

ITES Strategy and Policy (MGS 565C)

I. Course Objectives

Strategic Management deals with the organization, management, and strategic positioning of the firm so as to gain long-term competitive advantage. Why are some firms more successful than others? The fundamental question of strategy is how firms can attain and sustain competitive advantage. In the course, we will analyze in depth the sources of competitive success among firms and develop skills and knowledge necessary to be an effective strategy analyst.

Strategy is often formulated in turbulent environments under great uncertainty. Throughout the course we will focus on tools and methods for making decisions under uncertainty. By the end of this course, you will develop your skills at:

- analyzing industry structure and environmental trends to assess industry potential
- understanding how firms gain and sustain competitive advantage
- analyzing strategic business situations and formulating strategies
- understanding the two primary ways to position a business strategically
- developing M&A and alliance strategies to access capabilities
- selecting the best strategy for a company
- providing quantitative support for recommendations
- implementing the strategy and organizing the firm for strategic success.

To accomplish these objectives, this course introduces and employs various analytical frameworks that help us to identify the sources of competitive advantage from both an industry and firm perspective. By focusing on what makes some competitive strategies strong and viable, while others remain weak and vulnerable, we shall develop the ability to consider the impact of change and other important environmental forces on the opportunities for establishing and sustaining competitive advantage. Pedagogically, this discussion-based course draws heavily on case analyses and experiential exercises to develop a deeper understanding of strategic management.

II. The Relationship of Strategic Management to Other Business Administration Courses

Most courses in business schools emphasize a specialized, functional approach to the analysis of business situations. In finance, you are concerned with understanding how capital markets work and, in turn, affect the financing of a company's on-going operations. In marketing, the focus is on how to analyze, shape, and address the needs of consumers as well as how to manage a company's marketing efforts. In operations management, you learn about how to organize the production activities of a firm so it is able to produce quality goods and services at an attractive price. Finally, courses on the management of human resources are concerned with the effective development and management of a company's human assets. All of these functional disciplines play a critical role in the success of any company, but how do they fit together? We will call upon your experience and training in finance, marketing, operations, and so forth.

In this course, we integrate these functions by taking a different perspective, that of the general manager. General Manager is responsible for setting the goals, objectives, and strategies of the organizations they lead as well as the implementation and execution of such plans. To do this, the general manager must be capable of understanding and utilizing the knowledge from each of the organization's functional areas to develop a cohesive and effective competitive strategy. In addition, the general manager must be able to

analyze competitive situations within industries in order to understand the sources of the firm's competitive advantage. In today's business environment, whether you are a new hire or the CEO of the company, you must be capable of thinking like a general manager.

By the end of this course, you will be able to identify significant external and internal factors a firm must consider, describe how a firm fits into its industry, assess firm's strategy, and present alternatives and recommendations for increased performance. You will also have sharpened your ability to concisely and persuasively present your ideas as well as respond effectively to the ideas of others. Finally, you will have gained experience working together in groups, learning how to seize the advantages and overcome the potential hurdles of such teamwork.

These skills are not just important for practicing general managers, but are also increasingly critical for a wide range of positions, including business analysts, consultants, new product managers, and new venture managers. With increasing organizational complexity and functional specialization, specialists must nonetheless understand the organization's mission, recognize the competitive environment that the organization faces, appreciate how their function affects the wider organization, and develop support for activities pursued by their functional area. By studying strategic management, you can also understand how decisions in one functional area have implications for others, and you can be more effective in your position by appreciating the issues facing your superiors. Developing skills in strategic management can also accelerate your career and a move into a senior management position.

III. Expectations from Students

This course is geared towards students who have knowledge of different business functional areas. Students who do not have a solid grasp of the different business functional areas are likely to have a difficult time bringing those different areas together.

All students in the course are expected to check their email accounts, as announcements and guidance are frequently sent by email. Students will be evaluated based on individual and group participation. On the group level, this includes case write-ups and the final project. For individuals, this reflects quizzes and participation in discussion. The de-emphasis of lecture puts added pressure on you to be prepared –hence the focus on preparation and participation.

IV. Academic Conduct

The course requirements are clearly marked as individual or group – there should be no confusion. I expect you to uphold the highest standards of academic integrity and these are enforced in the business school. Just as integrity is valued and important in the workplace, it is also the foundation for how we should conduct ourselves. Academic misconduct will not be tolerated in any shape or form. The penalties are rather severe and violators typically get the most serious of the alternative penalties.

