

**EMBA - Business Strategies**  
**Instructor: Jay B. Barney**  
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## Course Objectives

The primary topics of this course are strategy and strategic management. A firm's strategy is its "theory" of how to gain competitive advantage in its market place. Strategic management is the process through which managers develop and implement a firm's strategy. The first half of the course will focus mostly on business level strategy—i.e., firm efforts to gain competitive advantage when operating in a single business. The second half of the course will focus mostly on corporate level strategy—i.e., firm efforts to gain competitive advantage when operating in multiple businesses simultaneously.

## Text Material

The following text materials are required for the course:

1. Barney, Jay B. (2011) *Gaining and Sustaining Competitive Advantage*, 4th ed. Upper Saddle River, NJ: Prentice Hall
2. Barney, Jay B., and Clifford, Patricia (2010). *What I Didn't Learn in Business School: How Strategy Works in the Real World*. Boston: Harvard Business Review Press.
3. Case and Reading Packet

The textbook (Barney, 2011) provides most of the theoretical and conceptual background needed to analyze the cases. The second book (Barney and Clifford, 2010) presents these same concepts, but does so in the form of a novel. Most students find it helpful to take three or so hours and read Barney and Clifford before class begins, as a general and non-technical introduction to the material. Most class time will be taken up by discussions of the cases in the case packet.

## Evaluation and Grading

Student performance in the course will be evaluated and graded according to the following scale:

- |  |            |
|--|------------|
| (1) Group Written Case Analysis #1 ..... | 50 points  |
| (2) Group Written Case Analysis #2 ..... | 50 points  |
| (3) Class Participation .....            | 100 points |
| (4) Mid-Term Exam .....                  | 100 points |
| (5) Final Exam .....                     | 100 points |

## Group Written Case Analyses

The class will be divided into groups. Each group will be required to submit two Written Case Analyses during the class.

What Should Be Included in a Group Written Analysis? When writing these case analyses, groups should adopt the role of an outside analyst. Imagine that your group works for an investment or consulting firm and that it has been given the assignment of evaluating the current state, and future potential, of the strategies being pursued by the firm in the case. In preparing an analysis, your group should:

- (1) identify the key strategies being pursued by a firm;
- (2) evaluate the effectiveness of these strategies;
- (3) explain why these strategies are effective or ineffective; and
- (4) recommend any changes that should be made to increase the effectiveness of these strategies.

In addition, in many of the cases, the firm in question is contemplating, or has implemented, several specific strategic actions (e.g., an acquisition, a divestiture, a strategic alliance). In this situation, the written case analysis should also include an evaluation of these specific strategic actions and, where appropriate, recommendations should be made and justified.

Written Case Analysis Evaluation Criteria. Previous experience suggests several important differences between excellent and mediocre written case analyses.

*Excellent* written analyses “tell a story” about a firm’s strategies: What are the fundamental economics of a firm’s strategy? How are different parts of the strategy related? What are the longer term objectives of a firm’s investment in a strategy? Excellent analyses justify each major point with reference to critical facts in the case. Ideas and concepts from the readings are incorporated into the discussion as appropriate and in a seamless way. The application of these ideas and concepts often leads to surprising, counter-intuitive analyses and recommendations. At the end of these excellent written analyses, the reader is absolutely convinced of the wisdom of any final recommendations.

*Mediocre* written analyses have few of these attributes. Instead of “telling a story” about a firm’s strategies, these analyses simply repeat the facts and assertions contained in the case. Critical facts in the case are ignored or not integrated into the paper. For example, these mediocre written analyses will often include a summary and cursory analysis of a firm’s profit and loss statement and its balance sheet, but will fail to discuss the strategic implications of these analyses. The authors of these reports often seem more interested in making sure that every theory or model mentioned in the book is mentioned in the report rather than making sure that the report tells an integrated story about a firm’s strategy. Often, the different parts of these mediocre analyses are not linked—almost as if different people wrote different sections, but no one took the time to bring these sections together, to discuss the implications of each section for other sections. These written analyses rarely generate any counter-intuitive or surprising analyses or recommendations. At the end of reading these reports, the reader is only convinced that, in fact, members of the group read the case. The reader is not convinced about the wisdom of any final recommendations.

