

**Brandeis University**  
**International Business School**

**BUS 260a**  
**Competition and Strategy**

Course Syllabus

V1

Spring 2012

Fridays, 9:30-12:30  
Lee Hall

**Ben Gomes-Casseres**  
Professor of International Business

**Contact information**

Office: Lemberg 258

Email: [bgc@brandeis.edu](mailto:bgc@brandeis.edu) (best way to contact me)

Office hours: \* First half of semester: Fridays, 1:30-3:00  
\* Second half of semester: Tuesdays, 2:30-4:00  
\* Exceptions listed on p. 8 of this syllabus  
\* Or by appointment (email me to set time)

## Course Outline

- **SM** stands for Garth Saloner, Andrea Shepard, and Joel Podolny, *Strategic Management* (Wiley; any edition is fine); this is the textbook for the course, available in the bookstore.
- **Cases** are in the case packet, available here: <http://cb.hbsp.harvard.edu/cb/access/11648844>
- **Articles in italics** are available on the Business Source Premier database offered by Brandeis Library. See the end of syllabus for links.

<u>Class and Date</u>	<u>Topic</u>	<u>Readings</u> (see assignments in syllabus)
-----------------------	--------------	---

### Introduction

- |   |      |   |  |
|---|------|---|--|
| 1 | 1/20 | Introduction to strategic analysis and the course | <ul style="list-style-type: none"> <li>• “Prelude Corp.”</li> <li>• SM, Chapter 1, 2.</li> </ul> |
|---|------|---|--|

### I. Industry Analysis

- |   |      |  |   |
|---|------|--|---|
| 2 | 1/27 | Industry structure and competition (Porter's Five Forces)                          | <ul style="list-style-type: none"> <li>• <i>"The Five Competitive Forces that Shape Strategy," Porter</i></li> <li>• “Cola Wars: Coke vs Pepsi 21<sup>st</sup> Century”</li> <li>• SM, Chapter 6, sec 6.3 and pp. 136-144.</li> <li>• Industry exercise intro (team assignments)</li> </ul> |
| 3 | 2/3  | Market competition and positioning<br><br><i>11.00am: Case tutorial (optional)</i> | <ul style="list-style-type: none"> <li>• “Crown Cork &amp; Seal in 1989”</li> <li>• SM, Chapter 7, sec. 7.2-7.3.</li> <li>• <i>“What is Strategy?” Porter</i></li> <li>• Industry exercise I due (selected teams)</li> </ul>  |
| 4 | 2/10 | Industry structure across time and space   | <ul style="list-style-type: none"> <li>• “Microsoft, 1995 (Abridged)”</li> <li>• “Microsoft in the PRC, 1993”</li> <li>• SM, Chapter 12, sec. 12.2, 12.4.</li> </ul>  |

### II. Competitor Analysis

- |   |      |                                  |   |
|---|------|----------------------------------|---|
| 5 | 2/17 | Sources of competitive advantage | <ul style="list-style-type: none"> <li>• “Adolph Coors and Brewing Ind'y”</li> <li>• SM, Chapter 3, sec. 3.2-3.3 and 3.7</li> <li>• <i>“Core Competence,” Prahalad, Hamel</i></li> <li>• Industry exercise II due (selected teams)</li> </ul> |
| 6 | 3/2  | Cost, scale, and scope           | <ul style="list-style-type: none"> <li>• “Wal-Mart Stores in 2003”</li> <li>• SM, Chapter 9, sec. 9.2.</li> <li>• <i>“Competing on Resources,” Collis</i></li> <li>• Industry exercise III due (selected teams)</li> </ul>                    |

## Midterm Evaluation

(3/8) Exam case will be emailed to you in the morning (day before exam)

7 3/9 Midterm exam -- 2hrs in normal class time. No class after that.

## III. Global Strategy

- |   |      |   |  |
|---|------|---|--|
| 8 | 3/16 | Advantages based on country location (Porter's Country Diamond) | <ul style="list-style-type: none"> <li>• “Comp. Advantage of Nations,” Porter</li> <li>• “Hoechst and German Chemicals”</li> <li>• “Hoechst in the USA (A)”</li> </ul>   |
| 9 | 3/23 | Emerging-market multinational companies (MNCs)                  | <ul style="list-style-type: none"> <li>• “Globalization of CEMEX”</li> <li>• SM, Chapter 13, sec. 13.3-13.5.</li> <li>• Emerging-market country diamonds (selected teams)</li> <li>• <b>Paper topic due</b></li> </ul> |

## IV. Corporate Strategy

- |    |      |  |   |
|----|------|--|---|
| 10 | 3/30 | Vertical integration and firm boundaries | <ul style="list-style-type: none"> <li>• “Arauco (A)”</li> <li>• SM, Chapter 10, sec. 10.1-10.3</li> <li>• Emerging-market MNCs (selected teams)</li> </ul>   |
| 11 | 4/20 | Corporate advantage and organization     | <ul style="list-style-type: none"> <li>• “Newell: Corporate Strategy”</li> <li>• SM, Chapter 4, sec 4.1-4.2 and 4.4-4.6</li> <li>• Skim: SM, Chapter 14.</li> <li>• Emerging-market corporate structures exercise due (selected teams)</li> </ul> |
| 12 | 4/27 | Corporate leadership and change          | <ul style="list-style-type: none"> <li>• “GE’s Transformation: Jack Welch”</li> <li>• “Corporate Advantage,” Collis</li> </ul>  |

