

## MGT 527 – STRATEGIC MANAGEMENT

Summer I 2016 – Section 01E

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### Required Texts (and journal readings):

Hitt, M.A., Ireland, R.D., & Hoskisson, R.E. (2015). *Strategic Management: Concepts and Cases: Competitiveness and Globalization* (11th Edition). Cengage Learning: Stamford, CT. ISBN: 9780132153225. Print: ISBN-10 1285425170, ISBN-13 9781285425177; eText: ISBN-13 9781285801063, ISBN-10 1285801067. Cost: New Price: \$346; Used Price: \$180.

**The following readings will be assigned throughout the term and will be discussed during the first chat session. Several other articles will also be assigned as we progress:**

Ahmed, Z.U., & Humphreys, J.H. (2008). A conceptual framework for developing country transnationals: PROTON Malaysia. *Thunderbird International Business Review*, 50(1), 45-58.

Caruth, D.L., & Humphreys, J.H. (2008). Performance appraisal: Essential characteristics for strategic control. *Measuring Business Excellence*, 12(3), 24-32.

Humphreys, J. (2003). The dysfunctional evolution of goal setting. *MIT Sloan Management Review*, 44(4), 96.

Humphreys, J. (2004). The vision thing. *MIT Sloan Management Review*, 45(4), 96.

Humphreys, J. (2005). Developing the big picture. *MIT Sloan Management Review*, 47(1), 96.

Humphreys, J. (2007<sub>a</sub>). Weakness or opportunity? *MIT Sloan Management Review*, 48(3): 96.

Humphreys, J. (2007<sub>b</sub>). The Chinese are coming: And I'm afraid. *Journal of Business Strategy*, 28(3), 42-44.

Humphreys, J., & Langford, H. (2008). Managing a corporate culture slide. *MIT Sloan Management Review*, 49(3), 25-27.

Humphreys, J.H., Loncar, D., Novicevic, M.M., & Roberts, F. (2013). Differentiating foothold attacks from strategic feints. *Management Decision*, 51(9): 1821-1838.

Pryor, M.G., Anderson, D., Toombs, L.A., & Humphreys, J.H. (2007). Strategic implementation as a core competency: The 5P's model. *Journal of Management Research*, 7(1), 3-17.

**Prerequisites:** Last semester of MBA/MSM/MSMkt program or permission of instructor. Non-business majors should not take this class and should contact the professor or department for other recommendations. **Students not in their last term of the MBA/MSM/MSMkt program must request permission from the professor by e-mail to take this course. Such students must be in possession of an e-mail from the professor specifically granting permission to take this course (NO EXCEPTIONS).** Others can expect to be administratively dropped. If you are not certain whether you should be taking this course, please contact me.

**Course Description:** A study of administrative processes and policy determination at the strategic management level. This course is open to business majors only and should be taken during the semester of graduation.

#### **Electronic system to use during the course:**

Our class will meet face to face on Monday and Wednesday evenings (6:15 PM) on campus in Commerce (BA 257). I will explain my process during our first class meeting on Monday, June 6th. I will correspond with you **frequently** by e-mail. Please make it a habit to check it regularly (My Leo e-mail). Students are expected to participate in all elements of the course. All assignments should be e-mailed to me at **john.humphreys@tamuc.edu**. **I do not use a drop box.**

#### **COURSE OBJECTIVES**

After successfully completing this course, the student will:

- understand the nature of competition and industries at an advanced level
- understand the influence that external forces--social, political/legal, economic, and technological--play in business performance
- understand the sophisticated relationships among the functional areas of business administration, including marketing, human resources, production, finance, economics, and accounting
- understand the craft of strategy research, including extensive use of the internet as a research tool
- 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.

<b>Grade Evaluation</b>	<b><u>Points</u></b>
Strategic Audit	500
Final Exam	300
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TOTAL	800

### **Grade Conversion**

A = 720 or greater (90%)  
 B = 640 - 719 (80% - 89%)  
 C = 560 - 639 (70% - 79%)  
 F = 559 or below

### **Description of Evaluation Criteria**

**Strategic Audit** – 500 points are available based upon the quality of your strategic audit. Based upon an actual corporation, you or your team will prepare a written strategic analysis based on application of strategic management concepts. This can be an individual or a team project and the firm and industry will be negotiated once the make up of the class is established. The plan will be graded based upon timeliness, specificity, depth and breadth of analyses, and support for your recommendations. See outline at the end of the syllabus.

