



Strategy

MHR 765 - 2020 Spring

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| Professor: | Hart E. Posen https://wsb.wisc.edu/directory/faculty/hart-posed 4263 Grainger Hall hposed@wisc.edu |
| Teaching Assistant: | Bukky Akinsanmi akinsanmi@wisc.edu |
| Office Hours: | By appointment with Posen via: calendly.com/hposed/gradstud By appointment with TA via email |
| Dates: | January 22-March 5, 2020 Monday, Wednesday & Thursday |
| Time & Location: | Section 1: 9:30am-10:45am Grainger 2520 Section 2: 11:00am-12:15pm Grainger 2520 |
| Canvas URL: | https://canvas.wisc.edu/courses/177260 |
| Credits: | 2 Credits = 90 Credit Hours ¹ |
| Instructional Mode: | Face-to-face |
| Requisites: | Graduate students enrolled in UW-Madison Full-Time MBA program |

Course Overview and Learning Objective

Our goal will be to enhance your prospects for assuming a leadership role by cultivating your ability to make well-grounded and uncommonly insightful recommendations as to how the business actually is or should be competing. A strategy must define a specific problem or opportunity, the scope of the firm's activities, the logic through which the activities result in better performance, and what it is about the firm that allows it to better carry out those activities than its competitors.

This course develops concepts and analytical frameworks for creating sustainable competitive advantage. The perspective adopted is that of a general manager with overall responsibility for the performance of the firm (or business unit within the firm). Such a manager needs to understand the basis for the current performance of the firm and to identify those changes, inside or outside the firm, that are most likely to

¹ (1.5 class hrs/session, based on 50-minute hrs) x (20 sessions of class) x (3 credit hrs/class hr)

affect future performance adversely or that provide opportunities for the firm to improve its performance. The manager must then use the firm's resources to formulate and implement strategies to compete successfully in its competitive environment.

In order to capture the pragmatic, action-oriented nature of the general manager's job, and the complexity of the general manager's context, this course is taught through the case method. We will supplement case discussions with readings, lectures, and "live cases" currently in the business press.

We will seek course outcomes along three dimensions: (a) "what you will know," (b) "what you will be able to do," and (c) some broader objectives on "being and inspiring."

Knowing:

1. Students will know how to perform an external analysis of the firm's environment (industry, competitors, and the broader environment), and an internal analysis of the firm's resources (capabilities, tangible and intangible assets etc.).
2. Students will know how to perform an analysis of alternative strategic positions within an industry, distinguishing between cost and differentiation strategies, with implications for building competitive advantage.
3. Students will know how to analyze a firm's resources (capabilities, tangible and intangible assets etc.) as a basis of assessing the merits of firm growth into new industries and geographies.
4. Students will know how to assess the types of change in the industry environment (technological change, industry evolution, competitive threats, disruption) that may alter industry structure and the firm's competitive advantage.
5. Students will know how to analyze the benefits and challenges of alternative modes of achieving growth including: de novo growth, mergers, acquisitions, and alliances.

Doing:

1. Students will be able to develop a strategy that positions the firm, within its industry, to build new resources, grow, and realize superior performance — by identifying a valuable problem or opportunity, and a set of actions to address the problem/opportunity.
2. Students will be able to make decisions about appropriate responses to changes in the industry environment due to industry evolution, technological change, competitive threats, and disruption.
3. Students will be able to make entry and exit decisions that impact the scope of the firm, including horizontal scope (related industries), vertical scope (supplier/buyer industries), and geographic scope (countries that differ economically/socially).
4. Students will be able to make decisions about how to enter new industries (horizontal/vertical) and new geographies — through the use of mergers, acquisitions, or alliances.

Being & Inspiring:

1. Students will learn to "think strategically" in a way that is not only central to business strategy, but also valuable for: (a) a functional manager within a larger organization, (b) non-profit organizations, and (c) governments seeking to enact policies to enhance social welfare (education, healthcare, etc.).
2. Students will raise their career aspirations by learning about and knowing how to engage in meaningful problem solving and strategy decisions that they typically would not face until later in their careers.

