



MANAGEMENT 782: STRATEGY IMPLEMENTATION

Spring 2020

Professor Claudine Gartenberg
Office: 2035 Steinberg Hall-Dietrich Hall
Phone: 215.898.7755
Email: cgart@wharton.upenn.edu

COURSE DESCRIPTION

A recent survey of CEOs revealed that only 10% of organizations achieve at least two thirds of their strategic objectives.¹ As the difficult process of strategic formulation evolves and moves toward definition, the even more difficult process of strategy implementation comes into play. The two – strategy formulation and implementation – are separate but highly interdependent, and both are critical to strategic success. Much more is known about strategy formulation than its implementation, yet valid, sensible strategies often fail because of problems on the implementation side. Hence, the need for this course.

The goal of this course is to provide you with tools to turn good strategy into successful reality. This course focuses on the choices, structure, and conditions that enable the successful attainment of strategic objectives. During this course you will gain insights from rigorous academic research on successful implementation, as well as a series of seasoned business leaders who will visit to share their own experience from the front lines.

This course is targeted at MBAs who will be involved in any aspect of strategy: in formulation, implementation, or both. It is particularly relevant to those who seek careers:

- As general managers. How will you design and implement the strategies for the groups under your control?
- As controlling investors in companies. If the investment thesis involves strategic change, how will you monitor it, and provide the right support for its success?
- As management consultants. How can you structure a strong set of recommendations that will be implemented successfully, and provide advise on that implementation?
- As entrepreneurs. You may have a great idea, but strong implementation is required to turn it into reality.

¹ Bridges Business Consultancy 2016 Strategy Implementation Survey

This course has four modules. In Module 1, we focus on the relationship between strategy formulation and implementation. What does it mean to create a strategy, and then implement it? Is this distinction even meaningful? In Module 2, we discuss the process of setting goals and direction. In Module 3, we tackle structural components of implementation, including incentives, formal organization, and company boundaries. Module 4 apply these tools across the lifecycle of a company, including growth, change, diversification, and turnarounds.

Teaching Approach and Readings

This is an applied that uses a combination of cases, class discussions, and visitors to provide the learnings of the course. Discussion questions and supplemental reading will be provided prior to each session to focus the conversation.

Wharton Reprographics has a copy of the course pack for MGMT 782, which is available on Study.Net. Please also check Canvas prior to each session, as the readings may be posted there rather than in the coursepack. The assignment listed on Canvas should be prepared before each class session.

Speakers

One of the most important components of this class are the distinguished speakers who will visit the class throughout the term. They are coming as a service to the class: they are not compensated and are diverting substantial time to share their experiences. Please be respectful of these visitors. To this end, your preparation for those sessions is especially critical. ***Unexcused absences during days with speakers will result in an additional one-point reduction of your final course grade, beyond the regular penalty for absence.***

Grading and Evaluation

The final course will include the following components:

Participation and Attendance	40%
Course Assignments	20%
Group Project Presentation	10%
Group Project Paper 1	30%

Group Project

The group project comprises 40% of your grade and is divided into two deliverables: a class presentation (on either April 21st or 23rd, 10% of your grade), and a final paper (due on April 28th, 30% of your grade). Groups will consist of 4 - 5 members, which students will form on their own. More information on the project will be provided during class and posted on Canvas.

Participation

Class participation is particularly critical for a discussion-based course like this one. As such, you are expected to attend each class and be prepared to participate throughout the session. I will cold call students to ensure preparation and to establish an even level of participation throughout the course.

Attendance

The most basic requirement for class participation is attendance. You are expected to be present in all sessions. According to the MBA office, there is no recruiting reason for which you may miss class. Excused absences are defined as a *documented* personal or family illness, or religious observance. Unexcused absences will materially impact your grade, and ***repeated absences will be grounds for failing the course.***

Course Assignments

Surrounding each speaker visit, you will be asked to submit answers to simple questions about the visit (either in preparation for or following the event). These questions are designed to be short and quick, and are primarily aimed to ensure that the class makes the best use of our visitors.

Policy on Childcare and Children in the Classroom

You should never have to miss class because of unexpected disruptions in childcare. You are welcome to bring your child to class to cover any of these gaps. Email me ahead of time and come to class early so I can accommodate you. This policy applies to children of all ages, from infancy onward. If you have a sick child and are unable to find childcare, you may treat it the same as your own illness.

