

Strategy & Organizational Leadership

Executive Master's in Leadership (EML)
McDonough School of Business
Georgetown University

Instructor	Chris Rider	Term	Summer 2017
Classroom	Hariri 360	Schedule	June 30, July 1/14/15/29.
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COURSE OVERVIEW

Organizational leaders must formulate and implement strategies that place their organizations in advantageous positions relative to competitors. This course is consequently designed to enhance executives' strategic leadership capabilities in industries increasingly characterized by technological and regulatory change, globalization, and demands for effective leadership.

Strategic management is focused on how to create and sustain advantages in highly competitive business environments. We, therefore, cover qualitative and quantitative analytical frameworks for evaluating industry determinants of success and for formulating strategies that enable one's organization to be more successful than competitors. Specifically, we consider internal and external factors that determine organizational chances of success; organizations' positions relative to rivals; the resources and capabilities that organizations can leverage for competitive advantage; and evidence-based approaches to strategic management.

This course is designed to enhance executives' careers by providing them with a solid understanding of the relationship between strategic leadership and competitive advantage. Upon completion of this course, executives should be better prepared to: (1) transition smoothly from operational leadership to strategic leadership and (2) design and implement organizational interventions that clearly establish their leadership credentials.

COURSE MATERIALS

All course materials are or will be posted on the EML portal or distributed in class. Session slides are posted to the EML portal *after* sessions.

EXPECTATIONS

This course will be most valuable (and enjoyable) if all students engage the content and participate in a productive manner. To contribute to a productive learning environment, students are expected to meet the following expectations:

1. Attend all classes.
2. Prepare for every class.
3. Pay attention. Listen. Contribute.
4. Participate regularly throughout the course.
5. Carefully consider your position and state it clearly.
6. Apply course concepts to frame and support your position.
7. Treat all classmates and their opinions with respect.
8. Display your name card in each class.
9. Use electronic devices only for taking notes during class ([read this: https://goo.gl/2WK7Rx](https://goo.gl/2WK7Rx)).
10. Switch phones to silent mode during class.
11. Complete all assignments and exams.
12. Obey the Georgetown Student Honor Pledge (see Appendix #1).

CLASS PARTICIPATION

Participation quality matters much more than quantity. You need not speak often; you need speak thoughtfully. Carefully considered arguments based on facts that support your position are good; even better is specific identification of what it would take to change your position (e.g., alternative assumptions, changes in facts). Structured comments that move discussions forward are preferred to repeating previous points, stating the obvious, tangential points, etc.

COURSE FORMAT & ASSIGNMENTS

Course sessions include presentations, exercises, and discussions. Presentations elaborate the theoretical foundations, exercises provide first-hand insights, and discussions apply principles of effective organizing to real-world situations. Assignments include the following:

- (1) Case Analysis: Individual students will analyze two business cases and provide strategic recommendations prior to our in-class discussion of the case. More details in class.
- (2) Business Experiment: Groups will design and present an organizational intervention that can produce credible evidence of leadership effectiveness. More details in class.
- (3) Final Exam: The take-home final exam will require individual students to analyze a business scenario using course concepts. More details in class.

All assignments must be sent as PDFs to chris.rider@georgetown.edu by 12pm on the due date.

GRADING

Final course grades will follow the McDonough-recommended grade distribution for EML courses. This equitable distribution ensures academic rigor and enables candid feedback to students regarding their academic performance. Grading consists of the individual *and* group components below.

1. Individual

- 20% class participation (CP)
- 10% case analysis (CA1)
- 10% case analysis (CA2)
- 40% final exam (FE)

2. Group

- 20% group's score on business experiment (BE)

Each component score (e.g., CP, CA1, CA2, CE and BE) will be normalized by the class mean on each component. For example, if the mean Case Analysis #1 grade is 11 of 15 then a student that received a score of 14 would receive a CA1 score of 1.27 (14/11). Each normalized component score is then weighted and the products summed to produce a Final Grade Score. The calculation is as follows:

$$\text{SCORE} = 0.20*(CP) + 0.10*(CA1) + 0.10*(CA2) + 0.40*(FE) + 0.20*(BE)$$

There is no predetermined relationship between numeric scores and letter grades. Numeric final grades will be converted to letter grades by ranking all Final Grade Scores and assigning letter grades according to McDonough EML grading policy.