Assignments and Evaluation

Evaluation in this course is learning oriented — designed to help you assess your progress and understanding of strategy. Evaluation will include both individual and group based assessments. The point breakdown across assignments is listed below. The total point grades will be transformed into a

letter-grade distribution with an AB average. The top 25% of point-grades will be assigned A, the middle bottom 25% will receive B or below, and the middle 50% will receive AB.

Student Assessment Breakdown:

- Individual Assignments (66 points)
 - Module quizzes (18 points)
 - Participation (20 points)
 - Preparation quizzes (10 points)
 - Thought papers (18 points)
- Group Assignments (34 points)
 - Group project first deliverable (15 points)
 - Group project second deliverable (19 points)

Individual Assignments (66 points)

Module Quizzes (18 points). We will have three Module Quizzes as indicated on the schedule. Module quizzes are used primarily to assess the “knowing” portion of the course outcome, and to ensure that you are keeping up with the class material throughout the semester. Module quizzes are cumulative - they cover all materials up to and including the end of the relevant module (i.e., quiz 2 covers materials in both modules 1 and 2, although it is biased toward the latter). Note that you are responsible for all reading materials in the relevant modules, regardless of whether a specific topic has been raised in the class discussion. The three quizzes in total account for 18% of the class grade.

Participation (20 points). The learning process requires that you carefully prepare the cases/readings before class and actively participate during the class discussion — raise and answer questions and debate/argue (constructively). Participation enables you to learn from your colleagues and to help them learn from you. I will only call on students in the class who have in front of them a name card (to facilitate my rather faulty name recollection). If you need a new card, the template is linked on Canvas.

In assessing participation, I think about the following question: If this person were not a member of the class, to what extent would the quality of discussion be diminished? Details are provided below.

- Outstanding contributor (19-20 points out of 20): Contributions in class reflect exceptional preparation. Ideas offered are always substantive, provide one or more major insights as well as direction for the class. Challenges are well substantiated and persuasively presented. Contributions are frequent. If this person were not a member of the class, the quality of discussion would be substantially diminished.
- Good contributor - above average participation (16-18): Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes direction for the class. Challenges are well substantiated and often persuasive. Contributions are moderately frequent. If this person were not a member of the class, the quality of discussion would be diminished.
- Average contributor (12-15): Contributions in class reflect satisfactory preparation but are somewhat infrequent. Ideas offered are sometimes substantive, provide generally useful insights but seldom offer a new direction for the discussion. Challenges are sometimes presented, fairly well substantiated, and are sometimes persuasive. If this person were not a member of the class, the quality of discussion would be only slightly diminished.

- Below average contributor (9-11): Contributions in class are infrequent, and/or reflect only limited preparation. Ideas offered are seldom substantive, provide few if any insights and rarely a constructive direction for the class. Integrative comments and effective challenges are absent. If this person were not a member of the class, the quality of discussion would not be changed.
- Very weak contributor (8 and below): Contributions in class are almost non-existent, and when cold-called, this student may have little to offer.

Preparation quizzes (10 points) Related to participation in-class is preparation and thought in advance of class. Coming to class unprepared is not acceptable. To ensure that all students are prepared to contribute in class, there may be a series of Preparation Quizzes. Neither the number of quizzes nor their timing will be announced (there may be as few as three or as many as 10 preparation quizzes). The quizzes will be short, less than 3 minutes, and require nothing more than careful preparation for the class. If you miss one prep quiz (for a reason that is acceptable), then you may take a make-up opportunity near the end of the semester in the form of an extra thought-paper (only one make-up opportunity is available, and a make-up is not available for poor performance on a prep quiz).

Thought Papers (18 points): There are six “thought-paper” assignments during the semester. Links to the thought-paper submission page are posted on Canvas. They are due at 11:59pm on the day of class. There is a 300 word limit on your submission (please indicate the word count at the end of your text submission).

The deadline, combined with the shortness of the submission, is purposefully designed such that you begin working on the thought-paper while you are preparing for class, and you take a few minutes following class to complete your work. Even if, for some reason, you miss the class session, you are still required to submit the thought paper. Late submissions will not be accepted and will be counted as a zero grade, and extensions will not typically be granted (other than for exceptional circumstances).