**Exam** – The final exam is worth 300 points. This will be a major exercise as this individual exam will also serve as the comprehensive exam for your master's program in business (MBA), management (MSMgt), or marketing (MSMkt) program. You must successfully pass the exam (minimum 70%) to successfully complete the course.

**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.

#### **Office of Student Disability Resources and Services**

**Texas A&M University – Commerce**

**Gee Library, Room 132**

**Phone (903) 886-5150 or (903) 886-5835**

**Fax (903) 468-8148**

**[StudentDisabilityServices@tamuc.edu](mailto:StudentDisabilityServices@tamuc.edu)**

**TENETS OF COMMON BEHAVIOR STATEMENT:** All students enrolled at the university shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment (See current Student Handbook).

**STATEMENT ON ACADEMIC INTEGRITY:** - Academic honesty is the foundation of the university community. Cheating, plagiarism, or other acts of academic dishonesty compromise the integrity of the academic process and community and are subject to disciplinary action. For this class, plagiarism will result in automatic failure (final course grade of F).

### Term Calendar

<b>Date</b>	<b>Day</b>	<b>Week</b>	<b>Lectures, Chapter Readings, &amp; Exams</b>	<b>Individual – Group Assignments</b>
6/06	M	1	Course Introduction  Chapter 1 - Fundamentals of Strategy and the Strategy Landscape	Show up ☺  Read Humphreys (2004) and Ahmed & Humphreys (2008)
6/08	W	1	Chapter 2 - The External or Broad Environment	Read Humphreys (2005, 2007 <sub>b</sub> )
6/13	M	2	Chapter 3 - The Operating or Task Environment	Read Humphreys (2007 <sub>a</sub> ), Pryor et al. (2007), and Humphreys et al. (2013)  <b>Assign Strategic Audit</b>
6/15	W	2	Chapters 5 – The organization and internal analysis	Read Humphreys & Langford (2008)
6/20	M	3	Chapters 6, 4, & 7 – Corporate Level, Business Level, and Functional Strategies	Read Humphreys (2003) and Caruth & Humphreys (2008)
6/22	W	3	Chapters 8 and 9 – Strategy Execution  Chapter 11 – Strategic Control	
6/27	M	4	<b>Final Comprehensive Exam</b>	
6/29	W	4	Exam Discussion	
7/04	M	5	<b>Holiday</b>	
7/06	W	5	Strategic Audit submission	<b>Strategic Audit Due</b>

### General Strategic Audit Grading Rubric

Strategic Audit Criteria	Exceeds Standards	Meets Minimum Standards	Fails to Meet Standards
<b>Cover page – 1% of grade</b>	Professional presentation with all essential information and appeal. 5 points	Professional presentation with all essential information. 4 points	Unprofessional presentation or missing. 0 - 3 points
<b>Table of Contents – 4% of grade</b>	Professional presentation with all essential information and page numbers. 18 - 20 points	Professional presentation with most essential information and page numbers. 14 -17 points	Unprofessional presentation or missing. 0 - 13 points
<b>Introduction to the Organization (I) – 5% of grade</b> History of the Company & Current Status	Includes essential material in this section. Any additional material is in an appendix. 22 - 25 points	Includes essential material in this section. Any additional material is in an appendix. 17 - 21 points	Essential material not included.  0 - 16 points
<b>Analysis of Global Macro-Environment (II) – 20% of grade</b> Political, Economic, Social, and Technological forces – Threats & Opportunities facing the organization	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. 90 - 100 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. 70 - 89 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 - 69 points
<b>Identification of Industry &amp; competitors (III) – 5% of grade</b>	Lists and briefly discusses industry(ies) in which organization competes & its competitors. 22 - 25 points	Lists and briefly discusses industry(ies) in which organization competes & its competitors. 17 - 21 points	Fails to address industry(ies) in which organization competes and/or its competition. 0 - 16 points
<b>Analysis of the Industry (IV) – 20% of grade</b> Strategic group, Porter’s 5 Forces, Blue Ocean Strategies, Industry CSF’s, & Successful & Failed Organizations.	Analyzes organization’s strategic group(s), critical success factors for industry & lists successful & failed organizations. Discusses Porter’s 5 Forces & Blue Ocean and provides an in-depth analysis for industry. 90 - 100 points	Meets the basic criteria for this Outline Item, but fails to demonstrate knowledge of theories needed to address some of the requirements.  70 - 89 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 - 69 points