Length and Other Requirements. Written case analyses can be no longer than **eight pages**, double spaced. Figures, tables, and exhibits can be included in an appendix to these analyses and are not counted against this page limit. Groups do not need to draw on sources of information outside the case materials. In particular, groups should not telephone or write to the companies that are in their assigned case studies.

Group papers are due on the days specified in the course schedule. No late papers will be accepted. Papers that are not turned in, or not turned in on time, will receive a zero. Unless the University closes down, or the computer goes down, there will be no exception to this rule, so please plan accordingly.

Group Evaluation Forms. In general, each member of the group will receive the same grade for case write-up assignments. However, there may be times when one or more members of a group will “free ride” on the work of other members. The grades of such free riders will be substantially reduced if consistent evidence of free riding is found. To discover free riding, each member of a group may submit an individual Group Evaluation Form any time during the quarter. This form can be found on the Canvas web page for this course. If someone does not submit a Group Evaluation Form, the Professor will assume that, from this student’s perspective, at least, no free riding problems existed.

## **Class Participation**

Since this is a case-based class, class participation is an important part of the student evaluation process. Three elements are combined in this evaluation process: (1) student answers to pre-set questions, (2) qualitative evaluation of student performance, and (3) peer evaluations.

Student Answers to Pre-Set Questions. For each case, the Professor will come to class with several questions around which the case analysis will be organized. *These may or may not be the same as the study questions listed in the syllabus.* Individuals will be randomly selected before class to answer one of these questions. The professor will note how effectively the question is answered.

When students are called on, they can (1) answer the question, (2) fake it (because they have not read or analyzed the case), or (3) pass. Each student is allowed one pass during the course. We all have busy lives, so use your pass judiciously. Also, people who “fake it” are wasting valuable class time. This bothers me.

Qualitative Evaluation of Student Performance. In addition to answering questions when called upon, students can volunteer comments as well. To the extent that these comments help move the analysis along, generate interesting insights, or suggest new ways to think about the case facts, such volunteer comments will be positively reflected in the professor’s qualitative evaluation of student performance. To the extent that these comments fail to move the analysis along, simply repeat facts from the case without analysis, or represent efforts by a student to get disproportionate “air time” in class, such volunteer comments will be negatively reflected in the professor’s qualitative evaluation of student performance.

At the end of each case discussion, the professor typically notes 2 or 3 people in the class who made unusually insightful or helpful comments. Over the course, these notes are used to form a qualitative evaluation of a student’s class participation.

Peer Evaluation. Since case discussions involve a great deal of peer to peer learning, a peer evaluation of class participation is an important component in evaluating overall class participation. Towards the end of the course, students must complete a form that lists the eight students in the course who, in their view, had the best overall class participation during the entire course. *Students who fail to turn in this form cannot receive the highest class participation grade.*

The final class participation grade is determined by combining these three sources of information. Students who do well across all three of these measures of class participation will receive the top participation grade (100 points); those that do less well across these measures will receive the second level participation grade (85 points); those that do poorly across these measures will receive the lowest participation grade (70 points).

## Exams

The Nature and Purpose of the Exams. There is a mid-term and final exam in this class. The mid-term exam focuses on business level strategy issues; the final exam focuses on corporate level strategy issues. While the final exam is not strictly cumulative, many of the concepts introduced in the first half of the course are also relevant in the second half of the course.

The mid-term and final exams will focus on evaluating the ability of students to understand and apply the concepts and models presented in class sessions and in the books. The exams will consist of four *Wall Street Journal* articles. Students will choose three of these articles to analyze, using concepts and models presented in class lectures and in the books. Each article will have four or five questions associated with it. Students may use these questions to organize their analysis of an article, or they may develop their own approach to analysis. The exams are open book and open note.

