MNGT7485
Strategic Management Year 3
Growing Businesses

Session 3, 2014
Overview: Growing Businesses

SM3 Course Leader

Shayne Gary

Shayne Gary is an Associate Professor at the Australian Graduate School of Management. He teaches Strategic Management across AGSM MBA and Executive Programs. His research in behavioral strategy examines how differences in managerial mental models and policies lead to differences in firm performance. Shayne has been a visiting scholar at MIT’s Sloan School of Management and at Duke University’s Fuqua School of Business. He has considerable consulting experience working with clients to develop strategies for firm growth, corporate diversification, and mergers & acquisitions. Shayne received his Ph.D. at London Business School and his BSc degree from the Massachusetts Institute of Technology (MIT).

Welcome to Strategic Management 3

Congratulations on successfully completing the first half of the Strategic Management Year! Our focus in SM3 is on integrating and building on the concepts and tools you have covered in both SM1 and SM2 to develop effective growth strategies. This includes identifying attractive growth options and adapting the organisational architecture to manage the growing business. We will draw on your own experiences, written case studies, a live case study and simulations to build our strategic thinking and analysis skills in developing growth strategies. The entire SM3 faculty team looks forward to working with you.

Shayne Gary, SM3 Course Leader
### Pre-Residential Activity list

<table>
<thead>
<tr>
<th>Strategic Management 3 – Pre-Residential Checklist</th>
<th>Done</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Read the Course overview</td>
<td></td>
</tr>
<tr>
<td><strong>2</strong> Complete all of the SM3 readings and associated exercises before you arrive at the residential. Some readings have extensive exercises included in the introduction. Make sure you have completed all the exercises because we will build on these during the residential and will assume you have prepared ahead of time. Students may be randomly selected during the residential to present their understanding of the readings and exercises.</td>
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<tr>
<td><strong>3</strong> Prepare for the three questions at the end of the Worley Case Part A: Future growth options. We will discuss Part A of the case starting on Day 1 and build directly on these questions. We will work through subsequent parts of the Worley case during the residential.</td>
<td></td>
</tr>
<tr>
<td><strong>4</strong> Reflect on all of the SM3 readings and write down one or more potential questions from each reading for the SM3 live case study (the residential problem). You do not need to know the context for the specific live case study in order to think about and generate potential questions related to formulating and implementing a growth strategy.</td>
<td></td>
</tr>
<tr>
<td><strong>5</strong> Capture ANY and ALL OBSERVATIONS (not solutions) that you see while you are standing outside and inside a Post Office. We will use these observations in a Design Thinking workshop on Day 2 of the residential.</td>
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<tr>
<td><strong>6</strong> Check whether you are scheduled to make your book review presentation (see pre-residential activity section on eLearning).</td>
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<tr>
<td><strong>7</strong> Access and print out your iPeer feedback and reflected about how to learn from this information. Be sure to bring your iPeer feedback report to the residential as this information will be needed in a team activity on Day 1.</td>
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</tr>
<tr>
<td><strong>8</strong> Write your ‘Leadership development progress &amp; action plan paper’ as outlined in the SM3 Course Overview guidelines for Assessment 1. Your paper is due at 8:00 am on Day 1 of the residential and must be submitted via eLearning.</td>
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</tr>
<tr>
<td><strong>9</strong> Watch the Mutari simulation demonstration video on Moodle course site and completed the warm-up exercise for the Mutari simulation.</td>
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<tr>
<td><strong>10</strong> Spend some time refreshing your memory about how to effectively use the tools covered in both SM1 and SM2. Developing growth strategies requires us to integrate the material you covered in SM1 and SM2, and we will apply tools from the first two courses in our upcoming residential.</td>
<td></td>
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</tbody>
</table>
Web Based Support

In the Strategic Management Year we use an online environment called eLearning. We hope this online environment will stimulate the sharing of ideas and understandings around the content of this course.

All your assessment work (individual/group assessments, one-page outline and course evaluations) will be submitted through the eLearning website.

You will have access to introductory videos to the SM Year from the Academic Director and to the individual courses from the Course Leaders.

The eLearning website contains information about your Residencies (e.g. timetable, book review allocation, pre-residential activities) as well as your course materials and Residential slides which will be posted online after each Residential.

The MBA (Executive) current students’ website (http://agsm.edu.au) also provides administrative and academic information. On this website you will find assessment & examination policies, the SM Year student handbook, confidentiality agreements, etc.

eLearning

To access eLearning@AGSM MBA, go to http://telt.unsw.edu.au/ and select Login to UNSW Moodle.

Login to the web Single Sign On (wSSO) using these details: 
Username: zNumber
Password: zPass

eLearning support

Should you have any difficulties accessing your course online, please contact the eLearning support below:

For login issues

UNSW IT Service Centre.

Hours: Monday to Friday: 8.00 a.m. to 8.00 p.m. 
Saturday and Sunday: 11 a.m. to 2.00 p.m.

Email: ITServiceCentre@unsw.edu.au

Phone: Internal – extension 51333
     External – +61 2 9385 1333
For assistance in using Moodle, including how to upload assessments.

**The AGSM eLearning Coordinator**

Hours: Monday-Friday, 9.00 a.m. to 5.00 p.m.

Email: elearning@agsm.edu.au

Phone:
- Internal – x19541
- External – 02 9931 9541
- International – +61 2 9931 9541

For help with technical issues and problems.

**External TELT Service Centre**

Hours: Monday to Friday: 7.30 a.m. to 9.30 p.m.
Saturday and Sunday: 8.30 a.m. to 4.30 p.m.

Email: externalteltsupport@unsw.edu.au

Phone:
- Internal – x53331
- External – 02 9385 3331
- International – +61 2 9385 3331

**AGSM MBA Programs contact details**

**Student Experience**

If you have any administrative queries, they should be addressed to Student Experience.

