

Strategic Management (MN 50176)

MSc Programme
University of Bath
Term 2, 2008/9

Instructor: Prof Klaus E. Meyer
Dr. Bruce Rayton
Dr. Sarah Dixon

Contact: e-mail: k.meyer@bath.ac.uk
www.klausmeyer.co.uk

Office: Room 8W – 3.11
Office hours: Usually Wednesdays 11:30-13:00
Sign up at the door – if no one is signed up there will be ‘open door’

Class: Room 8W – 2.27
Thursdays 4:15 to 7:00 pm

Contents

This course deals with major techniques and approaches to the development and implementation of corporate strategy. We will explore the underlying concepts, analytical techniques, and evaluation of strategic options that form the basis for strategic analysis and action. The course is designed to introduce you to the real world of strategy and to explore the opportunities and challenges that arise for businesses in this era of global competition and interdependence.

In learning about strategy, we will focus on two central questions: “*what business should we be in?*” and “*how should we compete in our existing businesses?*” In looking at these two questions, and particularly when we use real world cases, we will adopt the perspective of the general manager of the corporation. The general manager may be a corporate president, a divisional chief executive, the head of an operating unit, or an owner-proprietor. Regardless of formal title, the main idea is that the general manager is the person ultimately responsible for making decisions about the company’s strategy.

The course uses primarily case study discussion as a means of learning. In addition, lectures and group discussions will be used to teach the concepts and practice of strategy formulation and implementation.

Learning Objectives

- Understand strategic situation analysis including macro-environmental analysis, industry structure, competitor profiling, market segmentation, strategic groups, internal analysis, and stakeholder influences on organizations.

- Use rational approaches associated with the identification and selection of strategic alternatives to include: market-based strategic positioning, scale and non-scale strategies, core competencies and resource-based strategies.
- Appreciate the issues and practices of implementing chosen strategies.

Readings

Cases form an essential part of the learning materials for this course. A set of cases can be obtained from the MSc office in the 8W–reception area from ca February 18. Other cases are uploaded to Moodle.

The main basis for the concepts and theoretical frameworks used in this course is the **textbook**:

Grant, Robert M. (2008): *Contemporary Strategy Analysis*, 6th edition, Blackwell Publishing.

This book is recommended for acquisition, and copies are available at the bookshop. In addition, selected articles are assigned on specific topics as specified in this outline.

In addition to the main text, you may consider a number of alternative textbooks that are available in the library, such as (earlier editions usually are as useful):

- Barney, J.B. and Hesterly, W.S. (2008): *Strategic Management and Competitive Advantage: Concepts and Cases*, 2nd ed. Pearson Prentice Hall. [This text provides a good introduction to the basic concepts]
- Hill, C.W.L. and Jones, G.R. (2007): *Strategic Management Theory: An Integrated Approach*, 7th ed., Houghton Mifflin.
- Hitt, M.A., Ireland, R.D. and Hoskisson, R.E. (2007): *Strategic Management: Competitiveness and Globalization*, 7th ed., South-Western.
- Johnson, G., Scholes, K., and Whittington, R. (2008): *Exploring Corporate Strategy*, 8th ed., FT Prentice Hall.
- Peng, Mike W. (2006): *Global Strategy*, 1st ed., Thomson-Southwestern. [This new textbook focuses on the global business environment, with less attention to basic concepts].

Additional recommended readings are provided on specific topics in the detailed outlines of themes and sessions. Further additions will be made to recommended readings throughout the course.

In addition to scholarly writings, you should aim to follow the **news** about businesses. In particular, stay up-to-date by reading newspapers such as *Financial Times* or *Wall Street Journal*, and magazines such as *The Economist*. Suggested articles from *The Economist* are included in the recommended readings.