Electronics

The use of any electronic device is prohibited in class. Your electronics must be silenced, placed in your bag or left at home, prior to the beginning of each session.

COURSE OUTLINE

(NOTE THAT THE ASSIGNMENTS BELOW WILL CHANGE:
ALWAYS CHECK CANVAS FOR THE LATEST ASSIGNMENTS)

PART 1: FROM STRATEGY FORMULATION TO IMPLEMENTATION

01/16	Session 1:	Course introduction
	Reading:	Beatrice (Fortune Magazine, June 1936)
	<i>Optional (but highly entertaining) video:</i>	<u>Food for America 1941 Beatrice Foods; Meadow Gold Dairies</u>
		<ol style="list-style-type: none"> 1. Why has Beatrice been successful leading into 1936? 2. What should Beatrice's strategy be going forward? 3. In 1936, Beatrice is one of three large national dairies in the US. If you were the CEO, what would be your main focus going forward? What would keep you up at night about the business?
	Readings:	
01/21	Session 2:	What is strategy implementation?
	Case:	<u>NUMMI Podcast</u>
		<ol style="list-style-type: none"> 1. What was Toyota's strategy with NUMMI? What was GM's? 2. Why was NUMMI successful? 3. Why did this success fail to transfer to the rest of GM? 4. As GM's CEO, what would you have done differently?
	Readings:	
01/23	Session 3:	Strategy formulation-implementation link
	Case:	Danaher Corporation
		<ol style="list-style-type: none"> 1. What is Danaher's strategy? 2. What is the link between DBS and that strategy? 3. What prevents other companies from replicating Danaher's success, if anything? Fast-forwarding, would this work at GE? Other companies?

Readings:

PART 2: SETTING GOALS AND DIRECTION

01/28 Session 4: Module introduction: Key challenges in implementation

Case: Strategic planning at United Parcel Service

1. What are strengths and weaknesses of strategic planning, including UPS charter, Centennial Plan, Strategy Road Map, scenario planning?
2. What is your evaluation of UPS's 1997 planning exercise? Horizon 2017 exercise? How do efforts compare?
3. How does UPS approach compare to your own organization?
4. Please fill out Qualtrics survey (link on Canvas)

Readings:

01/30 Session 5: Formulation and implementation in concert

Case: Delta (A)

1. During the 1990s, none of the five largest air carriers in the United States earned its cost of capital. Why did such low rates of return on investment persist in this industry?
2. Despite the challenging environment, Southwest Airlines and JetBlue earned enviable returns. How?
3. Why have all the low-cost subsidiaries of legacy airlines, including Delta Express, failed?
4. What will happen to Delta Airlines if it continues to respond to low-cost airlines in the way it has in the past? Can you size up, roughly, the financial consequences of continuing with the status quo?
5. What are the strategic options available to the cross-functional team that Mark Balloun co-leads? What steps

should the team take to choose among the options and make a recommendation to Delta’s board?

6. Based on the information available to you, what course of action would you recommend to Delta’s board?

Readings:

02/04 Session 6: Formulation and implementation in concert

Case: To be distributed in class

Readings:

02/06 Session 7: Strategy in practice

Speaker: Eugene Davis, former Board Director, Delta Airlines

1. Please fill out Qualtrics survey (link on Canvas)

Readings:

02/11 Session 8: Module introduction: Elements of implementation

Case: Pacific Gas and Electric Company and California Wildfires

Readings:

02/13 Session 9: Strategy in practice

Speakers: Nora Meade Brownell, Chairwoman of the Board, PG&E Corporation

Ambassador Alejandro Wolff, Board Director, PG&E Corporation, Former US Ambassador to the United Nations and Chile

1. Please fill out Qualtrics survey (link on Canvas)

Readings:

PART 3: SETTING ORGANIZATIONAL STRUCTURE

02/18	Session 10:	Elements of strategy implementation: structure and incentives
	Case:	Alibaba Group
		<ol style="list-style-type: none"> 1. Is the current degree of competition among business units appropriate? Should Jack Ma encourage more cooperation, and if so, how? 2. Should Jack Ma centralize more functions at the corporate level, and if so, which ones? 3. Where should the new businesses, mobile platforms and small business financing, reside? At corporate or within the individual business units?
	Readings:	
02/20	Session 11:	Elements of strategy implementation: structure and incentives II
	Case:	NONE
	Readings:	Organizational Structure and Incentives: A Contracts Framework
02/25	Session 12:	Elements of strategy implementation: structure and incentives III
	Case:	Sales Misconduct at Wells Fargo Community Bank
	Readings:	
02/27	Session 13:	Strategy in practice
	Speaker:	Bonnie Jonas, Founder Pallas Group, former Deputy Chief of Criminal Division, Southern District of New York
		<ol style="list-style-type: none"> 1. Please fill out Qualtrics survey (link on Canvas)
	Readings:	
03/03	Session 14:	Elements of strategy: corporate boundaries
	Case:	International Management Group (IMG)

