



University of California, Santa Barbara
College of Engineering

Business Strategy & Leadership
ENGR 120 Fall 2012

Professor Gary S. Hansen
Office: Phelps, Office 1321

CLASS TIME:	Mon. & Wed. 4:00 - 5:40 PM
CLASSROOM:	Phelps 2524
CLASS EMAIL:	HansenUCSB2012@gmail.com
OFFICE HRS:	M & W: 2:30-3:30 PM and by appointment
WEBSITE:	https://gauchospace.ucsb.edu/
CLASS T/A:	Ms. Brooke Malik
E-MAIL:	HansenUCSB2012@gmail.com
OFFICE:	Phelps 1408
OFFICE HRS:	T 11:30-12:30 PM & W 1-2 PM and by appointment

E- MAIL for all class assignments: HansenUCSB2012@gmail.com

Business Strategy and Leadership Skills provides a high-level view of business for both technology and business oriented students. It will cover business principles relevant to today's increasingly competitive international business environment in four areas: 1) Competitive Strategy and General Management; 2) Accounting and Finance; 3) Marketing and Sales; and 4) Business Ethics. The course is organized as a series of case studies, readings and lectures applied to your running a simulated technology business. It will progress from an emphasis on "tools" to a more high-level look at competitive dynamics in high-tech industries. In addition to topical readings, you will be asked to study and address a number of complex business problems in the form of a "case analysis". We will draw our "cases" from technology, retail, service, and Internet companies. In addition, you will form "Top Management Teams" to run your own technology company as it faces an increasing competitive market place and limited resources to introduce new products. You will create a strategy, a plan, and budget and live with your decisions; as the management team, you will compete directly against the other "teams" in the class and your fate will be the result of your and your classmates' decisions and actions.

This course is about business basics and the creation of value. Implicitly or explicitly, every firm must define the scope of its business operations and, within the chosen scope, how the firm will compete against rivals and cooperate with partners. Decisions about the scope of business constitute the firm's corporate strategy; decisions about how to compete within chosen market segments reflect the firm's

business-level strategy. While this course focuses on how a firm can build effective business-level and corporate-level strategies, it also requires that you acquire the necessary basic business tools to analyze and implement those strategies.

The course is also about top management and the total organization. As such, it is an integrative course emphasizing a “general management” or total organizational perspective as opposed to a business functional viewpoint (R&D, operations, accounting, finance, marketing, etc.). A general management perspective is necessary, because the formulation and implementation of effective strategies requires a good understanding of the interrelationships among the different functions of the organization and the relationships of these functions to the external environment. It is designed to teach the technical as well as non-technical students how to work in cross-functional teams and demonstrate leadership as managers of a division of a technology company; thus, individual success will be determined not only by the mastery of analytical skills, but interpersonal ones as well.

CASES AND READINGS:

Required:

Listed below are the required readings and texts. I have used the most current edition in this list, but if you can find a one generation earlier version of any of the textbooks, they will work fine for this class. I strongly suggest that you go online and **order these books new or used from Amazon ASAP**.

Contemporary Strategy Analysis, Robert M. Grant, 8th, 7th, 6th or 5th Ed), Wiley
Marketing of High Technology Products & Innovations, 3rd, 2nd 1st Editions are also fine,
 Mohr, Sengupta and Slater, Prentice Hall
Analysis for Financial Management, Robert Higgins, any recent edition, Irwin McGraw-Hill
 “*Business Strategy & Leadership*” case pack of Harvard Business School cases and readings
 accessed through this website: <http://cb.hbsp.harvard.edu/cb/access/15509709>

Capstone Business Simulation: Team Members Guide 2012 (to be handed out in class)

Additional Resources:

“Positioning: The Battle for Your Mind”, Al Ries & Jack Trout, Penguin
 “Marketing High Technology”, William H. Davidow
 “Kotler on Marketing”, Philip Kotler, Free Press, 1999

GRADING:

Class Participation and Homework	40%
Capstone Five year Strategy	15%
Capstone Results & Top Management Final Presentation	30%
Report / Article on “Lessons from a Team”	15%

- **Class Participation:** This will be assessed for content and contribution with emphasis on knowledge, analysis and depth of thinking, and frequency. You are learning and helping others to learn in the process. Grade will be assigned based on:
 - Frequency of meaningful contributions
 - Evidence of careful reading, integration and use of readings.
 - Thoughtful and fact-based use of examples and the conceptual materials
 - Constructive, fact-based debate showing keen analysis

