



Course Description

An overview of strategic management. A practical, integrative model of the strategic-management process is introduced. Basic activities and terms in strategic management are defined, and the benefits of strategic management are presented. Important relationships between business ethics and strategic management are discussed.

Prerequisites

None

Course Textbook

David, F.R. (2011). *Strategic management: Concepts and cases* (13th ed.). Upper Saddle River, NJ: Prentice Hall.

Course Learning Objectives

Upon completion of this course, students should be able to:

1. Analyze the nuances of strategic management.
2. Analyze the characteristics of a business's vision and mission.
3. Analyze the external audit process.
4. Analyze the internal audit process.
5. Evaluate strategies in action.
6. Analyze the strategy analysis process.
7. Analyze the process of choosing a strategy.
8. Evaluate the strategic management process.
9. Analyze the process of implementing strategies in the following business functions:
(a) management, (b) operations, (c) marketing, (d) finance/accounting, (e) research and development, and
(f) management information systems.
10. Assess the strategy evaluation process.
11. Analyze the strategy review, evaluation, and control process.

Credits

Upon completion of this course, the students will earn three (3) hours of college credit.

Course Structure

1. **Unit Learning Objectives:** Each unit contains Unit Learning Objectives that specify the measurable skills and knowledge students should gain upon completion of the unit.
2. **Written Lectures:** Each unit contains a Written Lecture, which discusses lesson material.
3. **Reading Assignments:** Each unit contains Reading Assignments from one or more chapters from the textbook. Chapter presentations are provided in the Unit I-VI study guides as Supplemental Reading to aid students their course of study.
4. **Key Terms:** Key Terms are intended to guide students in their course of study. Students should pay particular attention to Key Terms as they represent important concepts within the unit material and reading.

5. **Discussion Boards:** Discussion Boards are a part of all CSU term courses. Information and specifications regarding these assignments are provided in the Academic Policies listed in the Course Menu bar.
6. **Unit Assessments:** This course contains eight Unit Assessments, one to be completed at the end of each unit. Assessments are composed of multiple-choice questions and written response questions.
7. **Unit Assignments:** Students are required to submit for grading Unit Assignments in Units I-VII. Specific information and instructions regarding these assignments are provided below. A grading rubric is included with the assignment in Unit III. Specific information about accessing this rubric is provided below.
8. **Final Exam (Proctored):** Students are to complete a Final Exam in Unit VIII. All Final Exams are proctored—see below for additional information. You are permitted four (4) hours to complete this exam, in the presence of your approved proctor. This is an open book exam. Only course textbooks and a calculator, if necessary, are allowed when taking proctored exams.
9. **Ask the Professor:** This communication forum provides you with an opportunity to ask your professor general or course content related questions.
10. **Student Break Room:** This communication forum allows for casual conversation with your classmates.

Unit Assignments

Unit I Case Study

Read the Cohesion Case on pages 27-37 in the course textbook. Create a five- to seven-page PowerPoint presentation in which you a) briefly describe your view of McDonald's strategic position, and b) answer Step 4 of the Assurance of Learning exercise on page 37.

Unit II Case Study

Complete the Assurance of Learning Exercise 3D on page 87 of the course textbook. In addition to completing Steps 1, 2, and 3, summarize your findings in a two-page APA formatted paper and discuss your views of McDonald's strategic prospects based upon your analysis of the external assessment and consideration of the opportunities to grow, as well as threats from competitors and the macro environment.

Unit III Case Study

Complete the Assurance of Learning Exercises 6A and 6B on page 205 of the textbook. Use the completed SWOT and SPACE matrices to draw conclusions regarding both the long term and short term strategies you would recommend in light of your findings. Summarize in a two-page APA formatted paper.

NOTE: It is not necessary to consult other students to complete these exercises in the textbook.

Unit IV Case Study

Complete the four elements of the McDonald's organization chart exercise in the Assurance of Learning Exercise 7A on page 248 of the textbook. Once the organizational chart recommendation is completed, create at least one high-level objective for each functional group in the organizational chart. State your rationale for each and briefly state how each would be measured. Compile your work into a minimum two-page APA formatted paper.

Unit V Case Study

Read the Assurance of Learning Exercise 8A and 8B on page 282 of the textbook. Prepare a product positioning map, and perform the EPS/EBIT calculations given in 8B. Discuss, in a two-page APA formatted paper, how the product positioning is aligned with McDonald's corporate strategy. Identify potential gaps in the product line or weaknesses in positioning. Describe the relevance of the EPS/EBIT chart and why it is significant with respect to strategy implementation.