IMPORTANT DATES

Please refer to the COURSE STRUCTURE and DETAILED COURSE SCHEDULE sections for full information on each session. Below is a summary of important dates and deadlines.

<i>July 14</i>	Case analysis #1 due prior to first class session.
<i>July 29</i>	Case analysis #2 due prior to first class session.
<i>July 29</i>	Business experiment designed and presented in class
<i>July 29</i>	Final exam distributed after last class
<i>August 7</i>	Final exam due

COURSE STRUCTURE

**Note: All course materials are posted to the EML portal or otherwise distributed by the instructor.*

DATE	SESSION	TIME	TOPIC	READINGS	CASES	DELIVERABLES
June 30	1	1:00 – 2:30	Introduction	Syllabus What is strategy? Can you say what your strategy is?		
June 30	2	2:40 – 4:10	Industry Structure	The five competitive forces that shape strategy.	U.S. Airline Industry	
July 1	3	8:45 – 10:15	Resources & Capabilities	Competing on resources	Zara	
July 1	4	10:25 – 11:55	Value Creation & Capture	Creating competitive advantage	Brewers	
July 14	5	1:00 – 2:30	Cost Advantage	Harvard “Finance Essentials” Online Tutorial Relative cost analysis	Dell	Case Analysis #1
July 14	6	2:40 – 4:10	Differentiation Advantage	A note on competitive positioning	Ducati	
July 15	7	8:45 – 10:15	Rivalry	Predicting your competitor’s reaction	Lesser Antilles Lines	
July 15	8	10:25 – 11:55	Entry Threats		Ryanair	
July 29	9	8:45 – 10:15	Evidence-based Strategy	Trust the evidence, not your instincts	Infosys	Case Analysis #2
July 29	10	10:25 – 11:55	Strategic Experimentation	How to design (and analyze) a business experiment		
July 29	11	1:00 – 2:30	Applied Experimentation		Zappos	Business Experiment (in-class)
July 29	12	2:40 – 4:10	Conclusion	Re-read: Can you say what your strategy is?		Final Exam due August 7 th

DETAILED COURSE SCHEDULE

June 30 (#1)	Introduction
Summary	In this session, we specify what strategy is and is not by distinguishing strategic management from operational effectiveness. We focus on activities, which activities are performed by an organization and its competitors, and how activities are performed. We relate an organization's mission, values, vision, and strategy to each other by familiarizing ourselves with organizational strategy statements that specify objectives, scope, and a basis for competitive advantage that is borne largely of trade-offs.
Articles	Syllabus Porter, M. (1996). "What is strategy?" <i>Harvard Business Review</i> . Collis, D. & Rukstad. (2008). "Can you say what your strategy is?" <i>Harvard Business Review</i> .
Cases	None
Prep Questions	1. What is your organization's strategy? 2. Is your strategy a good strategy?
Deliverables	None
June 30 (#2)	Industry Structure
Summary	This session covers the fundamentals of industry analysis. The five forces framework is presented as an effective tool for systematically identifying constraints on sustainable industry profitability. From this point of view, we become comfortable with identifying what an organization must do to succeed. We demonstrate the value of this approach by discussing the structure of the U.S. airline industry.
Articles	Porter, M. (2008). "The five competitive forces that shape strategy." <i>Harvard Business Review</i> .
Cases	The U.S. Airline Industry in 2015
Prep Questions	1. Assess the financial performance of the U.S. airline industry over the past 20 years. 2. Conduct a five force analysis for the US airline Industry. 3. Which of the five forces has had the biggest impact on industry profitability? 4. How have airlines counteracted forces that constrain industry profitability? 5. What is the outlook for industry profitability for the foreseeable future?
Deliverables	None

