Assignment: Strategic Analysis of a Firm (Written)
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Course: *BUS 497a*
Title: *Capstone: Strategic Management* (3 units)

"The purpose of a business is to create and keep a customer."
"Management is doing things right; leadership is doing the right things."
"The best way to predict the future is to create it."
"If you want something new, you must stop doing something old."
-Peter Drucker (1909-2005)

Goal

The purposes of this assignment are as follows:
- To analyze a firm and its industry with breadth and depth
- To identify one or more important strategic issues facing the firm
- To draw out ethical issues of importance to this firm and to this industry
- To use skills, knowledge, abilities from this course and prior courses
- To make actionable recommendations to overcome obstacles and leverage opportunities
- To continuously improve the practice of writing in substantive business contexts

Instructions

In general, your task is to analyze a firm, its industry, and the societal context affecting either the firm or industry. Essentially, you are analyzing key strategic issues facing the firm.

Both team composition and selection of a firm will be done before the middle of the semester. Each person in each team must contribute both to the analysis and to the writing. The written deliverable must be printed and delivered to the instructor at the beginning of class on the due date. The written deliverable must also be submitted electronically via email to the instructor no later than 1 hour before the beginning of class on that day.

Deliverable

The due date is listed on the course outline. Before that due date, there should be enough time in or out of class to go over any questions you may have.

Length

The "Main Body" of the written deliverable must be no less than twenty-five pages pages and no more than forty pages (not including the cover page, cover letter, executive summary, references,

or appendices). The written deliverable may include an Appendix or may not include an Appendix depending on circumstances.

Scoring

There will be 100 points allocated for breadth and depth of content. There will be 100 points allocated for language use and grammar.

Evidence and Persuasion

Leadership is likely the most important aspect of human capital in a firm. Strategy is the most important set of tasks in a firm. However, strategy within a firm depends on understanding the industry (or industries) a firm competes in. And further, industry analysis depends on understanding one or more aspects of societal context. Your report starts with "macro-" strategic issues, and winds its way down to "micro-" strategic issues.

Despite the terms "data-driven" and "analytics-focused" being popular, strategy is actually a mix of quantitative and qualitative evidence. Individuals use evidence to help inform decision-makers, but evidence *by itself* does make any strategy. Individuals make strategy. Not only do individuals make strategy ("strategy formulation"), but individuals evaluate the results of data analysis of the strategy ("strategic execution").

Since individuals are central to strategy, then both objectivity and subjectivity are important. By objectivity, I mean the rigorous and relevant use of evidence. By subjectivity, I mean persuasion. Data, even financial data, isn't enough, at least not for strategic issues. Professionals and managers need to *convince* executives, especially on issues of strategic importance. You earn your way to the strategy table by being able to persuade a decision-maker that your view is the best one. Another way to look at is as follows: You, yourself, are likely to be a decision-maker with substantive organizational responsibilities, and you would want the best evidence and logical argumentation provided to you.

Finally, remember what strategy is about: Strategy is long-term in nature, organization-wide in scope, and requires substantive change in working capital and/or human behavior. Your analysis should, as much as reasonably possible, touch upon each of those four elements as appropriate. The amount of *emphasis* given to one over the others is, naturally, contextually dependent.

Content

In general, the structure of the content ("main body") of the written deliverable is to follow the general outline and sequence of the scoring rubric. Use your own words, and not chapter titles. Apply the concepts from chapters that help you analyze the firm, industry, and society. In addition, of course, to material from this course, this assignment builds upon ideas from several general education, lower-division core, and upper division courses.

The following document contains the specifics of what is to be included in the content and the correct sequence:

Use a "References" (or "Works Cited") page. Make sure you also use "In-Text" Citations as well. The specifics of the citations are enumerated in the document above.

Introduction

Provide an introduction and overview of each member of the team. What skills, knowledge, and abilities does each team member bring to the team? How do those skills, knowledge, and ability contribute to a decision at the strategic-level? Which skills, knowledge, or abilities are from education, and which are from experience?

Provide an introduction and overview of the firm. Summarize the qualitative (employee size, history, ownership structure, HQ location, other locations, etc.) and quantitative highlights (annual domestic revenues, market value, etc.).

Comprehensive, Integrative Approach

Societal issues tend to be overall changes or trends. Often, these are Legal or Environmental concerns. The FRED database can useful. Also, the General Social Survey database can be useful.