Student Experience
AGSM MBA Programs
Australian School of Business
UNSW SYDNEY NSW 2052
Tel: +61 (02) 9931 9400
Fax: +61 (02) 9931 9205
Email: studentexperience@agsm.edu.au

**Additional student resources and support**

The University and the Australian School of Business provide a wide range of support services for students, including:

- **AGSM manual: Managing Your Learning**
- **ASB Education Development Unit (EDU)**
  (www.business.unsw.edu.au/edu)
Academic writing, study skills and maths support specifically for ASB, AGSM and MBT students. Services include workshops, online and printed resources, and individual consultations.
EDU Office: Room G07, Ground Floor, ASB Building (opposite Student Centre); Ph: 9385 5584; Email: edu@unsw.edu.au

- **UNSW Learning Centre** (www.lc.unsw.edu.au)
  Academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services** http://info.library.unsw.edu.au

- **UNSW IT Service Desk**
  Technical support for problems logging in to websites, downloading documents etc. Library, Level 2; Ph: 9385 1333.
  Website: www.its.unsw.edu.au/support/support_home.html

- **UNSW Counselling Service** (www.counselling.unsw.edu.au)
  Free, confidential service for problems of a personal or academic nature; and workshops on study issues such as ‘Coping With Stress’ and ‘Procrastination’.
  Office: Level 2, Quadrangle East Wing; Ph: 9385 5418

- **Student Equity & Disabilities Unit** (http://www.studentequity.unsw.edu.au)
  Advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning.
  Office: Ground Floor, John Goodsell Building; Ph: 9385 4734
Course Structure

SM3 Calendar Dates Cohort A

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>30 June</td>
<td>Pre-reading and eLearning orientation</td>
<td>Leadership development progress &amp; action plan paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(11 July - Friday, 8am)</td>
</tr>
<tr>
<td>Week 2</td>
<td>7 July</td>
<td>Residential 5 days</td>
<td>Book review (11 - 15 July)</td>
</tr>
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<td>(11 - 15 July)</td>
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<tr>
<td>Week 3</td>
<td>14 July</td>
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<tr>
<td>Week 4</td>
<td>21 July</td>
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<tr>
<td>Week 5</td>
<td>28 July</td>
<td></td>
<td>Residential problem analysis paper</td>
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<td></td>
<td></td>
<td></td>
<td>(29 July - Tuesday)</td>
</tr>
<tr>
<td>Week 6</td>
<td>4 August</td>
<td></td>
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<tr>
<td>Week 7</td>
<td>11 August</td>
<td>Growth strategy outline on eLearning (Friday</td>
<td></td>
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<td></td>
<td></td>
<td>week 7)</td>
<td>Review your team’s growth strategy paper outline</td>
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<td></td>
<td></td>
<td></td>
<td>(weekend week 7)</td>
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<tr>
<td>Week 8</td>
<td>18 August</td>
<td>Teleconference</td>
<td></td>
</tr>
<tr>
<td>Week 9</td>
<td>25 August</td>
<td></td>
<td>Peer feedback (26 August - 2 September)</td>
</tr>
<tr>
<td>Week 10</td>
<td>1 September</td>
<td></td>
<td>Growth strategy paper</td>
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<tr>
<td></td>
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<td></td>
<td>(2 September - Tuesday)</td>
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</tbody>
</table>

All assessment submissions, unless otherwise stated, are via eLearning and due at 3pm EST on the due date.
## SM3 Calendar Dates Cohort B

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>7 July</td>
<td>Pre-reading and eLearning orientation</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>14 July</td>
<td>Residential 5 days (17 - 21 July)</td>
<td>Leadership development progress &amp; action plan paper (17 July - Thursday, 8am)</td>
</tr>
<tr>
<td>Week 3</td>
<td>21 July</td>
<td>Book review (17 - 21 July)</td>
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<tr>
<td>Week 4</td>
<td>28 July</td>
<td></td>
<td></td>
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<tr>
<td>Week 5</td>
<td>4 August</td>
<td></td>
<td>Residential problem analysis paper (4 August - Monday)</td>
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<tr>
<td>Week 6</td>
<td>11 August</td>
<td></td>
<td></td>
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<tr>
<td>Week 7</td>
<td>18 August</td>
<td>Growth strategy outline on eLearning (Friday week 7)</td>
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<tr>
<td></td>
<td></td>
<td>Review your team’s growth strategy paper outline (weekend week 7)</td>
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<tr>
<td>Week 8</td>
<td>25 August</td>
<td></td>
<td>Teleconference</td>
</tr>
<tr>
<td>Week 9</td>
<td>1 September</td>
<td></td>
<td>Peer feedback (2 - 9 September)</td>
</tr>
<tr>
<td>Week 10</td>
<td>8 September</td>
<td></td>
<td>Growth strategy paper (9 September - Tuesday)</td>
</tr>
</tbody>
</table>

All assessment submissions, unless otherwise stated, are via eLearning and due at 3pm EST on the due date.
### SM3 Calendar Dates Cohort C

