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Professor J. Peter Murmann

Phone: 215-746-3131

Email: [murmann@wharton.upenn.edu](mailto:murmann@wharton.upenn.edu)

Course Web: <https://wharton.instructure.com/>

Web: <http://professor-murmann.net>

Office: 3029 Steinberg Hall-Dietrich Hall

Office hours: Tuesday and Thursday 3:00-4:15 p.m.

(Other hours by appointment)

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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 implementation – are separate, but highly interdependent, and both are critical to strategic success.

This course focuses on strategy implementation, 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 an important academic and practical concern of managers.

Strategy implementation 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 covers a great deal and integrates much of what you'll handle in your 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.
4. To obtain a deeper understanding of your personal management style and how it may help or hinder strategy implementation.
5. To become a better communicator and implementer of strategy.

## MAJOR THEMES IN THE COURSE

There are five 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 process model or set of guidelines is important to shape and affect execution efforts. Many implementation efforts fail because they are treated as an ad-hoc, “just-do-it” affair, rather than as a systematic process.
3. All aspects of the organization have to fit with one another and the strategy to achieve successful implementation. This means that both formal and informal factors affect implementation success. Formal organization, clear accountability, incentives, and coordinative methods are important, but so are power, culture, and other aspects of the informal organization.
4. People play an important role in the successful implementation of strategy at all levels of organization and for this reason we need to understand the psychology of individual people and how they react in organizational contexts. Implementation is not something that only “lower levels” do; execution involves leadership and management at every hierarchical level. Commitment is necessary for implementation success.
5. To become an effective strategy implementer we need to understand our strengths and weaknesses, before finding ways to compensate for our weaknesses by either improving our skills or finding partners or processes that can compensate for them.

## FORMAT, EVALUATION, AND ORGANIZATION

We learn best by solving problems. For this reason our class will be **learning laboratory** rather than a traditional lecture hall. We will learn powerful ideas for strategy implementation by working with them on actual problems, large and small. To meet the course objectives, the emphasis will be on research about case problems, class discussions, in class exercises, and student presentations. Much of the learning will take place in group discussions outside the classroom in preparation for the time we meet in the classroom.

In the first part of the class, we will focus on an exciting real world setting--Apple and its competitors--tracing the implementation challenges since the formation of the firm in 1976 to the current time. The history of Apple is so rich (it almost died in 1997 and now is one of the most valuable companies on the planet) that it will allow us to dig deep into the problems of implementing strategy. The Apple case will be supplemented with a live case study of a company that will come to class to present a strategy implementation problem. As the class unfolds we will strategically choose other cases to give us insight into whether patterns we see in the Apple and the live case study are idiosyncratic to those firms at a particular time or are quite general. In groups, you will select a firm and study current challenges and propose an implementation strategy.

## EVALUATION

Evaluation in the course will be based on the following:

Factor	Weighting
Group assignments	
• Group Project Draft	15%
• Group Project Paper	25%
• Group Project Presentation	10%
Individual assignments	
• Class Participation (includes 2-minute presentations)	30%
• Self-Development Paper	20%
Total	100%

To reduce any temptations to free ride within groups, all group assignments will be moderated by peer evaluations.

## CLASS PARTICIPATION

A learning laboratory requires everyone to be active during our class time and in preparation for it. Your participation in class is expected to help both your learning and that of your peers. We will develop tasks for preparing each session. Effective participation is accomplished by focused comments, avoiding repeating case facts, and explanations that 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 can understand the circumstances of your absence.

To become a better communicator of strategy, **each student will give a two-minute presentation on an idea, a book, or puzzle that a strategy implementer should pay attention to and think about.** You will also post a short write-up of your presentation on CANVAS, thereby enabling the class to develop its own library of useful references. Don't pick readings already on our syllabus. These presentations and write-ups will count towards your participation grade.