V. Course Requirements

To accomplish the course objectives, we use a variety of learning techniques: lectures, readings, written reports, presentations, and class discussion of case studies and concepts. 60% of your grade is based on group work. This includes two major components: group case write-ups and a group final term project. We will often refer to and apply the tools and frameworks from the class when analyzing cases, preparing presentations, and quizzes. It is assumed that attendance is a basic requirement of this course.

A. Class Participation (20% of the grade)

You will have several opportunities to link course concepts to examples from your workplace or the business press to the class discussions. The most common way to contribute to class learning is through contributing to the discussion. Fundamentally, a good contribution involves presenting a clear opinion, expressing it civilly, and supporting the opinion. In addition, we all have the responsibility to create an

environment where each member of the class feels comfortable offering his or her opinion; thus, knowing how to listen is also important.

Class participation provides an opportunity to develop communication skills - in presenting a point of view and in listening. In many ways, these skills are as valuable as the "analytical frameworks" to be discussed during the course. One of my goals is to help you sharpen that skill. Accordingly, I expect you to effectively participate in the class-analyze, comment, question, discuss. For the learning process to be effective, you will need to prepare carefully for each session and participate actively. Preparation involves both thorough analysis and developing a personal position on the issues raised in the case and readings. Unless you have thought about the case issues and adopted a personal position, it is hard to learn from others' contributions in the class. This does not mean that you are expected to have "cracked" or "solved" the case; given the complexities and ambiguities of the real world, there is no single right answer, and the value of a strategy will depend on the other conditions, decisions, and assumptions made, which we will delve into in our exchanges. Instead, thorough preparation means that you have read the materials, considered the issues raised by the case and the assignment questions, and carried out appropriate analyses in order to arrive at a thoughtful position. Each student is expected to effectively participate in each class discussion - comment, question, argue, and analyze.

In grading the class participation score, I will use several criteria, most of which emphasize the quality of comments, including:

- a) Relevance – Do your comments speak directly to the issues and concepts being addressed? Do they extend our understanding of those issues or concepts? Do they reflect your adequate preparation to participate in the discussion?
- b) Additivity – Do your comments reflect active listening to the comments of other class members? Have they incorporated insights introduced earlier and built upon them?
- c) Substance – Do your comments make a real contribution to the ideas being exchanged? Has anything new been gained from your contribution to the discussion?
- d) Persuasiveness – Have your points been well articulated, argued, and supported, such that others take note of the convincing nature of your points?
- e) Questioning – Have your comments reasonably questioned the comments of others or challenged their assumptions without disparaging the person who offered them?
- f) Amount of participation (this does NOT mean dominating the discussion).
- g) Scores range from 0 for no participation to 4 for profound enlightenment.

Given your work experience or background, you may find that you have special expertise relating to one or more of the companies and industries that we will be discussing. If so, you are welcome to let me know in advance, so that I can be sure to call on you.

B. Two Scheduled Quizzes (20% of the grade)

There are two short in-class scheduled quizzes as indicated on the schedule. Each quiz: (1) it takes around 10-12 minutes; (2) It will be multiple-choice format; (3) The graded quizzes will NOT be returned; (4) No make-up quiz will be given after the formal one. If you do not take the quiz on the scheduled time, you will lose the points. These quizzes will cover material from your assigned readings and cases. You should have little trouble on the quizzes if you do the assigned readings, class slides, and study the cases.

C. Case Analyses

Strategic thinking and analysis is best learned through practice. The cases we will study are about *real world* business situations; they are an opportunity to both apply the concepts we discuss in class as well as further develop our ability to think about business strategy. How much you get out of a case depends on your preparation and active participation.

I will provide general guidelines about the approach to analyze cases. Case analyses will be completed in groups. Assignments are due promptly at the start of class. Late assignments will not be accepted and cannot be made up.

C1. One Group Case Write-up (10 % of the grade)

Each group includes 3-4 students. The group numbers have been assigned by the university administration. Below is a first cut at the schedule. Since the cases are due in the second weekend, I did not want to wait until we meet to come up with a schedule. Groups 1, 2, and 6 are on the hook for the Apple case, Groups 3 and 5 for McDonald case, and Groups 4 and 7 for Amazon case.