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>14 July</td>
<td>Pre-reading and eLearning orientation</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>21 July</td>
<td>Residential 5 days (25 - 29 July)</td>
<td>Leadership development progress &amp; action plan paper (25 July - Friday, 8am)</td>
</tr>
<tr>
<td>Week 3</td>
<td>28 July</td>
<td></td>
<td>Book review (25 - 29 July)</td>
</tr>
<tr>
<td>Week 4</td>
<td>4 August</td>
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<tr>
<td>Week 5</td>
<td>11 August</td>
<td></td>
<td>Residential problem analysis paper (12 August - Tuesday)</td>
</tr>
<tr>
<td>Week 6</td>
<td>18 August</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 7</td>
<td>25 August</td>
<td>Growth strategy outline on eLearning (Friday week 7)</td>
<td>Review your team’s growth strategy paper outline (weekend week 7)</td>
</tr>
<tr>
<td>Week 8</td>
<td>1 September</td>
<td>Teleconference</td>
<td>Peer feedback (1 - 5 September)</td>
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<tr>
<td>Week 9</td>
<td>8 September</td>
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<tr>
<td>Week 10</td>
<td>15 September</td>
<td></td>
<td>Growth strategy paper (16 September - Tuesday)</td>
</tr>
</tbody>
</table>

All assessment submissions, unless otherwise stated, are via eLearning and due at 3pm EST on the due date.
### SM3 Calendar Dates Cohort D

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>21 July</td>
<td>Pre-reading and eLearning orientation</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>28 July</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 3</td>
<td>4 August</td>
<td>Residential 5 days (8 - 12 August)</td>
<td>Leadership development progress &amp; action plan paper</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(8 August - Friday, 8am)</td>
</tr>
<tr>
<td>Week 4</td>
<td>11 August</td>
<td></td>
<td>Book review (8 - 12 August)</td>
</tr>
<tr>
<td>Week 5</td>
<td>18 August</td>
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<tr>
<td>Week 6</td>
<td>25 August</td>
<td></td>
<td>Residential problem analysis paper</td>
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<td></td>
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<td></td>
<td>(26 August - Tuesday)</td>
</tr>
<tr>
<td>Week 7</td>
<td>1 September</td>
<td>Growth strategy outline on eLearning (Friday week 7)</td>
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<td></td>
<td>Review your team’s growth strategy paper outline</td>
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<td>(weekend week 7)</td>
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<tr>
<td>Week 8</td>
<td>8 September</td>
<td></td>
<td>Teleconference</td>
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<tr>
<td>Week 9</td>
<td>16 September</td>
<td></td>
<td>Peer feedback (16 - 23 September)</td>
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<tr>
<td>Week 10</td>
<td>22 September</td>
<td></td>
<td>Growth strategy paper</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(30 September - Tuesday)</td>
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Course Overview

Welcome to Strategic Management 3: Growing Businesses. Managing growth has become a priority on the corporate agenda for sustaining competitive advantage, but growth strategies often fail to deliver the projected results. This course on Growing Businesses integrates and builds on the strategy formulation and implementation content covered in the first two courses of the Strategic Management Year (SM Year). Successful growth requires general managers and entrepreneurs skilled at both identifying attractive growth opportunities in the competitive environment and designing the organisation for implementing growth options.

Learning Objectives

When you have finished this course you will be able to:

• generate and evaluate options for organisational growth
• identify appropriate vehicles, timing/staging, and organisational architecture for implementing growth options
• evaluate and manage the risks associated with different growth options
• engage and persuade internal and external stakeholders about the value of a particular growth strategy.

In this course, the overarching question we will explore is: ‘How do I grow a business?’ In Strategic Management 1: Detecting and Selecting Business Opportunities, we focused on formulating a positioning strategy that fits the external competitive environment to achieve an organisation’s fundamental objectives. In Strategic Management 2: Developing Business Opportunities, we focused on identifying and building an appropriate organisational architecture that is internally aligned and also fits with the positioning strategy. In Strategic Management 3, we will build on the positioning and organisational strategy concepts and tools covered in SM1 and SM2 to evaluate promising growth options for an organisation and to identify the appropriate organisation architecture to implement particular growth options. Strategy formulation and implementation are interdependent and in SM3 we develop integrated strategies for growth.
**Key Questions**

As a general manager and entrepreneur, some key questions you need to answer in deciding how to grow your business are:

- What options for growth do I have?
- How do I evaluate the risks associated with a proposed growth option?
- How do I implement a growth option?
- How do I sell a growth plan to internal and external stakeholders?

In answering these questions, you should be able to develop a growth strategy that includes an attractive competitive position and the appropriate organisational architecture for implementation.

The course focuses on a range of different growth options available to managers. Two primary paths for organisational growth involve: a) expanding into new products/services or b) expanding into new markets (i.e. geographies and customer segments).

Wesfarmers is a good example of a company that has grown dramatically through diversifying into new products/services (including entirely new industries). Wesfarmers began in 1914 as the Westralian Farmers Co-operative and for most of its early history was primarily involved in providing services and merchandise to Western Australia’s rural community (Wesfarmers Ltd. 2012). The company has grown rapidly over nearly a century. Wesfarmers has a number of business within a broad retail division (Coles, Kmart, Target, and Home Improvement and Office Supplies), and also has businesses in insurance; chemicals, energy and fertilisers; industrial and safety; and resources. In contrast, Wesfarmers has not expanded aggressively into new geographies. The company owns very limited assets outside of Australia. In fact, Wesfarmers’ businesses remained primarily in Western Australia until about the early 1990's when they began to expand to the rest of Australia.

The Coca-Cola Company, which owns 30% of Coca-Cola Amatil, is an example of a company that has aggressively expanded into new geographies since its beginnings in 1886 in Atlanta, Georgia. The company operates in more than 200 countries and is truly a global company. Coca-Cola began building its global network in the 1920s. For example, Coca-Cola’s involvement in China dates back to 1927, when the company first opened a bottling plant in Shanghai. By 1948, Shanghai was the first Coca-Cola facility outside the United States to sell one million unit cases per year. By the early 1990s the company earned 80% of its profits from international operations. “Coca-Cola used to be an American company with a large
international business. Now we are a large international company with a sizeable American business,” explained CEO Roberto Goizueta in 1993. Although Coca-Cola entered the juice drinks market in the 1960s by acquiring Minute Maid, it remained primarily a carbonated drinks company until the 1990s when growth in the carbonated beverage market in the US started to plateau. At that point, Coca-Cola began expanding into other beverages. The company’s product portfolio now includes sparkling and still beverages, such as waters, juices and juice drinks, teas, coffees, sports drinks and energy drinks (The Coca-Cola Company 2012).

