



MANAGEMENT 7820: STRATEGY IMPLEMENTATION

Spring 2024

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 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.

Please check Canvas prior to each session, as updated readings may be posted there. 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	30%
Course Assignments	30%
Group Project Interim	15%
Group Project Final	25%

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

This course uses the Wharton attendance app to track attendance. Please install the app and check in prior to the start of class. The instructions for the tool can be found here:

<https://support.wharton.upenn.edu/help/wharton-attendance-absence-and-video-requests-module-for-students>

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 3/17, 15% of your grade), and a final paper due on April 16th, 25% 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

01/16	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>“Uber Earns Its Five-Star Rating From Wall Street”, Wall Street Journal, November 1, 2022</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?
	Additional reading:	What is strategy? (Michael Porter)
01/18	Session 2:	Barriers to implementation
	Case:	<p>The Rise and Fall of Nokia</p> <ol style="list-style-type: none"> 1. Assess the main strategic actions taken by each Nokia CEO. What actions created enduring sources of competitive advantage? What actions or lack of actions contributed to Nokia’s fast decline? 2. What decisions would you have made differently and when? 3. Why did Nokia not make these decisions? 4. How could the firm have better prepared itself for the smartphone era?
	Readings:	

PART 2: SETTING GOALS AND DIRECTION

01/23 Session 3: Scanning the horizon

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?

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

01/25 Session 4: Identifying strategic gaps and options

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?

01/30 Session 5: Identifying strategic gaps and options

Case: Will be distributed in previous class

Preparation questions: To be provided in previous class and will be available on Canvas after class

Readings: An options-led approach to making strategic decisions (Rivkin 2006)

02/01 Session 6: Setting goals and direction

Case: UnitedHealth Group

1. Prep questions will be posted

02/06 Session 7: Speaker day: Setting goals and direction

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

Steve Hemsley, Chair and former CEO, United HealthGroup, Inc.

Please fill out survey link on Canvas

1. If you were brought on as Delta's CEO at the onset of their 2005 bankruptcy, where would you focus? What would you anticipate would be the largest challenges for the management?
2. Prepare 1-2 questions for the speaker regarding Delta's bankruptcy, general lessons about overseeing distressed companies, or lessons from his career.
3. Additional Questions TBA

Readings: U.S.Airlines file for Bankruptcy protection (NYT, 9/15/2005)

Pulling Delta out of a nosedive (Businessweek, 5/25/2009)

Delta Takes Off (Fortune 3/17/2014)

Ten Years Ago with Dow at 8991, 'Nervous' Delta Tried a Risky Merger (NYT, 11/1/2018)

PART 3: SETTING STRUCTURES AND SYSTEMS

02/08 Session 8: Formal structure and systems

Case: [NUMMI Podcast](#)

[Elmer Johnson 1988 memo to GM Executive Team](#)

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. What were the root issues that caused this failure (according to the Johnson memo)

As GM’s CEO, what would you have done differently?

02/13 Session 9: Formal structure and systems

Case: Danaher Corporation

[Management Practices, Relational Contracts, and the Decline of General Motors \(optional but highly recommended\)](#)

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?
4. How does Danaher's implementation strategy relate to last week's discussion and to the optional reading above?

Note: For students who have taken MGMT 7210, please pay particular attention to Question #3

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

02/15 Session 10: Formal structure and systems

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?

02/20 Session 11: Formal structure and systems

Case: GlaxoSmithKline: Reorganizing Drug Discovery
Bristol-Myers Squibb

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?
4. 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: Internal BMS analysis of increasing competitiveness in end markets (decreasing "time to peak" since 2003)
McKinsey overview of the market, 2021
Credit Suisse analyst report, Nov 2022

02/22 Session 12: Speaker day: Christopher Boerner, CEO, 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?

PART 4: IMPLEMENTATION ACROSS SETTINGS

3/12 Session 13: Mid-course discussion

Readings: Today we will have a mid-course discussion

No reading is required for the mid-course discussion.

03/14 Session 14: Technology frontiers and implementation

Case: Komatsu and Smart Construction

- Questions:
1. Should Komatsu commit to the investment required to advance "Smart Construction"?
 2. What are the potential benefits and savings from the deployment of smart construction on a construction site?
 3. Where and why is there resistance to this adoption, inside and outside the company?
 4. What can be done to overcome these obstacles?

Mid-course assignment due 3/17 end of day
--

03/19 Session 15: Technology frontiers and implementation

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

1. What are the differences between implementing strategy at a small, quickly growing company versus a large, pre-IPO one?
2. What do you consider to be Palantir's largest implementation challenges, and what would you do about them?
3. How should Palantir incorporate non-market principles (e.g., ethics, human rights, privacy, defense and security, national priorities) into its business strategy?

Readings: Here's what you need to know about Palantir
 How A Deviant Philosopher Built Palantir, A CIA-Funded Data-Mining Juggernaut
 Palantir Has a \$20 Billion Valuation and a Bigger Problem: It Keeps Losing Money
 Palantir, Merck KGaA Form Boston Venture to Mine Health Care Data

Additional readings: How Peter Thiel's Secretive Data Company Pushed Into Policing Palantir to Offer Cancer Analytics Under JV Deal With Germany's Merck

03/21 Session 16: Corporate purpose

Please fill out speaker debrief on Canvas

Readings: A Complete Guide to Microsoft's Comeback
The End of Windows
The Curse of Culture

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

Additional readings: Nadella Chapter 3: New Mission, New Momentum
Nadella Chapter 4: A Cultural Renaissance
How Satya Nadella turned Microsoft Around
Changing the Role of Top Management: Beyond Strategy to Purpose

03/26 Session 17: Implementation with multiple stakeholders

Readings: <https://www.pbs.org/wgbh/nova/video/inside-the-megafire/>

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

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?

03/28 Session 18: 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

04/02 Session 19: Learning and adaptation

Please fill out speaker debrief on canvas

Case: Experimentation and Yelp

1. Questions to be posted

04/04 Session 20: Strategic inflection points

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

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

1. Questions to be posted

04/09 Session 21: Speaker day: Implementation in large and small firms

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

Please fill out survey link on Canvas

1. How does implementation differ in large, established companies like Honeywell relative to startups like PillPack?
2. Can someone be successful in both environments? How can you foster general skills as a leader that translate across environments?

04/11 Session 22: Summary day

Please fill out speaker debrief on canvas

Readings: [Drawing a Route to Market for Multinationals in Africa](#)

Frontier Markets in Africa

Final project paper due 4/15 end of day

04/16 Session 23: 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?

04/18 Session 24: Course Wrap