

# Instructor's Manual

to accompany

# Crafting & Executing STRATEGY

The Quest for Competitive Advantage

**Arthur A. Thompson, Jr.**  
*The University of Alabama*

**Margaret A. Peteraf**  
*Dartmouth College*

**John E. Gamble**  
*Texas A&M University – Corpus Christi*

**A. J. Strickland III**  
*The University of Alabama*



## Concepts and Cases

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# SECTION 1

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Instructor Resources,  
Chapter Features,  
and Case Overview

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## INSTRUCTOR RESOURCES

We strived to achieve four goals in preparing this package of Instructor Resources for the 21st Edition:

1. To equip you with all the resources and pedagogical tools you'll need to design and deliver a course that is on the cutting-edge and solidly in the mainstream of what students need to know about crafting and executing winning strategies.
2. To give you wide flexibility in putting together a course syllabus that you are comfortable with and proud of.
3. To give you a smorgasbord of options to draw from in keeping the nature of student assignments varied and interesting.
4. To help you deliver a course with upbeat tempo that wins enthusiastic applause from students.

We believe the contents of the package will be particularly informative and helpful to faculty members teaching the strategy course for the first time but we have also tried to embellish the content with ideas and suggestions that will prove valuable to experienced faculty looking for ways to refurbish their course offering and/or to keep student assignments varied and interesting.

## A QUICK OVERVIEW OF THE ENTIRE INSTRUCTOR RESOURCE PACKAGE

The Instructor's Manual for *Crafting & Executing Strategy* contains:

- A quick look at the topical focus of the text's 12 chapters (Section 1).
- An overview of the 31 cases in the text, along with a grid profiling the strategic issues that come into play in each case (Section 1 and Section 3).
- A discussion of the reasons to use a strategy simulation as an integral part of your strategy course. The two web-based strategy simulations—*The Business Strategy Game* or *GLO-BUS*—that are companions to this text incorporate the very kinds of strategic thinking, strategic analysis, and strategic decision-making described in the text chapters and connect beautifully to the chapter content. The automated online nature of both simulations entails minimal administrative time and effort on the instructor's part. You will be pleasantly shocked (and pleased!!) at the minimal time it will take you to incorporate use of *GLO-BUS* or *The Business Strategy Game* and the added degree of student excitement and energy that either of these competition-based strategy simulations brings to the course—see Section 2 for more details.
- Tips and suggestions for effectively using either *GLO-BUS* or *The Business Strategy Game* in your course (covered in both Section 2 and Section 3).
- The merits of incorporating the use of the *Connect™ Management* Web-based assignment and assessment platform accompanying the 21st Edition, into your course requirements. Connect includes chapter quizzes, case assignment exercises for 12 of the 31 cases, and learning assurance exercises for all 12 chapters of the 21st Edition. Connect offers automatic grading for all chapter quizzes, and many of the case exercises and learning assurance exercises. Connect offers an easy-to-administer approach to testing and assessing individual-level student mastery of chapter concepts and case analysis (covered in Section 3).
- Ideas and suggestions on course design and course organization (Section 3 and Section 4).
- Recommendations for sequencing the case assignments and guidance about how to use the cases effectively (Section 3).
- Our recommendations regarding which cases are particularly appropriate for written case assignments and oral team presentations (Section 3).

- Two sample course syllabi (Section 4).
- A variety of schedules of activities for face-to-face, hybrid, and online courses: (Section 4)
  - Two sample schedules of class activities and assignments for face-to-face courses offered during a 15-week term;
  - Two sample schedule of activities for hybrid courses offered during a 15-week term;
  - One sample schedule of class activities for face-to-face courses offered during a 10-week term;
  - One sample schedule of class activities for hybrid courses offered during a 10-week term;
  - One sample schedule of class activities for a 7-week online course; and
  - Two sample course schedules for face-to-face courses offered in 5-week terms.
- A Test Bank for the 12 chapters that consists of 1100+ questions (Section 5).
- A set of Lecture Notes for each of the 12 chapters (Section 6).
- A comprehensive teaching note for each of the 31 cases in *Crafting & Executing Strategy* (Section 7).

In addition to the Instructor's Manual, the support package for adopters also includes several important features that should be of interest.

**Connect™ Management Web-based Assignment and Assessment Platform** The 21st Edition package includes a robust collection of chapter quizzes, chapter learning assurance exercises, and case preparation exercises that should prove to ease instructors' grading and assessment obligations. Student understanding of chapter concepts can be assessed at the individual-level through chapter quizzes and applied learning assurance exercises that record each student's grade in a Web-based grade book. *All chapter quizzes are automatically graded and more than one-half of the Assurance of Learning exercises for the 12 chapters are automatically graded.*

The *Connect Management* platform also includes fully autograded interactive application exercises for 12 of the 31 cases in this edition. The exercises require students to work through tutorials based upon the analysis set forth in the assignment questions for the case; these exercises have multiple components such as resource and capability analysis, financial ratio analysis, identification of a company's strategy, or analysis of the five competitive forces. The content of these case exercises is tailored to match the circumstances presented in each case, calling upon students to do whatever strategic thinking and strategic analysis is called for to arrive at pragmatic, analysis-based action recommendations for improving company performance. The entire exercise is autograded, allowing instructors to focus on grading only the students' strategic recommendations.

All students who purchase a new copy of the text are automatically provided access to Connect at no additional charge (those who have a used copy can obtain access by paying a modest fee--\$20 at the time of this writing).

**PowerPoint Slides** To facilitate delivery preparation of your lectures and to serve as chapter outlines, you'll have access to comprehensive PowerPoint presentations for each of the 12 chapters that the authors have developed for their own classes. The collection includes 500+ professional-looking slides displaying core concepts, analytical procedures, key points, and all the figures in the text chapters.

**Accompanying Case Videos.** All 31 cases have accompanying video segments that can be shown in conjunction with the case discussions. These videos can be sourced via links to YouTube postings, postings in the Connect Instructor Library for the 21st Edition.

**Test Bank** The test bank contains over 900 multiple-choice questions and short-answer/essay questions. It has been tagged with AACSB and Bloom's Taxonomy criteria. All of the test bank questions are also accessible via **TestGen**. TestGen is a complete, state-of-the-art test generator and editing application software that allows instructors to quickly and easily select test items from McGraw Hill's TestGen testbank content and to organize, edit, and customize the questions and answers to rapidly generate paper tests. Questions can include stylized text, symbols, graphics, and equations that are inserted directly into questions using built-in mathematical templates. TestGen's random generator provides the option to display different text or calculated number values each time questions are used. With both quick-and-simple test creation and flexible and robust editing tools, TestGen is a test generator system for today's educators.

## WHAT TO EXPECT IN THE 21<sup>ST</sup> EDITION

The distinguishing mark of the 21st edition is its enriched and enlivened presentation of the material in each of the 12 chapters, providing an as up-to-date and engrossing discussion of the core concepts and analytical tools as you will find anywhere. As with each of our new editions, there is an accompanying lineup of exciting new cases that bring the content to life and are sure to provoke interesting classroom discussions, deepening students' understanding of the material in the process.

While this 21st edition retains the 12-chapter structure of the prior edition, every chapter—indeed every paragraph and every line—has been reexamined, refined, and refreshed. New content has been added to keep the material in line with the latest developments in the theory and practice of strategic management. In other areas, coverage has been trimmed to keep the book at a more manageable size. Scores of new examples have been added, along with 15 new Illustration Capsules, to enrich understanding of the content and to provide students with a ringside view of strategy in action. The result is a text that cuts straight to the chase in terms of what students really need to know and gives instructors a leg up on teaching that material effectively. It remains, as always, solidly mainstream and balanced, mirroring *both* the penetrating insight of academic thought and the pragmatism of real-world strategic management.

A standout feature of this text has always been the tight linkage between the content of the chapters and the cases. The lineup of cases that accompany the 21st edition is outstanding in this respect—a truly appealing mix of strategically relevant and thoughtfully crafted cases, certain to engage students and sharpen their skills in applying the concepts and tools of strategic analysis. Many involve high-profile companies that the students will immediately recognize and relate to; all are framed around key strategic issues and serve to add depth and context to the topical content of the chapters. We are confident you will be impressed with how well these cases work in the classroom and the amount of student interest they will spark.

## ORGANIZATION, CONTENT, AND FEATURES OF THE TEXT CHAPTERS

Our objective in undertaking a major revision of this text was to ensure that its content was current, with respect to both scholarship and managerial practice, and presented in as clear and compelling a fashion as possible. We established five criteria for meeting this objective, namely that the final product must:

- Explain core concepts in language that students can grasp and provide first-rate examples of their relevance and use by actual companies.
- Thoroughly describe the tools of strategic analysis, how they are used, and where they fit into the managerial process of crafting and executing strategy.
- Incorporate the latest developments in the theory and practice of strategic management in every chapter to keep the content solidly in the mainstream of contemporary strategic thinking.

- Focus squarely on what every student needs to know about crafting, implementing, and executing business strategies in today's market environments.
- Provide an attractive set of contemporary cases that involve headline strategic issues and give students ample opportunity to apply what they've learned from the chapters.

We believe this 21st edition measures up on all five criteria and that you'll be amply convinced that ***no other leading text does a better job of setting forth the principles of strategic management and linking these principles to both sound theory and best practices.***

Seven standout features strongly differentiate this text and the accompanying instructional package from others in the field:

1. *Our integrated coverage of the two most popular perspectives on strategic management—positioning theory and resource-based theory—is unsurpassed by any other leading strategy text.* Principles and concepts from both the positioning perspective and the resource-based perspective are prominently and comprehensively integrated into our coverage of crafting both single-business and multibusiness strategies. By highlighting the relationship between a firm's resources and capabilities to the activities it conducts along its value chain, we show explicitly how these two perspectives relate to one another. Moreover, in Chapters 3 through 8 it is emphasized repeatedly that a company's strategy must be matched *not only* to its external market circumstances *but also* to its internal resources and competitive capabilities.
2. *Our coverage of cooperative strategies and the role that interorganizational activity can play in the pursuit of competitive advantage, is similarly distinguished.* The topics of strategic alliances, licensing, joint ventures, and other types of collaborative relationships are featured prominently in a number of chapters and are integrated into other material throughout the text. We show how strategies of this nature can contribute to the success of single-business companies as well as multibusiness enterprises, whether with respect to firms operating in domestic markets or those operating in the international realm.
3. The attention we give to international strategies, in all their dimensions, make this textbook an indispensable aid to understanding strategy formulation and execution in an increasingly connected, global world. Our treatment of this topic as one of the most critical elements of the scope of a company's activities brings home to students the connection between the topic of international strategy with other topics concerning firm scope, such as multibusiness (or corporate) strategy, outsourcing, insourcing, and vertical integration.
4. *With a stand-alone chapter devoted to this topic, our coverage of business ethics, corporate social responsibility, and environmental sustainability goes well beyond that offered by any other leading strategy text.* This chapter, "Ethics, Corporate Social Responsibility, Environmental Sustainability, and Strategy" fulfills the important functions of (1) alerting students to the role and importance of ethical and socially responsible decision making and (2) addressing the accreditation requirement of the AACSB International that business ethics be visibly and thoroughly embedded in the core curriculum. Moreover, discussions of the roles of values and ethics are integrated into portions of other chapters to further reinforce why and how considerations relating to ethics, values, social responsibility, and sustainability should figure prominently into the managerial task of crafting and executing company strategies.
5. *Long known as an important differentiator of this text, the case collection in the 21st edition is truly unrivaled* from the standpoints of student appeal, teachability, and suitability for drilling students in the use of the concepts and analytical treatments in Chapters 1 through 12. The 31 cases included in this edition are the very latest, the best, and the most on target that we could find. The ample information about the cases in the Instructor's Manual makes it effortless to select a set of cases each term that will capture the interest of students from start to finish.
6. *The text is now more tightly linked to the publisher's trailblazing web-based assignment and assessment platform called Connect.™* This will enable professors to gauge class members' prowess in accurately completing (a) selected chapter-end exercises, (b) chapter-end quizzes, and (c) the creative author-developed exercises for 12 of the cases in this edition.

7. *Two cutting-edge and widely used strategy simulations—The Business Strategy Game and GLO-BUS—are optional companions to the 21st edition.* These give you an unmatched capability to employ a text-case-simulation model of course delivery.

The following rundown summarizes the noteworthy features and topical emphasis in this new edition:

- Chapter 1 serves as a brief, general introduction to the topic of strategy, focusing on the central questions of “*What is strategy?*” and “*Why is it important?*” As such, it serves as the perfect accompaniment for your opening-day lecture on what the course is all about and why it matters. Using the example of Starbucks to drive home the concepts in this chapter, we introduce students to what we mean by “competitive advantage” and the key features of business-level strategy. Describing strategy making as a process, we explain why a company’s strategy is partly planned and partly reactive and why a strategy tends to co-evolve with its environment over time. We show that a viable business model must provide both an attractive value proposition for the company’s customers and a formula for making profits for the company. A key feature of this chapter is a depiction of how the Value-Price-Cost Framework can be used to frame this discussion. We show how the mark of a winning strategy is its ability to pass three tests: (1) the *fit test* (for internal and external fit), (2) the *competitive advantage test*, and (3) the *performance test*. And we explain why good company performance depends not only upon a sound strategy but upon solid strategy execution as well.
- Chapter 2 presents a more complete overview of the strategic management process, covering topics ranging from the role of vision, mission, and values to what constitutes good corporate governance. It makes a great assignment for the second day of class and provides a smooth transition into the heart of the course. It introduces students to such core concepts as strategic versus financial objectives, the balanced scorecard, strategic intent, and business-level versus corporate-level strategies. It explains why *all managers are on a company’s strategy-making, strategy-executing team* and why a company’s strategic plan is a collection of strategies devised by different managers at different levels in the organizational hierarchy. The chapter concludes with a section on the role of the board of directors in the strategy-making, strategy-executing process and examines the conditions that led to recent high-profile corporate governance failures. A new illustration capsule on Volkswagen’s emissions scandal brings this section to life.
- The next two chapters introduce students to the two most fundamental perspectives on strategy making: the positioning view, exemplified by Michael Porter’s “five forces model of competition”; and the resource-based view. Chapter 3 provides *what has long been the clearest, most straightforward discussion of the five forces framework to be found in any text on strategic management*. It also offers a set of complementary analytical tools for conducting competitive analysis and demonstrates the importance of tailoring strategy to fit the circumstances of a company’s industry and competitive environment. The chapter includes a discussion of the value net framework, which is useful for conducting analysis of how cooperative as well as competitive moves by various parties contribute to the creation and capture of value in an industry.
- Chapter 4 presents the resource-based view of the firm, showing why resource and capability analysis is such a powerful tool for sizing up a company’s competitive assets. It offers a simple framework for identifying a company’s resources and capabilities and explains how the VRIN framework can be used to determine whether they can provide the company with a sustainable competitive advantage over its competitors. Other topics covered in this chapter include dynamic capabilities, SWOT analysis, value chain analysis, benchmarking, and competitive strength assessments, thus enabling a solid appraisal of a company’s cost position and customer value proposition vis-à-vis its rivals. *An important feature of this chapter is a table showing how key financial and operating ratios are calculated and how to interpret them.* Students will find this table handy in doing the number crunching needed to evaluate whether a company’s strategy is delivering good financial performance.
- Chapter 5 sets forth the basic approaches available for competing and winning in the marketplace in terms of the five generic competitive strategies—low-cost provider, broad differentiation, best-cost provider, focused differentiation, and focused low cost. It describes when each of these approaches works best and what pitfalls to avoid. It explains the role of *cost drivers* and *uniqueness drivers* in reducing a company’s costs and enhancing its differentiation, respectively.



- Chapter 6 focuses on *other strategic actions* a company can take to complement its competitive approach and maximize the power of its overall strategy. These include a variety of offensive or defensive competitive moves, and their timing, such as blue-ocean strategies and first-mover advantages and disadvantages. It also includes choices concerning the breadth of a company's activities (or its *scope* of operations along an industry's entire value chain), ranging from horizontal mergers and acquisitions, to vertical integration, outsourcing, and strategic alliances. This material serves to segue into the scope issues covered in the next two chapters on international and diversification strategies.
- Chapter 7 takes up the topic of how to compete in international markets. It begins with a discussion of why differing market conditions across countries must necessarily influence a company's strategic choices about how to enter and compete in foreign markets. It presents five major strategic options for expanding a company's geographic scope and competing in foreign markets: export strategies, licensing, franchising, establishing a wholly owned subsidiary via acquisition or "greenfield" venture, and alliance strategies. It includes coverage of topics such as Porter's Diamond of National Competitive Advantage, profit sanctuaries, and the choice between multidomestic, global, and transnational strategies. This chapter explains the impetus for sharing, transferring, or accessing valuable resources and capabilities across national borders in the quest for competitive advantage, connecting the material to that on the resource-based view from Chapter 4. The chapter concludes with a discussion of the unique characteristics of competing in developing-country markets.
- Chapter 8 concerns strategy-making in the multibusiness company, introducing the topic of corporate-level strategy with its special focus on diversification. The first portion of this chapter describes when and why diversification makes good strategic sense, the different means of diversifying a company's business lineup, and the pros and cons of related versus unrelated diversification strategies. The second part of the chapter looks at how to evaluate the attractiveness of a diversified company's business lineup, how to decide whether it has a good diversification strategy, and what strategic options are available for improving a diversified company's future performance. The evaluative technique integrates material concerning both industry analysis and the resource-based view, in that it considers the relative attractiveness of the various industries the company has diversified into, the company's competitive strength in each of its lines of business, and the extent to which its different businesses exhibit both *strategic fit* and *resource fit*.
- Although the topic of ethics and values comes up at various points in this textbook, Chapter 9 brings more direct attention to such issues and may be used as a stand-alone assignment in either the early, middle, or late part of a course. It concerns the themes of ethical standards in business, approaches to ensuring consistent ethical standards for companies with international operations, corporate social responsibility, and environmental sustainability. The contents of this chapter are sure to give students some things to ponder, rouse lively discussion, and help to make students more *ethically aware* and conscious of *why all companies should conduct their business in a socially responsible and sustainable manner*.
- The next three chapters (Chapters 10, 11, and 12) comprise a module on strategy execution that is presented in terms of a 10-step framework. Chapter 10 provides an overview of this framework and then explores the first three of these tasks: (1) staffing the organization with people capable of executing the strategy well, (2) building the organizational capabilities needed for successful strategy execution, and (3) creating an organizational structure supportive of the strategy execution process.
- Chapter 11 discusses five additional managerial actions that advance the cause of good strategy execution: (1) *allocating resources* to enable the strategy execution process, (2) ensuring that *policies and procedures* facilitate rather than impede strategy execution, (3) using *process management tools* and *best practices* to drive continuous improvement in the performance of value chain activities, (4) installing *information and operating systems* that help company personnel carry out their strategic roles, and (5) using *rewards and incentives* to encourage good strategy execution and the achievement of performance targets.
- Chapter 12 completes the framework with a consideration of the roles of corporate culture and leadership in promoting good strategy execution. The recurring theme throughout the final three chapters is that executing strategy involves deciding on the specific actions, behaviors, and conditions needed for a smooth strategy-

supportive operation and then following through to get things done and deliver results. The goal here is to ensure that students understand that the strategy-executing phase is a *make-things-happen and make-them-happen-right* kind of managerial exercise—one that is critical for achieving operating excellence and reaching the goal of strong company performance.

In this latest edition, we have put our utmost effort into ensuring that the 12 chapters are consistent with the latest and best thinking of academics and practitioners in the field of strategic management and provide the topical coverage required for both undergraduate and MBA-level strategy courses. The ultimate test of the text, of course, is the positive pedagogical impact it has in the classroom. If this edition sets a more effective stage for your lectures and does a better job of helping you persuade students that the discipline of strategy merits their rapt attention, then it will have fulfilled its purpose.

## THE CASE COLLECTION IN THE 21ST EDITION

The 31-case line-up in this edition is flush with interesting companies and valuable lessons for students in the art and science of crafting and executing strategy.

- There's a good blend of cases from a length perspective—15 of the 31 cases are under 15 pages, yet offer plenty for students to chew on; 11 are medium-length cases; and the remainder are detail-rich cases that call for more sweeping analysis.
- At least 28 of the 31 cases involve companies, products, or people that students will have heard of, know about from personal experience, or can easily identify with.
- The lineup includes at least 15 cases that will provide students with insight into the special demands of competing in industry environments where technological developments are an everyday event, product life cycles are short, and competitive maneuvering among rivals comes fast and furious.
- Twenty-three of the cases involve situations where company resources and competitive capabilities play as large a role in the strategy-making, strategy-executing scheme of things as industry and competitive conditions do.
- Scattered throughout the lineup are 16 cases concerning non-U.S. companies, globally competitive industries, and/or cross-cultural situations; these cases, in conjunction with the globalized content of the text chapters, provide abundant material for linking the study of strategic management tightly to the ongoing globalization of the world economy.
- Eleven cases deal with the strategic problems of family-owned or relatively small entrepreneurial businesses.
- Twenty-one cases involve public companies, thus allowing students to do further research on the Internet regarding recent developments at these companies.
- All 31 cases have accompanying video segments that can be shown in conjunction with the case discussions. These videos can be sourced via links to YouTube postings, postings in the Connect Instructor Library. The links to the relevant YouTube videos are included in the teaching notes for the applicable cases.
- Twelve of the 31 cases have accompanying Connect-based case preparation exercises. All of the exercises are based on the recommended assignment questions for the respective case and call upon a student to develop thoughtful, analysis-based answers (as opposed to stating seat-of-the-pants opinions). Each exercise is different, depending both on the circumstances of the case and the content of the chapters to which it is closely linked. *All of the case assignment questions related to the proper analysis of the case are automatically graded, leaving only students' strategic recommendations to be graded manually by the instructor.*

A grid showing the issues that are prominent in each of the 31 cases in this edition is presented in Table 1.

Suggestions for sequencing the case assignments can be found in Section 3 of this IM. The 9 sample course outlines and daily schedules of class activities in Section 4 provide further suggestions about the sequencing of case assignments and how to integrate your coverage of the 12 chapters, the various case assignments, and use of a strategy simulation.

Specific details about how to utilize each case (including recommended assignment questions and recommended oral team presentation assignments are contained in the teaching notes for each of the cases (the TNs appear in Section 7).

Sample course syllabi displaying possible case sequencing and suggested case assignments are presented in Section 4 of this volume of the IM.

***It is worth mentioning at this juncture that there is a comprehensive table of financial ratios in Chapter 4 that provides the formulas and brief explanations of what each ratio reveals. Adopters of prior editions have told us that students find this table extremely helpful in guiding their analyses of the financial statements contained in the cases.*** You will probably want to call this table to the attention of class members and urge that they make full use of the information it contains.

Moreover, we have included a Guide to Case Analysis that appears at the end of the book, after Case 31. This brief guide—designed especially for students unfamiliar with the case method of teaching/learning—explains what a case is, why cases are a standard part of courses in strategy, how to prepare for a class discussion of a case, how to prepare a written case analysis, what is expected in an oral presentation, and the financial ratio calculations that are used to assess a company's financial condition. We suggest having students read this Guide prior to the first class discussion of a case. We believe you will find the collection of 31 cases quite appealing, eminently teachable, and very suitable for drilling students in the use of the concepts and analytical treatments in Chapters 1 through 12. With this case lineup, you should have no difficulty whatsoever assigning cases that will capture the interest of students from start to finish.

**TABLE 1. A Quick Profile of the Cases in the 21st Edition of Crafting and Executing Strategy**

		Accompanying video (Y = yes; N = no)	Connect Case Exercise (Y = yes; N = No)	Size: Small (S), Medium (M), Large (L)	The manager's role in crafting strategy	The manager's role in executing strategy	Vision, mission, and objectives	Crafting strategy in single-business companies	Industry and competitive analysis	Company resources and capabilities	Global or multinational strategy	E-business strategy issues	Diversification strategies and the analysis of multi-business corporations	Financial conditions and financial analysis	Staffing, people management, incentives and rewards	Organizational structure, core competencies, competitive capabilities, staffing	Policies, procedures, operating systems, best practices, continuous improvement	Corporate culture issues	Ethics, values, social responsibility	Exercising strategic leadership	Making action recommendations
Case 1	Mystic Monk Coffee	N	Y	S	X		X	X	X	X		X		X	X			X		X	X
Case 2	Airbnb in 2016: A Business Model for the Sharing Economy	Y	Y	S	X	X	X	X		X		X		X	X	X					X
Case 3	Amazon.com's Business Model and Its Evolution	Y	Y	M	X		X	X	X	X				X	X		X	X	X	X	X
Case 4	Costco Wholesale in 2016: Mission, Business Model, and Strategy	Y	N	M	X	X	X	X	X	X	X	X		X	X						X
Case 5	Competition in the Craft Beer Industry in 2016	Y	Y	M	X			X	X	X	X			X							X
Case 6	TOMS Shoes: A Dedication to Social Responsibility	Y	Y	M	X		X	X	X	X	X			X							X
Case 7	Fitbit, Inc.: Has the Company Outgrown Its Strategy?	Y	N	S	X		X	X	X	X				X							X
Case 8	Under Armour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	N	N	L	X			X	X	X				X							X
Case 9	Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?	Y	Y	M	X	X	X	X	X	X	X			X					X		X
Case 10	Etsy, Inc.: Reimagining Innovation	Y	Y	M	X		X	X	X	X				X							X
Case 11	Gap Inc.: Can It Develop a Strategy Connect with Consumers in 2016?	Y	Y	M	X			X	X	X				X							X
Case 12	Uber in 2014: Can It Remain the Dominant Leader in the World's Fast-Emerging Ride-Sharing Industry?	Y	N	M	X			X	X	X	X			X					X		X
Case 13	Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?	N	Y	M	X		X	X	X	X		X		X							X
Case 14	Chipotle Mexican Grill in 2016: Can the Company Recover from its E. Coli Disaster and Grow Customer Traffic Again?	Y	N	M	X		X	X	X	X		X		X							X
Case 15	GoPro's Struggle for Survival in 2016	N	N	S	X		X	X	X	X	X			X							X
Case 16	Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	Y	Y	L	X	X		X	X	X	X			X							X
Case 17	The South African Wine Industry in 2016: Where does it go from here?	Y	Y	M	X		X	X	X	X	X			X							X
Case 18	Ford Motor Company: New Strategies for International Growth	Y	Y	L	X			X	X	X	X			X							X
Case 19	The Green Music Center at Sonoma State University	Y	Y	L	X			X	X	X	X			X							X
Case 20	Ricoh Canada Inc.	Y	N	L	X			X	X	X	X			X							X
Case 21	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?	Y	Y	L	X				X	X	X		X	X							X
Case 22	LVMH in 2016: Its Diversification into Luxury Goods	Y	Y	L	X		X		X	X	X		X	X							X
Case 23	Robin Hood	N	Y	S	X	X	X		X	X					X	X	X	X	X	X	X
Case 24	Dilemma at Devil's Den	N	N	S		X									X	X	X	X	X		X
Case 25	Southwest Airlines in 2016: Culture, Values, and Operating Practices	Y	Y	L	X	X	X	X	X	X	X			X	X	X	X	X		X	X
Case 26	Rosen Hotels & Resorts: Delivering Superior Customer Service	Y	N	M		X		X		X				X	X	X	X	X			X
Case 27	Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products	N	N	M		X		X						X	X		X	X			X
Case 28	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple	Y	N	M		X						X		X			X				X
Case 29	NCAA Football: Is It Worth It?	Y	N	S	X		X							X			X		X		X
Case 30	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?	Y	N	S	X	X	X	X	X	X				X			X	X	X	X	X
Case 31	Conflict Palm Oil and PepsiCo's Ethical Dilemma	N	N	L	X				X	X							X		X		X

## VALUE-ADDING STUDENT SUPPORT MATERIALS FOR THE 21ST EDITION OF CRAFTING & EXECUTING STRATEGY

The text and text website include several kinds of support materials to help students grasp the material.

**Key Points Summaries** At the end of each chapter is a synopsis of the core concepts, analytical tools and other key points discussed in the chapter. These chapter-end synopses help students focus on basic strategy principles, digest the messages of each chapter, and prepare for tests.

**Two Sets of Chapter-End Exercises** Each chapter concludes with two sets of exercises. The *Assurance of Learning Exercises* can be used as the basis for class discussion, oral presentation assignments, short written reports, and substitutes for case assignments. The *Exercises for Simulation Participants* are designed expressly for use by adopters who have incorporated use of a simulation and want to go a step further in tightly and explicitly connecting the chapter content to the simulation company their students are running. The questions in both sets of exercises (along with those Illustration Capsules that qualify as “mini-cases”) can be used to round out the rest of a 75-minute class period should your lecture on a chapter last for only 50 minutes.

**Connect™ Management Web-based Assignment and Assessment Platform** Connect chapter quizzes, learning assurance exercises, and case exercises can be used as a graded component of the course, an assessment mechanism, or as an effective way to prepare students for chapter exams, in-class discussions of cases, written case assignments or oral case presentations. Whether Connect assignments are calculated into students’ grades for the course or not, our robust collection of chapter quizzes, chapter learning assurance exercises, and case preparation exercises will give students valid and timely feedback about their mastery of the concepts and analytical tools presented in the text.

The progress-tracking function built into the *Connect Management* system enables you to:

- View scored work immediately and track individual or group performance with assignment and grade reports.
- Access an instant view of student or class performance relative to learning objectives.
- Collect data and generate reports required by many accreditation organizations, such as AACSB International.

**LearnSmart and SmartBook™** LearnSmart is an adaptive study tool proven to strengthen memory recall, increase class retention, and boost grades. Students are able to study more efficiently because they are made aware of what they know and don’t know. Real-time reports quickly identify the concepts that require more attention from individual students—or the entire class. SmartBook is the first and only adaptive reading experience designed to change the way students read and learn. It creates a personalized reading experience by highlighting the most impactful concepts a student needs to learn at that moment in time. As a student engages with SmartBook, the reading experience continuously adapts by highlighting content based on what the student knows and doesn’t know. This ensures that the focus is on the content he or she needs to learn, while simultaneously promoting long-term retention of material. Use SmartBook’s real-time reports to quickly identify the concepts that require more attention from individual students—or the entire class. The end result? Students are more engaged with course content, can better prioritize their time, and come to class ready to participate.

**The Business Strategy Game and GLO-BUS Online Simulations** Using one of the two companion strategy simulations is a powerful and constructive way of emotionally connecting students to the subject matter of the course. We know of no more effective and interesting way to stimulate the competitive energy of students and prepare them for the rigors of real-world business decision-making than to have them match strategic wits with classmates in running a company in head-to-head competition for global market leadership. In Section 2 of this IM, we outline why using a competition-based strategy simulation as a course centerpiece makes great sense and provide you with detailed suggestions for successfully incorporating either *The Business Strategy Game* or *GLO-BUS* in your strategic management course.

Should you decide to incorporate use one of the two simulations in your course, the simplest (and usually the cheapest) way for students to obtain the simulation is via a credit card purchase at [www.bsg-online.com](http://www.bsg-online.com) (if you opt to use *The Business Strategy Game*) or at [www.glo-bus.com](http://www.glo-bus.com) (if you opt to use *GLO-BUS*). Purchasing the simulation direct at the web site allows students to bypass paying sometimes hefty bookstore markups (a savings that can amount to \$10-\$15). The second way for students to register for the simulation is by using a pre-paid access code that comes bundled with the 21st Edition when you order the text-simulation package through your bookstore—this requires use of a separate ISBN (the 21st Edition bundled with either simulation has a different ISBN number than just the 21st Edition ordered alone. Your McGraw-Hill rep can provide you with the correct ISBN for ordering the combination text-simulation package through your bookstore(s).



## SECTION 2

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Using a Strategy Simulation  
in Your Course: What's Involved,  
The Compelling Benefits,  
and How to Proceed

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Since 2005, impressive numbers of strategy instructors at business schools worldwide have transitioned from a purely text-cases course structure to what we contend is a more robust and energizing text-cases-simulation course structure. Incorporating a competition-based strategy simulation has the strong appeal of providing class members with *an immediate and engaging hands-on opportunity to apply the concepts and analytical tools covered in the chapters and personally assume responsibility for crafting and executing a strategy for a virtual company they have been assigned to manage.*

Two of the world's most widely-used and pedagogically effective online strategy simulations, *The Business Strategy Game* and *GLO-BUS*, are optional companions for this text.

- *The Business Strategy Game* is the world's most popular strategy simulation, having been used by 2,800 different instructors for courses involving some 800,000 students at 1150+ university campuses in 72 countries.
- *GLO-BUS*, a newer and somewhat simpler strategy simulation introduced in 2004, has been used by 1,620+ different instructors for courses involving over 240,000 students at 715+ university campuses in 51 countries.

Arthur A. Thompson, a senior author of this text, is a co-author of both *The Business Strategy Game* and *GLO-BUS* and painstakingly designed both simulations to provide instructors with an appealing and proven means of:

- Getting class members personally engaged in thinking strategically and applying the chapter content,
- Giving students valuable practice in synthesizing a variety of decisions (relating to plant operations, workforce compensation, distribution, pricing and marketing, social responsibility/citizenship, and finance) into an overall strategy and competitive approach that produces good financial and strategic results.

## HOW THE STRATEGY SIMULATIONS WORK

In both *The Business Strategy Game (BSG)* and *GLO-BUS*, 1 to 5 class members are assigned to run a company that competes head-to-head against companies run by other class members.

- In *BSG*, team members run athletic footwear companies that produce and market both branded and private-label footwear in a global market arena with four distinct geographic regions—Europe-Africa, North America, Asia-Pacific, and Latin America.
- In *GLO-BUS*, team members operate companies that design, assemble, and market professional quality action-capture video cameras and unmanned aerial view drones in a global market arena that also consists of four distinct geographic regions—Europe-Africa, North America, Asia-Pacific, and Latin America.

In both simulations, each management team is called upon to craft a strategy for their company and make decisions relating to production capacity, plant operations, workforce compensation, pricing and marketing, social responsibility/citizenship, and finance.

Company co-managers are held accountable for their decision-making. ***Each company's performance is scored on the basis of earnings per share, return on equity investment, stock price, credit rating, and image rating.*** Rankings of company performance, along with a wealth of industry and company statistics, are available to company co-managers after each decision round to use in making strategy adjustments and entering decisions for the next competitive round. You can be certain that the market environment, strategic issues, and operating challenges that company co-managers must contend with in running their simulation company are ***very tightly linked*** to the concepts, analytical tools, and strategy options they encounter in the text chapters.

We suggest that you schedule 1 or 2 practice rounds and anywhere from 6 to 10 regular (scored) decision rounds (6 to 10 rounds are better than 3-5 rounds because requiring class members to run their companies for a greater number of decision rounds prompt them to consider the longer-term impact of their decisions and strategies rather than to focus on short-term decision-making and immediate outcomes/financial results. Each decision round



represents a year of company operations and will entail roughly two hours of time for company co-managers to complete. *Decision rounds can be scheduled weekly, bi-weekly, or at whatever intervals instructors wish.* Sample schedules for courses of varying length and numbers of class meetings are provided.

When the instructor-specified deadline for a decision round arrives, the simulation server automatically accesses the saved decision entries of each company, determines the competitiveness and buyer appeal of each company's product offering relative to the offerings of rival companies, and then allocates sales and market shares, geographic region by geographic region, based on:

- *how each company's prices compare against the prices of rival brands,*
- *how each company's product quality compares against the quality of rival brands,*
- *how each company's product line breadth and selection compares to those of rival companies,*
- *how each company's advertising effort compares to rivals' advertising, and so on for a total of 11 competitive factors that determine a company's unit sales and market shares in the four geographic regions.*

The competitiveness and overall buyer appeal of each company's product offering *in comparison to the product offerings of rival companies* is all-decisive—this algorithmic feature is what make *BSG* and *GLO-BUS* “competition-based” strategy simulations. Once each company's sales and market shares are awarded based on the competitiveness of its respective overall product offering vis-à-vis rival companies, the various company and industry reports detailing the outcomes of the decision round are then generated. Company co-managers and course instructors can access the results of the decision round 15-20 minutes after the decision deadline.

Rest assured that both simulations were meticulously designed to be instructor-friendly. You'll be pleasantly surprised—and we think quite pleased—at how little time it takes to gear up for and to administer an automated online simulation like *The Business Strategy Game* or *GLO-BUS*.

This remainder of this section provides you with information about the two strategy simulations and offers suggestions for successfully using either *BSG* or *GLO-BUS* in your course. Here is a quick reference guide to the contents of this section:

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## THE TEACHING/LEARNING BENEFITS OF USING A STRATEGY SIMULATION IN YOUR COURSE

There are *three exceptionally important teaching/learning benefits* associated with using a competition-based simulation in strategy courses taken by seniors and MBA students:

1. *The three-pronged text-case-simulation course delivery model delivers significantly more teaching-learning power than the traditional text-case delivery model. Having class members run a company in head-to-head competition against companies managed by other class members provides a truly powerful learning experience that engages students in the subject matter of the course and helps achieve course learning objectives.* This added learning power of a strategy simulation stems from three things:

- *Using both case analysis and a competition-based strategy simulation to drive home the lessons that class members are expected to learn is far more pedagogically powerful and lasting than relying solely on case analysis alone.* Both cases and strategy simulations drill students in thinking strategically and applying what they read in your text, thus helping them connect theory with practice and gradually building better business judgment. What cases do that a simulation cannot is give class members broad exposure to a variety of companies and industry situations and insight into the kinds of strategy-related problems real-world managers face. But what a competition-based strategy simulation does far better than case analysis is thrust class members squarely into *an active, hands-on managerial role* where they are totally responsible for assessing market conditions, determining how to respond to the actions of competitors, forging a long-term direction and strategy for their company, and making all kinds of operating decisions. Because company co-managers are held fully accountable for their decisions and their company's performance, *they are strongly motivated* to dig deeply into company operations, probe for ways to be more cost-efficient and competitive, and ferret out strategic moves and decisions calculated to boost company performance. *Such diligent and purposeful actions on the part of company co-managers translate into a productive learning experience with strong retention of the lessons learned and higher achievement of course learning objectives.*
- The achievement of course learning objectives is further enhanced because of the extremely tight connection between the issues and decisions that company managers face in running their *BSG* or *GLO-BUS* company and the concepts, analytical tools, and strategy options they encounter in the 12 chapters of the 5<sup>th</sup> edition. Having class members use *an interactive "learn-by-doing" tool* to apply and experiment with the chapter content, while at the same time honing their business and decision-making skills, generates solid learning results.
- Since it doesn't take long for a spirited rivalry to emerge among the management teams of competing companies and for co-managers to become emotionally invested in figuring out what strategic moves to make to out-compete rivals, class members become *more receptive to reading the text chapters, listening to your lectures, and wrestling with assigned cases*—partly in the hope they will come across ideas and approaches that will help their company outperform rivals and partly because they begin to see the practical relevance of the subject matter and the value of taking the course.

To provide you with quantitative evidence of the boost in learning power and achievement of course objectives that occurs with using *The Business Strategy Game* or *GLO-BUS*, *there is a built-in Learning Assurance Report showing how well each class member performs on 9 skills/learning measures versus tens of thousands of students worldwide that have completed the simulation in the past 12 months.*

2. *The competitive nature of a strategy simulation arouses positive energy and steps up the whole tempo of the course by a notch or two.*

- The healthy rivalry that emerges among the management teams of competing companies stirs competitive juices and spurs class members to fully exercise their strategic wits, analytical skills, and decision-making prowess—much more so than occurs with case assignments. *Nothing energizes a class quicker*

*or better than concerted efforts on the part of class members to gain a high industry ranking and avoid the perilous consequences of getting outcompeted by other members of the class.* It is hard to duplicate the excitement and hallway chatter that occurs when the results of the latest decision round become available and co-managers renew their quest for strategic moves and actions that will strengthen company performance. At the same time, class members become *more receptive to reading the text chapters, listening to your lectures, and wrestling with assigned cases*—partly in the hope they will come across ideas and approaches that will help their company outperform rivals and partly because they begin to see the practical relevance of the subject matter and the value of taking the course.