<p><b>Analysis of Organization (V) – 10% of grade</b> Mission, Vision, Core Values, Operating Guidelines, Core Competencies, Goals.</p>	<p>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. 45 - 50 points</p>	<p>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.  35 - 44 points</p>	<p>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 - 34 points</p>
<p><b>Analysis of Organization (VI) – 10% of grade</b> Current Strategies, Alignment with goals. Compares with competition. Completes SWOT analysis and Gap analysis for organization. Suggest strategies. Evaluates strategies.</p>	<p>Demonstrates knowledge of, and capability to apply, theories &amp; tools in analysis of organization (current strategies, alignment of strategies with goals, competition). Uses SWOT &amp; Gap analyses. Suggests strategies &amp; evaluates each of them. 45 - 50 points</p>	<p>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.  35 - 44 points</p>	<p>Meets some basic criteria for this Outline Item. Fails to demonstrate knowledge of theories needed to address most of the requirements.  0 - 34 points</p>
<p><b>Analysis of Organization (VII) – 5% of grade</b> Functional Strategies</p>	<p>Marketing, Finance, Operations, Purchasing, Human Resources, Information Systems Strategies and their alignment. 22 - 25 points</p>	<p>Meets basic criteria. Fails to demonstrate knowledge of, or ability to apply, theories needed to address requirements. 17 - 21 points</p>	<p>Fails to demonstrate knowledge of, &amp; ability to apply, theories needed for most requirements. 0 - 16 points</p>
<p><b>Analysis of Organization - Measurement and control system (VIII) – 5% of grade</b> Current financial position - Use financial analysis tools - Compare with competitors and standards. List KPI's (Key Performance Indicators).</p>	<p>Applies financial analysis theories and tools to determine organization's current financial position &amp; compares it with competitors and standards. Discusses its measurement and control system &amp; KPI's. 22 - 25 points</p>	<p>Meets basic criteria for this Outline Item. Fails to demonstrate knowledge of, and/or capability to apply, financial analysis theories &amp; tools and/or fails to compare it with competitors and standards. 17 - 21 points</p>	<p>Meets some of the basic criteria for this Outline Item, but fails to demonstrate knowledge of, or capability to apply, theories &amp; tools needed to address the requirements. 0 - 16 points</p>
<p><b>Analysis organization's improvement initiatives &amp; standards (IX) – 5% of grade</b></p>	<p>Analyzes current &amp; previous improvement initiatives &amp; standards &amp; impact. 22 - 25 points</p>	<p>Meets basic criteria for Outline Item. Fails to address some requirements. 17 – 21 points</p>	<p>Fails to address most of the item requirements.  0 - 16 points</p>
<p><b>Conclusion and Future of the Firm (X) – 10% of grade</b></p>	<p>Provides a thorough assessment of the organization's future based upon analysis.</p>	<p>Provides a basic assessment of the organization's future based on analysis.</p>	<p>Fails to provide an adequate assessment of the organization's future based on analysis.</p>

	45 - 50 points	35 - 44 points	0 - 34 points
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**Scoring Key:**

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**Far Exceeds Standards = 450 - 500****Exceeds Standards = 400 - 449****Meets Standards = 350 - 399****Fails to Meet Standards = < 350**

## Strategic Audit Outline

### Cover Page

#### Table of Contents with appropriate page numbers.

- 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. Impact of globalization?
  - E. Other information?
  
- II. Analysis of the Global 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?
  
- III. 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.
  
- IV. 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. Blue Ocean Strategies?
  - H. Potential Profitability of the Industry - What organizations have succeeded and failed in the industry and why?
  - I. What are the Critical Success Factors for the industry?
  
- V. 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?
  
- VI. 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)
  
- VII. Analysis of the Organization – Functional Strategies**
  - A. Marketing – Finance – Operations – Purchasing – Human Resources – Information Systems



B. How well are the functional strategies aligned?

**VIII. 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)?

**IX. Analyze organization's improvement/change initiatives (e.g., Six Sigma, SQM, TQM, Lean Manufacturing, 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?