



CHAPTER 1

WHAT IS STRATEGY AND WHY IS IT IMPORTANT?

Connect Overview

Helpful Suggestions Regarding Assignment Policies: Connect gives instructors a wide array of flexibility in making assignments and creating grading policies. Instructors may choose to:

- assign as many assignments as appropriate given the level and time commitment expected for the class,
- determine point values for each question/interactive that works within the total course percentages,
- make available multiple attempts per assignment with options of accepting the *highest* score or *averaging* all the attempts together (several attempts are particularly good for homework assignments),
- deduct points for *late* assignment submissions (percentage deduction per hour/day/week/etc.) or create hard deadlines thus accepting *no* late submissions,
- show feedback on interactives/questions immediately upon submission **or** at the time the assignment is due for the whole class,
- create new assignments or questions from scratch, or edited versions from a variety of provided resources.

Recommendations: Here are some ideas you might want to consider for Connect in a strategy course.

Connect Interactive Exercises: (UPDATED for Second Edition of this Rothaermel textbook)

- Assigning Interactives: Consider assigning one or two interactives per chapter. Interactives are based on chapter learning objectives, so the instructor can choose based on his/her focus for the course.
- Assignments can be due *before* class as preparatory materials (this is especially good for an interactive classroom style), or *after* class as a check on understanding of the concepts.
- To find the interactives in Connect, go to “Add Assignment” and then select “Question Bank.”

Assignments + Add Assignment

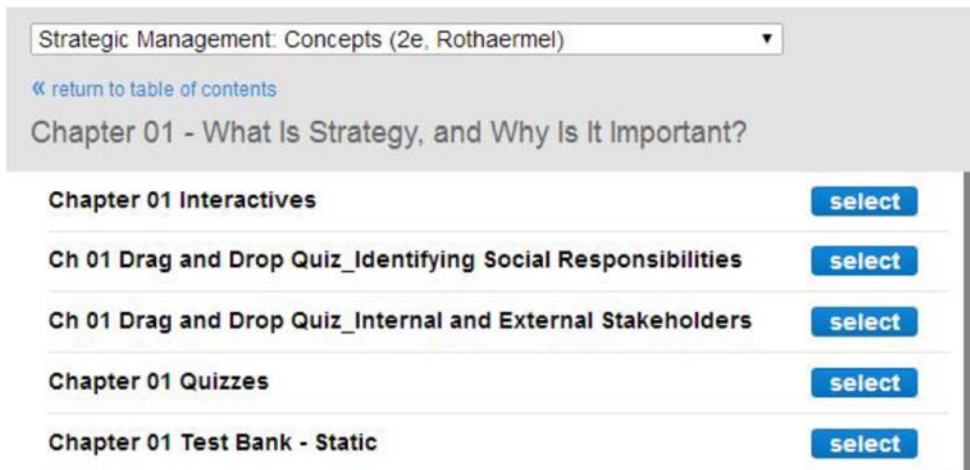
Find out all you can do with Connect Assignments. [view our success tips](#)

Question Bank
Create an assignment from end-of-chapter questions, test bank or your own question banks.

LearnSmart
Improve comprehension and boost retention using LearnSmart study modules.


group assignment
Create assignments for students to work on as a team.

- Interactives are organized by chapter and may include follow-on questions to be paired. (This is shown in more detail further along in this instruction manual.)




- Instructors may want to give students unlimited or multiple attempts on the first few assignments so the students have a chance to learn and navigate the system before selecting the option for one attempt only. (As the course progresses instructors may want to tighten up the time and number of attempts).
- Generally, interactives will be homework or practice for the students. Chapter quizzes and a full chapter test bank are available for quizzes and/or exams online.


select the assignment category:




homework




practice



quiz



exam

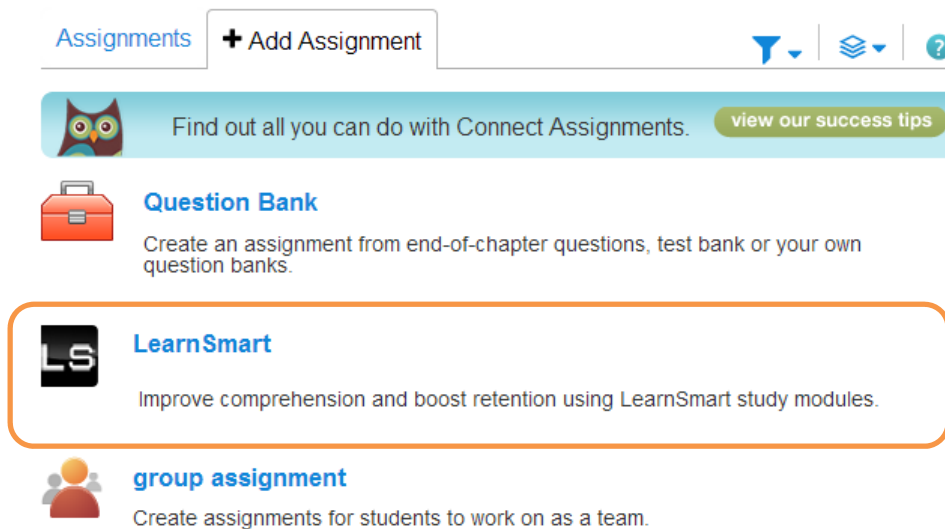
 **Homework** default settings: [?](#) [edit all settings](#)

<p>Basic edit</p> <ul style="list-style-type: none"> • No time limit • Printing is not allowed • Questions are ordered • Not password protected • Credit is given for accuracy 	<p>Feedback edit</p> <ul style="list-style-type: none"> • after the first attempt, show: <ul style="list-style-type: none"> - No feedback • after the second attempt, show: <ul style="list-style-type: none"> - Total scores only • after the third attempt or scoring 100%, show: <ul style="list-style-type: none"> - Detailed feedback
<p>Attempts edit</p> <ul style="list-style-type: none"> • Three attempts are allowed • On each new attempt, students revise their previous attempts <ul style="list-style-type: none"> • Students are not allowed to revise their previous attempts if manual grading questions are not yet graded • There is no score deduction for taking new attempts • Study attempts are not allowed 	

- The value of each question should probably be relatively low, since multiple questions are usually assigned for each chapter. A good rule of thumb would be to make “Quiz Questions” worth 1 or 2 points each and “Interactives” worth 5 to 10 points each since these require more time and thought.
- The feedback given to students is time-flexible. Selecting feedback to be displayed after the assignment due date helps keep students from giving the correct answers to other students while the interactive is still available. For this reason, quizzes and exams are suggested to have no feedback available until after the due date for the entire class assignment.

LearnSmart Questions: (NEW for the Second Edition of this Rothaermel textbook)

- LearnSmart is an **adaptive study tool** designed for students. It can also show you where students are struggling to understand specific concepts.
- The student’s LearnSmart score in the Connect reports is based on their mastery of the material at the time the assignment is due. Mastery is an evaluation of the number of learning objectives they completed via their performance in answering questions.
- To find LearnSmart in Connect, go to “Add Assignment” and then select “LearnSmart.”



- Assigning LearnSmart: Instructors might want to assign less than an entire chapter segment of LearnSmart in Connect. The expected average time changes based on which sections are selected and deselected for the chapter. The system also allows instructors to adjust the expected completion time by dragging the toggle lever left or right to increase or decrease the depth of coverage of the activity.



adjust depth of coverage for this assignment

less
content

more
content

average time required:

30 min

learning items covered: 40

topics	include topic *
Overview	<input checked="" type="checkbox"/>
What Strategy Is: Gaining & Sustaining Competitive Advantage	<input checked="" type="checkbox"/>
Stakeholders and Competitive Advantage	<input checked="" type="checkbox"/>
The AFI Strategy Framework	<input checked="" type="checkbox"/>
Implications for the Strategist	<input checked="" type="checkbox"/>

* At least one topic needs to be included in this study module.

- The entire LearnSmart module is available to your student at all times; however, assigning 30 minutes or so will prompt students to try it. You are required to select a due date for LearnSmart. However, this will not prevent the student from LearnSmart access. It is designed to show instructors that the student has completed the LearnSmart assignment.
- Students may, and are encouraged to, continue to use LearnSmart throughout the semester. After the assignment due date, they can continue to access LearnSmart. Continued use of LearnSmart will *not* affect their LearnSmart assignment results in the Connect reports, but it has shown to improve test scores by as much as a full letter grade.

CHAPTER ONE:

WHAT IS STRATEGY AND WHY IS IT IMPORTANT?