Exam Evaluation Criteria. The following criteria are used to evaluate exam questions:

*Excellent* exam answers demonstrate both a student's understanding of the theories and models discussed in class and in the books *and* a student's ability to apply these theories and models to generate insights about real business situations facing firms.

*Good* exam answers demonstrate either that a student understands the theories and models *or* that a student can generate insights about a real business situation facing firms, but not both.

*Poor* exam answers demonstrate neither a student's understanding of the theories and models nor a student's ability to generate insights about real business situations facing firms.

If students have questions about how their exam is graded they can ask for a re-grade. However, the Professor does not re-grade individual questions. He only re-grades the entire exam. The final grade for the re-graded exam may be greater than, less than, or equal to the original grade.

## About Your Professor

Jay B. Barney is a Presidential Professor and holds the Lassonde Chair of Social Entrepreneurship at the Eccles School of Business at The University of Utah. He received his undergraduate degree from Brigham Young University and his master's and doctorate from Yale University. After completing his education, Professor Barney joined the faculty at the Anderson Graduate School of Management at UCLA. He moved to Texas A&M University in 1986, The Ohio State University in 1994, and The University of Utah in 2012.

Professor Barney teaches organizational strategy and policy to MBA and Ph.D. students. He also has taught in a variety of executive training programs at Ohio State, Texas A&M, UCLA, Southern Methodist University, Texas Christian University, the University of Michigan, Bocconi University (in Milan, Italy), and for the consulting firm McKinsey and Company. Professor Barney received the George Robbins Teaching Award at UCLA in 1983, the Association of Former Students' Distinguished Teaching Award at Texas A&M in 1992, and various MBA, Ph.D., and Executive MBA teaching awards at Ohio State in 1995, 1996, 1999, 2000, 2001, and 2004.

Professor Barney's research focuses on the relationship between firm skills and capabilities and sustained competitive advantage. He has published over 100 articles in a variety of journals, including the *Academy of Management Review*, the *Strategic Management Journal*, *Management Science*, the *Journal of Management*, the *Harvard Business Review*, and the *Sloan Management Review*. He has been on the editorial boards at the *Academy of Management Review* and the *Strategic Management Journal*, has been Associate Editor at the *Journal of Management*, senior editor at *Organization Science*, and is currently a Co-Editor at the *Strategic Entrepreneurship Journal*. Professor Barney has also delivered scholarly papers at the Harvard Business School, the Wharton School of Business, the University of Michigan, Northwestern University, The London Business School, and at over seventy other universities throughout the world, and has published six books: *Organizational Economics* (with William G. Ouchi), *Managing Organizations: Strategy, Structure, and Behavior* (with Ricky Griffin), *Gaining and Sustaining Competitive Advantage* (now in its fourth edition), *Strategic Management and Competitive Advantage* (with Bill Hesterly, now in its fourth edition), *Resource-based Theory* (with Delwyn Clark), and *What I Didn't Learn in Business School: How Strategy Works in the Real World* (with Trish Clifford).

Professor Barney has won numerous awards for his research. In addition to holding honorary appointments at universities in New Zealand, the United Kingdom, and China, he has received three honorary doctorate degrees—at the University of Lund (in Sweden), at the Copenhagen Business School, and at the Universidad Pontificia Comillas (in Madrid, Spain). He won the Irwin Outstanding Educator Award for the Business Policy and Strategy Division of the Academy of Management in 2005, has been elected as a Fellow of both the Academy of Management and the Strategic Management Society, and received the Academy of Management Award for Outstanding Scholarship in 2010, the highest award for research achievement in the field of management.