Another example of an organisation that has successfully pursued growth primarily through geographic expansion is ResMed. The Australian entrepreneurial start-up company was formed in 1989 to manufacture and market products for the screening, treatment and long-term management of sleep-disordered breathing. The company resisted expanding its product portfolio beyond respiratory products, but instead aggressively expanded geographically to different parts of the world. The company quickly established a foothold in the large U.S. medical devices and equipment market and achieved a worldwide market share level that enabled ResMed to compete successfully against large established medical equipment makers. To secure access to the U.S. capital market, in 1995 the company listed on the New York Stock Exchange in addition to the ASX. Today, ResMed is a $6 billion company (by market capitalization) and operates in more than 70 countries through direct offices and a network of distributors (ResMed Inc. 2012).

Figure 1 shows these two expansion paths along with another important dimension: Resources. Organisations can be viewed as bundles of resources. Examples of resources are brand names, in-house knowledge of technology, skilled personnel, trade contracts, machinery, capital, efficient procedures, etc. As we will explore in SM3, analysing the organization from the resource perspective can help to identify new strategic growth options. Note that our use of the term resources includes capabilities and management systems.

Also, for each of the two expansion paths, there are several different alternative vehicles for growth that are listed to the right of Figure 1. An organisation can elect to grow organically by expanding penetration of its current business, innovating into new products/services, or opening greenfield sites in new geographies. Alternatively, an organisation may decide to grow through merger or acquisition. Finally, strategic partnerships or alliances represent yet another vehicle for growth arranged through long-term contracts/licenses, equity stakes, or joint ventures (JVs) between separate organisations. Many organisations employ all of these different vehicles in their growth strategies. For example, in the 1950s Wesfarmers
began to organically grow into the liquefied petroleum gas business with the formation of Kleenheat Gas. Kleenheat pioneered the distribution of liquefied petroleum gas (LPG) and gas appliances to Western Australia’s rural areas and now operates a major Australia-wide network of depots, company-operated branches, dealers and franchisees (Wesfarmers 2012). Wesfarmers has also grown through a number of mergers and acquisitions over its history. For example, in November 2007 Wesfarmers acquired Coles Group Limited, rapidly taking its employee base from more than 30,000 to around 200,000.

Figure 1: *Firm growth paths, resources, and vehicles*

In SM3 we will discuss each of these paths and vehicles for growing businesses and evaluate options for growth in a variety of competitive contexts. However, identifying a growth option for an organisation that fits the external competitive environment does not automatically translate into success on its own. As you discovered in SM2, managers also need to match the appropriate organisational architecture for implementing a particular positioning strategy to make it work. An integrated growth strategy includes aligning the structure, systems, people, leadership and culture for managing organisational growth. Effective growth strategies must fit the organisation’s internal and external context to deliver the desired results to stakeholders.

Even after formulating an integrated growth strategy that fits the internal and external context, effective general managers must still persuade stakeholders to support the strategy in order for it to succeed. In SM2 we discussed the importance of informal networks inside the organisation and how to identify important stakeholders. Knowing who to influence both inside and outside of the organisation can be a crucial ingredient in implementing successful growth strategies.

Another very important aspect of developing an effective growth strategy entails identifying and thinking through the risks involved. There are substantial risks associated with growth strategies. A great deal of evidence
from research in economics, finance and strategic management indicates that the expected economic benefits of diversifying into new products/services are often not captured, and that many mergers and acquisitions are failures. Similarly, international expansion often falls short of delivering the expected returns. However, this has not stopped managers from engaging in widespread diversification, implementing mergers and acquisitions, or expanding internationally to fuel company growth. Even casual observation of the medium and large Australian companies we read about in the business press every day indicates that almost all of these companies have expanded beyond a single product or single market, and many have been involved in a merger or acquisition. In SM3 we will discuss how to limit risk by identifying growth options that leverage the existing strengths of the organisation, how to evaluate whether an organisation is the natural or best owner of a given business, and how to avoid paying too much for an acquisition.

**Corporate strategy & the multi-product firm**

In SM1 we touched on the distinction between business unit and corporate level strategy. The growth options we cover in SM3 naturally shift our focus onto the challenges of developing and managing the scope of the business which is at the heart of corporate strategy. You learned in SM1 that business unit strategy concentrates on how an organisation competes within a particular market and establishes and sustains a competitive advantage over industry rivals. Corporate strategy focuses on the scope of the organisation’s activities (geographical, vertical, and product scope) and the coordination among those activities. Corporate general managers are concerned with:

- What set of business activities should comprise the corporate portfolio?
- What is the ‘core’ business and how should these businesses relate to one another, and to the corporate parent?

The role of the corporate parent is to create value above the cost of the corporate headquarters.

It is important to point out that issues about the scope of the firm are directly relevant for almost all small and medium-sized enterprises (SMEs) as well as large organisations. Over the last five decades, advances in management and also in transportation, information and communication technologies have lowered the barriers for SMEs to expand internationally and/or into new products and services. Many SMEs are multi-product and/or multi-market organisations and therefore the tools of corporate strategy are directly relevant.
Strategic Management Year Cross-cutting Themes

In SM3 we continue to explore the four cross-cutting themes of the SM Year.

