

BUSINESS STRATEGY -- HONORS, Syllabus – Fall 2012

Class: MW 9:15-10:30 am, 206BSA

Course & Section: MIS 44285H SEC 002

Professor: Dr. Aviad Israeli

Email: aisraeli@kent.edu

Voicemail: (330) 672-1149

Office and office hours: Room A422 BSA MW 10:30-11:30am and by appointment

Required Texts and Materials:

Paper version: Course reading packet ISBN 9781121577442 (based on Thompson, Peteraf, Gamble, and Strickland, *Crafting and Executing Strategy: The Quest for Competitive Advantage*, 18th Edition + a customized case packet)

Online version: Course reading packet ISBN 9781121618596. This version can be obtained at site: www.mcgrawhillcreate.com/shop

Class notes, assignments, grades and other course related material will be accessible through the FlashLine – Backboard Learn course site.

Course objectives:

This capstone course is provides students with an opportunity to integrate their diverse disciplinary knowledge by introducing them to the principal concepts of strategic management. The course will develop students' capacity to think strategically about a company, its present business position, its long-term direction, its resources and competitive capabilities, the quality of its strategy, and its opportunities for gaining and sustaining competitive advantage. The course will provide an opportunity to build skills in conducting strategic analysis in a variety of industries and competitive situations and, especially, to provide a stronger understanding of the competitive challenges of a global market environment.

Course expectations:

Your participation in class discussions and your presentation of the assigned group case and the group case write-ups all count in determining your overall grade in the course. In addition, the final exam will include all reading from the textbook. Therefore, each student is expected to contribute to in-class analysis and discussion. Honor students are expected to submit an honors project. Detailed instructions for this project are provided in the last section of the syllabus.

The case analysis and presentation will be conducted in groups of 4 students per group. Before your case presentation, you should read the "Guide to Case Analysis" in the reading packet. The guide provides directions in the mechanics of coming to class adequately prepared for class presentation and discussion of an assigned case. The hints and pointers in the guide should help students get off to a better start and orient them to the traditional analytical sequence of (1) identify, (2) evaluate, and (3) recommend.

Each group will be required to assign 4 case write-ups. One case will be the case which was assigned to the group for presentation plus three case write-ups as discussants of other groups' cases. Attendance at all class sessions is expected, but attendance is mandatory on the dates assigned for students' case presentations. If you must miss class discussion of an assigned case, you will need to provide advance notice.

Grading:

Points are allocated as follows:

Assignment	Points
Midterm exam	10
Group case write-up (4 write ups @ 5 points each)	20
Group case presentation	20
Honors project	20
Final exam	30

The grading scale is as follows:

Total percentage earned	Grade
≥ 92.5 points	A
≥89.5 points	A-
≥87 points	B+
≥82.5 points	B
≥80 points	B-
≥77.5 points	C+
≥72 points	C
≥68.5 points	D+
≥ 62points	D
Below 62 points	F

According to University Guidelines the grades are converted to your grade point average by the following rules: A = 4.0, A- = 3.7, B+ = 3.3, B = 3.0, B- = 2.7, C+ = 2.3, C = 2.0, C- = 1.7, D+ = 1.3, D = 1.0, F = 0.0

Academic Honesty Cheating means to misrepresent the source, nature, or other conditions of your academic work (e.g., tests, papers, projects, assignments) so as to get undeserved credit. In addition, it is considered to cheating when one cooperates with someone else in any such misrepresentation. The use of the intellectual property of others without giving them appropriate credit is a serious academic offense. It is the University's policy that cheating or plagiarism result in receiving a failing grade for the work or course. Repeat offenses result in dismissal from the University.

Student Feedback: Formal class evaluations will be distributed at the end of the term. However, if there are any problems or concerns during the semester, this feedback will be appreciated. Student can e-mail me at aisraeli@kent.edu and offer any suggestions, insights or other feedback throughout the semester.

Students with Disabilities: University policy 3342-3-01.3 requires that students with disabilities be provided reasonable accommodations to ensure their equal access to course content. If you have a documented disability and require accommodations, please contact the instructor at the beginning of the semester to make arrangements for necessary adjustments for conducting the examinations. Please note, you must first verify your eligibility for these through Student Accessibility Services (contact 330-672-3391 or visit <http://www.registrars.kent.edu/disability>) for more information on registration procedures.

Course calendar: Please note that this is a tentative course calendar. In case of significant changes, I will inform you by email.

