strategic audit in that it requires a more detailed knowledge of specific business characteristics that are typically not available when analyzing the larger firms (i.e. cost of square foot to rent a commercial property, the cost of importing a specific product, the cost of flyers or an ad in the local paper). Also, I find that constraining oneself to a new business places a limit on the budget (i.e. bootstrapping) that can realistically be used to implement a plan. For example, when analyzing a case or performing a strategic audit on a large company (e.g. Apple), your budget is almost infinite—this is not the case with new ventures. The plan will be graded based upon creativity, timeliness, specificity, depth and breadth of analyses, and SUPPORT for your business idea, as well as your team members rating of your contribution. Please refer to the attached business plan outline for the structure of your business plan.

### **Strategic Audit**

The purpose of this exercise is to analyze a large corporation and its environments (external and internal) and apply strategic management concepts to find insightful strategic options for this firm. Based on an existing corporation, your team will prepare a written strategic analysis applying strategic management concepts. This will be a team project and the firm and industry will be negotiated once the make up of the class is established. The audit will be graded based upon timeliness, specificity, depth and breadth of analyses, and SUPPORT for your recommendations, as well as your team members rating of your contribution. Please follow the rubric at the end of this syllabus for the structure and context of your audit.

**Major Field Test:** The ETS® Major Field Test in Business helps us assess our graduate business curriculum. As the only comprehensive national assessment for program evaluation of its kind, the ETS® Major Field Test for the MBA consists of 124 multiple-choice questions, half of which are based on short case-study scenarios. Questions employ materials such as diagrams, graphs and statistical data. Mathematical operations do not require a calculator. Most of the questions require knowledge of specific information drawn from marketing,

management, finance and managerial accounting, or a combination of these.

The results of this test are kept confidential. Students are **required** to complete the exam as part of their course requirements in MGT 527. This will represent 10% of your grade. Details regarding the exam dates, locations, and method of delivery will be announced in the course in January.

**Students with Disabilities:** The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Office of Student Disability Resources and Services, Texas A&M-Commerce, Gee Library, Room 132 – Phone (903) 886-5150 or (903) 886-5835 – Fax (903) 468-8148 – StudentDisabilityServices@tamuc.edu

**Code of Student Conduct:** All students will follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. See Student's Handbook, Rules, and Procedures, Code of Student Conduct <http://www.tamuc.edu/studentlife/guidebook67.pdf>. College of Business professors do not tolerate **plagiarism** and other forms of academic **dishonesty**. Instructors “are expected to uphold and support student integrity and honesty by maintaining conditions that encourage and enforce academic honesty. Conduct that violates generally accepted standards of academic honesty is "**Academic dishonesty.**" **It includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one's own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal) of resource material.**” See 13.99.99.R0.10 Academic Honesty at [http://www.tamuc.edu/administration/Rules%26Procedures/rules\\_procedures.asp?RID=97](http://www.tamuc.edu/administration/Rules%26Procedures/rules_procedures.asp?RID=97). In accordance with the Texas A&M University-Commerce Code of Student Conduct Section 5.b [1, 2, 3], the penalties for students guilty of academic dishonesty include **disciplinary probation, suspension, and expulsion. Also, you will receive an “F” for this course. Please be aware that it is YOUR responsibility to ensure that any document that contains your name follows these guidelines; all group members will receive the same sanction regardless of who specifically incurred in the infraction.**

## Course Schedule

### August

Week 1 Monday 25: Course Introduction; Read Chapter 1: Strategic Management and Strategic Competitiveness

Activity: Watch video comparing Porters 5 forces with Blue Ocean strategies

### September

Week 2 Monday 1: Read Chapter 2: The External Environment: Opportunities, Threats, Industry Competition, and Competitor Analysis

Activity: In groups, select one attractive and one unattractive industry according to the five forces criteria

Week 3 Monday 8: Read Chapter 3: The Internal Organization: Resources, Capabilities, Core Competencies, and Competitive Advantages

Week 4 Monday 15: **Due:** Hand-in and present assignment 1: external environmental scanning and industry analysis

Week 5 Monday 22: Read Chapter 4: Business-Level Strategy

Week 6 Monday 29: Read Chapter 5: Competitive Rivalry and Competitive Dynamics

### **October**

Week 7 Monday 6: **Due:** Hand-in and present assignment 2: external environmental scanning, industry analysis, internal organizational analysis and SWOT analysis.