July 1 (#3)	Resources and Capabilities
Summary	Industry analysis identifies external constraints on profitability for all competitors within an industry but limited insights on how an organization can outperform its industry competitors. In this session, we focus internally on an organization’s core resources (e.g., physical and intangible assets) and capabilities (e.g., processes) to understand superior performance within an industry. Our case discussion of Zara demonstrates how activities, resources, and capabilities are crucial elements of an organization’s strategy. We focus specifically on strategic trade-offs that organizations must make.
Articles	Collis, D. & C. Montgomery (2008). “Competing on resources.” <i>Harvard Business Review</i> .
Cases	Hansen, S. (2012). “How Zara Grew Into the World’s Largest Fashion Retailer,” <i>The New York Times</i> . November 9 th . http://nyti.ms/U7gqjB .
Prep Questions	<ol style="list-style-type: none"> 1. What strategic trade-offs does Zara make? 2. What resources must Zara invest in to support its strategy? 3. What capabilities must Zara invest in to support its strategy? 4. Is Zara’s strategy difficult for competitors to replicate? Why or why not?
Deliverables	None

July 1 (#4)	Value Creation and Capture
Summary	This session introduces the value creation framework to understand how strategic choices concerning activities, resources, and capabilities influence the gap between organizations’ costs and their customers’ willingness to pay for their offerings. We focus on how reinforcing choices can provide an organization with a cost advantage or a differentiation advantage over its competitors. Using the global brewing industry as an illustrative example, we consider both the creation and sustainability of advantage.
Articles	Ghemawat, P. & J. Rivkin (2006). “Creating competitive advantage.” <i>Harvard Business School Publishing #9-798-062</i> .
Cases	<p>Esterl, M. (2011) “Craft brewers tap big Expansion—Niche market is bucking the broader U.S. beer industry, <i>Wall Street Journal</i>. December 28th.</p> <p>Watson, B. (2015). “Brewery consolidation is not inevitable.” <i>Brewers Association</i>.</p>
Prep Questions	<ol style="list-style-type: none"> 1. What are some examples of companies with cost advantages? Why do they have an advantage? 2. What are some examples of companies with differentiation advantages? Why do they have an advantage? 3. How can we tell if our company has a cost advantage or disadvantage? A differentiation advantage or disadvantage?
Deliverables	None

July 14 (#5)	Cost Advantage
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Summary	This session highlights the relationship between activities and costs as a way to understand how some companies create and sustain competitive advantages, even in structurally unattractive industries. The Dell case analysis provides an opportunity for students to become adept at specifying activity-based differences in competitors' costs and estimating the magnitude of a cost advantage. The Dell case discussion provides further insight into the sustainability of cost advantages.
Articles	Harvard Manage Mentor: Finance Essentials Online Tutorial (allow 2 hours). Halaburda, H. & J. Rivkin (2009). "Analyzing relative costs." <i>Harvard Business Review</i> .
Cases	Matching Dell
Prep Questions	<ol style="list-style-type: none"> 1. Why was profitability in the PC industry so low? How did it come to be so low? 2. What strategic choices are primarily responsible for Dell's success? 3. Estimate Dell's advantage over Compaq in serving business customers. 4. Is Dell's cost advantage over rivals like Compaq sustainable? Why or why not?
Deliverables	Case Analysis #1

June 14 (#6)	Differentiation Advantage
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Summary	This session highlights the relationship between activities and willingness to pay as a way to understand how some companies create and sustain competitive advantages. We focus on the roles of organizational objectives and strategic vision in helping organizational leaders establish defensible positions relative to competitors. The Ducati case discussion examines how organizations can create sustainable advantages through strategic choices and also considers implicit trade-offs imposed by such choices.
Articles	McGahan, A. (1994). "A note on competitive positioning." <i>Harvard Business School Publishing</i> .
Cases	Ducati
Prep Questions	<ol style="list-style-type: none"> 1. What was Ducati's turnaround strategy? 2. Can Ducati sustain its competitive advantage? 3. Should Ducati offer cruisers? 4. How will you persuade the CEO to follow your strategic recommendation?
Deliverables	None