- **Capstone Simulation 5 Year Strategy:** Develop an integrated strategy for your firm. Thoughtfully define your vision, mission, participation, business strategy, segmentation, specific goals, business system plans, pro forma financial statements, and contingencies. I will assess the rationale, thinking, actionability, and alignment of your plan. Due by email to Faculty and T/A Wednesday, 5PM, November 14.
- **Capstone Simulation “Results & Top Management Presentation”:** In a 15 minute (max) PowerPoint presentation, teams should highlight the result of their 5 year vision, mission, strategy, goals, risk assessment, contingencies, and Income Statement and Balance Sheet at the end of the 5th Round. Note significant deviations, shifts in strategy, actions, and learnings. Honestly share how the team worked together. Indicate if there were actions that you would take if you could replay the simulation. Every member of the team must present. Submit by email to Faculty and TA by 9PM on Friday, November 30.
- **“Lessons from a Management Team” Insights and Comparisons:** This is an individual assignment, not team. Reports should be typed in 12 pt font, double-spaced, with margins 1” all around. For each report, the text length should not exceed 5 pages, *excluding* exhibits if any. In addition, please include a 1-page or less Executive Summary at the front of your report and a bibliography at the end. Based upon the readings in the course, lectures by executives, personal experience and other research you may do, write a mini-HBR article about management issues in “teams”. In this course, we will have talked about team issues, read some interesting articles, and been forced to work in a multi-functional team. You will be working in such teams over and over again all of your life. What can you write to someone taking this course next year or to someone in the work place about the lessons you’ve learned? Please, reference the readings and compare them with you personal experiences in this class. Think of this as an “article” not a paper. In fact, the best approach may very well be think of posting it on a web site or handed out to executives interested in UCSB as examples of best thinking in management. Due by email to Faculty and T/A 5PM Saturday, December 8.

ATTENDANCE AND PARTICIPATION ARE MANDATORY: I expect you to attend all scheduled classes and to arrive and be settled for work before each class period begins. No one will be admitted late without prior approval from the TA. If you do not attend, you cannot participate. Absences will have a significant negative impact upon your participation grade.

EVALUATION OF PARTICIPATION

“Business Strategy & Leadership” is a course where students can bring together all their functional, analytical, and interpersonal skills, and display and practice them in an atmosphere that is far more forgiving than the real world (although you may think otherwise). It is critical (to the success of this case course) and urgent (since you will graduate soon) that you take advantage of this opportunity to gauge your skills. To do this, you must participate.

Contrary to many other courses, solutions to strategic management problems can be varied, with no clear right or wrong answer. For this reason, a student's fear of being wrong should not be a consideration to his/her participation. Thus, for the course to be useful to you it is essential that you come to each class well prepared to discuss your analysis of the assigned case.

Because your participation is vital to the success of the class as a whole, daily participation grades will be recorded and be a significant portion of your overall grade. If you have questions about your current participation grades, feel free to contact me or the TA throughout the quarter. Grades will be assigned each class based on:

- Student shows evidence of careful case analysis by using facts and evidence from the case to draw conclusions. Conclusions are statements about cause and effect relationships, as well as assessments of the overall impact of these relationships on the firm's performance.
- Student contributes interesting examples, makes comparisons across case situations or real life examples, and applies the conceptual material effectively.
- Student's participation fits in with the flow of class discussion and demonstrates that he/she has been listening to and responding to others' points of view;
- Student is able to influence the class to consider important avenues that the class has neglected;
- Student is able to engage constructively in debating points with other students;
- Student presents recommendations justified by her/his analysis and/or by the discussion in the class.

Less value is placed on participation that repeats case facts without analysis (history) or that disrupts the flow of the class discussion without good reason. Similarly, your opinions are important, but they should be driven by the facts. Students who attend every class but do not participate in the class discussion **should expect to receive only a passing grade in the course**.

PREPARING A CASE FOR CLASS

A case is a slice of life, and should set forth in a factual manner the conditions and circumstances that surround a particular managerial situation or series of events in an organization. A good case offers as live and practical a situation as can be conceived short of the real thing. In most cases, the presentations are from actual real life situations. Therefore the case puts you at the scene of the action, and it asks what you would do if confronted with the same circumstances. A case allows you to learn by doing, but without having to live with the real world consequences of actions.

