



CYPRUS INTERNATIONAL INSTITUTE OF MANAGEMENT

MBA & MPSM PROGRAMMES

COURSE OUTLINE

Course Title: Managing Strategic Change (June)

COURSE OVERVIEW AND OBJECTIVES

Undoubtedly, we live in an extremely volatile period. Things are changing like never before. We are in the middle of enormous changes, triggered by such events as the covid-19 pandemic, the global financial crisis, the shift of power to the emerging economies, the convergence of industries, the technological revolution and the enormous pressure for increased financial performance. All these, force companies to adopt the imperative '*change or die*'.

In our attempt to comprehend and respond to the challenges around us, we need as persons and as organizations to develop the ability to effectively manage change. During the past decade alone, the word 'change' is one of the most commonly used words in the business vocabulary.

It would be rather difficult to spot a company that has not found itself in the need to introduce significant changes in its business practices over the last decade. Unfortunately, empirical research has shown that almost 50% of all change efforts fail (some claim this percentage to be as high as 80%).

The objective of the present course is to familiarize participants with a multitude of circumstances where extensive strategic changes are necessary and to help them understand, through actual business cases, the challenges of creating strategy and managing strategic changes.

The course aspires to:

- (1) Give participants a useful framework to identify the dynamics of change in various change circumstances,
- (2) Help participants better understand what is strategy for a company/organization, how can it be more effectively formulated and why managing strategy and strategic changes is a never-ending process.
- (3) To help participants develop an understanding of the appropriate actions to effectively manage change,
- (4) To develop practical knowledge on the applicability of various approaches to the management of change in various change situations, and
- (5) To spot and discuss the most common mistakes taking place, and to offer participants ideas as to how to avoid them.
- (6) To help participants understand their potential role as change agents in their own organizations

The course is consisted of six closely linked modules, each of which covers some of the most common change situations.

Modules 1 and 2: What is Strategy? The Strategy Diamond. Competitive and Corporate Strategy – Resource based view – Why (usually) companies do not have a consistent strategy?

What do we mean by the term strategy? How do companies create their own strategies? How do we evaluate strategy? Do managers actually understand what strategy is? How do companies manage their strategies? Are externally imposed changes more than common in the business world? How do companies adapt to such changes? To what extent the strategies of our companies differ across national settings and also vary from one decade to the other? Are there 'patterns' of strategy creation? Who is influencing globally or locally the strategies and the projects of strategic changes of our own organizations?

Module 3: Turnaround Changes in ailing companies

In their effort to handle problematic situations, companies craft turnaround/downsizing programs. These programs are enormously demanding, and in their vast majority cause problematic situations. Why? How could these transformation programs be managed more effectively? What is required?

Module 4: Effective Change Management in Mergers and Acquisitions

Apart from externally induced changes, over the past few decades we are witnessing an unprecedented global merger wave. This phenomenon was also common in countries like Cyprus. Unfortunately, empirical evidence claims that one in two mergers/acquisitions fail. It seems that the changes required are more than most companies can handle. How could companies manage M&As more effectively? What are the tips for success? What does the enormous international body of research tell us about the differences and similarities of M&As across different national settings?

Module 5: Changing before you have to

Ideally, we would prefer a company to change while successful. How can this be made possible? How can we persuade a successful company to change, when almost nobody sees the necessity for change?

Module 6: The Challenge of Creating a Learning organization

Maybe, what we should strive for, is the creation of a company that has the ability to learn and change continuously. A 'learning organization' as it is called. Is it feasible, and if yes how? Are there companies who have approached this 'ideal' situation? What can we learn from studying these companies?

The above represent some of the questions we will aim to approach during this course.

PRE-REQUISITE KNOWLEDGE

The knowledge acquired in previous courses attended (e.g. competitive strategy, human resources management, financial management), will prove useful in better understanding this course.

HOW WILL THE COURSE EVOLVE

This course will not be based on endless theoretical discussions. On the contrary, it will evolve through conversation based on specific international case studies (e.g. Disney, Cisco, KPMG, KAO, CYTA, Honda, Daimler Benz, Ryanair, Easyjet etc). Case studies are chosen not only to illustrate important strategic concepts, but also to help you apply these concepts and analytical tools. In addition cases aim at advancing your understanding about managing strategic change, the basics of which can be taught but which also demands analytical and creative ability.