## WRITTEN ASSIGNMENTS

There are three written assignments. In groups, you will write a strategy implementation paper on a company of your own choosing. You will turn in a (1) draft of the group project and receive a grade for it. You will then have a chance to improve the paper and the (2) turn in a final version of the paper. You will

(3) compose is a self-development paper in which you will assess your current skills for implementing strategy and articulate how you can improve them.

## Group Field Project

**Rationale:** As a leader of a strategy implementation, you will spend a great deal of time working in teams, task forces or groups of some kind. Therefore, your success as a leader will depend on your ability to work effectively in a group situation. The class will be broken up into teams of 6 students. More details will be provided early in the semester.

**Overview:** An important part of this course is conducting a strategy implementation audit. Student teams must find an organization to analyze. The project will analyze an implementation problem in the past or you can choose an organization that is presently facing a strategy implementation challenge. When you are using a real-time example (which is more exciting and useful because you can help a company), you should find a willing client. With this client, the teams must identify a real (current or future) performance problem in the client's organization (e.g., absence of new products, customer dissatisfaction, slow growth, low profitability, etc.), diagnose the root causes of this problem and, in turn, develop a strategy implementation process by which the client can intervene to solve his/her organization's performance problem (both what to do and how to proceed in doing it).

These field projects should have several components:

Clarify who the client is. What is his/her position in the organization?

Identify your client's performance gap. You find out about your client's performance gap by inquiring about his/her fundamental goals for the organization and comparing it to the actual performance of the organization. Since your client may experience several performance gaps, make sure that you work on the most important one.

What are the fundamental causes of the performance gap? Given task requirements (please be clear here) pay particular attention to organizational, cultural, human resource, strategic, and executive leadership issues in your diagnosis. In your analysis use theories and concepts learned in this course. Please be certain to gather data within your client's area and between his/her area and any other interdependent areas (e.g., across functions, with suppliers, across divisions, etc.).

Given your diagnosis, what do you recommend to your client? What should he/she do, how should he/she proceed? In case your client has dealt with the problem successfully, what could he/she have done differently to obtain better results or to avoid unintended negative effects of the intervention?

Each project must have a methods section describing how you generated your data, who you interviewed, as well as any other sources used.

Each group project should have a one-page summary where your key observations, suggestions, and themes are succinctly discussed.

The length of your paper should be 10 to maximum 15 double-spaced pages (normal 1-inch margins, Times 12 point font), including tables and charts that present data.

## Milestones for Group Project

1. February 8 @ 9 am

- Upload on CANVAS a short 5-point memo on potential clients for your group project. For each client you want to provide the following information:
  - Client name
  - Client company
  - How many employees are reporting to the potential client (at least 15)
  - How you will get access to data about the client's organization
  - Why your chosen company presents a good learning opportunity for your team?
- Sign up on Canvas to meet with Professor Murmann to discuss the merits of each of the potential clients

2. March 2 @ 9 am

- Upload on CANVAS a four-line memo with the following information:
  1. Name of client and his or her position in the organization
  2. The most important performance goal (the fundamental objective) of client for his or her organization
  3. The actual performance of the client's organization in terms of the performance goal.
  4. The Performance Gap of the client's organization (=performance goal minus actual performance)

3. March 16 @ 9 am

- Upload on CANVAS a draft of your project

This draft is to be in presentation form, but with sufficient detail to enable it to be read as a coherent document (as is common in consulting circles). The draft should contain a causal diagram analyzing your performance gap of your client's organization. (Examples of causal diagrams will be posted on class web site under the group project link.) You will receive feedback on this draft.

4. April 12, 17 or 19. Present in your project in class (order will be randomly chosen)

5. April 24 @ 9 am

- Upload on CANVAS the final version of the group project paper
- Post in the CANVAS discussion board an artwork on Canvas representing your group

## **Individual Self-Development Paper**

As a manager, your effectiveness in developing and implementing strategy is influenced by your capability to manage your own behavior, as well as understanding and leading others' behaviors. This paper is an opportunity to set your self-development leadership and management goals through a rigorous process. The paper should be no longer than 5 pages in length and cover the following 3 areas.