- *Participating in a competition-based strategy simulation is an unusually stimulating and enjoyable way for class members to learn.* As soon as your students start to say “Wow! Not only is this fun but I am learning a lot”, *which they will*, you have won the battle of engaging class members in the subject matter and moved the value of taking your course to a much higher plateau in the business school curriculum. This translates into *a livelier, richer learning experience from a student perspective and better instructor-course evaluations.*

3. *Incorporating a fully automated online simulation reduces the time instructors spend on course preparation, course administration, and grading.*

- Since the simulation exercise involves a 20 to 30-hour workload for students-teams (roughly 2 hours per decision round times 10-12 rounds, plus optional assignments), simulation adopters often compensate by trimming the number of assigned cases from, say, 10 to 12 to perhaps 4 to 6, which significantly reduces the time instructors spend reading cases, studying teaching notes, and otherwise getting ready to lead class discussion of a case or grade oral team presentations. The cases-for-simulation tradeoff is a sound one because class members will learn as much or more from their experience managing their simulation company and retain it longer, as compared to the learning gleaned from covering 4 to 6 more cases.
- Course preparation time is further cut because you can use several class days to have students meet in the computer lab (or in your classroom if it has wireless Internet access and each company team has access to at least one laptop) to work on upcoming decision rounds or a 3-year strategic plan (in lieu of lecturing on a chapter or covering an additional assigned case). Such lab or in-class sessions provide a splendid opportunity for you to visit with teams, observe the interplay among co-managers, and view the caliber of the learning experience that is going on.
- Use of a simulation gives you leeway to eliminate at least one assignment that entails considerable grading on your part. Grading one less written case or essay exam or other written assignment saves enormous time. With *BSG* and *GLO-BUS*, grading is effortless and takes only minutes. Once you enter percentage grading weights for each simulation activity in your online grade book, an overall numerical grade is automatically calculated for each class member.
- The speed and ease with which you can conduct a fully-automated strategy simulation for your course frees time for other activities. Plus, every task can be performed from an office or home PC that has an Internet connection and an Internet browser.

**Special Note:** *Both simulations work especially well for online classes or in distance-learning situations.* This is because *team members running the same company who are logged-in simultaneously on different computers at different locations have two tremendously valuable functional capabilities:*

1. *They can click a button to work collaboratively in viewing reports and making decision entries.* When in “Collaboration Mode,” each team member sees the same screen at the same time as all other team members who are logged-in and have joined Collaboration Mode. If one team member chooses to view a particular decision screen, that same screen appears on the monitors for all team members engaged in collaboration. Each team member controls their own color-coded mouse pointer (with their first-name appearing in a color-coded box linked to their mouse pointer) and can make a decision entry or move the mouse to point to particular on-screen items.

2. *They can click a second button to talk to one another (using the built-in real time VOIP audio chat feature).* Chat capability among team members working in Collaboration Mode enables team members to debate and discuss the merits of alternative decision entries and strategies. In effect, they can have an online meeting to conveniently and effectively collaborate in running their simulation company (as opposed to meeting face-to-face and gathering around a single computer).

*Moreover, instructors have capability to use their own computers to join any company's online meeting.* They can not only talk online to the managers of a company but also enter Collaboration (highly recommended because all attendees are then viewing the same screen) where they have their own red-colored mouse pointer linked to a red box labeled Instructor. This instructor-friendly feature curtails having to schedule meetings with team members in your office should something arise that requires your participation.

*Even if you are not teaching an online course, you will find that a big majority of class members will opt to take advantage of the built-in collaboration and voice chat features because the members of many company teams will like the convenience of having an online meeting to prepare their decision entries as opposed to having face-to-face meetings and gathering around a single computer either in the computer lab or at some other location of their choosing.*

*Instructors who have used state-of-the-art simulations in their strategy courses quickly become enthusiastic converts because the added spark to the course and student excitement surfaces rapidly and the resulting teaching/learning benefits are undeniable.* Moreover, the word about the effectiveness of using a top-notch strategy simulation seems to be spreading.

## HOW MUCH TIME WILL IT TAKE TO LEARN ABOUT AND CONDUCT EITHER ONE OF THE SIMULATIONS FOR YOUR COURSE?

One of the biggest factors probably weighing on your mind if you are contemplating being a first-time user is “how much time will it take me to learn about *The Business Strategy Game* or *GLO-BUS*, conduct the simulation exercise for my course, and assign grades on the simulation exercise?” Here are some honest estimates of what you can expect:

- You should probably spend 30 minutes viewing two orientation videos: (1) the introductory tour of the student portion of the website (which is also readily available to all class members) and (2) the introductory tour of the instructor portion of the website. These are both accessible directly by clicking on the Instructor Essentials menu item on the left side of your Instructor Center screen.
- You should read the first 20 pages of the Instructor's Guide (written expressly for first-time users) to get a solid overview of the simulation and learn how things work in the most time-efficient manner. You should also skim through the *Participant's Guide* to familiarize yourself with what running a company is all about from a student perspective—but this can be deferred until later if you wish.
- To launch either one of the simulations for your course and prepare everything for students to register and gain access to the website and the simulation materials they will be using, ***you must complete the Course Setup procedure*** that entails deciding what size management teams you want (anywhere between 1 and 5 persons), specifying the number of companies you want to create (which is a function of expected class size and how many people you want to co-manage each company), selecting dates/times for each decision round to be completed, indicating which optional assignments you want company co-managers to complete (the quizzes, strategic plans, peer evaluations, and company presentation exercise), and distributing company registration codes and/or registration procedures to class members. Recommendations for handling each of the options are provided in the Course Setup procedure. It will take you 30-40 minutes or so to complete the Course Setup procedure the first time you do it and 10-5 minutes each time thereafter.

- It will take you 15-20 minutes to familiarize yourself with the Class Presentation PowerPoint slides that can be used to introduce the features and mechanics of the simulation to class members (no more than 20-30-minutes of class time is needed to cover these slides adequately, but it will take a few more minutes of class time to assign class members to the various companies).
- You will find there's little need to spend much class time on introducing class members to all the mechanics and features of the simulation or to field questions from class members about "how things work." Why?
  - Because there is a 17-minute introductory video that provides students with an overview of the simulation and a quick tour of the student side of the website.
  - Because navigation of the student side of the website is straightforward and students can readily figure it out.
  - Because incorporating two practice rounds in your decision round schedule is the very best way to acquaint class members with how the simulation software works and what running their company is all about.
  - Because all class members should be required to read the *Participant's Guide* that covers what company co-managers need to know about the simulation, the industry, and the company they are running to get ready to begin work on the first practice decision round.
  - Because there are brief ***Video Tutorials for every decision screen and there are more video tutorials explaining every page of every report*** provided to all class members (and the instructor) after each decision round—these videos run 2-5 minutes each and, in total, amount to 80+ minutes of video tutorials.
  - Because any time company co-managers are puzzled about something or want to know more about some aspect of company operations than is contained in the video tutorial, they can get the answers by clicking on the Help button and reading the ***Help pages that accompany every decision screen and every page of every report***. The Help sections provide
    - (a) ***detailed explanations*** of the information on each decision entry screen and all relevant cause-effect relationships,
    - (b) ***detailed explanations*** of the information on each page of the Industry Reports,
    - (c) ***detailed explanations*** of the numbers presented in the Company Reports, and
    - (d) analytical guidance and decision-making tips.

If a few of your students seem to be full of questions, it's because they are coming to you for hand-holding and not taking the time to watch the video tutorials and/or to read and absorb the comprehensive information in the Help sections. (Note: You have one-click access to all these same Help pages and all the video tutorials directly from the menu on the left side of your Instructor Center screen.)

- ***Once you complete the Course Setup Procedure, class members are registered, and the decision rounds are underway, everything occurs automatically based on the schedule and deadline times you specified during the Course Setup Procedure. While the simulation is underway, it's your call on how much time to spend in monitoring what is going on—you can simply be an interested observer or play a more active, hands-on role. Expect to spend no more than 10-20 minutes per decision round if you just want to provide encouragement, review the scoreboard of company performances on your Instructor Center web page, solicit feedback from co-managers about the experience they are having, and deal with special problems—like moving co-managers to another team if there's conflict among team members or adjusting the dates for decision deadlines for whatever reason.***

If you want to follow the competition among the rival companies more closely, you can spend 15-20 minutes after each decision round browsing the industry report (which shows the details of each company's performance and provides assorted financial and operating statistics) and the special Administrator's Report (which provides a quick, convenient summary of select decisions and outcomes for each company that will keep you abreast of "what's happening").

Should you opt to be even more proactive and intimately involved, then after each decision round you can hold a 5 to 10-minute "in-class debriefing" on what's happening in the industry (using information you've gleaned from the industry report and the Administrator's Report). Because there is tight connection between the issues that co-managers face in running their companies and the chapter content in this text (and most every other mainstream strategy text), there is ample opportunity—if you are so inclined—to use the happenings and managerial challenges class members encounter in the simulation as examples for your lectures. You can also opt to issue special news flashes altering certain costs or import tariffs, and you may wish to offer to coach the co-managers of troubled companies on how to achieve better company performance.

- When all the decision rounds are completed, you will have to spend perhaps 30 minutes assigning grades (maybe longer if your class has 40+ students and you elect to peruse each class member's peer evaluations and/or activity log). Your online grade book automatically records and reports performance scores for all companies for all decision rounds and also contains each co-manager's scores for all assignments (quizzes, strategic plans, and peer evaluations). Once you enter weights for each of the assignments, final scores for each class member are automatically calculated. You will have to decide whether to scale the scores or not. If you want to examine data pertaining to each co-manager's use of the simulation website as part of the grade assignment process, there's an activity log that reports the frequency and length of log-ons, how many times decision entries were saved to the server each decision round, and how many times each set of reports was viewed each decision round.

## A BIRDS-EYE VIEW OF *THE BUSINESS STRATEGY GAME*

*The Business Strategy Game (BSG)* is modeled to mirror the global athletic footwear industry (where the longtime industry leaders are Nike and Adidas-Reebok). Athletic footwear makes an excellent setting for a simulation because it is a product that students are intimately familiar with and the workings of the industry can easily be grasped by students—conditions which greatly enhance the effectiveness of a simulation from a teaching/learning perspective. The global athletic footwear industry is particularly suitable for a strategy simulation because the product is used worldwide, there's competition among companies from several continents, production is concentrated in low-cost locations, and the real-world marketplace is populated with companies employing a variety of competitive approaches and business strategies.

Using a strategy simulation with a global industry setting is especially desirable because globalization of the marketplace is an ever-widening reality and global strategy issues are a standard part of the strategic management course. Plus, of course, *accreditation standards for business school programs routinely require that the core curriculum include international business topics and the managerial challenges of operating in a globally competitive marketplace.*

### Company Operations

Companies begin the simulation producing branded and private-label footwear in two plants, one in North America and one in Asia. Both plants can be operated at overtime to boost annual capacity by 20%. Management has the option to establish production facilities in Latin America and Europe-Africa as the simulation proceeds, either by constructing new plants or buying previously-constructed plants that have been sold by competing companies. At management's direction, a company's design staff can come up with more footwear models, new features, and stylish new designs to keep the company's branded product line fresh and in keeping with the latest fashion. Private-label footwear must be produced to the specifications of chain footwear retailers with private label brands.

Each company markets its brand of athletic footwear to footwear retailers worldwide and to individuals buying online at the company's web site. If a company has more production capacity than is needed to meet the demand for its branded footwear, it can enter into competitive bidding for contracts to produce footwear sold under the private-label brands of large chain retailers. Company co-managers exercise control over production costs based on the styling and quality they opt to manufacture, plant location (wages and incentive compensation vary from region to region), the use of best practices and six sigma programs to reduce the production of defective footwear and to boost worker productivity, and compensation practices.

All newly-produced footwear is shipped in bulk containers to one of four regional distribution centers (North America, Latin America, Asia-Pacific, and Europe-Africa). All incoming orders from internet customers and retailers in a geographic region are filled from footwear inventories in that same regional distribution center. Since internet and retailer orders cannot be filled from inventories in a distribution center in another region (because of prohibitively high shipping and distribution costs), company co-managers have to be careful to match shipments from plants to the expected internet and retailer demand in each geographic region. Costs at the four regional distribution centers are a function of inventory storage costs, packing and shipping fees, import tariffs paid on incoming pairs shipped from foreign plants, and exchange rate impacts.

Many countries have import tariffs on footwear produced at plants outside their geographic region; at the start of the simulation, import tariffs average \$4 per pair in Europe-Africa, \$6 per pair in Latin America, and \$8 in the Asia-Pacific region. However, the Free Trade Treaty of the Americas allows tariff-free movement of footwear between all the countries of North America and Latin America. The countries of North America, which strongly support free trade policies worldwide, currently have no import tariffs on footwear made in either Europe-Africa or Asia-Pacific. Instructors have the option to alter tariffs as the game progresses.

In running their footwear companies, the challenge for each management team is to craft and execute a competitive strategy that results in a respected brand image, keeps their company in contention for global market leadership, and produces good financial performance as measured by earnings per share, return on equity investment, stock price appreciation, and credit rating.

All companies begin the exercise with equal sales volume, global market share, revenues, profits, costs, product quality and performance, brand recognition, and so on. Global demand for athletic footwear grows at the rate of 7-9% annually for the first five years and 5-7% annually for the second five years. However, market growth rates vary by geographic region, and growth rates are also affected by the aggressiveness with which companies go after additional sales by making their product offerings more appealing.

## The Decisions That Company Managers Have to Make

In *BSG*, company co-managers make up to 53 types of decisions each period, spread across the functional spectrum as follows:

- Production operations (up to 10 decisions for each plant, with a maximum of 4 plants)
- Upgrading plants and expanding/reducing plant capacity (up to 6 decisions per plant)
- Worker compensation and training (3 decisions per plant)
- Shipping and inventory management (up to 8 decisions each plant/geographic area)
- Pricing and marketing (up to 10 decisions in each of 4 geographic regions)
- Bids to sign celebrities (2 decision entries per bid)
- Corporate social responsibility and citizenship (up to 6 decision entries)
- Financing of company operations (up to 8 decision entries)

*Experience confirms that having this many decisions is right on the money—enough to keep company co-managers engaged and challenged but not too many to confuse and overwhelm.*

## On-Screen Support Calculations

Each time co-managers make a decision entry, an assortment of on-screen calculations instantly shows the projected effects on unit sales, revenues, market shares, total profit, earnings per share, ROE, unit costs, and other operating outcomes. All of these on-screen calculations help co-managers evaluate the relative merits of one decision entry versus another. Company managers can try out as many different decision combinations as they wish in stitching the separate decisions into a cohesive whole that is projected to produce good company performance.

If company co-managers want additional help/assistance in making decision entries, they can watch the **2-4 minute video tutorials for each decision screen** and/or consult the **comprehensive Help sections** that explain cause-effect relationships, provide tips and suggestions, explain how the numbers in the company and industry reports are calculated, and otherwise inform company co-managers how things work.

## The Quest for a Winning Strategy

All companies begin the exercise with equal sales volume, global market share, revenues, profits, costs, product quality and performance, brand recognition, and so on. Global demand for athletic footwear grows at the rate of 7-9% annually for the first five years and 5-7% annually for the second five years. However, market growth rates vary by geographic region, and growth rates are also affected by the aggressiveness with which companies go after additional sales by making their product offerings more appealing.

Each company typically seeks to enhance its performance and build competitive advantage based on some combination of selling its footwear at more attractive prices, offering a bigger selection of footwear styles and models, having more appealing footwear styling and quality, outspending rivals on advertising, offering bigger mail-in rebates, outbidding rivals in signing celebrities to endorse its brand, and so on for each of the various determinants of competitiveness. providing more merchandising and promotional support to retailers, shorter shipping and delivery times, and more aggressive promotion of online purchases at its Web site.

Competition in the market segments for branded footwear is based on 11 factors with varying weights and impacts:

- How each company's wholesale selling price for its branded footwear compares against the corresponding industry-wide average prices being charged in each geographic region.
- How each company's footwear styling and quality compares against that of rival brands.
- How each company's advertising expenditures compare against the industry-wide average advertising expenditures.
- How each company's mail-in rebate offers compare against the rebates offered by rival companies.
- How each company's advertising expenditures compare against the industry-wide average advertising expenditures.
- How the number of models/styles in each company's branded footwear offerings compare against the industry-wide average number of models.
- How the numbers of retailers carrying a company's brand of footwear compares against the average number of retailers carrying various brands.
- How the number and appeal of the celebrities a company has contracted with to endorse its footwear compares against the overall celebrity appeals of endorsers of rival brands.
- How the length of each company's shipping and delivery times on retailers' orders compare against those of rival companies.



- The comparative amount (relative to rival brands) of merchandising and promotional support that a company offers to its retailers relative to the average amounts offered industry-wide.
- The relative aggressiveness with which a company promotes online purchases at its website.
- The extent to which the buyers of a company's brand of footwear remain loyal to repurchasing that same brand.

***Any and all competitive strategy options***—low-cost leadership, differentiation, best-cost provider, focused low-cost, and focused differentiation—***are viable choices for pursuing better company performance and competitive advantage in the branded footwear segment. There's no built-in bias favoring any one strategy and no "secret set of strategic moves or decision combinations" that are sure to result in a company becoming the industry leader.*** A company can try to gain an edge over rivals in the branded footwear segment with more advertising or a wider selection of models or more appealing styling/quality or bigger rebates or securing more appealing celebrity endorsements, and so on. It can focus sales efforts on one or two geographic regions or strive to build strong market positions in all four geographic regions. It can pursue essentially the same branded strategy worldwide or craft slightly or very different strategies for each of the four geographic regions. It can put more or less emphasis on selling branded shoes to footwear retailers as opposed to selling to individual consumers at the company's Web site. ***Most any well-conceived, well-executed competitive approach in branded footwear is capable of succeeding, provided it is not overpowered by the opposing strategies of competitors or defeated by the presence of too many copycat strategies that dilute its effectiveness.***

However, vigorous price competition prevails in the private-label segment. For obvious reasons, chain retailers prefer to source their requirements for private-label footwear from companies offering the best (lowest prices). Companies desirous of winning a contract to supply private-label footwear to chain retailers across the world must first agree to produce shoes that meet globally-set buyer specifications for quality and variety of models/styles. Then they must be successful in bidding against rival companies for contracts. Companies offering to supply specified quantities of private-label footwear with lower price bids are awarded contracts over companies that bid higher prices. A low-cost, low-price strategy is thus mandatory in the private-label segment if a company expects to be profitable (but this does not require pursuing the same strategy in the branded segment).

## How the Outcomes Are Determined

Instructors specify a deadline (date and time) for company co-managers to complete for each decision round and other related assignments. Instructors have the flexibility to change the deadlines at any time for any reason. Decision rounds can be scheduled once per week, twice per week, daily, or even twice daily, depending on how you want to conduct the exercise. You will be able to peruse sample decision schedules when you are settling on the times and dates for the deadlines.

When the instructor-specified deadline for a decision round arrives, the *BSG* algorithms allocate sales and market shares to the competing companies, region by region. How many branded pairs a company sells in a geographic region is governed by:

- how its branded footwear price compares against the prices of rival brands,
- how its footwear styling and quality compares against those of rival brands,
- how its advertising effort matches up against the advertising efforts of its rivals, and so on for each competitive factor.

For instance, a company's branded footwear price in a region is determined to be more competitive the further it is below the average price in that region charged by all companies and less competitive the further it is above the regional average. A company's styling/quality is determined to be more competitive the further its styling/quality rating is above the average styling/quality rating of all companies competing in the region and less competitive the further its rating is below the industry average in the region. ***The overall competitiveness***

*of a company's product offering in a region is a function of its **combined competitive standing across all competitive factors**.* For example, a company can offset the adverse impact of an above average price with above-average product performance and quality, and/or above-average advertising. The greater the differences in the overall competitiveness of the branded product offerings of rival companies, the bigger the differences in their resulting sales volumes and market shares. Conversely, the smaller the overall competitive differences in the offerings of rival companies, the smaller the differences in sales volumes and market shares. This algorithmic approach is what makes *BSG* a “competition-based” strategy simulation and why ***the sales and market share outcomes for each decision round are always unique to the particular strategies and decision combinations employed by the competing companies.***

Once branded sales volumes and market shares are awarded based on the strength or weakness of each company's overall competitive effort and the outcomes of the bidding to supply private-label footwear are determined, then each company's performance is calculated and all the various company and industry reports are generated.

***The scoring of each company's performance is based on a balanced scorecard that includes brand image, earnings per share (EPS), return on equity investment (ROE), stock price appreciation, and credit rating.***

***The results of the decision round are available to class members and the instructor about 15-20 minutes after the deadline passes.***

**Special Note:** The cause-effect relationships and underlying algorithms in *The Business Strategy Game* are based on sound business and economic principles and are closely matched to the real-world athletic footwear market. The “real-world” character of the competitive environment and company operations that have been designed into *The Business Strategy Game* allows company co-managers to think rationally and logically as they go about the tasks of diagnosing and responding to the competitive moves of rival companies, making strategy choices and adjustments, and deciding how to manage their athletic footwear company. *The Business Strategy Game* is predicated on the principle that the more *BSG* mirrors real-world market conditions and real-world managerial decision-making, the more pedagogical value it has. Why? Because tight linkages between the functioning of *BSG* and “the real world” provide class members with an **authentic** learning experience, a **bona fide** means of building their skills in analyzing markets and the actions of competitors, and a **true-to-life** way to practice making business-like decisions and applying the knowledge they have gained in business school.

## Time Requirements for Company Co-Managers

Data from our servers indicates that ***each company team spends an average of about 2.5 hours working on each decision round.*** The first couple of decision rounds take longer not only because co-managers have to explore the menus, familiarize themselves with the information on the screens, and absorb the relevance of the calculations shown whenever new decisions are entered but also because it takes time for them to establish a working relationship with one another and debate what sort of long-term direction and strategy to pursue.

The total workload for each team of students/participants ends up between 20 and 30 hours, given an average of 2.5 hours per decision round, 9 to 12 decision rounds (including practice rounds), and the time needed to complete optional assignments (quizzes, strategic plans, company presentation, and peer evaluations). As discussed earlier, you can offset the hours students spend on the simulation by trimming the number of case assignments, eliminating a written case assignment (which can take students 10-15 hours to prepare), and perhaps allocating one or more regularly-scheduled class periods to having class members meet in a computer lab to work on their decisions or a 3-Year Strategic Plan assignment.

It will consume part of a class period to introduce class members to the simulation and get things under way. Thereafter, the simulation becomes an **out-of-class group exercise** where co-managers spend most of their time working as a team on a PC (in a computer lab or at a co-manager's place of residence or in collaboration mode on their own individual PCs).

All activity for *The Business Strategy Game* takes place at [www.bsg-online.com](http://www.bsg-online.com).

## A BIRDS-EYE VIEW OF GLO-BUS

In *GLO-BUS*, class members run companies that are in a neck-and-neck race for global market leadership in two product categories: (1) wearable video cameras smaller than a teacup that deliver stunning video quality and have powerful photo capture capabilities (comparable to those designed and marketed by global industry leader GoPro) and (2) sophisticated camera-equipped copter drones that incorporate a company designed and assembled action-capture camera and that are sold to commercial enterprises for prices in the \$850 to \$3,000+ range. Global market demand for action cameras grows at the rate of 6-8% annually for the first five years and 4-6% annually for the second five years. Global market demand for commercial drones grows briskly at rates averaging 20% for the first two years, then gradually slows over 8 years to a rate of 4-6%.

### Company Operations

Companies assemble action cameras and drones of varying designs and performance capabilities at a Taiwan facility and ship finished goods directly to buyers in North America, Asia-Pacific, Europe-Africa, and Latin America. Both products are assembled usually within two weeks of being received and are then shipped to buyers no later than 2-3 days after assembly. Companies maintain no finished goods inventories and all parts and components are delivered by suppliers on a just-in-time basis (which eliminates the need to track inventories and simplifies the accounting for plant operations and costs).

Company co-managers determine the quality and performance features of the cameras and drones being assembled. They impact production costs by raising/lowering specifications for parts/components and expenditures for product R&D, adjusting work force compensation, spending more/less on worker training and productivity improvement, lengthening/shortening warranties offered (which affects warranty costs), and how cost-efficiently they manage assembly operations. They have options to manage/control selling and certain other costs as well.

To capitalize on ongoing technological advances and the pipeline of product enhancement capabilities flowing from the company's expenditures for new product R&D, the company typically introduces new and/or improved models each year, changes the specs for important components, adds/modifies performance features, upgrades the internal software, makes other design-related changes, and strives to price and market its brand of cameras and drones in ways that management believes will improve buyer appeal for its camera/drone models and enhance the company's ability to compete more effectively with the offerings of rival companies.

### The Decisions That Company Managers Have to Make

Each decision round, company co-managers make some 50 types of decisions relating to the design and performance of the company's two products (21 decisions, 10 for cameras and 11 for drones), assembly operations and workforce compensation (up to 8 decision entries for each product), pricing and marketing (7 decisions for cameras and 5 for drones), corporate social responsibility and citizenship (up to 6 decisions), and the financing of company operations (up to 8 decisions). In addition, there are 9 entries for cameras and 8 entries for drones involving assumptions about the competitive actions of rivals; these entries help company co-managers to make more accurate forecasts of their company's unit sales (so they have a good idea of how many cameras and drones will need to be assembled each year to fill customer orders). Plus, company managers have accounting and cost data to examine, import duties and exchange rate fluctuations to consider, and shareholder expectations to satisfy.

### On-Screen Support Calculations

Each time co-managers make a decision entry, an assortment of on-screen calculations instantly shows the projected effects on unit sales, revenues, market shares, total profit, earnings per share, ROE, costs, and other operating outcomes. All of these on-screen calculations help co-managers evaluate the relative merits of one decision entry versus another. Company managers can try out as many different decision combinations as they wish in stitching the separate decision entries into a cohesive whole that is projected to produce good company performance.

Just as with *The Business Strategy Game*, there are video tutorials and comprehensive Help sections.

## The Quest for a Winning Strategy

All companies begin the *GLO-BUS* exercise on the same footing from a global perspective—with equal sales volume, global market share, revenues, profits, costs, product quality and performance, brand recognition, and so on. Competition in action cameras revolves around 11 factors that determine each company's unit sales/market share:

1. How each company's average wholesale price to retailers compares against the all-company average wholesale prices being charged in each geographic region.
2. How each company's camera performance and quality compares against industry-wide camera performance/quality.
3. How the number of week-long sales promotion campaigns a company has in each region compares against the regional average number of weekly promotions.
4. How the size of each company's discounts off the regular wholesale prices during sales promotion campaigns compares against the regional average promotional discount.
5. How each company's annual advertising expenditures compare against regional average advertising expenditures.
6. How the number of models in each company's camera line compares against the industry-wide average number of models.
7. The number of retailers stocking and merchandising a company's brand in each region.
8. Annual expenditures to support the merchandising efforts of retailers stocking a company's brand in each region.
9. The amount by which a company's expenditures for ongoing improvement and updating of its company's website in a region is above/below the all-company regional average expenditure.
10. How the length of each company's camera warranties compare against the warranty periods of rival companies.
11. How well a company's brand image/reputation compares against the brand images/reputations of rival companies.

Competition among rival makers of commercial copter drones is more narrowly focused on just 9 sales-determining factors:

1. How a company's average retail price for drones at the company's website in each region compares against the all-company regional average website price.
2. How each company's drone performance and quality compares against the all-company average drone performance/quality.
3. How the number of models in each company's drone line compares against the industry-wide average number of models.
4. How each company's annual expenditures to recruit/support 3<sup>rd</sup>-party online electronics retailers in merchandising its brand of drones in each region compares against the regional average.
5. The amount by which a company's price discount to third-party online retailers is above/below the regional average discounted price.
6. How well a company's expenditures for search engine advertising in a region compares against the regional average.

7. How well a company's expenditures for ongoing improvement and updating of its website in a region compares against the regional average.
8. How the length of each company's drone warranties in a region compares against the regional average warranty period.
9. How well a company's brand image/reputation compares against the brand images/reputations of rival companies.

Each company typically seeks to enhance its performance and build competitive advantage via its own custom-tailored competitive strategy based on more attractive pricing, greater advertising, a wider selection of models, more appealing performance/quality, longer warranties, a better image/reputation, and so on. As with BSG, ***all the various generic competitive strategy options—low-cost leadership, differentiation, best-cost provider, focused low-cost, and focused differentiation—are viable choices for pursuing competitive advantage and good company performance.*** A company can have a strategy aimed at being the clear market leader in either action cameras or UAV drones or both. It can focus on one or two geographic regions or strive to build strong market positions in all four geographic regions. It can pursue essentially the same strategy worldwide or craft customized strategies for the Europe-Africa, Asia-Pacific, Latin America, and North America markets. Just as with *The Business Strategy Game*, ***most any well-conceived, well-executed competitive approach is capable of succeeding, provided it is not overpowered by the strategies of competitors or defeated by the presence of too many copycat strategies that dilute its effectiveness.***

## How the Outcomes Are Determined

When the instructor-specified deadline for a decision round arrives, the *GLO-BUS* algorithms allocate sales and market shares in the action-camera and UAV drone segments to the competing companies, region by region. How many units a company sells in each region is based on the competitiveness and overall buyer appeal of its product offering versus the product offerings of rivals for each competitive factor.

For instance, a company's price in a region is determined to be more competitive the further it is *below* the average price in that region charged by all companies and less competitive the further it is *above* the regional average. A company's product performance and quality is determined to be more competitive the further its performance/quality rating is above the average performance/quality rating of all companies competing in the region and less competitive the further its rating is below the regional average. ***The overall competitiveness of a company's product offering in a region is a function of its combined competitive standing across all competitive factors for that product.*** For example, a company can offset the adverse impact of an above average price with above-average performance and quality, more advertising, longer warranties, and so on.

The greater the differences in the overall competitiveness of the product offerings of rival companies, the bigger the differences in their resulting sales volumes and market shares. Conversely, the smaller the overall competitive differences in the product offerings of rival companies, the smaller the differences in sales volumes and market shares. This algorithmic approach is what makes *GLO-BUS* a "competition-based" strategy simulation and accounts for why ***the sales and market share outcomes for each decision round are always unique to the particular strategies and decision combinations employed by the competing companies.***

Once sales and market shares are awarded, the company and industry reports are then generated and all ***the results become available 15-20 minutes after the decision deadline passes.***

***Company performance is judged on five criteria: earnings per share, return on equity investment (ROE), stock price, credit rating and brand image.***

All activity for *GLO-BUS* occurs at [new.glo-bus.com](http://new.glo-bus.com).

**Special Note:** The time required of company co-managers to complete each decision round in *GLO-BUS* is typically about 15- to 30-minutes less than for *The Business Strategy Game* because

- (a) there are only 8 market segments (versus 12 in BSG),
- (b) co-managers have only one plant to operate (versus as many as 4 in BSG), and
- (c) newly-assembled cameras and drones are shipped directly to buyers, eliminating the need to manage finished goods inventories and operate distribution centers.

Guidance about which simulation might be best for your course is provided later in this section.

## SPECIAL BSG/GLO-BUS FEATURES AND NOTEWORTHY EXTRAS

The Internet delivery and user-friendly designs of both *BSG* and *GLO-BUS* make them incredibly easy to administer, even for first-time users. And *the menus and controls for BSG and GLO-BUS are so similar that you can readily switch between the two simulations or use one in your undergraduate class and the other in an MBA class*. If you have not yet used either of the two simulations, you may find the following of particular interest:

- *There is a video tour that introduces students to the simulation, takes them through the website, and helps them to a successful start. There is also a video tour for instructors.*
- *Instructors who are considering use of either simulation can attend any of the 30 or so author-conducted webinar/demos scheduled throughout each year—the demos run 60 to 75-minutes and allow ample time for Q&A.*
- *In the course of running their company (making decision entries and viewing reports), class members have one-click access to 2-5 minute video tutorials for each decision screen and each page of each report. In addition, they have one-click access to “Help” sections containing detailed explanations of (a) the information on each decision entry screen and all relevant cause-effect relationships, (b) the information on each page of the Industry Reports, and (c) the numbers presented in the Company Reports. The Help pages for each decision entry screen also contain tips and suggestions for making wise decision entries. The *video tutorials and full-blown Help page discussions allow company co-managers to figure things out for themselves*, thereby relieving instructors of having to answer questions about “how things work.”*
- *It is quick and easy to set up either simulation for your course.* Setting up the simulation for your course is done online and takes about 30-minutes the first time you do it and about 15-20 minutes thereafter. There is on-screen guidance for each of step of the straightforward/easy-to-understand Course Setup Procedure; should you encounter any issues or have questions, you can easily call Tech Support for hands-on assistance in completing the Course Setup procedure, getting answers to questions, or resolving any problems you are having.
- *Sample course outlines for integrating BSG or GLO-BUS into your strategy course can be found in Section 4 of this Instructor’s Manual and also online at the simulation Web sites.* There are sample outlines for semester-long courses, 10-week or quarter-long courses, and 5-week courses; each course outline consists of suggested activities and assignments for each and every class meeting. These provide useful guidance on incorporating use of the simulation and preparing a syllabus in your course.
- *There’s also a 3-page, author-prepared document titled “Tips for Successfully Using the Simulation” written especially for first-time users.* Plus there is a 37-page Instructor’s Manual that provides comprehensive explanations and guidance.

- ***An online Instructor Center serves as your hub for conducting all administrative activities and monitoring the results of the company decisions.*** The Instructor Center is the screen you are sent to when you enter your user name and password to log-in. ***Every function and feature that you need for using the simulation in your course is on the Instructor Center page or accessible from it. Online grade books provide you with scores indicating each company's and each participant's performance on each phase of the simulation.*** Once you enter percentage weights to put on each performance measure, overall scores are automatically calculated (which you can scale or not as you see fit). No other administrative actions on your part are required beyond that of moving participants to a different team (should the need arise), keeping tabs on the outcomes of the decision rounds and how well the companies are doing (to whatever extent desired), and using the automatically calculated numerical averages in the online grade book to determine the overall grades to assign class members on the entire simulation exercise.
- Both participants and instructors conduct all activities online (at [www.bsg-online.com](http://www.bsg-online.com) for *The Business Strategy Game* and at [new.glo-bus.com](http://new.glo-bus.com) for *GLO-BUS*). ***All materials are delivered digitally to class members and instructors.***
  - ***Students gain full access to everything needed during the course of the simulation, including the Participant's Guide, immediately upon registering***—students can read the Participant's Guide and other accompanying content on their monitors or make print outs, as they prefer.
  - ***Likewise, instructors gain full access to all menus and materials on the website immediately upon creating an Instructor Account at the website home-page.***
- ***Both simulations offer integrated text chat, audio chat, and collaboration features for team members (students) who are logged-on simultaneously to facilitate collaboration among company co-managers.***
  - Use of the built-in audio-chat capability requires that each team member work from a computer with a built-in microphone (if they want to be heard by the rest of the team) and speakers (so that they may hear their teammates) or else have a headset with a microphone. A headset is recommended for best results, but most laptops now are equipped with a built-in microphone and speakers that will support use of the voice-chat capability.
  - When in "Collaboration Mode," each team member sees the same screen at the same time as all other team members who are logged-in and have joined Collaboration Mode. If one team member chooses to view a particular decision screen, that same screen appears on the monitors for all team members engaged in collaboration.
  - Each team member controls a color-coded mouse pointer (with their first-name appearing in a color-coded box linked to their mouse pointer) and can make a decision entry or move the mouse to point to particular on-screen items.
  - A decision entry change made by one team member is seen by all, in real time, and all team members can immediately view the on-screen calculations that result from the new decision entry.
  - If one team member wishes to view a report page and clicks on the menu link to the desired report, that same report page will immediately appear for the other team members engaged in collaboration.
- ***Instructors have built-in capability to join the online meetings of any company directly from their own computers.*** Instructors who wish not only to talk but also enter Collaboration (highly recommended because all attendees are then viewing the same screen) have a red-colored mouse pointer linked to a red box labeled Instructor. The ability of instructors and company co-managers to have an online meeting at a mutually agreeable time is often more convenient than scheduling face-to-face meetings during an instructor's office hours.
- ***The audio and collaboration features make the simulations highly suitable for use in distance-learning or online courses*** (and are currently being used in many such courses).

- ***The deadlines for each decision round and other related assignments are set and totally controlled by the instructor (and can be changed at any time for any reason).*** Decision rounds can be scheduled once per week, twice per week, daily, or even twice daily, depending on how you want to conduct the exercise.
- ***The management teams for each company can range from 1 to 5 co-managers, and the number of companies competing head-to-head in a single market group or “industry” can range from 4 to 12.*** If you have a large class and need more than 12 companies, the Course Setup procedure makes it simple to create two or more industries for your class. In a small class, there can be no fewer than 4 company teams—two-person teams will work just fine. (For classes with fewer than 8 students, please call us at 205-722-9149 or e-mail [techsupport@glo-bus.com](mailto:techsupport@glo-bus.com) to discuss how best to proceed.)
- ***The decision entries that co-managers make are saved directly to the GLO-BUS server when a student-user clicks the Save button.*** When a decision round deadline passes, the decision entries of all companies are then “processed” automatically. ***Complete results are available to company co-managers and the instructor 15-20 minutes after the decision deadline.***
  - ***Participants and instructors are immediately notified via e-mail as soon as the decision outcomes are ready.*** Company co-managers learn the details of “what happened” in a 7-page Industry Report, a 1-page Competitive Intelligence report for each geographic region that includes strategic group maps and bulleted lists of competitive strengths and weaknesses, and a 4-page set of Company Reports (consisting of assorted sales, cost, and operating statistics and a set of financial statements (income statement, balance sheet, cash flow statement)).
- ***A “scoreboard of company performance” incorporates two performance measures:*** (1) how well each company meets “investor expectations” on earnings per share, return on shareholders’ equity (ROE), stock price appreciation, credit rating, and image rating and (2) how well each company stacks up against the “best-in-industry performer” on each of these same 5 measures.
- You have ***the option to assign two “open-book” multiple choice tests of 20 questions.*** Quiz 1 covers the contents of the *Participant’s Guide*. Quiz 2 measures understanding of key aspects of company operations and student command of ways to improve company performance. The self-scoring quizzes are taken online by each student individually, with scores reported instantaneously to participants and recorded in your online grade book. Requiring completion of both quizzes is very highly recommended.
- There is ***a built-in 3-year strategic plan feature*** that entails having each company’s management team (1) articulate a strategic vision for their company (in a few sentences), (2) set performance targets for EPS, ROE, stock price appreciation, credit rating, and image rating for each of the next three years, (3) state the competitive strategy the company will pursue, (4) cite data showing that the chosen strategy either is currently on track or requires further managerial actions, and (5) develop a projected income statement for the each of the next three years based upon expected unit sales, revenues, costs, and profits. ***Each company’s strategic plan is automatically graded on a scale of 1 to 100***, with points being earned for meeting or beating the performance targets that were established. The scores are recorded in your online grade book. ***Assigning completion of 3-year strategic plans is entirely optional—you can have company managers complete no plan, 1 plan, or 2 plans.***
- ***At the conclusion of the simulation, you can choose to have each company management team prepare a slide presentation reviewing their company’s performance and strategy.*** A Company Presentation link in each co-manager’s Corporate Lobby provides explicit slide-by slide suggestions of what to cover in the presentation. Company co-managers may easily download and insert any of the graphs/charts appearing in the reports.
- There is ***a comprehensive 12-question peer evaluation form*** that co-managers can complete midway through the exercise and/or at the end of the exercise to help you gauge the caliber of effort each co-manager has put into the exercise. ***Peer evaluations are automatically scored on a scale of 1 to 100***, and the scores are recorded in your online grade book.



- ***There is an Activity Log that provides an informative summary of each co-manager's use of various parts of the website***—the frequency and length of log-ons, how many times decision entries were saved to the server each decision round, and how many times each set of reports was viewed each decision round. The combined information from the peer evaluations and the Activity Log provide good evidence about whether a co-manager was a strong or weak contributor.
- ***An end-of-simulation Learning Assurance Report (LAR) provides you with solid empirical data concerning how well your students performed versus students playing the simulation at all schools/campuses worldwide over the past 12 months.*** The report measures 9 areas of student proficiency, business know-how, and decision-making skill, and provides potent benchmark evidence valid for gauging the extent to which your school's academic curriculum is delivering the desired degree of student learning as concerns accreditation standards. The LAR is useful in two very important respects.
  - It provides you with a clear overview of how well your students rank relative to students at other schools worldwide who have gone through this same competition-based simulation exercise over the past 12 months.
  - Because the report provides highly credible evidence regarding the caliber of business proficiency and decision-making prowess of your students, it can be used to help assess whether your school's academic curriculum in business is providing students with the desired degree of business understanding and decision-making acumen.

Professors, department chairs, and deans at many business schools worldwide are engaged in developing ongoing evidence of whether their academic programs meet the Assurance of Learning Standards now being applied by the Association to Advance Collegiate Schools of Business (AACSB); a prime goal of this Learning Assurance Report is to contribute significantly to this effort.

