



Course BPS 6310. MIM
Strategic Management (GLEMBA)
Professor Mike W. Peng
Term Spring 2013
Wednesday, January 23 & Thursday, January 24, 2013

Contact Information

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Pre-requisites, Co-requisites, & other restrictions

Current enrollment in the GLEMBA program

Course Description

Strategic management consists of the analysis, decisions, and actions that organizations take to create sustainable competitive advantages. The course examines a variety of issues including environmental, competitor, and stakeholder analysis; strategy formulation; and strategy implementation and control. The central role of ethics and corporate governance as well as global issues will be addressed.

This course focuses on the strategic challenges confronting firms that compete in the global economy. A firm's strategy is its "theory" of how to gain competitive advantage and compete successfully in the marketplace. Strategic management is the process that managers, especially executives, develop and implement a firm's strategy. The objective is to have an enhanced understanding of the most fundamental question in strategic management: ***What determines the success and failure of companies around the globe?***

Learning Outcomes

Positioned in the heart of the GLEMBA curriculum (both content- and timing-wise), this course directly contributes to the core mission of our GLEMBA program—fostering an ***executive mindset***. It helps you develop the following perspectives:

- A ***strategic*** perspective: We will help you develop a firm-level policy formulation and implementation orientation, as opposed to a functional, project-level focus found in other tactical courses. Our first key

word, naturally, is **strategic**.

- An **analytical** perspective: Develop an ability to draw on three leading perspectives in strategy—namely, industry-based, resource-based, and institution-based views—to perform deep analysis underpinning strategic decisions.
- A **business-as-a-system** perspective: Develop a deep understanding of the interconnectedness of internal organizational components and external environment elements on a worldwide basis. Globalization, business ethics, and social responsibility are crucial components of this perspective.
- A **worldly** perspective: Our second key word is **global**. A hallmark of this course is that it is not US-centric. In addition to studying US-based firms, in case studies, we will be investigating organizations headquartered in Brazil, China, France, Germany, India, and Ireland doing business in a variety of host countries around the globe.
- A **managing-for-change** perspective: The only constant in the global economy seems to be change. As GLEMBA students, you will need to embrace and take advantage of change. Such change is often fostered by debates. In **every** class (and **every** chapter of the textbook), we will be engaging in a series of cutting-edge debates. Debates are both exciting yet uncertain. It is imperative that you be knowledgeable about different sides of these debates, form your own views, and be prepared to embrace change unleashed by these debates.

Required Texts & Materials

1. M. W. Peng (2014). *Global Strategy*, 3rd ed. South-Western Cengage Learning. ISBN-13: 978-1-133-96461-2 / ISBN-10: 1-133-96461-3. Both ISBNs refer to the same book. Students can pre-order at Amazon as of now, but the physical copy will be shipped starting January 1, 2013—ours will be the world's 1st class using the 3rd edition. Kindle versions and Cengage e-Books are available (for best deals, go to www.cengagebrain.com for e-books, e-chapters, or print versions with savings up to 50%).
2. Additional cases and readings (posted in Blackboard)

Grading Policy

Individual assignments

80%

- Two (2) one-page **individual** papers (40%)
One on a debate (other than the one your group is presenting) and another on a case (other than the one your group is presenting)
- Contributions to class discussions (40%)

Team assignment	20%
• Team retreat presentation on a debate (20%)	
Total	100%

REQUIRED: Pre-retreat assignments include the submission of two (2) one-page individually written papers and one team Power Point presentation. Hardcopies of the papers will be turned in at the 1st day of the retreat Wednesday, January 23, 2013. The team presentations need to be posted in the Business Strategy course on Bb under Assignments no later than Monday, January 21, 2013. While you may work in your teams or discuss your topic with others, the position paper should be written strictly on an *individual* basis.

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**PRE-RETREAT
Individual
Assignment:
Two (2) One-
Page Papers
(one on
Ethics/Debates
and another
on a Case)**

One (1) One-Page Paper on Ethics and/or Debates: Most textbooks present knowledge “as is” and ignore the fact that the field has numerous inconclusive but important debates. **Every** chapter of my *Global Strategy* text has a section on “Debates and Extensions,” some of which have significant ethical dimensions (see also the critical discussion questions on ethics in **every** chapter). Pick any one debate/ethical dilemma to write one (1) one-page paper (**single-spaced, no cover page please**). The only constraint is that you **cannot** choose the debate that will be presented by your case team.