In preparing a case for class discussion, or written analysis, you should immerse yourself in the buzzing world of facts, numbers, values, and feelings that are depicted in this slice of life. For this, you must methodically organize and diagnose the situation. This is a lot easier said than done, given the complexity of the typical strategic management case. The following approach is recommended:

1. Read the case a few days beforehand. Try to get the general flavor of the case, areas of importance, and relationships to readings (for the class prior as to the case, as well from earlier sessions). Try to get a feel for the type of analysis that is required (resource analysis, competitor analysis, industry analysis, etc.). Ultimately, you must play the role of top management in the case and get attuned to the organizational environment within which decisions must be made. Needless to say, you cannot devise sensible solutions to total organizational problems without a complete grasp of the organization's situation, including its financial conditions.
2. Reread the case again before class. In general, the financial position of the organization must be scrutinized closely (e.g., ratio analysis), the external opportunities (e.g., new markets) and threats (e.g., strong competitors) will need to be identified and prioritized. Similarly, the internal resources of the organization will have to be identified and evaluated (e.g., value chain analysis). Within this context you must predict what the future will hold (that is, not only must you assess the organization at one point in time but you must anticipate the future) and this includes the actions and reactions of competitors and other stakeholders. It is critical that you pinpoint the determining elements of

success and failure. Most importantly, be prepared to support your decisions, actions, findings, and conclusions with *facts* provided in the case. Finding out what the company actually did (even if it generated good results) is not necessarily the right answer and does not count for adequate analysis of the case.

3. I recommend the use of study groups that meet the day before class to discuss the readings and cases. The purpose of the readings is to help you understand and make better-informed decisions about issues raised in the cases. A well-managed study group is an efficient and effective way to make your final preparations for class discussions.

ACADEMIC INTEGRITY

Academic integrity is an essential element of a high-quality educational experience and is expected in this class. Academic integrity includes respecting the letter *and the spirit* of the class rules. The rules are designed to maximize the learning experience for all students, preserve the integrity of the class, and to help you practice the high level of integrity expected from consultants, professional managers, and corporate officers. Feel free to contact me with any concerns regarding practices and behaviors related to this course that appear to be lacking in academic integrity.

University policy has defined as academic dishonesty the following behaviors: (1) using materials published in print or over the Internet in your papers without proper reference to the original source; (2) consulting students who have already taken the course about analysis and answers to cases or assignments prior to their due date; (3) working with others on individual assignments; and (4) working with non-team members on team assignments. However, you are encouraged to discuss all cases before class with your study group. Please do not share written or electronic notes, outlines, or "key points" across groups because papers that are judged to be substantially similar in content will be submitted to the University committee for academic integrity. By upholding the standards of academic integrity together, we will strive to preserve the quality of your educational experience and the value of your degree.

Date	ENGR 120 -- Topic/Assignment/Activity	Hand-in or Due
Class 1 Oct 1, Monday	Course Overview Honda Case Analysis	Class contact Info
Class 2 Oct 3, Wednesday	Strategy & Competitive Advantage Read: Grant, Chapt 1 & 2, “The Concept of Strategy” & “Goals, Values, and Performance” What is the purpose of a company? For whom is the company managed? What is the role of “strategy” in competitive markets? Prepare: Lincoln Electric (376-028) How do you explain Lincoln’s success? How would you assess Lincoln? What are the strengths and weakness of Lincoln? Do you have any concerns for Lincoln’s continued success?	Lincoln Electric
Class 3 Oct 8, Monday	Strategy Analysis and Competitive Advantage Read: Grant, Chapt. 3 & 4 “Industry Analysis: The Fundamentals” and “Further Topics in Industry & Competitive Analysis” Porter, M. “How Competitive Forces Shape Strategy” What are the 5 Forces? How would a 5 Force Analysis affect a firms’ business strategy?	

Class 4 Oct 10, Wednesday	<p>Guest Speaker: Robin Campbell, "High Stakes Gambling: The Special Challenges of Innovating in Life Science Businesses"</p> <p>Meet in Bren Hall, RM 1414</p>	Come with 2-3 Questions
Class 5, Oct 15, Monday	<p>Finance: The Language of Business</p> <p>Read: Higgins, Chapt 1 & 2, "Interpreting Financial Statements" and "Evaluating Financial Performance"</p>	Bring in a Balance Sheet, P&L and Sources & Uses for a company of your choice
Class 6 Oct 17, Wednesday	<p>Analyzing Financial Performance and Pro Forma</p> <p>Read: Higgins, Chapt. 3, "Financial Forecasting"</p> <p>Using Goggle or Yahoo Finance: Choose an industry and two companies within that industry – one a clear 'winner' and the other a clear 'loser,' explain your choices. In an Excel Spreadsheet, calculate the following ratios for the last two years – ROE, ROA, P/E, ROS, Asset to Sales, Operating Profit, Net Profit, Asset Turnover, Collection period, Current ratio, Sales growth rate, and Debt to Equity. Please, use numbers from the financial statements and calculate the ratios yourself.</p> <p>Bonus: Try to find data on those ratios for the industry as a whole to see where your companies stand.</p>	<p>Overhead slide of company ration comparisons</p> <p>Email your homework before class.</p>