The degree to which you will comprehend the material covered depends, to a large extent, on your previous preparation. Your participation during the course and your active involvement during the discussion of cases and/or theory are more than essential. This means that **before coming to the lecture you should have studied all the assigned material and be prepared to respond to questions and support your views.**

READING MATERIAL

All the necessary material has been uploaded in the Moodle. In your 'bulk package' are included a number of contemporary articles from some of the leading international business journals. These are divided into pre-requisite (articles that you **must** read for the course) and optional (articles you are not required to read and you are **NOT** going to get examined). However, I strongly advise you to read them whenever you find some free time, even after the end of this course. All these articles are written by well-known academics and practitioners, and represent aspects of the state-of-the-art in the management of strategic changes.

FURTHER MATERIAL

In case some of you would like to further explore the strategic management and the management of strategic change, I would recommend any the following books:

1. **Lewis, L.**, Organizational Change: Creating Change Through Strategic Communication, Wiley Blackwell, 2nd edition, 2019
2. **Furr, N., K. Nel, and T.Z. Ramsay**, Leading Transformation: How to Take Charge of Your Company's Future, Harvard Business Review Press, 2018.
3. **Palmer, I., R., Dunford and D.A. Buchanan**, Managing Organizational Change: A Multiple Perspectives Approach, McGraw Hill, 2017, 3rd Edition.
4. **Johnson, G., R. Whittington, K. Scholes, D. Angwin, and P. Renger**, Exploring Strategy Pearson, 11th Edition, 2017.
5. **Spector, B.**, Implementing Organizational Change: Theory and Practice, 3rd edition, 2013.
6. **Ramnarayan**, Change Management: Altering Mindsets in a Global Context, 2006.
7. **Kotter, J.P. and D.S. Cohen**, The Heart of Change: Real-Life Stories of How People Change their Organizations, Harvard Business School Press, 2002.
8. **Johnson, M.W.**, Reinventing your Business Model: How to Seize the White Space for Transformative Growth, Harvard Business Review Press, Boston, 2018.
9. **Thompson, A.A., M.A. Peteraf, J.E. Gamble and A.J. Strickland III**, Crafting and Executing Strategy: Concepts and Readings, 20th edition, McGraw-Hill, 2016.
10. **Markides, C.**, Game-Changing Strategies, Jossey-Bass, 2008.
11. **Markides C.**, All the Right Moves: A Guide to Crafting Breakthrough Strategy, Boston, Harvard Business School Press, 2000.

12. **Hitt, M.A., R.D. Ireland and R.E. Hoskisson**, *Strategic Management: Competitiveness and Globalization*, Cengage Learning, 12th edition, 2017.
13. **Grant, R.M.**, *Contemporary Strategy Analysis*, Wiley, 9th edition, 2016.
14. **Hill, C., G. Jones and M.A. Schilling**, *Strategic Management Theory*, Cengage Learning, 11th edition, 2015.
15. **Jick, T. D., and M. A. Peiperl**, *Managing Change: Cases and Concepts*, McGraw-Hill, 3rd Edition, 2010.
16. **Kotter J.P.**, *Leading Change*, Boston, Harvard Business School Press, 1996.

EXAMS

The course will be graded through an **open book** exam. Exams require knowledge of the material covered and critical thinking. Details of the nature of the exam questions will be discussed during the course. Please do not forget to have with you **ALL** the compulsory material!

SHORT QUIZ ON CASES AND READINGS

The cases and readings explored in class will be given to you weeks before the first session. You are required to have read the assigned cases and other compulsory material before attending the session. A short quiz with general questions about the above material may be given to you at the beginning of any selected day.

ASSESSMENT

Your final grade will be based on the following:

Class Participation (including short Quizzes)	20%
Final Examination	80%

COURSE SCHEDULE:

SESSION 1: Thursday, June 11

**TOPIC: INTRODUCTION TO STRATEGY – STRATEGIC ANALYSIS OF THE EXTERNAL ENVIRONMENT
STRATEGY DIAMOND**

Goals of the Session

- Better understand what strategy actually is and how it is created in practice.
- To discuss two important theories of strategy creation (i.e. the environmental determinism vs the resource based view).
- To present issues of corporate strategy –The Strategy Diamond(Arenas/scope of activities)

SESSION 1:	
18:30 - 19:45	<ul style="list-style-type: none"> ➤ Introduction to the Course ➤ Different types of change. Why change efforts fail? ➤ Introduction to the Disney Case ➤ Analysis of the External Environment (5 Forces, PEST analysis)
19:45 - 20:00	➤ COFFEE BREAK
20:00 - 22:00	<ul style="list-style-type: none"> ➤ Core competency based strategy and the role of Mission Statements ➤ What is strategy? Hambrick and Fredrickson’s Strategy Diamond

Material to be read (compulsory):¹

1. Case study to read BEFORE the first session: **Michael Eisner’s Walt Disney Company** (pages 364-379).
2. **Porter, M.**, ‘The Five Competitive Forces that Shape Strategy’, Harvard Business Review, (January, 2008), pp.79-92.
3. **Hambrick, D.C.** and J.W. Fredrickson, ‘Are You Sure You Have a Strategy?’, Academy of Management Executive, (2005), 18, 4, 51-62.

