

Strategy

Course # 1238.2322.01

Syllabus

Lecturer: Dr. Uriel Stettner

Course Time: Monday & Wednesday 8:15-11:00

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Course Background:

In this course you will learn to analyze a company's business environment, select a strategy, and discuss its implementation. The emphasis throughout is on the development and application of conceptual models which clarify the interactions between industry, competition, firm resources, and the structure and development of firm capabilities.

Course Objectives:

This core course deals with the craft of strategy formulation and implementation that drive competitive organizations. The course provides insight into how to identify and choose a superior competitive position, how to analyze a strategic situation, and finally how to create the organizational context to make the chosen strategy work. As such, the objectives of this course are twofold: 1) to explore conceptual frameworks and models which will assist you with analyzing competitive situation and strategic dilemmas and gain insight into strategic management; 2) to help you acquire experience in dealing with strategic issues.

We start by defining the logic of strategy and how strategy relates to different measures of firm performance. We then move to the analysis of the external competitive environment, looking at industry structure, value chain dynamics, and assess how a firm can select the best position within this environment. Based on this analysis, we consider specific actions a firm can take within a particular market or industry to gain competitive advantages. Such *business strategies* include vertical integration, cost leadership and product differentiation. These alternative strategic choices may offer valuable opportunities, yet they are not risk free and may entail tremendous uncertainty. We then turn to strategic options available to the firm seeking to gain competitive advantages by operating in multiple businesses simultaneously. Such *corporate level strategies* include strategic alliances, diversification, and mergers and acquisitions. We will look at the firm's resource system, examine the challenge of coordinating the pieces of the puzzle that underpin corporate success, and also pay attention to strategy implementation within the organizational context.

The course utilizes lectures, case analyses, and independent reading primarily drawn

from strategic management, industrial organization, research in economics, and organizational theory. The case studies provide an opportunity to integrate and apply these abstract tools in a practical, business context. Throughout the course, I will try to move beyond the necessary conceptual models and analytical techniques, and provide you with applicable know-how.

Reading Packets: All readings and cases will be made available in the Course Reading Pack.

Teaching and learning methods:

1. **Electronic devices:** To avoid distractions, this course is **unplugged**. Please turn off all computers and tablets and silence phones during class meetings.
2. **Case analyses:** Throughout the course, we will analyze real-world cases and make strategy recommendations. In doing so, we will build on readings (e.g., book chapters, articles, etc.) which provide the theoretical and conceptual basis for the class session for which the case is to be submitted. Stated differently, you are expected to study the readings and incorporate your insights from the readings in your case analysis as a precedence to a formal discussion of the case in class
3. **Class discussions:** It is essential to the success of this course that you are both physically and mentally present in class, and that you are fully prepared to discuss the material. In this class, discussion is central to the learning process, and it is your responsibility to be thoroughly prepared to discuss the readings and cases. You should familiarize yourself with the assigned material, taking care to prepare thoroughly and be prepared to contribute informed responses to the material. Try to figure out the connection between the theoretical concepts and the case prior to class. Comments based solely on “gut reaction” generally do not add much value. The discussion in class requires application of theoretical concepts. In class, as well as in more general business situations, there is more than one possible solution to a problem, and there may be no obvious answer to a question. Therefore, the quality of your comments depends on your capacity to communicate them and convince the class about their merits.
4. **Teamwork:** Working collectively on tasks has many benefits, including division of labor, diversity of perspectives, and peer motivation. Teamwork in this course will improve your learning experience with respect to substantive issues and help you build your skills as a “team player”. For each team-based assignment you are expected to work with different team members.
5. **Attendance:** Attendance is mandatory. If you do miss a class, it is your responsibility to find out from your classmates what material was covered, and what additional assignments or handouts you may have missed.
6. **Name cards:** Please display them

General grading policy: The course average will range between 78 and 82 in accordance with the grading policy at the Recanati Business School.

Student assessment: The course grade will be based on several written team based case analyses, in class short quizzes, and a final exam

1. **Written Mid-term Exam (35%):** The written exam will cover all class materials (cases, readings, lectures, discussions, etc.) learned up to that point. It will be an in-class, closed-book, closed-computer, written exam consisting of true/false, multiple choice, and short essay questions.
2. **Short Quizzes (5%):** On case discussion days I will hand out short quizzes at the beginning of class to ensure that you have thoroughly read the case.
3. **Short Case analyses (20% each):** During the course you will be required to submit two (2) written case analyses on the cases indicated in the course schedule summary. Each submitted analysis should address the bold-faced study question assigned for each case. You will work in groups of three (3) students. Each analyses should not exceed three (3) typewritten pages, (with 1" margins, 12 point font, and 1.5 line spacing). Answers should demonstrate correct use of the theoretical concepts and relevant analytic frameworks as well as provide convincing arguments supported by case data. Your group's answers should be based on your own group's analysis and reflect your original, individual, and independent thinking. The assignment to groups is not designed to divide labor between students but to benefit from interactive brainstorming, discussion, and comprehension. A submission should include on a separate cover page the team member ID numbers, case title, and group number. The written case analysis is due any time before the class day in which it is being discussed. Late submissions will not be accepted. The written assignment will be submitted by a group member via email. For all assignments, you may be asked to present your work to the class.
4. **Final Case Analysis (20%):** The guidelines for the final case analysis are identical to the short case analyses except that a) each team will be assigned a different firm to analyze and b) the analyses should not exceed eight (8) typewritten pages.