Industry issues tend to be mostly unique to a particular industry. Often, these are Political, Economic, Sociological, Technology concerns. Where are the power centers located? What the power dynamics in the industry (or industries)? How are they changing? How are the players, or peers of the firm, changing or defending their relative positions.

Firm issues tend to be broadly categorized by "level": recall the three "levels" from the Strategy Story assignment done earlier in class: the *business*-level ("the core business model"), the *product*-level ("key goods or services") or a *functional*-level ("crucial internal processes"). Strategy involves at least one but possibly more of these three levels. Depending on the strategic issues, teams will need to choose the right mix of those three. Minimally, a team will need to balance breadth vs. depth, quantitative vs. qualitative techniques, strategic formulation vs. strategic execution, and theory vs. practice. Different strategic issues require a different set of balances. Also, even if two BUS 497a teams chose the same company, the resulting analysis may be similar but not exactly the same. This is due to 1), the nature and complexity of strategic analyses, and 2), differing experiences, expectations, and perspectives of individuals and teams.

Ensure that you elaborate on why your selected strategic issues are truly strategic: that is, how do you know that the issues are *long-term in nature, are organization-wide in scope, and require substantive change on the part of many individuals within the organization*?

Technical Support (Theory)

You must use at least two different Textbook theories, models, or frameworks in your analysis. The two theories must come from two different Textbooks chapters. Your task is to the choose the theories that *best* support your reasoning and your analysis.

You must use at least two theories from the class lectures *not* from the Textbook. These would be things such as Porter's Value Chain, PESTEL Analysis, Economic Drivers, RBV Analysis, VRIO Analysis, etc.).

Technical Support (Quantitative)

You must use quantitative (numeric data) reasoning in your analysis. A good start for data is the Business Databases available via the Library:

https://libguides.csun.edu/bus/library-databases

There are other CSUN databases that can be useful too. One CSUN-provided database is Y-Charts:

https://library.calstate.edu/northridge/databases/alphabetical?alpha=Y

Y-Charts is useful for accessing stock prices, among other things. Another CSUN-provided database is CalcBench:

https://library.calstate.edu/northridge/databases/alphabetical?alpha=C

CalcBench is useful for accessing publicly-held financial statements. The source of this database is the SEC EDGAR system, however the interface and usability is much improved.

Remember too that for general, broad information, American Factfinder (source: U.S. Census) can be quite helpful, especially for demographic data and trends:

https://library.calstate.edu/northridge/databases/alphabetical?alpha=A

Financial ratios are a start but they, by themselves, are incomplete. Look for trends and patterns. What are you comparing and contrasting? Just solely in the area of performance, there are at least five major kinds of performance evaluation:

Improvement
Comparing current performance with past performance.

Comparative
Comparing current performance to the performance of peers.

Goal
Comparing current performance to the performance stated in a clear/explicit goal.

Ideal
> Comparing current performance to an ideal or perfect performance.

Stakeholder
> Comparing current performance to the expectations of one or more stakeholders.

You'll most likely rely on financial statements but there are other kinds of data too (e.g., marketing, operations, management). Recall the "Balanced Scorecard" (examples on Wikipedia). You must make a conscious decision to exclude one of these. Be prepared to justify your answer.

Just understanding data is difficult. *Data* is raw, *Information* is meaningful data, *Knowledge* combines explicit information with tacit information, and *Wisdom* is extraordinary insight or foresight. In your quantitative reasoning, can you distinguish between these in a clear way; that is, clear in the eyes of the decision-makers (audience)?

Which parts of your analysis are relatively *objective* (fact-based, education-based, primary-sources, first-person)? Which parts are relatively *subjective* (intuition-based, experience-based, secondary-sources, third-party)?

Are you *explaining* or *predicting*? Both are about understanding, however, explanations are of the recent past, and predictions are about the near future. Both are important but require different kinds of analytical techniques (the former, perhaps, hypothesis testing; the latter, perhaps, linear regression).

Are you *modeling* or *judging*? You develop models when you have some data; you use judgment when you don't have much data.

How have you maximized *rationality* and/or minimized *uncertainty* in the eyes of decision-makers? How have you leveraged *serendipity* and/or controlled *complexity*, again, in the eyes of the decision-makers?

Have you discussed *reward* and *risk* in the same context? One without the other will lead to weak results. Have you discussed *measurement* and *management* in the same context? One without the other is ineffective.