Case	Group							# of write-ups
	1	2	3	4	5	6	7	
<i>Apple, Inc.</i>	X	X				X		3
<i>McDonald's Corp</i>			X		X			2
<i>Amazon.com, Inc.</i>				X			X	2

The case analysis should focus on the study questions or posted guidelines. It should consist of a problem statement, analyses, recommendations for a solution, and a brief discussion of implementation issues. This is NOT meant to be a regurgitation of case facts. Case write-up is due promptly at the start of class (mentioned in the schedule). Submit the case write-up in power point format.

The PowerPoint case analyses (no more than 12 slides; including the cover slide) will require that you make choices on what is most important to present.

- Presentations should be no more than 12 slides with no fonts smaller than 20pt.
- Quantitative analysis can be summarized in the slides and backed up in a spreadsheet.
- Post presentation in the course folder before 11:00 pm the day before the case is to be discussed in class. Please use the following naming convention: case name-group number.ppt (e.g., for group 2:Apple-2.ppt).
- If a spreadsheet is needed, please attach that as well using the same naming convention.

One group will be selected to present their analysis (approx. 15 minutes). While not all groups will be able to present a case during the course, prepare the assignment assuming that you may be called upon. Groups will also field questions and lead a brief discussion of the case. These tips may help on case analyses (“APFLO” method):

- Audience. Stay in character as you present to your audience (e.g., the board). This allows you to eliminate most case background.
- Problem. Identify and focus on the specific problem in the case.
- Focused analysis. Select analytic frameworks that are especially relevant to the problem and only present those parts of the frameworks that yield essential insights.
- Logical recommendations. Be sure the recommendations flow directly from your analysis.
- Obstacles. Consider challenges inherent in your recommendations & how to address them.

C2. Two In-class Group Case Activity (20% of the grade)

We will have two in-class case activity (mentioned in the schedule). All group members MUST be present in class for the activity. If a group member is absent / unable to attend the class, his/her grade will be deducted. At the end of the activity each group should submit a one-page write-up answering the questions listed in the case. The case will be given in the class.

D. Strategy Audit Project (30% of the grade)

Identify a client unit in one of your team’s companies (it can be the entire company) and undertake an analysis of a key strategic problem it faces.

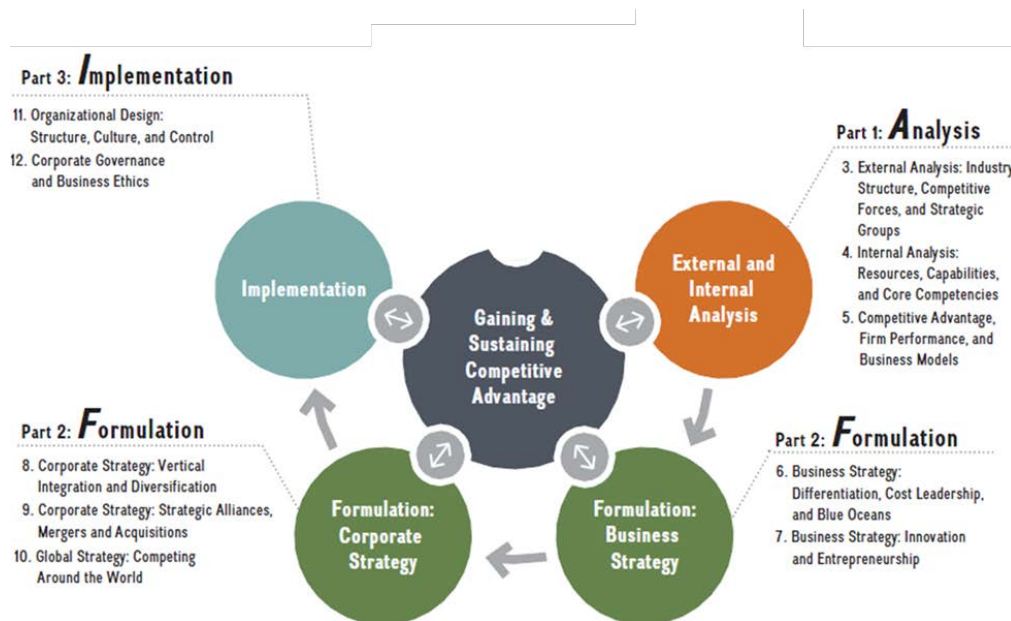
A good project will: clearly and logically apply course material to the phenomenon; present a thorough and rigorous quantitative and/or qualitative analysis; draw implications and suggest recommendations for

“your client.” Some examples of topics include analysis of:

- A firm’s internal capabilities and/or external threats and opportunities
- A firm’s logic and systems for creating value with a given portfolio of businesses
- An actual, proposed, or hypothetical acquisition for your “client”
- An actual, proposed, or hypothetical alliance for your “client”

A project proposal is due by email on November 19th by the end of the day (one page listing the company, data to be collected, analysis to be conducted, and a brief indication of the types of recommendations you anticipate making). I am available to meet with you to discuss the project if you wish.