Week 8 Monday 13: The Major Field Test (MFT) will be taken either this week or the following.

Week 9 Monday 20: Read Chapter 6: Corporate-Level Strategy & Chapter 7: Merger and Acquisition Strategies

Week 10 Monday 27: **Due:** Cumulative/Comp Exam; will work on an in-class exercise involving your exam.

### **November**

Week 11 Monday 3: Read Chapter 8: International Strategy & Chapter 9: Cooperative Strategy

Week 12 Monday 10: **Due:** Hand-in and present Business Plan

Week 13 Monday 17: Read Chapter 10: Corporate Governance & Chapter 11: Organizational Structure and Controls

Week 14 Monday 24: Read Chapter 12: Strategic Leadership & Chapter 13: Strategic Entrepreneurship

### **December**

Week 15 Monday 1: Work on strategic audit

Week 16 Monday 12 (last day of class): **Due:** Hand-in and present Strategic Audit

## MGT 527- STRATEGIC MANAGEMENT-- Assessment Rubrics

<b>Homework 1</b>	<b>Far Exceeds Standards</b>	<b>Exceeds Standards</b>	<b>Meets Standards</b>	<b>Fails to Meet Standards</b>
<p><b>Company History &amp; Industry Overview (10%)</b> In order to effectively assess the environment and industry in which a firm is immersed, it is important to first have a general understanding of the firm, its history, and the industry in which it competes.</p>	<p>Clearly explains the history of the firm and how it has changed over time. Also, explains specific industry trends over the past few years.</p> <p style="text-align: center;"><b>(10)</b></p>	<p>Clearly explains the history of the firm and how it has changed over time. Also broadly explains industry trends.</p> <p style="text-align: center;"><b>(8)</b></p>	<p>Somewhat explains the general history of the firm and how it has changed over time. Also broadly explains industry trends.</p> <p style="text-align: center;"><b>(7)</b></p>	<p>Fails to explain the history of the firm or how it has changed over time. Also fails to explain industry trends.</p> <p style="text-align: center;"><b>(6)</b></p>
<p><b>Environmental scanning: variable identification (20%)</b> A first step in the environmental scanning process is identifying those variables that have the greatest impact on your organization.</p>	<p>Identifies and evaluates all of the most critical environmental variables clearly (five or more) and with supported rationale statements as to why each variable was included.</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Identifies and evaluates all of the most critical environmental variables (at least four or five) with rationale statements as to why each variable was included.</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Identifies and evaluates some critical environmental variables (two or three) with some indication of rationale as to why each variable was included.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Identifies an environmental variables and/or provides no rationale as to why the variable was included.</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>Environmental scanning: variable trends (20%)</b> The second step in an environmental scan is to research and understand how the identified variables have been changing in the past and are expected to change in the future.</p>	<p>Evaluates the previously identified variable trends in detail and provides specific insights as to potential extensions of the trends of each variable into the future (3-5 years).</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Evaluates the previously identified variable trends and provides insights as to potential extensions of the trends of each variable into the future (3-5 years).</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Evaluates the previously identified variable trends in general terms and provides broad ideas as to potential extensions of the trends of each variable into the future.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Provides an extremely weak evaluation of the variable trends and offers no insight as to future trends.</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>Environmental scanning: impact of trends on organization (20%)</b> The third step in the environmental scan is to understand how the changes in the identified variables may impact the organization.</p>	<p>Articulates and persuasively defends the potential impact that the trends of the variables in the future may impact the organization.</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Articulates and defends the potential impact that the trends of the variables in the future may impact the organization.</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Articulates and somewhat defends the potential impact that the trends of the variables in the future may impact the organization.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Is not able to articulate and/or persuasively defend the potential impact that the trends of the variables in the future may impact the organization.</p> <p style="text-align: center;"><b>(12)</b></p>