Optional Reading for Session 1

- ✓ **Laczkowski, K.**, W. Rehm and B. Warner, ‘Seing your Way to Better Strategy’, McKinsey Quarterly, Nov. 2018, nr. 68, pp. 1-6.
- ✓ **Coyne, K.P.** and J. Horn, ‘Predicting your Competitor’s Reaction’, Harvard Business Review, (April 2009), pp. 90-97.
- ✓ **Porter M.** “What is Strategy?”, Harvard Business Review, (Nov-Dec, 1996).

Discussion Questions [based on the Disney Case]

- ⇒ How did Walt Disney create his empire?
- ⇒ Why after the death of Walt Disney the company became far less successful?
- ⇒ What contributed to Disney’s success under the leadership of Michael Eisner?

¹ PLEASE NOTE: It is absolutely essential that you do the reading assigned for each session. In case you have absolutely no time to read all the assigned materials you are advised to start with the case and then continue with the rest of the readings.

SESSION 2: Friday, June 12

TOPIC: INTRODUCTION TO STRATEGY – STRATEGIC ANALYSIS OF THE EXTERNAL ENVIRONMENT
STRATEGY DIAMOND- CORPORATE STRATEGY – INTRODUCTION TO COMPETITIVE STRATEGY.

Goals of the Session

- To discuss why most of our companies fail to develop long-term consistent strategies.
- To introduce students to competitive strategy

SESSION 1:	
18:30 - 19:45	<ul style="list-style-type: none">➤ Discussion on Corporate Strategy➤ Short Case: Vodafone ²
19:45 - 20:00	<ul style="list-style-type: none">➤ COFFEE BREAK
20:00 - 22:00	<ul style="list-style-type: none">➤ Refocusing Strategies➤ Is there a pattern in the strategic decisions of our companies? If yes, who is influencing this pattern? Case Media Companies ³➤ Introduction to Competitive Strategy

Material to be read (compulsory): ⁴

1. Hill, C. and G. Jones, Strategic Management Theory: An Integrated Approach, South-Western Cengage Learning, 9th edition, 2010, Chapter 10, Corporate Level Strategy, pages 311-330.
2. **Uknown**, 'The Force is Strong in this Firm', Economist, (December 19, 2015), pp. 25-28.
3. **Garrahan**, M. and S. Bond, 'Disney sees Fox as its next blockbuster in global media fight', Financial Times, (Dec. 14, 2017).
4. **Leonard**, D., 'Don't Mess with Bob', Bloomberg Businessweek, (2019), Nov. 11, 50-55.

Optional Reading for Session 1

- ✓ **Uknown**, 'The Future of Media: Streamlined', Economist, March 30th, 2019, pp. 60-61
- ✓ **Leonard D., and C. Palmeri**, 'Disney's Galactic Gambit', Bloomberg Businessweek, (April 23, 2017), pp. 57-66.
- ✓ **Lev-Ram**, M., 'Empire of Tech', Fortune, (Jan, 2015), pp. 48-58.
- ✓ **Luscomber**, B., 'Leading the Magic Kingdom into Tomorrowland', Time, Oct 4, 2018, pp.28-32.

² This short case will be distributed during class

³ This short case will be distributed during class

⁴ **PLEASE NOTE:** It is absolutely essential that you do the reading assigned for each session. In case you have absolutely no time to read all the assigned materials you are advised to start with the case and then continue with the rest of the readings.

SESSION 3: Saturday June 13

TOPIC: MANAGING CHANGES IN TURNAROUND SITUATIONS

Goals of the Session

- Discuss the processes and difficulties of strategic change in turnaround situations
- Further discuss issues of competitive strategy and the creation of an ambidextrous organization

SESSION 3	
10:00 – 11:45	<ul style="list-style-type: none">➤ Managing Turnaround Changes➤ Group work on the Compufix case
11:45 – 12:00	<ul style="list-style-type: none">➤ BREAK
12:00 – 13:30	<ul style="list-style-type: none">➤ Class discussion on Compufix➤ Do companies have strategies? Discussion of Porter's competitive strategies
13:30 - 14:15	<ul style="list-style-type: none">➤ COFFEE BREAK
14:15 – 16:00	<ul style="list-style-type: none">➤ McKinsey's 7Ss and the creation of an ambidextrous and receptive to change corporation
16:00 – 16:15	<ul style="list-style-type: none">➤ COFFEE BREAK
16:15 – 18:15	<ul style="list-style-type: none">➤ The 'curse' of success. Why are successful companies not willing (and able) to change?