## V. Corporate Social Responsibility

- |    |                           |   |  |
|----|---------------------------|---|--|
| 13 | 5/1<br>.....(Tuesday).... | Personal and corporate responsibilities   | <ul style="list-style-type: none"> <li>• “Parable of the Sadhu” McCoy</li> <li>• “Strategy &amp; Society: The Link Between Competitive Advantage and Corporate Social Responsibility,” Porter, Kramer</li> </ul> |
|    | 5/7                       | <b>Graduating students: Paper due by email to <a href="mailto:bgc@brandeis.edu">bgc@brandeis.edu</a> in PDF</b> |  |
|    | 5/14                      | <b>All other students: Paper due by email to <a href="mailto:bgc@brandeis.edu">bgc@brandeis.edu</a> in PDF</b>  |  |

## Course Description

**Course objectives** The performance of any firm -- international or domestic -- depends critically on the design and implementation of its strategy. This strategy must take account of the industry environment facing the firm, the position and likely strategies of the firm's rivals, and the firm's own capabilities and goals. This is an intensive survey of the most important concepts, techniques, and frameworks in the field of business strategy. We will explore ideas from the theoretical and normative research on the topic, and apply them to decisions using case studies.

**Learning goals** The readings, study assignments, class sessions, projects, and papers in this course are designed to help you:

- Understand the role of strategy in business
- Develop an approach to diagnosing strategic issues
- Learn frameworks and concepts that are useful in strategic thinking
- Apply strategic thinking in range of industry and company contexts
- Identify salient strategy issues from messy, real-world data
- Exchange ideas in substantive debates with your peers

**Course content** This course deals with issues of general management, not with technical economics or finance. Among the main topics covered are the following:

- Analyzing industry structure and dynamics
- Analyzing the positions and reactions of competitors
- Creating and sustaining competitive advantage
- Multi-national and global strategies
- Corporate strategy and business combinations
- Managing change
- Corporate responsibility
- Processes of strategic management

**Course requirements** The workload will be heavy. Required readings will be HBS cases, HBR articles, and chapters from Saloner, Shepard, and Podolny, *Strategic Management*, which available in the bookstore. This is a book about both strategy and organization – for this course, we will focus on the chapters about strategy. Students will need to read and analyze at least one case for every class and are expected to participate in class discussions. The **case packet** will be available for purchase online at the link on the top of page 2 of this syllabus.

**Some articles**, as noted in the class assignments, are available for free on the Business Source Premier (BSP) database of Brandeis Library; see end of this syllabus for details and URLs of each article. (You will need your UNET account info to sign on to BSP.)

**Lectures and some handouts** will be available on [www.strategygroove.com](http://www.strategygroove.com). Students are strongly encouraged to **subscribe** to this WordPress site (it's free), so that they are notified when materials are added to the site. **This site will be used instead of LATTE, which is not used.**

**Relationship to other courses** There are no formal prerequisites, but it is assumed that students have a background in micro-economics and business studies, and are able to analyze financial statements. The course is required as a core course for MBA students. The course is also useful to MAief students concentrating in Business. For further information, contact the instructor at [bgc@brandeis.edu](mailto:bgc@brandeis.edu).

**Learning by the Case Method** Because this course is based on the case method of learning, class participation by all students is critical. This method of learning is based on three premises. First, we can all learn a great deal from each other's points of view and experience. Second, we often learn more by questioning each other and debating issues than by listening passively or by reading alone. Third, there is no "one best way" to manage complex business problems; rather, we must search for alternatives and weigh them critically.

In order for this method to work, we must all be prepared to go beyond case facts in the discussion. In other words, we must assume that everyone has prepared the case and readings thoroughly--there is simply no time to explain or reiterate case facts. Our discussions ought to be analytical, not descriptive. This does not mean that we will ignore the facts; to the contrary, students should strive to back up their arguments with the facts of the case. In sum, I will expect three P's from students in every class:

- **Presence**--attendance is required. If you intend to miss class for any reason, let me know in advance, if at all possible. Absences due to illness are excused. You have one excused absence due to other reasons (interviews, travel, forgetting to wake up). Other absences will affect your class participation grade (negatively). If you have special circumstances requiring more than one absence, talk to me well in advance.
- **Preparation**--readings and assignments are to be done on time. This means that you are ready to start class or answer assigned questions if called on. In addition, it means that you have analyzed the case and exhibits, not just read them lightly. Where there is numerical analysis to be done to understand the financials or economics of the case, you will be expected to do this. It is often extremely useful to work in groups in preparing the cases for each class; you are encouraged to do this.
- **Participation**--share your views and questions in class. Your class participation grade will depend on the cumulative quality of your contributions in class (see further below). This means that frequency of contributions counts, but also the quality of your comments. A good quality comment is one that applies relevant concepts to the facts of the case and that advances the discussion of issues on the floor. Listening patiently to your peers and engaging them respectfully will be valued.

**Class times** are Thursday 9.30 – 12.20, with a 15min break in between. **Please be on time; we start sharply at 9:30. Late arrivals are disruptive.** If you need to arrive late or leave early, please warn me beforehand. Please eat something before class or during the break. If you must bring something to eat into class, please avoid snacks that may be distracting to your neighbors.

**Computers and reading pads are not needed during class discussion and should not be open;** even "quiet" screens are distracting to those around you. You should print the materials you need for class and take notes on paper, as it is not possible to analyze a case deeply without marking it up. Calculators are allowed in class, text-messaging and Internet access are not. These rules also apply strictly during the in-class mid-term exam too.