<p><b>Industry analysis (20%)</b> The text identifies six forces driving industry competition. Analyze how each of the six forces influences competition within the industry of your company.</p>	<p>Explains in detail how each force influences industry competition for the selected firm.</p> <p style="text-align: center;"><b>(30)</b></p>	<p>Explains in some detail how each force influences industry competition for the selected firm.</p> <p style="text-align: center;"><b>(24)</b></p>	<p>Explains in little detail how each force influences industry competition for the selected firm.</p> <p style="text-align: center;"><b>(21)</b></p>	<p>Does not explain how each force influences industry competition for the selected firm.</p> <p style="text-align: center;"><b>(18)</b></p>
<p><b>Peer evaluation (10%)</b> I expect that all members of a team will put forth relatively the same amount of effort towards the homework. In order to secure equity, I want each member to rate the other members on a scale from 1-4 with 4 being the highest score for exceptional work and collaboration.</p>	<p>The peer performed exceptional work, eagerly collaborated on the homework and delivered what was agreed upon.</p> <p style="text-align: center;"><b>(10)</b></p>	<p>The peer performed good work, collaborated on the homework and delivered what was agreed upon.</p> <p style="text-align: center;"><b>(8)</b></p>	<p>The peer performed average work, on occasion collaborated on the homework and delivered less than what was agreed upon.</p> <p style="text-align: center;"><b>(7)</b></p>	<p>The peer performed mediocre work, did not collaborate on the homework and did not deliver what was agreed upon.</p> <p style="text-align: center;"><b>(6)</b></p>

<b>Homework 2</b>	<b>Far Exceeds Standards</b>	<b>Exceeds Standards</b>	<b>Meets Standards</b>	<b>Fails to Meet Standards</b>
<p><b>Company History &amp; Industry Overview (20%)</b> In order to effectively assess the environment and industry in which a firm is immersed, it is important to first have a general understanding of the firm, its history, and the industry in which it competes.</p>	<p>Clearly explains the history of the firm and how it has changed over time. Also, explains specific industry trends over the past few years.</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Clearly explains the history of the firm and how it has changed over time. Also broadly explains industry trends.</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Somewhat explains the general history of the firm and how it has changed over time. Also broadly explains industry trends.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Fails to explain the history of the firm or how it has changed over time. Also fails to explain industry trends.</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>SWOT analysis (35%)</b> The first step in creating the TOWS matrix is to perform an internal (strengths and weaknesses) and external (opportunities and threats) analysis of the organization</p>	<p>Specifically (and correctly) identifies strengths, weaknesses opportunities, and threats (7-10 for each category).</p> <p style="text-align: center;"><b>(35)</b></p>	<p>Specifically (and correctly) identifies strengths, weaknesses opportunities, and threats (4-6 for each category).</p> <p style="text-align: center;"><b>(28)</b></p>	<p>Vaguely identifies and correctly distinguishes between strengths, weaknesses opportunities, and threats (3-5 for each category).</p> <p style="text-align: center;"><b>(24)</b></p>	<p>Not able to (and incorrectly) identify or distinguish between strengths, weaknesses opportunities, and threats.</p> <p style="text-align: center;"><b>(21)</b></p>
<p><b>Potential strategies (35%)</b> After identifying SWOT, you must be able to capitalize on strengths and opportunities as well as protect yourself (the firm) from weaknesses and threats.</p>	<p>Creatively and insightfully generates SO, WO, ST, and WT (see pages 182-185 of text) strategies and convincingly defends the suggested strategies.</p> <p style="text-align: center;"><b>(45)</b></p>	<p>Offers solid SO, WO, ST, and WT (see pages 182-185 of text) strategies and defends the suggested strategies.</p> <p style="text-align: center;"><b>(36)</b></p>	<p>Generates SO, WO, ST, and WT (see pages 182-185 of text) strategies and somewhat is able to defend the suggested strategies.</p> <p style="text-align: center;"><b>(31)</b></p>	<p>Offers weak SO, WO, ST, and WT (see pages 182-185 of text) strategies and is not able to defend the suggested strategies.</p> <p style="text-align: center;"><b>(27)</b></p>
<p><b>Peer evaluation (10%)</b> I expect that all members of a team will put forth relatively the same amount of effort towards the homework. In order to secure equity, I want each member to rate the other members on a scale from 1-4 with 4 being the highest score for exceptional work and collaboration.</p>	<p>The peer performed exceptional work, eagerly collaborated on the homework and delivered was agreed upon.</p> <p style="text-align: center;"><b>(10)</b></p>	<p>The peer performed good work, collaborated on the homework and delivered what was agreed upon.</p> <p style="text-align: center;"><b>(8)</b></p>	<p>The peer performed average work, on occasion collaborated on the homework and delivered less than what was agreed upon.</p> <p style="text-align: center;"><b>(7)</b></p>	<p>The peer performed mediocre work, did not collaborate on the homework and did not deliver what was agreed upon.</p> <p style="text-align: center;"><b>(6)</b></p>

