



Global Strategy EMBA – Fall 2011

Instructor: Russ Coff
 Email: RCoff@bus.wisc.edu
 Office Hrs: by appointment in 4259 Grainger

Phone: (608) 263-6437
 Fax: (608) 265-5031

Course Overview and Objectives

This course examines how firms gain and sustain competitive advantages. To be successful, the firm's strategy must permeate all departments and functional areas. As such, this course integrates knowledge and skills gained from your prior studies (e.g., marketing, management, finance, accounting...). In drawing on these tools, we explicitly apply a general management point of view –we will analyze strategies in light of the total enterprise.

Strategy Under Uncertainty

Strategy is often formulated in turbulent environments under great uncertainty. Here, managers often throw up their hands and argue that planning is a waste of time. However, with the right set of tools, strategic management can have an even greater impact. As such, throughout the semester we will focus on tools and methods for making decisions under uncertainty. However, at the end of the course, we will devote some time specifically to the application of real options tools (both quantitative and qualitative).

Learning Objectives

Our primary goal is to synthesize the set of tools and knowledge students have gained to address challenging strategic management problems. By the end of this course, students will be able to:

1. Analyze industry structure and environmental trends to assess industry potential;
2. Assess a firm's resources for their potential to generate a competitive advantage;
3. Explain how firms can add value across diverse lines of business;
4. Develop M&A and alliance strategies to access capabilities;
5. Analyze decisions under uncertainty in turbulent environments;
6. Apply tools learned across the curriculum (especially quantitative & qualitative analysis).

The purpose is not to inflict new theory or new buzzwords but to make you use what you know to address business problems. Pedagogically, this discussion-based course draws heavily on case analyses and experiential exercises to develop a deeper understanding of strategic management.

Assignments and Evaluation

Students will be evaluated based on both their individual and group participation. On the group level, this includes case writeups and the final project. For individuals, this emphasizes quizzes, participation in discussion, and class polls. The de-emphasis of lecture puts added pressure on you to be prepared – hence the focus on preparation and participation.

Overview		
Group:	2 case write-ups (≤6 ppt slides)	20%
	Strategy audit final project	30%
Individual:	2 Quizzes	25%
	Participation in discussion	15%
	Electronic polls (4 of the 5)	10%

Assignments

Team Assignments. 50% of your grade is based on group work. This includes two major components: group case write-ups and a group final term project.

Group Case Write-ups. Coordination is a major part of management. This is especially true of strategic management, which demands the close coordination of an executive team on highly complex issues. Note that group grades will be adjusted by peer appraisals (see next page). There are group assignments due on 2 of the 3 cases as outlined below. The case analyses will be completed in PowerPoint form (no more than 6 slides). Note that you will need to make choices on what is most important to present. Guidelines for PowerPoint analyses:

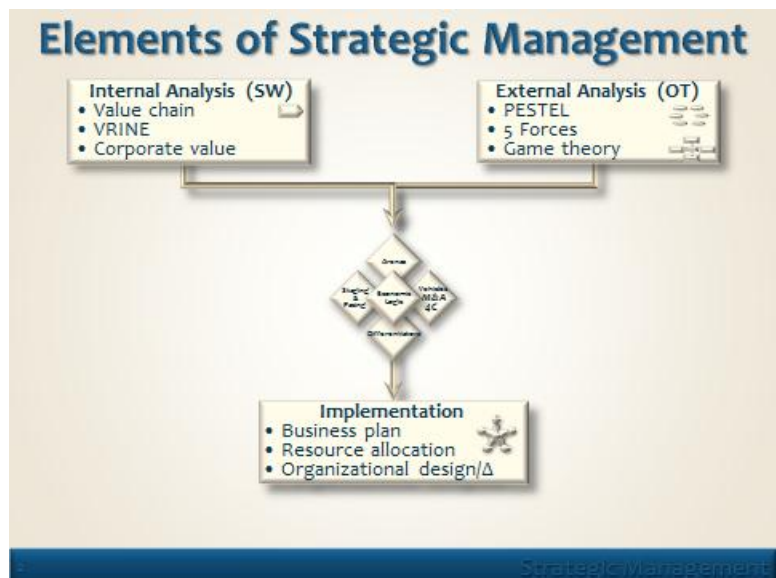
- Presentations should be no more than 6 slides with no fonts smaller than 24pt.
- Quantitative analysis can be summarized in the slides and backed up in a spreadsheet.
- Email presentations to me and I will post them on the course web page so you can easily see what other groups have proposed. Include your group number in the subject line of the email and in the file name of the presentation (e.g., for group 2 → Genzyme2.ppt).
- If a spreadsheet is needed, please attach that as well using the same file naming convention.