- There is ***a weekly ranking of the best-performing companies worldwide*** posted on the homepage—all co-managers and instructors whose companies appear in the rankings are automatically notified by e-mail. You can browse through the latest rankings by clicking on the Global Top Performers icon left-center of the homepage.
- ***At the conclusion of the simulation, the co-managers of the overall best-performing company in your class are automatically e-mailed an "Industry Champion" certificate suitable for framing.*** This certificate serves to document an award or achievement that each co-manager of a champion company can put on their résumé.
- ***The co-managers of each industry-winning company playing the two simulations across the world are invited to participate in the "Best Strategy Invitational."*** The BSIs for *GLO-BUS* and *The Business Strategy Game* are held three times each year—in late April/early May, in August, and in late November/early December. Those teams that accept the invitation to participate are divided into industries of 11-12 companies and compete for a period of 10 decision rounds for "Global Industry Championships." All participants who complete the competition receive frame-able certificates and the industry winners get a "Grand Champion" certificate. Receipt of these certificates also merits a line on a student's résumé.

***Comprehensive support, question-answering, and problem-solving is provided to all adopters of the two simulations by co-authors Greg Stappenbeck, Art Thompson, and other members of the simulation author team***—just use the tech support link in the Instructor Center to send an e-mail, call us at 205-722-9149, or send an e-mail to athomps@cba.ua.edu. We will be glad to provide you with a personal tour of either or both of the Web sites (while you are on your PC) and walk you through the many features that are built into the simulations. If there are multiple instructors at your school who teach the course, we will be happy to set up a special webinar for you and your colleagues, give you a guided tour of the Web site, and answer whatever questions you may have.

Alternatively, you can go to [www.bsg-online.com](http://www.bsg-online.com) and/or [new.glo-bus.com](http://new.glo-bus.com), register as an Instructor, and gain full access to the websites and all of the materials you will need to conduct the simulation. Once you register (there's no obligation), you'll be able to access the videos tours of the website, the *Instructor's Guide* and the *Participant's Guide* for the simulations, explore the Instructor Center menus on your own, and complete the Course Setup procedure (which is necessary in order to get everything ready for students to register, should you decide to use the simulation in an upcoming course).

We are more than happy to give personal assistance to new and ongoing users any time questions or problems arise.

For those who are worried about “bugs” or flaws, we would say we are several years past the stage where software “glitches” and system malfunctions are still being ironed out. The Web site and related software have long since been thoroughly “de-bugged.” There is a staff that monitors and maintains the functioning of the two Web sites 24/7/365—if a user can get connection to the Internet, then the chances of the system being “down” are virtually nil.

***Adopters of the 21st edition of Crafting and Executing Strategy who also want to incorporate use of one of the two simulation supplements can either have students register at the simulation website via a credit card or you can instruct your bookstores to order the “book-simulation package”—the publisher has a special ISBN number for new copies of the 21st Edition that contain a special card shrink-wrapped with each copy; printed on the enclosed card is a pre-paid access code that student can use to register for either simulation and gain full access to the student portion of the Web site. Please consult with your McGraw-Hill sales representative for details about the bundled book-simulation package. However, be aware that bookstore markups on the book-simulation package often result in a \$10-\$15 higher student cost for the simulation than will registering via credit card at the website.***

## WHICH SIMULATION MAKES THE MOST SENSE FOR YOUR COURSE?

Both *The Business Strategy Game* and *GLO-BUS* are suitable for either senior-level or MBA-level courses. Whether to use *The Business Strategy Game* or go with *GLO-BUS* is really a matter of preference, how much time you are comfortable with having class members spend working on the simulation exercise, and the degree to which the faculty believe that there should be a clear distinction between the content and rigor of a senior-level course in strategy and the MBA-level course in strategy.

The time that class members will spend on *GLO-BUS* typically works out to be a bit less than for *The Business Strategy Game*. With *GLO-BUS*, you can expect that class members will spend an average of 1½-2 hours per decision. With *BSG*, it will take company co-managers about 2-2¼ hours per decision. Company co-managers can speed through their *GLO-BUS* decision-making a bit quicker than in *BSG* because all production/assembly of cameras and camera-equipped drones takes place at a single location (Taiwan) and there are no finished goods inventories (newly-assembled products are built-to-order and shipped directly to buyers).

*The Business Strategy Game* is a bit more robust because:

- Company co-managers have the option to build and operate up to four plants (one in each geographic region of the world). In *GLO-BUS*, companies only have one plant to manage.
- Each company management team must operate four distribution centers (1 in each geographic region) and manage the finished goods inventories in these centers. In *GLO-BUS*, there are no finished goods inventories and distribution centers to operate—all units produced are immediately shipped to buyers.
- Companies compete in 12 market segments (versus 8 in *GLO-BUS*).

Both simulations have 2 built-in quizzes, strategic plan assignments, company presentation capabilities, and peer evaluations (each of which can be required or skipped as you see fit). See Table 1 for comparisons of the two simulations.

**TABLE 1 A Comparison of *Glo-Bus* versus *The Business Strategy Game***

	<b><i>GLO-BUS</i></b>	<b><i>The Business Strategy Game</i></b>
<b>Industry setting</b>	Companies that design, assemble, and market action cameras and camera-equipped drones	Athletic footwear industry
<b>Market scope</b>	<b>Worldwide.</b> Production occurs at a single plant and sales are made to retailers in 4 major geographic regions <ul style="list-style-type: none"> <li>• North America</li> <li>• Latin America</li> <li>• Europe-Africa</li> <li>• Asia Pacific</li> </ul>	<b>Worldwide.</b> Both production and sales activities can be pursued in any or all of 4 major geographic segments <ul style="list-style-type: none"> <li>• North America</li> <li>• Latin America</li> <li>• Europe-Africa</li> <li>• Asia Pacific</li> </ul>
<b>Number of market segments</b>	<b>8</b> <ul style="list-style-type: none"> <li>• sales of action cameras to retailers in each of the four major geographic regions</li> <li>• sales of unmanned aerial view drones to buyers in each of the four major geographic regions</li> </ul>	<b>12</b> <ul style="list-style-type: none"> <li>• 4 segments for branded footwear sales to retailers in each geographic region</li> <li>• 4 segments for online sales of footwear direct to consumers in each geographic region</li> <li>• 4 segments for private-label footwear sales to chain retailers in each region</li> </ul>
<b>Number of decision variables</b>	<ul style="list-style-type: none"> <li>• Design and performance of and drones (up to 10 decision entries for cameras and 11 entries for drones)</li> <li>• Assembly operations and workforce compensation (up to 8 decision entries for each product)</li> <li>• Camera pricing and marketing (up to 7 decision entries in each of the 4 geographic regions)</li> <li>• Drone pricing and marketing (up to 6 decision entries in each of the 4 geographic regions)</li> <li>• Financing of company operations (up to 8 decision entries)</li> <li>• Social responsibility and citizenship (as many as 6 decision entries)</li> </ul>	<ul style="list-style-type: none"> <li>• Production (up to 13 decision entries for each plant, with a maximum of 4 plants)</li> <li>• HR/compensation (up to 3 decisions each plant)</li> <li>• Shipping (up to 8 decisions each plant)</li> <li>• Pricing and marketing (up to 10 decision entries in each of the 4 regions)</li> <li>• Internet marketing (up to 3 decision entries in each of the 4 regions)</li> <li>• Financing of company operations (up to 8 decision entries)</li> <li>• Social responsibility and citizenship (as many as 6 decision entries)</li> </ul>
<b>Competitive variables used to determine market share</b>	<ul style="list-style-type: none"> <li>• Price</li> <li>• Number of camera/drone models</li> <li>• Performance/quality rating</li> <li>• Number of weekly sales promotions</li> <li>• Promotional discounts</li> <li>• Advertising</li> <li>• Size of retailer network</li> <li>• Warranty period</li> <li>• Retailer support</li> <li>• Brand image/reputation</li> </ul> <p>All sales and market share differences are the direct result of differing competitive efforts among rival companies</p>	<ul style="list-style-type: none"> <li>• Price</li> <li>• Number of models/styles</li> <li>• Styling/quality rating</li> <li>• Advertising</li> <li>• Size of retail dealer network</li> <li>• Celebrity endorsements</li> <li>• Delivery time</li> <li>• Retailer support</li> <li>• Mail-in rebates</li> <li>• Shipping charges (Internet sales only)</li> </ul> <p>All sales and market share differences are the direct result of differing competitive efforts among rival companies</p>
<b>Time frame of decisions</b>	One year	One year

	<b>GLO-BUS</b>	<b>The Business Strategy Game</b>
<b>Measures on which company performance is judged</b> (all company scores are automatically recorded in instructor's online grade book for each decision period)	<ul style="list-style-type: none"> <li>Earnings per share</li> <li>Return on shareholders' equity</li> <li>Stock price</li> <li>Credit rating</li> <li>Image rating</li> </ul>	<ul style="list-style-type: none"> <li>Earnings per share</li> <li>Return on shareholders' equity</li> <li>Stock price</li> <li>Credit rating</li> <li>Image rating</li> </ul>
<b>Scoring standards</b>	Choice of <ul style="list-style-type: none"> <li>Investor Expectations (benchmarked against industry growth)</li> <li>Best-in-Industry</li> <li>A combination of both, with instructors determining the weights for each (50-50 is recommended)</li> </ul>	Choice of <ul style="list-style-type: none"> <li>Investor Expectations (benchmarked against industry growth)</li> <li>Best-in-Industry</li> <li>A combination of both, with instructors determining the weights for each (50-50 is recommended)</li> </ul>
<b>Degree of complexity</b>	Moderate Less complex than BSG because all production is in a single plant and there are no finished goods inventories (newly-assembled products are built-to-order and shipped directly to buyers)	More robust/"complex" than GLO-BUS because <ul style="list-style-type: none"> <li>Companies can operate up to four plants (one in each geographic area) and plant operations are a bit more involved</li> <li>Shipments are made to company distribution centers and there are finished goods inventories to manage</li> <li>There are 12 market segments instead of 8</li> <li>Players have to develop make a sales forecast based on their competitive strategy and the expected competitive efforts of rivals</li> </ul>
<b>Time required to make a complete decision</b>	About 1.75 to 2.0 hours per decision (once players gain familiarity with software and reports)	2.0 to 2.5 hours per decision (once players gain familiarity with software and reports)
<b>Industry reports (automatically provided to all participants at website within 15 minutes following each decision deadline)</b>	A 6-page report that includes <ul style="list-style-type: none"> <li>Complete scoreboard of company performances on all five performance measures (3 pages)</li> <li>Selected industry statistics</li> <li>Financial statistics for each company</li> <li>Benchmarking statistics</li> </ul> A 1-page competitive intelligence report for each geographic region that shows <ul style="list-style-type: none"> <li>Each company's publicly visible competitive effort (prices, advertising, warranties, etc.)</li> <li>Strategic group maps of the positioning of competitors in both the camera and drone segments</li> </ul>	A 7-page report that includes <ul style="list-style-type: none"> <li>Complete scoreboard of company performances on all five performance measures (3 pages)</li> <li>Selected industry statistics</li> <li>Financial statistics for each company</li> <li>Benchmarking statistics</li> <li>Status of celebrity endorsements</li> </ul> A 1-page competitive intelligence report for each geographic region that shows <ul style="list-style-type: none"> <li>Each company's publicly visible competitive effort (prices, models, advertising, rebates, etc.)</li> <li>Strategic group maps of the positioning of competitors in the branded footwear segment</li> <li>A list of the company's competitive strengths and weaknesses in that region</li> </ul>
<b>Company reports (automatically provided to all participants at website within 15 minutes following each decision deadline)</b>	A 6-page report that includes <ul style="list-style-type: none"> <li>Performance highlights</li> <li>An income statement</li> <li>A balance sheet</li> <li>A cash flow statement</li> <li>Assembly operations</li> <li>Market segment statistics—Cameras</li> <li>Market segment statistics—Drones</li> </ul>	A 5-page report that includes <ul style="list-style-type: none"> <li>An income statement</li> <li>A balance sheet</li> <li>A cash flow statement</li> <li>Plant operations statistics</li> <li>Distribution and warehousing statistics</li> <li>Branded and private-label sales statistics</li> <li>Detailed marketing and administrative costs</li> </ul>
<b>Participant's manual</b> (delivered online)	36 pages	36 pages

Usage data confirms that you can have a successful experience with either simulation in both senior and MBA courses. Students are turned on by managing a company that sells action cameras and drones, and they are equally excited about competing in global athletic footwear—a product category they are personally familiar with and can easily understand. We have adopters who are using *GLO-BUS* on an ongoing basis for undergraduate courses and for graduate courses. Likewise, we have adopters who are using *BSG* on an ongoing basis for undergraduate courses and for graduate courses. Here are our thoughts about which simulation to use:

- If you want the simulation to count no more than 20% of the course grade and to keep the simulation workload down to a “minimum”, then *GLO-BUS* is perhaps the better choice.
- *GLO-BUS* is definitely the better choice for courses below the senior-level.
- If you want the simulation to be a truly major part of the course (and count 25-30% of the course grade), then our recommendation would be to use *The Business Strategy Game*. But *GLO-BUS* would definitely be a solid choice.
- We see little reason for you to be concerned that the slightly longer decision times for *BSG* mean that it is “too much” for or “above the heads” of senior-level undergraduates. During the past 5 years, *BSG* has been used for undergraduate courses at well over 700 campuses worldwide. You can peruse the schools of the best-performing companies worldwide by clicking on the Global Top Performers icons in the bottom left side of the homepages for the two simulations ([www.bsg-online.com](http://www.bsg-online.com) and [new.glo-bus.com](http://new.glo-bus.com))—these listings will let you confirm for yourself that the best-performing companies involve a wide diversity of schools/campuses.
- *The Business Strategy Game* is definitely the better choice for an MBA-level class. (Our data indicates that *BSG* is used for graduate-level courses far more frequently than is *GLO-BUS*.)
- If many of your school’s undergraduate students also go on to be part of your school’s MBA program (thus making it desirable to provide them with a differentiated strategy simulation experience in the undergraduate versus the graduate courses), then we definitely recommend using *GLO-BUS* for the undergraduate strategy class and *BSG* for the MBA strategy class. This is especially true if it is school policy is to maintain a clear-cut distinction between the content and rigor of the senior-level course and the MBA-level course.
- Since the instructor-related aspects of conducting the two simulations are virtually identical (in the sense that the course setup procedures, menus, and administrative tasks are virtually mirror images of one another), you will have no problem in using both simulations at the same time if you teach both the undergraduate course and MBA course in the same term. We made a point of designing the Instructor Centers for *BSG* and *GLO-BUS* to be as much alike as possible—moreover, the quiz features, the scoring of company performance, the strategic plan feature and scoring, the company presentation feature, and the peer evaluation form are also very close to identical.
- Either simulation can be used for executive courses; participants will definitely be able to make a complete decision in half a day—one in the morning and one in the afternoon. But if the time available for decisions is constrained to less than half a day (say, 2½ hours or maybe less), then we recommend use of *GLO-BUS*.

## THE 4-STEP COURSE SETUP PROCEDURE

Setting up either of the two simulations for your course entails:

1. Specifying a Course/Section ID and indicating the whether the participants will be primarily undergraduates, graduate students, corporate trainees, or “other.”
2. Specifying the number of companies you want to create for your class members to run—a minimum of 4 companies and a maximum of 12 companies can compete head-to-head in a single group or “industry.” You can assign 1 to 5 class members to run each company (assigning 3-4 persons to manage each company is recommended). If you need more than one industry for your course (because you want to divide the class into more than 12 company teams), you have the option to do so.

3. Using the built-in calendar to specify deadlines for the practice and regular (scored) decision rounds—you can have either 1 or 2 practice rounds and anywhere from 4 to 10 decision rounds that are scored and used in calculating individual grades for the simulation exercise. You will also need to indicate whether you want to have students (a) complete either or both of the two optional quizzes, (b) do one or two 3-year strategic plans for their company, (c) prepare a PowerPoint presentation about their company's performance and operations at the conclusion of the simulation exercise, and (d) complete Peer Evaluations of their co-managers. ***You always have the option to come back to this screen for scheduling decision rounds and other assignments later and make changes in the assignments and/or the deadline dates.*** Our recommendations for handling these optional assignments are presented inside the Course Setup procedure
4. Generating and printing the company registration codes that you will need to give each class member to use in registering for the simulation. ***You must give each class member on each team/company the appropriate company registration code prior to having them register because this code is used to (1) enroll the student in your class, (2) designate the student as a co-manager of the assigned company, (3) restrict a co-manager's access to only the industry and company you assigned them, and (4) enter the student's name in your online grade book.*** When students register, they will be asked to enter the company registration code you provide them—***class members cannot register without the registration code for their particular industry and company.***

***That's all there is to it.*** You'll find that you can complete the Course Setup routine in no more than 30 minutes the first time you use the simulation. Once you have used been through the Course Setup routine and become comfortable with how you want to administer the exercise, it should take no more than 15 minutes in succeeding terms to have everything ready to go.

***You'll need to remember to take a printout of the company registration codes to class and make sure each student is given the appropriate code for their assigned company. A good procedure is to give each class member a copy of the printout of the company registration codes and have them circle the code for the company they have been assigned to manage.*** Each different company goes by a letter of the alphabet (A, B, C, etc.). Each co-manager of Company A will need the registration code ending in the letter A to complete the registration process; each co-manager of Company B will need the code ending in B, and so on. If you have 6 companies, then the corresponding company letters appearing at the each of each code number will be A, B, C, D, E, and F. ***Once co-managers register, they can create a name for their company that begins with their corresponding company letter.***

## HOW DO CLASS MEMBERS REGISTER AND GAIN FULL ACCESS TO THE SIMULATION WEB SITE?

When class members complete the registration process at either [www.bsg-online.com](http://www.bsg-online.com) or [new.glo-bus.com](http://new.glo-bus.com), they gain instant access to the Web site, ability to view/print the *Participant's Guide*, and full navigation privileges to everything needed to run their company and complete the various optional assignments. ***For co-managers to register, you will first have to provide them with their Company Registration Code in the manner just discussed in the prior section.*** Registration is accomplished in one of three ways:

1. ***Credit Card Registration***—When a student creates a user account, the registration fee plus applicable sales taxes can be paid online by credit card (Visa, MasterCard, or American Express) during the registration process. (Credit card payment is currently used by about 75% of all registrants.) ***Rest assured that the website for credit card payment is fully secured; credit card registrants will receive a receipt confirming their payment.***
2. ***Prepaid Access***—If you adopt a McGraw-Hill text or create a custom McGraw-Hill text for your course, you have the option of “packaging” prepaid use of *The Business Strategy Game* or *GLO-BUS* with your text. A bundled text-simulation package is ordered through your local book store using a special ISBN code provided by McGraw-Hill. When your book store places an order for the text-simulation bundle, McGraw-Hill will

shrink-wrap a Prepaid Access Code card for the simulation with the new or custom text and ship it to your book store where class members purchase the text-simulation package in the normal manner. Class members then register online using the Prepaid Access Code printed on the card. However, you should be aware that aggressive bookstore markups often result in class members paying the book store as much as \$10-\$15 more for the simulation in a combination text-simulation package than they would pay via credit card at the website. About 20 percent of all registrants use a prepaid access code. To obtain the special ISBN for the text-simulation package and place a bookstore order, please contact your local McGraw-Hill account representative for details, call our instructor support number (205-722-9149), or send an e-mail to tech support.

3. **Direct-Billing**—If your college/university includes the cost of text books and other course materials in the tuition fee for the course (and a McGraw-Hill text-simulation package has not been ordered for your course), then you or an appropriate school official can obtain Prepaid Access Codes for student registration (one for each class member) and your department/college/university can be direct-billed, with payment by credit card, check, or wire transfer as preferred. For your convenience, we can supply you or your school with the desired number of Prepaid Access Codes within minutes of receiving a request. For more information on this direct-billing option, please call simulation co-author Greg Stappenbeck at (205) 722-9149 or send him e-mail at [greg@glo-bus.com](mailto:greg@glo-bus.com).

*If some of your students do not have a credit card or a Prepaid Access Code, the easiest way for them to register is to arrange to use a friend's or co-manager's credit card and reimburse them directly with cash or a check.*

**The Corporate Lobby Web Page for Company Co-Managers.** Upon completing the registration process, company co-managers are immediately transferred to their company's "Corporate Lobby" page. Each time they log-on at the simulation home page (by entering their email address and password), they are also sent directly to their Corporate Lobby page. The Corporate Lobby is the gateway or hub that co-managers use to *access all needed information and work on all assigned tasks*.

## HOW MUCH SHOULD THE SIMULATION EXERCISE COUNT IN THE TOTAL COURSE GRADE?

Whether class members take the simulation exercise seriously hinges in large part on whether you make their performance count enough in the overall course grade to get their attention. As a general rule, we recommend having performance on the simulation count *at least* 20% of the overall course grade and probably no more than 40% of the total grade. If it counts less than 20%, then class member effort is weakened to an undesirable extent (because their performance on the simulation has a "small" impact on their grade in the course) and some of the learning potential slips through the cracks. If it counts more than 40%, then the simulation exercise may take something away from the emphasis you want to give to other aspects of the course.

However, growing numbers of users are making an online strategy simulation the *dominant centerpiece* of their courses (particularly in online and distance learning courses where case analysis is difficult to use effectively). When the simulation functions as the primary part of the course (aside from the content of the chapters in the textbook you have adopted), then counting the simulation as 50-60% (or more) of the final grade is reasonable, given that you can use the quizzes, one or two 3-year strategic plan assignments, and perhaps an end-of-simulation presentation to an invited panel of 3 or 4 persons (who act as a company board of directors) as a substitute for assigning students a larger number of cases to analyze.

## HOW COMPANY PERFORMANCES ARE SCORED— A BALANCED SCORECARD APPROACH

Each company's performance is tracked annually against 5 performance measures which, taken together, constitute a "balanced scorecard" set of performance measures (the balanced scorecard concept is discussed in Chapter 2 of this text). Given the nature of growing market demand, board members and shareholders/investors expect the company's new management team to meet or beat the following performance standards:

- *Grow earnings per share to at least X annually.* (The annual EPS targets are different for BSG versus GLO-BUS.)
- *Maintain a return on equity investment (ROE) of X% or more annually.* (The annual ROE targets are different for BSG versus GLO-BUS.)
- *Maintain a B+ or higher credit rating.* All companies start the simulation with a B+ credit rating.
- *Achieve an "image rating" of 70 or higher.* All companies start the simulation with an image rating of 70. A company's image rating is a function of (1) the quality of its product offerings, (2) its market shares in each of the 4 geographic regions of the world market, and (3) the degree to which it conducts its operations in a socially responsible manner and strives to be a good corporate citizen.
- *Achieve stock price gains averaging about X dollars annually* (the annual stock price targets are different for the two simulations). The expected stock price gains are definitely within reach if the company meets or beats the annual EPS targets and pays a rising dividend to shareholders. *Each company's stock price is a function of EPS growth, ROE, credit rating, dividend per share growth, and management's ability to consistently deliver good results (as measured by the percentage of these 5 performance targets that each company achieves over the course of the simulation exercise).*

*The default weight placed on each of the five performance targets is 20%. The five 20% weights translate into 20 points out of 100 for each of the 5 performance measures, with the sum of the points adding to a total of 100 points. There is an option on your Administrative Menu for each "industry" that allows you to alter these weights however you see fit. The scoring weights are reported to students on their scoreboard of company performance; hence, they always know what the weights are.*

**Using the assigned weights (or corresponding number of points out of 100), each company's performance on the 5 measures is tracked annually and company performance scores are calculated from two different angles: the "investor expectations" standard and the "best-in-industry" standard.**

1. **The Investor Expectations Standard.** The investor expectations standard involves calculating an annual "Investor Expectation Score" based on each company's success in meeting or beating the five expected performance targets each year. There is also a Game-to-Date or "all-years" Investor Expectation Score that shows each company's success in achieving or exceeding the expected performance targets over *all years* of the exercise completed so far. Meeting each expected performance target is worth some number of points based on the scoring weight selected by the instructor (the default scoring weights are 20% or 20 points for each of the five performance measures). For example, if the scoring weight for EPS is 20% or 20 points, meeting the EPS target earns a score of 20 on the EPS performance measure. Beating a target results in a bonus award of 0.5% for each 1% the annual target is exceeded (up to a maximum bonus of 20%). Thus, if achieving the EPS target is worth 20 points, a company can earn a score of 24 points by beating the annual EPS target by 40% or more. Failure to achieve a target results in a score equal to a percentage of that target's point total (based on its weight out of 100 points). For instance, if your company earns \$1.33 per share of common stock at a time when the EPS target is \$2.67 and achieving the \$2.67 EPS target is worth 20 points, then your company's score on the EPS target would be 10 points (50% of the 20 points awarded for meeting the EPS target). Exactly meeting each of the 5 performance targets results in an Investor Expectation Score of 100. With potential point bonuses of up to 20% for exceeding each performance target, it is possible to earn an Investor Expectation Score of 120.



2. **The Best-in-Industry Standard.** The best-in-industry scoring standard is based on how each company's performance compares to the industry's best performer on earnings per share, return on equity (ROE), stock price, and image rating and to the ultimate credit rating of A+. After each decision round, each company's performance on EPS, ROE, Stock Price, and Image Rating is arrayed from highest to lowest. The best-in-industry performer on each of these 4 measures earns a perfect score (the full number of points for that measure as determined by the instructor-chosen weights)—provided the industry leader's performance on that measure equals or exceeds the performance target established by company Boards of Directors). Each remaining company earns a fraction of the points earned by the best-in-industry performer that is equal to its performance (on EPS, ROE, stock price, and image rating) divided by the performance of the industry-leading company (on EPS, ROE, stock price, and image rating). For instance, if ROE is given a weight of 20 points, an industry-leading ROE performance of 25% gets a score of 20 points and a company with an ROE of 20% (which is 80% as good as the leader's 25%) gets a score of 16 points (80% of 20 points). Likewise, if EPS is given a weight of 20 points, an industry-leading EPS performance of \$5.00 gets a score of 20 points and a company with an EPS of \$2.00 (which is 40% as good as the leader's \$5.00) gets a score of 8 points (40% of 20 points). The procedure for assigning best-in-industry scores for credit rating is a bit different. Each credit rating from A+ to C– carries a certain number of points that scales down from the maximum number of points for an A+ credit rating to 1 point for a C– rating. Each company's combined point total on the five performance measures is its score on the best-in-industry standard. Each company receives an annual best-in-industry score and a best-in-industry score for all years completed. In order to receive a score of 100, a company must (1) be the best-in-industry performer on EPS, ROE, stock price, and image rating, (2) achieve the targets for EPS, ROE, stock price and image rating set by the company's Board of Directors, and (3) have an A+ credit rating.

After each decision round, you and all class members will be able to review every company's performance scores on both the investor expectations standard and the best-in-industry standard for each year completed, along with an overall “game-to-date” (G-T-D) score for each standard. Each company will also receive annual and game-to-date Overall Scores that are determined by combining the Investor Expectation Score and the Best-in-Industry Score into a single score using whatever weighting you chose (50-50 is recommended). After each decision round, all company co-managers can view or print a complete Company Scoreboard showing each company's performance on every aspect of the scoring, including all the scoring weights. The Help sections for each page of the 3-page Company Scoreboard provide detailed, easy-to-understand explanations of the scoring so company co-managers should encounter no “mystery” factor about how the scoring works or where each company stands in the industry performance rankings.

## CONCLUDING COMMENT ON HOW COMPANY PERFORMANCES ARE SCORED

Company co-managers are provided an array of information that makes it easy for them to track the performance of their company and all other companies over time. Both students and instructors always have plenty of information to gauge exactly how well every company in the industry is performing. It is always clear which companies are in the ranks of the industry leaders and which companies are being out-competed and outperformed.

One very important point about the scoring methodology warrants emphasis: *it is a company's overall score that matters* (how close a company's score is to 100-120 in the case of the Investor Expectations Standard and how close it is to 100 in the case of the Best-in-Industry Standard), not whether a company is in first or third or fifth or tenth place. *Some company must necessarily be in last place, but what is truly telling is whether it is in last place with a score of 85 (which clearly signals a strong performance and a deservedly good grade) or in last place with a score of 17 (which clearly signals an abysmal performance and possibly a very disappointing grade).* The scoring method for the two simulations has the considerable advantage of *not* “requiring” that some companies always receive low scores. Scores are based entirely on (1) whether companies achieve the benchmark performances that investors expect for EPS, ROE, credit rating, stock price appreciation, and image and (2) whether the race to be the market leader is very close from the first place company to the last place company or whether there is quite a wide disparity in the caliber of performances (with the bottom-performing companies turning in truly bad results).

As a general rule, we think that companies with an overall performance score of 90 or above should get an A. Companies with an overall performance score of 80-89 should get a B (or better if there are no companies with scores of 90 or more). Companies with an overall performance score of 70-79 above should typically get a C (or maybe better, depending on how many teams have higher scores). You may find it desirable to scale the scores if competition turns out to be so fierce or cutthroat that most all companies in the industry fail to earn good profits and meet investors' performance expectations. If one or more companies have truly low performance scores relative to the other companies, we leave it up to you to decide what sort of scale to apply and thus how much to raise their grade. You'll find that there's plenty of information provided to you in your online grade book to decide what grades to assign. In most of our classes, we end up scaling the performance scores of companies with scores below 70, but there is usually at least one company (and often more) that end up with a score above 90 and thus clearly merit a grade of A (thus there is little need for scaling the final company scores on the upper end of the spectrum).

## WHAT TO DO IF YOU OPT TO USE EITHER OF THE COMPANION SIMULATIONS

The preceding discussion is intended to give you some detailed information about the two companion simulations, how they work, and what value they add to a first course in strategy for seniors and MBA students.

If you are persuaded that using either *BSG* or *GLO-BUS* in your course would make a positive contribution, then (if you have not already done so), you should go to [www.bsg-online.com](http://www.bsg-online.com) or [new.glo-bus.com](http://new.glo-bus.com) (or both) and create an instructor account. This account gives you full access to all the materials and information needed to run the simulations in your class. Once you have created an account, we recommend that you do three things:

1. Click on the Instructor Essentials menu item on the left side of your Instructor Center screen and watch the video tour of the Instructor site and the video tour of the student site.
2. ***Click on the Instructor Essentials menu item on the left side of your Instructor Center screen and read/skim the first 23 pages of the Instructor's Guide.***
3. ***Sign up for one of our upcoming webinars for faculty*** that involve author-conducted tours of the web site, explanations of how things work, and Q&A. These tours, which involve about an hour, are conducted by one (sometimes two) of the simulation co-authors.
  - If you are located in the U.S. or Canada, you can view the schedule of future web conferences and sign up by going to the homepage for either simulation and clicking on the "Signup for Webinar/Demo" link in the white box for Instructors—this will take you directly to the schedule of upcoming webinars., and then clicking on the button on the right side of the screen labeled "Signup for Webinar/Demo." If attending one of these web conferences proves problematic or inconvenient for you, then by all means please call Art Thompson or Greg Stappenbeck at 205-722-9149 or e-mail us at [athompso@cba.ua.edu](mailto:athompso@cba.ua.edu) or [greg@glo-bus.com](mailto:greg@glo-bus.com) and we will arrange a personal web conference at a time that works best for you.
  - If you are located outside the U.S. or Canada, then we can schedule a special web conference using VOIP technology (which eliminates the need for expensive long distance telephone charges)—this online conferencing approach enables us to conduct essentially the very same kind of webinar and provide you with a personalized tour of the web site, explain how things work, and answer any questions or address any concerns you might have. Just send an e-mail to [greg@glo-bus.com](mailto:greg@glo-bus.com) if you would like to set up a VOIP-enabled web conference.

Moreover, you can rest assured that the simulation co-authors will be only a phone call or e-mail away throughout the term, as you conduct the simulation. Do not hesitate to contact us at any time. Greg Stappenbeck, who is a co-creator of both simulations, is also the lead tech support person. The simplest way to reach us is to click on the Technical Support link in the Instructor Support box on the bottom left of the Instructor Center page. It provides a telephone number and an e-mail message system. We reply to all e-mails as quickly as we possibly can—usually within a few hours. Alternatively, call us at 205-722-9149 or send an e-mail to [greg@bsg-online.com](mailto:greg@bsg-online.com) or [athompso@cba.ua.edu](mailto:athompso@cba.ua.edu).

We will be most happy to answer whatever questions you have, provide advice and guidance, and otherwise be responsive to whatever issues and concerns you may have.




# SECTION 3

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Organizing Your Course,  
Deciding What the Workload  
Should Be, and Settling on  
Specific Assignments

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## THE ROLE AND OBJECTIVES OF COURSES IN STRATEGY

The cornerstones of courses in strategic management involve looking at the job of managing through strategic eyes and drilling students in the whys and hows of utilizing the tools and techniques of strategic analysis to craft, implement, and execute company strategies. The central theme of the strategic management course is that a company's chances for sustained success are greatly improved when managers (1) develop an astute, timely strategic "game plan" for running the company and then (2) implement and execute the strategic plan with great proficiency.

The content portion of the course should explain what it means to think strategically about a company's situation and it should instruct the student in the formal tools and techniques of strategic analysis, crafting a strategy, and then executing it successfully. The skills-building portion of the course, built around case analysis and strategy simulations like *GLO-BUS* and *The Business Strategy Game*, drills students in the applications of key concepts and analytical weaponry, helps develop their ability to do strategic thinking, forces them to exercise business judgment, and gives them a modest but valuable dose of experience in making strategy-related decisions.

The ground that has to be covered content-wise is expansive and moderately rigorous in terms of core concepts and analytical tools, yet the subject matter is full of energy and practical relevance. During the term, instructors are obliged to drive home what the roles and tasks of the strategist are, to introduce students to what strategy means, to lead them through the ins and outs of crafting and executing a strategic plan, and to get them into the habit of automatically reviewing a firm's situation and re-appraising the need for strategy revision.

The overriding pedagogical objectives are to sharpen students' abilities to "think strategically", to evaluate a company's situation from the perspective of its competitiveness and performance prospects, and to draw sound conclusions about what actions a company's management needs to take in light of all the relevant circumstances. Accomplishing these objectives entails introducing students to how an enterprise must in fact deal with all of the complexities and constraints of the business environment in which it operates, why none of these can be assumed away or ignored, and how situational factors impact strategic decisions. It means pushing students to grapple with many determining factors at once and forcing them to weigh how they shape what actions need to be taken from the perspective of the total enterprise. It means drilling students thoroughly in the tools of strategy analysis and exercising them in the managerial tasks of sizing up a company's competitive position in the marketplace. It means systematically exposing them to the rigors of industry and competitive analysis, to the process of evaluating a company's resources and competitive capabilities, to the ins and outs of crafting an attractive strategic plan, and to the varied managerial and leadership tasks associated with implementing and executing the chosen strategy as well as circumstances permit. It means deliberately putting them in managerial shoes and forcing them to make decisions (in an ethical and socially responsible manner!) and concoct concrete action plans capable of producing good results. The excitement and fun of it all comes from seeing the lights turn on in students' eyes and the "a-ha, now I get it" results that signal the lessons of the course are being driven home.

In the midst of all this, another major purpose of the course is being served: helping students synthesize and integrate much of the knowledge gained in the core business curriculum. Unlike most other required business courses, strategic management is a big picture course. Virtually all other business courses are narrower in scope and somewhat specialized—principles of accounting, corporate finance, principles of marketing, and so on. Some concern the "hard side" and others the "soft side" of managing. Some relate to important concepts and information, while others involve skills-building. But none can match courses in strategy in covering so much of the spectrum of managing. Weighing the ins and outs of crafting, implementing, and executing company strategies forces a total enterprise perspective, demands that many internal and external situational considerations be dealt with at once, and calls for judgments about how all the relevant factors add up. This trait is what makes strategic management an integrative, capstone course.

## Suggested Course Objectives

We see courses in crafting and executing strategy as having eight very relevant objectives:

1. To develop students' capacity to think strategically about a company, its present business position, its long-term direction, its resources and competitive capabilities, the caliber of its present strategy, and its opportunities for gaining sustainable competitive advantage.
2. To build students' skills in conducting strategic analysis in a variety of industries and competitive situations and, especially, to provide them with a stronger understanding of the competitive challenges of a global market environment.
3. To give students hands-on experience in crafting business strategy, reasoning carefully about strategic options, using what-if analysis to evaluate action alternatives, and making sound strategic decisions.
4. To acquaint students with the managerial tasks associated with implementing and executing company strategies, drill them in the range of actions managers can take to promote competent strategy execution, and give them some confidence in being able to function effectively as part of a company's strategy-implementing team.
5. To integrate the knowledge gained in earlier core courses in the business school curriculum, show students how the various pieces of the business puzzle fit together, and demonstrate why the different parts of a business need to be managed in strategic harmony for a company to operate in winning fashion.
6. To develop students' powers of managerial judgment, build their skills in assessing business risk, and improve their ability to create results-oriented action plans.
7. To have students become more proficient in using personal computers to do managerial analysis and managerial work.
8. To make students more conscious about the importance of exemplary ethical principles, sound personal and company values, and socially responsible management practices.

## STRUCTURING YOUR COURSE

Just as there are “many ways to skin a cat,” there are many ways to structure a good course in strategic management. Aside from just the core text and cases which you plan to use, you will have to decide:

1. Whether to include *GLO-BUS* or *The Business Strategy Game* as an integral part of your course. Using one of the two companion simulations is a powerful and constructive way of emotionally connecting students to the subject matter of the course. There is no more effective and interesting way to stimulate the competitive energy of students and prepare them for the rigors of real-world business decision-making than to have them match strategic wits with classmates in running a company in head-to-head competition for global market leadership. The simplest (and usually the cheapest) way for students to obtain the simulation is via a secured credit card transaction at [www.bsg-online.com](http://www.bsg-online.com) (if you opt to use *The Business Strategy Game*) or at [www.glo-bus.com](http://www.glo-bus.com) (if you opt to use *GLO-BUS*).
2. Whether to use outside readings and, if so, what readings to assign.
3. What balance to strike between lectures on concepts/techniques, class discussion of cases, and a “learn by doing” strategy simulation. Our suggestions for weighting various possible assignments are offered several pages below.
4. What use you wish to make of written case assignments.

5. Whether to require class members to do an oral team presentation of an assigned case.
6. What use to make of the chapter-end Assurance of Learning Exercises and Exercises for Simulation Participants.
7. Whether to use the Connect platform for case assignments that the publisher now has made available for this edition—it contains automatically graded and recorded chapter-end quizzes, Assurance of Learning exercises, and exercises for selected cases.
8. What sort of examinations to use.

If you are a veteran in teaching the course, you undoubtedly have some experience in what works for you and which pieces of the overall text package are most intriguing. But if you are wrestling with teaching the course for the first time or are looking for new ways to design your course, you may find some of the following thoughts and suggestions helpful in selecting a comfortable, suitable approach.

## Deciding on an Appropriate Workload

The “standard” senior-level and MBA course in strategic management these days seems to involve:

1. Covering all or most of the text chapters.
2. Discussing a subset of the cases in the text—somewhere between 5 and 15.
3. Assigning one or more written cases and/or an oral team presentation.
4. Use of a strategy simulation. (We believe over two-thirds of strategy courses in the U.S. these days entail having students play a simulation game—and the percentage seems to be growing, both domestically and internationally. The rapidity with which the standard pedagogy of strategy courses has changed from a two-pronged approach of relying on text chapters and cases to drive home the lessons of crafting and executing strategy to a three-pronged standard of relying on text chapters, cases, and a simulation exercise is powerful testimony to the effectiveness of simulations. In the early 1990s, we believe fewer than 25% of the senior-level and MBA courses in strategy incorporated use of a simulation.)
5. Having one or more in-class examinations over the text chapters.

These combine to make a full course, with plenty of topics to cover and ample assignments to keep students busy.

So why add more? Specifically, should use of the new Connect platform that incorporates chapter-end quizzes, selected Assurance of Learning exercises, and selected case exercises be voluntary or mandatory? Should you assign certain of the chapter-end Assurance of Learning Exercises in lieu of one or two cases? We think it is difficult to argue against students completing chapter self-tests (either those posted in the Online Learning Center or those included in the new Connect Assignment and Learning Assessment platform) prior to taking an exam on chapter material. Also, we have designed chapter-end Assurance of Learning Exercises that are attractive vehicles for class discussion or student reports and that can be used for assessment purposes. And there are 17 Connect-based case exercises that you can use to measure how well class members are able to use and apply core concepts and the tools of strategic analysis in assessing a company’s situation, identifying issues that company managers need to address, and proposing pragmatic action recommendations. The assignment questions included in the 17 exercises lead students through a proper analysis of the case and are automatically graded. Each exercise also includes open-ended questions for strategic recommendations that must be instructor-graded), thus facilitating their usefulness for learning assessment purposes as well. So there’s ample reason to make use of the 17 case exercises built into the Connect supplement for 20e.

We would value your comments on the usefulness of the Connect exercises for 20e. Do they add real value? What would make them better?

