

UNIVERSITY OF PENNSYLVANIA

THE WHARTON SCHOOL

Management 782: “Strategic Implementation”

Fall Term 2010

Professor: Lawton Robert Burns, Ph.D., MBA
Chair - Department of Health Care Management
and Professor of Management

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Office Hours: Walk-in basis

Class Time: Monday-Wednesday 3:00 – 4:20 PM
Location: JMHH G-50

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Once strategy has been decided, the hard work of strategic implementation (execution and change) begins. This course is based on the premise that execution and change are difficult tasks, but can be done systematically. Execution is based on “getting things done”, following some basic steps and guidelines, typically in the face of resistance. It frequently involves selling one’s viewpoint, motivating others, and managing conflict and opposition from others who don’t share your viewpoint. The course is structured to develop your skills in managing the change process, selling change, and managing the conflict and opposition that are inevitable.

The course is also based on the premise that strategic change is often unsettling to people, and typically involves considerable challenge to one’s views. This may take the form of honest, candid confrontation and exchange of opinions. Students may be exposed to this in class in the form of challenges to their views presented in class in the form of questioning and debate.

Finally, the course is based on the premise that execution and change require a balancing act between lots of different activities and lots of different and seemingly opposite things. Students will thus be exposed to various activities, viewpoints, perspectives, and horizons that need to be harmonized.

The course is divided into four sections:

- I Conceptual Models of Execution & Change**
- II Some Major Issues in Organizational Change**
- III Major Balancing Acts in Organizational Change**
- IV Using Change Models to Better Implement Common Strategies**

The course combines lectures by the professor, in-class case and article discussions, and several small assignments. The readings for the course consist primarily of one business article and one case. Throughout the course, the instructor will provide a conceptual guide and overview of the topic for each session of the class, and a review of the prior class learning.

Course Requirements:

(a) Three Written Assignments Prepared by Each Student [30% total]

There are three assignments that each student must individually prepare. These assignments are due in September (Monday Sept 20th) and October (Monday October 4th, Monday October 25th). Each of these three assignments is designed to get each student to critically think through a major issue and permit the entire class to engage in collective inquiry early on. Because of this, these assignments must be handed in on the date indicated. Students who do not hand in a given assignment will receive a zero for that assignment.

The assignments must be typed and handed in at the beginning of the class (or emailed to me by 12 PM) on that date. Each should be no longer than two pages long (single-sided, 12 point font, 1.5 spaces). These will be graded. Each constitutes 10% of the student's grade.

(b) Two Written Case Analyses Prepared by Teams [20% total]

Most classes focus on a case. Student teams (2-3 people) will be required to help lead the case discussion during two class sessions. They should be prepared to discuss the major issues in the case and how to resolve them, and address the case question(s) below. Two teams of students will prepare a written analysis of each case. The case assignments will be made by the second week of class. The case analysis will provide the opportunity for close dialogue, questioning, and in-class learning. The analysis is an opportunity to surface differences of opinion, challenge your thinking, and arrive at a synthetic understanding. Each case write-up should be no more than 3 pages in long (single-sided, 12 point font, 1.5 spaces). Each case accounts for 10% of the student's grade.

The last page of the syllabus lists the cases and case dates. You may use this as a sign-up sheet. Please list your top five case preferences (#1, #2, ...) and any team members you wish to work with.

(c) Final Examination [30% of total]

There will be a final examination based on the analysis of a case distributed ahead of time. The exam will constitute 30% of your grade.

(d) Class Participation [20% of total]

The remainder of your grade (20%) will be based on class participation. I expect all students to have read the case and the assigned reading. Beyond those formally responsible for that day's case or reading, you can expect me to freely call on people to address issues in the case and reading. This is not meant to be a highly pressurized class. Instead, I want engaged students and good discussion.

Required Readings

All articles (and an occasional book chapter) can be found on WebCafe. All cases and most of the book chapters can be found on Study.Net.

DATE CLASS SESSION AND READINGS

Part I: Conceptual Models of Execution and Change

Wed Sept 8 **Introduction to Key Problem: Most Change Programs and Corporate Strategies Do Not Succeed**

Reading: Lovallo & Kahneman, "Delusions of Success." *Harvard Business Review* (July 2003).

Mon Sept 13 Is Strategic Planning Part of the Problem?

Reading: Mintzberg, “The Fall and Rise of Strategic Planning.” *Harvard Business Review* (Jan-Feb, 1994).

Reading: Beer and Eisenstat, “How to Have an Honest Conversation About Your Business Strategy.” *Harvard Business Review* (2004).

Wed Sept 15 Is “Execution” the Answer to the Problem?

Reading: Bossidy & Charan, *Execution*, pp. 1-33.

Come to class prepared to discuss your solution(s) to the key problem raised in the Sept 8th class: why is it that most change programs and corporate strategies don’t succeed? Is execution the answer? If so, what errors do firms commit and/or what problems do they encounter in executing change?