Strategy Audit Project (30%). Identify a client unit in one of your team's companies (it can be the entire company) and undertake an analysis of a key strategic problem it faces.

A good project will: clearly and logically apply course material to the phenomenon being studied; present a thorough and rigorous quantitative and/or qualitative analysis; draw implications and suggest recommendations for "your client." Some examples of topics include analysis of:

- A firm's internal capabilities and/or external threats and opportunities
- A firm's logic and systems for creating value with a given portfolio of businesses
- An actual, proposed, or hypothetical acquisition for your "client"
- An actual, proposed, or hypothetical alliance for your "client"

A project proposal is due by email on November 18th (includes company, data to be collected, analysis to be conducted, and a brief indication of the types of recommendations you anticipate making). Once you have a proposed topic, I am available to meet with you to discuss the project if you wish. Like our map of the course (shown to the right), a project will typically include four parts: 1) external analysis, 2) internal analysis, 3) proposed strategy, and 4) identification of implementation issues (using the STAR). You may spend more time on the analyses that are most critical to specific challenges your company faces.



The final presentations of your projects will take place in our last session. You should plan for presentations of about 10 minutes so there is time to discuss your projects. The paper is also due on the last day of class (12/17) in either hard copy or electronic form. They should be no more than 20 pages (double spaced, 12pt font, 1 inch margins, etc.). However, you may attach exhibits as needed in an appendix if they help you to analyze the problem in depth.

Individual Assignments. The remaining 50% of the grade will be based on individual work including a strategy audit of your company and class participation and preparation through polls.

Quizzes (25%). We will have 2 short (one page) quizzes as indicated on the schedule. The lowest quiz will count for 5% while the other will count for 20%. If you are unable to attend class on a quiz day, you must make it up within 48 hours or it will just be treated as your low quiz (a zero averaged in for 5% of your grade).

Participation (15%). It is assumed that attendance is a basic requirement of this course. However, beyond this, the learning process requires that you carefully prepare the cases/readings before class and actively participate in the case discussion during class. I expect you to be fully prepared for each class and may call upon you to start the discussion or answer a specific question during the class on any day. While each group is responsible to write up 2 of the 3 cases, individuals are always responsible for coming to class prepared.

Ability to present one's ideas concisely and persuasively and to respond effectively to those of others is a key success factor in any managerial position. One of my goals is to help you sharpen that ability. Accordingly, I expect you to effectively participate in the class-analyze, comment, question, discuss. Participation enables you to learn from your colleagues and to help them learn from you - which is what the case method is all about. I also expect the class to help deal with people who monopolize the discussion without contributing to the learning process of others.

Electronic Polls (10%). Preparation in advance of class is imperative for the case method. For several cases and exercises, I have posted links to very brief polls to collect and summarize your thoughts (in the syllabus & course web page). Individuals must complete 4 of the 5 polls. Since there is an opportunity to skip a poll, there will be no makeup assignments. For a typical poll, you will be asked to express your opinion in a few sentences about the case. Polls close at midnight the evening before the case discussion. In class, I'll occasionally invite people to clarify opinions reported in the poll.

Peer Evaluation for Group Assignments

Group grades will be adjusted by peer appraisals of each member's contribution. This will help you to enforce norms of strong effort. The average of peer ratings can raise or lower one's group grade by up to one grade. This is a zero-sum exercise – not all members can get grades above the group grade. However, if people pull their weight or there is disagreement about individual contributions, all members will get the same grade (averages will approach 10 points). At the end of the semester each person will allocate points to all other members. The following example illustrates the process for a group with 4 members with a group grade of AB:

- The rater allocates a total pool of points to other members. The point “pool” equals $10 \times (\text{group size} - 1)$. In a group of 4, each member would allocate 30 points among the others.
- Each member allocates so that major contributors get more points while others get fewer. The following example illustrates what the results might look like:

Raters	Members				Total Allocated
	Anne	Bill	Connie	David	
Anne		13	4	13	30
Bill	17		3	10	30
Connie	14	7		9	30
David	16	10	4		30
Average	15.67	10.00	3.67	10.67	40
Adjusted Group Grade	A	AB	B	AB	

Teaching Methods

We will draw heavily on case analysis and experiential exercises. While both are highly interactive and discussion-oriented, they accommodate different learning styles. Most cases have quantitative elements and the analysis will be structured and rigorous. This is ideal for analytic left-brained learners. Experiential exercises include activities like negotiations, bidding wars, and building toys. These tend to be more creative and facilitate right-brained learning. Please recognize that even if you don't like a particular activity, strategic thinking requires both types of analysis. For more information, see:

- Hemispheric dominance test & information: <http://www.mtsu.edu/~studskl/hd/learn.html>
- Learning styles resources: <http://www.tangischools.org/schools/phs/techno/dayfour.htm>

Academic Integrity

The assignments above and on the schedule are clearly marked as individual or group – there should be no confusion. I expect you to uphold the highest standards of academic integrity and these are enforced in the business school. The penalties are rather severe and violators typically get the most serious of the alternative penalties. I don't relish the thought of putting anyone through this but it behooves all of us to make sure that academic integrity is taken seriously.

Course Materials

Where to find materials

We will be using course materials from three primary sources:

- (CS) Carpenter, M.A. and Sanders, W.G.. 2009. Strategic Management: A dynamic Perspective (2nd edition). Pearson Prentice Hall
- Readings and cases are in your binders and online (see links from the course web page to eReserves in the library)

Why optional “thought leadership” readings are included:

You will note that there are a number of optional “thought leadership” readings listed in the pages that follow. There is a rigorous research base that underlies this course. Part of the reason why you are attending a program at a top research university is to have faculty who are steeped in the cutting edge of research. While many students may not wish to wade into the sometimes murky waters of research journals, others may want this depth and rigor. These readings are not offered to burden students but to provide additional opportunities for those who are interested.

Overview of the Schedule*

Most sessions are divided into two parts (A & B) and we will break in the middle. For each session, I've indicated the topic and assignments below. Please be sure to see the detailed assignments for each session in the following pages.

Session Topic	Brief Overview of Assignments
1. Fri 11/4 am A. What is strategy? B. Strategy, Uncertainty & Scenarios (Exercise: Razing the Ivory Tower).	Syllabus (10p) CS: Ch 1 (20p) and Ch 2 (27p) Roxburgh, The use and abuse of scenarios (9p)
2. Fri 11/4 pm A. Analyzing the external environment. B. Google Motorola Acquisition (Ripped from the Headlines case)	CS: Ch 4 (37p) Google/Motorola news reading (4p) – 1 st poll <input checked="" type="checkbox"/>
3. Fri 11/18 pm A. Industry analysis (Case1: Genzyme). B. Rivals & game theory (Exercise: Knee jerk reactions)	Case1: Genzyme: The Synvisc-One Investment (14p) <input checked="" type="checkbox"/> Dixit&Nalebuff: Seeing Through Your Rival's Strategy (29p) Christensen, Kaufman & Shih, Innovation Killers: How financial tools destroy your capacity to do new things (6p)
4. Sat 11/19 pm A. Capabilities & competitive advantage (Exercise: The Aldi bargain). B. Organization and competitive advantage (Exercise: MicroDesign).	CS: Ch 3 (30p) and Ch 11 (37p) Quiz1 Discussion Case: Aldi Invades Badger Territory (4p) <input checked="" type="checkbox"/> Project proposal due (1p)
5. Fri 12/2 pm A. Capabilities & competitive advantage (Case 2: eHarmony). B. Corporate (multi-business) strategy.	CS: Ch 6 (29p) Case2: eHarmony (27p) <input checked="" type="checkbox"/>
6. Sat 12/3 pm A. Core competence & value creation (Video Case: 3M Laserdisk). B. M&A and bidding wars (Exercise: Gourmet Adventures).	CS: Ch 7 (33p) Prahalad & Hamel, Core competencies of the Corporation (14p) Coyne, Hall & Clifford, Is your core competence a mirage? (13p) Quiz2
7. Fri 12/16 am A. Bidding and acquisition integration (Case3: Cadbury Schweppes) B. Bidding and acquisition integration (Case3: Cadbury Schweppes)	CS: Ch 10 (27p) Goedhart et.al. The 5 Types of Successful Acquisitions (McKinsey, 6p) Case3: Cadbury Schweppes: Capturing Confectionary A (22p) <input checked="" type="checkbox"/>
8. Fri 12/16 pm Exercise: Culture's consequences	
9. Sat 12/17 am A. Strategic Execution & Change (Exercise: Making Change) B. Finding complementarities in Alliances (Exercise: Global game)	Kotter, Leading Change: Why Transformation Efforts Fail (HBR, 9p) CS: Ch 9 (30p) Norman, Are Your Secrets Safe? (10p)
10. Sat 12/17 pm A. Team Project Presentations B. Course wrap-up	Bradley et.al., Have you tested your strategy lately? (McKinsey, 14p)

