

## **Fall 2017 Beginning of Semester Note to My Students**

By Don Sutherland

At the start of each semester, I e-mail my students in advance of the start of classes to address the issue of course expectations. I include a copy of my syllabus, which is also posted on Blackboard. Student understanding of course expectations may enhance their overall performance.

Below is the note to my incoming fall 2017 students:

**Welcome to my BBA 407 (Strategic Management Course).**

**The purpose of this e-mail is to introduce you to the course's requirements and expectations (see the attached syllabus for more detail). BBA 407 is a sort of capstone course. It draws upon concepts learned in earlier courses ranging from financial accounting to corporate finance.**

**The course grade is a function of homework, one or two library sessions covering research and research resources, one quiz, a mid-term exam, the final exam, and a group research paper. The allocation of points is covered on page 7 of the syllabus.**

**In this note, I will expand a little upon the research paper.**

**The research paper is a group project worth 25% of the course grade. Employers are increasingly emphasizing exposure to group work. Groups and teams—whether they are comprised of executives, staff, or both—play important roles in the development of corporate strategy, implementation of functional responsibilities, administration of the company, and addressing specific problems or challenges. Therefore, the grade is strictly an evaluation of the finished product. No individual grades are assigned. All participants receive the same grade. How students choose to divide the work is completely up to them. Doing so is a proxy for resource allocation, including the assignment of people to projects.**

**This paper offers students an opportunity to apply course concepts to an actual company. It provides early practical exposure to the development of corporate strategy. Two common issues that arise are deficiencies in which some papers lack required elements (a fully avoidable error) and those that provide an overly superficial strategic recommendation and/or simply offer existing strategy as their recommendation. The paper's required elements can be found on page 14 of the syllabus. All companies can be improved. The purpose of the paper is to find ways in which an existing company can improve its medium- and long-term performance. Such improvement requires moving beyond a company's existing strategy.**

**Students are encouraged to submit early drafts for feedback. After all, a key focus of the paper is student learning. Students most definitely should not wait until the closing days of the semester to begin writing the paper.**

Over the past two semesters, student use of the 10-K report has declined. During the spring semester 45% of submitted papers did not use the 10-K report (36% did not use the 10-K report or reference the corporate website). Both resources are critical. These issues resulted in papers that were lower quality than would otherwise have been the case.

The 10-K report is not some inconsequential or peripheral information. It is an essential component to understanding a company, its situation, and how it sees its environment. Quality papers require thorough research, careful preparation, and thoughtful consideration of possible strategic options, especially when it comes to tying those potential strategies to company resources, capabilities, opportunities, and threats. Going forward, papers that do not utilize the 10-K report will receive an automatic full point deduction from their score (25 possible points).

Effort matters greatly. Every student can succeed with sustained and ongoing commitment to the course's work.

In her *Grit: The Power of Passion and Perseverance* (Scribner: 2016), Christopher H. Browne Distinguished Professor of Psychology at the University of Pennsylvania Angela Duckworth explained:

*...when you consider individuals in identical circumstances, what each achieves depends on just two things, talent and effort. Talent—how fast we improve in skill—absolutely matters. But effort factors into the calculations twice, not once. Effort builds skill. At the very same time, effort makes skill productive.*

Finally, to introduce you to some of the concepts that will be discussed during the course, particularly the notion of opportunity costs that pervade every business/economic decision, below are excerpts from Warren Buffett's 2016 letter to Berkshire Hathaway's shareholders. Although Buffett is discussing share buybacks, the underlying principle concerns all decision making at the business level. Buffett wrote:

*It is important to remember that there are two occasions in which repurchases should not take place, even if the company's shares are underpriced. One is when a business both needs all its available money to protect or expand its own operations and is also uncomfortable adding further debt. Here, the internal need for funds should take priority. This exception assumes, of course, that the business has a decent future awaiting it after the needed expenditures are made.*

*The second exception, less common, materializes when a business acquisition (or some other investment opportunity) offers far greater value than do the undervalued shares of the potential repurchase...*

*My suggestion: Before even discussing repurchases, a CEO and his or her Board should stand, join hands and in unison declare, "What is smart at one price is stupid at another."*

Keep that quote in mind when we discuss mergers and acquisitions later in the semester.

**I very much want to see every student meet his or her full potential. Therefore, I have provided this somewhat detailed explanation in advance of the semester.**

**Good luck in the coming semester, both in BBA 407 and in all your other classes.**