Economic Logic Evaluation: A key part of developing a growth strategy is laying out a clear logic for how a particular growth option will create economic value for the organisation and building an understanding of the economic implications of growth options under consideration. For example, you might lay out the logic for synergies between two businesses to underpin the economic rationale for an acquisition. In this case, you will also need to operationalise these synergies in a financial model to indicate exactly how and where these synergies result in financial benefits.

Entrepreneurship: General managers and entrepreneurs alike pay a great deal of attention to issues of organisational growth and all organisations generally have some growth imperative. Growing their start-up organisations is frequently the primary management task of entrepreneurs. Increasingly, small companies grow by diversifying into new products or services and/or by expanding into new geographies as the ResMed example illustrates. In fact, when it comes to growth, medium and large organisations often set up internal corporate venturing processes or divisions to encourage more entrepreneurial activity in developing new growth options.

Leadership: Leaders play an important role in determining the success or failure of a growth strategy. Leaders engage internal and external stakeholders collaboratively to identify and develop appropriate growth options. Leaders also exert authority by using words or actions to convince key stakeholders to accept their vision of the growth strategy the organisation should pursue.

Decision Making: General managers must make decisions about whether or not to pursue different growth options. Common errors in thinking about the economics of growth strategies include overly optimistic revenue projections and unrealistically low cost estimates to implement the strategy. General managers must also make decisions about designing an appropriate organisational architecture to support the growth strategy so that other managers and staff can make effective decisions.
Assessment

All assessments, essays, and project reports should conform to the standard assessment format detailed in the course overview and on the AGSM website. Inadequate documentation or careless presentation of assessment items may result in marks being deducted. Assessments must meet prescribed details of length, submission dates, and any special provisions. All assessment submissions, unless otherwise stated, are submitted via eLearning and are due at 3pm EST.

Assessment Policy

The assessment process plays two roles: it provides feedback to you on your progress and is a means of testing and grading your performance. Further information on assessment is provided on the AGSM website. Please refer to these policies for details on how to present your assignments.

As outlined in the SM Year Handbook, you are required to complete each piece of assessment to satisfactorily complete this course. Students must achieve a passing grade in each course in order to progress to the next course in the SM Year.

Assessment 1: Leadership development progress & action plan paper (individual submission)

Due: SM3 residential (Day 1, 8:00 am, via eLearning)
Weight: 20%
Maximum length: 6 pages

In a previous SM2 paper you set leadership development goals and action plans. This paper is an opportunity to reflect on an event since SM2, apply the action learning cycle to analyse progress (or lack of progress) on your goals, and to refine or change your action plan. To justify your analysis and action plans fully, present your paper in essay style using the headings: Observation, Analysis, and Action Plan.

Observation
a. Describe a specific event since the SM2 residential that tested your SM2 goals. This does not have to be a life-transforming event (e.g., conversation with a co-worker). For this specific event, record the date and write a short description.

b. Why was this event important to your long-term career aspirations as well as your shorter-term SM2 goals?
This section comprises roughly 10% of your page count. You will be evaluated on your understanding of SMY concepts, analysis and application of course concepts, not on the nature of the event.

Analysis

a. In this event, did you progress your SM2 leadership goals? Why or why not?

b. Identify which behaviours did/did not improve using SMY frameworks (e.g., Learning Journal, SM1 readings such as Moss & Sanchez [2004], and Malhotra, Majchrzak, & Rosen [2007]).

c. Use evidence to support your arguments (e.g., quantitative feedback from iPeer, work performance reviews, quotes from others).

d. What aspects of your organisational architecture (i.e., culture, systems, structure, leadership, people) enabled or constrained progress on your SM2 goals?

This section comprises roughly 40% of your page count. Note you will be marked on the application of your SMY (not GDM) concepts.

Action Planning

a. Identify whether your leadership goal/s are still applicable. If not, revise them.

b. Refine or change your SM2 action plan, so you can make further progress.

c. Extend your action plan to include developing your ethical leadership (i.e., SM2 Brown [2007] reading, SM2 ‘strategic leadership’ session). We are not looking for an overall value judgement about whether you are an ethical person. Rather identify a process to further develop ethical behaviours as a leader.

d. Describe potential obstacles to this action plan (i.e., personal attributes, your situation, organisational architecture), as well as how these can be overcome.

e. State precisely how you will monitor progress on your action plan.

This section comprises roughly 40% of your page count.

The remaining 10% of the page count is for the introduction and conclusion, which synthesise your action learning cycle with insights for your longer term career aspirations.

The assessment criteria for this assignment are provided on the following page.
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<th><strong>HIGH DISTINCTION</strong></th>
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<tbody>
<tr>
<td><strong>30%</strong></td>
<td>Use of SMY conceptual tools and frameworks to support analysis and action plans</td>
<td>Clear conclusions that apply concepts in an insightful and compelling way. Broad range of tools and insightful application of concepts for analysis and action plan</td>
<td>Justified choice and application of concepts for analysis and action plan</td>
<td>Appropriate application of concepts to analysis and action plan, but choice of concepts too limited in range or too broad in focus</td>
<td>No relevant concepts used in analysis and action plan, only heavy description, or inappropriate application or interpretation of the concepts</td>
</tr>
<tr>
<td><strong>30%</strong></td>
<td>Self-insights from analysis &amp; action plans</td>
<td>Balanced perspective of strengths and weaknesses utilising multiple sources of evidence and takes accountability for extent of progress on goals as well as action plan. Aware of how the personal and organisational context shapes his/her behaviour</td>
<td>Balanced perspective of both strengths and weaknesses utilising multiple sources of evidence, well developed goals and action plan, impact of context not fully developed</td>
<td>Acknowledgement of strengths and weaknesses in regard to goals and action plan. Provides some analysis, but insufficiently detailed and/or too few sources of evidence used</td>
<td>General description of strengths and weaknesses in regard to goals and action plan, but little analysis of events and outcomes. Arguments are logical but lacks evidence</td>
</tr>
<tr>
<td><strong>20%</strong></td>
<td>Consideration of ethical behaviours in action plan</td>
<td>Clear articulation of ethical behaviours based on multiple perspectives, including your own, and an action plan provided addressing all stakeholders’ concerns</td>
<td>Clear articulation of ethical behaviours based on multiple perspectives, including your own and an action plan provided</td>
<td>Some comparison of perspectives about the ethical behaviours with other sources, including your own and an action plan provided</td>
<td>Description of ethical behaviours from a narrow perspective only</td>
</tr>
<tr>
<td><strong>20%</strong></td>
<td>Organisation, clarity of expression</td>
<td>Shows a polished and imaginative approach to the report with compelling clarity of expression</td>
<td>Carefully and logically organised and written clearly</td>
<td>Sound organisation and coherence and mostly written clearly</td>
<td>Weak organisation and coherence, or lacking clarity of expression</td>
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**Leadership Development Progress & Action Plan Paper**