## Why Incorporating a Strategy Simulation Makes Sense

Insofar as use of a simulation is concerned, we believe—based on our own experiences and the mushrooming use of simulations in strategy courses worldwide—that ***incorporating a simulation as a course centerpiece definitely adds major value***. As was discussed at some length in Section 2 of this IM, a strategy simulation steps up the tempo of the course a notch, emotionally involves students in the subject matter, and gives them ***much-needed hands-on practice*** in (a) applying what they have read in the 12 chapters and (b) making sound business decisions and being held accountable for the results they produce.

***Competition-based strategy simulation games give students every bit as much valuable practice as do cases*** in thinking strategically, diagnosing market and competitive circumstances, appraising a company's competitiveness and financial performance, and coming up with concrete actions to improve a company's market position and performance. What a simulation does that a case cannot is give students immediate and incontrovertible feedback of the caliber of their decisions to improve a company's performance—in light of competitive circumstances and the company's product offering, costs, and other situational circumstances. Since in the course of playing a simulation, students have to live with the financial results of their decisions, simulations are powerful devices for teaching students the importance of responsible, results-oriented decision-making. In contrast, in analyzing cases and making action recommendations for the company being studied, there little way to provide students with credible feedback on their caliber of their action recommendations /decisions beyond that of telling them what's happened at the company since the case was written. We think this is why professors of strategy at many business schools have concluded that supplementing coverage of the text chapters with use of ***both cases and a strategy simulation is more pedagogically powerful than just relying on traditional case assignments alone***.

You can be fairly confident that if you incorporate use of *GLO-BUS* or *The Business Strategy Game* the challenges and excitement of a competition-based strategy simulation will get most students' competitive juices flowing and make their task of learning about crafting and executing winning strategies more enjoyable. Most students find the "learn by doing" nature of a simulation more engaging. They become more emotionally and personally involved in the subject matter because they are active participants, along with their co-managers, in crafting and executing strategy for a company in which they have a stake—the decisions they make and the results these decisions produce affect their grade! Their company becomes "real" to students and takes on a life of its own as the simulation unfolds—and it doesn't take long for students to establish a healthy rivalry with other companies run by their class members that they must compete with head-on in the marketplace. Because the competition in the simulation typically gets very personal, most students become immersed in what's going on in their industry—as compared to the more impersonal engagement that occurs when they are assigned a case to analyze.

While incorporating the simulation will consume part of a class period to get things under way, the actual playing of the game is an out-of-class group exercise done mostly sitting around a personal computer (company team members will need to spend 1½ to 2½ hours preparing each decision, usually more for the first couple of decisions until students gain command of the software and the procedures).

Use of either *GLO-BUS* or *The Business Strategy Game* is likely to add net time to the course requirements from a student perspective. To adjust for these time requirements, you may want to have the simulation substitute for a written case assignment or a couple of class discussions of cases or an hour exam or some combination of these.

Again, should you decide to incorporate one of the two simulations in your course, the simplest (and usually the cheapest) way for students to obtain the simulation is via a secured credit card transaction at [www.bsg-online.com](http://www.bsg-online.com) (if you opt to use *The Business Strategy Game*) or at [www.glo-bus.com](http://www.glo-bus.com) (if you opt to use *GLO-BUS*). Purchasing the simulation direct at the simulation web site allows students to bypass paying sometimes hefty bookstore markups (a savings that can amount to \$10-\$15). The second way for students to register for the simulation is by using a pre-paid access code that comes bundled with the 21st Edition when you order the combination text-simulation package through your bookstore—this requires use of a separate ISBN (the 21st Edition bundled with either simulation has a different ISBN number than just the 21st Edition ordered alone). Your McGraw-Hill rep can provide you with the correct ISBN for ordering the text-simulation package.

## Suggestions for Using the Connect™ Management Web-based Assignment and Assessment Platform Accompanying the 21st Edition

The mushrooming popularity of McGraw-Hill's innovative Connect™ Management Web-based Assignment and Assessment Platform among text adopters is a solid reason to consider incorporating use of Connect in your own course offering.

**The Connect-Based Chapter-end Quizzes.** One element of Connect for the 21st edition involves automatically-graded and recorded chapter-end quizzes consisting of 20 to 25 multiple choice questions. Having students complete these quizzes following your coverage of each chapter is strongly recommended, not only as a prod to push students to gain better command of the chapter material but also to assess class member learning and the achievement of course objectives.

For students to realize the maximum benefit from the online chapter self-tests and for you to see the difference in their command of the core concepts and ability to use the analytical tools to analyze assigned cases, we recommend that you ***strongly encourage students to work through the online chapter tests immediately after reading each chapter*** (rather than waiting until just before the hour exam over the chapters). It is easy to check the automatically graded and recorded scores for the chapter-end quizzes on Connect. If students complete the quizzes at the Online Learning Center, you can have students e-mail you the results of their test scores—as a way of checking whether they took the test and monitoring how well they scored.

The sample course syllabi and the 9 sample schedules of assignments and activities in Section 4 of this IM illustrate ways to make the chapter-end quizzes a part of your course syllabus.

**The Connect-Based Learning Assurance Exercises.** The authors of the text have developed two Connect-based learning assurance exercises for each of the 12 chapters of the 21st edition. All of the exercises is based on an end-of-chapter Assurance of Learning Exercise that requires students to demonstrate understanding and proper application of chapter concepts. The exercises include (1) 3 to 6 assignment questions that assess students' abilities to accurately apply chapter concepts and analytic tools. Students should be able to complete the Connect-Based exercises for a chapter in about 20 minutes.

Topics included in the Connect-Based Learning Assurance Exercises for the various chapters include:

- Identifying and critiquing a company's business strategy
- Assessing the effectiveness of managerial oversight on the part of a company's board of directors
- Drawing a strategic group map and assessing the positions of the companies/strategic groups
- Calculating financial ratios and doing other number-crunching to determine a company's financial performance and the strength of its balance sheet
- Determining the strengths of a low-cost provider strategy and gain command of the major avenues for securing a cost-based advantage
- Evaluating the advantages and disadvantages of extending the company's scope of operations via vertical integration
- Assessing the merits of utilizing strategic alliances to enter and compete in international markets
- Evaluating the strategic fit potential among the value chain activities of a diversified company's lineup of businesses



- Assessing how companies balance duties to engage in socially responsible and sustainable business practices with economic responsibilities to shareholders
- Identifying and critiquing the policies, practices, principles, and approaches management is using to implement and execute the company's strategy
- Determining if and why a company's system of incentives and rewards promotes adept strategy execution and operating excellence
- Identifying the key features of a company's corporate culture and assessing if and why a company's culture aids in the drive for proficient strategy execution and operating excellence

Each chapter includes one exercise that is automatically graded and open-ended assignment questions that require students to discuss their analysis of the exercise material.

Chapter Learning Assurance Exercises are intended to improve student understanding of chapter concepts and their mastery of the application of tools of strategic analysis. The Connect-Based Learning Assurance Exercises may be scored and used as a graded component for the course or the exercises may be used for individual-level assessment purposes only. Whether used as part of course pedagogy or for accrediting body assessment purposes, the Connect-Based Learning Assurance Exercises are an easy-to-administer approach to collect individual-level measures of student performance.

The table below lists the chapter and source content, learning objective linkage, topic, and auto-grading features of each Connect-Based chapter Learning Assurance Exercise.

Chapter and Source Content for Exercise	Learning Objectives Covered	Exercise Title/Topic	Automatic Grading
Ch. 1: Assurance of Learning Exercise 1	LO 4, LO 6	What is Strategy and Why is it Important?	Yes
Ch. 1: Assurance of Learning Exercise 3	LO 1, LO 2, LO 3	Strategy and a Company's Business Model	No
Ch. 2: Assurance of Learning Exercise 1	LO 1	Strategic Vision	No
Ch. 2: Assurance of Learning Exercise 5	LO 5	Corporate Governance	Yes
Ch. 3: Assurance of Learning Exercise 1	LO 2	Competitive Forces Model	Yes
Ch. 3: Assurance of Learning Exercise 2	LO 3	Strategic Group Mapping	No
Ch. 4: Assurance of Learning Exercise 1	LO 1	Ratio Analysis	Yes
Ch. 4: Assurance of Learning Exercise 3	LO 4	Company Value Chain	No
Ch. 5: Assurance of Learning Exercise 2	LO 2	Low-Cost Provider Strategy	Yes
Ch. 5: Assurance of Learning Exercise 4	LO 3	Differentiation Strategy	No
Ch. 6: Assurance of Learning Exercise 1	LO 1, LO 2, LO 3	Strategic Moves	No
Ch. 6: Assurance of Learning Exercise 2	LO 4	Vertical Integration Strategy	Yes
Ch. 7: Assurance of Learning Exercise 2	LO 1, LO 3	Cross Border Alliances	No
Ch. 7: Assurance of Learning Exercise 3	LO 2, LO 4	Strategic Choices in International Markets	Yes
Ch. 8: Assurance of Learning Exercise 1	LO 1, LO 2, LO 3, LO 4	Strategic Fit and Diversification in Related Businesses	No
Ch. 8: Assurance of Learning Exercise 3	LO 1, LO 2, LO 3, LO 4, LO 5	Analyzing a Company's Diversification Strategy	Yes
Ch. 9: Assurance of Learning Exercise 3	LO 4	Corporate Social Responsibility	Yes
Ch. 9: Assurance of Learning Exercise 4	LO 2	Environmental Sustainability	No
Ch. 10: Assurance of Learning Exercise 1	LO 1	Key Components of the Strategy Execution Process	No
Ch. 10: Assurance of Learning Exercise 2	LO 2	Staffing the Organization	Yes
Ch. 11: Assurance of Learning Exercise 3	LO 3	Six Sigma	No
Ch. 11: Assurance of Learning Exercise 6	LO 5	Incentives and Motivational Practices	Yes
Ch. 12: Assurance of Learning Exercises 1	LO 1, LO 2	Corporate Culture and Strategy Execution	No
Ch. 12: Assurance of Learning Exercise 3	LO 1, LO 2	Corporate Culture	Yes

**The Connect-Based Case Exercises.** The 21st Edition includes Connect case exercises for 12 of the 31 cases in the text. All of the exercises reflect the recommended assignment questions for the respective case and call upon a student to develop thoughtful, analysis-based recommendations to address strategic issues disclosed through their analysis (as opposed to stating seat-of-the-pants opinions). Students are able to complete autograded assignment questions related to the proper analysis of the case and submit strategic recommendations that are instructor-graded. Each exercise is different, depending both on the circumstances of the case and the content of the chapters to which it is closely linked. The exercises relate to such things as

- Identifying and critiquing a company's strategic vision or objectives or strategy
- Doing a five-forces analysis
- Identifying driving forces (industry dynamics) and evaluating their impact
- Drawing a strategic group map and assessing the positions of the companies/strategic groups
- Identifying key success factors
- Doing a SWOT analysis
- Doing a competitive strength analysis
- Calculating financial ratios and doing other number-crunching to determine a company's financial performance and the strength of its balance sheet
- Evaluating the performance potential of a diversified company's lineup of businesses
- Identifying and critiquing the policies, practices, principles, and approaches management is using to implement and execute the company's strategy
- Assessing whether a company's stated core values are cosmetic or genuine
- Identifying the strategic issues/problems that company management needs to address
- Proposing action recommendations

The driving concept underlying the creation and use of these exercises has been to facilitate student learning, put students on the path to sound strategic thinking and proper use of the concepts and tools of strategic analysis, and make it quick and easy for you to assess student performance on assigned cases.

The exercises can typically be completed in 30 to 60 minutes, assuming a student has done a conscientious job of reading the case and absorbing the information. You'll find that some of the case exercises are suitable for use as substitutes for a written case analysis, with a portion of the exercise being automatically graded and a portion requiring instructor grading.

**Special Note:** Because, the Connect-based case exercises call upon students to develop answers to questions that are largely identical to some of same assignment questions presented in the Teaching Note we provide for the case, the content of the Teaching Outline and Analysis section of each TN serves as your "answer guide" to the questions posed to students in each of the Connect case exercises.

Having class members complete some or many of the Connect-based case exercises serves several teaching/learning purposes and has multiple benefits:

- The nature and content of a case exercise signals students that they need to do more than come to class having read an assigned case (this is particularly beneficial if the case assignments for your course are a student's first encounter with the case method of teaching/learning). There is no way that students can score well on the case exercises without doing some serious thinking and putting forth effort; guessing at the answers or relying on seat-of-the-pants opinions won't get them very far.

- The exercises are yet another means of drilling students in how to apply the chapter content in managerial situations and helping them bridge the gap between theory and practice. We think a good argument can be made that the learning potential of an assigned case is more likely to be fully achieved by having students use an interactive tool that “tutors” them in the process of (a) thinking strategically, (b) using the concepts and methods of strategic analysis to evaluate a company, and (c) arriving at analysis-based action recommendations.
- Students that do a conscientious job of completing the Connect exercise for a case will be better prepared to make meaningful contributions to the class discussion of that case, as opposed to merely giving off-the-cuff opinions. Letting students know that you fully expect them to come to class truly well-prepared in terms of developing solid answers to the assignment questions will put more students in position to give meaningful, content-filled answers to the questions you pose in class.

The table below lists cases included in the 21st Edition with Connect exercises.

Case Number/Title
Case 1: Mystic Monk Coffee
Case 4: Costco Wholesale In 2016: Mission, Business Model, and Strategy
Case 8: UnderArmour’s Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?
Case 9: Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?
Case 13: Panera Bread Company in 2016—Is the Company’s Strategy to Rejuvenate the Company’s Growth Working?
Case 14: Chipotle Mexican Grill in 2016: Can the Company Recover from Its E. Coli Disaster and Grow Customer Traffic Again?
Case 16: Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?
Case 21: Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
Case 22: LVMH in 2016: Its Diversification Into Luxury Goods
Case 23: Robin Hood
Case 25: Southwest Airlines in 2014: Culture, Values, and Operating Practices
Case 27: Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products

## Suggestions for Examinations over the 12 Text Chapters

We suggest having two exams covering the text material and perhaps having a comprehensive final (although our preference is to use a comprehensive case as a final exam as opposed to a comprehensive final covering the content of just the 12 chapters). If you opt for two chapter-related exams, we recommend that the first one cover Chapters 1-7 and that the second one cover Chapters 8-12. If the number of class periods is too short for two exams, a single exam covering all 12 chapters is the next best option—it can be given at the end of the course or shortly after your lectures on all the assigned chapters.

We prefer giving a test on the assigned chapters immediately following the conclusion of the lectures and before covering most of the related cases so that you can be assured that students have sufficient acquaintance with the concepts and analytical tools covered in the chapters and concepts to apply them in the course of preparing and discussing the cases. The sample course outlines in Section 4 indicate possible locations in the class schedule where exams on the chapters fit in.

There’s a test bank of 900+ multiple choice and short-answer/essay questions you can choose from in making out exams. The full test bank is in both this volume of the IM. The EZ Test companion software enables you to quickly setup an online exam or print out a test master.

## Suggested Weights in Determining Final Grades in the Course

If you are a veteran in teaching strategy, then you have no doubt arrived at a scheme for weighting all the various assignments in determining each student's final grade in the course. And the scheme necessarily varies with the number of written case assignments, the number of exams, whether you are using a simulation, the weight you put on class participation, and whether you have students do oral team presentations.

In the table below, we offer some suggestions for weighting various possible assignments:

Assignment/Activity	Weighting of Assignment/Activity				
	Option 1	Option 2	Option 3	Option 4	Option 5
Exam over Chapters 1-7	10%	10.0%	15%	12.5%	—
Exam over Chapters 8-12	10%	10.0%	15%	12.5%	—
Written Case Report #1	15%	12.5%	15%	12.5%	20%
Written Case Report #2	—	12.5%	15%	—	—
Oral Team Presentation	15%	15.0%	15%	—	20%
Company Performance on Simulation Exercise	35%	25.0%	—	30.0%	25%
Participation in Class Discussion of Assigned Cases	15%	15.0%	10%	15.0%	15%
In-class Written Case for Final Exam (2½ – 4 hours)	—	—	15%	17.5%	—
Final Exam over All 12 Chapters	—	—	—	—	20%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Tips and Suggestions for Effectively Incorporating Either *The Business Strategy Game* or *GLO-BUS* in Your Course

Both *The Business Strategy Game* and *GLO-BUS* are suitable for either senior-level or MBA-level courses. Which to use is really a matter of preference and the degree to which the faculty believe that there should be a clear distinction between the content and rigor of a senior-level course in strategy and the MBA-level course in strategy:

- If you want students to spend an average of 1-2 hours per decision, then we believe *GLO-BUS* is the best choice. If you want the simulation to be a truly major part of the course and serve as the main assignment for the class beyond the text chapters, then *The Business Strategy Game* is perhaps the better choice—especially for a MBA class—because it has more robust production and distribution operations and allows students to formulate somewhat more complex strategies. Both simulations have a 3-year strategic plan module (which can be made a requirement or left optional or ignored altogether).
- If school policy is to maintain a clear-cut distinction between the content and rigor of the senior-level course and the MBA-level course then it probably makes sense to use *GLO-BUS* in one course (probably the senior-level course) and *BSG* in the other course (the MBA course)
- If many of your school's undergraduate students also go on to be part of your school's MBA program (thus making it desirable to provide them with a differentiated simulation experience in the two courses), then it probably makes sense to use *GLO-BUS* in one course (again probably the senior-level course) and *BSG* in the other course (again the MBA course)

However, adopters have used both *GLO-BUS* and *The Business Strategy Game* for senior and MBA courses—with apparent success at both levels. We firmly believe you can have a successful experience with either simulation in either senior or MBA courses.

**What Decision Schedule to Use.** We suggest that you consider one of the three following types of decision schedules:

- One decision weekly throughout the term (with a total of 1 or 2 practice decision rounds and 7-10 regular or scored decision rounds). This decision round schedule makes the simulation a standard part of the course load and spreads the work load of the simulation evenly across the whole term. We have used a 1-per-week decision round schedule at The University of Alabama for over 30 years, and it is the most popular schedule used by adopters of the two simulations.
- Two decisions weekly the last 5-6 weeks of the term (with a total of 1 or 2 practice decisions and 8-10 regular decisions). The advantage of this schedule is that students will have covered a number of the chapters (ideally through Chapter 7), be familiar with many of the concepts, analytical tools, and competitive strategy options, and have had some experience in analyzing some cases. Somewhere near mid-term of the course, it can thus be assumed that students have a fairly solid foundation for beginning an exercise which will give them opportunity to use and apply all that they have learned and will later encounter in the course.
- Daily decisions the last two weeks of the term (which is an ideal schedule for concluding the course and perhaps using the simulation as a final exam for the course). A variation of this schedule is to have decisions twice daily for the last week of the term. However, you should always have at least a 3-hour interval between decisions to give students ample time to review the industry and company reports and develop their strategy and decisions for the next decision round.

In setting up a complete assignment schedule for the simulation, you will also need to decide whether to require completion of Quiz 1 and Quiz 2 (requiring both quizzes is very highly recommended), what times/dates to establish as deadlines for completion of the quizzes, whether to require completion of one or two strategic plans (at least one is highly recommended), what deadlines to establish for completion of any strategic plans you require, and whether to require completion of the peer evaluation (very highly recommended) at the end of the simulation.

However, you have complete freedom to set up any decision/assignment schedule that you wish—and further to change the decision/assignment schedule at any time for any reason.

**How Much Should the Simulation Count in the Course Grade?** Whether students take the simulation exercise seriously hinges in large part on whether you make performance on the simulation count enough in the overall course grade to get their attention. As a general rule, we recommend having performance on the simulation count *at least* 20% of the overall course grade and probably no more than 40% of the total grade. If it counts less than 20%, then student effort is weakened to an undesirable extent and some of the learning potential slips through the cracks. If it counts more than 40%, then the game may take something away from the emphasis you want to give to other aspects of the course.

However, we have growing numbers of users who are making the simulation the *dominant centerpiece* of the course (particularly in online and distance learning courses where case analysis is difficult to use effectively). When *BSG* functions as the primary part of the course (aside from the text chapters), then counting the simulation as 50-60% (or more) of the final grade is reasonable, given that you can use the quizzes, one or two 3-year strategic plan assignments, and perhaps an end-of-simulation presentation to an invited panel of 3 or 4 persons (who act as a company board of directors) as a substitute for assigning students a larger number of cases to analyze.

A related grading issue is how much each of the various assignments within *The Business Strategy Game* or *GLO-BUS* should be weighted. You have full control over these weights and can change them at your pleasure by entering different weights at the top of the columns of your online “Individual Grade Book.” A table of suggested weights is presented below:

Performance Measures	Option 1	Option 2	Option 3	Option 4	Option 5
Overall company performance on the 5 scoring measures	85.0%	80.0%	75.0%	75.0%	70.0%
Quiz 1 (which is relatively easy and only tests whether they have read the Participant’s Guide)	2.5%	3.0%	2.5%	2.5%	2.5%
Quiz 2 (harder questions covering important elements of the simulation and testing understanding of the numbers)	7.5%	7.0%	4.0%	5.0%	5.0%
Performance on strategic plan #1	N.R.	5.0%	3.5%	2.5%	2.5%
Performance on strategic plan #2	N.R.	N.R.	N.R.	5.0%	5.0%
Company presentation	N.R.	N.R.	10.0%	5.0%	7.5%
Peer evaluations done by co-managers	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>7.5%</u>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*N.R.* = not a required assignment

We suggest caution in placing less than a 70% weight on overall company performance, since lower weights weaken student incentive to be diligent in making decisions, doing the requisite analysis and strategic thinking, and going all out to try to boost their company’s performance.

We believe it makes sense to place a significantly higher weight on Quiz 2 as opposed to Quiz 1, because Quiz 2 is harder and tests individual understanding of important topics.

We also think it is best to weight a second strategic plan higher than the first plan because (1) students are more knowledgeable about how to do a good plan the second time around, (2) they have more experience in appraising the impact of changing market conditions, and (3) they should now be seasoned veterans in setting performance targets and trying to meet or beat them.

**Using the “Exercises for Simulation Participants” at the End of Each Chapter.** One of the biggest teaching/learning benefits of using a *strategy simulation like BSG or GLO-BUS* in your course is the array of opportunities it presents for class members to *immediately* utilize the concepts and analytical tools covered in the text chapters in running their simulation company. There are extensive and tight ties between the issues/challenges that company co-managers face in running their company and the content of the 12 chapters in the 21st Edition.

To provide a powerful means for you to tie the chapter content to the simulation exercise, we created a set of “Exercises for Simulation Participants” that appear at the end of each chapter. You can use these exercises to accomplish three things:

1. Prod class members in their role as company co-managers to do some quality strategic thinking about their company’s situation and the industry circumstances in which their company is operating.
2. Point each company’s management team directly to ways of using specific concepts and tools of strategic analysis to improve their decision-making and to improve their company’s performance.
3. Speed the process whereby your students bridge the gap between theory and practice—the faster and more completely that class members come to recognize the practical managerial value of strategic concepts and analytical tools covered in the text chapters the better.

It is, of course, entirely optional whether to make extensive or selective use of these exercises (or ignore them altogether). In our strategic management classes, we have found the exercises to be particularly productive in steering class members to do a more insightful job of assessing industry and competitive conditions, evaluating their company's competitiveness, and otherwise being wiser and more analytical in managing their simulation company. We recommend that you give serious consideration to using at least some of these exercises because they will stimulate the thinking and analysis of company-co-managers in a very positive way and because they will "force" company co-managers to wrestle with things that should contribute to better decision-making and company performance.

*Some of the questions/exercises can be posed to the class as a whole for open discussion and debate (perhaps as vehicles for concluding your lectures on the chapter material). But a substantial number of the exercises are best used for written assignments because the answers involve competitively sensitive analysis and thinking that company co-managers will not want to share with other class members who are managing rival companies.* As a general rule, class members should be asked to prepare their answers to the italicized questions on a team basis rather than individually; having company co-managers collaborate in preparing their answers is an effective means of building consensus among company co-managers

**Other "Getting Started" Considerations If You Use One of the Strategy Simulations.** Enumerated below are our recommendations concerning the team size, number of companies, number of decision rounds, use of quizzes, use of the 3-year strategic plan feature, scoring, and peer evaluation requirements—all of which are part of the "Course Set-up" procedure that you will be asked to complete in order to get the simulation ready to go in your course:

1. Try to assign teams of 2, 3, or 4 co-managers per company. Two- or 3-person teams are optimum in an MBA class; **3-person teams are probably the optimum size in an undergraduate class**, with 4-person teams being a very acceptable second option. The pros and cons of various team sizes are discussed at length in Section 2 of this manual.

*The software for both simulations is programmed to allow a maximum of 12 companies to compete head-to-head in a single "industry."* If your class size is above 36 and thus too big to have 12 companies with 3 co-managers each, we suggest that you consider dividing the class into 2 industries (or groups of competing companies) so as to keep from having a large number of 4-5 person teams. With automated processing, it is really no bigger administrative burden to set up your class with 2 or more competing groups of companies than it is to have the whole class in a single group or industry.

If you have other group activities in your class, then you should consider having students play the simulation in the same group, as long as the size of the group is 5 or fewer persons. If your other group activity involves group sizes of 6 or larger then you can divide each into two teams for the purpose of playing the simulation. If some teams end up with only two co-managers because one or more of their co-managers drop the course, then we suggest giving the two-person team the option to continue on their own—particularly if the simulation is well underway and the co-managers are working well together. However, there are options in both simulations to switch company managers to different teams and eliminate a company from the industry, whenever you determine that is a good option.

2. Avoid having fewer than four companies per industry if at all possible. If you have a small class, we recommend having no fewer than 4 company teams—two-person teams for a 4-company industry will work better than fewer companies and more players per team.
3. Select a decision schedule that is a good fit with other class assignments. As indicated earlier, any of three decision schedules can be employed successfully. The simulations are programmed for a maximum of 2 practice decisions and 10 regular decisions.
4. Schedule at least one, preferably two, practice decision rounds. We urge scheduling 2 practice rounds (if at all possible) and 1 practice round for sure. Practice decisions give students a chance to get comfortable with the software and to conduct "risk-free experiments" in trying out certain strategies and options. Two practice

rounds are plenty to prepare your class for “the real thing,” and students can definitely do well with just 1 practice round if the time you have to allocate to the simulation is constrained. During the practice rounds, urge class members to make use of the Video Tutorials for each of the decision screens—these will give them a good overview of how to proceed in tackling the decision entries. Also, urge them to use the Video Tutorials in digesting the information provided on the various pages of the Competitive Intelligence Reports, the Industry Report, and the Company Operating Reports.

5. Try to build a minimum of 6 regular or scored decision rounds into your decision schedule. This will give players some time to put a strategy in place, tweak it (or make wholesale changes), and operate the company for the “long-run.” However, 8 to 10 regular decision rounds is significantly better in terms of giving players enough time to really see what they can do with their company and to experience the full effects of having to adjust their strategies to changing market and competitive conditions.
6. Consider using the default 20% weighting on each of the performance measures. There are 5 scoring variables: earnings per share (EPS), return on stockholders’ equity (ROE), stock price appreciation, credit rating, and corporate/brand image. While we believe a 20% weight for each of the five variables works exceptionally well, you have complete freedom to set whatever weights you prefer, including assigning a 0% weight to one or more measures and eliminating them from the scoring algorithm. If you strongly believe that some of the 5 variables should carry a higher weight, then our advice is to up them to 25%-30% and cut others back to 10%-15%.
7. Utilize both scoring standards in determining the company performance scores. *GLO-BUS* and *The Business Strategy Game* employ two standards in scoring company performance: the “Investor Expectations” Standard and the “Best-in-Industry” Standard (these are explained briefly in Section 2 of this manual). We suggest using the default 50%-50% weighting on these two standards in designating how the company performance scores should be weighted, but you can change the weights if you wish. (Other alternatives include 67%-33% or 33%-67% or 75%-25% or 25%-75%.) Of course, if you want to use just one of the standards, you can place a weight of 100% on that standard and a 0% weight on the other one. Both the websites and the IMs for the two simulations contain in-depth explanations of the scoring standards and provide instructions for changing the default weights.
8. Make full use of the two built-in quizzes. We strongly urge requiring students to complete the quizzes and then counting their scores on these quizzes as part of the final simulation grade. We developed these quizzes to provide you with feedback on each individual participant’s grasp of the simulation. ***Both quizzes are open-book, and really are aimed at pushing students to learn what is going on rather than “testing” them.***

We suggest putting a 5% weight on Quiz 1 and a 7.5% weight on Quiz 2 in having the software calculate overall performance scores for each participant. Keep in mind that both quizzes are, in effect, “open book.” *Quiz 1, which covers the Player’s Guide, is relatively easy* since students the open-book nature of the quiz allows students to look up the answers they don’t know right off. Students can easily score 80 or higher on Quiz 1 if they have read the *Guide* and refer to it during the course of taking the quiz. Grades of 90 and higher on Quiz 1 should be common. Students who score poorly on Quiz 1 (below 75) simply have not put enough effort into reading the *Guide* and understanding what the simulation is all about. We urge setting the deadline for this quiz to correspond to the deadline for the first practice decision so as to spur students to read and understand the *Participant’s Guide* at an early stage in the simulation exercise.

Quiz 2 is more difficult than Quiz 1 and merits a higher percentage in the grade calculation. Quiz 2 consists mostly of questions that require students to make calculations or otherwise indicate their command of where the numbers in the company reports come from—it has a time limit of 90 minutes (versus 45 minutes for Quiz 1). All of the quiz questions tell the students on which Help/More Info screens the answers can be found; all of the formulas for calculating the various financial ratios are contained on the Financial Ratios summary link on each student’s Corporate Lobby screen (6-8 of the questions on Quiz 2 involve financial calculations). So students can make a pretty decent score (80 or higher) on Quiz 2 by using printouts of the Help/More Info screens to help them determine the correct answers for the 20 multiple choice question comprising Quiz 2.



We strongly suggest setting the deadline for completing Quiz 2 to correspond to the deadline for the decision for Years 9 or 10 for *GLO-BUS* and Years 13 or 14 for *BSG*. By this point in either simulation, we think students ought to have a good grasp of what is going on, what the numbers in the company reports mean, and how they are calculated.

9. *Give strong consideration to having students do at least one 3-year strategic plan* during the course of the exercise. Both simulations have an optional 3-year strategic plan module. The 3-year strategic plan feature calls for students to (1) articulate a strategic vision for their company (in a couple of sentences), (2) set performance targets for EPS, ROE, stock price appreciation, credit rating, and image rating for each of the next three years, (3) state the competitive strategy the company will pursue, (4) cite data showing that the chosen strategy is either currently on track or will require substantial internal changes, and (5) develop a projected income statement covering the next three years.

Each company's strategic plan is automatically graded based on the extent to which the company meets or beats its performance targets (this is explained at greater length in Section 2 of this manual). The grade on the strategic plan is automatically recorded in your online grade book and can be used in calculating a final simulation score for each company.

For more details, see Section 2 above or the Instructor's Guides for the simulations.

10. *At the end of the simulation, we strongly urge that your decision schedule include a requirement that students do peer evaluations of their co-managers and also do a self-evaluation (using the same form).* Peer evaluations provide very valuable information about how well a company's management team functioned from the perspective of the co-managers—attendance at meeting, teamwork, contribution of ideas and suggestion, leadership, and so on. The responses to the peer evaluation are automatically scored and recorded in your online grade book. You have the ability to click on any of the peer evaluation scores for any co-manager and review the entire peer evaluation. When students know that you will review the peer evaluations (only the low scores really need to be inspected individually), then you have a powerful tool for exposing “free riders” and students who have not carried their fair share of the workload. We suggest having the deadline for completing the peer evaluations correspond to the deadline for the last decision but you can set a later deadline if you wish—while students can review the content of the peer evaluation at any time, students are not allowed to complete the peer evaluation until the deadline approaches.

Generally, a big percentage of company co-managers will earn scores of 85 or better on the peer evaluations, signifying that their “effort index” and participation has been quite satisfactory to even superb (in the case of scores in the high-90s. Scores below 80 should usually raise a red flag and merit inspection to see discover the causes of the low ratings.

We urge that you make it clear to the class that the peer evaluations are “confidential” reports to be seen only by you and that you will exercise your judgment as to just how much they will count in assigning grades on the simulation. Making the “threat” of a bad peer evaluation a part of the simulation grade helps reduce the likelihood that weak students will slack off on their effort and let their co-managers assume full responsibility for company operations and thus make the bulk of their grade for them. In our classes, we tend to reduce the grades of participants who receive very low peer evaluations (sometimes by a full letter grade or more), since we believe it is inherently unfair and unethical for low contributors or absentee co-managers to receive a grade that their co-managers agree they really did not earn or deserve.

But, obviously, you have to use discretion and judgment in how to treat peer evaluations—one can't always be entirely sure that students are “telling the truth” on the evaluations or that their judgments are completely honest and fair. Many times, of course, students “overrate” the performance and contributions of their colleagues, so don't be surprised if some of the peer evaluation scores are higher than they probably should be. The potential for the peer evaluations scores to be less than trustworthy in the case of some students is one reason why you may not want to include them in the grade calculations; certainly, if you tell students that the peer evaluations have some percentage weight, then the chances

that co-managers will strike an agreement to give each other highly positive evaluations are substantially enhanced. That is why in our classes, we are deliberately vague about what we do with the evaluations, except to say we will definitely look them over and that everyone is expected to complete them in a professional and honest manner.

**Forming the Company Management Teams for the Simulation.** We have two approaches to offer for your consideration in assigning students to co-manage the companies. One is to let those students who want to form their own management teams do so and then assign the remaining students to companies on the basis of major (we always form teams with students of *different* majors, to the extent possible). This procedure seems to satisfy all concerned. Some students always prefer to choose their own teammates — so they are pleased with the two-option procedure. And those students who, for whatever reason, prefer “the luck of the draw” are nearly always pleased with the impartiality of teaming up people with different majors.

The second approach is to assign all students to teams, trying to diversify teams on the basis of both major and cultural diversity. *Assigning people to teams has the highly desirable advantage of establishing a business relationship between the team members rather than allowing teams to be formed on the basis of prior friendship or common major or prearranged liaisons with a known-to-be-bright student.* Business relationships among students with differing majors and cultural backgrounds has, in our experience over the years, often proven to be the superior basis for team formation compared to the practice of giving students the freedom to form teams based on whatever criteria they choose to use. But, on the other hand, we’ve found the first approach tends to be most popular with students.

**Tips on Conducting the Simulation.** Once the team sizes and decision/assignment schedule have been decided and the simulation has been launched, you may want to consider the following:

- **Schedule 2 practice rounds** (barring time constraints) to deepen class member familiarity with the how the software works, the decision entry screens, and the information and outcomes provided after each decision round. Two practice rounds also give company co-managers a chance to try out different strategy/decision combinations and see what happens.
- **Stress to class members the importance and value of using the Video Tutorials and the detailed Help sections to find answers to any questions they have:**
  - **The short 2-3 minute Video Tutorials are particularly helpful during the practice rounds** when students first encounter the software menus and the information on the screens and are wondering what to do next.
  - Whenever class members want more in-depth explanations and details than contained in a Video Tutorial, all they have to do is click on the Help button at the top of a decision screen or report page.
  - The Help sections for decision screens provide information about each decision entry, full explanations of cause-effect relationships, and tips/suggestions about what to do and not do.
  - The Help sections for any page of the Company Reports, the Footwear Industry Report, and the Competitive Intelligence Reports explain what the numbers mean, how they are calculated, and how to use the information to good advantage.

**Insisting that students make full use of the Video Tutorials and the Help sections will virtually eliminate the need for students to ask you any questions about “how things work.” Plus, the tutorials and the Help sections will educate them about how to run their company in a “wise” and successful manner.**

- Encourage team members to explore and take advantage of using the built-in Collaboration Mode and Audio Mode capabilities when working online at the same time from different locations.

- ***During the Course Setup Procedure, create an extra company for you to operate throughout the practice rounds (and maybe for several additional decision rounds)—do this especially if you are a first-time user or if you want to learn more about what operating a company is all about. The company you manage can easily be deleted at the conclusion of the practice rounds (but no sooner than that) or in later scored rounds if you opt to run your company for additional decision rounds.***

- Running a company yourself is the quickest and most productive way to familiarize yourself with “how things work”, explore all the various decision entries, view the reports showing the results of each decision round, and experience what the simulation experience for students is all about.
- Operating a company will equip you to (1) see the value of the information that you and your students are furnished after each decision round, (2) provide the class with your perspectives about the competitive battle that is taking place and call attention to particularly interesting outcomes, and (3) be wise in assigning grades and otherwise conducting the simulation.
- The knowledge and understanding gained will also enable you to answer student questions about this or that aspect of the simulation (which sometimes occurs) and, if you wish, to provide advice and counsel to companies that may be floundering and need some guidance.

If you opt to run your own company, inform the class which company you are running, tell them it will be a temporary thing (and that your company will be deleted later), indicate that you will exercise care in making “competition friendly decisions” that are not aimed at stealing sales and market share from other companies, and make it clear that you have no intention of trying to outcompete the companies they are running or otherwise demonstrate your prowess. ***What class members need to understand is that your purpose in running a company during the practice rounds is to become as familiar as possible with what is involved in making decisions, managing company operations, and comprehending the information in the various reports available to all companies.***

Once the practice rounds are completed, there is an item on the Administration Menu for the industry that enables you to quickly and easily delete the company you are running from the competition. (*Note: No company can be deleted until the practice rounds are completed.*)

Also, bear in mind that the built-in Collaboration and Voice–Chat capabilities allow you to join an online meeting of the co-managers of any company—either as an observer or as an advisor/consultant. If you have run a company yourself for several decision rounds, you will be better prepared to take on this role, answer student questions about this or that aspect of the simulation (which sometimes occurs) and, if you wish, to provide advice and counsel to companies that may be in need some guidance.

- Use the PowerPoint slides that we have created (see the link on the left side of your Instructor Center screen) to introduce the simulation to your class and explain some of the mechanics.
- Urge students to read the list of recommended decision procedures that is provided on the link on their company’s “Corporate Lobby” page. This list provides students with a useful guide in using all the available industry and company reports and a suggested routine for preparing each year’s decisions.
- Emphasize to the class that it is wise to be very wary of trying something that is imprudent or highly risky or un-businesslike (things that would get a manager fired in a real company). In our experience, overzealous students who resort to trying to “game the system” almost always shoot themselves in the foot. They’ll get more out of participating in a simulation when they take on the role of a business professional who is trying to achieve the best possible company performance using managerially prudent and responsible business approaches. Little of value will come from students approaching the simulation exercise like a daring adventurer out to win some variant of a videogame by testing the limits of the simulation and using whatever un-businesslike and unprofessional means they can get by with. When class members know you will hold them accountable for bad or foolish decisions, they are less likely to be a “loose cannon” in running their companies and will take things more seriously.

- As previously discussed, use the “Exercises for Simulation Participants” that appear at the end of each chapter in the 21st Edition to help connect issues/challenges that company co-managers face in running their company to the content of the 12 chapters. Some of these exercises are suitable for open class discussion (immediately during or following your lectures on the chapters) but many are best used for team assignments, with the answers provided confidentially to the instructor in a brief report (because the answers involve competitively sensitive analysis and thinking on the part of each company team that they will definitely not want to share with class members managing rival companies). ***Insisting that each team of company co-managers complete*** the “Exercises for Simulation Participants” for each assigned chapter ***in a conscientious manner has two benefits:***
  - **Increasing the likelihood that the members of your class will come to appreciate the managerial relevance and value of the topics covered in the chapters and how they can be used to make wiser strategic decisions.**
  - **Prodding each team of company co-managers to think about many of the right things in arriving at their choice of a company strategy (and fine-tuning or overhauling it as circumstances may require) and achieving better performance results (because of more astute decision-making on their part).**

It is not really necessary for you to grade what companies turn in for their answers to the chapter-end exercises; merely spot checking to see that they have done them will suffice.

- Stress that, at the end of the simulation (and also mid-way through the simulation if you wish), all company managers will be asked to complete comprehensive peer evaluations of their co-managers, as well as an evaluation of their own performance. (Students can see the content of the 12-question peer evaluation form by clicking on the Peer Evaluations link in their “Corporate Lobby” but they are not given access to completing the form until the deadline for the next-to-last decision has passed. Hence, it is no secret what they will be rated on.) Peer evaluations will have the effect of greatly reducing “free-riding” or “coasting on the coattails” of more industrious co-managers if you emphasize to the class early on that the results of the peer evaluations will be taken seriously and that poor evaluations and absences from team meetings will negatively impact an individual’s grade on the simulation.