Material to be read (compulsory):⁵

1. **Case:** Compufix
2. **Hitt, M., D.R., Ireland and R.E. Hoskisson,** *Strategic Management: Competitiveness and Globalization*, South-Western Cengage Learning, 8th edition, 2009, Chapter 4, *Business Level Strategy*, pp. 97-121.
3. **Wheelen T.L. and D.J. Hunger,** 'Strategic Management and Business Policy', Pearson, 2012, Chapter 7, *Stability and Retrenchment Strategies*, pp. 217-220.
4. **A Short note on Turnaround Strategy**, from the book Papadakis, V., *Business Strategy: International and Greek Experience*, Benos Publishing, Chapter 7, 7th edition, 2016.

Optional Reading

1. **Frick, W.,** 'How To Survive a Recession and Thrive Afterward: A Research Roundup', *Harvard Business Review*, (May-June 2019), pp. 98-105.

Questions for Discussion: (Based on the Compufix Case)

1. What are the main problems facing Compufix? Would you say that the company was in a crisis situation?
2. Suppose you were the CEO of Compufix. Propose specific changes to solve the problems identified in Q.1.

⁵ **PLEASE NOTE:** It is absolutely essential that you do the reading assigned for each session. In case you have absolutely no time to read all the assigned materials you are advised to start with the case and then continue with the rest of the readings.

SESSION 4: Thursday, June 18

TOPICS: Different Theories for Change – Mental Models as Blockages to Change - Introduction to M&A Changes

Goals of the Session

- Why competent managers and good companies sometimes make disastrous decisions? The role of mental models in influencing strategy and blocking change.
- The balanced scorecard and Strategic vs. financial health.
- Why has a merger-mania taken place over the past two decades?

	SESSION
18:30 - 19:45	<ul style="list-style-type: none">➤ Strategic vs. Financial health – The Case of Delta Airlines ⁶➤ Different approaches in Managing Strategic changes – Theory <u>E</u> and Theory <u>Q</u> in Managing Strategic Changes
19:45 - 20:00	<ul style="list-style-type: none">➤ COFFEE BREAK
20:00 - 22:00	<ul style="list-style-type: none">➤ Why competent companies make disastrous strategic decisions? The role of Stereotypes/Mental Models➤ Group work: How can companies constructively question their mental models?➤ Debriefing: Overcoming our mental models➤ Introduction to Mergers and Acquisitions (Synergon vs Beauchamp)

Material to be read (compulsory):

1. **Case Study Synergon: 'Can this Merger be Saved?'** (*We will start discussing this case on Thursday and complete the discussion on Friday*)
2. **Beer, M. and N. Noria, 'Cracking the Code of Change',** Harvard Business Review, (May-June 2000), 133-141.
3. **Hill, C. and G. Jones, Strategic Management Theory: An Integrated Approach,** South-Western Cengage Learning, 9th edition, 2010, Chapter 10, Corporate Level Strategy, pages 331-339.
4. **Papadakis V., 'Growth through Mergers and Acquisitions: How it won't be a Loser's Game'** Business Strategy Series, (2007), 8,1, 43-50.

⁶ This short case will be distributed during class

SESSION 5: Friday, June 19

TOPICS: Succeeding in Managing M&A Changes - How can we initiate changes in a successful Organization?

Goals of the Session

- Why most mergers and acquisitions fail (either entirely or partially) to fulfil their objectives?
- What can a company do before and/or after the merger/acquisition, so as to handle the necessary changes effectively and maximize the chances for success?
- How do you initiate changes in a successful company?

SESSION 4:	
18:30 - 19:45	<ul style="list-style-type: none">➤ Introduction to Mergers and Acquisitions➤ Why do most of the M&As fail?➤ Initial Briefing on the Nokia Case
19:45 - 20:00	<ul style="list-style-type: none">➤ COFFEE BREAK
20:00 - 22:00	<ul style="list-style-type: none">➤ Group work: The Do's and Don'ts of Mergers and Acquisitions➤ Debriefing on Managing Change in Mergers and Acquisitions➤ How do you initiate changes in a successful company? Introduction to KPMG

Material to be read (compulsory):

1. **Case Study: KPMG (A):** Strategic Change in the 1990s. (*We will start discussing this case on Friday and complete the discussion on Saturday*)
2. **Johnson G., R. Whittington and K. Scholes,** 'Exploring Strategy: Text and Cases', Prentice Hall, 8th edition, 2009, Chapter 14, Managing Strategic Change, pages 518-543.
3. **Haspeslagh, P.C., and D.B. Jemison,** Managing Acquisitions: Creating Value Through Corporate Renewal, Free Press, 1991.