**Evaluation Criteria and Weights**
Assessment 2: Residential problem analysis

(course team submission)

Due: Check SM3 calendar for exact due date at the beginning of this document

Weight: 40%

Maximum length: 12 pages

During the SM3 residential you will hear from a manager who is facing a growth challenge. At the end of the residential, your team will present a recommended growth strategy for how the manager can successfully grow his/her firm. The recommendations will draw on concepts and tools presented in SM3, but will also require ideas and tools from both SM1 and SM2 to develop an integrated growth strategy (i.e., a coherent set of growth options staged over time along with the appropriate organisational architecture to support this growth). In this assessment you are required to make a written presentation of your recommendations based on analyses done within and after the residential.

Your growth strategy must chart a course for the organisation to grow AND to achieve the growth objectives identified by the manager. You will use concepts from SM3 and also draw on ideas and tools from both SM1 and SM2. Your team should generate and evaluate growth options for expanding into new products or services and/or expanding into new markets (i.e. new geographies or customer segments) using the different vehicles discussed in SM3 (i.e. organic growth, merger or acquisition, or strategic partnership/alliance).

In supporting your recommendations, your team should provide supporting data and analyses to evaluate the growth options that move beyond merely stating opinions. For each of the growth options, be sure to analyse both: (a) the stand-alone attractiveness of the opportunity (e.g., market size, competition, growth rate, etc.) and (b) synergies with the existing business activities through leveraging resources, capabilities, and management systems. Your team should also identify the gaps where the business will need to build new resources, capabilities, and management systems to be successful in the new growth options. These analyses will provide the assumptions for your cash flow projections of each growth option.

Keep in mind that healthy organisations have multiple growth options in each of the three horizons as an integrated growth strategy. Be sure to also identify at least one growth option in your paper that you ultimately decide not to recommend as part of the integrated growth strategy for the organisation, and to outline your logic and analyses for discarding that growth option. An integrated growth strategy includes aligning the structure, systems, people, leadership and culture for managing organisational growth. For example, many growth options are likely to have implications for the organisational structure.
and management systems. Your team should identify what adjustments and modifications need to be made to the organisational structure and management systems to accommodate the growth options you recommend.

For details on formatting the assignment, see the AGSM website.

Note on referencing: You are expected to reference the source of all data used in your assessments. In the GDM we expected you to know the authors of major frameworks and concepts and to reference these appropriately (using the Harvard Referencing system as outlined in Managing Your Learning). However, in the SM Year we place more emphasis on your ability to apply these frameworks and concepts.

We expect you to justify your arguments to persuade an audience of managers. The assignments in the SM Year are designed not for you to analyse and describe frameworks but to apply course frameworks and concepts to make managerial analyses and recommendations. There is no need to reference frameworks or concepts covered in your current course readings or class materials for assignments in your current course.

All other frameworks or concepts you use in reports should be referenced appropriately using the Harvard Referencing system (this includes frameworks or concepts covered in previous GDM courses). In addition, you should meticulously reference all data sources (for all types of data including numerical, interview, quotes from news articles, etc.) in your strategy reports so that readers understand the basis for assumptions in your analyses.

The assessment criteria for this assignment are provided on the following page. Please read them carefully.
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<thead>
<tr>
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<th>PASS</th>
<th>FAIL</th>
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<tbody>
<tr>
<td><strong>Recommendations</strong></td>
<td>Compelling recommendations that clearly deliver value-creating growth. Effective consideration of the downsides &amp; implementation constraints.</td>
<td>Original recommendations which could be made for any organisation. Recommendations are realistic and feasible.</td>
<td>Generic recommendations which are not logical, justified, or integrated.</td>
<td>Recommendations are not logical, justified, or integrated.</td>
<td>Recommendations are not logical, justified, or integrated.</td>
</tr>
<tr>
<td><strong>Quality of arguments: logic and integration</strong></td>
<td>Strong logical arguments with excellent evidence that support a consistent, coherent overall strategy.</td>
<td>Coherent logical arguments which are strongly justified by evidence.</td>
<td>Arguments are logical but evidence to support arguments is weak.</td>
<td>Arguments are not logical, justified, or integrated.</td>
<td>Arguments are not logical, justified, or integrated.</td>
</tr>
<tr>
<td><strong>Organisational clarity of expression</strong></td>
<td>Shows a polished and imaginative approach to the report with compelling clarity of expression.</td>
<td>Carefully and logically organised and clearly written.</td>
<td>Arguments are logical but evidence to support arguments is weak.</td>
<td>Arguments are not logical, justified, or integrated.</td>
<td>Arguments are not logical, justified, or integrated.</td>
</tr>
<tr>
<td><strong>Use of conceptual tools and frameworks to support analysis</strong></td>
<td>Clear conclusions from applying concepts in an insightful and compelling way. Good choice of concepts for the strategic problem.</td>
<td>Appropriate application of course concepts for the strategic problem.</td>
<td>Appropriate application of some course concepts.</td>
<td>Inappropriate application of course concepts.</td>
<td>No course concepts used in analysis.</td>
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</table>

**Residential problem analysis assessment criteria**

**HIGH DISTINCTION**
- Recommendations are specific, integrated, feasible, and deliver value-creating growth.
- Arguments are logical, well-justified, and supported by excellent evidence.
- Organisational clarity of expression is outstanding.
- Use of conceptual tools and frameworks is insightful and compelling.