Like our map of the course (shown below), a project will typically include four parts: 1) external analysis, 2) internal analysis, 3) proposed business/corporate strategy, and 4) identification of implementation issues. You should spend more time on the analyses that are most critical to specific challenges your company faces.



The final presentations of your projects will take place in our last session. You should plan for presentations of about 15-18 minutes so there is time to discuss your projects. All group members must be present for the presentation, and all members must participate in the presentation. You should prepare some discussion issues for the class. Overall, the entire process is meant to generate a lively and productive discussion! The report is also due on the last day of class (03rd Dec) in either hard copy or electronic form. It should be no more than 20 pages (double-spaced, 12pt font, 1 inch margins, etc.). However, you may attach exhibits as needed in an appendix if they help you to analyze the problem.

The report should begin with an executive summary (1 page) that states the strategic problem explored, key observations from your analysis, and recommendations that follow from the key points. You are encouraged to streamline the body of your report by putting any analysis that does not directly bear on the problem or your proposed solutions in an appendix.

In your report, you need to follow the format:

- Title page with your project name, your group number, the names of your members;
- 20 pages (excluding, title page, tables, figures, exhibits, appendices, and references);
- Double line spacing;
- Times New Roman 12-point font;
- 1-inch margin all around (i.e., top- bottom-, left- and right-hand margins);
- Use 8.5 x 11 paper;
- Use page numbers;

- Insert footnotes if necessary.

Notice: All Group Work

Coordination is a major part of strategic management, which demands that executive teams collaborate on highly complex issues. In order for a group to do well, each member must be actively involved in the research, discussion, and preparation of the final report and presentation. Failure to actively participate cheats both you and your other team members. Thus, there is little tolerance for free riding. It is primarily your responsibility to eliminate free riding. The incentive alignment mechanism will be the **peer evaluation** at the conclusion of the course. Individual members who have not contributed to the group reports will have the final grade for group assignments adjusted to reflect their actual contribution level. See peer evaluation section of this syllabus for further clarification.

Should the group dynamic be less than ideal, it is encouraged that members of the group try and work issues out on their own. This is the same dynamic that is encountered in team settings in the workplace.

VI. Grades

Your performance will be evaluated on the basis of the following components: Quizzes, Class Participation, Group Written Case Analyses, and Group Final project.

Quiz 1	10
Quiz 2	10
Class Preparation	20
One Group Case Write-up	10
Two In-class Group Case Activity	20
Final term project	<u>30</u>
	100

VII. Final Grading Scale

Each student's grade is determined by adding the points for each of the individual requirements. The grading scale below indicates the points associated with each letter grade.

Course Points	Final Grade
94 - 100	A
90- 93.9	A-
87- 89.9	B+
83- 86.9	B
80- 82.9	B-
77- 79.9	C+
73- 76.9	C
70- 72.9	C-
67- 69.9	D+
65- 66.9	D
< 65	F

If at any time you have a concern about grades, the material in the course, or other issues that can improve your future, feel free to discuss these with me.

VIII. Cases

The following cases are included in the custom textbook:

- Apple, Inc.
- Amazon.com, Inc.
- McDonald's Corporation

PEER EVALUATION FORM

IT IS REQUIRED THAT EVERY CLASS MEMBER FILL THIS OUT

Supradeep Dutta

(All ratings are confidential)

One of the enduring difficulties of using group projects in a class is assessing the contributions of individual group members to the final cumulative product of the group. Consequently, in evaluating group project work and assigning grades, it is important to have input from the members of the groups that participated. In this regard, you will be evaluating each of your group member's contribution on the following scale:

- 1 = this group member did virtually nothing on the project.
- 2 = this group member gave minimal input, i.e., he or she came to some meetings (missing others) and did only a few things to contribute.
- 3 = this group member gave a fair amount of input, i.e., he or she came to most meetings and contributed in meaningful ways.
- 4 = this group member substantially contributed to the project, i.e., at almost all meetings, made strong contributions to data collection, analysis, writing, organizing, etc.
- 5 = this group member was a mainstay of our project, a major contributor.

