

Course Syllabus BSP 3001 Strategic Management

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Class Time: Monday 9AM-12PM, 12PM-3PM, 6:30PM-9:30PM

Course Description

The purpose of this course is to increase your ability to analyze the strategy of corporations. By strategy, I mean the distinctive approach that executives within corporations employ to win in their markets. We will discuss fundamental strategy theories and illustrate their use, with a special emphasis on strategy in technology-based markets and Asian Pacific contexts. The course will progress from well-defined markets to high-velocity, entrepreneurial markets where the pace of change is often rapid, unpredictable, and ambiguous. The ultimate intent of the course is to help you work more effectively in your professional careers.

Course Format

This course is composed of three main components, with the assessment scheme as follows:

Component	Weight
Class Participation	30%
Strategy Critique Paper	30%
Company Video Presentation	40%
TOTAL	100%

Class Participation (Individual)

Although a variety of pedagogical methods will be used (e.g. lectures, in-class exercises, student presentations, etc.), classroom time will revolve primarily around *case discussions* and their associated readings. As in all such case-oriented classes, class attendance and participation are required. The study questions for each of the cases we will cover are provided at the end of this document. Please go over the pertinent study questions prior to coming to class and use them as a part of your preparations.

The individual cases vary in their analytic difficulty, ranging from evaluating decisions already made (simple) to recommending a decision for a specific issue (more difficult) to defining the issues to be addressed then recommending a specific choice (most difficult). For these latter two types of cases, you will often find that your understanding of issues is improved if you put yourself into the position of the protagonists in the cases. Cases also vary in their conceptual difficulty, ranging from a single framework that is easily understood (easy) to multiple frameworks or one challenging framework (more difficult) to multiple and challenging frameworks (most difficult). Understanding the cases along these dimensions will help you prepare more effectively and allocate your time appropriately.

Prior to class, you should thoroughly read and prepare the day's case, including answers to the study questions. Please ensure that you have used the frameworks, tools, and ideas from the readings in your analysis as appropriate. Doing the reading(s) first is effective. Please also ensure that you have exploited the material in the case exhibits as much as possible. Many cases will have a question or two for which you have to make a specific decision recommendation. Your recommendation should be realistic, actionable, and supported by

analysis (including numerical where appropriate). You should understand the decision criteria, formulate and evaluate (quantitatively and qualitatively) alternatives, and select a choice. You should also understand the assumptions that underlie your recommendation. Finally, your recommendations should consider implementation: which executive/corporate branch should carry out your suggestions, when should they do it, and how.

During class, you should be prepared to lead off the discussion of any question in a significant way as well as to discuss salient issues which are not addressed per se in the assigned questions. As in any case discussion, it is crucial that you are well-prepared, listen carefully to others, and build on/critique previous comments. Clearly, you must participate in class if you are going to share your ideas with others. There is, however, no need to participate in every class. It is the quality of comments—not the quantity—that is most germane. Occasionally, students find that it is easier to participate effectively from the point of view of a particular person or functional area, or to take on the role of devil's advocate or expert (if expertise is possessed) on the topic. If you have particular knowledge of any case (e.g., you have worked for the case company), please let me know in advance.

Since so much of the learning from a case-based course occurs in the classroom, **there are no unapproved absences**. Specifically, any absence requires a written explanation (email is fine) that is given to me prior to class. One miss is fine, but more absences may result in downward adjustment of your grade. Please also note the days in the Course Schedule where no absences are allowed (i.e., video presentation day). The reasoning behind this apparently very stringent policy is that case classes demand active participation and attendance.

Below is a description of how your class contributions will be calibrated:

Outstanding contributor: Contributions in class reflect exceptional preparation. Ideas offered are always substantive, yield one or more major insights, and provide direction to the class. Arguments are well-substantiated and persuasively presented. If this person were not a class member, the quality of discussion would diminish significantly.

Good Contributor: Contributions reflect thorough preparation. Ideas are usually substantive, provide good insights into the topic under discussion, and sometimes provide direction for the class. Arguments reflect clear thinking. If this person were not a member of the class, the quality of discussion would be diminished.

Adequate Contributor: Contributions in class reflect satisfactory preparation. Ideas are sometimes substantive, provide generally useful insights, but seldom offer a major new direction for the discussion. Arguments are sometimes presented, and are fairly well-substantiated and sometimes compelling. If this person were not a member of the class, the quality of discussion would be somewhat diminished.

Unsatisfactory Contributor: Contributions in class reflect inadequate preparation. Ideas offered are seldom substantive, are often off-point, provide few (if any) insights, and give no constructive direction to the class. Clear argument on the topic at hand and/or integrative comments are absent.