Plagiarism: Plagiarism refers to claiming ownership of words, ideas, and/or work of others. All work submitted under your name is assumed to be your product. It is unacceptable neither to submit the work that another wrote nor to copy materials without attribution.

Detailed Course Outline

(Subject to Change)

Session Date	Topic and Readings
Dec 22, 2014	Introduction to strategy and firm performance in a competitive landscape
Objective:	To learn how strategic positioning enables companies to achieve sustainable competitive advantage by carrying out unique activities in unique ways. We will also look into organizational performance; consider various alternative measures of performance, the various stakeholders affected by firm's performance and their importance in strategic analysis.
Topics	The reason for the existence of the firm, firm performance, high level overview of key concepts and issues in strategy
Readings	Barney, J. B. 2002. Gaining and sustaining competitive advantage. Chapter 1 & 2.
Dec 14, 2014	Evaluating the external environment: Threats and opportunities
Objective:	The attractiveness of an industry depends on the opportunities and threats posed by an industry. In this session we will look at the various potential threats that restrict a firm from achieving desired performance levels, but also the various opportunities that make industries attractive.
Topics	Porter's Five Forces framework, Hambrick's Diamond model
Readings	Grant, R. M. 2009. Contemporary strategy analysis. Wiley. Chapter 3
Dec 29, 2014	Evaluating the internal environment: Resources, capabilities, and core competence
Objective:	We will look into the firm's own resources and capabilities to see how the positioning of the firm needs to map on to its strengths. We will delve into the role of resources and capabilities, and their impact on competitive advantage. What are the principles on which we can base a resource- and capability-based advantage?
Topics	Resource-based view (RBV), VRIO model, Value chain analysis
Readings	Barney, J.B. "Looking Inside for Competitive Advantage", Academy of Management Executive, 1995, vol 9(4), pp. 49-61
Dec 31, 2014	Competitive strategy I: Cost Leadership
Objective:	Now that we have acquired a set of tools allowing us to analyze a firm's strength and weaknesses in the context of a particular industry, we will move on to consider the degree to which a firm may choose to own its downstream suppliers and upstream buyers. Vertical integration strategies may be supplemented or substituted by cost leadership as an alternative business strategy. A cost-leadership strategy seeks to reduce the economic cost of production below that of its competitors.
Topics	Cost Leadership, cost structure, risks and benefits of differentiation strategies
Readings	Barney, J. B. 2002. Gaining and sustaining competitive advantage. Chapter 7
Jan 5, 2015	Competitive strategy II: Differentiation and Focused Strategies
Objective:	A product-differentiation strategy seeks to establish a competitive advantage by increasing the perceived value of its product offering relative to its competitors. Product-differentiation strategies may supplement or substitute vertical integration.
Topics	Product differentiation, risks and benefits of differentiation strategies
Readings	Hill CW. 1988. Differentiation versus low cost or differentiation and low cost: a contingency framework. Academy of Management Review 13(3): 401-412.
Case Analysis	TBD

Jan 7, 2015	Corporate-level strategy: Diversification
Objective:	In this session, we will differentiate between business and Corporate-level strategies and zoom in on firm diversification.
Topics	Related versus unrelated diversification strategies
Readings	Ireland, R. D., Hoskisson, R. E., & Hitt, M. A. 2009. The management of strategy (9th ed.). South-Western Cengage Learning, Chapter 6
Jan 12, 2015	Competitive rivalry and competitive dynamics
Objective:	In this session, we will look into the various drivers of competitive actions and responses and seek to understand how firms engage in competitive rivalry in attempt to gain an advantageous market position through competitive behavior.
Topics	Developing and sustaining a competitive advantage, Multi-market contact
Readings	Ireland, R. D., Hoskisson, R. E., & Hitt, M. A. 2009. The management of strategy (9th ed.) South-Western Cengage Learning , Chapter 5
Jan 14, 2015	Mid-term Exam
Jan 19, 2015	The boundaries of the firm and the Make vs. Buy vs. Ally decisions – Part I
Objective:	Business strategies that incorporate vertical integration, cost leadership or product differentiation focus on a particular business, yet corporations are often multi-business entities. In this session we will look at mergers and acquisitions (M&A), inter-firm cooperation as alternative corporate governance mode.
Topics	Firm boundaries, Transaction-Cost Economics (TCE), Coopetition, collusion, Strategic alliances, Joint Ventures
Readings	Hill and Jones, Strategic Management, Chapter 9 Dyer, J. H., & Singh, H. 1998. The relational view. Academy of Management review, 23(4): 660–679
Case Analysis:	TBD
Jan 21, 2015	The boundaries of the firm and the Make vs. Buy vs. Ally decisions – Part II
Jan 26, 2015	Innovation
Objective	Define innovation and differentiate between various types of innovation. How does innovation relate to competition, industry life cycles, or organization performance?
Topics	Managing Under Technological Changes, Innovation and Business Models
Readings	Schilling, M. 2012 Strategic Management of Technological Innovation Chapter 3-4
Jan 28, 2015	Entrepreneurship and Venture Capital Course Conclusion
Objective	Define Entrepreneurship and identify its various forms and sources. How is the Business of Venture Capital structured? What is the process of obtaining funding?
Topics	Entrepreneurship and Venture capital
Readings	The Business of Venture Capital, Chapter 1 Raising Venture Capital for the Serious Entrepreneur, Chapter 1