In the event that you want to do an “interim” or “mid-course” peer evaluation after the first 3-5 decisions as a check on how well things are going, you can ask students to print out a copy of the peer evaluation form, fill it in, and submit it to you. Alternatively, you can print out a blank peer evaluation form, make copies, and pass them out in class. You’ll find it pretty simple to skim through the evaluations to spot any problems with low performers. It is generally wise to call them in for a consultation and counsel them on the importance of being a fully-participating contributor. Usually, this will suffice to alter their behavior and jack up their participation and contribution.

- Instructors that want to take a more hands-on approach to administering the simulation may find it worthwhile to spend about 10 minutes of class time “debriefing” industry members on particularly interesting outcomes and results, to comment on what you see happening in the industry, to urge them to make note of the wide differences in company costs that you see in the benchmarking data, and to connect events in the simulation to your lectures on the chapters or to similar situations in some of the assigned cases you’ve discussed. You can hold these debriefings on a regular basis (following each round of decisions and results) or just hold them occasionally when there’s something of significance you want to talk about. You’ll find information for these debriefings in the Industry reports and in the special Administrative Reports that you can view or print out after each decision. Most of the information in the Administrative Report is not provided to players and you’ll find it to be a quick and convenience source of which companies are doing what and which companies have operating costs that are out-of-line and in need of attention.

- ***Don't be overly concerned if one or more company teams do poorly on the first one or even two decisions—*** and you should definitely convey to teams that might be distressed with their initial results that it is absolutely possible to turn things around and come out as a market leader by the end of the simulation. Sometimes it just takes a while for a company's strategy to begin to bear fruit or the chemistry on the team to jell; sometimes, the initial strategy is ill-conceived or is thwarted by the strategies of rival firms and thus has to be adjusted. In our experience, the companies that are the leaders after the first one or two decisions seldom end up on top. Just as who is ahead after one or two innings of a 9-inning baseball game may not end up winning the ball game, so also is it in a competition-based simulation.

Naturally, of course, the co-managers of companies who fare poorly will be concerned and should be counseled to review their strategy and decisions for ways to improve. ***You should tell concerned co-managers of low-performing companies that much of the information provided in the various reports is “diagnostic” (particularly the Competitive Intelligence Reports) and points directly to things that are in need of attention.*** In our experience, there are two primary reasons why companies perform poorly:

- Company co-managers have a poor grasp of the contents of the Player's Guide and/or have not spent time reading the Help screens (which provide substantial guidance in how to approach strategizing and decision-making.
- Company co-managers are not paying nearly enough attention to *studying and digesting the information in all the reports and diagnosing their company's situation*. When they are directed to really probe this information and use it, then their company usually begins to perform better. You'll find there is plenty of information provided in the reports for students to identify “what went wrong”, where their costs are out-of-line with rivals, and what they should do to boost sales and market share. Company managers who conscientiously look at the numbers will have little trouble spotting avenues for improving their company's performance—***each page of the Competitive Intelligence Reports provides a list of competitive strengths and competitive weaknesses in each of the four geographic regions.*** Determine if company co-managers have grasped the significance of the information in the Competitive Intelligence Reports and really dug into the numbers—if not, this is the root of their problem. ***Urge that they pay very special attention to the numbers in these reports, read the Help screens for these reports, and take actions to remedy their company's competitive weaknesses.***

Sometimes, bad results turn out to be a positive catalyst for co-managers, causing them to really buckle down, dig into the numbers, and get serious about the effort they are putting into the simulation. Students can learn every bit as much from their mistakes and from efforts to turn their company around as from enjoying success decision round after decision round.

- As a general rule, we think that companies with an overall performance score of 90 or above should get an A. Companies with an overall performance score of 80-89 should get a B (or better if there are no companies with scores of 90 or more). Companies with an overall performance score of 70-79 above should get a C (or better depending on how many teams have higher scores). You may find it desirable to scale the scores if competition turns out to be so fierce or cutthroat that companies in the industry can't earn good profits and meet investors' performance expectations. In most of our classes, we end up scaling the performance scores of companies with scores below 70-75, but it is rare for no company to end up with a score above 90 and thus clearly earn an A without the need for putting much of a scale on the grades on the upper end.

Bear in mind that the scoring method we use does not in any way require that some companies receive low scores. Scores are based entirely on (1) whether companies achieve the benchmark performances that investors expect for EPS, ROE, credit rating, stock price appreciation, and image and (2) whether the race to be the market leader is very close from the first place company to the last place company or whether there is quite a wide disparity in the caliber of performances (with the bottom-performing companies turning in truly bad results). If one or more companies have truly low performance scores relative to the other companies,

we leave it up to you to decide what sort of scale to apply and thus how much to raise their grade. You'll find that there's plenty of information provided to you in your online electronic grade book to decide what grades to assign. You can either use the ones calculated for you (based on the weights you have specified, which can be changed whenever you wish by merely inputting different weights) or else scale the overall performance scores to your liking.

**Dealing with Disagreements among Co-Managers and “Non-Contributors.”** As with any team assignment, situations will arise where a team member does not carry his or her share of the workload, causing other team members to complain or otherwise voice displeasure. We recommend handling this situation in several ways. Our first recommendation is always to urge the hard-working team members to have a heart-to-heart talk with the person who is slacking off; we also offer to talk with the low-contributing student if the other team members think that would be helpful. A second approach to dealing with complaints about weak contributors is to remind the low-contributing student (or the class as a whole) that there will be peer evaluations at the end of the course and that poor peer evaluations are likely to have an adverse and perhaps severe effect on the grade assigned. If an alleged low-performer's contribution still does not improve, you may have to read them the riot act, threaten to drop them from the simulation with a failing grade, or (if it seems appropriate or practical) you may consider assigning the low-performer to another team (with their consent).

On occasions, company co-managers get into such serious disagreements or have disruptive personality conflicts that it makes sense to move one or more team members to a different team. While moving a person from one company team to another should be done sparingly, it does give you a sometimes workable out for dealing with unusually severe problems among company co-managers.

Moving students to a different team is quickly accomplished if you are using either *GLO-BUS* or *The Business Strategy Game*; all you have to do is select the “Move/Delete Company Co-Managers” option on the Administrative Menu. But you should probably first consult the co-managers of the company to which you want to move the person and secure their approval to take on a new member.

*The Business Strategy Game* also has an “Add a Company” menu feature. This option (which is available if you have less than the maximum 12 teams in an industry) allows you to assign disgruntled or low performers as co-managers to run a newly created company as they see fit. This may, indeed, be the best solution for all concerned.

## Suggestions for Using Outside Readings

It is very much in order, especially in an MBA course, to ask students to do a modest amount of reading in the current literature to supplement and elaborate upon the points made in the text and, in addition, to provide them with some exposure to the literature of strategic management. Instructors who like to expand the scope and depth of their course with a sampling of journal articles and readings from the strategic management literature should take a look at the list of 24 readings that we have included in the 21st edition of *Crafting and Executing Strategy: Concepts and Readings*.

We do not recommend the use of outside readings in the senior-level strategy course (except, perhaps, in an “honors” section)—there is simply too much else to cover that merits higher priority.

In addition to formally assigned readings, we urge our students to get into the habit of regularly reading *Business Week*, *Fortune*, *Forbes*, *The Wall Street Journal*, and the *Harvard Business Review*—and to do so not only while they are taking our strategic management course but also after they graduate. A regular perusal of these periodicals is part and parcel of keeping abreast of business trends and new developments in professional management.

## SUGGESTIONS FOR SEQUENCING CHAPTER COVERAGE AND CASE ASSIGNMENTS

In using *Crafting and Executing Strategy: The Quest for Competitive Advantage*, two basic sequencing approaches are possible:

- (1) Spend the first several weeks covering the 12 chapters of text material, then spend the remainder of the course on cases and/or a strategy simulation, and/or perhaps some outside readings.

or

- (2) Synthesize coverage of the text material, the cases, simulation decision rounds, and/or outside readings.

In our course we've used both approaches successfully but our strong preference is for the latter, so as to introduce some variety into the assignments and to vary the course tempo from class period to class period. We have organized the text chapters and the cases to make it easy to integrate the sequencing. For example, the primary issues in the 19 cases in Section A—Crafting Strategy in Single Business Companies call upon students to make heavy use of the tools and concepts in Chapters 1 through 7. The 2 cases in Section B—Crafting Strategy in Diversified Companies require application of the material in Chapter 8. The 6 cases in Section C—Executing Strategy deal mainly with the topics covered in Chapters 10 through 12. The 3 ethics and social responsibility cases in Section D make a fitting companion to your coverage of Chapter 9.

Chapter 9 and the 2 ethics/social responsibility cases can form the basis for a “strategy-ethics-social responsibility” module that is taught (1) as a separate module following either the Section A cases or the Section B cases or (2) at the end of the course. Alternatively, the stand-alone nature of Chapter 9 allows you to position the coverage of strategy/ethics/social responsibility most anywhere you wish. However, since there's substantial material on values and ethics in Chapter 12, as well as in Chapter 9 (and to a lesser extent in Chapter 1), there's some merit in assigning the cases in Section D at the end of the course (or at least after all of the chapters have been covered).

The length of the cases in this 21st edition should be quite appealing to students—close to one-fifth are under 15 pages yet offer plenty for students to chew on; about one-fourth are medium-length cases; and the remainder are detail-rich cases that call for more sweeping analysis.

In Section 4 that follows, you find 11 sample schedules of class activities for courses of varying length and content; the schedules show recommended ways to sequence your coverage of the chapters and cases, with and with use of an accompanying simulation.

### Making Use of the Guide to Case Analysis

Generally speaking, before initiating discussion of the cases, you should encourage students to read the “Guide to Case Analysis” which appears at the end of Case 31. Having students read the Guide is especially important when many of the class members are not familiar with the case method and with how to prepare a case for class discussion or for written analysis. Most students need explicit direction in the mechanics of coming to class adequately prepared for class discussion of an assigned case—otherwise, they are likely to do no more than read the case and respond to your questions with off-the-cuff opinions. The hints and pointers in the Guide to Case Analysis should help students get off to a better start and orient them to the traditional analytical sequence of (1) identify, (2) evaluate, and (3) recommend.

In explaining how you plan to handle class discussion of the cases, you can easily highlight those points discussed in the Guide to Case Analysis that best reflect your own thinking and preferences. And you can do the same with regard to the suggestions for preparing a written case analysis and doing an oral team presentation.

**The Table of Financial Ratios.** *There is a summary table in both Chapter 4 (Table 4.1) and in the Guide to Case Analysis that presents and explains the array of standard financial ratios that come into play in sizing up a company's financial situation.* We suggest calling this table to the attention of students so they can utilize it in analyzing the financial statements in the cases.

A big majority of students will likely make extensive use of the Financial Ratio table in calculating and properly interpreting financial and operating ratios appropriate for assigned cases.

**Doing Follow-Up Research on Companies That Are Featured in the Cases.** The Guide to Case Analysis contains a section on how to use the Internet and various online services to (1) do further research on an industry or company, (2) obtain a company's latest financial results, and (3) get updates on what has happened since the case was written. This is an especially valuable section if you like for students, as part of an oral case presentation or written case assignment, to gather further information about what has transpired at the company since the case was researched.

Most company websites, especially those of companies whose shares are publicly-held, contain extensive financial information and often have pages relating to mission statements, core values, codes of ethics, strategy, and culture. It is very easy for students to research the latest developments at a company by perusing its press releases and by using Google or other search engines to locate the latest articles written about the company.

## How Many Cases to Assign

How many cases to use varies with whether you use a simulation game, how much class time you wish to spend on the text chapters, whether you like to assign additional readings from either a readings supplement or from library resources, how many times your class meets per week, and whether the course runs for a quarter, a semester, or two quarters.

Generally speaking, we recommend covering 8 to 12 cases in a semester-long course meeting twice weekly (25 or so class meetings). In a one-quarter course you may find it more comfortable to cover only 6-10 cases in a class meeting twice weekly for 75 minutes. If you are using a strategy simulation, then assigning a lesser number of cases than you otherwise would makes sense.

Aside from the number and length of the class meetings each term, the "right" number of cases to try to cover is very much a function of your choices about using a simulation game and how much (if any) time you opt to spend on the simulation in class, whether you decide to assign outside readings, the amount of class time you want to spend covering the basic concepts and analytical tools (the material in Chapters 1-12), and whether you decide to spend more than one class period covering one or two of the longer/issue-rich cases.

## Deciding How to Sequence the Case Assignments

In selecting what sequence in which to assign the cases, we suggest at least a *rough* adherence to the order in which the cases appear in the book—particularly the first time you use the book. In sequencing the cases under each topic heading, we have tried to follow some logical order based on central teaching points, key issues, analytical complexity, and overall pedagogical purpose.

Our grouping of the cases into Sections A, B, C, and D implies, of course, that the central thrust of the case deals with the indicated topics. Although our groupings are accurate (we think!), it is also true that several of the cases involve a sufficiently broad cross-section of strategic management problems and issues that they are suitable for use at several different places in the course.



In Section 4 of this IM are 5 sample course schedules that provide specific suggestions for sequencing your case assignments over a 15-week term. Section 4 also provides 3 sample daily schedules for a 10-week term and three sample daily class schedules for a 5-week summer. In addition, each case teaching note contains a section on “Suggestions for Using the Case” that provides further details and guidance on where a particular case fits and the central teaching points it contains. But to simplify things a bit in choosing the cases and sequencing that might work for you and to further supplement the Table 1 grid showing the strategic issues that are prominent in each case, we have provided some groupings below that you may find helpful.

**Cases that make especially good lead-off cases for a Section A, B, C, or D set of case assignments and/or that are easier to analyze:**

Section A Lead-Off Cases	Section C Lead-Off Cases
Mystic Monk Coffee	Robin Hood
Airbnb in 2016: A Business Model for the Sharing Economy	Dilemma at Devil's Den
Amazon.com's Business Model and Its Evolution	Rosen Hotels & Resorts: Delivering Superior Customer Service
Robin Hood	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple
Costco Wholesale in 2016: Mission, Business Model, and Strategy	
Section B Lead-Off Cases	Section D Lead-Off Cases
Mondelez International: Has Corporate Restructuring Produced Shareholder Value?	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?
LVMH in 2016: Its Diversification into Luxury Goods	NCAA Football: Is It Worth It?

**Cases which are good follow-ons to “lead-off” cases, highly suitable for the first-half of a Section A, B, C, or D set of case assignments, and only moderately difficult for students to analyze:**

Section A Follow-On Cases	Section B Follow-On Cases
Costco Wholesale in 2016: Mission, Business Model, and Strategy	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
Competition in the Craft Beer Industry in 2016	LVMH in 2016: Its Diversification into Luxury Goods
TOMS Shoes in 2016: An Ongoing Dedication to Social Responsibility	Section C Follow-On Cases
UnderArmour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	Southwest Airlines in 2016: Culture, Values, and Operating Practices
Chipotle Mexican Grill in 2016: Can the Company Recover from Its E. Coli Disaster and Grow Customer Traffic Again?	Rosen Hotels & Resorts: Delivering Superior Customer Service
GoPro's Struggle for Survival in 2016	Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products
Fitbit, Inc. Has the Company Outgrown Its Strategy	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple
Etsy, Inc.: Reimagining Innovation	Section D Follow-On Cases
Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?	TOMS Shoes in 2016: An Ongoing Dedication to Social Responsibility
Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	Conflict Palm Oil and PepsiCo's Ethical Dilemma
Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ride-Sharing Industry?	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?

**Cases that are most suitable for the second-half of a Section A, B, C or D set of case assignments because of their comprehensive nature and somewhat greater analytical requirements:**

Section A Comprehensive Cases	Section B Comprehensive Cases
Under Armour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?	LVMH in 2016: Its Diversification into Luxury Goods
Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?	Section C Comprehensive Cases
Chipotle Mexican Grill in 2016: Can the Company Recover from Its E. Coli Disaster and Grow Customer Traffic Again?	Southwest Airlines in 2016: Culture, Values, and Operating Practices
Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products
Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple
The South African Wine Industry in 2016: Where Does It Go from Here?	Rosen Hotels & Resorts: Delivering Superior Customer Service
Ford Motor Company: New Strategies for International Growth	
The Green Music Center at Sonoma State University	
Ricoh Canada Inc.	

Table 2 profiles the topics and issues that are contained in the 31 cases in this edition. The grid in Table 2 and sample daily class schedules in Section 4 are intended to help you make wise choices about how to position coverage of the chapters and sequence the case assignments in your course. Each case teaching note also contains a section on “Suggestions for Using the Case” that provides ideas on case sequencing and case use.

**TABLE 2. A Quick Profile of the Cases in the 21st Edition of Crafting and Executing Strategy**

		Accompanying video (Y = yes; N = no)	Connect Case Exercise (Y = yes; N = No)	Size: Small (S), Medium (M), Large (L)	The manager's role in crafting strategy	The manager's role in executing strategy	Vision, mission, and objectives	Crafting strategy in single-business companies	Industry and competitive analysis	Company resources and capabilities	Global or multinational strategy	E-business strategy issues	Diversification strategies and the analysis of multi-business corporations	Financial conditions and financial analysis	Staffing, people management, incentives and rewards	Organizational structure, core competencies, competitive capabilities, staffing	Policies, procedures, operating systems, best practices, continuous improvement	Corporate culture issues	Ethics, values, social responsibility	Exercising strategic leadership	Making action recommendations
Case 1	Mystic Monk Coffee	N	Y	S	X		X	X	X	X		X		X	X			X		X	X
Case 2	Airbnb in 2016: A Business Model for the Sharing Economy	Y	Y	S	X	X	X	X		X		X		X	X	X					X
Case 3	Amazon.com's Business Model and Its Evolution	Y	Y	M	X		X	X	X	X				X	X		X	X	X	X	X
Case 4	Costco Wholesale in 2016: Mission, Business Model, and Strategy	Y	N	M	X	X	X	X	X	X	X	X		X	X						X
Case 5	Competition in the Craft Beer Industry in 2016	Y	Y	M	X			X	X	X	X			X							X
Case 6	TOMS Shoes: A Dedication to Social Responsibility	Y	Y	M	X		X	X	X	X	X			X							X
Case 7	Fitbit, Inc.: Has the Company Outgrown Its Strategy?	Y	N	S	X		X	X	X	X				X							X
Case 8	Under Armour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	N	N	L	X			X	X	X				X							X
Case 9	Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?	Y	Y	M	X	X	X	X	X	X	X			X					X		X
Case 10	Etsy, Inc.: Reimagining Innovation	Y	Y	M	X		X	X	X	X				X							X
Case 11	Gap Inc.: Can It Develop a Strategy Connect with Consumers in 2016?	Y	Y	M	X			X	X	X				X							X
Case 12	Uber in 2014: Can It Remain the Dominant Leader in the World's Fast-Emerging Ride-Sharing Industry?	Y	N	M	X			X	X	X	X			X					X		X
Case 13	Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?	N	Y	M	X		X	X	X	X		X		X							X
Case 14	Chipotle Mexican Grill in 2016: Can the Company Recover from its E. Coli Disaster and Grow Customer Traffic Again?	Y	N	M	X		X	X	X	X		X		X							X
Case 15	GoPro's Struggle for Survival in 2016	N	N	S	X		X	X	X	X	X			X							X
Case 16	Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	Y	Y	L	X	X		X	X	X	X			X							X
Case 17	The South African Wine Industry in 2016: Where does it go from here?	Y	Y	M	X		X	X	X	X	X			X							X
Case 18	Ford Motor Company: New Strategies for International Growth	Y	Y	L	X			X	X	X	X			X							X
Case 19	The Green Music Center at Sonoma State University	Y	Y	L	X			X	X	X	X			X							X
Case 20	Ricoh Canada Inc.	Y	N	L	X			X	X	X	X			X							X
Case 21	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?	Y	Y	L	X				X	X	X		X	X							X
Case 22	LVMH in 2016: Its Diversification into Luxury Goods	Y	Y	L	X		X		X	X	X		X	X							X
Case 23	Robin Hood	N	Y	S	X	X	X		X	X					X	X	X	X	X	X	X
Case 24	Dilemma at Devil's Den	N	N	S		X									X	X	X	X	X		X
Case 25	Southwest Airlines in 2016: Culture, Values, and Operating Practices	Y	Y	L	X	X	X	X	X	X	X			X	X	X	X	X		X	X
Case 26	Rosen Hotels & Resorts: Delivering Superior Customer Service	Y	N	M		X		X		X				X	X	X	X	X			X
Case 27	Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products	N	N	M		X		X						X	X		X	X			X
Case 28	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple	Y	N	M		X						X		X			X				X
Case 29	NCAA Football: Is It Worth It?	Y	N	S	X		X							X			X		X		X
Case 30	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?	Y	N	S	X	X	X	X	X	X				X			X	X	X	X	X
Case 31	Conflict Palm Oil and PepsiCo's Ethical Dilemma	N	N	L	X				X	X							X		X		X

## CASES WITH ACCOMPANYING VIDEOS

Twenty-three of the 31 cases in this 21st edition have accompanying videos which may want to consider showing during the course of the case discussions. We have included multiple videos for some of the cases, with many being posted at YouTube for students to view on their own outside of class on an Internet-connected device. Table 3 below provides some information on each of the case videos, including the title, source, video run time, and the URL for videos.

**TABLE 3. List of Videos Accompanying the Cases in the 21st Edition**

Case	Case Title	Video Source	Video Length	Video Title	URL
1	Mystic Monk Coffee	YouTube 2014	2:42	Monks Sell Coffee to Raise Funds for Monastery	<a href="https://www.youtube.com/watch?v=QyFxDUDFB_4">https://www.youtube.com/watch?v=QyFxDUDFB_4</a>
1	Mystic Monk Coffee	YouTube 2015	4:06	Profit-Sharing in the Coffee Industry	<a href="https://www.youtube.com/watch?v=TmLLyKIukSI">https://www.youtube.com/watch?v=TmLLyKIukSI</a>
2	Airbnb in 2016: A Business Model for the Sharing Economy	YouTube 2015	5:04	Airbnb's International Growth Strategy	<a href="https://www.youtube.com/watch?v=QsF4VHriFFY">https://www.youtube.com/watch?v=QsF4VHriFFY</a>
2	Airbnb in 2016: A Business Model for the Sharing Economy	YouTube 2015	6:40	Airbnb's VP of Product on Growth and Planning for the Future	<a href="https://www.youtube.com/watch?v=o1RMH8WQtAQ">https://www.youtube.com/watch?v=o1RMH8WQtAQ</a>
3	Amazon.com's Business Model and Its Evolution	YouTube 2016	10:49	Amazon.com Business Strategy in 2000s – Profit vs growth – Long Runway for Success	<a href="https://www.youtube.com/watch?v=lvzrRx5-He4">https://www.youtube.com/watch?v=lvzrRx5-He4</a>
4	Costco Wholesale in 2016: Mission, Business Model, and Strategy	YouTube 2015	2:26	Jim Cramer Discusses Why Costco Is King	<a href="https://www.youtube.com/watch?v=mCU1hLF7jE0">https://www.youtube.com/watch?v=mCU1hLF7jE0</a>
4	Costco Wholesale in 2016: Mission, Business Model, and Strategy	YouTube 2015	2:46	Nightly Business Report: Costco Strikes a New Deal	<a href="https://www.youtube.com/watch?v=05Oji32ZYks">https://www.youtube.com/watch?v=05Oji32ZYks</a>
5	Competition in the Craft Beer Industry in 2016	YouTube 2015	2:39	US Craft Beer Producers Looking to Conquer Overseas Markets	<a href="https://www.youtube.com/watch?v=yRU6V20RQbA">https://www.youtube.com/watch?v=yRU6V20RQbA</a>
5	Competition in the Craft Beer Industry in 2016	YouTube 2015	3:27	Is the Craft Beer Market Getting Too Crowded?	<a href="https://www.youtube.com/watch?v=BbSnoTBZVk8">https://www.youtube.com/watch?v=BbSnoTBZVk8</a>
6	TOMS Shoes in 2016: An Ongoing Dedication to Social Responsibility	YouTube 2015	2:16	TOMS: The Business of Footwear and Philanthropy	<a href="https://www.youtube.com/watch?v=TVVle_W9epI">https://www.youtube.com/watch?v=TVVle_W9epI</a>
6	TOMS Shoes in 2016: An Ongoing Dedication to Social Responsibility	YouTube 2014	4:27	TOMS Launches One-for-One Coffee Company / Fortune	<a href="https://www.youtube.com/watch?v=EtKsC8BIYhw">https://www.youtube.com/watch?v=EtKsC8BIYhw</a>
7	Fitbit, Inc.: Has the Company Outgrown Its Strategy?	YouTube 2015	3:10	Fitbit CEO: We Don't Target Same Consumer as Apple	<a href="https://www.youtube.com/watch?v=7EIpglbn7bs">https://www.youtube.com/watch?v=7EIpglbn7bs</a>
7	Fitbit, Inc.: Has the Company Outgrown Its Strategy?	YouTube 2015	6:02	Fitbit CEO: Upping the Wellness Game/ Mad Money/ CNBC	<a href="https://www.youtube.com/watch?v=yobOs-mgHmE">https://www.youtube.com/watch?v=yobOs-mgHmE</a>
8	Under Armour's Strategy in 2016 – How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	YouTube 2016	2:21	How Under Armour Overcame Its Underdog Odds / How I Made It / CNBC	<a href="https://www.youtube.com/watch?v=Q3VO2pGMlOk">https://www.youtube.com/watch?v=Q3VO2pGMlOk</a>
8	Under Armour's Strategy in 2016 – How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?	YouTube 2015	2:35	Under Armour's Game Plan	<a href="https://www.youtube.com/watch?v=i4S08VwUMgw">https://www.youtube.com/watch?v=i4S08VwUMgw</a>
9	lululemon athletica, inc. in 2016: Can the Company Get Back on Track?	YouTube 2016	1:14	lululemon athletica: Don't Customize, Configure	<a href="https://www.youtube.com/watch?v=dKuyxgpX6po">https://www.youtube.com/watch?v=dKuyxgpX6po</a>
9	lululemon athletica, inc. in 2016: Can the Company Get Back on Track?	YouTube 2015	3:27	lululemon Resale Is Big Business	<a href="https://www.youtube.com/watch?v=eVtqvXmd2fo">https://www.youtube.com/watch?v=eVtqvXmd2fo</a>
10	Etsy, Inc. Reimagining Innovation	Bloomberg 2016	3:03	Why Things Are Looking Up for Etsy	<a href="http://www.bloomberg.com/news/videos/2016-08-02/why-things-are-looking-up-for-etsy">http://www.bloomberg.com/news/videos/2016-08-02/why-things-are-looking-up-for-etsy</a>
10	Etsy, Inc. Reimagining Innovation	WSJ Video 2015	3:20	Crafts Site Etsy Files for IPO	<a href="http://www.wsj.com/video/crafts-site-etsy-files-for-ipo/715720D0-5E18-4EE5-A5F3-41F140312349.html">http://www.wsj.com/video/crafts-site-etsy-files-for-ipo/715720D0-5E18-4EE5-A5F3-41F140312349.html</a>

Case	Case Title	Video Source	Video Length	Video Title	URL
11	Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?	YouTube 2015	1:38	Why Is Gap Closing 175 Stores in North America	<a href="https://www.youtube.com/watch?v=TdARiQIrFgE">https://www.youtube.com/watch?v=TdARiQIrFgE</a>
11	Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?	YouTube 2015	2:01	GAP Inc. to Open Store in India	<a href="https://www.youtube.com/watch?v=NvTFvw6E53Y">https://www.youtube.com/watch?v=NvTFvw6E53Y</a>
12	Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ridesharing Industry?	YouTube 2016	19:18	Uber's Plan to Get More People into Fewer Cars/ Travis Kalanick	<a href="https://www.youtube.com/watch?v=pb--rJGgVlo">https://www.youtube.com/watch?v=pb--rJGgVlo</a>
	Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ridesharing Industry?	link provided by Lou Marino		Uber lawsuits	<a href="http://money.cnn.com/2016/08/11/technology/uber-lawsuits/index.html?iid=ob_homepage_tech_pool">http://money.cnn.com/2016/08/11/technology/uber-lawsuits/index.html?iid=ob_homepage_tech_pool</a>
12	Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ridesharing Industry?	YouTube 2015	4:57	Uber's Business Model: A Rare Look at the Numbers	<a href="https://www.youtube.com/watch?v=2yc6N_Ofycw">https://www.youtube.com/watch?v=2yc6N_Ofycw</a>
13	Panera Bread Company in 2016 – Is the Company's Strategy to Rejuvenate the Company's Growth Working?	YouTube 2015	1:58	Panera Bread Kicks Turnaround Plan into High Gear after Interest from Activist Luxor Capital	<a href="https://www.youtube.com/watch?v=Lhui00Z5v8g">https://www.youtube.com/watch?v=Lhui00Z5v8g</a>
13	Panera Bread Company in 2016 – Is the Company's Strategy to Rejuvenate the Company's Growth Working?	YouTube 2015	3:49	Panera Bread: Pinnacle of the Bakery-Café Category	<a href="https://www.youtube.com/watch?v=4tahwpPORh8">https://www.youtube.com/watch?v=4tahwpPORh8</a>
14	Chipotle Mexican Grill in 2016: Can the Company Recover from Its E. coli Disaster and Grow Customer Traffic Again?	YouTube 2015	5:12	The Secret Recipe of Chipotle's Success	<a href="https://www.youtube.com/watch?v=xeGZqnBRbHA">https://www.youtube.com/watch?v=xeGZqnBRbHA</a>
14	Chipotle Mexican Grill in 2016: Can the Company Recover from Its E.coli Disaster and Grow Customer Traffic Again?	YouTube 2016	4:35	Bill Ackman Is Going to Make Chipotle Great Again	<a href="https://www.youtube.com/watch?v=FrVxBskN5rk">https://www.youtube.com/watch?v=FrVxBskN5rk</a>
15	GoPro's Struggle for Survival in 2016	YouTube 2016	8:34	GoPro CEO on New Camera Drone, Company Performance	<a href="https://www.youtube.com/watch?v=LOZB-UV71NI">https://www.youtube.com/watch?v=LOZB-UV71NI</a>
15	GoPro's Struggle for Survival in 2016	YouTube 2014	2:05	CEO: Leading GoPro Is like Racing a Car	<a href="https://www.youtube.com/watch?v=co5I0JA34nI">https://www.youtube.com/watch?v=co5I0JA34nI</a>
16	Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	YouTube 2015	1:06	Tesla's Battery Marketing Strategy Is Brilliant: Patterson	<a href="https://www.youtube.com/watch?v=9cdW1xDUdRAoad-ahead/5D9E356D-3546-4CAB-AB9C-F4426949451E.html">https://www.youtube.com/watch?v=9cdW1xDUdRAoad-ahead/5D9E356D-3546-4CAB-AB9C-F4426949451E.html</a>
16	Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?	YouTube 2015	3:33	Tesla Now the Maker of the World's Fastest Production Car	<a href="https://www.youtube.com/watch?v=hc1W2ke4T-s">https://www.youtube.com/watch?v=hc1W2ke4T-s</a>
17	The South African Wine Industry in 2016: Where Does It Go from Here?	YouTube 2016	2:38	South Africa's Booming Wine Industry	<a href="https://www.youtube.com/watch?v=1zz1ZQG6H0M">https://www.youtube.com/watch?v=1zz1ZQG6H0M</a>
17	The South African Wine Industry in 2016: Where Does It Go from Here?	YouTube 2015	6:56	Opportunities & Challenges in S.A.'s Wine Industry	<a href="https://www.youtube.com/watch?v=0m7FwzPlfT0">https://www.youtube.com/watch?v=0m7FwzPlfT0</a>
18	Ford Motor Company: New Strategies for International Growth	YouTube 2015	10:59	Ford's Europe's SUV Strategy with Jim Farley, CEO at Frankfurt IAA	<a href="https://www.youtube.com/watch?v=HS8TI93eX-Y">https://www.youtube.com/watch?v=HS8TI93eX-Y</a>
18	Ford Motor Company: New Strategies for International Growth	YouTube 2015	3:11	Innovation Is Key to Ford's Strategy: Jim Buczowski	<a href="https://www.youtube.com/watch?v=YnRiUAu0Vj8">https://www.youtube.com/watch?v=YnRiUAu0Vj8</a>
19	The Green Music Center at Sonoma State University	YouTube 2013	4:16	Green Music Center // Corporate Story	<a href="https://www.youtube.com/watch?v=8C9wLQPTIis">https://www.youtube.com/watch?v=8C9wLQPTIis</a>
20	Ricoh Canada Inc.	YouTube 2015	3:37	Ricoh Americas Corporation Interview (EN)	<a href="https://www.youtube.com/watch?v=jITCCHzGgQ8">https://www.youtube.com/watch?v=jITCCHzGgQ8</a>

Case	Case Title	Video Source	Video Length	Video Title	URL
20	Ricoh Canada Inc.	YouTube 2012	4:05	Ricoh - Business Transformation - Cross Media 2012	<a href="https://www.youtube.com/watch?v=tMQAdk6AHu8">https://www.youtube.com/watch?v=tMQAdk6AHu8</a>
21	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?	YouTube 2016	2:51	Why Hershey Rejected Mondelez's \$23B Takeover Offer	<a href="https://www.youtube.com/watch?v=pZ211Y4RGqc">https://www.youtube.com/watch?v=pZ211Y4RGqc</a>
21	Mondelez International: Has Corporate Restructuring Produced Shareholder Value?	YouTube 2015	4:56	Mondelez CEO on Turnaround: "Be Straight with people"	<a href="https://www.youtube.com/watch?v=Lo--USeFhCE">https://www.youtube.com/watch?v=Lo--USeFhCE</a>
22	LMVH in 2016: It's Diversification into Luxury Goods	YouTube 2015	2:29	Louis Vuitton Rules Global Luxury as Top Brand of 2015	<a href="https://www.youtube.com/watch?v=nMtCQAdFlpY">https://www.youtube.com/watch?v=nMtCQAdFlpY</a>
22	LMVH in 2016: It's Diversification into Luxury Goods	YouTube 2014	3:31	Inside Louis Vuitton's Success	<a href="https://www.youtube.com/watch?v=UfyOpfSRLdE">https://www.youtube.com/watch?v=UfyOpfSRLdE</a>
23	Robin Hood	YouTube 2012	2:26	Sheryl Sandberg: What I Learned from Google	<a href="https://www.youtube.com/watch?v=7TWI8L2oWYo">https://www.youtube.com/watch?v=7TWI8L2oWYo</a>
23	Robin Hood	YouTube 2014	2:15	Insights on Leadership: Sara Blakely, Sir Richard Branson, and Richard Anderson on Advice	<a href="https://www.youtube.com/watch?v=UKhEuKvkJc">https://www.youtube.com/watch?v=UKhEuKvkJc</a>
24	Dilemma at Devil's Den	YouTube 2015	5:28	Chipotle Serves Up the American Dream/ Mad Money/ CNBC	<a href="https://www.youtube.com/watch?v=DDn4zFWD4TE">https://www.youtube.com/watch?v=DDn4zFWD4TE</a>
24	Dilemma at Devil's Den	YouTube 2015	4:44	Apple, Starbucks Show How a Winning Culture Leads to a Higher Stock	<a href="https://www.youtube.com/watch?v=3eplgBcxk2U">https://www.youtube.com/watch?v=3eplgBcxk2U</a>
25	Southwest Airlines in 2016: Culture, Values, and Operating Practices	YouTube 2015	5:20	Southwest CEO: Competitive Environment Impacts Fares	<a href="https://www.youtube.com/watch?v=F16dT0zMRB4">https://www.youtube.com/watch?v=F16dT0zMRB4</a>
25	Southwest Airlines in 2016: Culture, Values, and Operating Practices	YouTube 2016	7:24	Southwest Airlines CEO on Relationship with TSA, FAA	<a href="https://www.youtube.com/watch?v=j0ibULnU8_s">https://www.youtube.com/watch?v=j0ibULnU8_s</a>
26	Rosen Hotels & Resorts: Delivering Superior Customer Service	YouTube 2016	7:17	The Hospitality Business: Adapting to Survive - Counting the Cost	<a href="https://www.youtube.com/watch?v=m5yRTUpXxRM">https://www.youtube.com/watch?v=m5yRTUpXxRM</a>
26	Rosen Hotels & Resorts: Delivering Superior Customer Service	YouTube 2015	6:01	Harris Rosen '61, President & COO of Rosen Hotels and Resorts	<a href="https://www.youtube.com/watch?v=l8rJhWiU_dU">https://www.youtube.com/watch?v=l8rJhWiU_dU</a>
27	Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products	Bloomberg 2016	4:16	What Steel Says About the U.S. Economy	<a href="http://www.bloomberg.com/news/videos/2016-10-04/what-steel-says-about-the-u-s-economy">http://www.bloomberg.com/news/videos/2016-10-04/what-steel-says-about-the-u-s-economy</a>
28	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple	YouTube 2016	24:11	Apple CEO Tim Cook: Optimism for the Future / Mad Money / CNBC	<a href="https://www.youtube.com/watch?v=kFdUa_WeTcQcQ">https://www.youtube.com/watch?v=kFdUa_WeTcQcQ</a>
28	Tim Cook's Leadership and Management Style: Building His Own Legacy at Apple	YouTube 2016	2:37	Apple: Five Years with Tim Cook	<a href="https://www.youtube.com/watch?v=LLBRVZk9Ynk">https://www.youtube.com/watch?v=LLBRVZk9Ynk</a>
29	NCAA Football: Is It Worth It?	YouTube 2015	5:38	Is It Time to Pay College Athletes?	<a href="https://www.youtube.com/watch?v=Q8IKwKbvKTY">https://www.youtube.com/watch?v=Q8IKwKbvKTY</a>
29	NCAA Football: Is It Worth It?	YouTube 2014	12:21	Crossfire: Should College Athletes Be Paid?	<a href="https://www.youtube.com/watch?v=a8Q-L5yr0Lw">https://www.youtube.com/watch?v=a8Q-L5yr0Lw</a>
30	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?	YouTube 2015	12:50	Rhino Wards: Hunting Poachers in Kruger National Park / Special Report	<a href="https://www.youtube.com/watch?v=IV9dBotSiOw">https://www.youtube.com/watch?v=IV9dBotSiOw</a>
30	Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?	YouTube 2016	8:07	Combating Rhino Poaching in Africa with Drones	<a href="https://www.youtube.com/watch?v=paSVWkOfSWQ">https://www.youtube.com/watch?v=paSVWkOfSWQ</a>
31	Conflict Palm Oil and PepsiCo's Ethical Dilemma	YouTube 2015	1:58	Why Palm Oil Production Is Going Green	<a href="https://www.youtube.com/watch?v=LIGj7Wx1azE">https://www.youtube.com/watch?v=LIGj7Wx1azE</a>
31	Conflict Palm Oil and PepsiCo's Ethical Dilemma	YouTube 2016	3:17	The Human Cost of Conflict Palm Oil	<a href="https://www.youtube.com/watch?v=BHreDVWW0Fo">https://www.youtube.com/watch?v=BHreDVWW0Fo</a>

## SUGGESTED CASES FOR ORAL TEAM PRESENTATIONS

There is great merit in selecting several cases for use as oral presentations by teams or groups of students. Group sizes can range from two to as many as four or five, with the time allocated for presentation ranging from about 30 minutes per group to the whole class period. We like to assign oral team presentations of cases because such assignments drill students in organizing the work and tasks of several people into a team effort, presenting their ideas, preparing professional caliber PowerPoint slides, and defending their ideas in a Q&A session—all skills that most students will be called on to display in future job assignments.

In our course, we like to have teams of 3-4 persons (usually composed of the same students who are playing the simulation exercise together) and presentations that last 15 to 20 minutes, followed by a 10-minute question and answer session (where class members have responsibility for asking all the questions and can be graded on the caliber of their question for class participation purposes). With this format, two or three teams can be assigned the same case and give their presentations of the case on the same day. This adds a useful bit of competition to the process and also serves to illustrate the different perspectives, analysis, and recommendations that can flow from wrestling with the same case situation (amazingly enough, 3 presentations of the same case tend to be strikingly different).