<b>Business Plan</b>	<b>Far Exceeds Standards</b>	<b>Exceeds Standards</b>	<b>Meets Standards</b>	<b>Fails to Meet Standards</b>
<p><b>Executive Summary (10%)</b> A compelling new venture concept should be sold in just a few summarized pages. Rarely will an investor read past the executive summary unless a clear opportunity is presented.</p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;"><b>(10)</b></p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;"><b>(8)</b></p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;"><b>(7)</b></p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;"><b>(6)</b></p>
<p><b>The Team (5%)</b> “It’s better to have an A team and a B idea than a B team and an A idea”. Explain how the team members will contribute to the success of the new venture.</p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the new venture success.</p> <p style="text-align: center;"><b>(5)</b></p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the new venture success.</p> <p style="text-align: center;"><b>(4)</b></p>	<p>Roughly explains how general competencies individually and/or collectively enhance the probability of the new venture success.</p> <p style="text-align: center;"><b>(3.5)</b></p>	<p>Is not able to explain how each member’s competencies individually and/ or collectively enhance the probability of the new venture success.</p> <p style="text-align: center;"><b>(3)</b></p>
<p><b>Market analysis (20%)</b> The overall analysis should include an industry analysis, a detail of the target market, a SWOT analysis, and an analysis of the competitors strategies (marketing P’s).</p>	<p>Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P’s of the most direct 5-7 competitors).</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P’s of the most direct 5-7 competitors).</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P’s of the most direct 5-7 competitors).</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Weak/ vague analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P’s of the most direct 5-7 competitors).</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>Marketing Plan (20%)</b> The marketing plan should include the mission, vision, objectives (specific), and the P’s.</p>	<p>Very detailed and extremely cohesive strategy of product, price, promotion, and place (dist. / location).</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Detailed and cohesive strategy of product, price, promotion, and place (dist. / location).</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Broad and somewhat integrated strategy of product, price, promotion, and place (dist. / location) strategy</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Vague and non-integrated strategy of product, price, promotion, and place (dist. / location).</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>Manufacturing and operations plan (10%)</b> The successful manufacturing of a product or offering of a service requires a detailed analysis of the product/service being offered, the infrastructure required to manufacture the product or offer the service, the specific equipment needed, and a detail of the production plan or sequence of the service.</p>	<p>Very detailed explanation of the manufacturing process and/ or the offering of the service. Specific details of required infrastructure and equipment, a list of providers/ suppliers and a specific explanation of the production process or sequence of the service.</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Detailed explanation of the manufacturing process and/ or the offering of the service. Include details of required infrastructure and equipment, a list of providers/ suppliers and an explanation of the production process or sequence of the service.</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Explanation of the manufacturing process and/ or the offering of the service. General infrastructure requirements and equipment, a list of providers/ suppliers and a broad explanation of the production process or sequence of the service.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Vague explanation of the manufacturing process and/ or the offering of the service.</p> <p style="text-align: center;"><b>(12)</b></p>