Click on the [session topics](#) to go to detailed assignments. ☒ = Individual poll due midnight the day before.

Detailed Course Schedule

1. Fri 11/4 am

A. What is strategy? We will introduce the topic of competitive strategy and go over the course plan. I will introduce the Strategy Diamond and Star frameworks which will be a focus throughout the semester.

B. Strategy, Uncertainty & Scenarios (Exercise: Razing the Ivory Tower). In the second half of class, we will continue discussing the development of strategy but focus more on making decisions under significant uncertainty. We will conduct an exercise called “Razing the Ivory Tower” that simulates some of the organizational processes linked to decision-making under uncertainty and provides additional fodder for class discussion.

a. Read:

- 1) Syllabus (16p)
- 2) CS: Ch 1 (20p) and Ch 2 (27p)
- 3) Roxburgh, The use and Abuse of Scenarios (9p)
- 4) *Enrichment*: Ming-Jer Chen, Hao-Chieh Lin, John G Michel (2010). Navigating in a hypercompetitive environment: the roles of action aggressiveness and TMT integration. Strategic Management Journal. 31(13): 1410-1430.

b. Preparation Questions

- 1) Consider a firm that you feel has a sound strategy. What elements make it successful?
- 2) How would a rival compete effectively against the strategy?
- 3) Consider a firm that you feel has a poor strategy. What makes the strategy ineffective?
- 4) How would you advise the firm to turn itself around?

2. Fri 11/4 pm

A. Analyzing the external environment. Competition occurs at many levels: notably the product, business unit, and corporate playing fields. It is critical that analyses mirror the level at which competition occurs. Here we begin with PESTEL analysis which focuses on broad external trends that may affect the industry. We then turn to Porter’s five forces framework for a view into the industry. Game theory and competitor analysis will bring us down to the individual actor level.

B. Google Motorola Acquisition (Ripped from the Headlines case). We discuss the Strategy Diamond and Star Frameworks described in the chapter. These frameworks will be a focus throughout the semester with respect to the components and implementation levers for strategic management. Today you will be introduced to these frameworks by analyzing a recent article in the business press. Prior to class, review the written material, formulate your approach to the problem and respond to the poll at the link below.

a. Read:

- 1) CS: Ch4 (37p)
- 2) Google/Motorola News article pack (4p)

b. Preparation questions

- 1) What kinds of strategic questions can be answered with PESTEL analysis?
- 2) What kinds of strategic questions can be answered with 5 Forces analysis?
- 3) What kinds of strategic questions can be answered with competitor analysis?
- 4) What are the limitations of each?

c. Individual Poll #1 (Google/Motorola Case):



- 1) Complete the online survey by midnight the day before class (link on course page & below).
- 2) Poll questions (https://buswisc.qualtrics.com/SE/?SID=SV_8dWKspcjUm3lpdi):
 - What is the most important way that Motorola might support Google’s strategy (patents, vertical integration, power over buyers, etc.)?

- What is the biggest risk in the deal (e.g., loss of customers, \$2.5B bust-up fee, etc)?
- Will this improve Google's competitive position (Buy, Hold, Sell)?
- What steps must Google take to create the intended value?

3. Fri 11/18 pm

A. Industry analysis (Case1: Genzyme). We apply our industry analysis tools from last class to another very strategic investment decision that Genzyme faces. As part of this analysis, we explore the role of industry structure in evaluating strategic investments.

