



## MANAGEMENT 782: STRATEGY IMPLEMENTATION SPRING 2011

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### COURSE DESCRIPTION

As the difficult process of strategic planning evolves and moves toward definition, the even more difficult process of strategy implementation or execution comes into play. The two – strategy formulation and execution – are separate, but highly interdependent, and both are critical to strategic success.

This course focuses on strategy implementation or execution, with emphasis on the decisions, actions, and conditions that facilitate the successful attainment of strategic objectives. The need for this course is explained by the fact that much more is known about strategy formulation and planning than the implementation or execution of strategy. Valid, logical strategic plans often fail to achieve their potential because of implementation problems and related shortcomings. Hence, this course focuses on implementation or execution as a valid academic and practical concern of managers.

Strategy implementation or execution is often misunderstood. It's "getting your hands dirty" and getting things done, but it's more than this. It involves macro issues as well as micro issues. It involves conceptual thinking as well as routine elements. It integrates long- and short-term decisions and actions. In short, implementation or execution covers a great deal and integrates much of what you'll handle in future managerial jobs.

### COURSE OBJECTIVES

1. To develop an understanding of strategy implementation or execution in complex organizations. The focus is on developing a logical model of and approach to execution that highlights key decisions or actions and their relationships.
2. To understand how organizational context and managerial decisions are interdependent and critical to the successful execution of strategy.
3. To develop a sensitivity to the "realities" of organizations. It is necessary to see strategy implementation as a process of resource allocation, influence, and change that, to be successful, must take a number of factors into consideration, including how decisions affect individuals in the organization and their consequent commitment to execution efforts.

## MAJOR THEMES IN THE COURSE

There are four major themes that permeate and underlie the content of the course.

1. Strategy formulation and implementation are highly interdependent. Each can be separated logically – e.g. one cannot implement something until that something is formulated and it exists – but in the real world of management, the two are important and interdependent. Thoughts of one must include thoughts of the other to achieve effective results.
2. A model or set of guidelines is important to shape and affect execution efforts. Implementation should not be an ad-hoc, “just-do-it” affair.
3. Both formal and informal factors affect implementation success. Formal organization, clear accountability, incentives, and coordinative methods are important, but so are power, culture, and the informal organization.
4. People play an important role in the successful implementation of strategy at all levels of organization. Implementation is not something that only “lower levels” do; execution involves leadership and management at every hierarchical level. Commitment is necessary for implementation success.

## ADMINISTRATION, ORGANIZATION, AND EVALUATION

To meet course objectives, emphasis will be on case studies, class discussions, and lectures as the instructional techniques. Cases and class discussions will be used to provide a real-world application of the theories presented or to integrate a number of important variables in an analysis of strategy implementation in an organization. Occasional lectures will serve as supplements to the required readings.

## WRITTEN ASSIGNMENTS

Evaluation and grades will depend on performance on written course requirements and class participation. Specifically, students will submit written analyses for three (3) assigned cases. These will be group write-ups. The first two assigned cases will be a maximum of three (3) typewritten pages in length (12 pt. font, double-spaced, with margins no less than 1 inch), with one (1) allowable supporting exhibit. Three groups will write up each assigned case. A schedule of written case assignments and the groups responsible for them will be provided in the second week of class. Case write-ups are to be submitted to me via email by 10:00 am of the day they are due.

The third assigned case is the same for all groups, namely, SMA: Micro-Electronic Products Division (A). Write-ups will be a maximum of four (4) pages in length, with a maximum of two (2) exhibits. Hard copies of the written cases will be turned in to me immediately after the class session in which we discuss the case.

There will be one exam in the course. It will be given on April 26.

## CLASS PARTICIPATION

Your participation in class is expected to help both your learning and that of your peers. Please come prepared with analysis which addresses the assignment questions listed for the class session. Effective participation is accomplished by focused comments, avoidance of repetition of case facts, and explanations which either show how a particular concept is illustrated in readings and cases or how substantive problems can be solved. Quality, not quantity, is emphasized in this area.

Of course, the underlying and necessary condition for participation is attendance. Attending all class sessions will generate a base amount of participation points, so attendance is important. If you cannot come to class, please email me so that I understand the circumstances of your absence.

Finally, to avoid distractions in class, PLEASE TURN OFF YOUR CELL PHONE, BLACKBERRY, ETC. AND KEEP LAPTOPS CLOSED DURING CLASS.

## EVALUATION

Evaluation in the course will be based on the following:

<b>Factor</b>	<b>Weighting</b>
Group assignments	
• First two case write-ups	30%
• SMA (A) write-up	20%
Individual assignments	
• Class participation	25%
• Exam	25%
Total	100%

## REQUIRED READINGS AND CASES

The text for the course is L.G. Hrebiniak, *Making Strategy Work: Leading Effective Execution and Change*, Wharton School Publishing, 2005. It is available at the Penn Bookstore. Additional required readings and cases are contained in a bulk packet that may be obtained from Wharton Reprographics.