**Grading** Students will be graded on a combination of the following:

- **Contributions to class discussions (40%).** I will keep a record of class performance for each student and determine a grade based on the frequency and quality of in-class comments. Work on occasional exercises will be counted as class participation. Students will receive a midterm evaluation on class participation. To help me get to know you and remember your comments, you should always have your name card up. If you feel unsure about your participation, ask me.
- **A written midterm exam (25%).** This will consist of analysis of a case. On the day before the midterm, I will send you the case by email. The exam itself will take place during normal class hours. You will then be asked 2-3 questions about the issues in the case, which should be answered in writing during the 2-hr exam period. This is an open-book exam, i.e. you may bring books and printed notes (no computers or reading pads); but hand in only what you write in the exam class. The required analysis will be similar to what we do in class.
- **A final term paper (35%).** Final papers may be written by single individuals or by teams of 2 or 3 students. The final paper is an opportunity for you to delve more deeply into analysis of a real strategy, as discussed below.

**Final Paper** You may choose to study any firm or organization, but your paper must contain the following elements:

*The set-up of the paper*

1. **Statement of the issue or question to be addressed.** You may choose any issue from those discussed in the course, but must state up front in the paper what you intend to address. In this section, give a short overview of where your issue fits in the field of competition and strategy and what concepts you will draw on to explore your issue.
2. **Statement of the evidence (or case) you will use to address your issue,** that is, the firm or organization you will examine, and why this is a good context for your analysis. In

selecting the case(s) you will examine, be sure you can get the information you need before you commit to the topic.

3. **Choice of concepts or frameworks to be used in analysis.** You will see that there is often a choice of which approach to use in analyzing a strategic issue. But it is important to follow a systematic approach; the frameworks we will learn will help you do this.

**Note:** To help you in selecting an appropriate topic, case, and approach, I will review and approve your paper proposal in advance. **Please submit a brief outline of 1-3 above during (or before!) our class on March 23rd.** This outline does not need to be detailed, but you should try to define your issue and approach and do some preliminary research to check if data are available to address the issue. If you are not sure about your focus, say so in the proposal, and I will try to guide you. We can meet to discuss the paper topic, but I prefer that you first try to develop a rough proposal.

### *The paper itself*

4. **Presentation of the most important facts about the case you are examining.** For this, you can use data from the business press, from annual reports, and from other sources. A useful place to start is with the online resources available through the Brandeis library; for a guide, go to: <http://brandeis.libguides.com/content.php?pid=11597&sid=77623>. At any rate, in your actual paper, you should keep this section to a minimum – describe only what is needed for the reader to understand the context and to begin addressing the issues you are exploring. Do not write a full-fledged descriptive “case.” It is often best to provide the evidence “as you go” during the analysis, rather than as a stand-alone section.
5. **Analysis of your evidence.** *This is the body and most important part of the paper; use the evidence and the concepts to answer the questions you raised at the start. It is best to choose a clear focus and framework and use it throughout the paper.*
6. **Conclusions.** End with a section drawing the implications of your study for strategic thinking and decision making. What are the main lessons you learned? You do not need to provide recommendations to your firm.

**Paper length** depends on how many students are writing the paper. Papers written by individuals should be 10-15 double-spaced pages, not including exhibits; papers written by teams of two students should be 15-25 pages, and papers by three students should be 25-35 pages. Exhibits should be used and analyzed in the paper, not added as “padding.” Exhibits can be included in the flow of the text or at the back of the paper; if at the back, make sure that the text refers clearly to each exhibit, as needed. The final electronic file that is submitted to me (see below) should have exhibits in the same electronic file; do not send two separate electronic files.

Please be sure to **cite your sources and provide references**. All direct quotes, specific data, paraphrased text, all tables and graphics, and important arguments should be properly sourced with foot- or end-notes; a bibliography can be used as reference for general discussions. Every year I downgrade some papers because of insufficient referencing; papers that plagiarize the

work of others in a major way are not treated so kindly. If you have any doubts or confusion about what we require, see the document here:

[http://www.brandeis.edu/global/current/university\\_resources/academic\\_integrity.html](http://www.brandeis.edu/global/current/university_resources/academic_integrity.html)

Papers should be **submitted to me by email in PDF format** no later than the day listed in the schedule. Unexcused late submissions will be penalized. If you have a good reason for missing this deadline (e.g. illness), you will need to get an “Incomplete” from me before this date.

**Contacting me** **Email is the quickest way to reach me;** I usually respond promptly. You will also be expected to check your Brandeis email regularly, as I will send out notices to class from time to time.

**Appointments** I will have open office hours in my office (Lemberg 258) as follows:

- \* First half of semester: Fridays, 1:30-3:00
- \* Second half of semester: Tuesdays, 2:30-4:00
- \* Exceptions listed in table below
- \* Or by appointment (email me to set time)
- \* Exceptions are in the table below

<b>No exceptions this year (yet)</b>	
If this changes, future editions of the syllabus will show additional dates	

**You do not need an appointment if you come during these open office hours.** If you absolutely cannot come at these times and want to see me by appointment at another time, please contact me by email at [bgc@brandeis.edu](mailto:bgc@brandeis.edu).