Unit VI Case Study

Follow the instructions for the Assurance of Learning Exercise 9A on page 306 of the textbook. Create a minimum two-page APA formatted paper evaluating McDonald's strategy. Choose at least one of McDonald's competitors and discuss its position relative to McDonald's. Comment on McDonald's prospects of success against this competitor.

Unit VII Case Study

Complete the Assurance of Learning Exercise 10A on page 326 of the textbook. You will be asked to analyze and to compare and contrast the code of ethics of both Starbucks and McDonald's. Summarize your analysis and findings in a two-page APA formatted paper

APA Guidelines

CSU requires that students use the APA style for papers and projects. Therefore, the APA rules for formatting, quoting, paraphrasing, citing, and listing of sources are to be followed. A document titled "APA Guide" is available for you to download from the APA Guide link, found in the Learning Resources area of the myCSU Student Portal. It may also be accessed from the Student Resources link on the Course Menu. This document includes examples and sample papers and provides links to The CSU Success Center and the CSU Online Library staff.

Blackboard Grading Rubrics

Assignment Rubrics

One or more assignments in this course utilizes a Blackboard Grading Rubric. A rubric is a tool that lists evaluation criteria and can help you organize your efforts to meet the requirements of an assignment. Your professor will use the Blackboard Grading Rubric to assign points and provide feedback for the assignment.

You are encouraged to view the assignment rubric before submitting your work. This will allow you to review the evaluation criteria as you prepare your assignments. You may access the rubric in "My Grades" through the "Tools" button in your course menu. Click the "View Rubric" link to see the evaluation criteria for the assignment. Upon receiving your assignment grade, you may view your grade breakdown and feedback in the rubric.

CSU Grading Rubric for Papers/Projects

The course papers will be graded based on the CSU Grading Rubric for all types of papers, *unless otherwise specified within assignment instructions*. In addition, all papers will be submitted for electronic evaluation to rule out plagiarism. Course projects will contain project specific grading criteria defined in the project directions. To view the rubric, click the Academic Policies link on the Course Menu, or access it through the CSU Grading Rubric link found in the Learning Resources area of the myCSU Student Portal.

Final Examination Guidelines

Final Examinations are to be administered to students by an approved proctor on a date that is mutually convenient. The student is responsible for selecting a qualified proctor that must be approved by the university.

A list of acceptable proctors is provided in the Examination Proctor Policy. To review the complete Examination Proctor Policy including a list of acceptable proctors, proctor responsibilities, proctor approval procedures and the Proctor Agreement Form, go to the myCSU Student Portal from the link below.

<http://mycsu.columbiasouthern.edu>

You are permitted four (4) hours to complete this exam, in the presence of your approved proctor. This is an open book exam. Only course textbooks and a calculator, if necessary, are allowed when taking proctored exams.

Communication Forums

These are non-graded discussion forums that allow you to communicate with your professor and other students. Participation in these discussion forums is encouraged, but not required. You can access these forums with the buttons in the Course Menu. Instructions for subscribing/unsubscribing to these forums are provided below.

[Click here for instructions on how to subscribe/unsubscribe and post to the Communication Forums.](#)

Competitors and strategic performance management

Name

Subject

Institution affiliated

Date

Competitors and strategic performance management

According to McDonald a company that applies the competitors and strategic performance management system in their operations is in a good position to succeed. As per his views, his business can increase its market share at the expense of other similar businesses by either engaging in significant innovation or by reducing its cost base. The company may also employ aggressive strategies other than defensive ones so as to extend the market share beyond their borders.

In order to remain relevant in the market, McDonald's business ought to employ a proactive rather than reactive approach in managing business threats that are posed by the competitors the ambitions. Strategic Performance Management helps the business to monitor the external environment of the competitor that includes his accounts. This information about the business competitor remains relevant making of strategies aimed to ensure stiff competition (Love, 1999).

McDonald defines his business competitors as those businesses who compete for his customers spending power. The main type of competitors who worry McDonald are the form competitors, industry competitors as well as brand competitors. Some of the critical competitors are the industry competitors as they offer similar food products and services. All company and businesses remain competitors of others in some ways. Some of the characteristics of competitors are that:

- They provide to the same type of customers as McDonald's
- They have same and superior technologies of preparing their products.
- They have similar distribution channels as well as cost supply.
- Their market of target overlaps that of McDonald's.