July 15 (#7)	Rivalry
Summary	This session highlights the competitive dynamic between close rivals. We focus on the importance of anticipating rivals' reactions to our strategic actions. The Lesser Antilles Lines case discussion lays the groundwork for a competitive pricing game that students play against each other. This exercise provides insights on the importance of not only anticipating competitors' responses but, also, checking our intuitive responses to competitors' actions in order to be strategic organizational leaders.
Articles	Coyne, K. P. & J. Horn. (2009). "Predicting your competitor's reaction." <i>Harvard Business Review</i> .
Cases	Lesser Antilles Lines
Prep Questions	<ol style="list-style-type: none"> 1. What is LAL's pricing strategy? Is it sustainable? 2. What should LAL's pricing strategy be? What should KL's pricing strategy be? 3. Be prepared to play a pricing game against a classmate. For this game, your goal will be to maximize your company's total profits.
Deliverables	None

July 15 (#8)	Entry Threats
Summary	This session builds upon previous sessions by considering the entry of Ryanair on the Dublin-London route traditionally served by Aer Lingus and British Airways. We place ourselves in the positions of Aer Lingus and British Airways' executives who must evaluate the threat posed by Ryanair. We then consider Ryanair's position and try to anticipate the most likely response by these two rivals to Ryanair's entry. Based on these perspective-taking exercises, we then evaluate the potential profitability and sustainability of Ryanair's launch strategy.
Articles	None
Cases	Ryanair
Prep Questions	<ol style="list-style-type: none"> 1. Based on your industry and competitor analysis, does Ryanair have a good strategy? 2. What responses will Ryanair's competitors consider? 3. Will competitors respond? If so, then how? 4. Will Ryanair's launch strategy be profitable? 5. Will Ryanair gain a sustainable competitive advantage?
Deliverables	None

July 29 (#9)	Evidence-Based Strategy
Summary	This session demonstrates how typical leadership practices prevent us from producing credible evidence of effectiveness. The Infosys case analysis provides students with an opportunity to practice good strategic human resource management. The case discussion illustrates how one can design strategic organizational interventions based on evidence-based management to better understand what does and does not work.
Articles	Pfeffer, J. & R. Sutton (2011) "Trust the evidence, not your instincts." <i>New York Times</i> . September 3 rd . http://goo.gl/SDUmXB
Cases	Infosys (A): Strategic Human Resource Management (HBS case #9-412-029)
Prep Questions	<ol style="list-style-type: none"> 1. Consider the most and least effective strategic leadership practices you have observed in your professional experience. Why do you believe these practices to be effective or ineffective? 2. To what extent is Infosys's strategy contributing to or detracting from leadership's primary objectives? 3. Would you intervene strategically to resolve the tension between achieving high performance metrics and high employee satisfaction metrics? If so, then how? 4. If Infosys leaders intervene, then what should they do to address declining job satisfaction? Why should we expect this intervention to be effective?
Deliverables	Case Analysis #2

July 29 (#10)	Strategic Experimentation
Summary	This session introduces the role of field experiments in strategic management. Although big data analytics promises to inform leaders of effective practices, such insights are only as relevant as the data from which they are drawn and most data are ill-suited to our purposes. Drawing on principles of experimental design, we will discuss how strategic leaders can overcome such limitations by designing and implementing field experiments that produce highly credible and applicable evidence.
Articles	Hauser, O. & M. Luca (2015). "How to design (and analyze) a business experiment." <i>Harvard Business Review Blog</i> . https://goo.gl/xf0JFD
Cases	None
Prep Questions	<ol style="list-style-type: none"> 1. Consider some strategically-relevant conventional wisdom in your organization. Why is practice presumed to be effective? 2. Consider a highly uncertain decision your organization is facing. Why is there uncertainty? 3. What would it take to implement a field experiment at you organization? What are the obstacles to implementation? What is the potential value of experimenting?
Deliverables	None

