Alaska Gold Mine –Teaching Note

This case is great to kick of a course or particular session about strategy. The part A case showcases issues of strategy formulation, with the part B case shows how formulation and implementation are linked.

Part A:

Hand out the A case and give students 5 to 7 minutes to make a choice about options 1 through 4. Write the four alternatives on the board. After the students have had time to read the case, analyze the situation, and commit to a course of action (have them write it down on the case), take a poll of what the students chose. A little humor at sprinkled in as you count their votes seems to keep them engaged. After counting those that chose alternative 2 (going over the mountain) noting that we apparently have X number of entrepreneurs in the class. Or, after counting those who vote for alternative 4 (waiting to see what happens to the weather), commenting that X people already qualify for an honorary MBA and quipping that many MBAs constantly comment that there isn’t enough data yet to make a choice. Talk through each option, asking students to voice their opinions on why or why not they chose a particular option. You want to be playful here so try to get students to disagree, and state the basis for their disagreement.

The common elements for the decision maker are that (1) they must recognize a goal ($, life, other), but that their goal may have been implicit; (2) they must understand the environment and all of them assessed it differently though given identical information; (3) same with the internal situation; (4) they acted as filters in interpreting the external environment and the internal environment; (5) based on this they needed to assess strategic alternatives and choose a course of action; (6) each choice is a strategic choice, and it mimics the types of strategic choices firms make with respect to resource allocation choices; (7) there was tremendous uncertainty, as in all strategy situations, and how they treated the “facts” varied according to how liberally or strictly they held themselves to the constraints presented in the case.

This is where you use the Strategy Formulation PP slide to walk through what they chose.

To conclude this part you can link the exercise to strategy, where you must recognize a goal, resources, and life issues. You must determine what constitutes external threats and opportunities, and internal strengths and weaknesses. Your own values and attitudes toward risk flavor your interpretation of the issues – there is not much data and this uncertainty and ambiguity characterize strategic choices. You also had to assess strategic alternatives and the fact that there were clusters of choices (usually more than one vote for each alternative), suggests that you interpreted and responded to the data in patterned ways...somewhat characteristic of strategic groups. Finally, even if you don’t think you had a strategy you actually did...I usually contrast intended versus emergent strategies here. Its also fun to point out how some groups explicitly target the gold as their goal, while others have longer term interests like the preservation of their lives...like firms, some are betting the company where others are taking a more patient, incremental approach.
Again, have the students read Part B and instruct them to mark down a decision.

**Part B:**

At this point, you need to introduce Part B, which requires that you assume that alternative 2 was chosen. You can either simply say “let’s assume that you chose alternative 2, let’s see what happened.” Alternatively, you can foreshadow a linkage to corporate life and take the approach that the board of directors told you to choose alternative 2.

Again, hand out the case and allow about 7 minutes to make a choice and think about the agreement they would come to with Pat. About 5 minutes into this I interrupt and ask them to also think of how much and what kind of information and communication they would provide Pat. After they have silently committed to their choice, have the students team up with 2 to 4 other students and compare their choices. If they differ, tell them that they much come to a consensus before moving on to plotting their implementation strategy. If their responses are the same, have them immediately begin plotting their implementation strategy. Take a poll and again post the numbers – stress that the second part of the case demonstrates how the eventual strategy problem is getting something done through people. It may be useful to also spend some time on asking groups that started with a disagreement on how to proceed to disclose what their initial votes were, who changed their mind, and why. In your debrief this allows you to discuss the issue of group-level strategic decision making. The situation is now complicated by the need to work through people, and focus your debrief of the alternatives on many of the people issues. While the A case is pretty open-ended in terms of preferable strategies (though most people don’t choose 1 and instead chose one of the remaining three strategies, usually the fourth because it has embedded options), the B case sets them up with the reality that implementing strategy usually requires that you get things done through others, and often those others are out of your direct control.

Do you trust Pat? Competence? Honesty?

What kind of deal do you strike? Case of booze, a new gun, and a truck or 50:50 split?

This is where you put up the Strategy Formulation/Implementation slide to walk through the implementation model they chose, as well as the interdependence of formulation and implementation. You can point out that your prior relationship with Pat is what allowed you to consider this revised strategy in the first place!

The point of the second part of the case is that the goal is lost unless you can work with and depend on Pat. This means there must be some level of trust, you must make a fair deal that incentivizes him but also allows some form of control, and give him a pep talk to avoid the personal problems. Specifically, you need Pat to try harder, extend him or herself, and believe in the partnership with you.

NB: The options are all risky no matter what you do.
Tying in the strategy diamond and implementation framework:

The Power Points present you an opportunity to foreshadow the strategy diamond and implementation frameworks that are used in the Carpenter & Sanders Strategic Management text. We typically talk through the diamond after having debriefed the A case, then walk through the implementation framework after having debriefed the B case. If you will use another strategy or implementation framework then you can apply them here instead, as our model integrates well with others.