<p>Class 7 Oct 22, Monday</p>	<p>Planning for Growth: Pro Forma</p> <p>Prepare: Spencer Sporting Goods</p> <p>What are Spencer's main strengths and weaknesses at the present time? Why does this profitable company need money? In your estimation, how much money does Spencer need? For how long, a few months or longer? Please prepare 5-year Pro Forma projections and explain your calculations and assumptions. As a banker, would you be willing to loan Spencer the needed amount? On what conditions?</p> <p>Capstone Introduction / Groups Meet</p>	<p>Spencer</p> <p>Email your 5 Year Pro Forma and Spencer case analysis before class as a PowerPoint Presentation.</p>
<p>Class 8 Oct 24, Wednesday</p>	<p>Making Capital Allocation Decisions Capstone Practice Round 1 (Due 11PM)</p> <p>Read: Review Higgins, Chapt 7, “Discounted Cash Flow Techniques”</p> <p>Prepare your recommendation for the “Medical Equipment Purchase Case”</p>	<p>Analysis of Capital Investment Decision – Medical Equipment Purchase Case (Email before class)</p> <p>Capstone Practice Decision 1</p>

<p>Class 9</p> <p>Oct 29, Monday</p>	<p>Advantage through Capabilities Capstone Practice Round 2 (Due 11PM)</p> <p>Read: Grant, Chapt, 5 & 6, “Analyzing Resources and Capabilities” and “Developing Resources and Capabilities”</p> <p>Prepare: Zeiss Digital Microscopy</p> <ul style="list-style-type: none"> • How might Zeiss be at competitive risk? • What are the strengths and weaknesses of Zeiss’s modularization and its strategy biomedical and a industrial market segments? • What are their strategic options? • Which alternative do you recommend? Why? 	<p>Capstone Practice Decision 2</p> <p>Zeiss Digital Microscopy</p>
<p>Class 10</p> <p>Oct 31, Wednesday</p>	<p>Marketing and Sustainable Advantage</p> <p>Read: Mohr, Chapt 1, & 2</p> <p>Guest Speaker: Simon Dixon, CEO, Idea Engineering, Inc.</p> <p>Meet in Chemistry, RM 1171</p>	<p>Capstone Practice Decision 3</p> <p>Speaker: Simon Dixon</p>
<p>Class 11</p> <p>Nov 5, Monday</p>	<p>Capstone Debrief Leadership and Team Formation</p> <p>Read: “Leadership in Work Teams”, HBS Cardona & Miller (IES087)</p> <p>Prepare: Team’s Email a slide on lessons learned in the Capstone Practice Rounds</p>	<p>Capstone Lessons Learned (Email slide)</p>

Class 12 Nov 7, Wednesday	Integrating Marketing with Operations Prepare: ECCO A/S – Global Value Chain <ul style="list-style-type: none"> Describe the competitive environment of ECCO and determine how ECCO is positioned to take advantage of changes in the industry. Analyze ECCO's global value chain. What are the pros' and cons' of ECCO's fully integrated value chain? What economic and strategic factors should be analyzed to address this question? How is the family ownership affecting ECCO? 	Capstone Rd 1 ECCO A/S
No Class Veteran's Day Holiday Nov 12, Monday	National Holiday Read: Grant Chapt 14, Vertical Integration and the Scope of the Firm. Mohr, Chapt 8, Distribution Channels and Supply Chain Management	
Class 13 Nov 14, Wednesday	Five Year Strategy Analysis (with attachments) Capstone Round 2 (Due 11PM) Read: "How to Design a Strategic Planning System" (76507-PDF), and "Using the Balanced Scorecard as a Strategic Management System" (R0707m-PDF) Construct an integrated strategy for your firm. Thoughtfully define your vision, mission, participation, business strategy, segmentation, specific goals, business system plans, organizational chart, 5-year pro forma financial statements, and contingencies. Use PowerPoint for this assignment and attachments as necessary. <u>Due on Nov 14 by 5PM. Send by email to both the faculty and TA.</u>	Capstone Rd 2 Capstone 5 Year Strategy Documents