Week starting on:	Class topics:	Read chapters (before class meeting).
August 27	Introduction	1
September 3	What is strategy and why is it important Charting a company's direction	2,3
September 10	Evaluating a company's external environment	4
September 17	Evaluating a company's resources capabilities and competitiveness	5
September 24	The (five) generic competitive strategies	6
October 1	Strengthening a company's competitive position	7
October 8	Strategies for competing in international markets	8
October 15	Corporate strategy	9
October 22	Ethics, corporate social responsibility, environmental sustainability and strategy	10 <i>Honors project paper 1 due date</i>
October 29	Building an organization capable of good strategy execution	11
November 5	Managing internal operations, corporate culture and responsibility	12, 13
November 12	Case presentation and discussion	
November 19	Case presentation and discussion	
November 26	Case presentation and discussion	
December 3	Review – current issues in corporate strategy	<i>Honors project final paper due date</i>
Finals week		

PLEASE NOTE that the timing of the final exam is *not* under the control of your instructor, but has been scheduled on the University Registrar's website. Its timing, as well as that of your other exams, can be verified by accessing the official Registrar's website.

Honors project: Is the airline industry destined to price competition?

The airline industry has suffered major crises since the beginning of the 21st century. The first crisis was triggered by the traumatic events of 9-11 (Goll and Rasheed 2001). The second crisis began with the financial markets' crash of 2008/9. The impact of these crises is evident: some airlines have gone bankrupt; some airlines had to restructure or merge, all airlines are searching the path to business success under the new reality.

The purpose of this project will be to characterize the trends in the airline industry and to offer a prediction about the possibilities of successful strategies for airliners. Currently, the industry includes mainly full-service airlines and low-cost airlines (Pels 2008). However, most airliners use similar inputs (gasoline, human resources, plane fleets, maintenance, etc.) and generate similar outputs (safe and accurate transportation). The similarities in airline operations suggest that differentiation may be limited and, over time, air travel can be perceived as a homogenous product/service by majority of consumers. With limited ability to differentiate, airlines may engage in price competition and low-cost strategy may become the dominant business model (or even firm strategy) in the airline industry. The distinction between a business model and a strategy is presented by Casadesus-Masanell and Ricart (2010). Pitfield (2008) provides an analysis of the competition between low-cost airlines, and a Wall Street Journal blog from 2008 asks a relevant question – “does one airline strategy fit all?” in an attempt to evaluate the potential of low-cost strategies vs. differentiation strategies.

The Honors' team project will review and analyze the evolution in the airline industry in an effort to address few main questions:

1. Who are the main players in the industry and what is the main strategic plan of each player?
2. What are the main characteristics of the players' business strategy?
 - 2.1. For low cost firms, describe the low cost drivers.
 - 2.2. For differentiation firms, describe the bases of differentiation.
 - 2.3. If the players use niche strategies, describe the characteristics of their niches.
3. Describe the trends in the firms' environment and also the trends in the firms' operations and performance.
 - 3.1. Analyze and predict the long term business mode, strategy and performance of these firms.
 - 3.2. Evaluate if the firms will be able to sustain their present strategy or will they have to consider a different strategy. Present your predictions about specific firms and about the industry as a whole.

The recommended steps in this project are as follows:

- a. Come to meet me during office hours on a regular basis for an update and for guidance with your project.
- b. Read the initial articles provided in the bibliography of this document. This list will provide the basic information about the crises in the airline industry and about the basic business models and strategies of the main players.
- c. Conduct your own literature review to better understand the main questions listed above (questions 1-2).

- d. *Your initial literature review and answers to questions 1-2 are the basis for the first paper in the honors project titled “current status of the airline industry”. Due date for this paper is on the first class meeting on the week of October 22nd.*
- e. *Upon completing the first paper, you will be able to start working on the second paper. This paper is an opinion paper. It will be based on question 3 (above) and will include your own analysis and provide your predictions. To write this paper, you will have to search for additional relevant information. This information can be based on an extended literature review (both academic and practitioners’ journals), interviews with experts and managers in the industry etc. This paper is due on the first class meeting on the week of December 3rd.*

Initial literature review (files available on the course Blackboard Learn site):

Internet article: <http://blogs.wsj.com/middleseat/2008/07/29/does-one-airline-strategy-fit-all/>

Casadesus-Masanell R., Ricart JE. (2010) From Strategy to Business Models and onto Tactics, Long Range Planning 43, pp. 195 - 215

Fageda X., Jim'nez JL., Perdiguero J. (2011) Price rivalry in airline markets: a study of a successful strategy of a network carrier against a low-cost carrier, Journal of Transport Geography, 19, pp. 658–669

Goll I., Rasheed AA. (2011) The effects of 9/11/2001 on business strategy variability in the US air carrier industry, Management Decision, 49(6), pp. 948 - 961

Pels E. (2008) Airline network competition: Full-service airlines, low-cost airlines and long-haul markets, Research in Transportation Economics 24, pp. 68–74

Pitfield DE. (2010) Some insights into competition between low-cost airlines, Research in Transportation Economics, 24, pp. 5–14