You are expected to be honest in all of your academic work. **This includes proper citation of the work of others in your papers and presentations.** Potential sanctions include failure in the course and suspension from the university. If you have any questions about my expectations, please ask. If you have any doubts or confusion about what we require, see the document here: [http://www.brandeis.edu/global/current/university\\_resources/academic\\_integrity.html](http://www.brandeis.edu/global/current/university_resources/academic_integrity.html)

If you are a student with a documented disability on record at Brandeis University and you wish to have a reasonable accommodation made for you in this class, please see me immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

You are expected to prepare for and attend all class sessions. It is your responsibility to catch up on material for any class that you miss. You may be excused from class if you are ill, or for urgent family or personal reasons, such as a death in the family. Under those circumstances, you may make up work by submitting a written analysis, upon agreement with instructor. Attending career fairs, interviews, lunches, internships, team meetings, or other career-related events are **not** excused absences. You need to make your own trade-offs about these, i.e. decide which are important enough for you to miss class. You will not be penalized for the fact that you missed an occasional class for such reasons, but you will obviously miss the material presented and miss a chance to participate in class; there will be no make-up assignments for these absences.



## Before we start . . .

**Required text:** Garth Saloner, Andrea Shepard, and Joel Podolny, *Strategic Management* (Wiley, any edition), available in the bookstore. **Cited below as SM.**

- **Required cases:** All HBS cases are in the case packet, available for purchase here: <http://cb.hbsp.harvard.edu/cb/access/11648844>

**(Note that the cases may have been updated from previous years! You are responsible for the case listed in this syllabus.)**

**Required and recommended readings:** All other articles are available from Business Source Premier (BSP). At the end of this syllabus there is a list of direct links to the articles, but you will also need your UNET account information to get into BSP.

**Recommended, if you have little background in business:** Ronald J. Ebert and Ricky W. Griffin, *Business Essentials*, any edition (Englewood Cliffs, NJ: Prentice Hall, 1999 or later). This text is used in the undergraduate course BUS 10a (“Functions of the Capitalist Enterprise”) and is on reserve in Goldfarb Library.

**Preparing for class:** Please follow the assignments below carefully. The readings are of two types – there is usually a conceptual reading from the text or an article, and an HBS case study.

The **conceptual readings are there to give you definitions, tools, and approaches** that will help you analyze the cases; they will also help you develop a general framework over the course of the semester. Usually, one conceptual reading applies to many cases, not just the one with which it is paired in an assignment. So feel free to review them later in the course and apply them to new cases. Remember: we do not study theory for its own sake, but to apply it to the real world, i.e. to the cases and in your paper.

Even though the conceptual readings are important, in class we will usually focus on analyzing the cases, not on reviewing concepts in the abstract. In the process of discussing the cases, the use of the concepts will become clearer. But this means that you should prepare the case carefully and fully – using the assignment questions as loose guidelines, you should read and analyze the case, work the numbers in the exhibits, formulate your conclusions, and prepare to share your work in class through discussion and debate.

If you are new to the case method, or have questions about how it is used and how to prepare for it, review this article that was distributed during Orientation Week:

- Arthur Thompson, Jr. and A. J. Strickland III, “Guide to Case Analysis,” *Strategic Management: Concepts and Cases*, 9<sup>th</sup> Edition (Chicago, IL: Irwin, 1996), pp. 322-332. **If you don’t have a copy, please ask Student Services for a copy from their file.**

## Tips for Preparing, Participating, and Learning in Case Classes

1. **Read the assignment questions and think** about how this case and the questions fit in the course. What have we done so far? What appears to be the topic for this class?
2. **Skim the case**; this means:
  - Read opening paragraphs
  - Read closing paragraphs
  - Page through it and read the section titles
  - Look at every exhibit to see what kind of data are offered
  - Read quickly a few parts of the case to glean the main themes
  - Go back to the assignment questions: What will you need to focus on in the case?
3. If there is an additional reading that is to be used in analyzing the case, read that next, or decide what other **tools you need to attack the case**. Sometimes additional reading is optional; in that case read it later. Use your judgment in allocating reading time.
4. **Read the case** and mark up useful information. Don't highlight all of it; just scribble and highlight as needed to bring out the most important facts and issues. Keep an eye out for case facts that may be useful in answering the assigned questions or the main issues.
5. **Analyze the exhibits**; this means:
  - Identify what important messages they contain that speak to the issues
  - Do some calculations to get beyond the numbers that are presented (e.g. ratios)
  - Spend extra time on exhibits that seem to be core to the issues, skim over others
6. **Prepare your analysis**, this means:
  - Write down your answers to the assignment questions, in bullet or short form
  - Make reference to case facts to support your answers
  - Write down any additional issues that may be interesting to bring up in class
7. **Discuss your analysis** with fellow students; this means:
  - Get together in a study group or over coffee or dinner
  - Hear the perspectives of others; share insights; get tips for your analysis
  - "Rehearse" with them how and what you would say in class
8. You are now **ready for class!**
  - If you are lucky, you will be called to start class; open with your best shot
  - Otherwise, raise your hand and jump into the discussion with additional thoughts
  - Early in a class, you can usually use your prepared analysis; later, topics may evolve
9. **When you get the floor**:
  - Try to connect (build, debate) to what was said before, or to the issues "on the floor"
  - Try to explain your idea and argument, using facts to back it up
  - Don't be concerned about your speaking skills or accent: We *will* listen!
10. After class, jot down **what you learned**, including
  - New insights about the topic
  - New ideas about how to approach the subject next time
  - Tips to yourself about case analysis and preparation
  - Tips to yourself for future projects or papers

## Study Assignments

***Note:** For each class, the assignment usually includes one or more cases and one or more conceptual readings (article or chapter). In class we will discuss the cases, while applying the concepts. In other words, you must study and "prepare" each case, using the assignment questions to guide you. Look carefully at the assigned pages, as in some cases you do not read to read the whole case or chapter.*

*See page 2-3 of this syllabus for a summary of readings and for reminder of where to get the materials. You are responsible for acquiring the materials and following this syllabus.*

## Introduction

Friday, 1/20

*Introduction to strategic analysis and to the course*

### Required readings:

- “Prelude Corp.,” in case HBS packet. (**Even though this is our first class, you are expected to have acquired and prepared this case by the time we meet.**)
- SM, Chapters 1 and 2.

