



MANAGEMENT 782: STRATEGY IMPLEMENTATION

Spring 2022

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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.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 various contexts, including periods of growth and change, as well as innovation-based businesses.

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 Interim	5%
Group Project Final	35%

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.

Group Project

The group project comprises 40% of your grade and is divided into two deliverables: an interim write up (due on 3/22, 5% of your grade), and a final paper and presentation (the presentations will be on April 14th and 19th, and the paper is due on April 17th, 35% of your grade). 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.

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 and come early so I can accommodate you. This policy applies to children of all ages. 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.

Prerequisites

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

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

PART 1: FROM STRATEGY FORMULATION TO IMPLEMENTATION

01/18	Session 1:	Course introduction
	Reading:	<p>“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"> 1. What is Uber’s strategy? 2. Why have they been one of the most successful companies of recent times? 3. Why have they run into trouble recently? 4. If you were Dara Khosrowshahi, what would your top priorities be?
	Optional reading:	What is strategy? (Michael Porter)
01/20	Session 2:	What is strategy implementation?
	Case:	<p>NUMMI Podcast</p> <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?
	Optional readings:	<p>Bossidy and Charan pp. 1-8, 20-31</p> <p>Hrebriniak pp. 1-19</p> <p>Elmer Johnson 1988 memo to GM Executive Team</p>
01/25	Session 3:	Strategy formulation-implementation link
	Case:	<p>Danaher Corporation</p> <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?

Note: For students who have taken MGMT 721, please pay particular attention to Question #3

Optional readings: The Execution Trap, *Harvard Business Review*, Roger Martin
 CEOs Should Stop Thinking Execution is Somebody Else’s Job; It is Theirs, *Harvard Business Review*, Roger Martin

PART 2: SETTING GOALS AND DIRECTION

01/27	Session 4:	Module introduction: Setting goals and direction
	Case:	Strategic planning at United Parcel Service
		<ol style="list-style-type: none"> 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?
	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
02/01	Session 5:	Identifying strategic gaps and options
	Case:	Delta (A)
		<ol style="list-style-type: none"> 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?

Optional readings: None

02/03 Session 6: Identifying strategic gaps and options

Case: To be distributed in class

Optional reading: An Options-Led Approach to Making Strategic Choices, HBS Publishing, Rivkin, 2006

02/08 Session 7: Speaker day: Identifying strategic gaps and options

Speaker: Eugene Davis, Chairman and Chief Executive Officer of Pirinate Consulting Group LLC; former Board Director, Delta Airlines

1. Please fill out survey link on Canvas

Readings: To be posted before class

02/10 Session 8: Summary day

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

- 02/15 Session 9: Speaker day: Pacific Gas and Electric Company in the age of wildfires**
- 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. What are the biggest challenges and conflicts that the PG&E leadership team is facing?
 2. If you were the Chair of the Board of PG&E, what would be your top priorities?
 3. **Please fill out survey link on Canvas**
- Readings: PG&E Officially Files for Bankruptcy Under the Financial Strain of California Wildfires, Bloomberg, 1/29/2019
 PG&E Says It Probably Caused the Fire That Destroyed Paradise, Calif., NYT, 2/28/2019
 PG&E’s Radical Plan to Prevent Wildfires: Shut Down the Power Grid, 4/27/19
 PG&E’s Big Blackout Is Only the Beginning, WSJ, 10/12/19
 PG&E CEO Says It Could Impose Blackouts in California for a Decade, WSJ, 10/18/19
 California Governor Threatens State Takeover of PG&E, WSJ, 11/11/19

PART 3: SETTING ORGANIZATIONAL STRUCTURE AND SYSTEMS

- 02/17 Session 10: 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?
- What would you have done differently if you were Stumpf, Tolstedt, or Sloan?
Please fill out speaker debrief link on Canvas
- Readings: TBD

02/22 Session 11: Speaker day: Strategy and corporate misconduct

Speaker: Bonnie Jonas, Founder Pallas Group, former Deputy Chief of Criminal Division, Southern District of New York

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)

02/24 Session 12: 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)
Please fill out speaker debrief link on Canvas

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

03/15 Session 13: 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

03/17 Session 14: Implementation within knowledge-intensive industries

Case: GlaxoSmithKline: Reorganizing Drug Discovery

1. 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?
2. Do you agree with Yamada’s goal of providing researchers at GSK with incentives similar to 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?
3. What are the key challenges that you think Yamada will face in implementing the CEDDs?

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?

Final project interim assignment due 3/22 end of day

PART 4: SPECIAL TOPICS IN MANAGING IMPLEMENTATION

03/22 Session 15: Speaker day: Building and scaling a business

Speaker: Kwabena Osei Boateng, Co-Founder IC Securities, Executive Vice Chairman, Head Investment Banking and Global Markets

Please fill out survey link on Canvas

Readings: TBD

03/24 Session 16: Corporate purpose

Case: **Please fill out speaker debrief link on Canvas**

Please fill out survey link on Canvas

Optional readings: Inside the Revolution at Etsy
 The Culture Ate Our Corporate Reputation (WSJ, October 3, 2016)
 Culture Eats Strategy for Breakfast. So What’s for Lunch? (Forbes, Nov 9, 2018)

03/29 Session 17: Speaker day: Implementation in growth settings

Speaker: Gavin Hood, Former Chief of Staff, Palantir Technologies

1. Please fill out survey link on Canvas

Readings: TBD

03/31 Session 18: Strategic experimentation and strategy analytics

Case: Komatsu and Smart Construction

Readings: “Chapter 1: Introduction: Data Analytic Thinking”

Please fill out speaker debrief link on Canvas

Individual group meetings with Professor on final project

04/05 Session 19: Speaker day: Implementation in innovation industries

Speaker: Christopher Boerner, Executive Vice President and Chief Commercial Officer, Bristol-Myers Squibb

1. Please fill out survey link on Canvas

Readings:

04/07 Session 20: Navigating shocks

Case: TBD

Readings: TBD

04/12 Session 21: Speaker day: Implementation in large and small firms

Speaker: Yvonne Hao, Co-Founder, Cove Hill Partners

1. Please fill out survey link on Canvas

Readings:

PART 5: SUMMARY AND CLOSE

04/14 Session 22: Group presentations

Please fill out speaker debrief link on Canvas

Final project paper due 4/17 end of day

04/19 Session 23: Group presentations

04/21 Session 24: Course summation and wrap