B. Rivals & game theory (Exercise: Knee jerk reactions). The Genzyme case helps to drive home how important rivals' responses can be in determining whether a strategy will be effective. We dig a bit deeper into this topic by focusing on game theory as a tool. We will conduct an exercise to get a sense of how hard it can be to cooperate with rivals over an extended period of time.

a. Read:

- 1) Case1: Genzyme: The Synvisc One investment decision (14p)
- 2) Dixit&Nalebuff: Seeing Through Your Rival's Strategy (29p)
- 3) Christensen, Kaufman & Shih, Innovation Killers: How financial tools destroy your capacity to do new things (6p)
- 4) *Enrichment*: Adam Brandenburger, Harborne Stuart (2007). Biform Games. Management Science. 53(4): 537-551.

b. Written Case Analysis (Case1: Genzyme: The Synvisc-One investment decision)

- 1) *Your Client*: The Genzyme management team has sought your services to help them evaluate whether they should invest in Synvisc One.
- 2) *Hint*: You might want to consider the following issues.
 - What are the drivers of profitability in the industry (e.g., 5 forces)?
 - Are there any structural elements that suggest the investment is not needed to assure growth and profitability?
 - What structural factors suggest that the investment is needed?
 - The case provides information so you can evaluate the investment quantitatively. However, you will need to make assumptions about how events will unfold (with and without the investment).
 - Consider the greatest sources of uncertainty and develop a few scenarios including assumptions about how they would affect cash flows
 - Draw on your industry analysis to consider what factors might affect outcomes (e.g., how might the drivers of profitability change over time?)
 - Estimate the probabilities of various scenarios and explore how changes in assumptions affect your recommendation.

c. Individual Poll #2:



- 1) Complete online survey by midnight the day before class (see link in course page).
- 2) Poll questions (https://buswisc.qualtrics.com/SE/?SID=SV_4GFSOoMZLHC7uu0):
 - The Synvisc-One would cost \$75 million to develop and has a 35% chance of working (and if so, only a 75% chance of FDA approval). As an analyst how would you adjust your recommendation if they invest in this? (e.g., buy, hold, or sell)
 - The existing Synvisc margin is 89%. What is the most important factor in determining this level of profitability? (e.g., buyers willingness to pay, lack of competitive rivalry, Genzyme's competitive advantage over rivals, lack of viable substitutes, suppliers have little power to appropriate gains)
 - Beyond whether it works, what are the major sources of uncertainty in this investment? (≤ 500 characters).

4. Sat 11/19 pm

A. Capabilities & competitive advantage (Exercise: The Aldi bargain). Here we focus on how firms must create aligned activity systems in order to gain advantages over rivals. We will go through the Aldi mini case to analyze how each of the entrants might respond to Aldi's entry. It will help to demonstrate how resources can be a source of an advantage or, conversely, put a company at a competitive disadvantage. This will set the stage for much of the remainder of the semester where we will explore how companies can create or gain access to resources that align the firm to compete effectively.

B. Organization and competitive advantage (Exercise: MicroDesign). Strategies require coordination among organizational units. The costs of coordination can drag down a strategy and make it ineffective. On the other hand, an effective organizational configuration may be hard to imitate and a source of long-term advantage. Here, we drill down a bit on how firms can achieve the needed coordination across business units. The MicroDesign exercise will help us to uncover some of the difficult management and organizational dilemmas associated with implementing strategies.

a. Read

- 1) Prepare for **Quiz1**
- 2) CS: Ch 3 (30p) and Ch 11 (37p)
- 3) Micro Design role worksheet and background (2 page Handout)
- 4) *Enrichment*: Coff, R. 1997. Human Assets and Management Dilemmas: Coping with Hazards on the Road to Resource-based Theory. Academy of Management Review. 22(2): 374-402.

b. MiniCase Analysis: Aldi Invades Badger Territory. Preparation questions.

- 1) You were hired by the following client according to your group number – see Aldi case.
- 2) Have at least one team member visit an ALDI store (Three Madison locations: 3925 Lien Rd, 8222 Watts Rd, or 6261 McKee Rd) and identify the best bargain you can for less than \$10. We will vote in class to determine who got the most for their money.
- 3) Be prepared to discuss how Aldi's business model differs from your client's. In particular, what are Aldi's practices that may result in a lower cost structure than your client?

c. Individual Poll #3:



- 1) Complete online survey by midnight the day before class (see link in course page).
- 2) Poll questions (https://buswisc.qualtrics.com/SE/?SID=SV_czLo9fVZHpouPG):
 - What does Aldi do differently from your client that lowers its cost structure? (≤500 characters)
 - How easily could your client adopt these practices given the nature of its business?
 - Recommendations for how your client should respond to ALDI's entry.