Case preparation

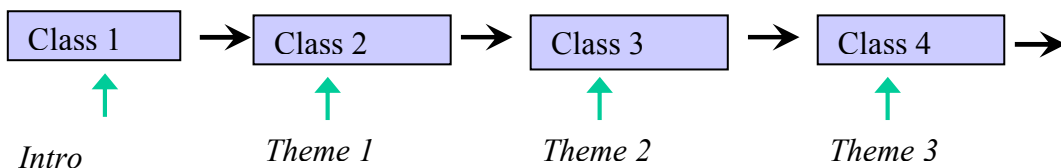
The key requirement for class sessions in a case-based course is active participation. This participation should be based on the thorough preparation (including analysis) of the

assigned case in light of your accumulated knowledge and the readings assigned for that day. The cases are used both as a mechanism for you to exercise your new analysis tools and as motivation for discussing key competitive issues facing businesses today. Do not approach the cases from the outside as a critical observer as you might with book sections or articles. In most assignments, you are expected to take on the role of an active decision-maker within the case and focus questions have been provided for you that will often help you to do this. How would you manage the strategy formulation and implementation dilemmas of an operating manager? Sometimes you will find it most effective to assume several roles in sequence (e.g. first as the sales manager who finds out about the need for a new product, the R&D manager who must decide on the viability of developing it, etc.) Whether you use one role or many to focus your analysis, it is essential that you get "inside" the case. In class, you will be expected to share your ideas so that we can jointly work through to a resolution to current management challenges.

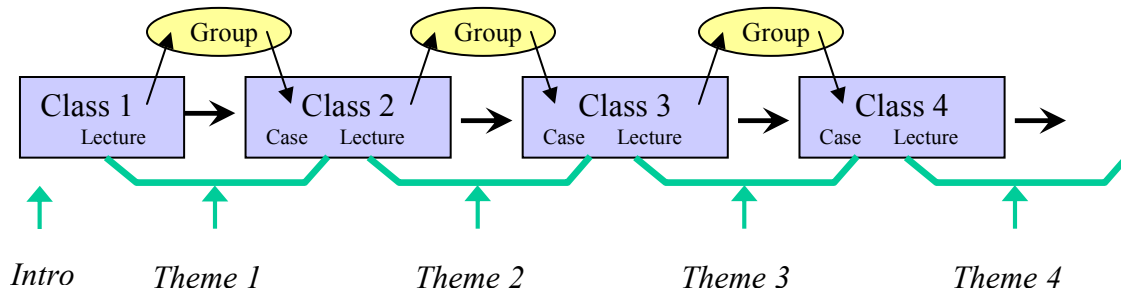
Some of the readings have been selected not because they tie into a specific case but because they are a necessary part of the total framework you will need to formulate and evaluate strategy in a variety of management settings. Thus, you should always reflect on the ties between the reading and the cases but don't panic if the ties are not obvious. Normally, preparation of a case would occur both individually, and then in your working group.

The structure of the course is adapted to the case method. In each class session, a new theme is introduced with a lecture. Then, participants shall study the theme by reading the assigned text, preparing the case, and discussing in their group. The next class session then starts with discussing the case that builds on the previous lecture.

A conventional course



A case-based course



Each group is expected to produce a short briefing on each case or assignment as part of the preparation process. The briefings should be a text of no more than 800 words or a PowerPoint presentation of no more than 6 slides. It should be sent to the course convener via Moodle (or to k.meyer@bath.ac.uk) by 3 pm on the day before class. This is to enable the teacher to build the actual class on your prior knowledge and preparation.

January 29

- Case:** In class assignment
- Lecture:** Introduction - What is Strategy?
- Core Reading:** Grant, chapter 1
- Recommended:** Barney & Hesterly, chapter 1
Johnson et al., chapter 1
Peng, chapter 1

February 5

- Case:** **Madonna and Lance Armstrong**
Compare the Careers of Madonna and Lance Armstrong (Grant p. 6/7 and 10/11). You may supplement this information with Internet sources.
1. What are the key factors that contributed to their success?
 2. More generally, what types of issues should we be looking for when designing a highly ambitious career strategy?
- Lecture:** **Business Goals and Performance;
Analyzing the Business Environment**
- Core Reading:** Grant, chapter 2 & 3
- Recommended:** Johnson et al., chapter 4
The Economist (2007): Tesco: Fresh, but far from easy, June 23rd.

February 12

- Case:** **Internet Assignment:**
Marks & Spencer (www.marksandspencer.com/gp/node/n/43436031/),
Waitrose (www.waitrose.com/footer/corporateinformation.aspx),
ASDA (www.asda-corporate.com),
Please search the internet and other sources to investigate *one* of the above companies, and answer the following questions.
1. Is this a successful company?
 2. What are the explicit and implicit objectives of the firm? Who are the owners of the firm?
 3. How can you best describe the industry that this company is in?