Non-participant: The person has said little or nothing in this class to date. Therefore, there is not an adequate basis for evaluation. If this person were not a member of the class, the quality of discussion would not be changed.

Occasionally, some students find it difficult to participate effectively in class because of language or other challenges. Please speak with me if class participation is a significant concern for you.

Strategy Critique Paper (Individual)

Another key component of the course is a 6-8 paged paper (double spaced; excluding exhibits) where you will critique *one* particular strategy framework that we have covered in class. The intent of this paper is to help you think more critically about a particular strategy framework. All strategy frameworks—including the ones we learn in class—are ultimately analytical tools, and as analytical tools they are bound to have shortcomings. In particular, many of the strategy frameworks we cover are abstracted from empirical observations of companies in Western contexts, and as such they often lose their usefulness when applied to the Asia Pacific context. By critiquing a framework, analyzing its shortcomings, and giving recommendations of how the framework can be improved upon, you will acquire a more nuanced understanding of strategy and become more effective in applying the frameworks we learn to real-life situations in your professional life.

The specifics of the strategy critique paper are as follows. You will pick any *one* framework that we covered in class and critique its shortcomings. The critique should include a theoretical section where you discuss why the key ideas or assumptions underlying a framework is inadequate, an empirical section where you draw upon the strategies and performance of a real-life company to illustrate your theoretical critique, and a recommendation section where you discuss how the framework you critique could be improved upon.

You may submit your strategy critique paper at any time during the semester. But since many of the frameworks we discuss in later sessions are themselves critiques of the frameworks we discuss in earlier sessions, the task of critiquing a framework is considerably easier if you write (and submit) the critique paper late in the semester and focus on a framework we covered early on in the semester. To encourage you to think critically about each strategy framework yourself (rather than rely on my analyses of how certain frameworks are inadequate), I highly encourage you to focus on a framework we have just covered in class when you write your critique paper. A paper written late in the semester about a framework we covered early on will be graded much more stringently than a paper written about a framework we have just covered the week before.

Strategy Video Report (Team)

The final component of the course is a short strategy video report that students will produce in teams. Here, you will form teams with your colleagues, take on the roles of consultants, and analyse the strategy of a single medium-sized company or a branch/subsidiary of a large company in the format of a video presentation. The intent of this assignment is to enable you to work with the frameworks we discussed in class in the context of a specific company (or company branch/subsidiary) that is of particular interest to you. This assignment will also provide an opportunity for you to work with others and to improve your presentation skills.

All video reports will be shown in class at the end of the semester. Each video will be followed by a short period of Q&A from the entire class. You will also be asked to rate your teammates' contributions to the group. I will provide more details on this assignment later on in the semester.

Course Schedule**I. INTRODUCTION**

Session 1: INTRODUCTION TO STRATEGY

II. STRATEGY AS POSITION: INDUSTRY STRUCTURE VIEW

Session 2: INDUSTRY ANALYSES: FIVE FORCES

Reading: The Five Competitive Forces that Shape Industry

Case: Apple Inc. in 2012

Session 3: GENERIC STRATEGY

Reading: What is Strategy?

Case: Walmart

III. STRATEGY AS LEVERAGE: RESOURCE-BASED VIEW

Session 4: RESOURCES AND CAPABILITIES

Reading: The Core Competence of the Corporation

Case: Eli Lilly and Company: Drug Development Strategy

Session 5: STRATEGY IMPLEMENTATION: LEVERAGING RESOURCES

Reading: Competing on Resources

Case: Toyota Motor Corporation: Launching Prius

IV. STRATEGY AS ORGANIZATIONAL DESIGN: HIERARCHY VS. NETWORKS

Session 6: CORPORATE SOCIAL RESPONSIBILITY AND ETHICS: FORMAL VS. RELATIONAL FORMS OF GOVERNANCE

Case: Hebei Dawu Group

Session 7: CORPORATE STRATEGY: NETWORK FORMS OF ORGANIZATION

Case: Bosch India's Starter Motor and Generator Division

V. STRATEGY AS OPPORTUNITY CAPTURE: COMPLEXITY THEORY VIEW

Session 8: REAL-TIME STRATEGY: SIMPLE RULES

Reading: Simple Rules for a Complex World

Case: Mahindra and Mahindra

Session 9: STRATEGIC RENEWAL AND CHANGE: EXPERIMENTATION AND PROBES

Case: Dropbox: "It Just Works"

VI. STRATEGY AS CREATION: INSTITUTIONAL THEORY VIEW**Session 10: PRODUCTS AND ECOSYSTEMS**

Reading: Shaping Strategy in a World of Constant Disruption

Case: Linear Air: Creating the Air Taxi Industry

Session 11: PLATFORM BUSINESSES

Reading: Strategies for Two-sided Markets

Case: LinkedIn

VII. CONCLUSION**Session 12: STRATEGY VIDEO REPORT PRESENTATIONS***Note: NO ABSENCES are allowed for this session***Study Questions****Session 1 (week of Jan 14th): INTRODUCTION TO STRATEGY**

No study questions

Session 2 (week of Jan 21st): INDUSTRY ANALYSES: FIVE FORCES

Case: Apple Inc.