Perhaps most importantly, link your qualitative recommendations with your quantitative support. For example, at the strategic-level, you can't just say purchase new factory equipment or change the ad-buys from Google AdSense to Spotify. If that recommendation requires resources—and it will—where will those resources (funds, budget, re-allocation) come from (e.g., working capital, cash flow, discounted ROI on sales over time, stock buy-back, net amortization, etc.)?

Technical Support (Qualitative)

You must use at least three, external articles to support your analysis. The sources for the articles for this class will be drawn from the following set:

- Newspapers (Dailies)
    - Los Angeles Times
    - New York Times
    - The (London) Times
    - Wall Street Journal
    - Financial Times

- Magazines (Weeklies or Monthlies)
    - The Economist
    - Bloomberg BusinessWeek
    - Forbes
    - Fortune

If you want to use something else, it must be approved by me in advance (it's possible, but have a back-up plan just in case).

You must draw an analogy from one of the "Library" readings from our course outline. Analogies help strengthen your analysis.

You must use at least one idea from the four upper-division core courses (i.e., FIN 303, MGT 360, MKT 304, or SOM 306). In addition to your own textbooks and course materials, and the textbooks on reserve in the Oviatt Library Reserve Bookroom, the following textbooks may also be useful.

FIN 303 – Financial Management
  http://www.csun.edu/~jpd45767/303/fin303.html

MGT 360 – Management and Organizational Behavior
  https://openstax.org/details/books/principles-management (MGT)
  https://openstax.org/details/books/organizational-behavior (OB)
  https://ocw.smithw.org/mgt360/textbook/carpenter.pdf (MGT/OB)

MKT 304 – Marketing Management
  https://open.umn.edu/opentextbooks/textbooks/principles-of-marketing

SOM 306 – Operations Management
  http://www.csun.edu/~vcmgt0j3/SOM306.html

You must use at least one idea from the six lower-division core courses (i.e., Principles of Financial Accounting, Principles of Managerial Accounting, Principles of Micro-Economics, Principles of Macro-Economics, Business Statistics, or Business Law. In addition to your own textbooks and course materials, and the textbooks on reserve in the Oviatt Library Reserve Bookroom, the following textbooks may also be useful.

ACCT 220 – Introduction to Financial Accounting

https://open.umn.edu/opentextbooks/textbooks/4

ACCT 230 – Introduction to Managerial Accounting
https://open.umn.edu/opentextbooks/textbooks/137

ECON 160 – Principles of Microeconomics
https://openstax.org/details/books/principles-microeconomics-2e

ECON 161 – Principles of Macroeconomics
https://openstax.org/details/books/principles-macroeconomics-2e

BLAW 280 – Business Law I
https://saylordotorg.github.io/text_foundations-of-business-law-and-the-legal-environment/

MATH 140/SOM 120 – Business Statistics
https://openstax.org/details/introductory-statistics
https://open.umn.edu/opentextbooks/textbooks/60

Remember that each BUS 497a student has passed the BUS 302L "Gateway Lab" as well. While not textbooks, per se, the "top ten topics" and the concomitant review/study material for each of the six lower-division core subjects above make strong supporting and reference materials too.

Ethics, CSR, or ESG Analysis

Discuss any Ethics, Corporate Social Responsibility (CSR), Environment/Social/Governance (ESG) issues that arise in your analysis of your selected firm. "Breadth" means more than a single issue, and "Depth" means enough detail to assist someone in the audience in studying the issue in further detail. One approach, but certainly not the only one, is to answer the following five questions (Badaracco, 2016--https://hbr.org/2016/09/how-to-tackle-your-toughest-decisions):

> What are the net consequences of all the company's options?
> What are the company's core obligations?
> What will work in the world as it is?
> Who is the company?
> What can the company live with?

Conclusions

Provide actionable recommendations to the top management team ("C"-level executives). There should be more than a single recommendation, and there should be some richness to the recommendations. The former breadth is needed because this analytical report is about strategy, not operations, and therefore it is about change, relationships, and interactions. The latter depth

is needed because this analytical report has to provide a foundation for further decisions by the top management team.

No analysis is ever fully complete. Describe your team's limitations as appropriate. What additional *quantitative* data might be useful? Does it is exist and you didn't have time? Do you even know if the data exists at all? What additional *qualitative* data might be useful? Could an in-depth interview, oral history, focus group, ethnography, content analysis, or case study be a helpful method? (each of these have Wikipedia pages). What are the team's limitations? Might the team have suffered from one or more cognitive biases (a good list is available on Wikipedia). Could you have benefitted from a specialist from a different discipline? Essentially, what might be important but you know you are missing it?