You need to both summarize the debate/ethical dilemma (less than 1/2 page), and answer the question: **How does the assigned chapter/reading help you understand and participate in the debate?** For example, between two contrasting positions A and B, you had always intuitively supported A (before taking the class). Now you find assigned readings to intellectually support your support for A. Or, despite your initial belief in A, through this course, you now support B. Tell us why.

As an expert on certain debates, **please be prepared to participate in these debates in class**. Of course, I expect everybody to have read these debates and be able to participate. But I may call on the experts, those who write the papers on these debates, to add more to our discussion.

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One (1) One-Page Paper on a Case: Pick any case, **except** the one that will be presented by your group. Given the space constraints, you will be better served if you focus on one or two discussion questions in the position paper—Don’t try to bite off all discussion questions in 1 page. The detailed requirements are:

- **Typed, single-spaced, and cannot exceed one page, with one inch margin on four sides of the paper (no**

cover page please). If you have performed extensive outside research (such as most recent Internet posting), you may attach one page as an appendix, which can only be a direct printout or a spreadsheet but cannot be your write-up;

- You may present your position paper in paragraph form or in outline form as bullet points;
- The font size cannot be smaller than 10

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**PRE-RETREAT
Team Assignment:
PowerPoint Slides
and In Class
Presentation
of a Case-Based
Debate**

As a group, you will present a debate based on a case. It will be presented after the lecture is over but before the class discussion begins. You will have 10 minutes and 5 slides. Slide 1 is the mandatory title slide, with all names and emails. So you really only have 4 slides. Use Slides 2 and 3 to summarize the case, and use Slides 4 and 5 to outline how the case illustrates a debate. It is **not** mandatory that all members of the group present the case.

Please note that the key is **not** to be comprehensive. Do not attempt to summarize the entire case in Slides 2 and 3—summarize the relevant factual information pertaining to the debate. Although case discussion questions are helpful, do not attempt to answer them all. The key here is to **focus** on one debate (as suggested).

You choose the most effective format to present the debate. One possibility is to have team member 1 present side A, team member 2 present slide B, and then team member 3 play the role of moderator/reconciler. Alternatively, the entire team can represent side A, and engage the rest of the class as side B.

REQUIRED: Submit your team Power Point presentation in the in the Business Strategy course on Blackboard by Monday, January 21, 2013. Also required: a hardcopy of slides (print 6 slides to 1 sheet) in class.

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Assignments due dates: Pre-retreat

1. Two, 1-page individual papers: The papers will be turned in on the 1st day of the retreat Wednesday, January 23, 2013
2. Case team presentation: Submit PowerPoint slide presentation to the Strategic Management course on Bb no later than Monday, January 21, 2013. In class presentation in the session when the case is to be discussed
3. Submit a hardcopy of everything you posted on Bb to the professor in class.

Retreat schedule

Date	Cases	Chapters and issues	Industry	HQ location
Wednesday 1/23 AM 1	Guns of August 1914 (posted in Bb)	Introduction / Ch. 1: Strategizing around the globe	Military	Germany, France
Wednesday 1/23 AM 2	High fashion fights recession (p. 57) Team 1	Ch. 2: Managing industry competition	Luxury goods	Europe
Wednesday 1/23 PM 1	Ryanair (p. 418) Team 2	Ch. 3: Leveraging resources & capabilities	Airlines	Ireland
Wednesday 1/23 PM 2	The private equity challenge (p. 353) Team 3	Ch 4: Emphasizing institutions, cultures, & ethics	Private equity	USA
Thursday 1/24 AM 1	Pearl River goes abroad (p. 182) Team 4	Ch. 6: Entering foreign markets BONUS talk: The global strategy of emerging multinationals from China	Piano	China
Thursday 1/24 AM 2	AT&T–T-Mobile merger (p. 456) Team 5	Ch. 8: Managing global competitive dynamics	Telecom service	USA, Germany
Thursday 1/24 PM 1	Emerging acquirers from China and India (p. 288) + Brazil’s Whopper deal (p. 278) Team 6	Ch. 9: Diversifying, acquiring, restructuring	All industries using M&As	Brazil, China, India
Thursday 1/24 PM 2	The Wal-Mart effect (posted in Bb) Team 7	Ch. 12: Strategizing with corporate social responsibility	Retail	USA