Professor Barney has consulted with a wide variety of public and private organizations, including Westinghouse Electric, the Masonite Corporation, McDonnell-Douglas, Wells Fargo Bank, Honeywell, Mead, Hewlett-Packard, Texas Instruments, Tenneco, Arco, Koch Industries Inc., Nationwide, The Columbus Public Schools, The Ohio State University Medical Center, Lancaster Colony Corporation, Bob Evans Restaurants, R.G. Barry and Company, and others. His consulting focuses on implementing large-scale organizational change and strategic analysis. Professor Barney has also served on advisory boards for several privately held companies, and on the board of directors for one publicly traded firm (Max & Erma's Restaurants).

**David Eccles School of Business**  
**Statement of Professional and Ethical Conduct**

Because of the importance of professional and ethical behavior in business, and its emphasis in our program, professional or academic misconduct is not tolerated in the David Eccles School of Business. Students are expected to adhere to the standards of behavior outlined in the University of Utah Code of Student Rights and Responsibilities (Policy 6-400). Students engaging in behavioral misconduct could be subject to suspension or dismissal from the University. Students involved in any form of academic misconduct, including but not limited to cheating on tests, plagiarism and collusion may, at the instructor's discretion, receive a failing grade in the course, examination, or academic assignment. In addition to or instead of this sanction, the instructor may refer the case to the Student Behavior Committee for hearing. If the instructor chooses not to do so, the Associate Dean for Academic Affairs, after appropriate investigation, may do so along with a recommendation to dismiss the student from the Business School. If, after hearing the evidence, the Committee determines that the student in question is guilty of the misconduct charged, the Committee may impose sanctions in addition to those taken by the professor. If the academic dishonesty is not proven, the instructor must rescind any sanctions imposed and will be required to evaluate the student's performance with the assumption that there has been no misconduct. The School will treat the student likewise. If a student suspects another student of academic misconduct, he/she should refer the incident to the instructor, the appropriate department, the Associate Dean for Academic Affairs, or the Student Behavior Committee, administered by the Associate Dean of Students, 270 Union.

**David Eccles School of Business Statement of Grading Policy**

Grading provides feedback to students on how well they have mastered the content and learning objectives of a particular course to allow students to capitalize on strengths and work to improve weaknesses through future courses of action. The DESB grading policy is intended to ensure grades offer reliable feedback regarding student performance, and to ensure fairness and consistency across the School. The faculty member is responsible for arriving at a grade for each student that the faculty member believes appropriately reflects the student's mastery of the course material and learning objectives. The faculty member will then consider the class' overall performance in terms of School guidelines. These guidelines are provided to ensure that grading, on average for the School as a whole, is sustained at a reasonable level over time. For 6000 level courses, average course grades should be between 3.1 and 3.5.

If students have a concern about their grade in a particular course, they should consider whether it reflects an accurate evaluation of their mastery of the course material and learning objectives, in terms of the above descriptors. If they need clarification of the instructor's evaluation, they should meet with the instructor to obtain additional information and feedback. If after doing so, they believe their grade was arrived at in an inappropriate manner, they may pursue an appeal through the School's appeals process as described in Section 5.15 of the University of Utah Code of Student Rights and Responsibilities (Policy 6-400).

**Executive MBA Syllabus  
Fall 2013**

August 24 - Class One:

Topic: What is Strategy?

Lecture: "What is Strategy?"

Reading: Barney, Chapters One and Two

Reading: Barney and Clifford, Prologue, Chapters 1 – 14, Epilogue

*What I Didn't Learn in Business School: How Strategy Works in the Real World*

Topic: What is Strategy? (cont.)

Case: Crown, Cork and Seal (HBS 9-793-035)

August 30 - Class Two:

Topic: Industry Analysis.

Case: Southwest Airlines 2002: An Industry Under Siege (HBS 9-803-133)

Reading: Barney, Chapters Three and Four

Topic: Resource-based Analysis

Case: Harlequin Enterprises: The Mira Decision (Ivey 9B03M007)

Reading: Barney, Chapter Five

September 7 - Class Three:

Topic: Business Strategies

Case: Sunrise Medical's Wheelchair Products (HBS 9-794-069)

Reading: Barney, Chapters Six, Seven, Eight, and Nine

Topic: Business Strategies (cont.)