In order to understand and face competition, McDonald recognizes that it is wise to know more about competitors existing objectives and strategies. McDonald has also to know the competitors weaknesses as well as their strengths over his business (McDonald, 1996).

The best way to deal with competitors strategies is to monitor every move by your competitor and predicting the future of his business. In order to take control of competitors, McDonald advocates for competitor analysis in which information concerning competitors is collected and used in prediction of the reaction of the competitor in case of a strategic decision by his business. The competitor's reaction forecast is essential in order to develop a contingency plan for that matter.

The analysis of competitors also helps McDonald's business to forecast the competitors' strategies and plans that he anticipates to undertake in order to prepare his business to react against them to avoid adverse effect of these advancements.

	MCD	YUM	BCK	Fast Food service Industry	SBUX	Specialty Eateries Industry
Market Cap	61.17B	15.57B	2.45B	161.69M	10.1B	1.64B
Employees	400,000	50,400	41,000	5,700	176,000	2,140
Revenue	22.99B	11.08B	2.55B	403.14M	10.04B	1.13B
Gross Margin	37.09%	24.53%	33.13%	21.51%	54.24%	32.2%
Net Income	4.35B	928M	192M	N/A	88M	N/A
EPS	3.827	1.914	1.402	0.09	0.119	0.12

P/E	14.35	17.65	13.01	17.91	114.79	22.33
-----	-------	-------	-------	-------	--------	-------

Competition matrix

Where;

MCD= McDonald's Corporation

YUM= YUM1 BRANDS, Inc.

BCK= Burger King Holdings, Inc.

SBBUX= Starbucks

Conclusion

The strategic management of competitors usually takes the management accountant from the traditional comfort zone in two strategic ways, first by requiring the collection and then analysis of information, both external to the business and qualitative in nature.

References

Love, J. F. (1999). *McDonald's: Behind the arches*.

McDonald, J. (1996). *Strategy in poker, business & war*. New York: W.W. Norton.

ASSURANCE OF LEARNING EXERCISES



Assurance of Learning Exercise 6A

Developing a SWOT Matrix for McDonald's



Purpose

The most widely used strategy-formulation technique among U.S. firms is the SWOT Matrix. This exercise requires the development of a SWOT Matrix for McDonald's. Matching key external and internal factors in a SWOT Matrix requires good intuitive and conceptual skills. You will improve with practice in developing a SWOT Matrix.

Instructions

Recall from Experiential Exercise 1A that you already may have determined McDonald's external opportunities/threats and internal strengths/weaknesses. This information could be used to complete this exercise. Follow the steps outlined as follows:

- Step 1** On a separate sheet of paper, construct a large nine-cell diagram that will represent your SWOT Matrix. Appropriately label the cells.
- Step 2** Appropriately record McDonald's opportunities/threats and strengths/weaknesses in your diagram.
- Step 3** Match external and internal factors to generate feasible alternative strategies for McDonald's. Record SO, WO, ST, and WT strategies in the appropriate cells of the SWOT Matrix. Use the proper notation to indicate the rationale for the strategies. You do not necessarily have to have strategies in all four strategy cells.
- Step 4** Compare your SWOT Matrix to another student's SWOT Matrix. Discuss any major differences.



Assurance of Learning Exercise 6B

Developing a SPACE Matrix for McDonald's



Purpose

Should McDonald's pursue aggressive, conservative, competitive, or defensive strategies? Develop a SPACE Matrix for McDonald's to answer this question. Elaborate on the strategic implications of your directional vector. Be specific in terms of strategies that could benefit McDonald's.

Instructions

- Step 1** Join with two other people in class and develop a joint SPACE Matrix for McDonald's.
- Step 2** Diagram your SPACE Matrix on the board. Compare your matrix with other team's matrices.
- Step 3** Discuss the implications of your SPACE Matrix.

Assurance of Learning Exercise 6C

Developing a BCG Matrix for McDonald's



Purpose

Portfolio matrices are widely used by multidivisional organizations to help identify and select strategies to pursue. A BCG analysis identifies particular divisions that should receive fewer resources than others. It may identify some divisions that need to be divested. This exercise can give you practice developing a BCG Matrix.