### Study questions:

1. What was Prelude’s strategy up to 1972? Evaluate how the various pieces of this strategy fit together.
2. What key forces in the environment shaped the success of firms in Prelude’s industry?
3. Evaluate how well Prelude’s strategy responds to these forces.

## I. Industry Analysis

Friday, 1/27

### *Industry structure and competition*

#### **Required readings:**

- “The Five Competitive Forces that Shape Strategy,” Porter in *HBR*. Study this article carefully, as we will use this framework extensively. It is also discussed in the textbook.
- “Cola Wars: Coke vs. Pepsi in the 21<sup>st</sup> Century,” in HBS case packet.
- SM, Chapter 6, especially 6.3 and pp. 136-144.

#### **Study questions:**

1. Be sure you understand Porter’s “Five Forces” model discussed in the article and in section 6.3 of the book; many of the concepts in pp. 136-144 elaborate on this model. Apply the model to the case. We will use this model in the next few classes.
2. Why is the soft drink industry so profitable? Consider this question for two separate segments of the industry: (1) concentrate producers and (2) bottlers.
3. Why do concentrate producers want to integrate vertically into bottling?
4. How has the rivalry between Coke and Pepsi affected the industry’s profitability?

#### **Industry and competitor analysis exercise:**

In this class we will plan an exercise on *industry structure* and *competitor analysis* that will run over the next few weeks. The class will be divided into teams and each team will be given some material to study and present in future classes. You do not need to do anything now; all instructions will be given in class. If you miss this class, contact the instructor right away after class to hear your assignment.

Friday, 2/3

***Market competition and positioning***

**Required readings:**

- “Crown Cork & Seal in 1989,” in HBS case packet.
- SM, Chapter 7, especially sections 7.2 and 7.3.
- “What is Strategy?” Porter in *HBR*.

**Study questions:**

1. What were the most important competitive challenges facing the companies competing in Crown’s industry in the decades up to 1989?
2. Why did Crown perform so well during Connelly’s tenure (1957-1989)?
3. What should Avery do now to respond to emerging threats and opportunities in the industry, and why?
4. Critique Porter's definition of strategy with the evidence in this case. Does his distinction between "strategy" and "operational excellence" make sense? What else do you learn from his article?

**"Emerging Industry Structure" exercise due:**

Selected teams that are studying industry sectors will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above.

Friday, 2/10

***Industry structure across time and space***

**Required readings:**

- “Microsoft, 1995,” in HBS case packet. **Skip and ignore the (large) section called “New Growth Opportunities,” as we will not discuss that section.**
- “Microsoft in the People’s Republic of China, 1993,” in HBS case packet.
- SM, Chapter 12, section 12.2 and 12.4. You may skim the rest of the chapter.

**Study questions:**

*For “Microsoft, 1995”:*

1. What accounts for Microsoft’s success in the Operating Systems segment up to 1995?
2. How have the forces of competition changed over time in this industry?
3. In Bill Gates’s view, what are the sources of Microsoft’s advantage?

*For “Microsoft in PRC”:*

1. What was the emerging structure of the software industry in the PRC in the early 1990s?
2. Was this structure different from the same industry in the United States at the time?
3. What were the implications for Microsoft’s entry strategy at the time?
4. How much localization should Microsoft have done in the PRC at the time? What were the costs and benefits of such localization?

## II. Competitor Analysis

Friday, 2/17

### *Sources of competitive advantage*

#### **Required reading:**

- “Adolph Coors in the Brewing Industry,” in HBS case packet.
- SM, Chapter 3, especially sections 3.2-3.3 and 3.7.
- “The Core Competence of the Corporation,” Prahalad and Hamel in HBR.

#### **Study questions:**

1. Coors was successful throughout the mid-1970s. What was its strategy historically?
2. How did Coors’s operating performance change relative to its competitors between 1977 and 1985? Why? Specifically, compare the performance of Coors and Anheuser-Busch, using the numbers in exhibits. Identify key trends and explain them.
3. What, if anything, might Coors have done differently to avoid its decline?
4. Contrast Prahalad/Hamel's framework with Porter's. Which one applies to Coors?

#### **"Industry Structure Abroad" exercise due:**

Selected teams that are studying industry sectors in various countries will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above.



Friday, 3/2

***Cost, scale, and scope***

**Required readings:**

- “Wal-Mart Stores in 2003,” in HBS case packet.
- SM, Chapter 9, especially section 9.2.
- "Competing on Resources" Collis, Montgomery in HBR

**Study questions:**

1. What are Wal-Mart's sources of competitive advantage in discount retailing? How did Wal-Mart create these advantages?
2. Compare the performance and cost structure of Wal-Mart to that of an average retailer and explain the differences that you see.
3. Why are many communities so resistant to allow Wal-Mart to establish locally? Is Wal-Mart good or bad for the local community?
4. Compare Collis/Montgomery with Hamel/Prahalad and Porter. What insight does each model give you on Wal-Mart?

**"Competitor Analysis" exercise due:**

Selected teams that are doing a competitor analysis of selected companies will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above

## Midterm Evaluation

### Thursday, 3/8

*Not a class, but be on the lookout: I will email the exam case to you.*

If for any reason you cannot receive the email in this way, talk to me beforehand. You will need this case in order to do take the exam the following day. The exam itself is open-book; bring the case itself to the exam.