### **1. Leadership and management competencies**

Identify the leadership and management competencies that are important in to implement strategy in the industry you want to work in after completing your MBA. Justify your selections by drawing on your desired career path and professional goals, as well as taking into account potential obstacles and uncertainties. Draw on a variety of sources including, but not limited to:

- Established models and frameworks from the literature;
- Concepts encountered in this course
- Observations and insights from the other courses you have taken at Wharton
- Insights from reading and discussing the biography of Steve Jobs.

### **2. Strengths and development areas**

This section is the primary focus of your paper. Identify current strong points as a strategy implementer and specific areas that would benefit from further improvement. Following on from the competencies identified in part 1, analyze whether you possess these leadership and management competencies by:

- Using data wherever possible to justify your assessment – this data could come from 360 degree feedback surveys, peer feedback and/or other valid and reliable sources;
- Combining quantitative data with qualitative information, such as quotes or short examples to provide perspectives from a variety of perspectives and from several contexts and settings;
- Benchmarking using established models and frameworks of general management competencies – either MGMT 782 course concepts, frameworks available in the literature, and/or frameworks in use at work; and
- Comparing your current competencies against your future desired competencies.

### **3. Self-development goals**

Identify self-development goals you would like to practice over the next 24 months. The important point is that these goals are linked to your analysis in point 2 above.

Be sure to explain and justify why these goals are most important to your career and keep in mind:

- Goal setting theory advocates that to be effective, you should set specific, challenging goals and time-bound, as well as understand why a chosen goal is important to you.
- To increase the likelihood of goal achievement, move beyond identifying general competencies (e.g. 'to manage people better') and detail the specific behaviors necessary within each competency.

## 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 complemented by Walter Isaacson. *Steve Jobs*. Simon & Schuster, 2011, which will provide us rich case material to put the theoretical ideas and tools about implementation to work. Both are available at the Penn Bookstore or electronic bookstores such as Amazon.com.

A number of additional required readings and case examples are contained in a bulk packet that may be obtained from Wharton Reprographics.

**CLASS SCHEDULE :**

**MODULE 1: THEORY AND CASE ILLUSTRATIONS**

January 12 **Introduction and Course Description**

Readings:

1. Isaacson, Introduction.

January 17 **Overview: Defining Strategy Execution**

Readings:

1. Hrebiniak, Chapter 1 pp. 1-13 (Kindle location 292-489)
2. Bossidy and Charan, pp. 1-8, 20-31
3. Isaacson, pp. 97-99. (Kindle location 1910-1937)

January 19 **Good Strategy Comes First (Part 1)**

Readings:

1. Hrebiniak, Chapter 3
2. Isaacson, Chapter 16, pp. 171-179 (Kindle location 3109-3256) and “Gates and Next” pp. 228 -230 (Kindle location 4087-4123)

**Start of 2-minute student presentations**



January 24

## **Good Strategy Comes First**

### **Part 2: Strategizing Requires Defining First the Fundamental Objective**

Readings:

1. Isaacson, pp. 567-570 (Kindle location 9720-9747)
2. Murmann, AGSM SMY Overview: The Fundamental Objective
3. Drucker, P.F. 2006. What executives should remember. *Harvard Business Review*.
4. Margolis, J. & Elfenbein, H. 2008. Social Responsibility: Do Well by Doing Good? Don't Count on It. *Harvard Business Review*. January. p.19.

Before class tasks:

1. In your course teams, pick randomly a person and ask them what company they work for and what is the fundamental objective of the company they work for. Film the short interview, which should not be longer than two minutes. Of course you should seek permission to film before doing so.
2. Place your video on CANVAS by 6 pm January 23 so we can all watch them in preparation for class.
3. Reflect on whether the fundamental objective of your previous employer was clear to you. Did this make a difference for the performance of the organization.