The thought paper assignment is as follows. Explore, in a short essay, your own thoughts, ideas, and insights on the topic of the class session in order to show your understanding of and reflection upon the topic. You should develop and support a thesis (“a proposition...put forward for consideration”). Thus, your thought paper should be structured as an argument and you should clearly articulate the key point of your argument and provide supporting claims for it.

One way to approach this assignment is to review the materials during the relevant class session. Think about the theories/frameworks from the class session, the key take-away from the session, whether the take-away was surprising to you, and why is it important. Think about what it might imply for firms and industries (outside of the focal firm/industry from the case), governments, and your prior work experiences or your future work context.

Simple reiteration of the readings, cases, or content of the class discussion is not sufficient and will be heavily penalized. Note that a class session is NOT a session about a case. Rather, a class session is about a particular topic — the use and application of a theory/framework, which we do in the context of a particular case. Thus, your thought paper should not be about the idiosyncrasies of the case (unless you plan to extend our analysis in a very insightful way), but rather, how you think about the theory/framework and its implications to contexts outside of the case.

Your submission will be evaluated for originality, depth of thoughtfulness and insight, critical thinking, application of concepts from class discussions and readings, and persuasiveness. In addition to the overall quality of writing, I will also consider the extent to which your argument is articulated in a clear,

convincing, straightforward, and understandable way. The mean grade on a thought paper will be a 4, which is equivalent to “good.” Approximately 20% of papers will receive a 5, reflecting “excellence,” and another 20% will receive 3 indicating that the work “needs improvement.”

The basic grading rubric is detailed below, where a higher score includes criteria from lower scores (e.g., a paper with a 5 addresses the topic, provides a compelling argument, and also offers originality, thoughtfulness, and insight).

- Grade=0: No paper submitted
- Grade=1 or 2: Submitted paper is based on a topic unrelated to the class topic.
- Grade=3: Addressed the class topic.
- Grade=4: Provided compelling argument. Developed and supported a thesis (“a proposition...put forward for consideration”) that showed critical comprehension of issues pertaining to the topic. This may include applying conceptual frameworks to other topics or settings, and/or addressing details of the class topic that were not explicitly discussed.
- Grade=5: Originality, thoughtfulness, and insight. Carried out the above and, in addition, offered a unique and creative insight about the topic under discussion. This includes drawing comparisons between different class topics in a meaningful and unexpected manner, pointing out applications of concepts in unusual settings (such as outside of business), and/or exceptionally thoughtful analysis in agreeing or disagreeing with class readings or conclusions reached in the class discussion.

Group Project Assignments (34 points)

You will use the groups assigned to you by the program office to complete a group strategy project that accounts for 34% of your final grade. The group project is used to assess the “doing” portion of the course outcomes. Please see Canvas for a more extensive discussion of the deliverables.

The project focuses on the strategy of a single firm in a single industry. I will announce the focal industry in class. You will define the industry and conduct industry analysis (for the first deliverable), and select a single firm in that industry and develop a strategy recommendation (for the second deliverable). Note that a product market is not necessarily an industry (e.g., satellite radio is a product market, but is it an industry unto itself, or is it part of the radio industry?). The deliverables, and associated grade components, are listed below:

- Deliverable 1 ([Due Saturday February 15 at 11:59pm](#)): Define the industry, conduct industry analysis assessing the attractiveness of the industry for incumbents, and identify valuable industry-level problems/opportunities (which may potentially be, in your second deliverable, the target of your firm strategy recommendation). Ensure that you provide a clear and compelling *argument* to support your conclusions. The deliverable takes the form of an 800 word write-up (format single spaced). (15 points)
- Deliverable 2 ([Due Saturday March 7 at 11:59pm](#)): Select a single firm within the industry (as you define it). You may use a different (updated) industry definition than that of your first deliverable. Develop a strategy by: (a) identifying a valuable problem/opportunity, and (b) recommending actions to address this problem/opportunity. Ensure that you provide a clear and compelling *argument* to support your proposed strategy; both why the problem/opportunity is valuable relative to others, and

why the actions you propose are well suited to address the problem/opportunity. The deliverable takes the form of a 1000 word write-up. (19 points).

