ABIZ 4500 - Agribusiness Strategy
Course Outline 2019

Instructor: Dr. Milton Boyd, Room 357 Agriculture Bldg., Tel 474 6031 or 9384 (receptionist)
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Course Time: Monday 2:30-5:30 Fall Semester; Office hours after class or by arrangement

Objectives and Learning Outcomes:

1) To understand, analyze, develop, and apply business strategy.
2) To integrate knowledge across areas such as marketing, finance, investment, management, etc.


Course Description:

First, for the business case part of the course, student groups will each turn in a written report for a company and oral presentation (powerpoint), followed by discussion from another group. Second, there will be two exams. These may cover information from lecture topics, readings, business cases, and speakers. Third, there will be an investment project.

Grading and Policies:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Investment Project</td>
<td>10%</td>
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<tr>
<td>Business Case (weight on written portion and oral presentation)</td>
<td>20%</td>
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<tr>
<td>Exams (35%, 35%)</td>
<td>70%</td>
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If a student must miss class for medical reasons or other reasons, they are responsible for obtaining any assignments, lecture notes, handouts, announcements, or other information/materials from their classmates. University policy strictly prohibits "plagiarism and cheating" as outlined in the University Undergraduate Calendar. Late assignments will not be accepted, except in exceptional circumstances and at the instructor’s discretion, missed exams receive a zero.

Please sit in rows in front part of room, maintain professional and respectful classroom environment, please take off cap, turn off cell phone, no photos, no text messaging, no ipod, no facebook etc, remain seated during lecture and no talking, no arriving late or leaving early.

Student group activities are in groups of about six students, and select a group leader and assign responsibilities for each member, with deadlines. Since this course is somewhat unique and covers a variety of activities, the course may vary some from the outline in terms of content and grading. For example, there may be some changes due to time available to cover the material, and speaker availability or cancellations, or other unforeseen circumstances. Students must show utmost respect for classmates, the instructor, and any speakers, and students showing disrespect risk being barred from the class. Attendance is required, and insufficient attendance may result in students being barred from exams. Class lecture and materials are the property of the instructor and it is illegal (copyright violation) for students to transfer these to parties outside the class or post on the internet. Information may be emailed to students and they must provide a working email address with mailbox space, or must get missing information from classmates.
Course Topics and Readings (may be subject to some changes)

Course Introduction; Initial Sources of Information, Websites, Company Annual Reports

Part One: Investment Strategy (understanding, evaluating, and developing investment strategy, focusing more on financial aspects of a business)
Note: V=Value Investing Text; S= Strategy Text

Lecture 1
Why Study Business Strategy?

Brief Review of Traditional Concepts: Porter’s Five Forces (P. 55 S), Product Lifecycle (p. 60 S, also p. 109 S), Porter’s Generic Strategies (p. 101 S), SWOT Analysis, 4 P’s of Marketing. (Note: This is in Ch. 4 of the Strategy Text, except for SWOT and 4 P’s)
(Note: This material will NOT be covered on the mid-term exam, but rather on the final exam.

Financial Ratio Analysis: Rules of Thumb to Strategically Analyze a Business
The two chapters below provide basic financial analysis information, for those needing more review. Balance Sheet (Ch. 7 V); Earnings and Cash Flow (Ch. 8 V)
Using Ratios to Understand and Strategically Analyze a Business (Ch. 10 V)

Desired Patterns in Financial Statements (Sales, Expenses, Earnings (Cash Flow), Stock Price, Book Value, and Debt). Also see Toyota PPT.

Economics of Business Strategy: a) Perfect Competition
b) Imperfect Competition: Profits, Franchise Value, Sustainable Competitive Advantage

Lecture 2
Long-term Return Levels and Macroeconomy; Long-Term Investment Decision Rules (Ch. 21 V);
Understanding Value Regarding Investment (Ch. 1, 3 V); (Skip Ch. 2, except for p. 32, 33)
Characteristics of a Desirable Business (Ch. 15 V) (also see Ch. 19, 20 V)

Lecture 3 (Part 1), Lecture 3 (Part 2)
Math for Investment (Ch. 4 V)

Lecture 4
Obtaining and Evaluating Company Information for Investment: From Internet, Media, etc. (Ch. 5 V)
Understanding Company Annual Reports and Financial Information (Ch. 6 V)
Lecture 5
Detecting Financial Statement Inaccuracies and Company Problems

For additional reading:
Games Companies Play in Financial Statements (Ch. 9V)

Lecture 6
Investment Checklist

Lecture 7
Individual Investment Decisions: Some Important Considerations. Types of Investments for Individual Investors

Extra: This below will NOT be covered on the exam or in lecture

Business Valuation Information below for those interested in more advanced information for determining the value (intrinsic value) of a business, and a main thing to understand is p. 204, Ch. 12 Introduction to Valuing a Business, and Required Steps (Ch. 11 V)
Determining Intrinsic Value of a Business (Ch. 12 V) e.g. discounted cash flow detailed information

Note: These three chapters below are for reference/interest only (NOT covered in lecture or exam):
Strategic Analysis of Key Financial Ratios (Dupont) that Drive a Business (Ch. 13 V)
Strategic Analysis of Intangible Factors Underlying a Business (Ch. 14 V)
Deciding if the Price of a Business is Right for Buying or Selling (Ch. 16 V)
Part Two: Business Strategy: (understanding, developing, and implementing business strategy). A number of the chapters listed below contain a partial list of the topics to be covered from each chapter.