1. Where does the value of IMG reside: is it with IMG, with its agents, elsewhere?
2. Evaluate IMG's various decisions to enter new areas or lines of business. Which areas of expansion do you consider most sensible, and which are least compelling?
3. If you were a potential competitor to IMG, what strategy would you pursue to compete against it?
4. What lessons do you take from how IMG manages its relationships with talent?

Readings:

03/05 Session 15: Elements of strategy: corporate boundaries II

Case: Four Vignettes on Corporate Boundaries

Readings: Corporate Boundaries: A Contracts Perspective

03/17 Session 16: Strategy analytics

Case: Four Vignettes on Strategy Analytics

Readings: Module summary

PART 4: MANAGING IMPLEMENTATION THROUGH THE LIFECYCLE

03/19 Session 17: Implementation in growth settings I

Case: ATH Technologies: Making the Numbers

1. What is the strategy of ATH Technologies?
2. If you were president of ATH Technologies, what would be your focuses to implement this strategy?
3. Does the earn-out structure focus on the right performance goals?

Readings:

03/24 Session 18: Implementation in growth settings II

Speaker: To be announced

1. [Please fill out Qualtrics survey \(link on Canvas\)](#)

Readings:

03/26 Session 19: Implementation for knowledge creation

Case: Design at Mayo

1. In which direction is the center being pushed, toward breakthrough or incremental innovation? Why? How would you characterize its strategy?
2. How should CFI use its time and resources given the high demand for incremental solutions?
3. What role do evaluation and metrics play in CFI's validity within Mayo Clinic?
4. Much of CFI's success is due to LaRusso's powerful leadership. How can CFI ensure its continuity through leadership transitions in the future?
5. Does CFI have the right people in place to generate breakthrough innovation? Why or why not?

Readings:

03/31 Session 20: Implementation for strategic renewal

Case: Kodak and the Digital Revolution; Microsoft under Satya Nadella

1. Evaluate Kodak's strategy in traditional photography. Why has the company been so successful throughout the history of the industry?
2. Compare traditional photography to digital imaging. What are the main structural differences? How have value creation and appropriation changed in digital photography relative to traditional photography?
3. How would you assess Fisher's attempt to transform Kodak? Why did it fail?

Readings:

04/02 Session 21: Strategy in practice

Speaker Yvonne Hao, Managing Director and Co-Founder, Cove Hill Partners, former COO/CFO Pillpack (Amazon), former COO Gymboree, Operating Partner, Bain Capital

1. Please fill out Qualtrics survey (link on Canvas)

Readings:

04/07 Session 22: Implementation for hybrid goals I

Case: Micawber Capital: For Mission or Profit?

1. How did Micawber’s NGO structure affect its ability to carry out the mission?
2. How did converting to an NBFC (nonbanking finance corporation) impact Micawber internally (motivation, content) and externally?
3. What are the specific goals Micawber should pursue? How does Micawber handle the tension between financial and social objectives?
4. What kind of organizational and incentive changes should Robert Drake consider in his recommendations?

Readings:

04/09 Session 23: NO CLASS – FINAL PROJECT PREPARATION

Case: No class today: groups can use this time to prepare their final projects

Readings:

04/14 Session 24: Strategy in practice

Speaker: Speaker to be announced

1. Please fill out Qualtrics survey (link on Canvas)

Readings:

04/16 Session 25: Implementation for hybrid goals II

Case: Four Vignettes on Hybrid Goals

Readings:

PART 5: SUMMARY AND CLOSE

- 04/21 Session 26: Group presentations 1**
- 04/23 Session 27: Group presentations 2**
- 04/28: Session 28: Course synthesis and wrap**

ASSIGNMENT: FINAL GROUP PAPER DUE APRIL 28 AT 5 PM