<p><b>Financial Analysis (20%)</b> In order to financially assess a venture, it is important to accurately calculate the initial investment required, a break-even point, pro-forma cash flows, and the return on investment.</p>	<p>Detailed, break-down of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (monthly for the first year and yearly for the first 3 years), and ROI. Also includes justifications for capital structure and expected dividend payout.</p> <p style="text-align: center;"><b>(20)</b></p>	<p>Break-down of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (monthly for the first year and yearly for the first 3 years), and ROI. Also includes justifications for capital structure and expected dividend payout.</p> <p style="text-align: center;"><b>(16)</b></p>	<p>Broad categorization of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (for the first 3 years), and ROI.</p> <p style="text-align: center;"><b>(14)</b></p>	<p>Very vague expected investments and returns.</p> <p style="text-align: center;"><b>(12)</b></p>
<p><b>Critical Risks (5%)</b> Every new venture has risks that may hinder its success or lead to its demise. Therefore, it is important to identify these risks in order to establish mitigation and contingency plans.</p>	<p>Detail the risks (7-10) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be.</p> <p style="text-align: center;"><b>(5)</b></p>	<p>Detail the risks (4-7) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be.</p> <p style="text-align: center;"><b>(4)</b></p>	<p>Detail the risks (1-3) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be.</p> <p style="text-align: center;"><b>(3.5)</b></p>	<p>Fails to consider the risks that may cause problems for the success for the venture.</p> <p style="text-align: center;"><b>(3)</b></p>
<p><b>Peer evaluation (10%)</b> I expect that all members of a team will put forth relatively the same amount of effort towards the homework. In order to secure equity, I want each member to rate the other members on a scale from 1-4 with 4 being the highest score for exceptional work and collaboration.</p>	<p>The peer performed exceptional work, eagerly collaborated on the business plan and delivered was agreed upon.</p> <p style="text-align: center;"><b>(10)</b></p>	<p>The peer performed good work, collaborated on the business plan and delivered what was agreed upon.</p> <p style="text-align: center;"><b>(8)</b></p>	<p>The peer performed average work, on occasion collaborated on the business plan and delivered less than what was agreed upon.</p> <p style="text-align: center;"><b>(7)</b></p>	<p>The peer performed mediocre work, did not collaborate on the business plan and did not deliver what was agreed upon.</p> <p style="text-align: center;"><b>(6)</b></p>

## **Business Plan**

### **Executive Summary**

The team: Who are they, experience, the role of each, and percent ownership?

The product/ service: What are you offering (characteristics) and benefits (differentiation)?

The opportunity: Why do you believe there is an existing demand for the product/ service you are offering?

The offer: How much investment is needed, what percent is being offered, how much debt will the firm have, what is the expected ROI?

### **The Team**

Resume: Each member should have an attached resume.

Organizational structure: Who is reporting to whom?

Assignment responsibility matrix: Who will be in charge of what aspect of the business plan implementation?

### **Market analysis (environmental and internal scanning)**

Industry analysis: What are the industry tendencies; is the industry growing or contracting? What is the industry size?

Target market: Who is our product/ service targeted towards? Why would they purchase what we have to offer? Why will they give-up their current provider?

Competition analysis: Who are the competitors? What are their strengths and weaknesses? What are their strategies (their 'P's')?

