

COURSE OUTLINE

BSP3001 Strategic Management

Semester II

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Course Description

This course gives an overview of all essential aspects of business policy and strategic management. The intention is to provide students with strategy insights; reflect on strategic dilemmas; and practice strategy tools to enable students to become strategic thinkers. The course will cover strategy analysis, formulation of strategies at different levels of the organization, and strategy implementation. We will also reflect on the purpose of organizations, their governance, and their role towards shareholders, stakeholders and society in general.

Course Objectives

Many students enter business schools hoping to quickly pick up the tricks of the trade, without spending too much energy on the laborious task of thoroughly understanding organizations and their environments. Often, tools and techniques are more highly valued than developing a strategic problem-solving ability. However, this may lead to superficiality as there are no short-cuts to learning to think strategically. Within the field of strategy there are many contradictory paradigms. Frameworks that fit one firm may be useless for another. In this course, the emphasis is not on filling in frameworks and applying standard recipes. On the contrary, students will be expected to challenge recipes, question received wisdom, and exhibit unconventional thinking. These are objectives set for this course:

- *Knowledge.* To encourage the understanding of the many, often conflicting, schools of thought and to facilitate the gaining of insight into the assumptions, possibilities and limitations of each set of theories and tools;
- *Skills.* To develop the student's ability to think strategically, understand the language of business, craft strategies on paper and verbally in class discussion, critically reflect on existing theories and tools, to creatively combine or develop frameworks and tools and use them where useful;
- *Asia — focus.* To provide insights into strategies of Asian companies through cases, speakers and in-class examples, where appropriate.

Course Format & General Standards

The format of the course is based on a mixture of lecture, cases, readings and guest speakers. It is my belief that understanding both practice and theory, and acquiring the skill to apply one to the other, should be the core of this course. Classes will not be used to review readings (students should prepare readings before coming to class), but will be employed to give clarifying examples, discuss salient questions in management, for guest speakers, and for case discussion.

- *Case discussion:* I apply a 3-stage approach to learning with cases: 1. students thoroughly prepare the case at home; 2. in class students discuss their analysis in a small group; 3. there is a plenary discussion in class. This will allow students to compare and share ideas and learn from each other. Learning comes not only from understanding new concepts and applying analytical skills. Debating with others will sharpen someone's analytical skills considerably and will help students to communicate their ideas clearly. Some cases may be in the form of documentary films.
- *Readings:* In each of the classes the students should come prepared by reading the required materials in advance. The students should be ready to be asked to volunteer to open the discussion, do a short presentation, or answer specific questions regarding the case or other readings.
- *General standards:*
 - Active participation from students is a condition for the success of the course.
 - During class time mobile phones and other gadgets should be off and movement (leaving and entering class) should be minimal.
 - All course assignments will be automatically checked for plagiarism.
 - Feel free during the semester to e-mail me or approach me if you have any questions on the topics discussed in class, your individual performance, or if you would like to give feedback on the course.

Session 1. Introduction to Strategy

This session is an introductory session that gives students an idea of what strategy is about and what we would explore more in the remaining of the course.

Learning objectives:

- Define the concept of "strategy", and discuss the most common elements of strategy;
- Understand the evolution of strategic management thinking over the last four decades;
- Understand the central question of strategic management, "How do firms build and sustain competitive advantage?"
- Appreciate the importance of strategic thinking

Session 2. Industry Analysis

Building on research from industrial economics, Porter developed tools to evaluate why some industries are more profitable than others, and how changes in underlying forces influence changes in industry profitability. Recent empirical research estimates that industry characteristics account for around 15-20% of the variance of firm profitability. The implication that can be drawn from Porter is that industry analysis can be used to identify profitable industries and industry positions, and that managers can exploit such insight in their strategy formulation. In the session, we will put the industry analysis framework to the test of managerial relevance.