Course Policies

Make-up Exams	No
Extra Credit	No
Late Work	Late written assignment will be downgraded by 10% every business day
Special Assignments	For 1-page papers and case presentation PPT slides, both hardcopies and Blackboard submissions will be required . That is, please submit all written homework via Blackboard. In addition, please also print out a hardcopy and deliver to me in-person, in-class. If you are unable to deliver the hardcopy in-person, in-class, please ask a classmate to print out a hardcopy for you and give to me on your behalf.
Class Attendance	Since the course is built almost exclusively around the case method, attendance and participation are very important and required of each student. As in the real world, the cases are rich in detail, yet open-ended and incomplete at the same time. Therefore, do not approach a case as you would a book chapter or a magazine article. In order to derive maximum benefit from the case method, it is essential that you mentally "get inside" the case. At a minimum, the well-prepared student comes to

	<p>class equipped with the knowledge of the readings and with a written outline on how to answer each of the discussion questions.</p> <p>Class participation will be graded based on the subjective assessment of the professor for each class. Given the extensive group-based work and the high-caliber of the students, my previous experience suggested that this is likely to be a key area of differentiation in your final grade.</p> <p><u>"Dos" for Case Discussions</u></p> <ul style="list-style-type: none"> • Keep an open mind • Relate outside experience • Be provocative and constructive <p><u>"Don'ts" for Case Discussions</u></p> <ul style="list-style-type: none"> • Do not make sudden topic changes; recognize the flow of discussion • Do not repeat yourself and others • Do not be disrespectful of colleagues' comments to "score points" <p>Remember it is the quality of your participation, not the quantity (or "air time"), that will lead to good performance in class discussion. The following criteria are employed:</p> <ul style="list-style-type: none"> • Excellent class participation: The student consistently attends class, consistently contributes to case discussions, and consistently demonstrates superior understanding and insights • Good class participation: The student consistently attends class, consistently contributes to case discussions, and occasionally demonstrates superior understanding and insights • Mediocre class participation: The student inconsistently attends class, inconsistently contributes to case discussions, and rarely demonstrates superior understanding and insights.
<p>Academic Professionalism and Citizenship</p>	<p>You are expected to exhibit the highest level of professionalism and courtesy in and out of class. Minimum behavioral expectations include:</p> <ul style="list-style-type: none"> • Turn off cell phones, beepers, and pagers while in class • Unless absolutely necessary for class purposes, do not use your laptop in class. I suggest that you download and print out all PowerPoint notes and make additional notes using old-fashioned long hand. • Arrive punctually (if you have to be late in arrival or to depart early, please find a seat closer to the door in a non-disruptive manner) <p>More seriously, please be aware that anyone who commits an act of scholastic dishonesty is subject to disciplinary actions. Given that this course is writing-intensive, the primary concern is plagiarism—defined as not giving credit to others' work and representing such work as one's own. Operationally, if words are copied verbatim, they must be placed in quotation marks and properly documented – either in footnotes or in (name, year) format (such as [Peng, 2014] for my book) with a reference</p>

	list at the end of your work. Direct quotes should also provide a page number. Quotation marks and page numbers are not necessary when you paraphrase someone else's work using your own words. Nevertheless, you should still give credit to the origin of these ideas. Failure to do so consists of plagiarism. For an example of adequate documentation of sources, see end-of-chapter Notes sections after each chapter in my book. See also http://www.utdallas.edu/student/sliffe/dishonesty.html
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Retreat/Class Schedule

Wed 1/23 AM 1 (9:00-10:15 AM) Introduction / Ch. 1: Strategizing around the globe

In-class exercise: What is your company's strategy? What is its "official" mission statement?

Case: Guns of August 1914 (posted in Bb)

Debate: Strategy as plan versus strategy as action

1. What exactly is strategy?
2. What were the main characteristics of the French and German strategies in 1914?
3. What were the strong points in these strategies? The weak points? What should have been done differently? Why?
4. What principles of strategy do the success and failure of each side suggest?

Wed 1/23 AM 2 (10:30-12 NOON)

Ch 2: Managing industry competition

Case: High fashion fights recession (p. 57)

Debate to be presented by team 1: Industry rivalry versus strategic groups

1. Using the five forces framework, how would you characterize the competition in the luxury goods industry?
2. How much bargaining power did consumers as buyers have during the Great Recession?
3. Why was discounting looked down upon by industry peers, all of which were differentiated or focus competitors?
4. What would be the likely challenges in emerging markets for luxury goods firms?