4. What has been the firm's strategy in the recent past?
5. Would you recommend buying shares in this company now?

Lecture: **Resources and Capabilities**

Core Reading: Grant, Chapter 5

Recommended: Barney & Hesterly, chapter 3
Johnson et al., chapter 2
Peng, chapter 3
The Economist (2007): *Briefing: Germany's car industry: The big car problem, February 24th*
The Economist (2009): *Briefing: Fiat: Rebirth of a carmaker, April 26th.*

February 19

Lecturer: Bruce Rayton

Case: **Pfizer's Intellectual Property Rights Battles in China for Viagra**
By Debaprim Pukayastha and Rajiv Fernando
Package of Cases (ICFAI #207-016-1)

Preparation Question:
What features of the market for Viagra in China can we better understand by extending beyond Porter's Five Forces in the ways described in Chapter 4 of Grant?

Lecture: **Analyzing Competition with Games**

Core Reading: Grant, Chapter 4

Recommended: Review Porter's Five Forces and the coverage of, oligopoly, entry deterrence, and the Prisoner's Dilemma from your Economics course (MN 50169).

February 26

Case: **Canon: Competing on Capabilities**
By M. Ackenhusen and S. Ghoshal
Package of Cases (INSEAD 372-031-1)

Preparation questions:

1. How would you describe Canon's strategy in the photocopier business?
2. Why has this strategy been so successful? In particular, what has allowed the company to be so successful in the personal copier market?
3. How has Canon developed its competencies and capabilities? What can we learn from the company about the competence building process?
4. What can we learn from the competence leveraging process?

Lecture: **Competitive Advantage**

Core Reading: Grant, Chapters 7 & 8

Recommended: Barney & Hesterly, chapter 4&5
The Economist (2007): Briefing: Germany's Car Industry: The Big-car Problem, February 24th.
The Economist (2007): Briefing: Toyota: A Wobble on The Road to the Top, November 10th.

March 5

Case: **Acer, Inc: Taiwan's Rampaging Dragon**
 By C.A. Bartlett and A. St. George
 Package of Cases (HBS 9-399-010)

Preparation questions:

1. What accounts for Acer's outstanding start-up? What caused this company to outpace scores of other Taiwanese companies?
2. Why did Acer's growth and profitability tumble in the late 1980's? How appropriate was Stan Shih's response to the decline? How do you evaluate Leonard Liu's performance?
3. How effective has Shih been in rebuilding Acer in the early/mid 90s? What do you think of his new business concepts ('fast-food' model etc.) and his new organizational models (client-server, etc.)?
4. As Stan, what action would you take on Aspire? Should you approve its continued development? Should you allow AAC to continue to lead the project? Should Aspire become a global product?

Lecture: **Strategy on the Global Stage**

Core Reading: Grant, Chapters 14 (and 8 & 9)

Recommended: Ghemawat, P. (2007): *Redefining Global Strategy*, Harvard Business School Press.
Johnson et al., chapter 8
Peng, chapter 5 & 8
The Economist (2009): Briefing: Rolls-Royce: Britain's Lonely High Flier, January 10th.

March 13

Case: **GN Netcom China (A)**
By Klaus Meyer
(Package of Cases)

Assignment: What kind of business activities should GN Netcom establish in Asia? How would it fit into the global operation? How should GN Netcom develop business in South-East Asia in line with its global strategy?

1. Analyse GN Netcom's structure, resources, and competitive strategy, and point out potential weaknesses and opportunities!
2. Analyse business opportunities in South-East Asia! For this purpose obtain secondary information for the economies of the region, for late 2000.

Lecture: **Foreign Entry Strategies**

Core Reading:

Meyer, Klaus E. & Tran, Yen Thi Thu (2006): Market Penetration and Acquisition Strategies for Emerging Economies, *Long Range Planning*, 39 (2), 177-197. – will be uploaded on Moodle
Meyer, Klaus E. (2008): Foreign Market Entry, in: *The Princeton Encyclopedia of the World Economy*, Princeton University Press, forthcoming. – will be uploaded on Moodle.

