



MANAGEMENT 7820: STRATEGY IMPLEMENTATION

Spring 2023

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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 7820, 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 3/20, 5% of your grade), and a final paper and presentation (the presentations will be on April 13th and 18th, and the paper is due on April 16th, 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 6110 or 6120 to enroll in this course.

COURSE OUTLINE

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

PART 1: FROM STRATEGY FORMULATION TO IMPLEMENTATION

01/17	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> <p>“Some Uber insiders worry Dara Khosrowshahi's leadership has made the company 'boring' and 'confused' about its future,” Business Insider, October 5, 2021</p> <ol style="list-style-type: none"> 1. What was Uber’s strategy under Kalanick-Gurley? 2. Why have they been one of the most successful companies of recent times? 3. Why did they run into trouble in 2019? 4. If you were Dara Khosrowshahi, what would your top priorities be?
	Optional reading:	What is strategy? (Michael Porter)
01/19	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>Hrebiniak pp. 1-19</p> <p>Elmer Johnson 1988 memo to GM Executive Team</p>
01/24	Session 3:	Strategy formulation-implementation link
	Case:	Danaher Corporation

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

01/26	Session 4:	<p>Identifying strategic gaps and options</p> <p>Relative Cost Analysis, Ryanair (Canvas) Case: Dogfight over Europe: Ryanair (A) (9-700-115)</p> <ol style="list-style-type: none"> 1. Can the Ryan brothers make money at the £98 fare they propose? 2. What is your assessment of Ryanair’s launch strategy? How do you expect Aer Lingus and British Airways to respond? <p>Note: Check Canvas for more instructions regarding Question 1</p>
01/31	Session 5:	<p>Identifying strategic gaps and options</p> <p>Case: Will be distributed in previous class Preparation questions: To be provided in previous class and will be available on Canvas after class</p>
02/02	Session 6:	<p>Identifying strategic gaps and options</p> <p>Case: Delta (A)</p> <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. Why have all the low-cost subsidiaries of legacy airlines, including Delta Express, failed?
3. 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?
4. 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?
5. Based on the information available to you, what course of action would you recommend to Delta’s board?

Optional readings: None

02/07 Session 7: Speaker day: Setting goals and direction

Speaker: Richard Anderson, former CEO of Delta Airlines and Amtrak, former Chairman of IATA

1. **Please fill out survey link on Canvas**

Readings: To be posted before class

02/08 Session 8: Scanning the environment

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?

Please fill out speaker debrief link on Canvas

Optional readings: Using Scenario Planning To Reshape Strategy, Ramirez et al, *Sloan Management Review*, Summer 2017

Using Scenarios to Plan for Tomorrow, Rosenberg, 2012

PART 3: SETTING STRUCTURES AND SYSTEMS

02/14	<p>Session 9: Formal structure and incentive systems</p> <p>Reading: How Apple is Organized for Innovation</p> <p style="margin-left: 40px;">1. Questions to be posted</p>
02/16	<p>Session 10: Speaker day: Implementation in growth settings</p> <p>Speaker: Gavin Hood, Former Chief of Staff, Palantir Technologies</p> <p style="margin-left: 40px;">1. What are the differences between implementing strategy at a small, quickly growing company versus a large, pre-IPO one?</p> <p style="margin-left: 40px;">2. What do you consider to be Palantir’s largest implementation challenges, and what would you do about them?</p> <p style="margin-left: 40px;">3. How should Palantir incorporate non-market principles (e.g., ethics, human rights, privacy, defense and security, national priorities) into its business strategy?</p> <p>Readings: Here's what you need to know about Palantir</p> <p style="margin-left: 40px;">How A Deviant Philosopher Built Palantir, A CIA-Funded Data-Mining Juggernaut</p> <p style="margin-left: 40px;">Palantir Has a \$20 Billion Valuation and a Bigger Problem: It Keeps Losing Money</p> <p style="margin-left: 40px;">Palantir, Merck KGaA Form Boston Venture to Mine Health Care Data</p> <p>Optional readings: How Peter Thiel's Secretive Data Company Pushed Into Policing Palantir to Offer Cancer Analytics Under JV Deal With Germany's Merck</p>
02/21	<p>Session 11: Incentive systems, strategy, and corporate misconduct</p> <p>Case: Sales Misconduct at Wells Fargo Community Bank (HBS)</p> <p style="margin-left: 40px;">1. What was the Community Bank’s strategy during 2007 to 2014?</p> <p style="margin-left: 40px;">2. What were the causes of the problems at the Bank?</p> <p style="margin-left: 40px;">What would you have done differently if you were Stumpf, Tolstedt, or Sloan?</p> <p style="margin-left: 40px; background-color: yellow;">Please fill out speaker debrief link on Canvas</p>

Readings:

02/24

Session 12: Corporate boundaries

Case and reading:

The Walt Disney Company and Pixar Inc.: To Acquire or Not Acquire? Creativity Inc., pages TBD

1. While hindsight is 20/20, what were the alternatives at the time?
2. Was acquisition the best option? If so, what had to be true for that to be the case? If not, what was?
3. How did Bob Iger and his team organize and manage the combined entity? What were the other organizational options and what was the logic behind their decisions?