ASSURANCE OF LEARNING EXERCISES

Assurance of Learning Exercise 7A



Revising McDonald's Organizational Chart

Purpose

Developing and altering organizational charts is an important skill for strategists to possess. This exercise can improve your skill in altering an organization's hierarchical structure in response to new strategies being formulated.

Instructions

- Step 1** Turn to the McDonald's Cohesion Case (p. 29) and review the organizational chart. On a separate sheet of paper, answer the following questions:
1. What type of organizational chart is illustrated for McDonald's?
 2. What improvements could you recommend for the McDonald's organizational chart? Give your reasoning for each suggestion.
 3. What aspects of McDonald's chart do you especially like?
 4. What type of organizational chart do you believe would best suit McDonald's? Why?

Assurance of Learning Exercise 7B

Do Organizations Really Establish Objectives?

Purpose

Objectives provide direction, allow synergy, aid in evaluation, establish priorities, reduce uncertainty, minimize conflicts, stimulate exertion, and aid in both the allocation of resources and the design of jobs. This exercise will enhance your understanding of how organizations use or misuse objectives.

Instructions

- Step 1** Join with one other person in class to form a two-person team.
- Step 2** Contact by telephone the owner or manager of an organization in your city or town. Request a 30-minute personal interview or meeting with that person for the purpose of discussing "business objectives." During your meeting, seek answers to the following questions:
1. Do you believe it is important for a business to establish and clearly communicate long-term and annual objectives? Why or why not?
 2. Does your organization establish objectives? If yes, what type and how many? How are the objectives communicated to individuals? Are your firm's objectives in written form or simply communicated orally?
 3. To what extent are managers and employees involved in the process of establishing objectives?
 4. How often are your business objectives revised and by what process?
- Step 3** Take good notes during the interview. Let one person be the note taker and one person do most of the talking. Have your notes typed up and ready to turn in to your professor.
- Step 4** Prepare a 5-minute oral presentation for the class, reporting the results of your interview. Turn in your typed report.

Internal Issues

Organizational Structure

MCD's top leadership has seen some turnover recently. The position of controller stands vacant, and the McDonald's USA group currently includes new executives to head its East and West Divisions. Exhibit 3 provides a list of MCD's top leadership as well as the firm's organizational chart.

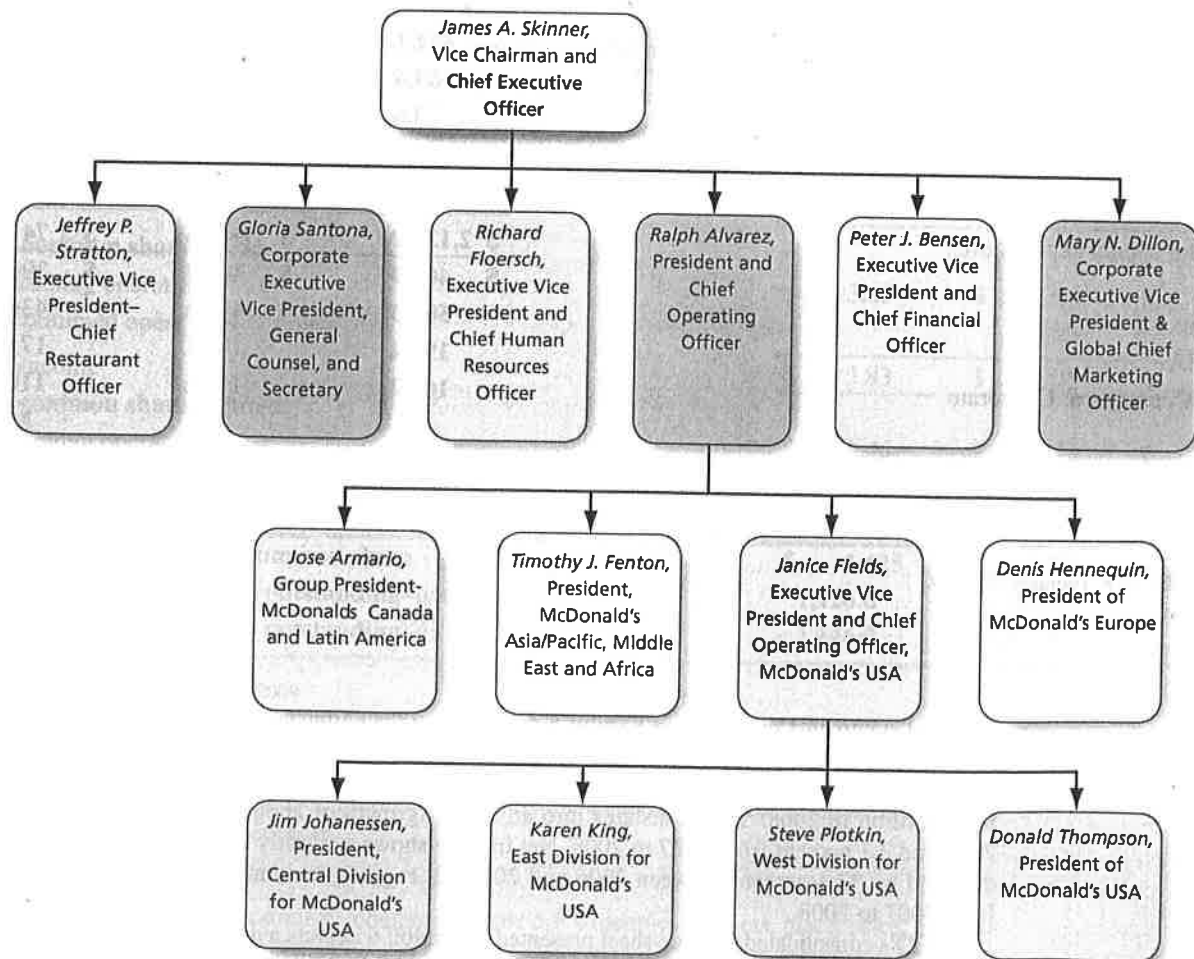
Note that MCD's operations are organized into a geographical structure with four key segments. These four segments are (1) McDonald's—USA, (2) McDonald's—Europe, (3) McDonald's—APMEA (Asia/Pacific, Middle East, and Africa), and (4) McDonald's—Other Countries and Corporate.