Wed 1/23 PM 1 (1-2:45 PM)

Ch. 3: Leveraging resources and capabilities

Case: Ryanair (p. 418)

Debate to be presented by team 2: Static resources versus dynamic capabilities

1. From an industry-based view, assess the strength of the five forces and determine the extent to which Ryanair is positioned against those forces.
2. From a resource-based view, what explains Ryanair's success?
3. From an institution-based view, assess the opportunities and threats presented by the current and future institutional environment (both formal and informal). How should Ryanair respond?
4. What is your evaluation of the proposal that Ryanair offer free flights in perpetuity? Draw on the three views in your answer.
5. ***ON ETHICS:*** Evaluate Ryanair's ethical (or unethical) behavior, especially in light of the questionable practices discussed in the case. What changes, if any, would you recommend to CEO Michael O'Leary?

Wed 1/23 PM 2 (3-4:45 PM)

Ch. 4: Emphasizing institutions, cultures, and ethics

NOTE: We will only cover institutions and will not get into the details of culture and ethics. This is not because these topics are not important—they are. They are skipped, simply because these will be well covered by other classes and we don't have a lot of class time. If you have time, do read the Debates and Extensions section.

Case: The private equity challenge (p. 353)

Debate to be presented by team 3: Global convergence versus divergence in private equity (or corporate governance in general) (p. 345)

1. If you were a private equity specialist, what kind of target firms would you look for?
2. If you were CEO of a publicly traded firm and were approached by a private equity firm, how would you proceed?
3. If you were Chinese regulator, how concerned should you be after you have learned about the criticisms against private equity in the United States, Germany, South Korea, and elsewhere?

Thurs 1/24 AM 1 (10:00-11:00 AM) **Ch. 6: Entering foreign markets**

BONUS TALK: The global strategy of emerging multinationals from China

This is based on a keynote speech (with some updates) that I first gave in October 2009, at the “China Goes Global” Conference at Harvard University Kennedy School of Government. Since then I have given this presentation numerous times around the world, in places such as Brazil, Canada, China, Hong Kong, South Korea, and the United States (as well as previous GLE MBA and EMBA classes).

Original slides are posted at www.utdallas.edu/~mikepeng, on p. 1 (opening page), go to “Media Reports and Awards,” and then under “October 2009” you will find the PDF slides.

Additional readings:

M. W. Peng, 2012, The global strategy of emerging multinationals from China, *Global Strategy Journal* 2(2): 97-107—posted in Bb.

M. W. Peng, 2012, Why China's investments aren't a threat, *Harvard Business Review*, February 13 (blogs.hbr.org)—posted in Bb.

M. W. Peng, 2011, The social responsibility of international business scholars: The case of China, *AIB Insights*, 11(4): 8-10—posted in Bb.

Case: Pearl River goes abroad (p. 182)

Debate to be presented by team 4: Domestic resources vs international capabilities (p. 81)

1. Drawing on industry-based, resource-based, and institution-based views, explain how PRPG, from its humble roots, managed to become China's largest and the world's second largest piano producer.
2. Why did Pearl River's top management believe that the firm must engage in significant internationalization (beyond the direct export strategy)?
3. Why did Pearl River use different entry modes when entering different markets?

Thurs 1/24 AM 1 (11:05-12:00 noon)

Ch. 8: Managing global competitive dynamics

Case: The antitrust case on the AT&T–T-Mobile merger (p. 456)

Debate to be presented by team 5: Strategy versus IO economics and antitrust policy

1. Defend AT&T's position as its CEO.
2. Defend this merger as T-Mobile's or Deutsch Telekom's CEO (both firms were co-defendants in this case).
3. Provide an expert testimonial as Verizon's or Spring Nextel's CEO.
4. Challenge AT&T's position as an antitrust lawyer working for the government.
5. **ON ETHICS:** As a party not directly involved in the case (such as a manager at another firm not in this industry or a student), what do you think is right about antitrust policy? What is wrong about antitrust policy? Why?

Thurs 1/24 PM 1 (1-2:45 PM)

Ch. 9: Diversifying, acquiring, and restructuring

Case (a combination of 2 short cases): (1) Emerging acquirers from China and India (p. 288); **(2) Brazil's Whopper deal** (p. 278)

Debate to be presented by team 6: Acquisitions versus alliances

1. Why have M&As emerged as the primary mode of foreign market entry for Chinese and Indian MNEs?
2. Drawing on industry-based, resource-based, and institution-based views, outline the similarities and differences between Chinese and Indian multinational acquirers?
3. **ON ETHICS:** As CEO of a firm from Brazil, China, or India engaging in a high-profile acquisition overseas, shareholders at home are criticizing you of "squandering" their money, and target firm management and unions—as well as host country government and the media—are resisting. Should you proceed with the acquisition or consider abandoning the deal? If you are considering abandoning the deal, under what conditions would you abandon it?