January 26

## **Good Process is Key**

### **Part 1: A General Model of Problem Solving and a Model of Execution**

Readings:

1. Hrebiniak, Chapter 1 pp. 14-29 (Kindle location 482-707); Chapter 2 (*It contains the overarching framework for the course*)
2. Eagleson, Gary, Murmann, Trevelyan, 2011. AGSM. Thinking and Writing in the Strategic Management Year. (*This is reading to come back to many times during the semester!*)
3. Isaacson. Many parts of the book, but especially Chapter 17 and 28.

Study Questions:

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?

Before class tasks:

Use the strategy process model as a general model for problem solving. Apply it to guide your investigation of the following question: *Did Steve Jobs become a better manager across the course of his career?* Form some hypotheses regarding what would have to be the case if Jobs did learn something and change. Also form hypotheses about what kind of evidence you would expect to find if he did not change but simply became more lucky.

January 31 **Good Process is Key**  
**Part 2: Why Do so Many Implementation Efforts Fail?**

Readings:

1. Murmann & Trevelyan, 2011. AGSM. The Congruence Framework.
2. Waterman Jr, R.H., Peters, T.J. & Phillips, J.R. 1980, 'Structure is not Organization', Business Horizons, vol. 23, no. 3, pp. 14–26.

Study Questions:

What differences/similarities do you see between the Congruence Framework (Reading 1) and the 7S model (Reading 2)?

Which labels/elements in our Congruence Framework are similar to which of the 7S's?

What differences/similarities do you see between these two models (Congruence and 7S) on the one hand and the Hrebiniak Strategy Execution (SE) Model, Chapter 2, summarized in Figure 2.1?

Before class tasks:

Using the strategy process model and either the Hrebiniak SE model, or the Congruence Framework, or the 7S model do these two tasks:

1. Explain why Apple Original Mac was 18 months late when it finally came out in 1984. Explain why the first Next computer was 2 years late.
2. Figure out why Airbus 380 was late and Dreamliner was late. Propose how these projects could have been managed better.

February 2 **Guest Speaker: Presentation of Live Case Study**

Readings:

1. Goleman, D. 2004. 'What makes a Leader?' HBR. January

Before class tasks:

1. Do RGB computer simulation before class. Details will be provided.

February 7 **Good Process is Key**  
**Part 3: The Art of Framing Problems**

Before class tasks:

1. Watch the 12 Angry Men movie, the 1957 version with Henry Fonda (<http://imdb.to/rHWuoo>), ideally in teams. Identify how the various characters try to frame issues.
2. Select the five minutes in the film that you think best illustrates framing strategies.
3. Reflect on the live case study presented in the previous class session. What are alternative ways to frame the problem?

February 9 **Obtaining Power for Execution**  
**Part 1: Formal Power**

Readings:

Hrebiniak, Chapter 9

Study Questions: What is power? How does power affect strategy implementation? How do strategy formulation and implementation affect the power structure?

February 14 **Obtaining Power for Execution**  
**Part 2: Informal Power through Networks**

Readings:

1. Krackhardt & Hanson, "Informal Networks."
2. Pfeffer, "Location in the Communication Network."
3. Gladwell. 1999. Six Degrees of Lois Weisberg. Available at <http://bit.ly/vMQFXo>

Before class tasks:

1. Figure out the relative power of Bill Gates and Steve Jobs in August 2011 by estimating their informal network size.
2. (Optional) Assess the strength of your own network using the INSEAD survey tool. <http://www.insead.edu.sg/socialcapital/>

February 16 **Obtaining Power for Execution**  
**Part 3: Personal Power through Influence tactics**

Readings:

1. Cialdini. R. B. 2001, 'The science of persuasion', *Harvard Business Review*, October, vol. 79, pp. 72–79.
2. Dilger, October 6, 2011. Apple University revealed plan to teach executives to think like Steve Jobs. Available at <http://bit.ly/tIxiOw>

Before class tasks:

Imagine that you are Steve Jobs. Your team is supposed to come up with a 3-min pitch to Joel Podolny to leave as the Dean of Yale and join Apple as the Dean of the corporate university. Film yourself practicing the pitch and upload the video to CANVAS.