Before you assign a score to each group member, please consider your responsibility in this task. Evaluation can be unpleasant at times. It is always hard to decide what is "fair". On the other hand, it will be something you face the rest of your managerial career and it is not to be taken lightly. Equity is not just a perception; it is real. Members of organizations who contribute more should expect more. Members who do not contribute should not receive the same benefit of those who contribute. Be fair, be honest, and be frank.

Students who receive an average rating that is less than or equal 3 but greater than to 2, by other team members will have 10% deducted from their group work point total; students who have an average rating less than or equal to 2 will have 15% deducted.

At the end of the course students fill the form and submit it directly to the instructor (by hand or email). This process is extremely important as a reasonable amount of the course points are group work.

1. Your Name: _____
I would rate my contribution as: 1 2 3 4 5

2. Team Member 1: _____
Please rate the contribution of Team member 1: 1 2 3 4 5

3. Team Member 2: _____
Please rate the contribution of Team member 2: 1 2 3 4 5

4. Team Member 3: _____
Please rate the contribution of Team member 3: 1 2 3 4 5

Additional Comments:

General Information
Instructor: Supradeep Dutta
Course: Strategy & Policy

Name (Last Name, First Name): _____

Name you prefer to be called: _____

Contact Information: _____

Major/Concentration: _____

Undergrad Major: _____

Nationality (optional): _____

Countries or Regions visited around the world: _____

Briefly describe your work experience (if any) (mention company name):

Career Interests:

Companies or industries you would like to learn more about:

Learning objectives / goals for the class:

Something interesting about yourself or something else you would like me to know:

OVERVIEW OF THE SCHEDULE

Note:

- ALL chapters are in the required textbook, and ALL cases are in the required casebook.
- Instructor reserves the right to adjust schedule as needed – some topic may run longer.
- Each day is divided into 4 sessions. For example in Day 1, Session 1 (9 am-11 am); Session 2 (11 am-1 pm); Session 3 (2 pm-4 pm); and Session 4 (4 pm-6 pm).
- For each session, I've indicated the topic and assignments below.
- Case write-ups are due at the start of class. Late assignments are not accepted and cannot be made up.
- ALL students prepare ALL cases – not just the case you write!

Session No. : Date

1: November 18

A. Course Introduction.

Chapter 1. What is Strategy?

Be prepared to discuss a company that you believe has a good (or bad) strategy.

Describe how the company creates value for its customers and/or its shareholders.

Read Chapter 1

Optional Reading: Michael Porter's (2000), "What is strategy?" *Harvard Business Review*.

B. Introduce syllabus

C. **Ripped from the Headlines case ("Amazon Eats Whole Foods")** – article provided by instructor.

Prior to class, review the news articles and formulate your approach to the problem.

The initial discussion will focus on understanding the nature of the industry to

answer why it might (or might not) be an attractive industry for Amazon to enter.

Was this a sound business decision?

What is the biggest risk for Amazon in the deal?

Will other grocers make similar changes?

D. Chapter 3. External Analysis: Industry Structure, Competitive Forces, and Strategic Groups

Read Chapter 3

Read chapter Case: "Tesla"

Optional Reading: Michael Porter's (2008), "What is strategy?" *Harvard Business Review*, January: 25–40.

- Which of the general environment segments are most relevant to Tesla?
- What are the main opportunities and threats that may affect the industry?
- Assess the Five Forces for the industry in which Tesla operates. Is this an attractive industry in which to compete? Why or why not?
- What implications we derive for how Tesla should compete in the US auto industry?

2: November 18

A. Chapter 3 contd.

- What kinds of strategic questions can be answered with general environment (PESTEL) analysis?

- What kinds of strategic questions can be answered with Industry (5 Forces) analysis?

B. Strategy, Uncertainty & Scenarios (Exercise: Razing the Ivory Tower)

C. Chapter 4. Internal Analysis: Resources, Capabilities, and Core Competencies

Read Chapter 4

What are resources?

How do firms create and sustain a competitive advantage?

Optional Reading: Barney, J., 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), pp.99-120.