Thurs 1/24 PM 2 (3-4:45 PM)

Ch. 12: Corporate social responsibility

Case: The Wal-Mart effect (posted in Bb)

C. Fishman, 2006, The Wal-Mart effect and a decent society: Who knew shopping was so important? *Academy of Management Perspectives*, 20: 6-25—NOTE this reading/article is the main CASE. There is NO additional material labelled "CASE"

Additional (supplemental case): Competing in the Indian retail industry (book, p. 33)

Debate to be presented by team 7: The fundamental debate: Do stakeholders (other than those that Wal-Mart deeply cares about, consumers and shareholders) have a legitimate "claim" here? (p. 365).

1. (This is a review question for Ch. 2 and 3) Analyze Wal-Mart from a five forces (industry-based) and resource-based standpoint. Why is Wal-Mart so powerful and "successful"?
2. Do you think Wal-Mart is a "problem"? Why or why not?—In other words, what's wrong about Wal-Mart? Or, what's right about Wal-Mart?
3. Fishman wrote that "Wal-Mart is a creation of us and our money . . . It is also a mirror. Wal-Mart is quintessentially American" (pp. 24-25). If so, does the American style capitalism—or, if we may, capitalism broadly defined—really have a problem?
4. Critics argue that because of Wal-Mart's relentless pressure on suppliers to lower costs, Wal-Mart destroys numerous manufacturing jobs in the United States and sends jobs to countries such as China. Do you think this criticism is fair?
5. While this case focuses on the US economy, Wal-Mart is also global, in the case that it is now the largest corporate employer and the largest retailer in both Canada and

Mexico. It is also the second largest grocer in Britain. It has stores in many other countries. What is the likely Wal-Mart effect on other countries—or the global economy in general? (Please consult with the supplemental case on “Competing in the Indian retail industry”)

ABOUT YOUR PROFESSOR

Mike W. Peng (PhD, University of Washington) is the Jindal Chair of Global Strategy at the University of Texas at Dallas, a National Science Foundation CAREER award winner, and a Fellow of the Academy of International Business (AIB). Professor Peng is widely regarded as one of the most prolific and most influential scholars in global strategy. He has published five books, over 100 journal articles, and numerous other pieces. Both the United Nations and the World Bank have cited his work in major publications. His market leading textbooks, *Global Strategy*, *Global Business*, and *GLOBAL*, are studied in over 30 countries, and have been translated into Chinese, Spanish, and Portuguese. He has been quoted in *The Economist*, *Newsweek*, *Dallas Morning News*, *Smart Business Dallas*, *Atlanta Journal-Constitution*, *The Exporter Magazine*, *The World Journal*, *Business Times* (Singapore), *Sing Tao Daily* (Vancouver), and *Brasil Econômico* (São Paulo) as well as on Voice of America.

Professor Peng is an active consultant, trainer, and keynote speaker. He has consulted for multinational enterprises (such as AstraZeneca, BankOne, Berlitz International, Nationwide, SAFRAN, and Texas Instruments), nonprofit organizations (such as Greater Dallas Asian American Chamber of Commerce, Manufacturers Alliance/MAPI, and World Affairs Council of Dallas-Fort Worth), educational and funding organizations (such as Harvard University Kennedy School of Government, Hong Kong Research Grants Council, National Science Foundation, Social Sciences and Humanities Research Council of Canada, and University of Memphis), and leading national and international organizations (such as the US-China Business Council, the US Navy, and The World Bank).

<http://www.mikepeng.com>

<http://www.utdallas.edu/~mikepeng>

APPENDIX: Table of Contents for the Additional Readings:

1. B. Tuchman, 1962, *Guns of August*—posted in Bb
2. M. W. Peng, 2012, The global strategy of emerging multinationals from China, *Global Strategy Journal* 2(2): 97-107—posted in Bb.
3. M. W. Peng, 2012, Why China’s investments aren’t a threat, *Harvard Business Review*, February 13 (blogs.hbr.org)—posted in Bb.
4. M. W. Peng, 2011, The social responsibility of international business scholars: The case of China, *AIB Insights*, 11(4): 8-10—posted in Bb.
5. C. Fishman, 2006, The Wal-Mart effect and a decent society: Who knew shopping was so important? *Academy of Management Perspectives*, 20: 6-25.