**DISTINCTION**
- Recommendations are specific, integrated, and feasible, delivering value-creating growth.
- Arguments are logical, have strong evidence, and are well-justified.
- Organisational clarity of expression is good.
- Use of conceptual tools and frameworks is appropriate for the strategic problem.

**CREDIT**
- Recommendations are identified and addressed, are feasible and realistic.
- Arguments are logical but evidence is weak.
- Organisational clarity of expression is mostly clear.
- Use of conceptual tools and frameworks is appropriate.

**PASS**
- Recommendations are identified and addressed, are realistic and feasible.
- Arguments are logical but evidence is weak.
- Organisational clarity of expression is mostly clear.
- Use of conceptual tools and frameworks is appropriate.

**FAIL**
- Recommendations are inappropriate and completely unrealistic.
- Arguments are not logical, justified, or integrated.
- Organisational clarity of expression is weak.
- Use of conceptual tools and frameworks is inappropriate or incorrect.
Assessment 3: Growth strategy paper

(individual submission)

Due: Week 10
Weight: 40%
Maximum length: 15 pages

In this assignment you will formulate an appropriate growth strategy for an organisation or business unit. Since it is very easy to grow an organisation if we are not concerned with profitable growth, your growth strategy must chart a course for the organisation to grow AND create additional economic value (i.e. grow profitably in a competitive environment). Value creating growth in the non-profit context corresponds to expansion of ‘successful’ provision of services or products that meet the needs of the organisation’s key constituent groups (where the criteria for success are the fundamental objectives). You will use concepts from the course and also draw on ideas and tools from both SM1 and SM2. You have the choice of using your current organisation or any other organisation you would benefit from analysing.

This paper must be substantively different from the positioning and organisational strategy papers you submitted in SM1 and SM2. In other words, you cannot merely recommend the same strategy you recommended in any previous assessments; even if some aspects of the previously recommended strategy dealt with growth. For this assignment, you want to generate and evaluate growth options for expanding into new products or services and/or expanding into new markets (i.e. new geographies or customer segments) using the different vehicles discussed in SM3 (i.e. organic growth, merger or acquisition, or strategic partnership/alliance). If you have any questions about this, please speak with your residential leader.

Write the paper with your target audience in mind. Assume that top management would like you to develop a recommended growth strategy for the organisation over the medium to long-term (typically five to ten years but this could vary with the industry and size of the organisation). You will need to include a brief description (one or two short paragraphs) of the industry context and of your organisation’s products/services and customers near the beginning of the paper to help the SM3 faculty team assess your growth strategy.

Your growth strategy should include an identification of attractive growth opportunities in the competitive environment (i.e. attractive competitive positions), specific recommendations about which growth options are
most attractive for creating economic value, and an organisation design for implementing the specific growth options.

In supporting your recommendations, you should provide supporting data and analyses to evaluate the growth options that move beyond merely stating your opinions. For each of the growth options, be sure to analyse both: (a) the stand-alone attractiveness of the opportunity (e.g., market size, competition, growth rate, etc.) and (b) synergies with the existing business activities through leveraging resources, capabilities, and management systems. You should also identify the gaps where the business will need to build new resources, capabilities, and management systems to be successful in the new growth options. These analyses will provide the assumptions for your cash flow projections of each growth option.

An integrated growth strategy includes aligning the structure, systems, people, leadership and culture for managing organisational growth. For example, many growth options are likely to have implications for the organisational structure and management systems. You should identify what adjustments and modifications need to be made to the organisational structure and management systems to accommodate the growth options you recommend.

One suggestion is to start by generating a list of potential growth options and then winnow them down to the set of options you recommend your organisation pursue. Keep in mind that healthy organisations have multiple growth options in each of the three horizons as an integrated growth strategy. Be sure to also identify at least one growth option in your paper that you ultimately decide not to recommend as part of the integrated growth strategy for the organisation, and to outline your logic and analyses for discarding that growth option.

If you would like to use an early-stage start-up organisation for this assignment, then please make sure you have spoken to your residential leader about your paper. Also, some students in the past have done focused deep-dives of a merger or acquisition for this assignment. If you would like to explore this option, then please speak with your residential leader about your paper.

Make sure that you use ideas from SM3 in your analysis, while also drawing from concepts covered in both SM1 and SM2 where needed.
Ensure your recommended growth strategy:

- Is clearly justified with a structured set of logical supporting arguments;
- Will deliver value-creating organisational growth;
- Is internally aligned;
- Has supporting evidence;
- Is feasible.

For details on formatting the assignment, see the AGSM website.