Mon Sept 20 Models of Strategic Execution & Change; Kotter’s Model of Sequential Change

Reading: Kotter, “Leading Change: Why Transformation Efforts Fail.” *Harvard Business Review* (March-April 1995).

Assignment due: 2-page critique of Kotter model: what is right about it? What is wrong about it?

Case: *Transformation at the IRS* (HBS 9-603-010)

Question: Does the IRS follow Kotter’s model? Does the IRS succeed with it? Why or why not?

Wed Sept 22 Diagnosing Organizational Problems to Poor Performance & Making Recommendations for Change

Reading: Beer et al., “Why Change Programs Don’t Produce Change.” *Harvard Business Review* (Nov-Dec, 1990).

Case: *SMA Micro-Electronic Products Division (A)* (HBS 9-400-084)

Question: What are the problems besetting SMA? How might the “critical path” be employed here to overcome these?

Mon Sept 27 Complicating Issue of Bureaucracy: What Happens as Firms Grow?

Reading: Greiner, “Evolution and Revolution as Organizations Grow.” *Harvard Business Review* (May-June 1998).

Case: *Merck Latin America (A)* (HBS 9-401-029)

Question: What is the strategic fitness process described in the case? How does it help to overcome the bureaucracy and help the turnaround at Merck? How does bureaucracy develop?

Wed Sept 29 The GE Model of Change: “Work-Out”

Reading: Ulrich et al.: “How to lead a fast, simple work-out when you’ve never done it before.”

Reading: Ulrich et al.: “The GE Work-Out.”

Question: Diagram from start to finish the work-out process. What elements of the change models considered so far are used here?

Mon Oct 4 Elements of Execution

Case: *Jack Welch: General Electric’s Revolutionary* (HBS 9-394-065)

Assignment due: 2-page analysis of the “elements of execution” (i.e., checklist of things to attend to) that you discern in GE’s transformation process.

Wed Oct 6 Organization Structure & Change

Reading: Nadler & Tushman, *Strategic Organization Design*, Ch. 5.

Case: *Appex Corporation* (HBS 9-491-082)

Question: What do you think of Ghosh’s use of so many structures in just a couple of years? Is this switching behavior likely to exert positive or negative effects on employees? Should structure be changed so frequently?

Mon Oct 11 Fall Break - - No Class

Wed Oct 13 The Congruence Model of Change

Reading: Nadler and Tushman, “A Model for Diagnosing Organizational Behavior”.

Case: *Cypress Semiconductor (A)* (Stanford GSB: HR-8A)

Question: How well does Cypress manage its two different businesses? Is the structure internally congruent? Does it fit with the firm’s strategy?

Case: *Hewlett-Packard’s Santa Rosa Systems Division (A): The Trials and Tribulations of a Legacy* (HBS 9-498-011)

Question: What are the barriers at H-P to implementing strategy? Does the firm’s organization “fit” the strategy?

Part II: Some Major Issues in Organizational Change

Mon Oct 18 Overcoming Resistance to Change

Reading: Richardson, *Stop Telling, Start Selling* (1998), Chapter 4, pp. 57-90. [WebCafe]

Question: Why do people resist change? What are the strategies and approaches you can use to overcome their resistance?

Wed Oct 20 Psychological Safety

Reading: Edmondson, “Speaking up in the Operating Room: How Team Leaders Promote Learning in Interdisciplinary Action Teams.” *Journal of Management Studies* (2003), pp. 1419-1452. [WebCafe]

Case: *Dana Farber Cancer Institute* (HBS 9-699-025)

Question: Who killed Betsy Lehman? What can Dana Farber do to reduce the chances of killing someone again? How can you get highly skilled professionals like physicians to participate in such a change process?

Part III: Major Balancing Acts in Organizational Change

Mon Oct 25 How to Become Ambidextrous

Reading: Fredberg et al. (2008), “Embracing Commitment and Performance: CEOs and Practices Used to Manage Paradox.” HBS Working Paper.

Assignment Due: 2-page essay: Can adults develop mental ambidexterity (i.e., the ability to embrace two seemingly competing ways of thinking at the same time)? If so, how?

Wed Oct 27 Balancing Exploitation and Exploration

Reading: Tushman & O’Reilly, *Winning Through Innovation*, Chap 7.

Reading: Beer and Nohria, “Cracking the Code of Change.” *Harvard Business Review* (May-June, 2000).

Case: ASDA (A), (A1), (B) [skim (A) for background]
(HBS 9-498-005/006/007)

Question: How does ASDA achieve the balance between exploitation and exploration? Is this balance achieved in multiple areas?

Mon Nov 1 Balancing Deliberate and Emergent Change

Reading: Weick, “Emergent Change as a Universal in Organizations.” In Beer & Nohria, *Breaking the Code of Change*, Chap 11: 223-241.

Case: *Intel Corporation (A): The DRAM Decision* (Stanford GSB: S-BP-256)

Question: How would you describe the evolution of Intel’s strategy over the first 10-15 years of its operation? Are the strategic shifts deliberate, top-down decisions?