<p>Class 14</p> <p>Nov 19, Monday</p>	<p>Market Orientation / Customer Orientation Capstone Round 3 (Due 11PM)</p> <p>Read: Mohr, Chapt 4, “Market Orientation and R&D” and “Understanding High-Tech customers”</p> <p>Prepare: Apple 2008 Explain Apple’s successes and relate each factor to:</p> <ol style="list-style-type: none"> 1) Leadership 2) Strategy 3) Implementation 4) Luck 5) Technology 6) Marketing / Retail 7) Other 	<p>Capstone Rd 3</p> <p>Apple 2008</p>
<p>Class 15</p> <p>Nov 21, Wednesday</p>	<p>No class, Capstone Teams’ Planning Sessions</p> <p>Read: “The Manager’s Job”, Mintzberg (HBR 90210) “What Leaders Really Do”, Kotter (HBR 3820)</p>	<p>Capstone Rd 4</p>
<p>Class 16</p> <p>Nov 26, Monday</p>	<p>Understanding Customers</p> <p>Prepare: MusicJuice.net</p> <ol style="list-style-type: none"> 1) What are the major opportunities and challenges of an internet start-up vs. traditional “bricks and mortar”? 2) What are your recommendations for John Wong & Rocky Lui? 3) What are their alternatives and why do you not recommend them? 4) What are their next steps? <p>Read: Mohr, Chapt 6, “Understanding High-Tech customers”</p>	<p>MusicJuice.net</p>

Class 17 Nov 28, Wednesday	Leadership: The Lessons of Experience Capstone Round 5 (Due 11PM)	Capstone Rd 5
Nov 30, Friday	Capstone: Results and Top Management Team Presentation Due 9PM, Friday, Nov 30 Send by email to both the faculty and TA.	
Class 18 Dec 3, Monday	Capstone: Results and Top Management Team Presentation In a 15 minute (max) PowerPoint presentation, teams should highlight their original 5 year vision, mission, strategy, goals, risk assessment, contingencies, and Pro Forma Income Statement and Balance Sheet. Note significant deviations, shifts in strategy, actions and learnings. Honestly share how the team worked together. Indicate if there were actions that you would take if you could replay the simulation. Discuss how the course and the simulation affected their knowledge and skills as business persons Please print out copies for each member of the Review Committee	Top Management Team Presentation

<p>Class 19 Dec 5, Wednesday</p>	<p>Capstone: Results and Top Management Team Presentation</p> <p>In a 15 minute (max) PowerPoint presentation, teams should highlight their original 5 year vision, mission, strategy, goals, risk assessment, contingencies, and Pro Forma Income Statement and Balance Sheet. Note significant deviations, shifts in strategy, actions and learnings. Honestly share how the team worked together. Indicate if there were actions that you would take if you could replay the simulation. Discuss how the course and the simulation affected their knowledge and skills as business persons</p> <p>Please print out copies for each member of the Review Committee</p> <p>Faculty Wrap up and Course Evaluation</p>	<p>Top Management Team Presentation</p>
<p>Final Assignment Dec 8, 5PM</p> <p>Friday</p>	<p>Team Member Evaluations</p> <p>Individual Paper: “Lessons from a Management Team”</p> <p>This is an individual assignment, not team. Reports should be typed in 12 pt font, double-spaced, with margins 1” all around. For each report, the text length should not exceed 6 pages, <i>excluding</i> exhibits if any. In addition, please include a 1-page or less Executive Summary at the front of your report. Based upon the readings in the course, lectures by executives, personal experience and other research you may do, write a mini-HBR article about management issues in “teams”. In this course, we will have talked about team issues, read some interesting articles, and been forced to work in a multi-functional team. You will be working in such teams over and over again all of your life. What can you write to someone taking this course next year or to someone in the work place about the lessons you’ve learned? Please, reference the readings and compare them with you personal experiences in this class. Think of this as an “article” not a paper. In fact, the best may very well be put on a web site and handed out to executives interested in UCSB as examples of best thinking in management. <u>Due to Class T/A by Saturday, Dec 8, 5PM by email.</u></p>	<p>Team Member Evaluations</p> <p>Individual paper, “Lessons from a Management Team”</p>

Link to purchase the Harvard Course pack

<http://cb.hbsp.harvard.edu/cb/access/15509709>