



# MANAGEMENT 782: STRATEGY IMPLEMENTATION

## Spring 2021

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Professor Jason Greenberg  
[Email: jason06g@wharton.upenn.edu](mailto:jason06g@wharton.upenn.edu)

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### COURSE DESCRIPTION

A recent survey of CEOs revealed that only 10% of organizations achieve at least two thirds of their strategic objectives. As the difficult process of strategic formulation evolves, the arduous process of strategy implementation begins. The two–strategy formulation and implementation–are distinct but interdependent. More is known about strategy formulation than its implementation, yet seemingly good strategies often fail because of ineffective implementation. Hence, the need for this course.

The overarching goal of this course is to provide you with the requisite tools to develop and deploy effective strategy. *This course focuses on the choices, structures, and conditions that enable the successful attainment of strategic objectives.* In this course, you will gain insights from academic research on successful strategy implementation. Research will be enriched and brought to life in class with a series of business leaders who will visit to share their own experiences from the front lines.

Students will also have the opportunity to put to practice lessons learned in this class in a strategy formulation and implementation project for a company of your choosing (e.g., a venture you running or are affiliated with), or in a rapidly growing VC-backed company founded by a former student of the instructor who has graciously agreed to provide information, data, and access to the company as it evaluates strategic opportunities and threats, and formulates and implements strategies to address them.

This course is targeted at MBAs who will be involved in any aspect of strategy: 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 or organizations 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 compelling recommendations that will be implemented successfully, and provide advice on that implementation?

- As entrepreneurs. You may have a great idea, but strong implementation is required to turn ideas into reality. This is particularly true for small and emerging businesses.

This course entails four modules.

- **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?
- **Module 2:** We discuss the process of setting goals and direction.
- **Module 3:** We tackle structural components of implementation, including incentives, formal organization, and company boundaries.
- **Module 4:** We apply these tools across the lifecycle of a company, including growth, change, diversification, and turnarounds.

### Pedagogical Approach and Readings

This is an applied (“living laboratory”) course that uses a combination of cases, class discussions, visitors, and applied (“real-world”) projects with a real company contending with the issues discussed in class. Discussion questions and supplemental reading will be provided prior to each session to focus the conversation as warranted.

Relevant course readings are available via Study.Net. Please 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. Generally, I will send a preview and agenda on Sundays or Mondays for the week.

### Speakers

The distinguished speakers who will visit the class throughout the term to discuss course topics are a key feature of the class; these speaker are coming as a service to the class; they are not compensated and are diverting valuable time to share their experiences. Hence, 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 an absence. Given the demands on our speakers’ time, it is probable that some speakers will only be available for one section of the course. If and when, this occurs, you are encouraged to attend the section in which the speaker will participate live. If this is not possible due to scheduling conflicts, I understand and encourage you to watch the class recording (and there will be no penalty imposed).*

### Grading and Evaluation

The final course grade will include the following components:

Participation and Attendance	40%
Course Assignments	20%
Group Project Interim	5%
Group Project Final	35%

## **Group Project**

The group project comprises 40% of your grade and is divided into two deliverables: an interim write up, and a final paper and presentation. Groups will consist of 5 - 6 members, which students will form on their own. More information on the project will be provided during class and posted on Canvas. To facilitate your project development, I will also include a grading rubric for full disclosure.

## **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 employ a combination of warm (based on prior work and functional experience) and 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.

## **Course Assignments**

Before or after 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 Virtual Classroom**

You should never have to miss class because of unexpected disruptions in childcare (or eldercare, if applicable). You are welcome to bring your child to class to cover any of these gaps.

## **Prerequisites**

Note that you must have taken Management 611 or 612 to enroll in this course.