### Friday, 3/9 9.30-11.30

*Midterm exam (in normal class time and place)*

You will be asked to answer 2-3 questions about the situation in the case; please bring the case with you, but do not hand in the case. You will get exam booklets to use and that is the only material you should hand in.

### III. Global Strategy

Friday, 3/16

#### *Advantages based on country location*

#### **Required readings:**

- “The Competitive Advantage of Nations,” Porter in HBR.
- “Hoechst and the German Chemical Industry,” in HBS case packet.
- “Hoechst in the United States (A),” in HBS case packet.

#### **Study questions:**

*On the Porter article and the case on "German Chemical Industry":*

1. How does the Porter "Country Diamond" differ from "Five Forces"? When would you use one or the other? Do they agree or disagree with each other?
2. Why did the German country advantage in chemicals arise and how did it develop over time? Assess Porter's arguments in the light of your analysis of this case.
3. Does the Porter model still apply today? Why or why not?

*On Hoechst in the USA:*

1. Why does Hoechst want to expand in the United States? Does the Country Diamond help you analyze this question?
2. Should Hoechst acquire Celanese? Why or why not? Think about this question from **three points of view** – those of American Hoechst, Hoechst AG, and Celanese.

**Note:** Paper outline due in next class!

Friday, 3/23

***Emerging multinationals***

**Required Paper outline due:** *Please hand in a 1-3 page outline of your proposed final paper topic, stating the issue you will address, the main evidence you will use, and your conceptual approach (see “set-up of paper” earlier in the syllabus).*

**Required readings:**

- “The Globalization of CEMEX,” in HBS case packet.
- SM, Chapter 13, especially sections 13.3-13.5.

**Study questions:**

1. How has CEMEX managed to outperform its international rivals, first in Mexico and later in other countries?
2. Why did CEMEX enter foreign markets in the sequence that it did? How do the markets it has entered recently compare with the markets that it entered early on?
3. What benefits have CEMEX and its international rivals derived from globalization? More broadly, how can cross-border activities add value in this industry?

**"Emerging-market Country Diamonds" exercise due:**

Selected teams studying emerging markets "country diamonds" will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above.

## IV. Corporate Strategy

Friday, 3/30

### *Vertical integration and firm boundaries*

#### **Required readings:**

- “Arauco (A),” in HBS case packet.
- SM, Chapter 10, sec 10.1-10.3.

#### **Study questions:**

1. In what industries does Arauco compete? How different or similar are these industries?
2. What are the sources of Arauco’s competitive advantage?
3. Should Arauco own both forests and pulp production facilities?
4. Should Arauco build the Nueva Aldea project?

#### **"Emerging-markets MNCs" exercise due:**

Selected teams studying the emerging markets "multinational companies" will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above.

Friday, 4/20

***Corporate advantage and organization***

**Required Readings:**

- SM, Chapter 4, sections 4.1-4.2 and 4.4-4.6. (*Note: This is our only class on the A-R-C framework, which is dealt with in several chapters of the textbook; it is a useful framework, so try to get the main idea in this class.*)
- “Newell: Corporate Strategy,” in HBS case packet.
- Skim, as needed: SM, Chapter 14.

**Study Assignment:**

*On ARC:*

1. What use is the A-R-C framework in the field of strategy? Look over some of the cases we have had and apply it to one of them; come prepared to share an example or two.

*On Newell:*

1. How does "corporate" strategy differ from "business unit" strategy?
2. What has been Newell's corporate strategy?
3. How did its acquisitions add value to the corporation?
4. What do you conclude about the value of highly-diversified conglomerates, such as those that were popular in the US in the 1960s (ITT, Textron) and that exist today in many developing countries?

**"Emerging-markets Corporate Structures" exercise due:**

Selected teams studying the emerging markets "conglomerates" will discuss their analysis in class. These assignments will have been given out in an earlier class. If you are on a team due to present findings today, be sure you are ready. But, also be sure to prepare the case and readings above.

Friday, 4/27

***Corporate leadership and change***

**Required Readings:**

- “GE’s Two-Decade Transformation: Jack Welch's Leadership,” in HBS case packet.
- "Creating Corporate Advantage,” Collis and Montgomery in HBR.

**Study Assignment:**

1. Why did Welch do what he did in the 1980s and early 1990s?
2. What is Welch's concept of strategic analysis?
3. How did he go about implementing strategy from his seat at the top of the corporation?

**Special assignment (we will do this in the second "half" of class):**

If you could transfer *one aspect of Jack Welch's management system at GE* to companies with which you are familiar, what would that aspect be? Would you have to adapt the system to your company? If so, why and how? (Think about companies in your country, if not the USA, or where you have worked.)

## V. Corporate Social Responsibility

Friday, 5/1 (this is Tuesday, but it is a "Brandeis Friday")

### *Personal and corporate responsibilities*

#### **Required reading:**

- “Parable of Sadhu,” McCoy in *HBR* (online in BSP, not in the case packet). You must read this article; it is our “case” for the day. And then **think** about it!

#### **Recommended reading:**

- “Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility” by Porter and Kramer in *HBR*. You may skim this to get the key ideas.

#### **Study questions:**

1. Why do you think Bowen McCoy acted the way he did?
2. Did Bowen McCoy do the right thing? How do his actions relate to your individual ethics?
3. How does this parable relate to business ethics and corporate social responsibility?