Cases which are particularly well suited for oral team presentations include:

- Costco Wholesale in 2016: Mission, Business Model, and Strategy
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- TOMS Shoes in 2016: A Ongoing Dedication to Social Responsibility
- UnderArmour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?
- Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- Etsy, Inc.: Reimagining Innovation
- Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?
- Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?
- Chipotle Mexican Grill in 2016: Can the Company Recover from Its *E. Coli* Disaster and Grow Customer Traffic Again?
- Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ride-Sharing Industry?
- Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?
- GoPro's Struggle for Survival in 2016
- The Green Music Center at Sonoma State University
- Ricoh Canada
- Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
- LVMH in 2016: Its Diversification into Luxury Goods
- Southwest Airlines in 2016: Culture, Values, and Operating Practices
- Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products

- Rosen Hotels & Resorts: Delivering Superior Customer Service
- Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?
- Conflict Palm Oil and PepsiCo's Ethical Dilemma

## CASES SUITABLE FOR FOLLOW-ON RESEARCH ON THE INTERNET

If you are inclined to have students do further research on companies and update what's happened since the case was researched, the following cases are especially good choices:

- Airbnb in 2016: A Business Model for the Sharing Economy
- Amazon.com's Business Model and Its Evolution
- Costco Wholesale in 2016: Mission, Business Model, and Strategy
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- TOMS Shoes in 2016: A Ongoing Dedication to Social Responsibility
- UnderArmour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?
- Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- Etsy, Inc.: Reimagining Innovation
- Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?
- Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?
- Chipotle Mexican Grill in 2016: Can the Company Recover from Its *E. Coli* Disaster and Grow Customer Traffic Again?
- Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ride-Sharing Industry?
- Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?
- GoPro's Struggle for Survival in 2016
- Ford Motor Company: New Strategies for International Growth
- Ricoh Canada
- Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
- LVMH in 2016: Its Diversification into Luxury Goods
- Southwest Airlines in 2016: Culture, Values, and Operating Practices
- Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products
- Conflict Palm Oil and PepsiCo's Ethical Dilemma



## THE MERITS OF PROVIDING STUDENTS WITH STUDY QUESTIONS FOR ASSIGNED CASES

In assigning cases for either oral discussion or written analysis, we've found it advisable to provide students with a set of assignment questions.

Assignment questions direct students toward what to be alert for in the case, push them to do the kind of strategic thinking and analysis that is required, and let them know what things you intend to bring up in leading class discussion of the case. Making it crystal clear that students are absolutely expected to prepare substantive answers to each of the assignment questions is pretty much essential if you want students to speak with authority and make meaningful comments on the questions you pose. Otherwise, your class discussions are likely to involve a lot of shooting-from-the-hip, instant analysis, and uninformed opinion on the part of students, none of which does much in the way of building their analytical skills or teaching them to probe deeply into the decision-making issues posed in the case. Without assignment questions to guide their thinking and analysis, too many students tend merely to read the case and come to class without having done any thoughtful analysis and evaluation—a condition which lowers the overall caliber and value of the case discussion.

But when the instructor insists on conscientious preparation of answers to study questions, then one or two of the assigned questions can be used as the basis for launching discussion of the case and getting the class started on a positive note. Sometimes, particularly for more complex cases, it is good to assign specific study questions to specific groups of students prior to the day of class and ask them to come prepared to present their analysis to the rest of the class.

To facilitate your providing class members with study questions for the assigned cases, we have created a PDF file of Assignment Questions for each case and posted the files for all 31 cases at the "Student Edition" section of the text Web site ([www.mhhe.com/thompson](http://www.mhhe.com/thompson)). The assignment questions for each case are identical to the suggested assignment questions that are part of our teaching note for each of the 31 cases in this edition (the teaching notes are in Section 7 of the IM). Having students use the assignment questions posted at the Student Edition of the text Web site eliminates the need for you to go to the trouble of providing your class with assignment questions for the cases in your syllabus (if you are so inclined, you can single out specific questions for students to concentrate on, should you wish to focus the class discussion on particular areas). Naturally, of course, you can provide class members with your own set of preferred study questions for each case and have them ignore the ones that are posted altogether.

## WRITTEN CASE ASSIGNMENTS

It is our practice during the term to assign two, sometimes three, written reports on assigned cases. Written reports are a valuable requirement from several perspectives. They give students a formal workout in

- diagnosing a company's situation,
- sizing up what problems/issues need to be addressed,
- deciding what analysis to conduct to probe the identified problems and issues,
- making use of the appropriate core concepts and analytical tools in the text chapters to thoroughly describe the ins and outs of the company's situation,
- evaluating the pros and cons of various action alternatives,
- setting forth a practical, workable set of action recommendations (that are within the financial means and resource capabilities), and
- putting their thoughts in writing—and doing so in a persuasive, professional manner.

Moreover, a written report gives students valuable practice in (a) preparing charts, graphs, and other visuals, (b) organizing their thoughts, and (c) communicating their analysis and conclusions in a manner suitable for top management. And, finally, written reports provide feedback to students on how well they are doing and to the instructor on how well the class is progressing.

To accomplish these objectives, you can choose among three different types of written case analyses:

1. *Short reports of about 500 words.* These reports are prepared in response to a specific question and do not require a broad-ranging analysis and set of recommendations. Generally, we ask such questions as: What is the firm's strategy? What actions would you recommend management take to deal with its problem of . . . ? Does the company need to change its organization structure to accommodate its change in strategy? Is this an attractive industry to be in? What is your appraisal of competitive conditions? What issues do you think management needs to be worried about most? Short reports can be assigned for almost any case. The primary value of short assignments is in preparing students to do a better job on longer, more comprehensive written analyses.
2. *Comprehensive reports of about 1,000 - 2,000 words (3-6 pages) plus exhibits.* These reports require that students go through the entire process of identifying (or diagnosing), evaluating, and recommending. We stress to students that their reports should deal with all of the major problems and issues raised in the case. Normally, we insist that these analyses be prepared as "reports to management" rather than as the commentary of a student analyst to the instructor. We think it is important for students to assume the posture of a professional manager writing to an audience of other practicing managers. On occasions we like to focus the entire assignment on "what to do and why." Making students center their report on a set of well-supported recommendations to management has the advantage of involving them more directly in the case situation and keeping the student's analysis action-oriented.
3. *In-class written analyses.* It is often useful to require students to do an in-class written analysis of either a case which has been discussed earlier (in part or in whole) or a case that is completely new. Because of the time constraints, it is obviously imperative here to select a case that can be read and analyzed in the allotted time. It is a matter of preference whether students are given a narrowly-focused question to answer or a broad-ranging analysis to conduct. The amount of time available for the exam (as well as the length and complexity of the chosen case) should determine which approach is taken. We use an in-class written case as a final examination and schedule it over a four-hour period. We have opted for closed-book instead of open-book exams; the only aid students can use is a calculator to expedite calculations and financial analysis. As an alternative to giving students a sight-unseen case for in-class analysis, you can assign the case to be read and studied beforehand and use the whole class-time for answering questions posed by the instructor. This technique works quite well when the class time available for examination is only 50 to 75 minutes, but it has the disadvantage of not testing the student's abilities independent of opportunities to consult with others.

In our course, we insist that written case analyses be prepared in a professional manner. By this we mean that papers should be concise, incisive, and literate and include appropriate supporting tables, charts, and exhibits. ***Summarizing and rehashing facts stated in the case is highly discouraged (and usually penalized)***—except where factual restatement is an integral part of the analysis and evaluation and is done to support conclusions about the company's situation. We find that if we insist upon a quality effort from students (with severe grade consequence for poorly-done papers—poor from an analytical perspective or from the standpoint of grammar, spelling, and writing style), then students are more likely to prepare their written cases in a manner that reflects serious analytical effort and professionalism. It is our policy to automatically reduce the grade by one letter if a paper is sloppily and incompetently written; students have to understand that a badly written report reflects badly on their skills and credentials and simply cannot be tolerated at this point in their academic careers.

To avoid chronic problems with late cases, it is our policy to reduce the grade on each late paper by two letters; thus the maximum grade on a late paper is a C (and that only if the paper would otherwise be an A paper). We feel such a policy is entirely justified because it is not a great achievement for students to attend the class discussion of the assigned case, take copious notes, and then hand in a paper which does little more than summarize the

class discussion. The latter tactics subvert the pedagogical value of written cases and cannot be tolerated. Our automatic two-letter grade penalty on late papers has worked well in discouraging overdue reports, and you may wish to experiment with it if you are plagued with late papers.

**Cases in this edition which we feel are especially appropriate for written case assignments include the following:**

- Costco Wholesale in 2016: Mission, Business Model, and Strategy
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- TOMS Shoes in 2016: A Ongoing Dedication to Social Responsibility
- UnderArmour's Strategy in 2016—How Big a Factor Can the Company Become in the \$250 Billion Global Market for Sports Apparel and Footwear?
- Lululemon Athletica, Inc. in 2016: Can the Company Get Back on Track?
- Fitbit, Inc.: Has the Company Outgrown Its Strategy?
- Etsy, Inc.: Reimagining Innovation
- Gap Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?
- Panera Bread Company in 2016: Is the Company's Strategy to Rejuvenate the Company's Growth Working?
- Chipotle Mexican Grill in 2016: Can the Company Recover from Its *E. Coli* Disaster and Grow Customer Traffic Again?
- Uber in 2016: Can It Remain the Dominant Leader of the World's Fast-Emerging Ride-Sharing Industry?
- Tesla Motors in 2016: Will Its Strategy Be Defeated by Low Gasoline Prices and Mounting Competition?
- GoPro's Struggle for Survival in 2016
- The Green Music Center at Sonoma State University
- Ricoh Canada
- Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
- LVMH in 2016: Its Diversification into Luxury Goods
- Southwest Airlines in 2016: Culture, Values, and Operating Practices
- Nucor Corporation in 2016: Contending with the Challenges of Low-Cost Foreign Imports and Weak Demand for Steel Products
- Rosen Hotels & Resorts: Delivering Superior Customer Service
- Rhino Poaching in South Africa: Do National Parks Have Sufficient Resources to Fight Wildlife Crime?
- Conflict Palm Oil and PepsiCo's Ethical Dilemma

Suggested written case assignments for these and other cases are provided in the teaching notes for the cases.

## SUGGESTIONS FOR LEADING A CASE DISCUSSION

In the event you want some suggestions on how to lead a case discussion, we highly recommend the following sources:

1. V. Kasturi Rangan, "Choreographing a Case Class," available from Harvard Business School Publishing (can be downloaded free at [www.hbsp.harvard.edu](http://www.hbsp.harvard.edu)).
2. Ram Charan, "Classroom Techniques in Teaching by the Case Method," *The Academy of Management Review* (July 1976), pp. 116-123.
3. Charles I. Gragg, "Because Wisdom Can't Be Told," available from Harvard Business School Publishing (the product number is 9-451-005; it can be ordered by calling 800-545-7685, or faxing 617-495-6985, or going to [www.hbsp.harvard.edu](http://www.hbsp.harvard.edu)). Gragg's presentation is a classic and is very worthwhile reading.
4. Louis B. Barnes, C. Roland Christensen, and Abby J. Hansen, *Teaching and the Case Method*, Third Edition, Harvard Business School Press, 1994, ISBN 0-87584-565-7 (can be ordered by calling 800-545-7685, or faxing 617-495-6985, or going to [www.hbsp.harvard.edu](http://www.hbsp.harvard.edu)).
5. B. P. Shapiro, "Hints for Case Teaching," available from Harvard Business School Publishing ([www.hbsp.harvard.edu](http://www.hbsp.harvard.edu)).
6. Kenneth R. Andrews, "The Role of the Instructor in the Case Method," in *The Case Method at the Harvard Business School*, edited by Malcolm P. McNair (McGraw-Hill Book Co., Inc., 1954), pp. 98-109. You may also wish to consult the articles by Dewitt C. Dearborn (pp. 121-133) and Robert W. Merry (pp. 132-138) in this same volume.



# SECTION 4

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## Sample Syllabi and Daily Course Schedules

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This section contains:

1. Two sample course syllabi—The two sample course syllabi are ones that we have used in our own senior-level strategic management courses at The University of Alabama and Texas A&M University – Corpus Christi. The syllabus for Texas A&M University – Corpus Christi is for a 100% online course taught on a 7-week term.
2. A comprehensive set of suggested daily class schedules:
  - Two alternative suggested daily schedules for 15-week (or semester-length) terms, including sample schedules and Connect™ Management assignments for classes meeting face-to-face 2 times weekly, with and without use of a simulation exercise such as *The Business Strategy Game* or *GLO-BUS*.
  - Two suggested schedules for 15-week hybrid courses meeting 1 time weekly, with and without use of a simulation exercise such as *The Business Strategy Game* or *GLO-BUS*.
  - One sample daily schedule for 10-week (or quarter-length) terms, including suggested schedules and Connect™ Management assignments for classes meeting 2 times weekly, without the use of a simulation exercise such as *The Business Strategy Game* or *GLO-BUS*.
  - One sample schedule for 10-week hybrid courses meeting 1 time weekly, with use of a simulation exercise such as *The Business Strategy Game* or *GLO-BUS*.
  - One sample online course schedule and Connect™ Management assignments for a 7-week term, with use of a simulation exercise such as *The Business Strategy Game* or *GLO-BUS*.
  - Two sample daily course schedules and Connect™ Management assignments for face-to-face courses offered in 5-week terms.

Should your course involve more or less class meetings than indicated on our sample schedules, you can (1) add or delete case assignments as needed or (2) devote more/less class time to covering the 12 chapters of text or (3) schedule more class meetings in the computer lab (in the event you opt to use a strategy simulation).

Having the class meet in the computer lab gives you a great opportunity to personally observe the dynamics of how different companies go about the task of strategizing and making decisions).

If you are inexperienced in teaching first-level strategy courses for seniors and MBA students, we think you will find the contents of the sample syllabi and daily course schedules helpful in developing a syllabus and daily class schedule for your own course that you are comfortable with.

# COURSE SYLLABUS (SAMPLE 1)

## Course Description

Unlike other business courses that concentrate narrowly on a particular function or piece of the business—accounting, finance, marketing, production, human resources, or information systems, strategic management is a big picture course. It cuts across the whole spectrum of business and management. The center of attention is the *total enterprise*—the industry and competitive environment in which it operates, its long-term direction and strategy, its resources and competitive capabilities, and its prospects for success.

Throughout the course, the spotlight will be trained on the foremost issue in running a business enterprise: “What must managers do, and do well, to make the company a winner in the game of business?” The answer that emerges, and which becomes the theme of the course, is that good strategy-making and good strategy-execution are the key ingredients of company success and the most reliable signs of good management. The mission of the course is to explore why good strategic management leads to good business performance, to present the basic concepts and tools of strategic analysis, and to drill you in the methods of crafting a well-conceived strategy and executing it competently.

You’ll be called on to probe, question, and evaluate all aspects of a company’s external and internal situation. You’ll grapple with sizing up a company’s standing in the marketplace and its ability to go head-to-head with rivals, learn to tell the difference between winning strategies and mediocre strategies, and become more skilled in spotting ways to improve a company’s strategy or its execution.

In the midst of all this, another purpose is accomplished: to help you synthesize what you have learned in prior business courses. Dealing with the grand sweep of how to manage all the pieces of a business makes strategic management an integrative, capstone course in which you reach back to use concepts and techniques covered in previous courses. For perhaps the first time you’ll see how the various pieces of the business puzzle fit together and why the different parts of a business need to be managed in strategic harmony for the organization to operate in winning fashion.

**The Next Weeks Will Be Exciting, Fun, Challenging, and Filled with Learning Opportunities.** No matter what your major is, the content of this course has all the ingredients to be the best course you’ve taken—best in the sense of learning a lot about business, holding your interest from beginning to end, and enhancing your powers of business judgment. As you tackle the subject matter, ponder Ralph Waldo Emerson’s observation, “Commerce is a game of skill which many people play, but which few play well.” The overriding intent of the course is to help you become a more savvy player and better prepare you for a successful business career. We sincerely hope this course will prove to be instrumental in making you “competitively superior,” successful in your career, and much wiser about the secrets of first-rate management.

## Required Texts and Materials

1. Thompson, Peteraf, Gamble, and Strickland, *Crafting and Executing Strategy: The Quest for Competitive Advantage*, 21st Edition, supplemented by student use of and Connect™ Management case preparation exercises, learning assurance exercises, and chapter quizzes.
2. Thompson, and others, *The Business Strategy Game or GLO-BUS: Developing Winning Competitive Strategies* (register to participate at [www.bsg-online.com](http://www.bsg-online.com) or [www.glo-bus.com](http://www.glo-bus.com)). **To complete the registration, you will need (1) either a credit card or the Prepaid Access Code on the card that was shrink-wrapped with your copy of the text and (2) the company registration code provided by the instructor.**

## Course Objectives

1. To develop your capacity to think strategically about a company, its present business position, its long-term direction, its resources and competitive capabilities, the caliber of its strategy, and its opportunities for gaining sustainable competitive advantage.
2. To build your skills in conducting strategic analysis in a variety of industries and competitive situations and, especially, to provide you with a stronger understanding of the competitive challenges of a global market environment.
3. To give you hands-on experience in crafting business strategy, reasoning carefully about strategic options, using what-if analysis to evaluate action alternatives, and making sound strategic decisions.
4. To acquaint you with the managerial tasks associated with implementing and executing company strategies, drill you in the range of actions managers can take to promote competent strategy execution, and give you some confidence in being able to function effectively as part of a company's strategy-implementing team.
5. To integrate the knowledge gained in earlier core courses in the business school curriculum, show you how the various pieces of the business puzzle fit together, and demonstrate why the different parts of a business need to be managed in strategic harmony for the organization to operate in winning fashion.
6. To heighten your awareness of how and why ethical principles, core values, and socially responsible management practices matter greatly in the conduct of a company's business.
7. To develop your powers of managerial judgment, help you learn how to assess business risk, and improve your ability to make sound business decisions and achieve effective outcomes.

## Grading Plan/Performance Evaluations

Your course grade will be based on the following components and percentage allocation:

Performance on the <i>BSG</i> or <i>GLO-BUS</i> simulation exercise (including the quizzes, the 3-year strategic plan, and the peer evaluations)	30%
Written case assignment	15%
Participation in class discussion of cases/Completion of Connect case exercises	15%
Exams on lectures/text materials and satisfactory completion of Connect practice tests and learning assurance exercises for assigned chapters in the text	25%
Oral team presentation of assigned case	15%
	100%

## The Approach to Teaching/Learning

1. Lectures by the instructor	30% of in-class hrs.
2. Practicing the tasks of managerial analysis and decision-making via use of actual case studies—analysis/discussion by whole class (students do most of the talking)	45% of in-class hrs.
3. Practicing the task of managing via the “learn-by-doing” simulation exercise.	Out-of-class team meetings.
4. Exams/oral team presentations	25% of in-class hrs.



## Required Participation in Class Discussions of Assigned Cases

Due to the fact that participation in class discussion of cases counts as a factor in determining your overall grade in the course, each student MUST contribute significantly to in-class analysis and discussion of the cases. Each student is expected to be an active participant in case discussions and to offer meaningful analysis and convincing arguments for the position you stake out. Your grade on class participation is something to be earned by contributing your assessments and judgments to the discussion. Merely coming to class and listening to the discussion of assigned cases is not sufficient; attendance is not participation. You should, therefore, make a conscientious effort to be sufficiently prepared to make intelligent, timely comments regarding the managerial issues raised in the cases—this entails reading the assigned cases and preparing several pages of notes to the assignment questions for the case.

The bare minimum number of assigned cases on which you are expected to display your analytical skills by speaking out and making a meaningful contribution is 6 (multiple contributions to a single case are averaged into a single grade for participating on that case). A contribution is defined as making a relevant and clearly articulated statement, either in response to a question by the instructor or in response/rebuttal to comments made by another class member. Merely saying “yes” or “no” without any elaboration or without having the full attention of the class does not count as meaningful participation. On days when there are oral team presentations, class participation is judged on the caliber of the question(s) you pose to one or more of the presenting teams.

Satisfactory contributions on 6 assigned cases will be judged as a C– (70); and good-to-excellent contributions on 6 cases will be worth a B– (80). To earn an A on class discussion typically requires contributing meaningfully on 10 to 13 cases (out of the 15 total cases that are assigned) and standing out as a class leader in the discussions of assigned cases. Satisfactory contributions on only 2 assigned cases will be judged as a 30; satisfactory contributions on just 3 cases will be judged as a 40; satisfactory contributions on 4 cases will be judged as a 50; and satisfactory contributions on 5 cases will be judged as a 60—so failure to have the minimum 6 case participations will negatively impact your grade in the course.

**Special Note:** In lieu of two of the required six oral contributions, you may opt to turn in a fully completed Connect exercise for the assigned case or a typewritten set of answers to the assignment questions for the case. **To count, these must be turned in at the end of the class period on the day the case is discussed in class and you must have been present in class that day.** For completion of your written answers to the study questions to qualify as a substitute for an oral contribution, **they must be completed in full and the quality of your work must be judged as the equivalent of at least a B to count as an oral participation.**

## Policies Regarding Class Attendance and Make-Up of Absences

**Attendance at all class sessions is expected,** but **attendance is required** on those days an assigned case is discussed in class. **Absence from class on case discussion days requires make-up** and should be discussed with your instructor, since roll is taken on case discussion days.

If you must miss class discussion of an assigned case, you are required to turn in answers to the assignment questions for the case. **The make-up work for the missed case discussions is due no later than the following class period (except by prearranged consent of the instructor).**

**Failure to satisfactorily complete and hand in the “make-up” work at the next class meeting will result in a 2-point penalty deduction from your overall course average for each case discussion absence without a satisfactorily-completed written make-up** (thus if your final average is an 80 and you have three unmade-up absences from case discussions, your final average will be reduced to 74).

**More than one absence on case discussion and oral team presentation days,** even if made up by turning in written answers to the assignment questions, will be penalized at the discretion of the instructor.

## Completion of the Connect Chapter Quizzes and Learning Assurance Exercises

The Connect web site for the course has a menu option that contains multiple choice quizzes for each of the assigned text chapters. You are urged to conscientiously attempt and complete each of these chapter quizzes in a timely manner.

The multiple choice questions that comprise these tests are indicative of the types of questions that will appear on the comprehensive chapter exam. In other words, the nature and difficulty of these 20 multiple choice questions that comprise the Connect quizzes are very similar to the kinds of questions used for the comprehensive exam on the 12 chapters. Hence, if you can score well on the Connect quizzes, you ought to be able to score well on the comprehensive exam.

Each chapter also includes a set of Learning Assurance Exercises that will allow you to further assess your understanding of key chapter concepts and your ability to apply the tools of strategic analysis presented in all 12 chapters. Completion of these exercises should further prepare you for the comprehensive exam in the course.

## Preparation of Written Case Assignment

The written case assignment is to be prepared on an individual basis. It is expected that the content of your written case will reflect your thoughts and analysis rather than the work of others. The nature of the written assignment will be handed out in class about a week prior to the due date.

Suggestions regarding the preparation of written case assignments are discussed in “A Guide to Case Analysis” found immediately following Case 31 in the text. The criteria for grading written case presentations include:

1. Identification of key problems/strategic issues.
2. Use of appropriate analytical tools techniques, including the use of charts and tables where appropriate. You are expected to demonstrate that you can use the tools and techniques of strategic analysis presented in the chapters. Both breadth and depth of analysis will be evaluated.
3. Presenting realistic, workable, well-supported recommendations for action.
4. Use of good communication skills—failure to use good grammar, spelling, and other written communication skills will result in a full one-letter grade reduction.
5. Evidence of adequate preparation, pride of workmanship, and display of professional attitude and approach.

Written case assignments are due on the day the case is scheduled for class discussion (see the Schedule of Class Activities) and should be turned in to your instructor at the end of the class period. **All written case assignments are to be prepared individually; group work is “out of bounds.”**

Cases turned in after the scheduled class period are eligible for a grade no higher than a C (and that only if the paper is otherwise an A or B+ paper). **No late papers will be accepted if submitted more than 2 class days past the scheduled due date** (except by prearranged consent of the instructor).

All written cases are to be typed (double-spaced) and should incorporate correct form, spelling, grammar, sentence structure, and communication skills.

Papers which, in the opinion of the instructor, employ disproportionately poor grammar and poor quality written communication skills will be assigned a grade that is a full one-letter lower than would otherwise be assigned.

## Oral Team Presentations

Oral presentations consist of a 20-minute presentation followed by a 10-minute question-answer session. The nature of the presentation is indicated on the schedule of class activities. **You and your team members should assume the role of consultants employed to present your analysis and recommendations to the assigned company's senior management—you do NOT have the option of ignoring this assigned role.**

**All team members are expected to make roughly equal contributions to the presentation**, both the formal 20-minute presentation and the 10-minute Q&A portion.

All presentations should incorporate the use of attractive, effective PowerPoint slides.

**Your grade on the presentation will be based on six factors:**

1. The clarity and thoroughness with which your team identifies and articulates the problems facing the company and the issues which management needs to address—**12%**,
2. The caliber (depth and breadth) of your team's analysis of the company's situation and demonstrated ability to use the concepts and tools of strategic analysis in a competent fashion—**30%**,
3. The breadth, depth, and practicality of your team's recommendations, degree of detail and specificity of recommended actions, caliber of supporting arguments—**20%**,
4. The caliber of your PowerPoint slides—**15%**,
5. The degree of preparation, professionalism, energy, enthusiasm, and skills demonstrated in delivering your part of the presentation—**15%**, and
6. Your personal contributions to your team's answers to the questions posed by the class—how well you defend and support your team's analysis and recommendations during the Q&A period—**8%**. Every team member is expected to answer at least one question posed by the class (or else there is no individual contribution for the instructor to grade!!!!!!).

**Appropriate dress for presenters is business casual.**

## Time Requirements

Anyway you look at it, the workload in this course is quite heavy for the 5-week period. The time requirements are demanding and the daily activities are fast-paced (with almost no let-up during the term):

- There are 12 chapters of text material (about 400 pages) to master and be examined on. The Connect chapter tests contain 20 questions for each chapter. You should plan on taking each of these tests to gauge your command of the material and prepare yourself for comprehensive exam on the 12 chapters.
- Expect to spend 1½ to 2 hours per decision participating in *GLO-BUS* strategy simulation and doing all the analysis and calculations needed to win the competitive battle in the global digital camera market. A few more hours might be needed the first 2-3 decisions to grasp what the simulation is all about and how the software and website work; the 3-year strategic plan due in Year 12 will probably entail 1-2 hours. You will probably spend 25-30 hours outside of class working with your co-managers on the *GLO-BUS* exercise.
- Expect to spend 1 1/2 to 3 hours preparing a case for class discussion (you will need to complete the Connect case preparation exercise or prepare 2-3 pages of notes/answers to the study questions in front of you each day to sparkle and shine in the class discussions!). Trying to wing it by just quickly reading through an assigned case prior to class is ill-advised!
- Expect to spend 10 to 15 hours preparing for the oral team presentation.

It all adds up to a bunch of hours (probably more than for most other courses) and will constitute a very strenuous workout. **You will have to dedicate a considerable amount of your time during the term to this course.**

But don't let the hours/time requirements intimidate you. All of the assignments that comprise the course aim at (a) improving your grasp of important tools and concepts, (b) enhancing your ability to use and apply them correctly, and (c) sharpening your business decision-making judgment. The course has been deliberately designed to push you to do your best under pressure and to be very real-world in terms of what you learn and what you can take with you of practical value as you launch your business career. In a very real way, the entire course is your "final exam" for business school and for being cleared to become a "licensed practitioner of business."

## COURSE SYLLABUS (SAMPLE 2)

### Required Texts and Materials

1. Thompson, Peteraf, Gamble, and Strickland, *Crafting and Executing Strategy: The Quest for Competitive Advantage*, 21st Edition, Connect Plus eBook.
2. Thompson, et al., *The Business Strategy Game*, 2014 Edition; [www.bsg-online.com](http://www.bsg-online.com) (Subscription purchased with credit card at [www.bsg-online.com](http://www.bsg-online.com)).

### Course Description

Unlike other business courses that concentrate narrowly on a particular function or piece of the business—accounting, finance, marketing, production, human resources, or information systems, strategic management is a big picture course. It cuts across the whole spectrum of business and management. The center of attention is the *total enterprise*—the industry and competitive environment in which it operates, its long-term direction and strategy, its resources and competitive capabilities, and its prospects for success.

Throughout the course, the spotlight will be trained on the foremost issue in running a business enterprise: “What must managers do, and do well, to make the company a winner in the game of business?” The answer that emerges, and which becomes the theme of the course, is that good strategy-making and good strategy-execution are the key ingredients of company success and the most reliable signs of good management. The mission of the course is to explore why good strategic management leads to good business performance, to present the basic concepts and tools of strategic analysis, and to drill you in the methods of crafting a well-conceived strategy and executing it competently.

You’ll be called on to probe, question, and evaluate all aspects of a company’s external and internal situation. You’ll grapple with sizing up a company’s standing in the marketplace and its ability to go head-to-head with rivals, learn to tell the difference between winning strategies and mediocre strategies, and become more skilled in spotting ways to improve a company’s strategy or its execution.

In the midst of all this, another purpose is accomplished: to help you synthesize what you have learned in prior business courses. Dealing with the grand sweep of how to manage all the pieces of a business makes strategic management an integrative, capstone course in which you reach back to use concepts and techniques covered in previous courses. For perhaps the first time you’ll see how the various pieces of the business puzzle fit together and why the different parts of a business need to be managed in strategic harmony for the organization to operate in winning fashion.

**The Next Weeks Will Be Exciting, Fun, Challenging, and Filled with Learning Opportunities.** No matter where your primary business interest lies, the content of this course has all the ingredients to be the best course you’ve taken—best in the sense of learning a lot about business, holding your interest from beginning to end, and enhancing your powers of business judgment. As you tackle the subject matter, ponder Ralph Waldo Emerson’s observation, “Commerce is a game of skill which many people play, but which few play well.” The overriding intent of the course is to help you become a more savvy player and better prepare you for a successful business career. I sincerely hope this course will prove to be instrumental in making you “competitively superior,” and successful in your career and much wiser about the secrets of first-rate management.

## Course Objectives

A student who has completed this course will be able to:

1. Integrate previously studied material and apply strategic concepts to solve business problems at the general manager level.
2. Analyze a firm externally and internally to identify its strengths, weaknesses, opportunities, and threats and propose actions based on that analysis.
3. Think strategically at functional, business, corporate, and international levels.
4. Present ideas effectively orally and in writing and as an individual and as a team.

## Grading Plan/Performance Evaluations

Your course grade will be based on the following components and percentage allocation:

Performance on the BSG simulation exercise (including the quizzes, 3-year plan, and the peer evaluations)	25%
First written case assignment	15%
Second written case assignment	15%
Completion of Connect case exercises for assigned case	15%
Essay exam on Chapters 1-5/assigned readings	10%
Essay exam on Chapters 6-12/assigned readings	10%
Completion of Connect learning assurance exercises for assigned chapters in the text/discussion group participation	10%
<b>TOTAL</b>	<b>100%</b>

**The instructor reserves the right to modify/change course requirements as circumstances dictate. For example, the instructor may wish to change the number and frequency of exams or other assignments if unexpected changes in the class schedule occur. If such a modification is needed, you will be notified by e-mail or through the course Web site.**

## Participating in *The Business Strategy Game Simulation*

**Peer Evaluations** — All students will be required to rate the performance of their *The Business Strategy Game* team members along with their own performance in *The Business Strategy Game* simulation. Students' grades for their performance in the simulation may be lowered by as much as two letter grades if other team members universally rate a student's knowledge of the mechanics of the simulation and contribution to team success as "poor."

**Terminating a member of your management team** — Team members are subject to dismissal from the team if they are unwilling to master the material presented in *The Business Strategy Game Players' Guide* or are unwilling to attend team meetings or otherwise participate in the simulation.

## Examination Policy

The two exams in this course will be essay exams that require you to integrate assigned readings with text coverage of strategic management concepts. Exams are to be completed on an individual basis. You are expected to take the examinations when scheduled. The exams are open book/notes. You will have 75 minutes to complete the exam and will be available Sunday, 3:00 p.m. and 5:00 p.m. on the assigned exam dates. All make-up exams are scheduled for the date of the final exam for the course.

## Completion of the Connect Learning Assurance Exercises/Discussion Group Assignments

The Connect package for the course includes Learning Assurance Exercises that will allow you to further assess your understanding of key chapter concepts and your ability to apply the tools of strategic analysis presented in all 10 chapters. One exercise will be assigned for each chapter to be completed on an individual basis. In addition, the learning assurance exercise will become a discussion group topic with required participation. Completion of these exercises should further prepare you for the two exams in the course.

## Completion of the Connect Case Exercises

The Connect package for the course also includes case exercises. All of the exercises call upon a student to develop thoughtful, analysis-based answers (as opposed to stating seat-of-the-pants opinions). Each exercise is different, depending both on the circumstances of the case and the content of the chapters to which it is closely linked. The multiple choice exercises are auto-graded and can typically be completed in 45 to 60 minutes, assuming a student has done a conscientious job of reading the case and absorbing the information.

## Preparation of Written Case Assignments

The written case assignments is to be prepared on an individual basis. It is expected that the content of your written case will reflect your thoughts and analysis rather than the work of others. All group work is “out of bounds.” The written portion of the case will be limited to a 3-page executive summary of recommendations to address the strategic issues in the case. The purpose of the written case assignments and all case analyses for the course is to help you become proficient in analysis-based decision making. Each assignment will require that you complete the Connect Case Exercise for the assigned case to arrive at the strategic issues confronting the company. The executive summary is your detailed, specific action plan to address such issues. Each recommendation should be supported by facts disclosed by your analysis of the case.

Suggestions regarding the preparation of written case assignments are discussed in “A Guide to Case Analysis” posted after Chapter 12 in the eBook. The criteria for grading written case presentations include:

1. Identification of key problems/strategic issues.
2. Evidence that the use of appropriate analytical tools and techniques presented in the chapters were used in identifying strategic issues.
3. Presenting realistic, workable, well-supported recommendations for action.
4. Use of good communication skills—failure to use good grammar, spelling, and other written communication skills will result in a full one-letter grade reduction.
5. Evidence of adequate preparation, pride of workmanship, and display of professional attitude and approach.

Written case assignments should be submitted no later than the due date for the assignment (see the Schedule of Class Activities). Cases turned in after the scheduled due date are eligible for a grade no higher than a C (and that only if the paper is otherwise an A or B+ paper). **No late papers will be accepted if submitted more than 48 hours past the scheduled due date** (except by prearranged consent of the instructor).

All written cases are to be typed (double-spaced) and should incorporate correct form, spelling, grammar, sentence structure, and communication skills.

Papers which, in the opinion of the instructor, employ disproportionately poor grammar and poor quality written communication skills will be assigned a grade that is a full one-letter lower than would otherwise be assigned.

## Online Course Demands

Online courses require time management and planning on your part. You cannot afford to get behind since many topics and assignments are based on the skills and products of previous assignments; there is no meaningful way to “cram.” Contact me if you are having any problems with assignments.

There is a reliance on technologies in this course that impacts the need to have assignments done on time. Having ample time to complete an assignment will be the responsibility of the student. It is also the student’s responsibility to find solutions to technical problems with sufficient time to complete the required tasks. Do not wait until a due date is near to discover/report lack of access to software, inability to connect to a network, etc. While the instructor will help wherever possible, it is the students’ responsibility to maintain his or her network. However, technical problems can originate on the TAMU-CC campus, in which case you will not be responsible to complete work that you cannot complete due to TAMU-CC network or software problems. You are responsible for contacting me as soon as you detect a problem so that we can arrange a way for you to meet the course objectives.