1. Read "The Five Competitive Forces that Shape Strategy" and understand what makes a force powerful or not. Also note the difference between rivals and substitutes.

Develop a 5-Forces industry analysis of the personal computer industry (i.e., Wintel platform) to answer the question: How attractive is the personal computer industry

from the point of view of profitability (e.g. return on equity, return on sales)? What are the most powerful forces and why?

2. Similarly, develop a 5 Forces industry analysis of Apple as an industry (i.e. personal computers as a substitute). Why is Apple historically more profitable than firms in the personal computer industry? What are the most powerful forces and why?
3. In light of your 5 forces analyses, evaluate the key strategic moves of John Sculley and Steve Jobs (After his return in the late 1990's) for Apple's computer business. Why were they strategically effective (or not)?
4. In light of five forces, evaluate the key strategic moves that Apple executives made in their attempt to change the MP3 industry structure. How, if at all, did these moves change the industry structure to Apple's advantage?
5. Is the industry structure of smartphones attractive in terms of profitability? Can Apple prevail against the Android threat?

Session 3 (week of Jan 28th): GENERIC STRATEGY

Case: Walmart

1. What is Wal-Mart's strategy? To what extent do/do not Wal-Mart's activity systems reinforce this strategy?
2. As one of Wal-Mart's senior managers, what is your assessment of Wal-Mart's diversification into foreign countries? Which would you avoid? How transferable is the Wal-Mart system and strategy overseas?
3. How should Wal-Mart respond to Amazon's strong performance in online retailing in recent years?

Session 4 (week of Feb 11th): RESOURCES AND CAPABILITIES

Case: Eli Lilly and Company: Drug Development Strategy

1. Using 5 Forces analysis, what are the strongest forces in the pharmaceutical industry? Are they becoming stronger or weaker over time? What are the central strategic challenges that these forces indicate Lilly will face in the new drug development process?
2. How does combinatorial chemistry change the drug discovery process? What is the strategic value of combichem for drug discovery?
3. What are the strengths and weaknesses of an acquisition approach vs. an organic (building in-house) approach to obtaining a new resource such as combichem? How effective is Lilly's approach for developing combichem as a resource?
4. As Bianca Sharma, which of the following three alternatives would you recommend to the Project Team Advisory Committee (PTAC)?
 - a. Take the lead compound into clinical trials without further research and race it to market.

- b. Spend some additional time to refine the current lead (using combichem) and then release to clinical trials.
- c. Spend significantly more time to discover new migraine drug platforms (using combichem) that may result in other promising leads

Session 5 (week of Feb 18th): STRATEGY IMPLEMENTATION: LEVERAGING RESOURCES

Case: Toyota Motor Corporation: Launching Prius

1. What have historically been Toyota's strategically valuable resources (develop a resource profile value chain to assist in your analysis)?
2. What are the primary strategic (technical and business) challenges that entering the hybrid market pose?
3. Do Toyota's historic resource strengths address these challenges? What new resources does the Prius require? How likely is Prius to achieve dominance in hybrids? Is the Prius a "smart" strategy for Toyota?
4. What should Okuda do now?
 - a. First mover: Accelerate the Prius to be the first mover in the hybrid industry?
 - b. Pricing: How should the Prius be priced? – Full price v. \$1500 subsidy v. \$3,000 subsidy. Consider customer payback as well as other factors.
 - c. Production volume: Should Toyota over-produce, under-produce, or try to meet actual demand?

Session 6 (week of Mar 4th): CORPORATE SOCIAL RESPONSIBILITY AND ETHICS: FORMAL VS. RELATIONAL FORMS OF GOVERNANCE

Case: Hebei Dawu Group

1. In the early years of the company, what did Dawu's managerial structure look like? What was the key factor to this managerial structure's functioning?
2. Why did Mr. Sun Dawu create his unique corporate governance system for his family business?
3. Could Sun Dawu's "Family Business Constitutione" provide long-term growth for the company going forward?