## PREPARATION: READINGS AND CASES

January 13 **Introduction and Course Description**

January 18 **Defining Implementation or Execution. What is it? What are key elements or steps? What is the relationship between strategy formulation and implementation?**

Readings:

1. Hrebiniak, Chapter 1 pp. 1-13
2. Bossidy and Charan, pp. 1-8, 20-31

January 20 **Identifying Execution Issues and the Obstacles to Successful Strategy Implementation/A Model of Execution**

Readings:

3. Hrebiniak, Chapter 1 pp. 14-29; Chapter 2
4. Harreld, "Strategic Leadership"
5. Hrebiniak & Joyce, "Implementing Strategy." Handbook of Strategic Management (Blackwell, 2001), (*Optional*).

Why is strategy implementation so much more difficult than strategy formulation? What are the major obstacles to successful implementation? How can managers address execution in a logical way?

January 25 **Key Issue: Impact of Strategy and the Planning Process on Execution Outcomes**

Readings:

1. Hrebiniak, Chapter 3
2. Sicilliano, "Governance and Strategy Implementation: Expanding the Board's Involvement."

Case: Portfolio Planning at Ciba-Geigy ....

1. What implementation or execution problems do you anticipate between Corporate and Business levels due to portfolio planning?
2. How does a company resolve these problems?

Case: Becton Dickinson: Designing the New Strategic, Operational, and Financial Planning Process.

A company document states: "The new SOF is intended to support a decentralized organization, where strategy is pushed down and coordination happens through the vision and strategic criteria that top management gives SBUs."

1. Evaluate the SOF planning process laid out in the case? Does it accomplish what the company document states is its purpose?
2. How might the SOF planning process affect execution and performance outcomes?

January 27

Case: Terra Cog Global Positioning Systems

1. What has been Terra Cog's strategy? What should it be going forward?
2. What "demands" does a strategy (e.g. low-cost vs. differentiation strategy) make of an organization? Is it easy to shift or change strategy and execution requirements? What are the challenges of doing so?
3. What other execution challenges does the company face?
4. Does product pricing affect or reflect the implementation of a strategy?

February 1

**Key Issue: Strategy and Organizational Structure**

Reading:

1. Hrebiniak, Chapter 4

Exercise: Assume you're a consultant or a C-level executive in a company and a new CEO asks you to evaluate the company's organizational structure. What factors or variables would you use to evaluate the appropriateness of the structure? What drives the choice of structure?

Appex Corporation

1. Consider the various structures introduced by Ghosh. What factors or conditions is he saying or implying are important for determining which structure is most appropriate for a company?
2. Do you agree with Ghosh that structure should be changed regularly, e.g. every six months? When should a structure be changed?

February 3

Case: Johnson & Johnson

1. What are the strengths/benefits of such a decentralized structure? What are some possible weaknesses or problems? What can go wrong?

Case: Oticon A/S: Project 330

1. What is your opinion of the new, fluid organizational structure in the company?
2. Why doesn't every company implement such a "loose" structure?

February 8 **Key Issue: Translating Strategy into Short-term Objectives**

Exercise: A company is changing its strategy. How does it communicate this fact and ensure that objectives throughout the company are consistent with and support the implementation of the new strategy?

Readings:

1. Hrebiniak, Chapter 3, Issue #3
2. Kaplan & Norton, Balanced Scorecard, pp. 7-18, 24-32
3. Grady, “Performance Measurement: Implementing Strategy”

Case: Chemical Bank: Implementing the Balance Scorecard

1. Chemical seems to be quite taken with the Balanced Scorecard as a management tool. What is your opinion of its utility in strategy implementation?

February 10 **Key Issue – Integration: Managing Interdependence, Coordination Requirements, and Knowledge Transfer**

Reading:

1. Hrebiniak, Chapter 5

What is basic operating structure, and why is it insufficient to solve complex problems of coordination? What types of interdependence are found in organizations, and how do they affect the need for coordination or integration? What is a matrix organization and why use it? What are the main impediments to knowledge transfer and information sharing in organizations? What is “responsibility plotting” and how is it done?

February 15 Case: Cultivating Capabilities to Innovate: Booz-Allen and Hamilton

1. Are implementation issues or problems different in service organizations, e.g. a large consulting firm?
2. How does one share and coordinate knowledge across offices and disseminate learning to consultants? What are the barriers to effective knowledge sharing and coordination of consultants’ efforts and capabilities?

February 17 Project Management as a Tool in Strategy Implementation

Case: Atek PC Project Management Office

1. What role can the PMO play in strategy implementation?
2. What structural or governance factors are critical to making project management a viable tool?

