University of Pennsylvania
The Wharton School

Fall 1995

MGMT 735/PPMT 781

Strategic Management in the Service Enterprise

B3-4, Mon - Wed, 10:30 - 12:00

Professor Faulhaber

3115 SH-DH, 898-7860 (FAX 898-9463, E-mail: faulhaber@wharton.upenn.edu)

Office Hours: Mon and Wed, 12:00 - 1:30 PM, and by appointment

Required readings for the course are:


These books are available in the bookstore (look in the Public Policy and Management section) and are on reserve in Lippincott. Since the Shaw book is only used for two classes (but includes five chapters), you may want to use the copy on reserve.

Bulkpack, available from Wharton Reprographics.

In addition, you are also required to be fully conversant with Competitive Strategy by Michael Porter, Free Press, 1980.

You may also be interested in the following; some of the bulkpack material is taken from these books:

Technology in Banking: Creating Value and Destroying Profits by Thomas D. Steiner and Diogo B. Teixiera, Dow Jones Irwin, 1990.


**Required assignments:** many of the class assignments include one reading for which you are required to hand in a **one-page summary and analysis**. This reading is marked “S&A” in the syllabus. The format of this S&A is:

- Your name: Date & Class:
- Name of Reading:
- Topic/ Problem Addressed by Reading: (2-3 sentences)
- Summary of Conclusions and Results: (1 short paragraph)
- Your analysis and critique of the Topic/ Problem and the author's conclusions; focus on the lessons for management: (1 long paragraph).

Under no circumstances is this document to exceed one page, and late assignments are not accepted. If you are unable to make class on the date the assignment is due, you may have a friend hand it in, either in class or in my office, or you may fax it to me or send it via e-mail. Joint work is not acceptable. The purpose of this exercise is for you to demonstrate your competence in (i) the use of the concepts of the course; (ii) reasoned analysis and critique; (iii) application to management issues, all expressed in succinct business prose. Collectively, these “S&A” assignments count for 30% of your grade.

In addition, there are two other required assignments for this course:

(i) a **written analysis of “The Architects Collaborative, Inc.” case** to be handed in before class on November 14; your case write-up should be typewritten and no longer than five pages. This case counts for 20% of your final grade.

(ii) a **take-home final exam**, distributed at the last class, which you will have at least one week to complete. This exam counts for 30% of your final grade.

Failure to hand in any assignment on time, regardless of excuse, will result in an automatic failure for that assignment.

**Class participation**, including the group presentations and the simulation, counts for 20% of your final grade.

Cases for this class, all of which are in the bulkpack, are:

- “Nordstrom,” HBS Case #9-579-218 and “Nordstrom: Dissension in the Ranks?” (A) #9-191-002, (B) #9-192-027
- “The Architects Collaborative, Inc.”; HBS Case #9-575-016
- “A Failing Agency: Federal Trade Commission”; Kennedy Case #C14-76-099
- “Federal Express: the Money-Bank Guarantee” (A) HBS #9-690-004 (The (B), (C), (D), and (E) cases will be distributed in class).
“Au Bon Pain: The Partner/Manager Program” HBS #9-687-063
“American Repertory Theatre-1988”, HBS #9-688-120
“Coopers & Lybrand in Hungary” (A), HBS #9-692-112 (Case (B) and (C) will be distributed in class)

I. The Service Economy

Sept. 6  Introduction: the Domestic Service Economy
          FF, Ch. 1

Sept. 11 Services vs. Products: Economic Differences/Similarities
           FF Ch. 2
           “Wealth in Services,” bulkpack
           “The Final Frontier,” bulkpack

Sept. 13 Government and Not-for Profit
           OG, Introduction and Ch. 1

II. Service Strategy: the Basics

Sept. 18 The Mechanics
           HSH, Chs. 1
           FF Ch. 3

Sept. 20 Strategic Service Vision
           HSH, Chs. 1, 2
           Shaw, Chs. 1, 2, 3
           “The Service-Driven Service Company,” bulkpack S&A

Sept. 25 Entry Barriers: Key to Competitive Strategy
           “Operating Strategy: Barriers to Entry,” bulkpack
           “How Sustainable Is Your Competitive Advantage?” bulkpack

III. Getting and Keeping the Customer

Sept. 27 Customer Loyalty
           HSH, Ch. 3

Oct. 2 Satisfying the Customer
           HSH, Ch. 5,6
Oct. 4  Making It Work: What’s Really Needed
The Profitable Art of Service Recovery”, bulkpack Prepare “Federal Express: the Money-Back Guarantee” (A)

IV. Service Is Provided by People

Oct. 9  The Service Encounter
FF, Ch. 8
HSH, Ch. 11

Oct. 11  Human Resource Strategy: The Linchpin I
Prepare “Au Bon Pain: The Partner/Manager Program”  S&A

Oct. 16  Fall Break

Oct. 18  Doing It Right When It Really Hurts: CONRAIL Goes Private
Constance A brams and Cynthia Archer, CONRAIL Inc.

Oct. 23  Human Resource Strategy: The Linchpin II
Prepare “Nordstrom”

Prepare “Nordstrom: Dissension in the Ranks?” (A) and (B)

V. Strategies for Success

Oct. 30  Strategic Success I
FF, Chs. 3,5
HSH, Ch. 7,8

Nov. 1  Strategic Success II
Shaw, Chs. 6,7

Nov. 6  Technology Strategy
FF, Ch. 4
HSH, Ch. 10
“Rattling SABRE-New Ways to Compete on Information”, bulkpack S&A

Nov. 8  Service and the New Technologies
“Will the Information Highway be the Death of Retailing?” Fortune 1994

Nov. 13  Integrating I
Prepare “The Architects Collaborative, Inc.” A WRITTEN ANALYSIS OF THIS CASE MUST BE TURNED IN BEFORE CLASS.
Nov. 15  Integrating II  
Jack Shaw, Office of the Chairman, Wellpoint Health Networks

Nov. 20  Integrating III  
Prepare “Coopers & Lybrand in Hungary” (A)  S&A

VI. Public and Not-for-Profit

Nov. 22  The Challenge I  
OG, Chs. 2, 3, 5

Nov. 27  The Challenge II  
OG, Chs. 6, 9, 10

Nov. 29  Making It Work: Not-for-Profit I  
Prepare “American Repertory Theatre-1988”  S&A

Dec. 4  Making It Work: Not-for-Profit  
Roger Hall, former Director, the Philadelphia Orchestra

Dec. 6  Making It Work: Government  
Prepare “A Failing Agency: Federal Trade Commission”  
Class Simulation based on Case

Dec. 11  Course Review  Take-home Final Exam distributed.
CONTENTS OF BULKPACK

1. Syllabus
2. Wealth in Services
3. The Final Frontier
4. The Service-Driven Company
5. Operating Strategy: Barriers to Entry
6. How Sustainable Is Your Competitive Advantage?
7. The Profitable Art of Service Recovery
8. Federal Express: The Money Back Guarantee (A)
   Cases (B)-(E) to be handed out in class
9. Au Bon Pain: The Partner/Manager Program
10. Nordstrom
11. Nordstrom: Dissension in the Ranks? (A)
12. Nordstrom: Dissension in the Ranks? (B)
13. Rattling SABRE-New Ways to Compete on Information
16. The Architects Collaborative
17. Coopers & Lybrand in Hungary (A)
   Cases (B), (C) will be handed out in class