5. Fri 12/2 pm

A. Capabilities & competitive advantage (Case 2: eHarmony). This is a case analysis session is focused on differentiation advantages. Specifically, we will analyze the eHarmony case to assess the extent and nature of their competitive advantage. The case also prompts us to consider new business opportunities for them. Here we will see that it is critical to understand the extent and nature of their existing capabilities.

B. Corporate (multi-business) strategy. Here, we focus on how to create value in the multi-business firm. So many prominent firms have multiple lines of business and yet, as we shall see, very few are adept at creating value across businesses. We will focus on specific value creation mechanisms and why so few firms are successful implementing these strategies.

a. Read

- 1) Case2: eHarmony (27p)
- 2) CS: Ch 7 (32p)
- 3) *Enrichment*: Palich, Cardinal, & Miller (2000): [Curvilinearity in the Diversification-Performance Relationship: An examination of over three decades of research](#). Strategic Management Journal, 21: 155-174.

- b. Written Case Analysis (Case2: eHarmony)
 - 1) *Your Client*: Greg Waldorf hired you to analyze their competitive position and recommend a response to the wave of attacking rivals. This might include the one or more of the four proposals in the case or other actions.
- c. *Hint*: Here are a few hints:
 - 1) What is the value proposition that drives willingness to pay in this market? Why would online dating be preferred to meeting in person?
 - 2) How structurally attractive is the online personals market?
 - 3) To what extent does eHarmony have a competitive advantage? If so, where does it come from?
 - 4) How serious is the competitive threat to eHarmony?
 - 5) What should Waldorf do to respond? Which of the four proposals show the most promise to address the challenges?
- d. Additional information (not required for your analysis):
 - 1) <http://www.chemistry.com/>
 - 2) <http://www.match.com/>
 - 3) Humorous (@ your own risk): www.onlinedatingmagazine.com/datinghumor/datingvideos.html
- e. Individual Poll #4: ☒
 - 1) Complete online survey by midnight the day before class (see link in course page).
 - 2) Poll questions (https://buswisc.qualtrics.com/SE/?SID=SV_06VyHH39yWOLTqQ)
 - To what extent does Match.com (e.g., and their new site Chemistry.com) pose a threat to eHarmony? (e.g., buy, hold, or sell eHarmony stock)
 - Which of the proposed growth strategies would you recommend for eHarmony (defend their niche against Match/Chemistry, target more casual daters, international expansion, or new life stage products)?
 - What drives “willingness to pay” in this market? (≤ 500 characters).

6. Sat 12/3 pm

A. Core competence & value creation (Video Case: 3M Laserdisk). This class focuses on the notion of core competence. What is it and how can a multi-business firm create value using a core competence. In class, we will view a short video case involving 3M’s optical recording project (CD).

B. M&A and bidding wars (Exercise: Gourmet Adventures). We begin our discussion of M&A by looking at structural risks inherent in the bidding process. Much of the time will be spent on a simulation of the bidding process for Gourmet Adventures. We will also explore the implications of post acquisition integration issues in the bidding process.

- a. Read:
 - 1) Prepare for **Quiz2**
 - 2) CS: Ch 10 (27p)
 - 3) Coyne, Hall & Clifford: Is your core competence a mirage? (McKinsey Quarterly, 13p)
 - 4) Prahalad & Hamel, Core competencies of the Corporation (HBR, 1990, #3; 14p)
 - 5) *Enrichment*: Barney (1986): [Strategic Factor Markets: Expectations, Luck, and Business Strategy](#). *Management Science* 32(10) 1231-1241.
 - 6) *Enrichment*: Coff (2003), [Bidding wars over R&D intensive targets](#): Knowledge, opportunism and the market for corporate control, *Academy of Management Journal*. (11p)
- b. Preparation Questions
 - 1) Consider a firm that has multiple lines of business and answer the following questions:
 - 2) Can you think of any good reasons why the firm’s portfolio might be worth more together than if they spun each company off?
 - 3) What competencies must the firm have to execute the value creation strategy successfully?