## Final Paper

*Monday, 5/7 **Graduating students:** Paper due by email to [bgc@brandeis.edu](mailto:bgc@brandeis.edu) in PDF*

*Monday, 5/14 **All other students:** Paper due by email to [bgc@brandeis.edu](mailto:bgc@brandeis.edu) in PDF*

See pp. 6-7 of this syllabus for paper requirements and suggested content. Unexcused late submissions will be penalized. If you have a good reason for missing this deadline, you will need to get an “Incomplete” from me *before* this date.

**Remember to reference your sources properly. Improperly references papers will be returned ungraded and may be subject to disciplinary action. If you have any doubts about our standards of Academic Integrity or the processes by which these are enforced, see: [http://www.brandeis.edu/global/current/university\\_resources/academic\\_integrity.html](http://www.brandeis.edu/global/current/university_resources/academic_integrity.html)**

**Course requirements differ; in this course, the minimum you should cite are:**

- **All direct quotes and verbatim text**
- **All major ideas and arguments**
- **All graphics, charts, and data series (if you compile a chart or calculate a series, say where the raw data is from and say what you did)**
- **Any text taken verbatim from the web or another source**
- **Major portions of text that are paraphrased or drawn from another source**

## Selected Bibliography

### Strategy and General Management

- Amram, Martha and Nalin Kulatilaka. *Real Options: Managing Strategic Investment in an Uncertain World*. HBS Press, 1999.
- Andrews, K. A. *The Concept of Corporate Strategy*. Irwin, 1987.
- Barnard, Chester I. *The Functions of the Executive*, 30th edition. Cambridge, MA: Harvard University Press, 1968.
- Barney, Jay B.. *Gaining and Sustaining Competitive Advantage*. Addison Wesley, 1996.
- Brandenburger, Adam and Barry Nalebuff. *Co-opetition*. Currency/Doubleday, 1996.
- Brown, Shona L. and Kathleen M. Eisenhardt. *Competing on the Edge*. HBS Press, 1998.
- Cusumano, Michael A. and David B. Yoffie. *Competing on Internet Time*. Free Press, 1998.
- Fahey, Liam. *Competitors*. John Wiley, 1999.
- Ghemawat, P. *Commitment*. Free Press, 1991.
- Ghemawat, Pankaj, "Sustainable Advantage," *Harvard Business Review*, September-October, 1986, pp. 53-58.
- Hax, Arnoldo C. and Nicolas S. Majluf. *The Strategy Concept and Process*. Prentice Hall, 1991.
- Lax, David A. and James K. Sebenius. *The Manager as Negotiator*. New York: The Free Press, 1986.
- Minzberg, Henry and James Brian Quinn. *The Strategy Process*. 2<sup>nd</sup> Edition, Prentice Hall, 1991.
- Nalebuff, Barry and Avinash Dixit. *Thinking Strategically*. Norton Press, 1991.
- Oster, Sharon. *Modern Competitive Analysis*. Oxford University Press, 1990.
- Porter, M. E., "From Competitive Advantage to Corporate Strategy," *Harvard Business Review*, May-June 1987, pp. 43-59.

### Firm Strategy and Industry Structure

- Caves, R. E., "Industrial Organization, Corporate Strategy, and Structure," *Journal of Economic Literature*, March 1980, pp. 64-92.
- Chandler, A. D. *The Visible Hand*. Belknap Press, Harvard University Press, 1977.
- Chandler, A. D. *Strategy and Structure*. MIT Press, 1962.
- Chandler, Alfred D., Jr., "The Enduring Logic of Industrial Success," *Harvard Business Review*, March-April, 1990, pp. 130-140.
- Christensen, Clayton. *The Innovator's Dilemma*. HBS Press, 1997.
- Fine, Charles. *Clockspeed: Winning Industry Control in the Age of Temporary Advantage*. Perseus Books, 1998.
- Porter, M. E. *Competitive Advantage*. Free Press, 1985.
- Porter, M. E. *Competitive Strategy*. Free Press, 1980.
- Porter, M. E. "How Competitive Forces Shape Strategy," *Harvard Business Review*, March/April 1979.
- Tirole, Jean. *The Theory of Industrial Organization*. MIT Press, 1988.
- Shapiro, Carl and Hal R. Varian. *Information Rules*. HBS Press, 1998.
- Slywotzky, Adrian. *Value Migration*. HBS Press, 1996.
- Vietor, Richard H. K. *Contrived Competition*. Harvard University Press, 1994.

Yoffie, David B. *Competing in the Age of Digital Convergence*. HBS Press, 1997.

### Scope of the Firm and Firm Capabilities

Chandler, Alfred D., Jr. *Scale and Scope: The Dynamics of Industrial Capitalism*. Cambridge, MA: Harvard University Press, 1990.

Gomes-Casseres, Benjamin. *The Alliance Revolution: The New Shape of Business Rivalry*. Cambridge, MA: Harvard University Press, 1996.

Hamel, Gary and C. K. Prahalad, "Core Competence of the Corporation," *Harvard Business Review*, May/June 1990.

Jensen, Michael C. *Foundations of Organizational Strategy*. Harvard University Press, 1998.

Milgrom, Paul and John Roberts. *Economics, Organization, and Management*. Englewood Cliffs, NJ: Prentice Hall, 1992.

Penrose, Edith. *The Theory of the Growth of the Firm*. Basil Blackwell, 1968.

Teece, D., "Economies of Scope and Scope of the Enterprise," *Journal of Economic Behavior and Organization*, June 1980, pp. 223-247.

Teece, D., "Toward an Economic Theory of the Multi-Product Firm," *Journal of Economic Behavior and Organization*, March 1982, pp. 39-63.

Williamson, O. E. *Markets and Hierarchies*. Free Press, 1975.