## COURSE OUTLINE

(NOTE THAT THE ASSIGNMENTS BELOW ARE SUBJECT TO  
CHANGE: ALWAYS CHECK CANVAS FOR THE LATEST  
ASSIGNMENTS)

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### PART 1: FROM STRATEGY FORMULATION TO IMPLEMENTATION

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<b>01/21</b>	<b>Session 1:</b>	<p><b>Course introduction</b></p> <p>Reading: “Uber Lays Off 400 as Profitability Doubts Linger After I.P.O.” NYT, July 29, 2019</p> <p>“How Kalanick-Gurley Tensions Shaped Uber of Today” The Information, May 28, 2019</p> <ol style="list-style-type: none"> <li>1. What is Uber’s strategy?</li> <li>2. Why have they been one of the most successful companies of recent times?</li> <li>3. Why have they run into trouble recently?</li> <li>4. If you were Dara Khosrowshahi, what would your top priorities be?</li> </ol> <p>Optional reading: What is strategy? (Michael Porter)</p>
<b>01/26</b>	<b>Session 2:</b>	<p><b>What is strategy implementation?</b></p> <p>Case: <a href="#">NUMMI Podcast</a></p> <ol style="list-style-type: none"> <li>1. What was Toyota’s strategy with NUMMI? What was GM’s?</li> <li>2. Why was NUMMI successful?</li> <li>3. Why did this success fail to transfer to the rest of GM?</li> <li>4. As GM’s CEO, what would you have done differently?</li> </ol> <p>Optional readings: Bossidy and Charan pp. 1-8, 20-31 Hrebiniak pp. 1-19</p> <p><a href="#">Elmer Johnson 1988 memo to GM Executive Team</a></p>
<b>01/28</b>	<b>Session 3:</b>	<p><b>Speaker day: Strategy formulation-implementation link</b></p> <p>Speaker: <span style="background-color: red; color: black;">Lindon Gao, CEO and Founder, <a href="#">Caper.ai</a> (10:30 AM Session)</span></p> <p>Optional readings: The Execution Trap, <i>Harvard Business Review</i>, Roger Martin CEOs Should Stop Thinking Execution is Somebody Else’s</p>

Job; It is Theirs, *Harvard Business Review*, Roger Martin

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**PART 2: SETTING GOALS AND DIRECTION**

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<b>02/2</b>	<b>Session 4:</b>	<b>Module introduction: Setting goals and direction</b>
	Case:	Strategic planning at United Parcel Service <ol style="list-style-type: none"> <li>1. What are strengths and weaknesses of strategic planning, including UPS charter, Centennial Plan, Strategy Road Map, scenario planning?</li> <li>2. What is your evaluation of UPS's 1997 planning exercise? Horizon 2017 exercise? How do efforts compare?</li> <li>3. How does UPS approach compare to your own organization?</li> </ol>
	Optional (but highly recommended):	<i>Only the Paranoid Survive</i> ; Andy Grove: pp 11-35, 55-77
	Optional readings:	Using Scenario Planning to Reshape Strategy, Ramirez et al, <i>Sloan Management Review</i> , Summer 2017 Using Scenarios to Plan for Tomorrow, Rosenberg, 2012
<b>02/4</b>	<b>Session 5:</b>	<b>Identifying strategic gaps and options</b>
	Case:	Delta (A) <ol style="list-style-type: none"> <li>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?</li> </ol>

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?

Optional readings: None

<b>02/09</b>	<b>Session 6:</b>	<b>Speaker day: Identifying strategic gaps and options</b>
	Speaker:	<b>TBD</b>
	Readings:	To be posted before class
<b>02/11</b>	<b>Session 7:</b>	<b>Identifying strategic gaps and options</b>
	Case:	<p><b>Exercise to identify project companies</b></p> <p><b>Please fill out speaker debrief link on Canvas</b></p>
	Readings:	An Options-Led Approach to Making Strategic Choices, HBS Publishing, Rivkin, 2006

**BY/BEFORE END OF DAY FEBRUARY 16: FORM TEAMS/SELECT COMPANIES**

<b>02/16</b>	<b>Session 8:</b>	<b>Summary day</b>
	Case:	None
	Readings:	No assignment for today but read through the implementation principles that we have discussed so far in class. We will discuss these today

**02/18 Session 9: Speaker day:**Speaker: **TBD**

Please fill out survey link on Canvas

**PART 3: SETTING ORGANIZATIONAL STRUCTURE AND SYSTEMS****02/23 Session 10: Structure and incentives**

Case: GlaxoSmithKline: Reorganizing Drug Discovery

1. Please fill out speaker debrief link on Canvas
2. What is your assessment of Yamada's proposal for the Centers of Excellence in Drug Discovery (CEDD)? What are its strengths and weaknesses relative to other potential organization structures for R&D?
3. Do you agree with Yamada's goal of providing researchers at GSK with incentives like those facing researchers by small biotechnology companies? If yes, to what extent will the CEDDs allow GSK to achieve this goal. If no, how if at all would you change the incentives provided by the CEDD model?
4. What are the key challenges that you think Yamada will face in implementing the CEDDs?
5. What criteria would you use to evaluate the future performance of the CEDDs (both individually and in aggregate)? How soon after the implementation of the CEDDs would you begin to evaluate their performance?