Lecture 1B: What is Business Strategy? (Ch. 1 S)

Lecture 2B: Strategy and Performance (Ch. 2 S)

Lecture 3B: Analyzing the External Strategic Environment (Ch. 3 S);

Lecture 4B: Analyzing an Industry (Ch. 4 S): Porter’s 5 Forces, Product Lifecycle, SWOT, 4P’s

Lecture 5B: Analyzing an Organization’s Strategic Resource Base (Ch. 5 S): Human/Financial Resources

Lecture 6B: Formulating Business Unit Strategy (Ch. 6 S)
Porter’s Generic Strategies, Designing a Profitable Business Model

Lecture 7B: Business Unit Strategy (Ch. 7 S)
a) Strategies for Emerging, Growing, Mature, and Declining Industries
b) Strategies for Fragmented, Deregulating, and Hypercompetitive Industries

Global Strategy Formulation (Ch. 8 S): This chapter will NOT be covered on exam or in lecture. Various Approaches and Wal-Mart Example. (For Reference Only)

Lecture 9B: Corporate Strategy (Ch. 9 S):
Economies of Scale and Scope, Core Strategies, Growth Strategies, Business Combinations/Mergers/Acquisitions, Disinvestments

Lecture 10B: Corporate Strategy and Strategies for Managing and Evaluating a Portfolio of Businesses (Ch. 10 S): Boston Consulting Group (BGS) Approach, General Electric (GE) Business Screen Approach. A.D. Little’s Lifecycle, Strategic Planning (mission and vision statements)
Business Case Notes

Each group will turn in a written case of about 10-12 pages, plus any tables, figures, appendix etc. For the presentation, each student should present for about 2-4 minutes, for a total of about 12-15 minutes for the group. Following the presentation, another group will be selected to discuss the case. When writing and presenting, imagine that you are a management consultant addressing the CEO and senior executives. Focus on and discuss only the most important problems, and your recommendations, regarding the company e.g. things that the CEO needs to fix - your recommendations. Avoid unimportant and boring details and restating unimportant background information from the case. The case material is only a starting point, but you should get latest information and financial statements from the internet. Avoid reading your presentation from the power point. Bring 7 hard copies of your presentation on the day you present (one for the instructor, 6 for the discussant group).

Each student should be given responsibilities to present a part of the case, e.g. 1) short introduction, background, and statement of the key problem(s). Also briefly, what is their business model e.g. how is the business unique, or different from competitors, and how do they make money? (for example, is it high sales volume with economies of scale and low costs and efficient production, or is it high profit margin, high end goods that are unique differentiated product, or? 2) management capability and history, and 3) marketing and 4 P’s. 4) finance and financial ratios. (include income statement and balance sheet information; also include a graph showing things like sales, income, debt/equity ratio, return on equity, both over past 5-10 years or so). 5) stock valuation and whether or not to buy the stock 6) give recommendations/strategy. For more complete analysis, students may also want to look at concepts of SWOT, Porter’s five forces, Porter’s generic business strategies, product life cycle, industry life cycle.

Identify the company’s problems. For example, an internal problem might be poor management, but basically the company is in a strong and growing industry with good product line and profit potential and not much competition. Maybe it just cannot get organized and deliver, and has poor management, and poor strategy. An external problem might be where a company is relatively well managed and efficient in its industry, but it is in an undesirable and slow growth industry, e.g. making typewriters. Or, airlines with different unions on strike, fuel cost problems, recessions slowing travel, non differentiated commodity type competitive pricing, high debt and capital intensive industry, and regulation (airport slots), terrorism, lawsuits from crashes.

Checklist for Case Recommendations/Strategies Plans or Actions:
Can the firm afford the recommendation? Would it be difficult and time consuming to implement? Will competitors respond and easily copy the idea, or cut price? Will employees (culture and values), shareholders, customers, and suppliers accept the solution? Is solution consistent with the company’s expertise and objectives? Is the recommendation/strategic plan risky, would it seriously damage the company if it didn’t work?

Guidelines for Case Presentations:
Spend about 10-20% of presentation on introduction, background, and statement of key problem(s)
Spend about 60-75% of presentation on analysis of marketing, finance, Management, etc.
Spend about 10-20% on recommendations/strategic plan or action to be taken
Use powerpoint Powerpoint hard copy to be turned in the day of the presentation.
Be prepared, be professional, be able to “disagree without being disagreeable.”