Recommended: Peng, chapter 5 & 8
The Economist (2008): Briefing: Unilever and Emerging Markets: The Legacy the got left on the Shelf, February 2nd.

March 19

Lecturer: Sarah Dixon

Case: EMI
Assignment: Do an internet search on EMI to answer the following questions:

What industry is EMI in?
What challenges are facing EMI?
How does it make money? (What is its business model?)
What would you recommend for their future strategy?

Lecture: **Differentiation Strategies and Management of Innovation**

Core Reading: Grant, Chapters 9 & 11

Recommended: Bartlett et al., part 5
Johnson et al., chapter 9
McKinsey Quarterly (2008) Google's view on the future of business:
An interview with CEO Eric Schmidt (November)
Financial Times, (2000) Survey – Mastering Management: IT
Strategy in the new economy Dec 18th
The Economist (2007): Briefing: Toyota: A wobble on the road to
the top, November 10th.

March 26

Case: **Carlsberg, Heineken, S&N**
Find up-to-date information about these three Breweries on Moodle,
in the newspapers and on the Internet.

Preparation questions

1. Consider Carlsberg's position in Vietnam as described by Nguyen et al. (2004). How would you propose that Carlsberg should enhance its operation?
2. Consider the take-over bid by Carlsberg and Heineken over Scottish & Newcastle in winter 2007/08.
 - a. What are the global strategies of the three companies prior to the take-over bid? What are the respective strength and weaknesses of their global position?
 - b. What are the strategic objectives that Heineken and Carlsberg were pursuing when launching the bid?
 - c. Do you think this take-over bid was a smart idea?

Lecture: **Vertical Integration and Offshoring**

Core Reading: Grant, Chapter 13 and 8 (review)

Recommended: Barney & Hesterly, chapter 6
Dicken, P. (2007): *Global Shift: Mapping the Changing Contours of the World Economy*, 5th edition, Sage, chapters 5 (geography) and 9 (clothing industry)

The Economist (2007): Briefing IBM and Globalisation: Hungry Tiger, Dancing Elephant, April 7th.

/// EASTER BREAK ///

April 23

Case: Zara

By K. Ferdows, J.A.D. Machuca and M. Lewis
Package of Cases (ECCH: 603-002-1)

Preparation questions

1. How did Zara achieve its successful growth? What distinguishes Zara's strategy from that of its key competitors?
2. How does Zara coordinate activities across business units and along the supply chain, and how does this coordination relate to their competitive advantages?
3. Looking forward, how do you suggest that Zara develops in the near future?

Lecture: Corporate Strategy and Social Responsibilities

Core Reading: Grant chapter 2 (selected pages) & 17

Recommended: Johnson et al., sections 4.3 & 4.4
Peng, chapter 12

The Economist (2007): Face value: Jim Goodnight, December 1st.

The Economist (2008): Face value: Yossi Vardi, January 5th.

The Economist (2008): Face value: Larry Brilliant, January 19th.

April 30

Case: Ethics of Offshoring: Novo Nordisk and Clinical Trials in Emerging Economies

By Klaus Meyer
Package of Cases (Ivey 9B09M001)

Preparation questions:

1. Briefly summarize the strategy of Novo Nordisk
2. Considering both economic and ethical aspects, is it appropriate for companies like Novo Nordisk to conduct clinical trials in, for example, India, and if so under what conditions? What exactly are the principles that should guide such a decision?
3. What interest groups are joining the public debate, and why? How should businesses handle them?

4. How should Anders Deijgaard react when the journalist calls to discuss their practices with them? What is the most effective way to communicate with the public?

Lecture: **Diversification and Multi-product Businesses**

Core Reading: Grant, Chapters 15 & 16
Meyer, K.E. (2009): Corporate Strategies under Pressures of Globalization: Globalfocusing, unpublished manuscript.

Recommended: Barney & Hesterly, chapter 7 & 8
Johnson et al., chapter 7
Peng, chapter 5 & 8
The Economist (2006): Special report: BASF and the chemical industry: Molecular weight, November 4th.
The Economist (2007): Business: DaimlerChrysler: Dis-assembly, February 17th.

May 7

Lecture: **None. Questions for Revision**
Please submit your question for revision discussion before class

Core Reading: Grant, the entire book.