Finances

In addition to the steady growth in the number of restaurants, MCD exhibited strong financial performance by geographic segment between 2008 and 2009, even as the worldwide economic crisis negatively impacted MCD's key competitors. As shown in Exhibit 4, revenues and operating margins in the three key segments (United States, Europe, and APMEA) rose steadily in 2006 through 2008, offsetting declines in the "Other and Corporate" segment.

MCD delivers consistently good performance, making it a darling for investors. In April 2009, major industry analysts rated MCD as a "buy," suggesting low levels of risk for investors. MCD's

EXHIBIT 3 McDonald's Corporation: Executive Officers and Organizational Chart



Source: http://www.aboutmcdonalds.com/mcd/our_company/bios.html

ASSURANCE OF LEARNING EXERCISES

Assurance of Learning Exercise 8A

Developing a Product-Positioning Map for McDonald's



Purpose

Organizations continually monitor how their products and services are positioned relative to competitors. This information is especially useful for marketing managers but is also used by other managers and strategists.

Instructions

- Step 1** On a separate sheet of paper, develop a product-positioning map for McDonald's, Wendy's, Burger King, and Hardee's. Include in your diagram.
- Step 2** At the chalkboard, diagram your product-positioning map.
- Step 3** Compare your product-positioning map with those diagrammed by other students. Discuss any major differences.

Assurance of Learning Exercise 8B

Performing an EPS/EBIT Analysis for McDonald's



Purpose

An EPS/EBIT analysis is one of the most widely used techniques for determining the extent that debt and/or stock should be used to finance strategies to be implemented. This exercise can give you practice performing EPS/EBIT analysis.

Instructions (1-1-10 Data)

Let's say McDonald's needs to raise \$1 billion to expand into Africa. Determine whether McDonald's should have used all debt, all stock, or a 50-50 combination of debt and stock to finance this market-development strategy. Assume a 38 percent tax rate, 5 percent interest rate, McDonald's stock price of \$50 per share, and an annual dividend of \$0.30 per share of common stock. The EBIT range for 2010 is between \$6.332 billion and \$9 billion. A total of 1 billion shares of common stock are outstanding. Develop an EPS/EBIT chart to reflect your analysis.

Assurance of Learning Exercise 8C

Preparing Projected Financial Statements for McDonald's



Purpose

This exercise is designed to give you experience preparing projected financial statements. Pro forma analysis is a central strategy-implementation technique because it allows managers to anticipate and evaluate the expected results of various strategy-implementation approaches.