Learning objectives:

- Evaluate the value-capturing ability of incumbents in an industry using the industry analysis tools, known as 5-forces model;
- Forecast industry profitability from shifts in underlying conditions and forces;
- Determine how firms can influence industry structure to their favor;
- Become aware of the limits of industry analysis for strategy formulation

Session 3. Business Strategy

There can be two ways to compete: compete based on the cost-based advantages or compete based on the differentiation-based advantages. Firms seek to optimize their competitive position either under the constraints of industry characteristics or by leveraging their internal capabilities. Alternatively, firms can change value proposition of their products and services to differentiate themselves from competitors'.

Learning objectives:

- Understand the basic principles of cost and differentiation strategies including the trade-off between them;
- Competitive dynamics (or interactions) of firms in the same industry
- Strategy Canvas

Session 4. Resources and Capabilities: Opportunities or Constraints

While strategy begins with a clear direction, a natural question arises as to how to know where to go? While an organization's existing resources and capabilities play an important role in helping the organization to chart its course, existing resources and capabilities can also act as sources of rigidities, preventing firms to go where it has to go. In this session, we will learn how "business model canvas" can be used as a tool for effective strategy implementation.

Learning objectives:

- Understand the role of resources and capabilities as a basis for formulating strategies;
- Recognize how resources and capabilities need to be upgraded or changed for strategy to succeed.
- Business Model Canvas

Session 5. Strategic Implementation, Renewal and Change

There are times when firms need to break away from vicious cycles of negative performance or times when firms are facing great uncertainty in technology or other external environments. In the context of negative organizational performance or high uncertainty, managers must simultaneously develop strategy and organizational capability to implement that strategy. How do "good" managers handle these strategic transitions? What managerial styles and strategic actions are appropriate in the turnaround context?

Learning objectives:

- Understand the importance of internal alignment
- Learn to leverage temporary opportunities into sustainable advantages.

Session 6. Corporate Strategy

Large corporations are highly diversified these days, not only on the product dimension but also on the geographic dimension. Yet, these diversified corporations pose immediate questions: Why do we have multiple lines of businesses in our portfolio? How does the corporate office add value to these multiple lines of businesses? How should we structure organization systems and processes to actually leverage our portfolio of business activities and create such value? What should the role of corporate office or CEO be?

Learning objectives:

- Review corporate strategy for a diversified firm and identify the sources of corporate advantage;
- Understand the mechanism of how diversification may create value;
- Understand how the corporate office in a diversified firm adds value to business divisions;

Session 7. Strategy and Institutional Context

The rise of business groups in the fast-growing economies in Asia and Latin America contradicts some of the received wisdoms that managers in West take for granted. However, the same financial muscles that make it possible for groups like Tata, Samsung, or Koc to compensate for weak institutions also allow these firms to use their resources to prevent robust institutions from emerging. Questions, therefore, still remain: Is it possible to generate sustainable business models that provide both economic and social benefits? Is there a need to save capitalism from capitalists?

Learning objectives:

- Understand how the institutional context affects strategic choices;
- Understand the role of culture vs. institutions in driving why firms do what they do;

Session 8. Build, Buy, or Borrow: Internationalization

We use the case Tata Motors' acquisition of Daewoo Commercial Vehicle Company as a way to illustrate the challenges that firms face when they expand internationally and the ways in which firms can transform those challenges into opportunities.

Learning objectives:

- Understand the cultural, financial, and organizational challenges in acquiring a company and learn how to address them;
- What are the challenges in post-merger integration and learn how to address them?

Session 9. Corporate Social Responsibility and Ethics

Recently, we have witnessed the demand for higher level of corporate social responsibilities and ethics. Regarding the call for corporate social responsibility, an increasingly common view is that an integrated economic, social, and environmental approach leads to more enduring shareholder value. On the other hand, there exist sceptics who argue that corporate social responsibility is nothing more than a lip service or can even be dangerous because it can distort the market by deflecting business from its primary role of profit generation. Firms should strike a balance between these two conflicting views.

Learning objectives:

- Understand what we mean by corporate social responsibility;
- Understand how to make money and do good at the same time;

Session 10. Emerging Market Strategy

The rise of emerging markets in Asia, Middle East, Latin America, and Africa which suggest that the future growth for EPF will increasingly rely on emerging economies. When it comes to emerging Asia, however, institutional infrastructures that firms in developed economies take for granted are either missing or underdeveloped. The objective of this session is to use examples of firms such as Haier, Tata, or Samsung to illustrate how success in emerging markets often requires an ability to combine product innovations with innovation in the business delivery system.