Deliverables should be formatted as single spaced. You may accompany each deliverable with no more than two pages of graphical and tabular support materials. These materials should be referenced in the text, and must be text-light (they are not a means to extend the main body of the paper). Please include a cover sheet that includes the team number/name, list of members, and the word count of the main body of the report. Cite all sources by using endnotes on a separate page at the end of the document. The title page, graphical/tabular support, and endnotes are excluded from the word count.

The deliverables are purposefully short in length. Do not mistake this for making the assignment easier — it is far harder to produce a compelling short answer. You must distill your argument down to its most essential elements. Material you exclude in order to meet the length barrier should, by definition, be less salient and important than that which you include. Thus, what you choose to exclude from the document is as important a decision as what you choose to include.

All submissions take place on Canvas, no later than 11:59pm on the due date. Late submissions will not be accepted and receive a zero grade. Note that this is a group project, and within group collaboration is important. However, you will be deemed to have violated academic integrity if you discuss your work, or collaborate with, any member of any project group other than your own. A violation of this policy will result in a zero grade, and under the “Academic Integrity” policy discussed below, will lead to additional disciplinary action.

Course Policies

Attendance Policy

Students are expected to attend all class sessions, arrive on time for the start of class, and remain in class through the end of the session. That said, absences can and do occur due to personal illness, family issues, as well as recruiting and work related activities. If you will: (a) be absent from class, (b) arrive late, or (c) leave early, please provide this information in advance of the class session via the google sheet linked on Canvas. Please reach out to me via email *only* if the absence will cause you to miss a course deliverable.

Electronics Policy

No personal electronic devices are permitted during class unless I explicitly permitted such use. WSB policy is that students are not permitted to use personal electronics such as computers, cell phones, recording devices or other hand-held devices in class unless specifically permitted by the instructor. The School recognizes the right of each instructor to determine if and how such devices are allowed. I believe that classroom use of such technology can serve as a distraction for the user, classmates, and the instructor, and can hinder instruction and learning. In establishing restrictions, I will make reasonable accommodations for students with disabilities. Practically: When the class content requires the use of a computer, students may use their laptops – no other electronic devices will be allowed.

Diversity Policy

Diversity and inclusion are core values of WSB. We believe in the importance of learning from others whose experiences and perspectives differ from our own. Students, faculty and staff are expected to embody inclusive behaviors that create an exemplary learning community. If you would like to learn more, or have suggestions, please contact your instructor or TA directly or the Director of Diversity and Inclusion, Binnu Hill at binnu.palta.hill@wisc.edu.

Academic Integrity

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community in which everyone's academic work and behavior are held to the highest standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Dean of Students Office for additional review.

Accommodations for students with disabilities

The University supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Such accommodations are a shared faculty and student responsibility. Students should inform faculty of their need for accommodations by the end of the 3rd week of the semester or as soon as possible after a disability is known. Faculty will work either with the student or in coordination with the McBurney Center to provide reasonable accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA.

Course Outline and Schedule

Structure and Content

The course is divided into four modules that explore different aspects of strategy. Sessions are numbered. For each session, I have indicated the topic, deliverables, and module quizzes in the table on the next page. *Detailed reading lists and preparation details for each session are on the course Canvas website.*

Course Materials

There is no textbook for this course. We will use readings from a variety of sources, including excerpts from some textbooks, Harvard Business Review, McKinsey Quarterly, and cases from Harvard, Ivey, and Kellogg. Live cases will use current material from the business press. Many sessions will also include optional reading materials. This reading, labeled "Grounded in Research," provides a sample of the theoretical and empirical research underpinning the key concepts in particular sessions. All course materials are referenced on Canvas, as either a PDF file for download or a link via which you can purchase the course pack.

IMPORTANT NOTE ON THE USE OF CASES: I use cases in the course for the purpose of providing a context in which to apply the frameworks and theories from the course. Our objective is *not* to learn about the cases. That is, we do not do the Cemex case so that you understand strategies in the cement industry,

and we don't do the Wal-Mart case so you can understand strategies in discount retail. The hardest part of the course is the “doing” part. It is relatively straightforward to learn the frameworks and theories. It is much harder to learn how to use them to make better decisions. The cases provide a context in which you can get practice “doing” — using the frameworks and theories — and receive feedback that enhances your abilities in this domain.