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

PART 3: APPLICATIONS ACROSS SETTINGS

3/14

Session 13: Managing multiple constituencies

Pacific Gas and Electric Company in the age of wildfires

1. What are the biggest challenges that the PG&E leadership team is facing?
2. What does strategy mean for PG&E in this context?
3. If you were in the leadership of PG&E, what would your top priorities be?
4. What are the conflicts between them and how do you manage them?

Readings:

<https://www.wgbh.org/program/nova/inside-the-megafire>

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

- 03/16 Session 14: Speaker day: Pacific Gas and Electric Company in the age of wildfires**
- Speakers: Nora Meade Brownell, former Chairwoman of the Board, PG&E Corporation
 Ambassador Alejandro Wolff, former Board Director, PG&E Corporation,
 Former US Ambassador to the United Nations and Chile
- Please fill out survey link on Canvas**

Final project interim assignment due 3/20 end of day

- 03/21 Session 15: Corporate purpose**
- Please fill out speaker debrief AND survey link Canvas**
- Readings: A Complete Guide to Microsoft’s Comeback
 The End of Windows
 Nadella Chapter 3: New Mission, New Momentum
 Nadella Chapter 4: A Cultural Renaissance
1. How did Satya Nadella turn around Microsoft when he took over?
 2. What do you make of his rhetoric on purpose? What role, if any, do you think it played in Microsoft’s repositioning?
 3. What do you make of his rhetoric on culture change? What role, if any, do you think it played in Microsoft’s repositioning
- Optional Readings: The Curse of Culture
 Changing the Role of Top Management: Beyond Strategy to Purpose
 How Satya Nadella turned Microsoft Around

- 03/23 Session 16: Speaker day: Implementation in innovation industries**
- Readings: Christopher Boerner, Executive Vice President and Chief Commercial Officer, Bristol-Myers Squibb
- Please fill out survey link on Canvas**

1. How should BMS respond to intensifying competitive pressure from biotech firms and overseas challengers?
2. How do leaders build a strategy and motivate its critical workforce (i.e., scientists), particularly when the industry perpetually ranks at the bottom of public opinion? (see Gallup industry rankings, link on Canvas)
3. Purpose in strategic leadership: when is it real and meaningful to employees? How does an effective purpose affect a company's strategy?

Readings: Internal BMS analysis of increasing competitiveness in end markets (decreasing "time to peak" since 2003)
McKinsey overview of the market, 2021

03/28 Session 17: Strategic inflection points

Readings: *Only the Paranoid Survive*; Andy Grove: pp 11-35, 55-77
<https://www.youtube.com/watch?v=LfU2Qu4MzZk>

Please fill out speaker debrief on canvas

1. Questions to be posted

03/30 Session 18: 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

1. What are the greatest implementation challenges that IC Securities faces when expanding outside Ghana?
2. If you were Kwabs, what would your top 3 priorities be?

Readings: Hrebiniak: Making Global Strategy Work
[Drawing a Route to Market for Multinationals in Africa](#)
Frontier Markets in Africa

04/04 Session 19: Technology frontiers and implementation

1. How are data-driven technologies influencing the strategies within industries you have worked in?

2. What are the associated challenges of implementation?

Readings: Competing in the Age of AI
Building the AI-Powered Organization

04/06 Session 20: Speaker day: Implementation in large and small firms

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

Please fill out survey link on Canvas

1. Should PillPack aim to be acquired or continue to grow as an independent business and go public?
2. How does your answer to #1 affect their strategy and decisions related to implementation?

Readings: Amazon debuts online pharmacy, taking on a new set of rivals
Amazon Buys Online Pharmacy PillPack for \$1 Billion
Why Amazon’s Push Into Prescription Drugs Isn’t a Guaranteed Success

04/11 Session 21: Navigating shocks

Today we will be discussing strategic implementation across shocks. We will be considering the following questions:

- What precisely is a shock?
- What is the nature of the challenge that shocks present?
- What are the main differences in strategy implementation during shock and non-shock periods?

Submit your answer via link

To prepare for this discussion, come to class prepared with the following:

1. take an example of a company affected by covid, preferably one you have direct experience with
2. how did the company responded from an implementation perspective? (not “work from home” – be more detailed in how it affected strategy implementation)
3. From that example, what general lesson might you draw about implementation during shocks?

Reading: The Quest for Resilience
Make Resilience Your Company’s Strategic Advantage
Lessons in Rapid Innovation From the Covid-19 Pandemic
The CEO of Pfizer on Developing a Vaccine in Record Time

PART 4: SUMMARY AND CLOSE

04/13 Session 22: Group presentations

Final project paper due 4/16 end of day

04/18 Session 23: Group presentations

04/20 Session 24: Course summation and wrap