Interactives:

- | | |
|--|---------------|
| 1) Gaining Competitive Advantage at Nvidia | LO 1-1 |
| 2) Internal and External Stakeholders | LO 1-4 |
| - Two-Question Quiz for Stakeholder Interactive (optional) | |
| 3) Identifying Social Responsibilities | LO 1-5 |
| - Three-Question Quiz for Social Responsibilities Interactive (optional) | |

Question Type:

- | |
|---------------|
| Case Analysis |
| Time/Sequence |
| Drag and Drop |

Chapter ONE – Learning Objectives

- LO 1-1** Explain the role of strategy in a firm's quest for competitive advantage.
- LO 1-2** Define competitive advantage, sustainable competitive advantage, competitive disadvantage, and competitive parity.
- LO 1-3** Differentiate the role of firm effects and industry effects in determining firm performance.
- LO 1-4** Evaluate the relationship between stakeholder strategy and sustainable competitive advantage.
- LO 1-5** Conduct a stakeholder analysis.

Description of Interactives

- The following is a brief depiction of the chapter interactives including some pictorials of the activities. This will give the instructor easy-to-reference information about the exercises and facilitate some classroom discussions.

Ch1 Interactive #1: Gaining Competitive Advantage at Nvidia

Summary of Activity- This case analysis provides the students an opportunity to think through the three elements of a good strategy with a complementary application from the textbook. The case also helps students see the value in learning from failures. The case here ties closely to the materials in the beginning sections of Chapter 1. Students will read the case and then answer the four questions following it.

Learning Objectives:

LO 1: Explain the role of strategy in a firm's quest for competitive advantage.

Difficulty: Medium

Blooms: Evaluate

AACSB: Analytic

Page reference in text: 4-5

QUESTION
PROGRESS

Introduction

Case Analysis

Case Analysis

Good Strategy at Nvidia

The textbook uses Apple to explore the concepts behind the three elements of a good strategy. Here, we will build from a brief case about a different firm to help us further understand these ideas. Please read the following case about the 3D graphics company Nvidia, as well as the Chapter 1 text, before answering the related questions.

Nvidia went from an IPO in 1999 to being named "company of the year" by Forbes magazine in 2007. Forbes noted Nvidia had gross margins of 46 percent in 2006 and its stock price rose even faster than Apple over this period. In 2013, the firm, with over \$4B in sales, provides processors for use in mobile devices, cloud computing, and super computers.

However, had it not been for some early stumbles, the firm may have never reached these successes. Nvidia was founded in 1993 by Jen-Hsun Huang and two colleagues. Their first product—delivered in 1995—was a commercial failure. However, a rival firm, 3Dfx Interactive, introduced a very successful 3D graphics chip for the rapidly growing PC-based gaming industry.

Chastened by this initial failure, Mr. Huang and his team regrouped. They analyzed the gaming industry of that era and concluded that the market (gamers, as well as others interested

1. Nvidia went through a major rethinking of its strategy after its initial market failures. Based on the case just mentioned, what is the major *diagnosis* of the competitive challenge they found?

select
▼

2. The textbook notes that the formulation stage of the AFI framework has parallels to the guiding policy of a good strategy. What is the key guiding policy developed by Nvidia, as mentioned earlier?

select
▼

3. The final and perhaps hardest part of a good strategy is to deploy a set of coherent actions for the implementation of the strategy. Which of the following is NOT an implementation action taken by Nvidia?

select
▼

◀ prev

Follow-Up Activity: The instructor can expand on the concepts in this case analysis by comparing some of the business decisions made by Nvidia and Apple. Many students may not be familiar with Nvidia as a firm, but they may find some of their favorite gaming devices are powered by Nvidia products. We find students sometimes lacking in business-to-business experiences and firms such as Nvidia, which are not retail oriented, can enhance their conceptual application and give students thought-provoking business examples.

Ch1 Interactive #2: Internal and External Stakeholders

Summary of Activity: This sequential exercise starts with chronological ordering of some black swan events, as discussed in the textbook. Then, the students are asked to consider the benefits and contributions of several different types of stakeholders. The student must read the textbook and then drag the elements to the correct locations in both stages of this activity.

Learning Objectives:

LO 4: Evaluate the relationship between stakeholder strategy and sustainable competitive advantage.

Difficulty: Medium

Blooms: Understand

AACSB: Analytic

Page reference in text: 10-12

QUESTION
PROGRESS

Introduction

Click And Drag

Click And Drag

Click And Drag

The textbook states that there have been a series of unusual but high-impact events thus far in the 21st century. Align these “black swans” in chronological order.