Instructions

- Step 1** Work with a classmate. Develop a 2008 projected income statement and balance sheet for McDonald's. Assume that McDonald's plans to raise \$900 million in 2010 to begin serving Africa and plans to obtain 50 percent financing from a bank and 50 percent financing from a stock issuance. Make other assumptions as needed, and state them clearly in written form.

ASSURANCE OF LEARNING EXERCISES

Assurance of Learning Exercise 9A



Preparing a Strategy-Evaluation Report for McDonald's Corp.

Purpose

This exercise can give you experience locating strategy-evaluation information. Use of the Internet coupled with published sources of information can significantly enhance the strategy-evaluation process. Performance information on competitors, for example, can help put into perspective a firm's own performance.

Instructions

- Step 1** Visit <http://marketwatch.multexinvestor.com>, <http://moneycentral.msn.com>, <http://finance.yahoo.com>, www.clearstation.com to locate strategy-evaluation information on competitors. Read some recent articles that discuss the fast-food restaurant business.
- Step 2** Summarize your research findings by preparing a strategy-evaluation report for your instructor. Include in your report a summary of McDonald's strategies and performance in 2010 and a summary of your conclusions regarding the effectiveness of McDonald's strategies.
- Step 3** Based on your analysis, do you feel that McDonald's is pursuing effective strategies? What recommendations would you offer to McDonald's chief executive officer?

Assurance of Learning Exercise 9B

Evaluating My University's Strategies

Purpose

An important part of evaluating strategies is determining the nature and extent of changes in an organization's external opportunities/threats and internal strengths/weaknesses. Changes in these underlying critical success factors can indicate a need to change or modify the firm's strategies.

Instructions

As a class, discuss positive and negative changes in your university's external and internal factors during your college career. Begin by listing on the board new or emerging opportunities and threats. Then identify strengths and weaknesses that have changed significantly during your college career. In light of the external and internal changes that were identified, discuss whether your university's strategies need modifying. Are there any new strategies that you would recommend? Make a list to recommend to your department chair, dean, president, or chancellor.

ASSURANCE OF LEARNING EXERCISES

Assurance of Learning Exercise 10A

Does McDonald's Have a Code of Business Ethics?



Purpose

This exercise aims to familiarize you with corporate codes of business ethics. Go to Starbucks' Standards of Business Conduct found at their www.starbucks.com Web site and more particularly at the http://www.starbucks.com/aboutus/SoBC_FY09_eng.pdf Web page.

Then see the Code of Business Ethics for McDonald's Corporation or lack of one thereof. (At the time of this writing, the author could only find a social responsibility statement for McDonald's, and it was at the <http://www.mcdonalds.com/usa/work/socialresp.html> Web page.)

Instructions

- Step 1** Go to the two Web sites just listed and print the Standards of Business Conduct information for (1) Starbucks Corp. and (2) McDonald's Corp. Read the two statements.
- Step 2** On a separate sheet of paper, list three aspects that you like most and three aspects that you like least about (1) the Starbucks statement and (2) the McDonald's statement. In other words, compare the two statements. Conclude by indicating which statement of conduct you like best. Why do you think it is best?
- Step 3** Explain why having a code of business ethics is not sufficient for ensuring ethical behavior in an organization. What other means are necessary to help ensure ethical behavior? Give the class an example of a breach of ethical conduct that you recall in your work experience.

Assurance of Learning Exercise 1B

The Ethics of Spying on Competitors

Purpose

This exercise gives you an opportunity to discuss in class ethical and legal issues related to methods being used by many companies to spy on competing firms. Gathering and using information about competitors is an area of strategic management that Japanese firms do more proficiently than American firms.

Instructions

On a separate sheet of paper, number from 1 to 18. For the 18 spying activities listed as follows, indicate whether or not you believe the activity is ethical or unethical and legal or illegal. Place either an *E* for ethical or *U* for unethical, and either an *L* for legal or an *I* for illegal for each activity. Compare your answers to those of your classmates and discuss any differences.

1. Buying competitors' garbage
2. Dissecting competitors' products
3. Taking competitors' plant tours anonymously
4. Counting tractor-trailer trucks leaving competitors' loading bays
5. Studying aerial photographs of competitors' facilities
6. Analyzing competitors' labor contracts
7. Analyzing competitors' help-wanted ads
8. Quizzing customers and buyers about the sales of competitors' products