# CLASS SCHEDULE FOR A 15-WEEK (OR SEMESTER-LENGTH) COURSE (SAMPLE 1)

30 class meetings of 75 minutes

**Includes 9 case assignments (some of which entail oral team presentations)  
and weekly *BSG* or *GLO-BUS* decision rounds throughout the term**

Class	Assignment/Activity
1	Orientation and course preview; coverage of course syllabus
2	Lecture/discussion of Chapter 1
3	Introduction to The <i>Business Strategy Game</i> using the PowerPoint slides provided; assign class members to company teams; provide company co-managers with company registration codes (required in order for class members to register at <a href="http://www.bsg-online.com">www.bsg-online.com</a> ). Ask all class members to read <i>The Business Strategy Game Player's Guide</i> by the next class meeting
4	Lecture/discussion of Chapter 2; remind class members that they should be meeting with their company co-managers to work on the decisions for the first <i>BSG</i> practice round
5	Class meets in computer lab so that company co-managers can work on preparing their decisions for the first <i>BSG</i> practice round; <b>decision entries for the first <i>The Business Strategy Game</i> practice round due at 11:59 p.m. today; also the deadline for completing Quiz 1 covering <i>The Business Strategy Game Player's Guide</i> is today at 11:59 p.m.</b>
6	Lecture/discussion of Chapter 3  Optional 30-minute debriefing on the results of first <i>BSG</i> practice decision; instructor leads a class discussion of the information presented in the Footwear Industry Report and the Competitive Intelligence Reports for the first practice round—all class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). The purpose of this debriefing is to make sure that all class members have a good grasp of all the information being provided to them after each decision round is completed (but it should be totally up to each team of co-managers to review the information, digest the meaning of all the numbers and statistics provided, and decide what, if any, actions to take in the next decision round based on this information about the outcomes).
7	Lecture/discussion of Chapter 4; <b>deadline for completing decision entries for the second <i>BSG</i> practice round is 11:59 p.m. today.</b>
8	Lecture/discussion of Chapter 5  Optional 30-minute debriefing on the results of second <i>BSG</i> practice decision; instructor leads a class discussion of the information presented in the Footwear Industry Report and the Competitive Intelligence Reports for the second practice round—all class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). Now is a good time to strongly encourage all class members to get in the habit of carefully and thoroughly reviewing the information in each year's Footwear Industry Report, Competitive Intelligence Reports and Company Operations Reports—otherwise, company co-managers lack knowledge of market conditions and their company's competitiveness vis-à-vis rivals heading into the next decision round (flying blind in a fiercely competitive marketplace is a ticket for disastrous company performance).
9	Class meets in computer lab so that company co-managers can work on preparing their decisions for the first regular or scored <i>BSG</i> decision round; <b>deadline for completing Year 11 decision entries for <i>The Business Strategy Game</i> is 11:59 p.m. today.</b>
10	Lecture/discussion of Chapter 6;  Optional 15-minute debriefing on the results of <i>BSG</i> Year 11 decision round.
11	Class discussion of Costco Wholesale in 2016: Mission, Business Model, and Strategy or Mystic Monk Coffee; <b>deadline for completing <i>BSG</i> Year 12 decision entries is 11:59 p.m. today.</b>

12	Lecture/discussion of Chapter 7  Optional 15-minute debriefing on the results of Year 12 decision round.
13	Class discussion of Airbnb in 2016: A Business Model for the Sharing Economy or Amazon.com's Business Model and Its Evolution; <b>deadline for completing BSG Year 13 decision entries is 11:59 p.m. today; also the deadline for completing online Quiz 2 (covering understanding of company operations) is today at 11:59 p.m.</b>
14	Class meets in computer lab so that company co-managers can work on preparing their 3-Year Strategic Plan for Years 14-15-16 for their BSG company and/or their strategy and decision entries for BSG Year 14.
15	Oral team presentation of Lululemon Athletica or Under Armour; <b>deadline for completing both the Strategic Plan for Years 14-15-16 and Year 14 decision entries is 11:59 p.m. today.</b>
16	Examination covering Chapters 1-7
17	Lecture/discussion of Chapter 8; <b>deadline for completing BSG Year 15 decision entries is 11:59 p.m. today.</b>
18	Lecture/discussion of Chapter 9  Optional debriefing on the results of the Year 15 decision round and a quick review of how well company teams did in meeting the Year 14 and 15 performance targets set forth in their 3-year strategic plan for Years 14-15-16 (this data is contained in the instructor's online grade book). Co-managers should be challenged to consider what they will need to do to get company performance back on track for Year 16, if performance in Years 14 and/or 15 was sub-par.
19	Oral team presentation of Mondelez International: Has Corporate Restructuring Produced Shareholder Value? or LVMH in 2016: Its Diversification into Luxury Goods.; <b>deadline for completing Year 16 BSG decision entries is 11:59 p.m. today.</b>
20	Lecture/discussion of Chapter 10
21	Class meets in computer lab so that company co-managers can work on preparing their company's 3-Year Strategic Plan for Years 17-18-19
22	Lecture/discussion of Chapter 11; <b>deadline for completing both the Strategic Plan for Years 17-18-19 and Year 17 BSG decision entries is 11:59 p.m. today.</b>
23	Lecture/discussion of Chapter 12
24	Class discussion of Robin Hood or Dilemma at Devil's Den; <b>deadline for completing Year 18 BSG decision entries is 11:59 p.m. today.</b>
25	Examination over Chapters 7-12
26	Oral team presentation of Uber in 2016 or Chipotle Mexican Grill or Panera Bread Company in 2016 cases; <b>deadline for completing Year 19 BSG decision entries is 11:59 p.m. today.</b>
27	Oral team presentation of Panera Bread in 2016 or Chipotle Mexican Grill or GoPro's Struggle for Survival in 2016.
28	Class discussion (or oral team presentation) of Southwest Airlines in 2016, Rosen Hotels & Resorts: Delivering Superior Customer Service or Nucor Corporation in 2016; <b>deadline for completing Year 20 BSG decision entries is 11:59 p.m. today.</b>
29	Class discussion (or oral team presentation) of Rhino Poaching in South Africa, TOMS Shoes or Conflict Palm Oil and PepsiCo's Ethical Dilemma cases.
30	End-of-simulation BSG company presentations (and 5 to 10-minute Q&A sessions for each presentation if time permits)  <b>All company co-managers should have competed their peer evaluations by the beginning of class today.</b>  Course summary and wrap-up; assessment of <i>The Business Strategy Game</i> exercise; Instructor may wish to share some of the class-wide averages for the 9 measures in the Learning Assurance Report.
Final Exam	In-class written case analysis

## CLASS SCHEDULE FOR A 15-WEEK (OR SEMESTER-LENGTH) COURSE (SAMPLE 2)

30 class meetings of 75 minutes

**No use of a simulation; 6 case assignments or oral team presentations**

Day	Assignment/Activity
1	Orientation and course preview; lecture on Chapter 1
2	Lecture/discussion of Chapter 2 and instructor-selected chapter-end exercises or Connect learning assurance exercises
3	Lecture/discussion of Chapter 3 and instructor-selected chapter-end exercises or Illustration Capsules; coverage of key points in "Guide to Case Analysis" found immediately following Case 31 in the text.
4	Class discussion Mystic Monk Coffee or Amazon.com's Business Model and Its Evolution or Airbnb in 2016: A Business Model for the Sharing Economy.
5	Lecture/discussion of Chapter 3 and instructor-selected chapter-end exercises or Connect learning assurance exercises
6	Lecture/discussion of Chapter 4 and instructor-selected chapter-end exercises or Connect learning assurance exercises
7	Class discussion of Under Armour or Lululemon Athletica
8	Lecture/discussion of Chapter 5 and instructor-selected chapter-end exercises or Connect learning assurance exercises
9	Lecture/discussion of Chapter 6 and instructor-selected chapter-end exercises or Connect learning assurance exercises
10	Class discussion of Fitbit, Inc.: Has the Company Outgrown Its Strategy or Gap, Inc.: Can It Develop a Strategy to Connect with Consumers in 2016?
11	Lecture/discussion of Chapter 7 and instructor-selected chapter-end exercises or Connect learning assurance exercises
12	Class discussion of The South African Wine Industry in 2016 or Ricoh Canada
13	Examination, Chapters 1-7
14	Class discussion of Gap, Inc.: Can It Develop a Strategy to Connect with Consumers in 2016? or Tesla Motors in 2016
15	Class discussion (or oral team presentation) of Chipotle Mexican Grill
16	Class discussion (or oral team presentation) of Ford Motor Company: New Strategies for International Growth or Costco Wholesale in 2016
17	Class discussion (or oral team presentation) of Uber in 2016 or Panera Bread Company in 2016
18	Lecture/discussion of Chapter 8 and instructor-selected chapter-end exercises or Connect learning assurance exercises
19	Class discussion of Mondelez International: Has Corporate Restructuring Produced Shareholder Value?
20	Class discussion (or oral team presentation) of LVMH in 2016
21	Lecture/discussion of Chapter 9 and instructor-selected chapter-end exercises or Connect learning assurance exercises
22	Lecture/discussion of Chapter 10 and instructor-selected chapter-end exercises or Connect learning assurance exercises
23	Lecture/discussion of Chapter 11 and instructor-selected chapter-end exercises or Connect learning assurance exercises

<b>24</b>	Lecture/discussion of Chapter 12 and instructor-selected chapter-end exercises or Connect learning assurance exercises
<b>25</b>	Class discussion of Robin Hood or Dilemma at Devil's Den
<b>26</b>	Class discussion of Southwest Airlines in 2016
<b>27</b>	Examination, Chapters 8-12
<b>28</b>	Class discussion of Conflict Palm Oil and PepsiCo's Ethical Dilemma or Rhino Poaching in South Africa
<b>29</b>	Class discussion (or oral team presentation) of TOMS Shoes
<b>30</b>	Course wrap-up
<b>Final Exam</b>	In-class written case

## CLASS SCHEDULE FOR A 15-WEEK (OR SEMESTER-LENGTH) HYBRID COURSE (SAMPLE 1)

Hybrid course meeting once per week for 15 weeks

**Includes 6 case assignments or oral team presentations  
and weekly *BSG* or *GLO-BUS* decision rounds throughout the term**

Week	Assignment/Activity
1	<p>Lecture on Chapter 1</p> <p>Introduction to <i>GLO-BUS</i></p> <p>Hybrid assignment: Explanation of <i>GLO-BUS</i> simulation using PowerPoint slides provided in Instructor Center; assign class members to teams; provide company co-managers with company registration codes (required in order for class members to register for the <i>GLO-BUS</i> simulation at <a href="http://www.glo-bus.com">www.glo-bus.com</a>); ask all class members to read the Participant's Guide prior to next class meeting.</p>
2	<p>Lecture/discussion of Chapter 2 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Optional Q &amp; A session regarding simulation mechanics</p> <p>Hybrid assignment devoted to a simulation workshop where company co-managers meet remotely in teams using Collaboration Mode or in the computer lab to prepare their strategy and decisions for the first practice round.</p> <p><b>Deadline for completing decision entries for the first <i>GLO-BUS</i> practice round is 11 p.m. on the day before weekly class meeting #3. Deadline for completing online Quiz 1 (covering the contents of the Participant's Guide) corresponds to the same 11 p.m. deadline for completing the decisions for the first practice round.</b></p>
3	<p>Lecture/discussion of Chapter 3 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but it is wise to avoid open discussions that call upon company co-managers to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Debriefing on the results of the first <i>GLO-BUS</i> practice round with focus on information presented in the <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing the outcomes for practice round 1. The purpose for this debriefing is to make sure that all class members have a good grasp of all the information being provided to them after each decision round is completed (but it should be totally up to each team of co-managers to review the information, digest the meaning of all the numbers and statistics provided, and decide what, if any, actions to take in the next decision round based on this information about the outcomes)</p> <p>Optional Q &amp; A session regarding simulation mechanics and results of first practice decision.</p> <p>Hybrid assignment is devoted to a simulation workshop where company co-managers meet in teams using Collaboration Mode to prepare their strategy and decisions for the second <i>GLO-BUS</i> practice round.</p> <p><b>Deadline for completing decision entries for the second practice round is 11 p.m. on the day before weekly class meeting #4.</b></p>

4	<p>Lecture/discussion of Chapter 4 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but be careful to skirt discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Optional Video or Camtasia debriefing on the results of the second <i>GLO-BUS</i> practice round focused on information presented in the <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing the second practice round results.</p> <p>Data is reset back to Year 5 immediately prior to the beginning of class #4, so that <i>GLO-BUS</i> company co-managers will be able to work on the Year 6 decision round during the class period.</p> <p>Hybrid assignment is devoted to a simulation where company co-managers use Collaboration Mode to prepare their strategy and decisions for the Year 6 <i>GLO-BUS</i> decision round (the first regular or scored set of company decisions); company co-managers meet outside of class as may be needed to complete their decision-making for Year 6.</p> <p><b>Deadline for completing <i>GLO-BUS</i> Year 6 decision entries is 11 p.m. on the day before weekly class meeting #5.</b></p>
5	<p>Lecture/discussion of Chapter 5 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Ask each company to come to class having prepared a 2-3 sentence mission statement or strategic vision for their <i>GLO-BUS</i> company, together with a set of performance targets for the Year 7 decision round. Review/discuss these with each individual company as a way of checking whether they have agreed on a long-term direction for their company and set performance targets (but it is unwise for each company to be required to share this competitively sensitive information with class members who are managing rival companies).</p> <p>In-class debriefing on the results of the Year 6 <i>GLO-BUS</i> decision round—instructor leads a class discussion of the information presented in the Year 6 <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing the Year 6 outcomes. All class members should bring a copy of these reports to class—standard procedure for all debriefings).</p> <p>Remainder of hybrid assignment is devoted to a simulation workshop where company co-managers convene in teams to prepare their strategy and decisions for the Year 7 decision round</p> <p><b>Deadline for completing Year 7 <i>GLO-BUS</i> decision entries is 11 p.m. on the day before weekly class meeting #6.</b></p>
6	<p>Lecture/discussion of Chapter 6 and 7 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants)</p> <p>Optional video debriefing on the results of the Year 7 <i>GLO-BUS</i> decision round.</p> <p>Remainder of hybrid assignment is devoted to a simulation where company co-managers convene in teams to prepare their strategy and decisions for <i>GLO-BUS</i> Year 8.</p> <p><b>Deadline for completing both Year 8 <i>GLO-BUS</i> decision entries and online Quiz 2 (covering understanding of company operations) is 11 p.m. on the day before weekly class meeting #7.</b></p>
7	<p>Exam over Chapters 1-7</p> <p>Optional video debriefing on the results of the Year 8 <i>GLO-BUS</i> decision round.</p> <p>Remainder of hybrid assignment is devoted to a simulation where company co-managers meet using Collaboration Mode to prepare 3-Year Strategic Plan #1 covering Years 9-10-11; company co-managers meet outside of class to complete their decision-making for Year 9.</p> <p><b>Deadline for completing both Strategic Plan #1 and Year 9 decision entries is 11 p.m. on the day before weekly class meeting #8.</b></p>

8	<p>Lecture/discussion of Chapter 8 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants)</p> <p>Optional video debriefing on the results of the Year 9 <i>GLO-BUS</i> decision round and a quick review of how well company teams did in meeting the Year 9 performance targets set forth in their 3-year strategic plan for Years 9-10-11. Co-managers should be asked to consider what will need to be done to get back on track for Year 10, if performance in Year 9 was sub-par.</p> <p>Remainder of hybrid assignment is devoted to a simulation where company co-managers meet in teams to prepare their strategy and decisions for <i>GLO-BUS</i> Year 10.</p> <p><b>Deadline for completing Year 10 <i>GLO-BUS</i> decision entries is 11 p.m. on the day before weekly class meeting #9..</b></p>
9	<p>Lecture/discussion of Chapter 9 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants)</p> <p>Optional debriefing on the results of the Year 10 decision round and a quick review of how well company teams did in meeting the Year 9 and Year 10 performance targets set forth in their 3-year strategic plan for Years 9-10-11. Co-managers should be asked to consider what will need to be done to get back on track for Year 11, if performance in Years 9 and/or 10 was sub-par.</p> <p>Hybrid assignment is devoted to a simulation workshop where company co-managers convene in teams to prepare their strategy and decisions for the Year 11 <i>GLO-BUS</i> decision round.</p> <p><b>Deadline for completing Year 11 <i>GLO-BUS</i> decision entries is 11 p.m. the day before weekly class meeting #10.</b></p>
10	<p>Lecture/discussion of Chapters 10, 11, and 12 and Connect learning assurance exercises or instructor-selected chapter-end exercises</p> <p>Optional short debriefing on the results of the Year 11 <i>GLO-BUS</i> decision round; instructor briefly discusses company performances on the first 3-year strategic plan (this information is in the instructor's online grade book) and asks class members for ideas and suggestions on how company co-managers can improve on setting and meeting (or beating) the performance targets they set for each year of the second 3-year strategic plan.</p> <p>Hybrid assignment is devoted to a simulation to allow company co-managers to work on 3-Year Strategic Plan #2 covering Years 12-13-14; company co-managers meet outside of class to complete their decision-making for <i>GLO-BUS</i> Year 12.</p> <p><b>Deadline for completing both Strategic Plan #2 and Year 12 <i>GLO-BUS</i> decision entries is 11 p.m. on the day before weekly class meeting #11.</b></p>
11	<p>Oral team presentations of Amazon.com's Business Model and Its Evolution or Mystic Monk Coffee or TOMS Shoes</p> <p>Optional short debriefing on the results of the Year 12 decision round and a quick review of how well company teams did in meeting the Year 12 performance targets set forth in their 3-year strategic plan for Years 12-13-14. Co-managers should be asked to consider what will need to be done to get back on track for Year 13, if performance in Year 12 was sub-par.</p> <p>Hybrid assignment is devoted to a simulation where company co-managers meet in teams to prepare their strategy and decisions for the Year 13 <i>GLO-BUS</i> decision round; company co-managers meet outside of class as may be needed to complete their decision-making for Year 13.</p> <p><b>Deadline for completing Year 13 <i>GLO-BUS</i> decision entries is 11 p.m. on the day before weekly class meeting #12.</b></p>
12	<p>Oral team presentations of Under Armour's Strategy in 2016 or Lululemon Athletica, Inc.</p> <p>Optional short debriefing on the results of the Year 13 decision round and a quick review of how well company teams did in meeting the Year 13 performance targets set forth in their 3-year strategic plan for Years 12-13-14. Co-managers should be asked to consider what will need to be done to get back on track for Year 14, if performance in Years 12 and/or 13 was sub-par.</p> <p>Hybrid assignment is devoted to a simulation where company co-managers convene in teams to prepare their strategy and decisions for the Year 14 <i>GLO-BUS</i> decision round; company co-managers meet outside of class as may be needed to complete their decision-making for <i>GLO-BUS</i> Year 14.</p> <p><b>Deadline for completing Year 14 <i>GLO-BUS</i> decision entries is 11 p.m. on the day before weekly class meeting #13.</b></p>

13	<p>Oral team presentations of Etsy, Inc. or Fitbit, Inc.: Has It Outgrown Its Strategy?</p> <p>Short debriefing on the results of the Year 14 <i>GLO-BUS</i> decision round and whether overall company performances on strategic plan #2 was better than 3-year strategic plan #1.</p> <p>Instructor informs class members of Company Presentation requirements for class meeting #14 where all <i>GLO-BUS</i> companies will make an 8-10 minute PowerPoint presentation to the whole class regarding their company's strategy and operations during the entire <i>GLO-BUS</i> simulation (the merits of such presentations and the suggested content of the presentations is set forth in the Instructor's Guide; all company co-managers can access the suggested presentation outline from their Corporate Lobby screen). Instructors can modify the suggested presentation content as desired. Each company presentation should be followed by a 10-minute Q&amp;A session, where the instructor and other class members pose questions to each team of company co-managers.</p> <p>Hybrid assignment is devoted to simulation where company co-managers convene in teams to prepare their strategy and decisions for the Year 15 <i>GLO-BUS</i> decision round; company co-managers meet outside of class as may be needed to complete their decision-making for Year 15.</p> <p><b>Deadline for completing Year 15 <i>GLO-BUS</i> decision entries is 11 p.m. <u>two days</u> before weekly class meeting #14 (this 1-day quicker deadline will give company co-managers more time to prepare their company presentations).</b></p>
14	<p>Oral team presentations of Nucor Corporation in 2016 or Panera Bread Company in 2016</p> <p>Hybrid assignment: End-of-simulation <i>GLO-BUS</i> company presentations via WebEx or Skype and brief Q&amp;A sessions for each presentation—presentations will be scheduled through the week</p> <p><b>Deadline for completing the peer evaluations of company co-managers corresponds to the beginning of today's class period.</b></p>
15	<p>Oral team presentations of LVMH in 2016 or Mondelez International: Has Corporate Restructuring Produced Shareholder Value?.</p> <p>Hybrid assignment: Video or Camtasia course wrap-up and summary of lessons learned from the <i>GLO-BUS</i> simulation exercise; simulation assessment. Instructor may wish to share some of the class-wide averages for the 9 measures in the Learning Assurance Report.</p>
<b>Final Exam</b>	In-class written case analysis



## CLASS SCHEDULE FOR A 15-WEEK (OR SEMESTER-LENGTH) HYBRID COURSE (SAMPLE 2)

Hybrid course meeting once per week

**No use of a simulation; 12 case assignments or oral team presentations**

Week	Assignment/Activity
<b>1</b>	Course preview and lecture on Chapter 1 and 2 Hybrid assignment: Completion of Connect Assurance of Learning Exercises.
<b>2</b>	Lecture/discussion of Chapter 3 Hybrid assignment: Completion of Connect Assurance of Learning Exercises
<b>3</b>	Class discussion of Competition in the Craft Beer Industry in 2016 or Mystic Monk Coffee or Amazon.com's Business Model and Its Evolution Hybrid assignment: Completion of Connect Assurance of Learning Exercises
<b>4</b>	Lecture/discussion of Chapter 4 Hybrid assignment: Completion of Connect Case Exercise for Panera Bread Company in 2016
<b>5</b>	Class discussion of GoPro's Struggle for Survival in 2016 or Chipotle Mexican Grill Hybrid assignment: View Camtasia lecture on Chapter 5; completion of Connect learning assurance exercises
<b>6</b>	Class discussion of Etsy, Inc. or Gap, Inc: Can It Develop a Strategy to Connect with Consumers in 2016? Hybrid assignment: View Camtasia lecture on Chapter 6; completion of Connect learning assurance exercises
<b>7</b>	Oral team presentations of Ford Motor Company: New Strategies for International Growth or The Green Music Center at Sonoma State University Hybrid assignment: View Camtasia lecture on Chapter 7; completion of Connect learning assurance exercises
<b>8</b>	Class discussion of Lululemon Athletica or Ricoh Canada Hybrid assignment: Complete Connect Case Exercise for Nucor Corporation in 2016
<b>9</b>	Lecture on Chapter 8 Hybrid assignment: Online exam over Chapters 1-7
<b>10</b>	Class discussion of Conflict Palm Oil and PepsiCo's Ethical Dilemma or Rhino Poaching in South Africa Hybrid assignment: View Camtasia lecture on Chapter 9; completion of Connect learning assurance exercises
<b>11</b>	Class discussion of Dilemma at Devil's Den Hybrid assignment: View Camtasia lecture on Chapter 10; completion of Connect learning assurance exercises
<b>12</b>	Class discussion of Southwest Airlines in 2016 or Rosen Hotels & Resorts Hybrid assignment: View Camtasia lecture on Chapter 11; completion of Connect learning assurance exercises
<b>13</b>	Oral team presentations of Tim Cook's Leadership and Management Style Hybrid assignment: View Camtasia lecture on Chapter 12; completion of Connect learning assurance exercises
<b>14</b>	Oral team presentations of Mondelez International: Has Corporate Restructuring Produced Shareholder Value? Hybrid assignment: Complete Connect Case Exercise for in-class written case
<b>15</b>	In-class written case or Exam over Chapters 8-12 Hybrid assignment: Review Camtasia course wrap-up and complete oral presentation team peer evaluations.
<b>Final Exam</b>	Questions relating to Chapters 8-12 or in-class written case analysis

# CLASS SCHEDULE FOR A 10-WEEK (OR QUARTER-LENGTH) COURSE (SAMPLE 1)

2 class meetings per week

**No use of simulation; Includes class discussion of 3 cases  
and assignment of 5 cases for oral team presentations**

Week	Assignment/Activity
1	Orientation and course preview; lecture on Chapter 1
2	Lecture/discussion of Chapter 2 and Connect learning assurance exercises or instructor-selected chapter-end exercises; coverage of key points in "Guide to Case Analysis" found immediately following Case 31 in the text.
3	Class discussion of Airbnb in 2016: A Business Model for the Sharing Economy or Mystic Monk Coffee or Amazon.com's Business Model and Its Evolution
4	Lecture/discussion of Chapter 3 and Connect learning assurance exercises or instructor-selected chapter-end exercises
5	Class discussion of Panera Bread Company or Chipotle Mexican Grill
6	Lecture/discussion of Chapter 4 and Connect learning assurance exercises or instructor-selected chapter-end exercises
7	Lecture/discussion of Chapter 5 and Connect learning assurance exercises or instructor-selected chapter-end exercises
8	Lecture/discussion of Chapter 6 and Connect learning assurance exercises or instructor-selected chapter-end exercises
9	Lecture/discussion of Chapter 7 and Connect learning assurance exercises or instructor-selected chapter-end exercises
10	Exam on Chapters 1-7
11	Lecture/discussion of Chapter 8 and Connect learning assurance exercises or instructor-selected chapter-end exercises
12	Lecture/discussion of Chapter 9 and Connect learning assurance exercises or instructor-selected chapter-end exercises; class discussion of Rhino Poaching in South Africa or TOMS Shoes in 2016 or Conflict Palm Oil and PepsiCo's Ethical Dilemma
13	Lecture/discussion of Chapter 10 and Connect learning assurance exercises or instructor-selected chapter-end exercises
14	Lecture/discussion of Chapter 11 and Connect learning assurance exercises or instructor-selected chapter-end exercises
15	Lecture/discussion of Chapter 12 and Connect learning assurance exercises or instructor-selected chapter-end exercises
16	Oral team presentations on Uber in 2016 or Tesla Motors in 2016 Strategy or GoPro's Struggle for Survival in 2016
17	Oral team presentations on Nucor Corporation in 2016 or Ricoh Canada or Ford Motor Company: New Strategies for International Growth
18	Oral team presentations on Gap, Inc. in 2016 or The South African Wine Industry in 2016 or The Green Music Center at Sonoma State University
19	Oral team presentations on Southwest Airlines in 2016 or Rosen Hotels & Resorts or Tim Cook's Leadership and Management Style
20	Oral team presentations on Mondelez International or LVMH in 2016
<b>Final Exam</b>	Chapters 8-12

## CLASS SCHEDULE FOR A 10-WEEK (OR QUARTER-LENGTH) HYBRID COURSE (SAMPLE 2)

Hybrid format with 1 class meeting weekly

**Includes assignment of 4 cases for oral team presentations  
and weekly *BSG* or *GLO-BUS* decision rounds throughout the term**

Week	Assignment/Activity
1	<p>Orientation and course preview; Lecture on Chapter 1</p> <p>Introduction to <i>GLO-BUS</i> using the PowerPoint slides provided; assign class members to company teams; provide company co-managers with company registration codes (required in order for class members to register at <a href="http://www.glo-bus.com">www.glo-bus.com</a>).</p> <p>Hybrid assignment: Ask all class members to read the <i>GLO-BUS</i> Participant's Guide and have the co-managers of each company team complete their decision entries for the first <i>GLO-BUS</i> practice round three hours prior to the upcoming class meeting. Also have all company co-managers complete online Quiz 1 covering the <i>GLO-BUS</i> Participant's Guide three hours prior to the upcoming class meeting.</p>
2	<p>Lecture/discussion of Chapter 2 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Optional 45-minute debriefing on the results of the practice decision—instructor leads a class discussion of the information presented in the <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing practice decision outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). The purpose of this debriefing is to make sure that all class members have a good grasp of all the information being provided to them after each decision round is completed (but it should be totally up to each team of co-managers to review the information, digest the meaning of all the numbers and statistics provided, and decide what, if any, actions to take in the next decision round based on this information about the outcomes).</p> <p>Optional Q &amp; A session regarding simulation mechanics and results of first <i>GLO-BUS</i> practice decision.</p> <p>Hybrid assignment: Each team of company co-managers meets as a group (using Collaboration Mode or in computer lab) to work on their strategy and decisions for Year 6. <b>Deadline for completing Year 6 <i>GLO-BUS</i> decision entries is 11:59 p.m. the evening before the next class meeting.</b></p>
3	<p>Lecture/discussion of Chapter 3 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Optional 30-minute debriefing on the results of the Year 6 decision round—instructor lead a class discussion of the information presented in the Year 6 <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing Year 6 outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). Now is a good time to strongly encourage all class members to get in the habit of carefully and thoroughly reviewing the information in each year's <i>GLO-BUS</i> Statistical Review, Competitive Intelligence Reports and Company Operations Reports—otherwise, company co-managers lack knowledge of market conditions and their company's competitiveness vis-à-vis rivals heading into the next decision round (flying blind in a fiercely competitive marketplace is a ticket for disastrous company performance).</p> <p>Hybrid assignment: Each team of company co-managers meets as a group (using Collaboration mode or in computer lab) to work on their strategy and decisions for Year 7. <b>Deadline for completing Year 7 <i>GLO-BUS</i> decision entries is 11:59 p.m. the evening before the next class meeting.</b></p>

4	<p>Lecture/discussion of Chapter 4 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Optional 20-minute debriefing on the results of the Year 7 decision round—instructor leads a class discussion of the information presented in the Year 7 <i>GLO-BUS</i> Statistical Review and the Competitive Intelligence Reports showing Year 7 outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members).</p> <p>Hybrid assignment: Each team of company co-managers meets as a group (using Collaboration Mode or in computer lab) to work on their strategy and decisions for Year 8. <b>Deadline for completing both Year 8 <i>GLO-BUS</i> decision entries and online Quiz 2 (covering understanding of company operations) is 11:59 p.m. the evening before the next class meeting.</b></p>
5	<p>Lecture/discussion of Chapter 5 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Oral team presentations of Chipotle Mexican Grill or Panera Bread Company in 2016 or Uber in 2016</p> <p>Hybrid assignment: Company co-managers meet outside of class to complete their decision-making for <i>GLO-BUS</i> Year 9. <b>Deadline for completing Year 9 <i>GLO-BUS</i> decision entries is 11:59 p.m. the evening before the next class meeting.</b></p>
6	<p>Lecture/discussion of Chapter 6, Chapter 7, and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Hybrid assignment: Company co-managers meet (using Collaboration Mode or in computer to work on preparing a 3-Year Strategic Plan for Years 10-11-12.</p> <p><b>Deadline for completing both the Year 10 <i>GLO-BUS</i> decision entries and the strategic plan for Years 10-11-12 is 11:59 p.m. the evening before the next class meeting.</b></p>
7	<p>Lecture/discussion of Chapter 8 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Oral team presentations of Vera Bradley in 2014 or Under Armour or Lululemon Athletica or Gap, Inc. in 2016 cases</p> <p>Hybrid assignment: Company co-managers meet outside of class to complete their decision-making for Year 11. <b>Deadline for completing Year 11 <i>GLO-BUS</i> decision entries is 11:59 p.m. the evening before the next class meeting.</b></p>
8	<p>Lecture/discussion of Chapter 9 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Oral team presentations of Mondelez International or LVMH in 2016</p> <p>Hybrid assignment: Company co-managers meet outside of class to complete their decision-making for Year 12.</p> <p><b>Deadline for completing Year 12 <i>GLO-BUS</i> decision entries is 11:59 p.m. the evening before the next class meeting.</b></p>

9	<p>Oral team presentations of Southwest Airlines in 2016 or Costco Wholesale in 2016 or Tesla Motors in 2016 or Nucor Corporation in 2016</p> <p>Discussion of requirements for preparing end-of-simulation company presentations.</p> <p>Hybrid assignment: Video or Camtasia lecture/discussion of Chapter 10, 11, and 12 and Connect learning assurance exercises or instructor-selected chapter-end exercises (including those exercises for simulation participants, but avoid open discussions where company co-managers are asked to reveal competitive sensitive aspects about their company to their rivals)</p> <p>Company co-managers meet outside of class to complete their decision-making for <i>GLO-BUS</i> Year 13.</p> <p><b>Deadline for completing the Year 13 <i>GLO-BUS</i> decision round is 11:59 p.m. <u>two</u> evenings before the next class meeting (having the deadline 1-day earlier will give class members more time to prepare the PowerPoint slides for their company presentations at class meeting 10.</b></p>
10	<p>End-of simulation <i>GLO-BUS</i> company presentations (with 5-10 minute Q&amp;A sessions for each presentation if time permits).</p> <p>Instructor may wish to share some of the class-wide averages for the 9 measures in the Learning Assurance Report.</p> <p>Hybrid assignment: Students complete oral team presentation and <i>GLO-BUS</i> peer evaluations.</p>
Final Exam	Exam on Chapters 1-12

# CLASS SCHEDULE FOR A 7-WEEK ONLINE COURSE

Online only class

**Includes assignment of 6 cases  
and *BSG* or *GLO-BUS* decision rounds throughout the term**

Unit	Assignment/Activity
1	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapter 1 and 2;</li> <li><b>BSG PlayersGuide.pdf</b></li> </ul> <p><b>Connect learning assurance exercises</b> for Chapters 1 and 2.</p> <p><b>Unit 1 discussion</b> group participation: Complete Connect Exercise and discuss what is strategy and why is it important?</p> <p>The <b>Business Strategy Game (BSG)</b> simulation:</p> <ul style="list-style-type: none"> <li>Prepare for participation by reviewing <i>The Business Strategy Game</i> simulation PowerPoint slides provided in Unit 1;</li> <li><b>Request team assignments by Wednesday.</b></li> </ul> <p><b>Case Analysis 1:</b> Mystic Monk Coffee—Complete <b>Connect case exercise</b>.</p>
2	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapter 3.</li> </ul> <p><b>Connect learning assurance exercises</b> for Chapter 3.</p> <p><b>Unit 2 discussion</b> group participation: Complete Connect Exercise and discuss Competitive forces model.</p> <p><b>Year 11 BSG Practice Decision</b>—due date posted in <i>BSG</i> Schedule at bsg-online.com</p> <p><b>BSG Quiz 1</b> (covering the contents of the <b>BSG</b> Player's Manual—due date posted in <i>BSG</i> Schedule at bsg-online.com)</p> <p><b>Case Analysis 2:</b> Lululemon Athletica, Inc.—Complete <b>Connect case exercise</b>.</p>
3	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapters 4 and 5;</li> </ul> <p><b>Unit 4 Discussion</b> group participation: Discuss the importance of dynamic capabilities in sustaining competitive advantage.</p> <p><b>Year 11 BSG Decision</b>—due date posted in <i>BSG</i> Schedule at bsg-online.com.</p> <p><b>Case Analysis 3:</b> Chipotle Mexican Grill in 2016—complete <b>Connect case exercise</b>.</p> <p><b>Essay Exam 1:</b> Chapters 1-5. The exam should take one hour to complete and must be completed during a two hour block of time to be announced. Students unable to take the exam during the assigned block must contact the instructor prior to the date of the scheduled exam and may be allowed to complete a make-up exam under the policies given in the syllabus.</p>

4	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapters 6 and 7.</li> </ul> <p><b>Unit 4 Discussion</b> group participation: Discuss the how the timing of strategic moves may lead to an advantage in the marketplace</p> <p><b>Year 12 BSG Decision</b>—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a>.</p> <p><b>Debriefing:</b> 15-minute video debriefing on the results of Year 11 decision round. All class members should review company and industry reports prior to viewing the debriefing.</p> <p><b>Written Case 1:</b> Tesla Motors in 2016—Complete Connect case exercise and provide 3-page Executive Summary of recommendations.</p>
5	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapters 8 and 9.</li> </ul> <p><b>Unit 5 Discussion</b> group participation: Discuss the role of leadership in crafting ethical business strategies.</p> <p><b>Year 13 BSG Decision:</b> Tuesday—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a></p> <p><b>Case Analysis 4:</b> Southwest Airlines in 2016—Complete <b>Connect case exercise</b>.</p>
6	<p><b>Read:</b></p> <ul style="list-style-type: none"> <li>Thompson, Peteraf, Gamble, and Strickland, Chapters 10-12.</li> </ul> <p><b>Unit 6 Discussion</b> group participation: Discuss how strategists lead.</p> <p><b>Year 14 BSG Decision:</b> Tuesday—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a></p> <p><b>Year 15 BSG Decision:</b> Friday—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a></p> <p><b>Essay Exam 2:</b> Chapters 6-12. The exam should take one hour to complete and must be completed during a two hour block of time to be announced. Students unable to take the exam during the assigned block must contact the instructor prior to the date of the scheduled exam and may be allowed to complete a make-up exam under the policies given in the syllabus.</p>
7	<p><b>Year 16 BSG Decision:</b> Tuesday—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a></p> <p><b>Year 17 BSG Decision:</b> Friday—due date posted in <i>BSG</i> Schedule at <a href="http://bsg-online.com">bsg-online.com</a></p> <p><b>Written Case 2:</b> Nucor Steel in 2016—Complete Connect case exercise and provide 3-page Executive Summary of recommendations.</p>

## CLASS SCHEDULE FOR A 5-WEEK COURSE (SAMPLE 1)

Daily class meetings of 75-90 minutes

**Includes assignment of 3 cases for class discussion, 4 cases for oral team presentations, and weekly *BSG* or *GLO-BUS* decision rounds throughout the term**

Day	Assignment/Activity
1	<p>Orientation and course preview</p> <p>Introduction to <i>The Business Strategy Game</i> using the PowerPoint slides provided; assign class members to company teams; provide company co-managers with company registration codes (required in order for class members to register at <a href="http://www.bsg-online.com">www.bsg-online.com</a>). <b>Ask all class members to read the <i>BSG</i> Player's Guide prior to the next class meeting.</b></p> <p>Remainder of class period: Lecture on Chapter 1</p>
2	Lecture on Chapter 2; remind class members that they should be meeting with their company co-managers to work on the decisions for the upcoming first practice round for <i>The Business Strategy Game</i> simulation.
3	Lecture on Chapter 3; remind class members that they should be meeting with their company co-managers to work on the decisions for the upcoming first practice round for <i>The Business Strategy Game</i> simulation
4	Lecture on Chapter 4. <b>Deadline for completing both decision entries for the first <i>BSG</i> practice round and online Quiz 1 (covering the contents of the Player's Guide) is 11:59 p.m. tonight.</b>
5	<p>Lecture on Chapter 5</p> <p>Optional 25-minute debriefing on the results of the practice decision—instructor leads a class discussion of the information presented in the Footwear Industry Report and the Competitive Intelligence Reports showing practice decision outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). The purpose of this debriefing is to make sure that all class members have a good grasp of all the information being provided to them after each decision round is completed (but it should be totally up to each team of co-managers to review the information, digest the meaning of all the numbers and statistics provided, and decide what, if any, actions to take in the next decision round based on this information about the outcomes).</p> <p>Optional Q &amp; A session regarding simulation mechanics and results of first <i>BSG</i> practice decision.</p>
6	Class meets in computer lab so that company co-managers can work on their strategy and decisions for the Year 11 <i>BSG</i> decision round; <b>deadline for completing Year 11 <i>BSG</i> decision entries is 11:59 p.m. tonight.</b>
7	<p>Lecture on Chapter 6</p> <p>Optional 20-minute debriefing on the results of the Year 11 <i>BSG</i> decision round—instructor leads a class discussion of the information presented in the Year 11 Footwear Industry Report and the Competitive Intelligence Reports showing Year 11 decision outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members). Now is a good time to strongly encourage all class members to get in the habit of carefully and thoroughly reviewing the information in each year's Footwear Industry Report, Competitive Intelligence Reports and Company Operations Reports—otherwise, company co-managers lack knowledge of market conditions and their company's competitiveness vis-à-vis rivals heading into the next decision round (flying blind in a fiercely competitive marketplace is a ticket for disastrous company performance).</p>
8	<p>Class discussion (or oral team presentation) of Whole Foods Market in 2014 or Panera Bread in 2014 or Chipotle Mexican Grill</p> <p>Lecture on Chapter 7; <b>deadline for completing Year 12 <i>BSG</i> decision entries is 11:59 p.m. tonight.</b></p>
10	Exam covering Chapters 1-7



<b>11</b>	Class meets in computer lab so that company co-managers can work on their strategy and decisions for the Year 13 decision round; <b>deadline for completing both Year 13 BSG decision entries and online Quiz 2 (covering understanding of company operations) is 11:59 p.m. today.</b>
<b>12</b>	Lecture on Chapter 8; optional 10-minute debriefing on the results of the Year 13 decision round—instructor leads a class discussion of the information presented in the Year 13 Footwear Industry Report and the Competitive Intelligence Reports showing Year 13 decision outcomes. All class members should bring a copy of these reports to class (or the instructor can provide copies to all class members).
<b>13</b>	Class discussion (or oral team presentation) of The Walt Disney Company or PepsiCo's Diversification Strategy.
<b>14</b>	Lecture on Chapter 9; <b>deadline for completing Year 14 BSG decision entries is 11:59 p.m. today.</b>
<b>15</b>	Lecture on Chapter 10
<b>16</b>	Lecture on Chapter 11; <b>deadline for completing Year 15 BSG decision entries is 11:59 p.m. today.</b>
<b>17</b>	Class meets in computer lab so that company co-managers can work on their 3-year strategic plan for Years 16-17-18
<b>18</b>	Class meets in computer lab so that company co-managers can work on their 3-year strategic plan for Years 16-17-18 and their strategy and decisions for Year 16
<b>19</b>	Lecture on Chapter 12; <b>deadline for completing both Year 16 BSG decision entries and the 3-year strategic plan for Years 16-17-18 is 11:59 p.m. today.</b>
<b>20</b>	Oral team presentations of Lululemon Athletica, Inc. in 2014 or Under Armour's Strategy in 2014 or Vera Bradley in 2014 or Chipotle Mexican Grill in 2014
<b>21</b>	Class discussion of Robin Hood or Dilemma at Devil's Den; <b>deadline for completing Year 17 BSG decision entries is 11:59 p.m. today.</b>
<b>22</b>	Oral team presentations of Southwest Airlines in 2014 or Nordstrom: Focusing on a Culture of Service
<b>23</b>	Oral team presentations of Deere & Company in 2014 or Tesla Motors' Strategy or Nucor Corporation in 2014
<b>24</b>	Oral team presentations of NCAA Athletics or TOMS Shoes  <b>Deadline for completing Year 18 BSG decision entries is 11:59 p.m. today.</b>  Discussion of requirements for preparing end-of-simulation company presentations.
<b>25</b>	End-of simulation company presentations (with brief Q&A session for each presentation if time permits)  Course wrap-up by instructor; assessment of learning and benefits of BSG simulation exercise. Instructor may wish to share some of the class-wide averages for the 8 measures in the Learning Assurance Report.  <b>All BSG company co-managers should have completed the peer evaluations by the beginning of today's class period.</b>
<b>Final Exam</b>	Exam on Chapters 8-12

## CLASS SCHEDULE FOR A 5-WEEK (OR QUARTER-LENGTH) COURSE (SAMPLE 2)

Daily class meetings of 75-90 minutes

**No use of simulation; Includes class discussion of 3 cases  
and assignment of 5 cases for oral team presentations**

Week	Assignment/Activity
1	Orientation and course preview; lecture on Chapter 1
2	Lecture/discussion of Chapter 2 and Connect learning assurance exercises or instructor-selected chapter-end exercises; coverage of key points in "Guide to Case Analysis" found immediately following Case 31 in the text.
3	Class discussion of Airbnb in 2016: A Business Model for the Sharing Economy or Mystic Monk Coffee
4	Lecture/discussion of Chapter 3 and Connect learning assurance exercises or instructor-selected chapter-end exercises
5	Class discussion of Competition in the Craft Beer Industry in 2016 or TOMS Shoes in 2016
6	Lecture/discussion of Chapter 4 and Connect learning assurance exercises or instructor-selected chapter-end exercises
7	Lecture/discussion of Chapter 5 and Connect learning assurance exercises or instructor-selected chapter-end exercises
8	Class discussion of Panera Bread Company in 2016 or Chipotle Mexican Grill in 2016
9	Lecture/discussion of Chapter 6 and Connect learning assurance exercises or instructor-selected chapter-end exercises
10	Lecture/discussion of Chapter 7 and Connect learning assurance exercises or instructor-selected chapter-end exercises
11	Exam on Chapters 1-7
12	Class discussion of Ford Motor Company: New Strategies for International Growth or Tesla Motors
13	Oral team presentations of Nucor Corporation in 2016
14	Lecture/discussion of Chapter 8 and Connect learning assurance exercises or instructor-selected chapter-end exercises
15	Lecture/discussion of Chapter 9 and Connect learning assurance exercises or instructor-selected chapter-end exercises
16	Class discussion of Rhino Poaching in South Africa or Conflict Palm Oil and PepsiCo's Ethical Dilemma
17	Lecture/discussion of Chapter 10 and Connect learning assurance exercises or instructor-selected chapter-end exercises
18	Lecture/discussion of Chapter 11 and Connect learning assurance exercises or instructor-selected chapter-end exercises
19	Lecture/discussion of Chapter 12 and Connect learning assurance exercises or instructor-selected chapter-end exercises
20	Oral team presentations of Fitbit, Inc.: Has the Company Outgrown Its Strategy or GoPro's Struggle for Survival in 2016
21	Exam, Chapters 8-12
22	Oral team presentations on The Green Music Center at Sonoma State University or The South African Wine Industry in 2016
23	Oral team presentations on Southwest Airlines in 2016 or Rosen Hotels & Resorts or Costco Wholesale in 2016
24	Oral team presentations on Mondelez International: Has Corporate Restructuring Produced Shareholder Value or LVMH in 2016: Its Diversification Into Luxury Goods
25	Oral team presentations on Lululemon Athletic or Under Armour
<b>Final Exam</b>	in-class written case analysis




# SECTION 5

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Lecture Notes  
for Chapters 1-12

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# What is Strategy and Why is It Important?