SWOT analysis: Identify the strengths, weaknesses, opportunities and threats. Be as honest as possible. Is your strengths list a lot longer than your weaknesses list?

### **Marketing Plan**

Mission: What is the purpose of your business?

Vision: Where do you see your firm in roughly five years?

Objectives: What specific goals have you established regarding, growth, quality etc.? Are they SMART (specific, measurable, attainable, realistic and time-bound)?

Product: What are your product/ service characteristics?

Price: What price will we establish and why? Will we offer discounts or not? Should we group price or charge tag-on an additional charges (ex. should food or luggage in airlines be included or charged separately)?

Publicity: What strategy will we use? What mediums will we use (TV, radio, newspaper, magazines etc.) as well as the frequency and cost of each?

Location: What location will we choose and why? Did you perform a cost/ benefit analysis?

Distribution: How will we reach the final client? Wholesale, retail, internet...?

## **Manufacturing and operations plan**

The product: Does your product have technical specifications? Does it need a patent? Will there be waste? What are the required materials for manufacturing and who are the potential suppliers? Costs?

Infrastructure/ Facilities: Where will you manufacture and what are the benefits of the location? What technical requirements does the facility need? Size? Cost?

Equipment: What equipment is needed and what are the technical specifications?

Production plan: Is it useful to have a flow diagram of the entire process from once an order is placed through production and finally reaching the client?

## **Financial Analysis**

Investment: What will be invested in and how much will be invested? Don't forget that the initial investment should take into account assets, operational losses and working capital. Keep your eye on details for example permits, deposits (ex. rent), salaries pre-inauguration, transportation etc.

Break-even point: What are the fixed costs, variable costs and sales price? How many units do you need to sell to have a cash flow of \$0. Perform a sensitivity analysis to analyze how the BEP will change under different conditions.

Cash flow: This is the most important financial statement. In order to project a cash flow, you may first need to project the income statements and balance sheets. What will your monthly cash flow be like during the first year and then yearly for the next two years?

Return on Investment: What ROI do you expect? Is it worth the risk?

## **Critical Risks**

What possibly could happen that could significantly impact the potential success of this business? Can you create a mitigation plan for these risks? Can you create a contingency plan for these risks?

