

CULTIVATING STRATEGIC AWARENESS IN THE CLASSROOM

ABSTRACT

This session introduces a teaching method that turns strategic management into a live activity. It enables students to get up to speed on current events and financial markets and then practice integrating that awareness into discussions of strategy. Mimicking the morning briefing of executive suites, this classroom news routine asks students to post on the board world and market news at the start of each class, rotating through ten categories of news from week to week. The resulting display becomes the template for the day's discussion, typically focused on news stories, market movements and business initiatives of strategic import. Students watch PESTEL forces at work and practice thinking how firms adjust to unfolding world events. Comprising the first 20 minutes of each class, the exercise trains students to swim with the flow of news and digest a wider swath of the daily news stream. They learn to recognize opportunities and threats and get practice seeing the broader context of strategic management.

Keywords:

Experiential Learning, Strategic Formulation, Strategic Awareness,
PESTEL, Business News, Current Events

Submitted to

Eastern Academy of Management International Conference
Croatia
June 2019

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This session introduces the Strategic News Watchboard classroom exercise that enables students to become well-informed about current events and financial markets while identifying opportunities and threats facing a firm. As a weekly classroom activity, it builds broad awareness and confidence at strategic thinking, making a perfect companion for the first 20 minutes of a weekly strategy class.

1. Introduction to the exercise –

This exercise turns strategic management into an on-going classroom activity. Students learn to watch unfolding news events and build awareness of a very broad news stream on the lookout for opportunity and threats. They watch the strategies of other firms unfold as stories of business initiatives are reported in the news. They gain familiarity and background so that going forward they are more intelligent consumers of business news, they understand a wider cross-section of nightly business news reporting, and they are a more practiced participant in the strategic discussions of the firm they join.

Exposure, experience and growing understanding a wider swath of the daily news stream

Familiar with watching and processing the flow of developments

Practiced as digesting a wider set of developments (news *and* markets) in the daily news stream

Practiced at seeing connections between news stories and market movements

Practiced at seeing opportunity and threat in the outside environment

Class discussion mimics the review of current events common to the start of weekly meetings of senior management teams in most large companies. They begin with the question: *What is happening in the world and how does it impact our business?* This classroom exercise provides an opportunity for students to engage in a similar watchful examination of world events,

considering their relevance to the performance and prospects of an enterprise. The board enriches discussion of the day's case study, for example, considering how current developments likely impact the company.

Strategic management and the ongoing monitoring and responses to news and market changes

2. Instructions for presenting the exercise

a) learning goals:

- (1) become well informed about world and business news developments,
- (2) build baseline awareness of four financial markets,
- (3) recognize matters of strategic importance in the news

b) approximate timing for whole exercise and individual parts: 20 minutes per class over an entire semester (usually the first 20 minutes of a class)

c) number of participants or group size: 10+ possible, 20+ recommended

d) materials and technology needed: large white board (30+ ft or 10m), 10+ dry-erase markers

e) appropriate level: undergrad, grad, or executive

f) preparation needed for students and for the instructor:

Students summarize on the board in class the major stories in the business news. Proper preparation requires a regular reading of the news. Students are expected to study both world and business news carefully every day. News discussions are included in class participation grades.

Study group teams take responsibility for putting the news on the board before class begins. Students come early to start posting their stories; latecomers are invited to add their work on arrival. The topics listed on the attached table (Exhibit 1) are assigned to different groups

each week, rotating through the full list from class to class. Students craft their news stories drawing from a variety of sources, typically the Wall Street Journal or the Financial Times. They include 3-5 different stories in each news category, with a 1-2 sentence summary of key points for each story. They use their judgement regarding what news to select, as long as it has business relevance. Stories of business initiatives might describe what the company is doing in *sentence one* (e.g. “GE Sells its Financial Divisions”) and explain its significance in *sentence two*.

Students complete their assigned posting of news and market movements on the board at the start of each class, thereby jointly constructing the Strategic News Watchboard which becomes the classroom prop for the day’s discussion. The board display includes 10 categories of news, shown in Exhibit 1, ranging from political and business news to updates on financial markets. Study teams rotate through the topics over the semester, thereby gaining familiarity with news of all categories and aware and conversant about business trends and financial market developments.

The composite display includes five broad news subjects [World News, Domestic News, Business News, Marketing News, Technology News] and five financial market developments [Stock Markets, “Heard on the Street” (usually big news about a specific company), Interest Rates, Currencies, Commodities]. Students draw news from the Wall Street Journal or the Financial Times, and local, general and internet sources are also used. Reporting on financial markets focuses on week-to-week changes, producing a general, non-trading orientation in our awareness of financial markets.

Students must be prepared to explain how their news items relate to business strategy of the company that is the focus for the day’s case discussion. Students gain experience giving thought to how today’s news developments would likely be seen by management of that company.

3. Teaching notes

Form ten study groups and assign each one a topic from Exhibit 1, distributed as a handout. They are told they will rotate from topic to topic from week to week, eventually covering the whole board. Together they assemble the board each day and that becomes the basis for discussion.