Optional Material

- ✓ **Lee Marks, M., P. Mirvis and R. Ashkenas,** 'Surviving M&A: How to Thrive Amid the Turnmoil', Harvard Business Review, (March-April 2017), pp. 145-149.
- ✓ **Goedhart, M., T. Koller and D. Wessels,** 'The Six Types of Successful Acquisitions', McKinsey & Company, May 2017, pp. 1-6.
- ✓ **Thanos, I. and V. Papadakis,** 'Unbundling Acquisition Performance. How do they perform and how can this be measured?', in Handbook of Mergers and Acquisitions, edited by Faulkner, D., Teerikangas, S. and J. Joseph, Oxford University Press, pp. 114-147.

Questions for Discussion: (Based on the KPMG Case)

1. What were the main strategic challenges faced by KPMG in 1992?
2. Identify the major obstacles to change during the above period
3. Evaluate the change program

SESSION 6: Saturday, June 20

TOPICS: Changing Before You Have to - The Learning Organization - Your Role as a change agent in your organization

Goals of the Session

1. How can we transform/change an already successful company? What is the role of organizational culture in the success of any transformational effort?
2. Why transformation efforts fail?
3. Ideally, we would like to create 'learning organizations' (i.e. organizations which have the ability to anticipate changes and manage to change before they have to). What is required to create a learning organization? What are the challenges of such an endeavor?
4. Your Role as a change agent in your Organization

SESSION 5:	
09:00 - 10:30	<ul style="list-style-type: none"> ➤ How do you initiate changes in a successful company? The case of KPMG ➤ The cultural Web and Force field Analysis Techniques ➤ Group work on KPMG
10:30 – 10:45	➤ COFFEE BREAK
10:45 - 12:45	<ul style="list-style-type: none"> ➤ Class discussion on KPMG ➤ Video: Colin Sharman Discusses his change programme
12:45 - 13:30	➤ LUNCH BREAK
13:30 - 15:30	<ul style="list-style-type: none"> ➤ Discussion on Leading Change: Why Transformation efforts Fail ➤ ETHOS-PATHOS-LOGOS and the Management of Strategic Change ➤ Creating a learning organization ➤ Group work: KAO
15:30 - 15:45	➤ COFFEE BREAK
15:45 - 17:15	<ul style="list-style-type: none"> ➤ Class discussion on KAO ➤ Group work: Discuss the key lessons taken from the whole course ➤ Your Role as a change agent in your Organization (case Honda). Discussion and course wrap-up

Material to be read (compulsory):

1. **Case: KAO Corporation**
2. **Hammond J., R. Keeney and H. Raiffa, 'The Hidden Traps in Decision-Making', Harvard Business Review, (Sept-Oct 1998), pp 47-58.**
3. **Kotter, J.P., 'Leading Change: Why Transformation Efforts Fail', Harvard Business Review, (1995), 59-67.**

Optional Reading

- **Gino, F. and B. Staats, 'Why Organizations Don't Learn', Harvard Business Review OnPoint, Special Issue, Winter 2019, pp. 78-85.**
- **Garvin, D.,A.,A.C. Edmondson, and F. Gino, 'Is Yours a Learning Organization?', Harvard Business Review OnPoint, Special Issue, Winter 2019, pp. 87-93.**
- **Vermeulen, F. and N. Sivanathan, 'Stop Doubling Down on Your Failing Strategy', Harvard Business Review, (Nov-Dec 2017), pp. 111-117.**
- **Wedell-Wedellborg, T., 'Are You Solving the Right Problems?', Harvard Business Review, (Jan-Feb 2017), pp. 76-83.**
- **Soll, J.B., K.L. Milkman and J.W. Payne, 'Outsmart Your Own Biases', Harvard Business Review Onpoint, (Winter 2015), pp. 42-48.**

Discussion Questions (Based on the KAO Case)

Prepare yourself to discuss the following:

1. What is learning and what is a 'learning organization' according to KAO?
2. To what extent is the learning organization different from, for example, a person reading Peter Senge's article?