Part IV: Using Change Models to Better Implement Strategies

Wed Nov 3 Changing the Firm's Direction & Vision

Reading: "Moving Mountains." *Harvard Business Review* (January 2003): 41-47.

Case: *Bob Galvin and Motorola Inc. (A)* (HBS 9-487-062)

Question: What do you think of Bob Galvin's speech and vision? Are the effects likely to be positive or negative?

Case: *Charlotte Beers at Ogilvy & Mather Worldwide* (HBS 9-495-031)

Question: What process does Charlotte Beers and her team follow to develop the new vision for O&M? Does she involve enough people? The right people? How well does she gather support for her vision?

Mon Nov 8 Improving Return on the Firm's Assets

Reading: Hirschhorn, "Campaign for Change." *Harvard Business Review* (July 2002): 2-7.

Case: *Managing Xerox's Multinational Development Center* (HBS 9-490-029)

Question: What interpersonal and organizational strategies does John Clendenin use to overcome the barriers to the changes he wishes to make?

Wed Nov 10 Developing Online Knowledge Networks to Capture & Transfer Best Practices

Reading: Leonard-Barton, "Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development." *Strategic Management Journal* (Vol. 13, 1992).

Case: *Cultivating Capabilities to Innovate: Booz-Allen & Hamilton* (HBS 9-698-027)

Question: What does Booz wish to achieve with the KOL system? Does Booz succeed with KOL? Why or why not?

Mon Nov 15 Managing Multiple Time Horizons for Organic Growth

Reading: Baghai, Coley, & White, *The Alchemy of Growth*, Ch. 8 & 9.

Case: *Emerging Business Opportunities at IBM (A)* (HBS 9-304-075)

Question: What does it take for a large firm to develop new businesses within? What components does IBM have to align to make this work?

Wed Nov 17 Implementing a Matrix to Balance Products & Markets

Reading: Taylor, "The Logic of Global Business." *Harvard Business Review* (March-April 1991): 91-105.

Reading: Bartlett and Ghoshal, "Matrix Management: Not a Structure, a Frame of Mind." *Harvard Business Review* (1990)

Case: *ABB Asea Brown Boveri (9-192-139)* [Background]

Case: *ABB's Relays Business: Building and Managing a Global Matrix* (HBS 9-394-016)

Question: How does ABB make the matrix structure work so well? Which side of the matrix seems to dominate? What holds ABB together?

Mon Nov 22 Downsizing & Reengineering

Reading: Hammer, "Reengineering Work: Don't Automate, Obliterate." *Harvard Business Review* (July-August 1990)

Case: *Phillips 66: Transforming for the 1990s* (HBS 9-194-022)

Question: Does Phillips 66 follow Hammer's model? What is the basic need or problem that restructuring is intended to address here? How does Tippeconnec try to balance changes across the firm's major components?

Wed Nov 24 Thanksgiving Holiday - - No Class

Mon Nov 29 Changing Corporate Culture

Reading: Price Waterhouse Change Integration Team, *The Paradox Principles*, Chapter 7, Pp. 115-131.

Case: *Changing the Culture at British Airways* (HBS 9-491-009)

Question: Are the activities of Marshall a real cultural change or just a marketing ploy? Is Marshall's effort a success? Why or why not?

Wed Dec 1 Develop Innovation as a Capability

Reading: Hargadon and Sutton, "Building an Innovation Factory." *Harvard Business Review* (May-June 2000), pp. 157-166.

Case: *Bank of America (A)* (HBS 9-603-022)

Question: What are the challenges in trying to run experiments in business firms, especially firms delivering human services? Why does BOA run the experiments that it does? What do they seem to do well? What are the shortcomings of their experiments?

Mon Dec 6 Implementing a Merger

Reading: Marks & Mirvis, *Joining Forces*, Chapters 5, 8.

Case: *Unisys: The Merger of Burroughs and Sperry* (HBS 9-489-055)

Question: What does the merger process look like at Unisys? What does the vision do? What are the prospects for partnership, meritocracy, unity, and dispatch between the two firms?

Wed Dec 8 Synthetic Case

Case: *Leading Change at Simmons (A)* (HBS 9-406-046)

Question: What things does Simmons do right? Does this lead to success? What are the prospects for firm performance?

Tues Dec 15 Final Examination : 12 – 2 PM

Case & Reading: Handout in class

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Case Assignments

<u>Class Date</u>	<u>Case Assigned</u>	<u>Students</u>
9/20	IRS	
9/22	SMA	
9/27	Merck Latin-America	
9/29	GE's Work-Out	
10/4	GE / Jack Welch	
10/6	Appex	
10/13	Cypress	
10/13	Hewlett-Packard	
10/20	Dana Farber	
10/27	ASDA	
11/1	Intel	
11/3	Motorola	
11/3	Charlotte Beers	
11/8	Xerox	
11/10	Booz-Allen	
11/15	IBM	
11/17	ABB	
11/22	Phillips 66	
11/29	British Airways	
12/1	Bank of America	
12/6	Unisys	
12/8	Simmons	