Case: Husky Injection Molding Systems (HBS 9-799-157)

Write Ups: Groups 1, 8

September 13 - Class Four:

Topic: Business Strategies (cont.)

Case: The Evolution of the Circus Industry (A) (BOS007)

Write-Ups: Groups 2, 7

Topic: Business Strategies (cont.)

Case: The US Wine Industry in 2001 (BOS018)

Write Ups: Groups 3, 6

September 21 – Class Five

Topic: Business Strategies (cont.)

Case: Airborne Express (A) (HBS 9-798-070)

Write Ups: Group 4

Topic: Business Strategies (cont.)

Case: Cardinal Health (A): Pharmaceutical Distribution Strategy

Write Ups: Group 5

**Mid-term Exam will be on-line beginning at 1 PM, September 27 and ending at 10 PM, October 1. You have three (consecutive) hours to complete the exam during that period.**

October 5 - Class Six:

Topic: Vertical Integration  
Lecture: "Why Vertically Integrate?"  
Reading: Barney, Chapter 10

Topic: Vertical Integration (cont.)  
Case: Pennzoil Co. (HBS 9-390-131)  
Write Ups: Group 6

October 11 - Class Seven

Topic: Vertical Integration (cont.)  
Case: Nucleon, Inc. (HBS 9-692-041)  
Write Ups: Group 7

Topic: Vertical Integration (cont.)  
Case: The Walt Disney Company and Pixar, Inc.: To Acquire or Not to Acquire (HBS 9-709-462)  
Write Ups: Groups 4, 8

October 19 - Class Eight

Topic: Corporate Strategy  
Lecture: "Why Diversify?"  
Reading: Barney, Chapters Eleven, Twelve, Thirteen, and Fourteen

Topic: Corporate Strategy (cont.)  
Case: Tyco International (A) (HBS 9-798-061)  
Write Ups: Groups 1, 5

October 25 – Class Nine

Topic: Corporate Strategy (cont.)  
Case: Newell Company: Corporate Strategy (HBS 9-799-139)  
Write Ups: Group 2

Topic: Corporate Strategy (cont.)  
Case: Danaher Corporation (HBS 9-708-445)  
Write Ups: Group 5

**Final Exam will be on-line beginning at 5 PM, October 25, and ending at 10 PM, October 27. You have three (consecutive) hours to complete the exam during that period.**



## Study Questions for the Cases

1. Crown, Cork and Seal in 1989
  - a. How attractive is the metal container industry?
  - b. How would you characterize the strategies of other large firms in this industry?
  - c. What is Crown's strategy? (Hint: It is not described in the section of the case labeled "Crown's Strategy")
  - d. If you were Avery, what would you do next?
2. Southwest Airlines 2002: An Industry Under Siege
  - a. How attractive is the U.S. airline industry?
  - b. How would you characterize the strategies of other U.S. airlines?
  - c. Why has Southwest been so successful?
  - d. How should Southwest respond to the recent challenges in this industry?
3. Harlequin Enterprises: The Mira Decision
  - a. Should Harlequin enter the single title business? If yes, how? If no, why not?
4. Sunrise Medical, Inc.'s Wheelchair Products
  - a. Who in the wheelchair industry is best positioned to take advantage of changes in this industry?
  - b. Should Sunrise let Guardian introduce a lightweight standard wheelchair product? If yes, why? If no, why not?
5. Husky Injection Molding Systems
  - a. What is Husky's strategy? Why has the company been so successful in the period prior to the recent problems?
  - b. Are Husky injection molding systems worth the premium price the company charges? Be precise.
  - c. What has caused Husky's current difficulties?
  - d. How might Robert Schad, Husky's CEO, and the company respond? How should they respond?
6. The Evolution of the Circus Industry (A)
  - a. How attractive is the circus industry in the early 1980's? Based on this analysis, would you enter the circus industry? If yes, how? If no, why not?
  - b. On what dimensions have traditional circuses competed? In your view, which of those competitive dimensions will and will not be important going forward in this industry?
7. The US Wine Industry in 2001
  - a. How attractive is this industry?
  - b. Is entry into this industry a viable strategy? If yes, how? If no, why not?
  - c. What strategies can established players in this industry pursue?