<b>Strategic Audit</b>	<b>Exceeds Standards</b>	<b>Meets Minimum Standards</b>	<b>Fails to Meet Standards</b>
<b>Introduction to the Organization (I)</b> - History of the Company & Current Status – 3 points	Includes essential material in this section. Any additional material is in an appendix. 3 points	Includes essential material in this section. Any additional material is in an appendix. 2 or 3 points	Essential material not included. 0 to 1 point
<b>Identification of Industry &amp; competitors (II)</b> (2 points)	Lists and briefly discusses industry(ies) in which organization competes & its competitors – 2 points	Lists and briefly discusses industry(ies) in which organization competes & its competitors – 2 points	Fails to address industry(ies) in which organization competes and/or its competition. 0 to 1 point.
<b>Analysis of the Industry (III)</b> Strategic group, Porter’s 5 Forces, Industry CSF’s, & Successful & Failed Organizations - 10 points	Analyzes organization’s strategic group(s), critical success factors for industry, & lists successful & failed organizations. Discusses Porter’s 5 Forces & provides an in-depth analysis for industry & organization-9-10 pts	Meets the basic criteria for this Outline Item, but fails to demonstrate knowledge of theories needed to address some of the requirements. – 7 or 8 points	Meets some of the basic criteria for this Outline Item, but fails to demonstrate knowledge of theories needed to address most of the requirements. – 0 to 6 points
<b>Analysis of Macro-Environment (IV)</b> (Political, Economic, Social, and Technological forces – Threats & Opportunities facing the organization - 10 points	Demonstrates knowledge of, & capability to apply, theories and tools in the analysis of Macro-Environment (e.g., Political, Economic, Social, and Technological forces). Also identifies the threats and opportunities facing the organization. 9-10 points	Meets basic criteria for this Outline Item. Fails to demonstrate knowledge of, or ability to use, theories & tools needed to analyze Macro-Environment. May not identify some threats and/or opportunities facing the organization. – 7 - 8 points	Meets some of the basic criteria for this Outline Item, but fails to demonstrate knowledge of theories needed to address most of the requirements – 0 – 6 points.
<b>Analysis of Organization - Measurement and control system (V)</b> - Current financial position - Use financial analysis tools - Compare with competitors and standards. List KPI’s (Key Performance Indicators) – 10 points.	Applies financial analysis theories and tools to determine organization’s current financial position & compares it with competitors and standards. Discusses its measurement and control system & KPI’s – 9-10 points.	Meets basic criteria for this Outline Item. Fails to demonstrate knowledge of, and/or capability to apply, financial analysis theories & tools and/or fails to compare it with competitors and standards – 7-8 points.	Meets some of the basic criteria for this Outline Item, but fails to demonstrate knowledge of, or capability to apply, theories & tools needed to address most of the requirements – 0 – 6 points
<b>Analysis of Organization (VI)</b> – Mission, Vision, Core Values, Operating Guidelines, Core Competencies, Goals - 10 pts.	Demonstrates knowledge and capability to apply theories and tools in the analysis of the organization in terms of its mission, vision, core values, operating guidelines, and core competencies – 9-10 points.	Meets the basic criteria for this Outline Item, but fails to demonstrate knowledge of, or capability to apply, theories needed to address some of the requirements – 7-8 points.	Meets some of the basic criteria for this Outline Item, but fails to demonstrate knowledge of theories needed to address most of the requirements – 0 – 6 points.
<b>Analysis of Organization (VII)</b> – Current Strategies, Alignment with goals. Compares with competition. Complete SWOT analysis and Gap analysis for organization. Suggest strategies. Evaluates strategies –20 points	Demonstrates knowledge of, and capability to apply, theories & tools in analysis of organization (current strategies, alignment of strategies with goals, competition). Uses SWOT & Gap analyses. Suggests strategies & evaluates each of them - 17-20 points.	Meets the basic criteria for this Outline Item, but fails to demonstrate knowledge of, or capability to apply, theories needed to address some of the requirements – 12-16 points.	Meets some basic criteria for this Outline Item. Fails to demonstrate knowledge of theories needed to address most of the requirements – 0 – 11 points.
<b>Analysis of Organization (VIII)</b> – Functional Strategies (10 pts)	Marketing, Finance, Operations, Purchasing, Human Resources, Information Systems Strategies and their alignment – 9-10 pts.	Meets basic criteria. Fails to demonstrate knowledge of, or ability to apply, theories needed to address requirements – 6-8 pts.	Fails to demonstrate knowledge of, & ability to apply, theories needed for most requirements - 0-5 pts.
<b>Analysis organization’s improvement initiatives &amp; standards (IX)</b> – 10 points	Analyzes current & previous improvement initiatives & standards &	Meets basic criteria for Outline Item. Fails to address some requirements – 6-	Fails to address most of the Item Requirements – 0-5 points.

		impact – 9-10 pts.	8 points.	
<b>Conclusion and Future of Organization (X)</b> – 5 points		Addresses expected results & organization’s potential for future success – 5 points	Meets basic criteria for Outline Item. Fails to address some requirements – 3-4 pts.	Fails to address most of the Item Requirements – 0-2 points
<b>Peer evaluation (10-points)</b> I expect that all members of a team will put forth relatively the same amount of effort towards the homework. In order to secure equity, I want each member to rate the other members on a scale from 1-4 with 4 being the highest score for exceptional work and collaboration.	The peer performed exceptional work, eagerly collaborated on the business plan and delivered what was agreed upon– 10 points	The peer performed good work, collaborated on the business plan and delivered what was agreed upon– 9-10 pts.	The peer performed average work, on occasion collaborated on the business plan and delivered less than what was agreed upon– 6-8 pts.	The peer performed mediocre work, did not collaborate on the business plan and did not deliver what was agreed upon. - 0-5 pts.