Session 7 (week of Mar 11th): CORPORATE STRATEGY: NETWORK FORMS OF ORGANIZATION

Case: Bosch India's Starter Motor and Generator Division

1. Think of the strategic and operational changes undertaken by Bosch India's SMG Division as a series of "make or buy" decisions, i.e. decisions regarding whether something Bosch India should do by themselves or outsource to some external party. What did Bosch India make, and what were they thinking of buying?

2. Consider the benefits and costs of each of these make vs. buy decisions. How did these decisions affect Bosch India's operational efficiency, transactional costs, and organizational capabilities?
3. One of the actions that Bosch India ended up undertaking was to form a partnership with an external partner. How is a partnership/alliance different from both the "make" option and the "buy" option? How does this "middle ground" between the make vs. buy decisions impact Bosch India organizationally?

Session 8 (week of Mar 18th): REAL-TIME STRATEGY: SIMPLE RULES

Case: Mahindra and Mahindra

1. Anand Mahindra wants M&M to become a leading global company. A key strategy process for achieving this aim is innovation, particularly product innovation. What are the elements of his strategy? Do these elements including IDEAS, being customer-centric, and “frugal engineering” constitute a viable strategy of “simple rules”? Is each type of rule included? If not, why not?
2. K. J. Davasia also considers the innovation process as central to FES’s strategy, especially given his beliefs about trends in Indian agriculture and a coming paradigm shift in the tractor industry. He is also a champion of the new product process (MNPD) noted in the case (Exhibit 6). Do his ideas cohere into viable strategy of “simple rules”? Is each type of rule included? If not, why not?
3. Are Mahindra and Davasia in conflict regarding the innovation process? If so, does matter – i.e., is innovation a bottleneck process? What does the Sactor experience suggest about the best simple rules?
4. Is it time for Davasia to “eliminate” Sactor or bring the vehicle into production?

Session 9 (week of Mar 25th): STRATEGIC RENEWAL AND CHANGE:
EXPERIMENTATION AND PROBES

Case: Dropbox: “It Just Works”

1. When Dropbox began, what were the key uncertainties facing the firm’s executives?
2. What specific probes (i.e., experiments) did Dropbox executives under take to resolve these uncertainties? How effective were these probes?
3. Do Dropbox executives have a long-term industry vision? What role does the tagline “It Just Works” play?
4. With their success in the consumer market, Dropbox executives are considering entry into the competitive enterprise market. What new uncertainties, if any, does the enterprise market introduce? Should Dropbox executives:
 - a. Ignore the enterprise market
 - b. Probe the enterprise opportunity to resolve remaining uncertainties
 - c. Commit and launch an enterprise business

Session 10 (week of Apr 1st): PRODUCTS AND ECOSYSTEMS

Case: Linear Air: Creating the Air Taxi Industry

1. Is the air taxi industry poised to take off (analyze the exhibits, especially #2 and #5)? Are the key players in the ecosystem aligned? To what customer segments might the service appeal?
2. Is “air taxi” a useful description of the new product category? Should Bill Herp use “air taxi” to describe Linear Air? Is “air limo” better?
3. In addition to competitors that use VLJs, another class of air taxi operators has entered the market. These operators fly the Cirrus SR22, a slower, single-engine piston aircraft with a smaller cabin and only 2 passenger seats. These planes are much cheaper to operate, and so their flights are priced as low as \$440/hour versus \$1750/hour for Linear Air. Does the proliferation of these services help or hurt Linear Air? Is Bill Herp doing enough to shape the market?
4. Compare the Dayjet and Linear Air visions of the future and ecosystems being created around each firm. Are they complementary or competing visions? Is one ecosystem better than the other?
5. The airline industry is generally considered to be unattractive with poor profitability. Is the air taxi industry headed toward a similar fate?
6. Which growth plan should Linear Air follow over the next few years?
 - a. Stay focused on the Northeast and solidify a base
 - b. Expand to the Southeast to capitalize on the publicity generated by Dayjet
 - c. Preemptively expand into California

Session 11 (week of Apr 8th): PLATFORM BUSINESSES

Case: LinkedIn

1. Why do online social networks exist? What value do they provide over existing substitutes?
2. Who is most likely to sign up on LinkedIn? Who is most likely to value access to these people?
3. Which of the two options should Guericke and Hoffman implement?
 - a. Bundle of new services to find the “right people” more effectively, for a monthly fee?
 - b. See and contact anyone, for a fee per contact?
4. Is it possible to make this choice using “deliberate” analysis or is “emergent” experimentation required?