Preparation Responsibility

You are responsible for coming to all classes fully prepared based on the session details on Canvas. You must read, for each session, all materials available on Canvas (unless specifically marked as "optional"). If there is confusion regarding materials, it is your responsibility to contact me to ask for clarification. Each session includes framework readings as well as a case. For the frameworks, you must go beyond simply reading — you should work to understand how the framework can be applied in practice. Our classroom discussion will assume you have undertaken this effort in advance — I do not lecture in class. I include case preparation instructions on Canvas for each session. These instructions include a set of question that you should attempt to answer in advance of class (they are not to be submitted).

SEE SESSION OUTLINE STARTING ON THE NEXT PAGE

| | | The complete reading list, including frameworks, theories, cases, and detailed preparation instructions for each session are provided on the course's Canvas website. | |
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| Session | | Topic | Deliverables & Notes |
| 1 | Jan 22 (Wed) | • What is strategy and what does a strategist do? | |
| 2 | Jan 23 (Thur) | • None class session - Consulting Practicum Kickoff | |
| Module 1 | | Industry Structure & Competition: Why some industries more profitable than others? Using strategy to gain market power. | |
| 3 | Jan 27 (Mon) | • Why are some industries more profitable than others? Competition and (its inverse) market power. | |
| 4 | Jan 29 (Wed) | • In search of market power: Industries battle to capture value | • Thought Paper #1 (due by 11:59pm) • Group project "Deliverable #1" details announced. |
| 5 | Jan 30 (Thur) | • Responding to industry structure? Strategies that alter rivalry and entry threat | |
| Module 2 | | Competitive Advantage: Why some firms more profitable than others? Using strategy to gain advantage. | |
| 6 | Feb 3 (Mon) | • Why are some firms within an industry more profitable than others? Competitive advantage | • Module Quiz #1 |
| 7 | Feb 5 (Wed) | • How can differentiation deliver superior profitability? | • Thought Paper #2 (due by 11:59pm) |
| 8 | Feb 6 (Thur) | • How can cost leadership deliver superior profitability? | • Thought Paper #3 (due by 11:59pm) |
| 9 | Feb 10 (Mon) | • Platform competition • Leveraging economies of scale, learning curves, and network effects. | |
| Module 3 | | Corporate Advantage: Why are some firms in multiple businesses? Leveraging economies of scope via diversification. | |
| 10 | Feb 12 (Wed) | • Creating Corporate Advantage | • Module Quiz #2 |
| 11 | Feb 13 (Thur) | • Horizontal Scope — Why diversify into related businesses (and avoid unrelated businesses)? | |
| | Feb 15 | — Group project "Deliverable #1" due by 11:59pm — | |
| 12 | Feb 17 (Mon) | • Vertical Scope — What is the "ownership-off" test for corporate strategy? | • Thought Paper #4 (due by 11:59pm) • Group Project "Deliverable #2" details announced. |
| 13 | Feb 19 (Wed) | • Geographic Scope— Global strategy as a source of advantage (on the supply and demand sides) | |
| 14 | Feb 20 (Thur) | • Guest Lecturer — Binu Palta Hill, Assistant Dean for Diversity and Inclusion • Diversity and competitive advantage | • Thought Paper #5 (due by 11:59pm) |
| Continued on the next page... | | | |

| Module 4 | | Advanced topics in Strategy — Responding to changing competition and technology | |
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| 15 | Feb 24 (Mon) | • Sustainability of Advantage — Erosion via imitation | • Module Quiz #3 |
| 16 | Feb 26 (Wed) | • Sustainability of Advantage — Erosion via disruption | |
| 17 | Feb 27 (Thur) | • Capability “borrowing” alliances a means of responding to technological change | • Thought Paper #6 (due by 11:59pm) |
| 18 | Mar 2 (Mon) | • Renewing competitive advantage in a changing industry | |
| 19 | Mar 4 (Wed) | • Strategy decision-making under uncertainty | |
| 20 | Mar 5 (Thur) | • Wrap up discussion | |
| | Mar 7 | — Group project “Deliverable #2” due by 11:59pm — | |