7. Fri 12/16 am

A. Bidding and acquisition integration (Case3: Cadbury Schweppes). The Cadbury Schweppes case offers quite a bit of detail on different types of anticipated synergies. In this session, we look at Cadbury Schweppes' strategic position and the pros and cons for acquiring Adams (Trident gum and other brands).

B. Bidding and acquisition integration (Case3: Cadbury Schweppes).

- a. Read:
 - 1) Case3: Cadbury Schweppes: Capturing confectionary (22p)
- b. Written Case Analysis (Case3: Cadbury Schweppes: Capturing confectionary A)
 - 1) *Your Client*: As part of an external audit, the Cadbury Schweppes board asked you to review the proposed bid. They want to know if a bid over \$4 billion for Adams is justifiable.
 - 2) *Hint*: You might want to consider the following issues.
 - What strategic factors might support doing the deal or caution against it?
 - What might be its impact on Cadbury Schweppes' overall market position/portfolio?
 - Can they make money turning Adams around?
 - To what extent are the proposed synergies with Cadbury Schweppes' existing business units a viable source of value?
 - What organizational factors support doing the deal or caution against it?
 - Given the comparables and the strategic considerations, can they make money with the proposed bid?
 - How will rivals respond? Can they offer a lower bid?
- c. Individual Poll #5: ☒
 - 1) Complete online survey by midnight the day before class (see link in course page).
 - 2) Poll questions (https://buswisc.qualtrics.com/SE/?SID=SV_enyFb5czP3XezS4)
 - How likely is it that the proposed synergies will be realized? (e.g., buy, hold, or sell Cadbury stock)
 - How might they verify that the proposed synergies are realistic? (≤ 500 characters).

8. Fri 12/16 pm

Exercise: Culture's consequences. No case preparation is required before this session and there are no required readings. At the start of the session, you will be divided into two groups. Culture is sometimes called the “software of the mind” and you will have undoubtedly discussed in earlier sessions with professor Dunham as well as others. Here, culture is particularly important because it is intangible and can be viewed as a source of competitive advantage – yet it remains poorly understood. The simulation is designed to shed light on managing culture, merging cultures in M&A, and conducting business (alliances, etc.) across national cultures.

Specifically, in this exercise you will come to understand the powerful effects that culture plays in every person's life. It has been used by executives to prepare for living and working in another culture or to learn how to work with people from other departments, disciplines, genders, races, and ages. Here are a few of the possible take-aways you will have from the experience:

- Increased awareness of how cultural differences can impact people in organizations.
- Motivation to rethink your behavior and attitude toward others.
- Examination of your own biases and focus on how you perceive differences.
- Examine how stereotypes are developed and misunderstandings magnified.
- Identify diversity issues within the organization that must be addressed.

9. Sat 12/17 am

A. Strategic Execution & Change (Exercise: Making Change). In This class addresses internal uncertainty as often firms fail to manage the strategic execution effectively. The first part of today's class will center around an exercise that simulates organizational change.

B. Finding complementarities in Alliances (Exercise: Global game). We see from our discussion of M&A that often the task is to find targets with complementary resources. We now transition to alliances with a similar search. Alliances and joint ventures are often used to gain access to strategic resources. We focus on the nature of this search with an exercise, “the global game.”

a. Read:

- 1) CS: Ch 9 (30p)
- 2) Norman, Are Your Secrets Safe? (10p)
- 3) Kotter, Leading Change: Why Transformation Efforts Fail (HBR, 9p)
- 4) *Enrichment*: Karen J Jansen (2004). From Persistence to Pursuit: A Longitudinal Examination of Momentum During the Early Stages of Strategic Change. Organization Science. 15(3): 276-295.

b. Preparation Questions

- 1) How can firms safeguard their strategic assets and still leverage them through alliances?
- 2) How important is trust in alliance management? How can firms manage this aspect?
- 3) How do “learning races” affect the dynamics of alliance formation and management?

10. Sat 12/17 pm

A. Team Project Presentations. Each team will have an opportunity to present their project and field some questions from the rest of the class.

B. Course wrap-up. Here we will draw the course to a conclusion and reflect on how the materials can be applied especially on what you have learned in your final projects.

a. Read:

- 1) Bradley, Hirt & Smit (2010). Have you Tested Your Strategy Lately? McKinsey Quarterly (14p)