February 21 **Obtaining Power for Execution**  
**Part 4: How Steve Jobs got fired in from Apple in 1985**

Readings:

1. Isaacson, Chapter 17 and sources provided in the reference list for the chapter.

Before class tasks:

1. Given the different sources of power discussed in previous classes, do a detailed analysis of precisely why Steve Jobs was fired. Rank-order the causes.
2. If you believe Isaacson's account has gaps, try to find out more information on the firing to close the gap.
3. Would you have fired Jobs if you had been Sculley and the board?

February 23 **Obtaining Power for Execution**  
**Part 5: How Steve Jobs won back the leadership position at Apple in 1997**

Readings:

1. Isaacson, chapter 23 to chapter 25

Before class tasks:

1. Given the different sources of power discussed in previous classes, do a detailed analysis of precisely of how Jobs won back the leadership position at Apple. Rank-order the causes.
2. If you believe Isaacson's account has gaps, try to find out more information on the firing to close the gap.

February 28 **Coordinating People**  
**Part 1: Visions, Communication, and Story Telling**

Readings:

1. Denning, S. 2004. Telling Tales. *Harvard Business Review*.
2. Isaacson, sections that go into the visions of Jobs, for example Chapter 13 to 15.

Before class tasks:

1. Compare and contrast the Apple product launch press conferences of Tim Cook and Steve Jobs.

March 1 **Coordinating People**  
**Part 2: Information Sharing and Knowledge Transfer**

Reading:

1. Hrebiniak, Chapter 5

What is the 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?

Before class tasks: TBA

March 5-11 **Spring Break**

March 13 **Coordinating People**  
**Part 3: Strategy and Organizational Structures**

Reading:

1. Hrebiniak, Chapter 4

Before class tasks:

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 typically drives the choice of structure and what should drive it?

March 15 **Coordinating People**  
**Part 4: Creating a well-designed Goal Hierarchy**  
**Translating Strategy into Short-term Objectives**

Readings:

1. Hrebiniak, Ch. 3, Issue #3, pp. 86-89 (Kindle location 1523-1577)
2. Kaplan & Norton, Balanced Scorecard, pp. 7-18, 24-32
3. Grady, “Performance Measurement: Implementing Strategy”

Before class tasks:

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?

March 20      **Coordinating People**  
**Part 5: Incentives and Control**

Readings:

1. Hrebiniak, Chapter 6.
2. Brown, “Guide for Matching Compensation with Company Strategy and Structure.”
3. Murmann, 2011, Managing with Self-Affirmation Theory: The Case of Betina Young.

Before class tasks: TBA

March 22      **Managing Change**

Readings:

1. Hrebiniak, Chapter 7
2. Beer and Eisenstat, 2004. How to Have an Honest Conversation about your Business Strategy. HBR.
3. Isaascon, chapters dealing with period 1997-2001

Before class tasks: TBA

March 27      **Managing Cultural Change**  
**Part. 1: Apple 1997-2003**

Readings:

1. Hrebiniak, Chapter 8
2. Isaascon, chapters dealing with period 1997-2003.

Before class tasks: TBA

March 29      **Managing Cultural Change**  
**Part. 2: Comparing Apple to other firms**

Before class tasks: TBA

## MODULE 2: APPLICATION TO PROBLEMS

April 3	<b>Working on Real World Problems</b>
April 5	<b>Working on Real World Problems</b>
April 10	<b>Working on Real World Problems</b>
April 12	<b>Group Project Presentations</b>
April 17	<b>Group Project Presentations</b>
April 19	<b>Group Project Presentations</b>
April 24	<b>Course Summary and Review: Comparing Findings of Group Presentations</b>