Large MNC
Accounting
Scandals

Global Financial
Crisis

European Recession

Reset

◀ prev

next ▶

QUESTION
PROGRESS

Introduction

Click And Drag

Click And Drag

Click And Drag

After reviewing the brief case and the textbook, please move the listed contribution and benefit to the appropriate position for each of the three stakeholder types in the following diagram.

	Stakeholder	Major Contribution	Major Benefit
<div>Dividends</div> <div>Infrastructure and Safety</div>	Employees		
<div>Wages and Salary</div> <div>Investment Capital</div>	Community		
<div>Taxes and New Jobs</div> <div>Time and Talents</div>	Stockholders		

Reset

◀ prev

Optional Activity: A related quiz with two questions is available for the instructor to assign. The following is an example of how these questions may be added to the interactive as one graded exercise for the student. Note the interactive can be worth more points than each multiple choice question thus representing the effort needed to complete each part.

Chap 1 Stakeholder with Quiz rename ?

Students please complete the click and drag interactive and then answer the 2 questions following to complete this assignment.

[edit](#)

3 / 3
questions
assigned

9.00
points

[add questions](#)

[organize assignment](#)

view: [list](#) [individually](#)

[edit pools](#) ▼

[set all point values...](#)

100%



question	question type	points	
Ch 01 Internal and External Stakeholders	Time/Seq	5.00	<input type="checkbox"/>
MC Qu. 1 Ch 01 Drag and Drop Quiz_Internal and External	Multiple Choice	2.00	<input type="checkbox"/>
MC Qu. 2 Ch 01 Drag and Drop Quiz_Internal and External	Multiple Choice	2.00	<input type="checkbox"/>

[save & exit](#)

[delete assignment](#)

[continue](#)

Follow-Up Activity: The instructor can expand on the concepts from this interactive by discussing recent activist stockholder activities at firms such as Apple (Carl Icahn's push for stock buybacks) and others pulled from the headlines.

Ch1 Interactive #3: Identifying Social Responsibilities

Summary of Activity: This activity builds student comprehension of the Stakeholder Impact Analysis. In particular, it builds upon step 4 and the concept of Corporate Social Responsibility for the students. The student must read the application examples provided and move the correct type of social responsibility to the box provided.

Learning Objectives:

LO 5: Conduct a stakeholder analysis.

Difficulty: Medium

Blooms: Apply

AACSB: Analytic

Page reference in text: 15-16

QUESTION
PROGRESS

Introduction

Click And Drag

Click And Drag

Move the correct type of social responsibility into its appropriate match for each application example provided.

CSR Type

Corporate Example

**Ethical
Responsibilities**

Apple attained the position of the most valuable company in 2012.

**Legal
Responsibilities**

Microsoft has donated over \$3B to people who cannot afford to pay for computer technology.

**Philanthropic
Responsibilities**

GE has over 1,000 attorneys to assure high integrity and compliance with regulations.

**Economic
Responsibilities**

Starbucks sources coffee from fair trade and responsible growing suppliers.

Reset

◀ prev

Optional Activity: A related quiz with three questions is available for the instructor to assign. The following is an example of how these questions may be added to the interactive as one graded exercise for the student. Note the interactive can be worth more points than each multiple choice question thus representing the effort needed to complete each part.

Chap1 Social Responsibility with... [rename ?](#)

Students please complete the click and drag interactive and then answer the 3 questions following to complete this assignment.
[edit](#)

4 / 4
questions
assigned

10.00
points

[add questions](#)
[organize assignment](#)

 view: [list](#) [individually](#)
[edit pools](#) [set all point values...](#) **100%**

question	question type	points	
Ch 01 Identifying Social Responsibilities	Drag and Drop	4.00	
MC Qu. 1 Ch 01 Drag and Drop Quiz_Identifying	Multiple Choice	2.00	
MC Qu. 2 Ch 01 Drag and Drop Quiz_Identifying	Multiple Choice	2.00	
MC Qu. 3 Ch 01 Drag and Drop Quiz_Identifying	Multiple Choice	2.00	

[save & exit](#)
[delete assignment](#)
[continue](#)

Follow-Up Activity: The instructor can expand on the concepts from the Click and Drag by having students discuss the variety of social responsibilities surrounding Strategy Highlight 1.2 (text page 17) about the Deepwater Horizon oil spill.