**Scoring Key:**

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**Far Exceeds Standards = 90 – 100**

**Exceeds Standards = 80 – 89**

**Meets Standards = 70 - 79**

**Fails to Meet Standards = < 70**

## Strategic Audit

- I. Introduction to the Organization - History of the Company & Current Status**
  - A. When was the organization founded, why and by whom?
  - B. Discuss unusual history associated with the organization.
  - C. Is it privately or publicly held?
  - D. Other information?
  
- II. Identification of the Industry and the Competitors -- Industry definition is necessary so that competitors can be identified; macro-environmental forces that affect the organization and its industry can be assessed, and the organization's relative strengths and weaknesses can be compared to other organizations within the industry.**
  
- III. Analysis of the Industry**
  - A. Strategic Group(s) in which the company exists and competitors in it/them.
  - B. Intensity of rivalry among existing competitors (Use Porters 5 Forces for B,C,D,E, & F)
  - C. Threat of new competitors entering the industry
  - D. Threat of substitute products or services
  - E. Bargaining power of buyers
  - F. Bargaining power of suppliers
  - G. Potential Profitability of the Industry - What organizations have succeeded and failed in the industry and why?
  - H. What are the Critical Success Factors for the industry?
  
- IV. Analysis of the Macro-Environment**
  - A. What political/legal forces affect the industry?
  - B. What economic forces affect the industry?
  - C. What social forces affect the industry?
  - D. What technological forces affect the industry?
  - E. What are the threats and opportunities facing the organization?
  
- V. What is the organization's measurement and control system?**
  - A. Current financial position - Is the organization financially sound?
  - B. Compare with competitors and standards.
  - C. Use financial analysis tools.
  - D. What are the organization's Key Performance Indicators (KPI's)?
  
- VI. Analysis of the Organization (Mission, Vision, Core Values, Operating Guidelines, Core Competencies, Goals)**
  - A. What is the mission of the organization? Has the mission changed over time?
  - B. What is the vision of the organization? Has the vision changed over time?
  - C. What are the organizations core values and operating guidelines?
  - D. What are the organization's core competencies? How are they unique?
  - E. What are the organization's broad and specific goals?
  
- VII. Analysis of the Organization – Organization-Level and Business Unit Strategies**
  - A. What are the current organization-level strategies? Business unit strategies?
  - B. How are the strategies aligned with the goals?
  - C. Compare this organization's strategies with those of competitors.
  - D. Use SWOT analysis and Gap analysis to suggest strategies.
  - E. Evaluate strategies (advantages & disadvantages of each strategy).
  - F. Key performance indicators (KPI's)
  
- VIII. Analysis of the Organization – Functional Strategies**
  - A. Marketing – Finance – Operations – Purchasing – Human Resources – Information Systems
  - B. How well are the functional strategies aligned?
  
- IX. Analyze organization's improvement/change initiatives (e.g., Six Sigma, SQM, TQM, Lean Manufacturing, JIT, Process Reengineering, High Performance Work Teams, Assessment using Malcolm Baldrige National Quality Award Criteria, ISO 9000, ISO 14000, Benchmarking, Balanced Scorecard, etc.)**
  - A. Previous & current impact/success of improvement initiatives.
  - B. Alignment of improvement initiatives and integration into strategic management of the organization.
  - C. Comparison of improvement initiatives with other organizations within and outside the industry.
  
- X. Conclusion and Future of Organization**
  - A. Comment about the organization's profile for future competitiveness and success.
  - B. What does the organization have to do right to succeed (organization's Critical Success Factors)?
  - C. What are the expected results in terms of short-and long-term profitability and survival?