## Chapter Summary

Chapter 1 defines the concept of strategy and describes its many facets. The chapter explains what is meant by a competitive advantage, discusses the relationship between a company's strategy and its business model, and introduces the student to the kinds of competitive strategies that can give a company an advantage over rivals in attracting customers and earning above-average profits. The chapter examines what sets a winning strategy apart from others and why the caliber of a company's strategy determines whether it will enjoy a competitive advantage over other firms or be burdened by competitive disadvantage. By the end of this chapter, the student will have a clear idea of why the tasks of crafting and executing strategy are core management functions and why excellent execution of an excellent strategy is the most reliable recipe for turning a company into a standout performer over the long term.

## Lecture Outline

### I. Introduction

Chapter one explores the fundamental concepts surrounding organizational strategy. It begins with an explanation of the term strategy and discusses why companies need a distinctive strategy in order to compete successfully. Next, it explores why a company must have a viable business model and the five most dependable strategic approaches for setting a company apart. The chapter wraps up with an illustration of how a company's strategy tends to evolve over time due to changing business conditions and the three tests for winning strategies.

### II. What Do We Mean by Strategy?

#### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. A company's **strategy** is the set of actions that its managers take to outperform the company's competitors and achieve superior profitability. In effect, it represents a managerial commitment to an integrated array of considered choices about how to compete.
2. Normally, companies have a wide degree of strategic freedom in choosing the "hows" of strategy:
  - How to position the company in the marketplace.
  - How to attract customers.
  - How to compete against rivals.
  - How to achieve the company's performance targets.

- How to capitalize on opportunities to grow the business.
- How to respond to changing economic and market conditions.

### CORE CONCEPT

A company's **strategy** is the set of actions that its managers take to outperform the company's competitors and achieve superior profitability.

3. **Strategy Is about Competing Differently**—A strategy stands a better chance of succeeding when it is predicated on actions, business approaches, and competitive moves aimed at:
  - a. appealing to buyers in ways that *set a company apart from its rivals* and
  - b. staking out a market position that is not crowded with strong competitors.
4. **Figure 1.1—Identifying a Company's Strategy—What to Look For**, shows what to look for in identifying the substance of a company's overall strategy. These are the visible actions taken that signal what strategy the company is pursuing.

### connect ACTIVITY

Consider adding a File Attachment assignment requiring the student to develop a response to this Illustration Capsule. You can post instructions for the student within the assignment and collect their attachments for grading.

## ILLUSTRATION CAPSULE 1.1

### Starbucks' Strategy in the Specialty Coffee Market

**Discussion Question:** How did Starbucks develop a sustainable competitive advantage in the specialty coffee market?

**Answer:** Starbucks has developed a unique customer experience through their store ambiance that is difficult and expensive for rivals to match. This experience which includes the product, the environment it is served in, and the service itself, is intended to create an emotional attachment with their customers. Their product offerings are broad and include not only coffee and specialty coffee drinks, but also teas, fresh pastries, and other merchandise. They have carefully nurtured their global brand through strategic expansion, and ensure the consistency of the customer experience through the consistency of their store operations.

## III. Strategy and the Quest for Competitive Advantage

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. The heart and soul of any strategy is the actions and moves in the market place that managers are taking to improve the company's financial performance, strengthen its long-term competitive position, and gain a competitive edge over rivals.

2. A company achieves a competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces.
3. Strategy is about competing differently from rivals or doing what competitors don't do or, even better, can't do. In this sense, every strategy needs a distinctive element that attracts customers and produces a competitive edge.
5. What makes a competitive advantage **sustainable** (or durable), as opposed to temporary, are elements of the strategy that give buyers lasting reasons to prefer a company's products or services over those of competitors

#### CORE CONCEPT

A company achieves a **competitive advantage** when it provides buyers with superior value compared to rival sellers or offers the same value at a lower cost to the firm. The advantage is **sustainable** if it persists despite the best efforts of competitors to match or surpass this advantage.

4. Five of the most frequently used strategic approaches to setting a company apart from rivals and achieving a sustainable competitive advantage are:
  - a. Low Cost Provider—Achieving a cost-based advantage over rivals.
  - b. Broad Differentiation—Seeking to differentiate the company's product or service from rivals' in ways that will appeal to a broad spectrum of buyers.
  - c. Focused Low Cost—Concentrating on a narrow buyer segment (or market niche) and outcompeting rivals by having lower costs than rivals and thus being able to serve niche members at a lower price.
  - d. Focused Differentiation—Concentrating on a narrow buyer segment (or market niche) and outcompeting rivals by offering niche members customized attributes that meet their tastes and requirements better than rivals' products.
  - e. Best Cost Provider—Giving customers more value for the money by satisfying buyers' expectations on key quality/features/performance/service attributes, while beating their price expectations.

#### IV. Why a Company's Strategy Evolves over Time

##### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Every company must be willing and ready to modify the strategy in response to changing market conditions, advancing technology, unexpected moves by competitors, shifting buyer needs, emerging market opportunities, and mounting evidence that the strategy is not working well.
2. Most of the time, a company's strategy evolves incrementally from management's ongoing efforts to fine-tune the strategy and to adjust certain strategy elements in response to new learning and unfolding events.
3. Industry environments characterized by high velocity change require companies to repeatedly adapt their strategies.

- 4 The important point is that the task of crafting strategy is not a one-time event but always a work in progress.

## V. A Company's Strategy Is Partly Proactive and Partly Reactive

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. The evolving nature of a company's strategy means that the typical company strategy is a blend of (1) *proactive*, planned initiatives to improve the company's financial performance and secure a competitive edge, and (2) *reactive* responses to unanticipated developments and fresh market conditions.

#### CORE CONCEPT

A company's **deliberate strategy** consists of *proactive* strategy elements that are both planned and realized as planned; its **emergent strategy** consists of *reactive* strategy elements that emerge as changing conditions warrant.

2. The biggest portion of a company's current strategy flows from ongoing actions that have proven themselves in the marketplace and newly launched initiatives aimed at building a larger lead over rivals and further boosting financial performance.—Deliberate Strategy
3. Managers must always be willing to supplement or modify the proactive strategy elements with as-needed reactions to unanticipated conditions.—Emergent Strategy
4. In total, these two elements combine to form the company's Realized Strategy. *Figure 1.2, A Company's Strategy is a Blend of Proactive Initiatives and Reactive Adjustments*, illustrates the elements of strategy that become the Realized Strategy.

## VI. A Company's Strategy and its Business Model

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

#### CORE CONCEPT

A company's **business model** sets forth the logic for how its strategy will create value for customers, while at the same time generate revenues sufficient to cover costs and realize a profit.

1. A business model is management's blueprint for delivering a valuable product or service to customers in a manner that will generate revenues sufficient to cover costs and yield an attractive profit.
2. The two elements of a company's business model are (1) its customer value proposition and (2) its profit formula.
3. The customer value proposition lays out the company's approach to satisfying buyer wants and needs at a price customers will consider a good value.

4. The profit formula describes the company's approach to determining a cost structure that will allow for acceptable profits, given the pricing tied to its customer value proposition.
5. Figure 1.3 illustrates the elements of the business model in terms of what is known as the Value-Price-Cost Framework highlighting the relationship between the Customer's Value Proposition (V-P) and the Profit Formula (P-C).

### ILLUSTRATION CAPSULE 1.2

#### Pandora, Sirius XM, and Over-the-Air Broadcast Radio: Three Contrasting Business Models

**Discussion Question 1:** What is the prominent difference between the business models of these three organizations?

**Answer:** While all three provide essentially the same type of entertainment service, the business models employed by Pandora, Sirius XM, and Over-The-Air Broadcast Radio are completely different. In the area of value proposition (what the customer sees), Sirius XM provides commercial free entertainment with some local content based upon a monthly fee, while Broadcast Radio provides entertainment with some local content with interruptions for commercials without a fee. Pandora bridges these two methods. In one mode it operates more like Over-the-Air Broadcast Radio in that it provides entertainment without a fee that includes targeted advertisements, with the added benefit of allowing the listener to customize the music mix. In the other mode, listeners can elect to go ad-free for a fee using Pandora One.

For profit, Sirius XM must attract a large enough customer base in order to cover costs and provide profit, while Broadcast Radio must attract a large enough advertiser base to cover costs and provide profit. Pandora, once again bridging the two, generates profit by either an advertiser base or through ad-free services.

## VII. What Makes a Strategy a Winner?

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Three questions can be used to test the merits of one strategy versus another and distinguish a winning strategy from a losing or mediocre strategy:
  - a. The Fit Test: How well does the strategy fit the company's situation? To qualify as a winner, a strategy has to be well matched to industry and competitive conditions, a company's best market opportunities, and other aspects of the enterprise's external environment.
  - b. The Competitive Advantage Test: Is the strategy helping the company achieve a sustainable competitive advantage? The bigger and more durable the competitive edge that a strategy helps build, the more powerful and appealing it is.
  - c. The Performance Test: Is the strategy producing good company performance? Two kinds of performance improvements tell the most about the caliber of a company's strategy: (1) gains in profitability and financial strength and (2) gains in the company's competitive strength and market standing.



2. Strategies that come up short on one or more of the above questions are plainly less appealing than strategies passing all three test questions with flying colors.

### VIII. Why are Crafting and Executing Strategy Important?

#### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Crafting and executing strategy are top priority managerial tasks for two big reasons
  - a. High-performing enterprises are nearly always the product of astute, creative, and proactive strategy making
  - b. Even the best-conceived strategies will result in performance shortfalls if they are not executed proficiently.
2. Good Strategy + Good Strategy Execution = Good Management
  - a. Crafting and executing strategy are core management functions.
  - b. Among all the things managers do, nothing affects a company's ultimate success or failure more fundamentally than how well its management team charts the company's direction, develops competitively effective strategic moves and business approaches, and pursues what needs to be done internally to produce good day-to-day strategy execution and operating excellence.

### IX. The Road Ahead

1. Throughout the remaining chapters and the accompanying case collection, the spotlight is trained on the foremost question in running a business enterprise: What must managers do, and do well, to make a company a winner in the marketplace?
2. The mission of this book is to provide a solid overview of what every business student and aspiring manager needs to know about crafting and executing strategy.

#### connect ACTIVITY

Use the Question Bank to build a quiz for the chapter to measure and reinforce learning. Consider using the questions you select to build a comprehensive mid-term and final exam for the course. The assignment can be graded and posted automatically.

## ASSURANCE OF LEARNING EXERCISES

1. Based on your experiences as a coffee consumer, does Starbucks' strategy (as described in Illustration Capsule 1.1) seem to set it apart from rivals? Does the strategy seem to be keyed to a cost-based advantage, differentiating features, serving the unique needs of a niche, or some combination of these? What is there about Starbucks' strategy that can lead to sustainable competitive advantage?

### connect ACTIVITY

This Assurance of Learning exercise is available as a Connect Assignment. The assignment can be graded and posted automatically.

#### Response:

**Setting Itself Apart**—The student should identify key elements in Starbucks' strategy that set it apart from rivals. These include their unique customer experience. This experience which includes the product, the environment it is served in, and the service itself, is intended to create an emotional attachment with their customers. Their product offerings are broad and include not only coffee and specialty coffee drinks, but also teas, fresh pastries, and other merchandise. They have carefully nurtured their global brand through strategic expansion, and ensure the consistency of the customer experience through the consistency of their store operations.

**Elements of Strategy**—The student should identify that Starbucks' strategy seems to be keyed on differentiating features as described above as well as targeting some specific niche elements. These include customers who prefer a companies that make a commitment to corporate responsibility including protecting the environment and community where they operate and engaging in 'fair trade' practices with their suppliers.

**Sustainable Competitive Advantage**—The student should identify that developing a sustainable competitive advantage relies on a) building competitively valuable capabilities that rivals cannot readily match and b) having a distinctive product offering. Further, they should be able to highlight that the two areas described above are both distinctive and difficult to match.

2. Elements of the Hershey Company's strategy have evolved in meaningful ways since the company's founding as an American chocolate manufacturer in 1900. After reviewing the company's history at [www.thehersheycompany.com/about-hershey/our-story/hersheys-history.aspx](http://www.thehersheycompany.com/about-hershey/our-story/hersheys-history.aspx) and the links at the company's investor relations site ([www.thehersheycompany.com/investors/company-profile.aspx](http://www.thehersheycompany.com/investors/company-profile.aspx)), prepare a one- to two-page report that discusses how its strategy has evolved. Your report should also assess how well Hershey's strategy passes the three tests of a winning strategy.

#### Response:

**Strategy Evolution**—The student's report should identify how the company's strategy has evolved from a being a local caramel retailer to a mult-brand confection supplier with six unique brands and a global reach. Importantly, the student should note the recent change to a master-brand strategy. Historically, Hershey has relied on independent marketing efforts for its brands such as Hershey Bars, Milk Duds, Reese's Peanut Butter Cups, and others. Under this new approach, the overarching Hershey brand is being used to market the company's unique brands in combinations by strongly identifying them with the master-brand. This stronger focus on the master-brand of Hershey will allow all brands to gain from the brand equity of the master-brand as well as the other individual brands. The student might highlight that the strategy of shifting to a master-brand is a growing trend in corporations with numerous strong independent product brands.

The student should also identify a strong focus on Corporate Social Responsibility. Hershey has made feeding the hungry of the world and working with local producers to ensure future raw material supplies central elements of their strategy going forward. These are strategy elements that resonate well with millennial consumers who make up a growing market segment.

**Strategy Assessment**—The student’s report should include specific indications that the company’s strategy is a winner to as follows.

- a. **Does the strategy fit the company’s situation?** Yes, the company’s strategy fits the evolving world of food industry MNE’s and fits the company’s internal structure.
  - b. **Does the strategy helping the company achieve a sustainable competitive advantage?** Yes, the shift towards a master-brand strategy allows the Hershey brand to leverage all brands, thereby growing awareness of each individual brand, the connection between individual brands, and the master-brand.
  - c. **Does the strategy producing good company performance?** Yes, the company’s financial records show a consistent revenue stream from FY2013 through FY2015. However, the company’s profitability suffered in FY2015 largely due to increased selling and administrative expenses. It remains to be seen what the impact of the recent change towards a master-brand strategy will be however, based upon quarterly results the company is positioned to report a growth in annual revenue for FY2016.
3. Go to [investor.siriusxm.com](http://investor.siriusxm.com) and check whether Sirius XM’s recent financial reports indicate that its business model is working. Are its subscription fees increasing or declining? Are its revenue stream advertising and equipment sales growing or declining? Does its cost structure allow for acceptable profit margins?

#### connect ACTIVITY

This Assurance of Learning exercise is available as a Connect Assignment. The assignment can be graded and posted automatically.

#### Response:

**General**—The responses developed by the students may include information such as the following. SiriusXM is a leading satellite media company that provides commercial free music from numerous genres, live play by play sports, news and talk shows, and other forms of audio entertainment streaming to the consumer’s home, auto, business, or even boats within 200 miles of the coast.

**Is the business model working**—The student should note that the company’s annual revenue has increased steadily over the last three reporting periods from \$3.8B in 2013 to \$4.6B in 2015, while net income has grown from \$186M to \$500M over the same period. This is an increase in net profit from 4.9% in 2013 to 10.9% in 2015. This illustrates an increasing value proposition (revenue) as well as an effective and growing profit formula (earnings). The conclusion the student should reach is that the business model is working effectively.

**Subscription Fees**—The student should identify that the company had subscription revenue of \$3.2B in 2013 and \$3.8B in 2015, representing an 8% average annual growth.

**Revenue Stream from Advertising**—The student should identify that the company had advertising revenue of \$89M in 2013 and \$122M in 2015, representing an 18% average annual growth.

**Revenue from Equipment**—The student should identify that the company had revenue from equipment of \$80.5M in 2013 and \$111M in 2015, representing an 18.5% average annual growth.

**Cost Structure and Profit Margins**—The student should identify that the company had consistently growth in Operating Profit with \$1.04B in 2013 and \$1.18B in 2015, representing 6% average annual growth. This demonstrates that the company’s cost structure allows for attractive profit margins.



# Charting a Company's Direction: Its Vision and Mission, Objectives, and Strategy

## Chapter Summary

Chapter Two presents an overview of the managerial tasks associated with developing and executing company strategies. Special attention is given to the importance of a clear vision for the company and the strategic and financial objectives that will guide the way. The importance of setting objectives at all levels of the organization is explored along with the role of operating excellence in the successful execution of strategy. The chapter wraps us with an exploration of the role of the company's board of directors in overseeing the strategic management process.

## Lecture Outline

- I. Introduction—Crafting and executing a strategy are the heart and soul of managing a business enterprise.**
- II. What Does the Process of Crafting and Executing Strategy Entail?**

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Crafting and executing a company's strategy consists of five interrelated stages:
  - a. Developing a strategic vision of the company's long term direction, a mission that describes the company's purpose, and a set of values to guide the pursuit of the vision and mission.
  - b. Setting objectives and using them as yardsticks for measuring the company's performance and progress.
  - c. Crafting a strategy to achieve the objectives and move the company along the strategic course that management has charted.
  - d. Executing the chosen strategy efficiently and effectively.
  - e. Monitoring developments, evaluating performance, and initiating corrective adjustments in the company's vision and mission, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new opportunities.
2. **Figure 2.1, The Strategy-Making, Strategy-Executing Process** illustrates this process.

### III. Stage 1: Developing a Strategic Vision, A Mission Statement, and a Set of Core Values

#### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

#### 1. Developing a Strategic Vision

- a. Top management's views and conclusions about the company's long-term direction and what product–market–customer mix seems optimal for the road ahead constitute a **strategic vision** for the company.
- b. A number of factors need to be considered in deciding what words to use when creating the vision which will tell the company 'where we are going.' **Table 2.1, Wording a Vision Statement**—the Dos and Don'ts, explores some of these critical word choices.

#### CORE CONCEPT

A strategic vision describes “where we are going”—the course and direction management has charted and the company's future product customer-market-technology focus.

#### ILLUSTRATION CAPSULE 2.1

#### Examples of Strategic Visions—How Well Do They Measure Up?

**Discussion Question 1:** What appears to be missing from the Whole Foods vision statement presented in Capsule 2.1?

**Answer:** (1) Brevity—the statement is very long which makes it difficult to keep the attention of the audience. (2) Memorable—the statement cannot be easily reduced to a few choice lines or a one-phrase slogan.

**Discussion Question 2:** What is effective in the Nike vision statement presented in Capsule 2.1?

**Answer:** The statement is short, making it focused and memorable. The vision described is feasible and flexible.

#### 2. Communicating the Strategic Vision

- a. A strategic vision has little value to the organization unless it's effectively communicated down the line to lower-level managers and employees.
- b. An effectively communicated vision is a valuable management tool for enlisting the commitment of company personnel to engage in actions that move the company forward in the intended direction.
- c. A Expressing the Essence of the Vision in a Slogan The task of effectively conveying the vision to company personnel is assisted when management can capture the vision of where to head in a catchy or easily remembered slogan.

- d. **The Vision Statement Matters:** A well thought-out, forcefully communicated strategic vision pays off in several respects: (1) It crystallizes senior executives' own views about the firm's long-term direction; (2) it reduces the risk of rudderless decision making; (3) it is a tool for winning the support of organization members to help make the vision a reality; (4) it provides a beacon for lower-level managers in setting departmental objectives and crafting departmental strategies that are in sync with the company's overall strategy; and (5) it helps an organization prepare for the future. When management is able to demonstrate significant progress in achieving these five benefits, it can count its efforts to create an effective vision for the company as successful.

### 3. Developing a Company Mission Statement

- a. The distinction between a strategic vision and a mission statement is fairly clear-cut: A **strategic vision** portrays a company's aspirations for its *future* ("where we are going"), whereas a company's **mission** describes its *purpose* and its *present* business ("who we are, what we do, and why we are here").
- b. A company mission statement should ideally (1) identifies the company's products/services, (2) specifies the buyer needs that it seeks to satisfy and the customer groups or markets it serves, and (3) gives the company its own identity.

### 4. Linking the Vision/Mission with Company Values

- a. By **values or core values**, we mean the beliefs, traits, and ways of doing things that management has determined should guide the pursuit of its vision and mission.

#### CORE CONCEPT

A company's values are the beliefs, traits, and behavioral norms that company personnel are expected to display in conducting the company's business and pursuing its strategic vision and mission.

- b. Most companies have articulated four to eight core values that company personnel are expected to display and that are supposed to be mirrored in how the company conducts its business.

## ILLUSTRATION CAPSULE 2.2

### Patagonia, Inc.: A Values-Driven Company

**Discussion Question:** Patagonia states in its mission statement that it builds the best products, causes no unnecessary harm, and uses business to inspire and implement solutions to the environmental crisis. How are these core values expressed in the operations of the firm?

**Answer:** Patagonia operationalizes its values in key areas of the operation:

- Routinely, the company opts for more expensive materials and labor to maintain internal consistency with the mission.
- Patagonia holds its manufacturers accountable through a variety of auditing partnerships and alliances.
- The company uses sustainable and recyclable materials which are ethically procured.
- The company has established foundations to support ecological causes, even giving 1 percent of profits to conservation causes.

## IV. Stage 2: Setting Objectives

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. The managerial purpose of setting **objectives** is to convert the strategic vision into specific performance targets. Objectives reflect management's aspirations for company performance in light of the industry's prevailing economic and competitive conditions and the company's internal capabilities.

#### CORE CONCEPT

**Objectives** are an organization's performance targets—the specific results management wants to achieve.

#### CORE CONCEPT

**Stretch objectives** set performance targets high enough to *stretch* an organization to perform at its full potential and deliver the best possible results.

2. Well-stated objectives are specific, quantifiable or measurable and contain a deadline for achievement.
3. Concrete, measurable objectives are managerially valuable for three reasons: (1) They focus efforts and align actions throughout the organization, (2) they serve as *yardsticks* for tracking a company's performance and progress, and (3) they motivate employees to expend greater effort and perform at a high level.

#### CORE CONCEPT

A company exhibits **strategic intent** when it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.

4. The Imperative of Setting Stretch Objectives - The experiences of countless companies and managers teach that one of the best ways to promote outstanding company performance is for managers to deliberately set performance targets high enough to stretch an organization to perform at its full potential and deliver the best possible results.
5. What Kinds of Objectives to Set
  - a. Two very distinctive types of performance yardsticks are required:
    - Those relating to financial performance
    - Those relating to strategic performance
  - b. A company's set of financial and strategic objectives should include both near-term and longer-term performance targets.
  - c. When trade-offs have to be made between achieving long-term objectives and achieving short-term objectives, long-term objectives should generally take precedence.

- d. **Table 2.2 - Common Financial and Strategic Objectives** provides several examples of both type of objectives.

### CORE CONCEPT

**Financial objectives** relate to the financial performance targets management has established for the organization to achieve.

**Strategic objectives** relate to target outcomes that indicate a company is strengthening its market standing, competitive vitality, and future business prospects.

5. The Need for a Balanced Approach to Objective Setting - Of equal or greater importance than financial performance is a company's strategic performance—outcomes that indicate whether a company's market position and competitiveness are deteriorating, holding steady, or improving.

### CORE CONCEPT

The **Balanced Scorecard** is a widely used method for combining the use of both strategic and financial objectives, tracking their achievement, and giving management a more complete and balanced view of how well an organization is performing.

## ILLUSTRATION CAPSULE 2.3

### Examples of Company Objectives

**Discussion Question 1: What is the prominent purpose of an organization's stated objectives?**

**Answer:** Objectives identify an organization's performance targets. They serve to function as measures for tracking the organization's performance and progress toward achievement of desired goals.

**Discussion Question 2: What are some specific examples that are included in the Capsule:**

**Answer:** Each of these companies has clearly stated what the company intends to do in specific terms:

**UPS**—Increase percentage of business to consumer package deliveries... Increase intra-regional export shipments from...

**Alcoa**—Increase revenues from higher margin aero/defense and transportation aluminum products from... Increase automotive sheet shipments from ...

**Yum Brands**—Add 1,000 new Taco Bell units in the U.S. by 2020 Increase Taco Bell revenues from... Expand the number of Pizza Hut locations in China by...

### connect ACTIVITY

Consider adding a File Attachment assignment requiring the student to develop a response to this Illustration Capsule. You can post instructions for the student within the assignment and collect their attachments for grading.



## 6. Setting Objectives at Every Organizational Levels

- a. Objective setting should not stop with top management's establishing of companywide performance targets.
- b. Each area of the organization does its part and contributes directly to the desired companywide outcomes and results.
- c. This means setting performance targets for each organization unit that support, rather than conflict with or negate, the achievement of companywide strategic and financial objectives.

## V. Stage 3: Crafting a Strategy

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Strategy is the result of piecing together critical 'how' statements such as how to attract and please customers, how to compete against key rivals, how to position the company in the marketplace, and many more. Speed and entrepreneurship are key elements in growing in fast paced markets. Therefore, strategy formulation should involve Managers at all organizational levels and relies on innovative thinking.
2. In most companies, crafting strategy is a *collaborative team effort* that includes managers in various positions and at various organizational levels. Crafting strategy is rarely something only high-level executives do.

### CORE CONCEPT

**Corporate strategy** establishes an overall game plan for managing a *set of businesses* in a diversified, multi-business company.

**Business strategy** is primarily concerned with strengthening the company's market position and building competitive advantage in a single business company or a single business unit of a diversified multi-business corporation.

3. The larger and more diverse the operations of an enterprise, the more points of strategic initiative it will have and the more managers at different organizational levels will have a relevant strategy-making role. Figure 2.2, A Company's Strategy Making Hierarchy illustrates this concept.
4. A Company's Strategy Making Hierarchy - In these diversified, multi-business companies where the strategies of several different businesses have to be managed, the strategy-making task involves four distinct types or levels of strategy, each of which involves different facets of the company's overall strategy:
  - a. Corporate strategy establishes an overall game plan for managing a set of businesses in a diversified, multi-business company.
  - b. Business strategy is primarily concerned with strengthening the company's market position and building competitive advantage in a single business company or a single business unit of a diversified multi-business corporation.
  - c. Functional-area strategies concern the actions related to particular functions or processes within a business.

- d. Operating strategies concern the relatively narrow strategic initiatives and approaches for managing key operating units.
- 5. In single-business enterprises, the corporate and business levels of strategy making merge into one level—business strategy. Thus, a single-business enterprise has only three levels of strategy:
  - a. Business strategy for the company as a whole.
  - b. Functional-area strategies for each main area within the business.
  - c. Operating strategies undertaken by lower echelon managers to flesh out strategically significant aspects for the company's business and functional-area strategies.
- 6. Uniting the Strategy-Making Hierarchy
  - a. Ideally, the pieces and layers of a company's strategy should fit together like a jigsaw puzzle. Anything less than a unified collection of strategies weakens company performance.
  - b. Achieving unity in strategy making is partly a function of communicating the company's basic strategy theme effectively across the whole organization and establishing clear strategic principles and guidelines for lower-level strategy making.
- 7. A Strategic Vision + Objectives + Strategy = A Strategic Plan
  - a. Developing a strategic vision, setting objectives, and crafting a strategy are basic direction-setting tasks. Together, they constitute a strategic plan for coping with industry and competitive conditions, the expected actions of the industry's key players, and the challenges and issues that stand as obstacles to the company's success.

**CORE CONCEPT**

A **strategic plan** lays out the company's future direction, performance targets, and strategy.

- b. In companies committed to regular strategy reviews and the development of explicit strategic plans, the **strategic plan** may take the form of a written document that is circulated to managers and perhaps, to selected employees.
- c. In small, privately owned companies, it is rare for strategic plans to exist in written form.

**VI. Stage 4: Executing the Strategy****connect ACTIVITY**

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

- 1. Managing the implementation of a strategy is easily the most demanding and time consuming part of the strategy management process.
- 2. Converting strategic plans into actions and results tests a manager's ability to direct organizational action, motivate people, build and strengthen competitive capabilities, create and nurture a strategy-supportive work climate, and meet or beat performance targets.

3. In most situations, managing the strategy execution process includes the following principal aspects:
  - Creating a strategy-supporting structure.
  - Staffing the organization to obtain needed skills and expertise.
  - Developing and strengthening strategy-supporting resources and capabilities.
  - Allocating ample resources to the activities critical to strategic success.
  - Ensuring that policies and procedures facilitate effective strategy execution.
  - Organizing the work effort along the lines of best practice.
  - Installing information and operating systems that enable company personnel to perform essential activities.
  - Motivating people and tying rewards directly to the achievement of performance objectives.
  - Creating a company culture and work climate conducive to successful strategy execution.
  - Exerting the internal leadership needed to propel implementation forward.
4. Good strategy execution requires diligent pursuit of operating excellence and it is a job for a company's whole management team.

## VII. Stage 5: Evaluating Performance and Initiating Corrective Adjustments

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. The fifth phase of the strategy-management process, monitoring new external developments, evaluating the company's progress, and making corrective adjustments, is the trigger point for deciding whether to continue or change the company's vision and mission, objectives, strategy, and/or strategy execution methods.
2. As long as the company's strategy continues to pass the three tests of a winning strategy, simply fine-tuning the strategic plan and continuing with efforts to improve strategy execution are sufficient.

## VIII. Corporate Governance: The Role of the Board of Directors in the Strategy-Making, Strategy-Executing Process

### connect ACTIVITY

Consider adding a LearnSmart assignment requiring the student to review this section of the chapter as an interactive question and answer review. The assignment can be graded and posted automatically.

1. Although senior managers have lead responsibility for crafting and executing a company's strategy, it is the duty of the board of directors to exercise strong oversight and see that the five tasks of strategic management are done in a manner that benefits shareholders, in the case of investor-owned enterprises, or stakeholders, in the case of not-for-profit organizations.
2. A company's board of directors has four important obligations to fulfill:
  - a. Oversee the company's financial accounting and financial reporting practices.

- b. Critically appraise the company's direction, strategy, and business approaches.
- c. Evaluate the caliber of senior executives' strategic leadership skills.
- d. Institute a compensation plan for top executives that rewards them for actions and results that serve shareholder interests.

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## ILLUSTRATION CAPSULE 2.4

### Corporate Governance Failures at Volkswagen

**Discussion Question 1:** In what way did the Board of Directors at Volkswagen contribute to the Emission Test scandal in 2015?

**Answer:** The primary cause is the absence of a strong group of independent directors. Based upon German Corporate law, governance is provided by a Management Board and a Supervisory Board, with employees making up 50% of the Supervisory Board. This should have allowed for at least 50% of the Supervisory Board to be fully independent. While staying within the 'letter of the law,' they sidestepped the 'spirit of the law' by cycling recent former senior executives through the Supervisory Board Chairmanship position and other board positions. This had the effect of removing truly independent oversight.

A secondary cause is that 50 % of voting shares are controlled by the Porsche family. Family members, acting as Chairman of the Board, will regularly remove an independent CEO and replaced them with unqualified family members. This has the effect of removing qualified and independent senior management oversight.

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- 3. Every corporation should have a strong independent board of directors that:
  - a. Is well informed about the company's performance.
  - b. Guides and judges the CEO and other top executives.
  - c. Has the courage to curb management actions the board believes are inappropriate or unduly risky.
  - d. Certifies to shareholders that the CEO is doing what the board expects.
  - e. Provides insight and advice to management.
  - f. Is intensely involved in debating the pros and cons of key decisions and actions.

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## connect ACTIVITY

Use the Question Bank to build a quiz for the chapter to measure and reinforce learning. Consider using the questions you select to build a comprehensive mid-term and final exam for the course. The assignment can be graded and posted automatically.

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## ASSURANCE OF LEARNING EXERCISES

- Using the information in Table 2.1, critique the adequacy and merit of the following vision statements, listing effective elements and shortcomings. Rank the vision statements from best to worst once you complete your evaluation.

### connect ACTIVITY

This Assurance of Learning exercise is available as a Connect Assignment. The assignment can be graded and posted automatically.

#### Response:

The student should produce a table similar to the following:

Company Name	Effective Elements	Shortcomings
American Express	<ul style="list-style-type: none"> <li>• Easy to Communicate</li> <li>• Feasible</li> <li>• Easy to communicate</li> </ul>	<ul style="list-style-type: none"> <li>• Vague</li> <li>• Not distinctive</li> </ul>
Hilton Hotels Corporation	<ul style="list-style-type: none"> <li>• Directional</li> <li>• Focused</li> <li>• Feasible</li> <li>• Desirable</li> </ul>	<ul style="list-style-type: none"> <li>• Not forward-looking</li> <li>• Not distinctive</li> </ul>
BASF	<ul style="list-style-type: none"> <li>• Directional</li> <li>• Focused</li> <li>• Desirable</li> </ul>	<ul style="list-style-type: none"> <li>• Not forward looking</li> </ul>

The student should rank vision statements from best to worst as: Hilton Hotels Corporation, BASF, and American Express.

- Go to the company investor relations websites for Starbucks ([investor.starbucks.com](http://investor.starbucks.com)), Pfizer ([www.pfizer.com/investors](http://www.pfizer.com/investors)), and Salesforce ([investor.salesforce.com](http://investor.salesforce.com)) to find examples of strategic and financial objectives. List four objectives for each company, and indicate which of these are strategic and which are financial

#### Response:

The student should identify objectives similar to the following:

Starbucks, From their 2015 Annual Report

- Revenue growth of 10 for Fiscal 2016 (financial)
- Addition of approximately 1800 new stores in 2016 with nearly half in the developing China/Asia Pacific segment (strategic)
- Improved operating profits increasing earnings per share by \$0.06 per share for 2016 (financial)

Starbucks, From their 2015 Annual Letter to Shareholders

- Continue to focus on Corporate Social Responsibility and Sustainability, adding an 8<sup>th</sup> farmer support center in Mexico in 2016 (strategic)
- Full year revenue growth of 10% on a 52 week basis (financial)

Salesforce, From their 2015 Annual Report:

- Offer multiple versions of business solutions at different price points to target wider range of customers (Strategic)
- Focus expansion into high growth markets including marketing, communities, business intelligence, and cloud platforms (Strategic)
- Salesforce, From their Fiscal 2016 First Quarter Results:
- Increase revenue to \$6.55 Billion for Fiscal 2016 (Financial)
- Increase EPS to \$0.17 to \$0.18 for Fiscal 2016 (Financial)

Pfizer, From their 2015 Annual Review: Improving the performance of the innovative core by transforming R&D focusing on Oncology, Inflammation & Immunology, Cardiovascular & Metabolic Disease, Neuroscience & Pain, Rare Disease, Vaccines, and Biosimilars (strategic)

Pfizer, From their 1<sup>st</sup> Quarter 2016 Results: Growth in projected revenue for 2016, up from \$49B - \$51B to \$51B - \$53B (financial)

3. American Airlines' Chapter 11 reorganization plan filed in 2012 involved the company reducing operating expenses by \$2 billion, while increasing revenues by \$1 billion. The company's strategy to increase revenues included expanding the number of international flights and destinations and increasing daily departures for its five largest markets by 20 percent. The company also intended to upgrade its fleet by spending \$2 billion to purchase new aircraft and refurbish the first-class cabins for planes not replaced. A final component of the restructuring plan included a merger with US Airways to create a global airline with more than 56,700 daily flights to 336 destinations in 56 countries. The merger was expected to produce cost savings from synergies of more than \$1 billion and result in a stronger airline capable of paying creditors and rewarding employees and shareholders. Explain why the strategic initiatives at various organizational levels and functions require tight coordination to achieve the results desired by American Airlines.

**Response:**

The student should identify that company objectives need to be broken down into performance targets for each of the organization's separate businesses, product lines, functional departments, and individual work units, employees within various functional departments, and individual work units. This is because the larger and more diverse the operations of an enterprise, the more points of strategic initiative it will have and the more managers at different organizational levels will have a relevant strategy-making role. This is illustrated in figure 2.2, A Company's Strategy Making Hierarchy.

A careful examination of the narrative on American Airlines Chapter 11 reorganization strategy provides such an example:

Corporate Objectives—Increase revenue by \$1 billion while reducing expenses by \$2 billion

Operational Objective—Expand international flights, destinations, and daily departures in the five largest markets

Operational Objective—Upgrade fleet with \$2 billion in refurbishment and new aircraft purchases.

Operational Objective—Complete merger with US Airways to create a global airline with 56,700 daily flights to 336 destinations in 56 countries while saving \$1 billion in costs.

The student should point out that the overall corporate objectives for revenue and cost control (thereby profit) cannot be fully realized if the operational objectives are not achieved. Further, the operational objectives are interrelated in that they rely on each other for success.

4. Go to the investor relations website for Walmart (<http://investors.walmartstores.com>) and review past presentations it has made during various investor conferences by clicking on the Events option in the navigation bar. Prepare a one- to two-page report that outlines what Walmart has said to investors about its approach to strategy execution. Specifically what has management discussed concerning staffing, resource allocation, policies and procedures, information and operating systems, continuous improvement, rewards and incentives, corporate culture, and internal leadership at the company?

**Response:**

The student should be able to identify core strategic elements focused on low cost and value:

- Walmart Discount Stores: Wide, clean, brightly-lit aisles and shelves stocked with a variety of quality, value-priced general merchandise
- Walmart Superstores: Convenient, one-stop family shopping featuring our famous Every Day Low Prices
- Walmart Neighborhood Markets: quick and convenient shopping experience for customers who need groceries, pharmaceuticals, and general merchandise all at our famous Every Day Low Prices.
- Walmart Express Stores: offer low prices every day in a smaller format store that provides convenient access for fill-in and stock-up shopping trips in rural and urban areas.
- Marketside: Small community pilot grocery stores specializing in fresh, delicious meals at great prices.
- Walmart.com: The convenience, great merchandise selection, friendly service and Every Day Low Prices of your neighborhood Walmart to the Internet.

The student should be able to identify core cultural elements that impact all aspects of life as a Walmart employee (Source: <http://walmartstores.com/AboutUs/295.aspx>)

- Open Door: Our management believes open communication is critical to understanding and meeting our associates' and our customers' needs. Associates can trust and rely on the open door; it's one of the most important parts of our culture.
- Sundown Rule: Observing the Sundown Rule means we do our best to answer requests by the close of business on the day we receive them. Whether it's a request from a store across the country or a call from down the hall, we do our very best to give each other and our customers same-day service. We do this by combining our efforts and depending upon each other to get things done.
- Grass Roots Process: Sam's philosophy lives on today in Walmart's Grass Roots Process, our formal way of capturing associates' ideas, suggestions and concerns.
- 3 Basic Beliefs & Values: Our unique culture has helped make Walmart one of the world's most admired companies. Since Sam Walton opened Walmart in 1962, our culture has rested on three basic beliefs. We live out these beliefs each day in our interactions with our customers and each other.
- 10-Foot Rule: The 10-foot Rule is one of our secrets to customer service. During his many store visits, Sam Walton encouraged associates (employees) to take this pledge with him: "I promise that whenever I come within 10 feet of a customer, I will look him in the eye, greet him, and ask if I can help him."
- Servant Leadership: Sam Walton believed that effective leaders do not lead from behind their desks. "It's more important than ever that we develop leaders who are servants, who listen to their partners—their associates—in a way that creates wonderful morale to help the whole team accomplish an overall goal," Sam said.

- Teamwork: Sam Walton, our founder, believed in the power of teamwork. As our stores grow and the pace of modern life quickens, that philosophy of teamwork has only become more important over the years.
  - Walmart Cheer: Don't be surprised if you hear our associates shouting this enthusiastically at your local Walmart store. It's our cheer, and while it might not sound serious, we take it seriously. It's one way we show pride in our company.
5. Based on the information provided in Illustration Capsule 2.4, describe the ways in which Volkswagen did not fulfill the requirements of effective corporate governance. In what ways did the board of directors sidestep its obligations to protect shareholder interests? How could Volkswagen better select its board of directors to avoid mistakes such as the emissions scandal in 2015?

### connect ACTIVITY

This Assurance of Learning exercise is available as a Connect Assignment. The assignment can be graded and posted automatically.

#### **Response:**

The student should be able to identify the characteristics of an effective independent Board of Directors:

- Is well informed about the company's performance.
- Guides and judges the CEO and other top executives.
- Has the courage to curb management actions the board believes are inappropriate or unduly risky.
- Certifies to shareholders that the CEO is doing what the board expects.
- Provides insight and advice to management.
- Is intensely involved in debating the pros and cons of key decisions and actions.

The student should then be able to provide a detailed discussion of the failures of the Board of Directors. Leading failures resulting in the Emissions Scandal include:

- The primary cause is the absence of a strong group of independent directors. Based upon German Corporate law, governance is provided by a Management Board and a Supervisory Board, with employees making up 50% of the Supervisory Board. This should have allowed for at least 50% of the Supervisory Board to be fully independent. While staying within the 'letter of the law,' they sidestepped the 'spirit of the law' by cycling recent former senior executives through the Supervisory Board Chairmanship position and other board positions. This had the effect of removing truly independent oversight.
- A secondary cause is that 50% of voting shares are controlled by the Porsche family. Family members, acting as Chairman of the Board, will regularly remove an independent CEO and replaced them with unqualified family members. This has the effect of removing qualified and independent senior management oversight.