Learning objectives:

- Value Innovation
- Business Delivery System Innovation
- Eco System Innovation

Session 11. Group Presentations I

Session 12. Group Presentation II

Worksheet: Course Schedule and Teaching Materials

Session	Topic	Key Question	Case/ Group Work (TBD)
Session 1	Introduction to Strategy	What is strategy?	Value Creation vs. Value Capture
Session 2	Industry Analysis	Where do you want to be?	Porter's Five Forces + PEST
Session 3	Business Strategy	What is your competitive formula?	7-Eleven Indonesia + Strategy Canvas
Session 4	Resources and Capabilities	Do you have the ship to take you there?	Business Model Canvas
Session 5	Implementation, Renewal & Change	How to transform your current ship?	Recruit Japan
Session 6	Corporate Strategy	How to manage the fleet: Portfolio vs. Synergy	GE
Session 7	Strategy and Institutions	Does capitalism need to be saved from capitalists?	Samsung (video)
Session 8	Internationalization, M&A	How to go global: Build, buy or borrow?	Tata and Daewoo
Session 9	Corporate Social Responsibility & Ethics	How to make money and do "good"?	BKash: Fintech innovation in Bangladesh
Session 10	Emerging Market Strategy	How to provide 80% value at 10% price?	GE; Aravaid; Samsung in India
Session 11	Presentations		
Session 12	Presentations		

Grading and Assignments

The final grade for this course will be computed based on the following:

Class participation	20%
Group project & Presentation	50%
Final Quiz	30%

- *Class Participation & IVLE forum.* Grades will be based on the quality and quantity of participation, but the focus will be on quality. However, absence from class sessions or seldom speaking up during class discussions will result in a low participation score. Please try to participate regularly in class and at the IVLE forum.
- *Group Project.* While teaching often makes use of cases, real life problems are never neatly summarized and presented in the form of a case. Strategy problems are messy and the way you research them is important in solving these "messes". The group project gives you an opportunity to research a company or organization, apply your consultancy skills, and make a strategic plan for the CEO. More details regarding the group project will be made available in class.
- *Final Quiz.* The final quiz will consist of a case with a small number of questions. The questions **will** require students to be able to apply their knowledge (dilemmas, theoretical concepts, tools, frameworks) to the practical case situation. This final quiz is **open book** and is preferably done on your laptop and uploaded on IVLE. This test does require deep understanding of the strategy concepts and extensive practice in the application of theory to a business situation. The best preparation for both is class participation.

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Assignment Guidelines by Professor Mahmood

Deadline: Last class

The assignment will consist of a 15-20 page report (double-spaced, including the tables, figures, and the reference) that involves strategy formulation for an organization facing specific challenges/opportunities. While there are more than one way to approach this topic, the following pointers might be useful as a way to guide your thinking.

1. Where is the "main" problem: Value creation or value capturing?

- a. If not enough value is being created, is it because customers are increasingly less willing to pay for the current benefits, or is it because the costs for the company for providing customer benefits are getting higher?
- b. If the main problem lies in not enough value being captured, what is driving this competitive discount?

2. What should be the firm's strategy to deal with these problems?

- a. Strategy involves leveraging the strengths a company has. Everyone has a few. For strengths to be useful, they must add value to the customers and they must be hard for the rivals to replicate.
- b. Strategy involves tradeoffs and coordination. Understanding where you need to focus is as important as understanding what you will have to give up. What are the options that need to be foregone and what are the areas and activities that need to be coordinated?

3. What kind of organizational changes are necessary in order to implement that strategy successfully?

- a. What are the right set of skills for this strategy? Can you train the existing people or do you need to get them from outside?
- b. Do you have the right set of processes or routines or do you need to change them to make sure that the right people have the right information?
- c. Do you have the right structure or do you need to change the structure to make sure that these people also have the power to make the changes necessary?
- d. Do you have the right set of incentives or do you need to change them as well