8. Airborne Express (A)
  - a. How and why has the express mail industry structure evolved in recent years? How have the changes affected small competitors?
  - b. How has Airborne survived, and recently prospered, in its industry?
  - c. Quantify Airborne's sources of advantage.
  - d. Since the end of the case, DHL acquired Airborne as part of an effort to compete directly against UPS and FedEx in the North American market? Given your analysis of Airborne, was this a good way for DHL to enter the US market?
9. Cardinal Health (A): Pharmaceutical Distribution Strategy
  - a. What has Cardinal's strategy in the pharmaceutical distribution business been?
  - b. What should this strategy be going forward?
  - c. What implications does this strategy going forward have for Cardinal as an organization?
10. Pennzoil Co.
  - a. Should Pennzoil buy Jiffy Lube? If yes, why? If no, why not?
11. Nucleon, Inc.
  - a. Should Nucleon build a manufacturing facility for Phase I/II testing?
12. The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire
  - a. Is animation important for Disney going forward? If yes, why? If no, why not?
  - b. Based on your analysis, is there a compelling reason for Disney to acquire Pixar? Why or why not?
13. Tyco International (A)
  - a. What is Tyco's corporate strategy?
  - b. How does it implement this strategy?
  - c. Tyco's problems since the publication of this case are well-known (CEO in jail, company broken up, etc.). Were the seeds of those problems part of Tyco at the time of the case? If yes, what were they? If no, why did things go so badly at Tyco?
14. Newell Company: Corporate Strategy
  - a. What is Newell's core competence?
  - b. Did the Rubbermaid deal make sense? How about Calphalon?
15. Danaher Corporation
  - a. What is Danaher's corporate strategy?
  - b. What are the key elements in implementing this strategy?

**Group Evaluation Form**  
**EMBA Introduction to Strategy**

Professor Barney  
Autumn 2013

Information from this form is used to identify any “free riders” in your group. If several people in a group identify the same “free riders,” those individuals may have their overall grade adjusted downwards. For this reason, it is very important for everyone in the class to complete this form and return it to Professor Barney’s assistant ([Kathleen.Zwanziger@business.utah.edu](mailto:Kathleen.Zwanziger@business.utah.edu)) at any time during the quarter, at least by October 25, 2012.

**Your Name:** \_\_\_\_\_

Please list the members of your group (excluding yourself) and allocate 100 points across these people. If there are four people listed and they all contributed to the group’s work over the course of the quarter, each would receive 25 points. If two of these people did most of the work, and the other two were “free riders,” the two hard working people would get, say, 40 points each, and the two “free riders” might get only 10 points each. Please allocate all 100 points.

List Members of Your Group	Allocation of Points
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
Total: (100 points)	_____

## **Peer Participation Evaluation Form**

### **EMBA Introduction to Strategy**

Professor Barney

Autumn 2012

As part of the class participation component of the grade in EMBA 980X, each member of the class can nominate up to eight (8) people who, in their view, consistently demonstrated excellent class participation during the quarter. Please do not nominate yourself. This information will be used, in conjunction with the Professor's independent evaluation of class participation, to determine each student's final class participation grade. Please complete this form and return it to Professor Barney's assistant ([Kathleen.Zwanziger@business.utah.edu](mailto:Kathleen.Zwanziger@business.utah.edu)) by October 25, 2013.

**Your Name:** \_\_\_\_\_

#### **List of Up to Eight Class Members that Consistently Demonstrated Excellent Class Performance**

1.

2.

3.

4.

5.

6.

7.

8.