The assessment criteria for this assignment are provided on the following page. Please read them carefully.
## Growth strategy paper assessment criteria

<table>
<thead>
<tr>
<th>Criteria</th>
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<th>FAIL</th>
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<tbody>
<tr>
<td><strong>Compelling recommendations</strong></td>
<td>Original recommendations that clearly deliver value-creating growth. Effective consideration of the downsides &amp; implementation constraints.</td>
<td>Recommendations are specific, integrated, feasible, and would deliver value-creating growth.</td>
<td>Requirements for growth strategy are identified and addressed. Recommendations are feasible and realistic</td>
<td>Generic recommendations which could be made for any organisation. Recommendations are unrealistic given resource constraints.</td>
<td>Recommendations inappropriate and completely unrealistic.</td>
</tr>
<tr>
<td><strong>Quality of arguments: logic and integration</strong></td>
<td>Strong logical arguments with excellent evidence that support a consistent, coherent overall strategy</td>
<td>Coherent logical arguments which are strongly justified by evidence</td>
<td>Logical argument with some evidence (data, theory, benchmarking or comparison to alternatives) for justification.</td>
<td>Arguments are logical but evidence to support arguments is weak</td>
<td>Arguments are not logical, justified, or integrated.</td>
</tr>
<tr>
<td><strong>Organisation, clarity of expression</strong></td>
<td>Shows a polished and imaginative approach to the report with compelling clarity of expression</td>
<td>Carefully and logically organised and clearly written</td>
<td>Good organisation and coherence and mostly written clearly</td>
<td>Not well organised and lacking clarity of expression</td>
<td>Disorganised and incoherent</td>
</tr>
<tr>
<td><strong>Use of conceptual tools and frameworks to support analysis</strong></td>
<td>Clear conclusions from applying concepts in an insightful and compelling way. Good choice of course concepts</td>
<td>Good choice and application of course concepts for the strategic problem</td>
<td>Appropriate application of course concepts</td>
<td>Inappropriate application or interpretation of course concepts</td>
<td>No course concepts used in analysis</td>
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</table>
Details on the assessment criteria

1. Compelling recommendation(s)

Does the report address the organisation’s goals, major issues and opportunities? Is the recommendation likely to deliver value-creating growth? Is the recommendation original? Is it possible to implement the recommendation? Is the recommendation feasible, given the resource constraints of the organisation?

2. Quality of arguments: logic and integration

Are the arguments logical? Are the recommendations clearly linked to the analysis? Does the report justify the proposed growth options and recommended organisational architecture (e.g. with theory, data, benchmarking, comparison to alternatives)? Do the arguments support a consistent, coherent, and integrated overall growth strategy? Are data sources and explicit concepts referenced?

3. Organisation and clarity of expression

Is the report well organised and structured? Is the executive summary well-crafted and does it effectively summarise the growth goals and recommendations? Can the reader easily understand the recommendation and arguments behind it? Is the report written clearly?

4. Use of conceptual tools and frameworks to support analysis

Does the analysis show that the author has mastered the different tools and frameworks studied in the course? Can the author selectively draw on the most relevant concepts for the problem faced by the organisation? Has the author applied the concepts in a competent, insightful, and compelling way?
Progress feedback on assignment

In order to receive feedback on your progress in this assignment, you should upload a one-page outline of the paper on eLearning by Friday of week 7 for your team to review. In the one-page outline you should do the following:

1. Identify the organisation you are analysing. Specify whether you are analysing the entire organisation or a business unit.

2. Briefly describe the current products/services and markets (i.e. geographies and customer segments) the business operates in. Also, articulate the resources, capabilities, and management systems within the existing business.

3. Identify a specific growth objective or objectives for your business. This should include a bottom line target (e.g., profit) and may also include a top line target (e.g., revenue).

4. Outline your recommended growth options. You should also specify at least one growth option that you do not recommend as part of the integrated growth strategy.

5. State why the proposed growth options are better than the growth option you do not recommend. This generally should be based on some logic for leveraging existing resources and capabilities and/or management systems. Be sure to identify expected synergies.

6. Propose the changes in organisational structure and management systems needed to implement your recommended growth options.

During the weekend of week 7 you should review the submissions of the rest of your team and provide feedback to them. Please organise the best way to provide this feedback (email, phone, Blackboard). Give your team feedback on their 1-page outlines, paying attention to the extent to which they have met the guidelines provided here (points 1–6 above). You may also like to refer to the marking grid for Assessment 3. When you have received feedback from your team on your outline, distill the feedback into a few key points. At the start of week 8 you will participate in a teleconference with your team and the residential leader to discuss the outlines submitted. The residential leader will ask you to articulate the key feedback you have received from your team, and also give you his/her own feedback on your outline.

Submission of your one-page outline and participation in a teleconference are a required part of the course, and will contribute to the Peer feedback assessment. To pass the Peer feedback assessment you must complete the online iPeer team feedback survey (which will be accessible at the end of
SM3), upload your one-page outline of the Growth strategy paper, and actively participate in the teleconference.

**Assessment 4: Peer feedback**  
*(individual submission)*

**Due:** Week 9  
**Weight:** Pass/Fail

You are required to give feedback on your own and individual team members’ contributions to teamwork on SM3 via iPeer, the online peer feedback tool. The feedback survey will be available at the end of SM3. Rate the level of skill you have observed in each team member by using the behavioural descriptors for each team competency. Be as honest and objective as you can.

During SM4 you and each individual team member will discuss the feedback others in the team have given.

This assignment is Pass/Fail only. To pass the assignment you need to successfully complete feedback for each member of your team, upload your one-page outline of the Growth strategy paper on Friday week 7, and actively participate in the teleconference in week 8.
References


Readings

A note on timing your readings: Before starting the readings, re-familiarise yourself with the advice on reading the course materials in the Learning Technology section of the SM1 Course Overview. You should survey the course materials by reading the SM3 Course Overview and the introductions to all the readings. Be sure to complete ALL of the readings before coming to the SM3 residential in week 4.

Reading 1


Reading 2


Reading 3


Reading 4

Reading 5