One can launch the day's discussion many ways: ask someone for their favorite news story or pick a highlighted story posted on the board for general discussion. Make a point of noting when market movements on the right-side of the board reflect news stories on the left-side of the board. Take time to insist on the standardized layout for reporting each financial market, specified at the bottom of Exhibit 1. Standardized reporting helps people become familiar with where to see key changes each class discussion.

Over time students learn to recognize opportunity and watch for threats. They become familiar with the broad perspective engendered by the display and gain practice seeing connections between news and markets. They digest a wider gulp of the daily news stream and appreciate the wider context of strategic decision-making. It is especially effective when company initiatives spotlighted in the news as management teams seizing opportunities are followed a few weeks later with the reactions of their competitors.

4. Debriefing

Over a 15-week semester, students get up-to-speed on current events and market movements and familiar with the broad context of strategic discussions. They emerge well-informed, knowledgeable, capable of expressing opinions. The most diligent among them have built a

baseline grasp of political and business developments and the four foundational financial markets. Should they continue the practice, they will have the readiness and confidence to participate in strategic discussions in their next workplace.

5. A summary of students reaction to the exercise.

Students appreciate the time and attention devoted to helping them get up to speed on current events and attain some understanding of various financial markets. They see quickly during job interviews that their class-induced awareness and facility at discussing current events and financial developments makes them stand out in the crowd. Some have chosen to make this broad awareness a distinguishing feature of their personal repertoire.

6. Presentation at ELA – the exercise could be demonstrated during a 30+ minute session at the Conference. We only require a long whiteboard and a dozen dry-erase markers.

BUILDING THE BOARD

The composite display includes five broad news subjects [World News, Domestic News, Business News, Marketing News, Technology News] and five financial market developments [Stock Markets, “Heard on the Street” (usually big news about a specific company), Interest Rates, Currencies, Commodities]. Students draw news from the Wall Street Journal or the Financial Times, and local, general and internet sources are also used. Reporting on financial markets focuses on week-to-week changes, producing a general, non-trading orientation in following market movements.

USING THE BOARD

The board display invites discussion of other key considerations the see how the world works.

To build that awareness and understand, the board can serve as a springboard for tangential lectures (Exhibit 2) that help build a fuller understanding of the strategic news watchboard.

As a cumulative exercise, mini-lectures inserted each week build understanding of the full board. Early sessions explain the purpose of each market, middle sessions identify government, business, market interactions, and latter sessions teach about cross-market interaction and unfolding strategy.

Over time students learn to recognize opportunity and watch for threats. They become familiar with the broad perspective engendered by the display and gain practice at seeing connections between news and markets. They develop a habit of digesting a wider gulp of the daily news stream (news *and* markets) and appreciate the wider context of strategic decision-making. Company initiatives spotlighted in the news are the moves of management teams seizing opportunities. Sometimes the reactions of competitors appear just weeks later.

Over a 15-week semester, students get up-to-speed on current events and market movements and familiar with the broad context of strategic discussions. They emerge well-informed, knowledgeable, capable of expressing opinions. The most diligent among them have built a baseline grasp of political and business developments and the four foundational financial markets. Should they continue the practice, they will have the readiness and confidence to participate in strategic discussions in their next workplace.

Exhibit 1

STRATEGIC MANAGEMENT NEWS REPORTING ON THE CLASSROOM BLACKBOARD

WORLD NEWS	DOMESTIC NEWS	BUSINESS NEWS	MARKETING NEWS	TECHNOLOGY NEWS	STOCKS	<i>Heard on the Street</i>	INTEREST RATES	CURRENCIES	COMMODITIES
News stories from <u>WSJ</u> page 1 or <u>Washington Post</u>	News stories from <u>WSJ</u> page 1 or <u>Washington Post</u>	News stories from <u>WSJ</u> page 1	News stories from <u>WSJ</u> Section B	News stories from <u>WSJ</u> Section B	Highlights from world stock markets: US: DJIA S&P 500 NASDAQ London: FTSE Tokyo: Nikkei Germany: DAX Others: France, Singapore, Hong Kong, UAE, Sydney, or others of interest		Key interest rates, in order of time till maturity: Fed Funds Treasury Bills Prime Rate Treasury Bonds Corporate Bonds	Key foreign currency exchange rates (forex): British Pound/\$ Euro/\$ Japanese Yen/\$ Others: Canadian \$, Mexican peso, Chinese yuan, or others of interest	Key commodity futures contract <u>prices</u> (futures): Oil Gold Wheat Coffee Others: (agricultural) sugar, cotton, pork bellies, etc. (index) stock index futures, etc.

For all financial indices, show week-to-week changes, as follows:

<u>This Week</u>	<u>Last Week</u>	<u>% Change</u>
A	<u>B</u>	(A-B) / B

Exhibit 2
COMPANION LECTURES
Using the Strategic News Watchboard

Business relevance of news developments

Function of each financial market

Connecting news stories with market movements

Strategic issues facing the company featured in the day's case

Strategic management in action

Explaining investment banking

Remembering time value of money, risk and reward

Exploring market interdependencies

Different functional roles view news and market developments differently

Building the Display

Reading the Display – connecting news stories with market movements

Understanding Investment Banking

Time Value of Money

Risk and Reward

Watching for Strategic Import

Finance as Enabler of Strategy