Readings:

**02/25 Session 11: Strategy and corporate misconduct**

Case: Sales Misconduct at Wells Fargo Community Bank (HBS)

1. What was the Community Bank's strategy during 2007 to 2014?
2. What were the causes of the problems at the Bank?
3. What would you have done differently if you were Stumpf, Tolstedt, or Sloan?

Readings:

**03/02 Session 12: Speaker day: Strategy and corporate misconduct**Speaker: **TBD**

Read the articles below and think about the following questions:

1. What was GM's strategy with the Cobalt?
2. Why did a simple ignition switch lead to one of the deadliest vehicle defects and one of the largest auto recalls in U.S. history?
3. In what sense was GM's response to the faulty switch linked to their strategic choices?
4. Please fill out survey link on Canvas

Readings: How Brooke Melton's death led to the GM recall  
 Ten times more deaths linked to faulty switch than GM first reported  
 GM Deferred Prosecution agreement  
 A letter from prison (post-reading, optional) (HBS)

**03/04** **No session (Core exams; good luck!)**

**03/09** **No session (Core exams; good luck!)**

**03/11** **No session (Spring break; enjoy!)**

**03/16** **Session 13: Structure and incentives (and culture)**

Case: No case for today

Readings: Organizational Structure and Incentives: A Contracts Framework  
 Coase's Theory of the Firm (The Economist)  
 Market failures, pp 1- 7 (HBS note)

Optional: <https://www.thisamericanlife.org/513/129-cars>

**03/18** **Session 14: Corporate boundaries**

Case: The Walt Disney Company and Pixar Inc.: To Acquire or Not Acquire?

1. Which is greater: the value of Pixar and Disney in an exclusive relationship, or the sum of the value that each could create if they operated independently of each other and were allowed to form relationships with other companies?
2. Assuming Disney and Pixar are more valuable in an exclusive relationship, can that value be realized via a contract? Or is common ownership (i.e., acquisition) required?



3. If Disney does acquire Pixar, how should Bob Iger and his team organize and manage the combined entity? What challenges do you foresee and how would you meet them?

Note: For students who have taken MGMT 721, please consider the questions above in relation to our previous discussion, and pay particular attention to Question #3

**BY/BEFORE 6 PM MARCH 25: SUBMIT 1 PAGE PROPOSAL FOR FINAL PROJECT**

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**PART 4: MANAGING IMPLEMENTATION THROUGH THE LIFECYCLE**

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- 03/23**      **Session 15: Group-specific “lab” chats and check-in**
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- 03/25**      **Session 16: Speaker day: Implementation in growth settings**  
 Speaker: **Martin Gonzalez, Google (1:30 PM Session)**  
 Please fill out survey link on Canvas  
 Readings: Readings are posted on Canvas and available on study.net
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- 03/30**      **No session**
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- 04/01**      **Session 17: Speaker day: Corporate purpose**  
 Speaker **TBD** or in class lab  
 Please fill out survey link on Canvas
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- 04/06**      **Session 18: Speaker day: Implementation in knowledge intensive industries**  
 Speaker: **TBD**  
 Please fill out survey link on Canvas  
 Readings:

Optional:

**04/08      Session 19:    NO CLASS – FINAL PROJECT PREPARATION**

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

Readings:

**04/13      Session 20:    Implementation: Navigating shocks**

Case:            Students to find current events of shocks to share with class.

Readings:

**04/15      Session 21:    Strategy and society**

Case:            Blackrock: Linking Purpose to Profit

Readings:      To be announced

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**PART 5: SUMMARY AND CLOSE**

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**04/20      Session 22:    Group presentations**

**04/22      Session 23:    Group presentations**

**04/27:      Session 24:    Group presentations**

**04/29:      Session 25:    Course synthesis and wrap**

**ASSIGNMENT:    FINAL GROUP PAPER DUE BY/BEFORE 11:59 PM APRIL 29**