July 29 (#11)	Applied Experimentation
Summary	In this session, student groups apply the principles of evidence-based management by designing a field experiment for a company. We use the implementation of holacracy at Zappos as a basis for the exercise. Student groups will work in breakout rooms and present their experimental designs. Classmates provide feedback on what is and is not persuasive about the design.
Articles	None
Cases	McGregor, J. (2014). "Zappos says goodbye to bosses." <i>Washington Post</i> . January 3 rd . https://goo.gl/gMXPhw
Prep Questions	<ol style="list-style-type: none"> 1. What might holacracy enhance organizational adaptability at Zappos? 2. What might holacracy not enhance organizational adaptability at Zappos? 3. Do you think that holacracy will be effective for Zappos? 4. Regardless of your position, how might you evaluate the success of the holacracy intervention at Zappos?
Deliverables	None

July 29 (#12)	Conclusion
Summary	This session reviews the key lessons of the course by applying them to current business situations. We also briefly discuss the final exam.
Articles	None
Cases	None
Prep Questions	None
Deliverables	None

Appendix 1: Georgetown Student Honor Pledge

As a Jesuit, Catholic university, committed to the education of the whole person, Georgetown expects all members of the academic community, students and faculty, to strive for excellence in scholarship and in character.

To uphold this tradition, the University community has established an honor system for its undergraduate schools, including Georgetown College, the School of Foreign Service, the School of Business, the School of Nursing and Health Studies, and the School of Continuing Studies. Students are required to sign a pledge certifying that they understand the provisions of the Honor System and will abide by it.

The Honor Council is the principal administrative body of this system. The Honor Council has two primary responsibilities: to administer the procedures of the Honor System and to educate the faculty and undergraduate student body about the standards of conduct and procedures of the System.

The Georgetown Student Honor Pledge

In pursuit of the high ideals and rigorous standards of academic life I commit myself to respect and to uphold the Georgetown University honor system:

To be honest in every academic endeavor, and

To conduct myself honorably, as a responsible member of the Georgetown community as we live and work together.

Source: <http://honorcouncil.georgetown.edu/>

Appendix 2: Instructional Continuity Policy

In the case of university closure due to weather or other unexpected circumstance, classes will not be cancelled. Instead they will be held at their scheduled time through the Zoom online collaboration tool. This tool is integrated into the Blackboard course website, supports live lecturing, and allows for real-time student participation. Should the instructional continuity policy be enacted, an email with specific instructions will be sent to all students and the course schedule, including deadlines, will be unaltered. If for any reason a session cannot be held, students will be emailed with additional information about rescheduling class time.

Appendix 3: Student Disabilities

If you believe you have a disability, then please contact the Academic Resource Center (arc@georgetown.edu). The Center is located in the Leavey Center, Suite 335. The Academic Resource Center is responsible for reviewing documentation provided by students with disabilities and for determining reasonable accommodations in accordance with the Americans with Disabilities Act (ADA) and University policies.

Appendix 4: Statement on Sexual Misconduct

Georgetown University and its faculty are committed to supporting survivors of sexual misconduct, including relationship violence, sexual harassment and sexual assault. University policy requires faculty members to report any disclosures about sexual misconduct to the Title IX Coordinator, whose role is to coordinate the University's response to sexual misconduct.

Georgetown has a number of fully confidential professional resources who can provide support and assistance to survivors of sexual assault and other forms of sexual misconduct. These resources include:

Jen Schweer, MA, LPC
Associate Director of Health Education Services for Sexual Assault Response and Prevention
(202) 687-0323
jls242@georgetown.edu

Erica Shirley, Trauma Specialist
Counseling and Psychiatric Services (CAPS)
(202) 687-6985
els54@georgetown.edu

More information about campus resources and reporting sexual misconduct can be found at <http://sexualassault.georgetown.edu>.