- February 22 Case: Teradyne Corporation: The Jaguar Project
1. What impact did project management have on the Jaguar project? Were there unintended as well as intended consequences?
  2. What lessons should Teradyne take away from the Jaguar experience?

February 24 **Key Issue: Incentives and Controls in the Implementation of Strategy**

Readings:

1. Hrebiniak, Chapter 6.
2. Brown, "Guide for Matching Compensation with Company Strategy and Structure."
3. The Economist, "FAT Cats Feeding." Special Report: Executive Pay (October 11, 2003, pp. 64-67).

Case: Citibank: Performance Evaluation

1. Discuss the costs and benefits of Citibank's performance evaluation system. Would you revise the performance appraisal system?
2. What rating would you give McGaran? Why?

March 1 **The Political/Cultural Context: Power and Influence in Organizations**

Readings:

1. Hrebiniak, Chapters 8 & 9
2. Krackhardt & Hanson, "Informal Networks."
3. Pfeffer, "Location in the Communication Network."

What is power? How does power affect strategy implementation? How do strategy formulation and implementation affect the power structure? What determines the culture of an organization, and how does culture affect strategy execution?

Case: Thomas Green: Power, Office Politics, and a Career in Crisis

1. Evaluate Green's actions. Do you agree with his actions? His position?
2. The case ends with Green questioning his next moves. What do you think he should do?

March 3 **No Class**

March 5-13 **Spring Break**

March 15 **Implementing Diversification/Global Strategies**

Reading: Hrebiniak, Chapter 10

Case: DaimlerChrysler: The Post-Merger Integration Phase and Organizing the Post-Merger Integration (2 cases)

1. What basic integration issues do the cases raise?
2. What criteria drive decisions about what should be integrated and what should not? About whether to integrate quickly or slowly?
3. What is your assessment of the post-merger assessment program?

March 17 **Managing Internal Growth or Related Diversification**

Case: Emerging Business Opportunities at IBM (A)

1. How does a large firm manage organic growth as a substitute for acquisition?
2. What does a company have to do to make organic growth work? What are the critical implementation issues for success?

March 22 Readings:

1. Hrebiniak, "Implementing Global Strategies," European Management Journal, pp. 396-401 only
2. Taylor "The Logic of Global Business," pp. 92-98 only.

Discussion Questions:

1. What are the key issues/concerns for effective implementation of global strategies?
2. What are the strengths and/or weaknesses of ABB's approach to global implementation?
3. What is ABB's global matrix? Why is such a structure attractive to many global companies?

March 24 Case: Silvio Napoli at Schindler

1. What are the strategic, organizational, and political challenges facing Napoli as a new country manager setting up a subsidiary in India and implementing a new strategy?
2. Should Napoli pursue a customized strategy and take on the glass-walled elevators? How would strategy implementation issues change if he did this?

March 29 **Key Issue: Managing Strategic Change and Adaptation**

Readings:

1. Hrebiniak, Chapter 7 & 8 (Review)
2. What are the key factors in the successful management of change? What determines the style of implementation companies use in the change process? Why is change management so difficult?

Case: Personal Experience

1. Describe a change process or program in which you personally were involved or which you observed. Why did (didn't) it work?

March 31 **No Class**

April 5 Case: Strategic Management at Zhujiang Iron & Steel Company

1. What is ZISCO's approach to strategy implementation?
2. Is cultural change at ZISCO important to the success of its implementation/execution efforts? What other changes are needed?

April 7 Case: GE's Two-Decade Transformation: Jack Welch's Leadership

1. What are the strategic, organizational and managerial levers Welch uses as he leads a two-decade process of strategy implementation and change?
2. What is your evaluation of Welch's approach to leading change?

April 12 Case: Leading Change at Simmons (A)

1. Write a one-page report outlining your approach to implementing the changes at Simmons needed to confront the competitive and other problems the company faces.
2. Do you agree with Eitel's approach to cultural and organizational change? Does it differ from your approach?

Case: Merck Latin America (A)

1. What is your evaluation of the steps Warner and Merck took – use of Myers Briggs, 360-degree feedback, etc. – to affect culture and the company's ability to compete in Latin America?
2. What is OFP? Can it achieve "fit" between strategic and individual values and behaviors?

April 14 Case: SMA: Micro-Electronic Products Division (A)

1. Diagnosis: What are the main problems facing Guido Spichty and SMA?
2. Solution: What should Spichty do to confront the problems noted? Be sure to address how a specific step or action Spichty takes will address a particular problem and enable a successful implementation and change program.

April 19      **The Implementation/Execution Audit**

Homework Assignment:

Complete the Implementation/Execution Audit. Pick a company/organization you know and fill out the audit, considering (a) what the company did and why it did or didn't work, or (b) what the current situation of the company is and what must be done to implement a strategy or change in strategy successfully.

1. Presentation of case analyses; Evaluation of this and similar tools.

April 21      **Course Summary and Review**

April 26      **Exam**