Peteraf, M.A., 1993. The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, 14(3), pp.179-191.

3: November 18

A. Chapter 4, contd.

- What kinds of strategic questions can be answered with internal (VRIO) analysis?
- Identify and assess Tesla's resources/capabilities.

B. **"The Real Difference Between Google And Apple"** - article provided by instructor.
Read the article. Can organization structure of a firm be a key resource?

C. Chapter 5. Competitive Advantage, Firm Performance, and Business Models

Read Chapter 5

- Concept of Game theory
- Competitive Dynamics

4: November 18

A. Chapter 5, contd.

B. Chapter 6. Business Strategy: Differentiation, Cost Leadership

Read Chapter 6 (until Section 6.4)

- What are the different types of generic strategies?
- What is Tesla's generic strategy?

C. Organization and competitive advantage (Exercise: MicroTech) - if time permits

D. Discuss approach to case-write-ups

E. Discuss approach to final term project

5: November 19

A. Chapter 6, cont.

B. Chapter 11. Organizational Design: Structure, Culture, and Control

Read Chapter 11 (pp. 365-378)

How does organizational structure relate to business strategies?

6: November 19

A. Chapter 7. Business Strategy: Innovation and Entrepreneurship

Read Chapter 7

Read chapter Case: "Netflix"

- Innovation driven competition - disruptive technologies shaping the market
- The innovation process
- Strategic Entrepreneurship

- Netflix's growth in U.S is reaching a mature stage. What other products/services can Netflix offer to continue to generate value for the customer?
- What challenges does Netflix face as it expands to international markets?

7: November 19

A. [In Class Quiz #1](#)

B. Chapter 8. Corporate Strategy: Vertical Integration and Diversification

Read Chapter 8

Optional Reading: Palich, L.E., Cardinal, L.B. and Miller, C.C., 2000. Curvilinearity in the diversification–performance linkage: an examination of over three decades of research. *Strategic management journal*, 21(2), pp.155-174.

- What is corporate strategy? How is it different from business strategy?
- Why do firms diversify?

8: November 19

A. **Read Chapter 11** – Organizational Design: Structure, Culture, and Control, pp. 379-389

- How does organizational structure relate to corporate strategy?

Optional Reading: Simpson, B. (2011). "Flying People, Not Planes": The CEO of Bombardier on building a world class culture. *McKinsey Quarterly*

Barney, J.B., 1986. Organizational culture: can it be a source of sustained competitive advantage?. *Academy of management review*, 11(3), pp.656-665.

B. M&A and bidding wars (Exercise: Gourmet Adventures)

Optional Reading: Coff, R., 2003. Bidding wars over R&D-intensive firms: Knowledge, opportunism, and the market for corporate control. *Academy of Management Journal*, 46(1), pp.74-85.

9: December 02

A. [In Class Quiz #2](#)

B. [Submit your Group Case write-up by email or hardcopy before it is discussed in class.](#)

C. Chapter 9. Corporate Strategy: Strategic Alliances, Mergers and Acquisitions

Read Chapter 9

Optional Reading: Singh, H. and Montgomery, C.A., 1987. Corporate acquisition strategies and economic performance. *Strategic Management Journal*, 8(4), pp.377-386.

- How (when) do mergers and acquisitions create value?
- Post-acquisition integration challenges

10: December 02

A. Chapter 9, cont.

B. Apple, Inc. Case discussion and presentation

11: December 02

A. McDonald's Corp. Case discussion and presentation

B. In-class case activity: Is ESPN right for Disney? (article provided by instructor during class)

12: December 02

A. Chapter 12. Corporate Governance and Business Ethics

Read Chapter 12

What is corporate governance, and why is it important?

B. Amazon.com, Inc. Case discussion and presentation

13: December 03

A. Chapter 12, cont.

B. Finding complementarities in Alliances (Exercise: Global game)

14: December 03

A. Strategic Leadership: What characterizes an effective strategic leader?

B. In-class case activity: Case X (article provided by instructor during class)

15: December 03

A. Final Project Presentations (Groups 1-4)

16: December 03

A. Final Project Presentations (Groups 5-7)

B. FINAL WRAP-UP

Conclude the course and reflect on how the materials can be applied especially on what you have learned in your final projects.

Optional Reading: Bradley, Hirt & Smit (2010). Have you Tested Your Strategy Lately? *McKinsey Quarterly*