Williamson, O. E. *The Economic Institutions of Capitalism*. Free Press, 1985.

### International Strategy and Management

Austin, James E. *Managing in Developing Countries: Strategic Analysis and Operating Techniques*. New York, NY: Free Press, 1990.

Bartlett, Christopher, Yves Doz, and G. Hedlund, eds. *Managing the Global Firm*. New York, NY: Routledge, 1990.

Bartlett, Christopher A. and Sumantra Ghoshal. *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press, 1989.

Caves, Richard E. *Multinational Enterprise and Economic Analysis*. 2<sup>nd</sup> Edition. Cambridge University Press, 1996.

Davidson, William H. *Global Strategic Management*. New York, NY: John Wiley, 1982.

Dunning, John H. *Multinational Enterprises and the Global Economy*. Addison-Wesley, 1993.

Ghemawat, Pankaj. *Redefining Global Strategy*. Harvard Business Press, 2007.

Hamel, Gary and C.K. Prahalad, "Do You Really Have a Global Strategy?" *Harvard Business Review*, vol. 63, no. 4, July-August 1985, pp. 139-148.

Hout, Thomas, Michael E. Porter, and Eileen Rudden, "How Global Companies Win Out," *Harvard Business Review*, September-October, 1982, pp. 98-108.

Kester, Carl W. *Japanese Takeovers: The Global Contest for Corporate Control*. Boston, MA: Harvard Business School, 1991.

Levitt, Theodore, "The Globalization of Markets," *Harvard Business Review*, vol. 61, no. 3, May-June 1983, pp. 92-102.

Porter, Michael E., ed. *Competition in Global Industries*. Boston, MA: Harvard Business School Press, 1986.

Prahalad, C.K. and Yves L. Doz. *The Multinational Mission: Balancing Local Demands and Global Vision*. New York, NY: Free Press, 1987.

Vernon, Raymond, and Louis T. Wells, Jr. *Manager in the International Economy*. Englewood Cliffs: Prentice Hall, 1986. Fifth edition.

Vernon, Raymond. *Sovereignty At Bay: The Multinational Spread of U.S. Enterprises*. New York, NY: Basic Books, 1971.

Wells, Louis T. Jr. *Third World Multinationals: The Rise of Foreign Investment from Developing Countries*. Cambridge, MA: MIT Press, 1983.

Yip, George S. *Total Global Strategy: Managing for Worldwide Competitive Advantage*. Englewood Cliffs, NJ: Prentice Hall, 1992.

Yoffie, David B., ed. *Beyond Free Trade: Firms, Governments, and Global Competition*. Boston, MA: Harvard Business School Press, 1993.

### **Corporate Social Responsibility, Social Entrepreneurship, and Sustainable Development**

Bogle, John C. *The Battle for the Soul of Capitalism* Yale University Press, 2006

Borstein, David. *How to Change the World: Social Entrepreneurs and the Power of Ideas*. Oxford University Press, 2003.

Hart, Stuart L. *Capitalism at the Crossroads: The Unlimited Business Opportunities in Solving the World's Most Difficult Problems*. Philadelphia, PA: Wharton School Publishing, 2005

Prahalad, C.K. *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*. Philadelphia, PA: Wharton School Publishing, 2006

Savitz, Andrew and Karl Weber. *The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success -- and How You Can Too*. Jossey-Bass, 2006

Stiglitz, Joseph E. *Making Globalization Work* W. W. Norton, 2007

Werbach, Adam. *Strategy for Sustainability: A Business Manifesto*. Harvard Business Press, 2009.

## Readings available (free to students) on Business Source Premier

*(Try the links provided or go to BSP and search for the author in Harvard Business Review)*

Title: The Five Competitive Forces That Shape Strategy

Authors: Porter, Michael E.

Source: Harvard Business Review; Jan2008, Vol. 86 Issue 1, p78-93, 16p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=28000138&site=ehost-live&scope=site>

Title: What Is Strategy?

Authors: Porter, Michael E.

Source: Harvard Business Review; Nov/Dec96, Vol. 74 Issue 6, p61, 18p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=9611187954&site=ehost-live&scope=site>

Title: The Core Competence of the Corporation.

Authors: Prahalad, C. K.; Hamel, Gary

Source: Harvard Business Review; May/Jun90, Vol. 68 Issue 3, p79, 13p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=9006181434&site=ehost-live&scope=site>

Title: Competing on Resources

Authors: Collis, David J., Montgomery, Cynthia A.

Source: Harvard Business Review; Jul/Aug95, Vol. 73 Issue 4, p118-128, 11p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=9507242792&site=ehost-live&scope=site>

Title: The Competitive Advantage of Nations.

Authors: Porter, Michael E.

Source: Harvard Business Review; Mar/Apr90, Vol. 68 Issue 2, p73, 17p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=9005210820&site=ehost-live&scope=site>

Title: Creating Corporate Advantage

Authors: Collis, David J.; Montgomery, Cynthia A.

Source: Harvard Business Review; May/Jun98, Vol. 76 Issue 3, p70, 14p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=547126&site=ehost-live&scope=site>

Title: The Parable of the Sadhu.

Authors: McCoy, Bowen H.

Source: Harvard Business Review; May/Jun97, Vol. 75 Issue 3, p54-64, 8p, 1c

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=9705196193&site=ehost-live&scope=site>

Title: Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility

Authors: Porter, Michael E., Kramer, Mark

Source: Harvard Business Review; Dec2006, Vol. 84 Issue 12, p78-92, 13p

<http://resources.library.brandeis.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=23081414&site=ehost-live&scope=site>