
**UNIVERSITY OF HAIFA
THE HAIFA GRADUATE SCHOOL OF MANAGEMENT
INTERNATIONAL EXECUTIVE MBA PROGRAM IN ENGLISH (ELM CLASS)**

BUSINESS STRATEGY

Summer 2009

Period 6

Fridays 8:00 – 10:45

LECTURER: ARIEH A. ULLMANN, E –mail: ariehu@yahoo.com
Office Hours: TBA

SYLLABUS

COURSE BACKGROUND

From a pedagogical perspective, Business Strategy is designed to help students integrate the functional courses (Accounting, Finance, Organizational Behavior, Marketing, Information Systems, Operations, etc.) into a comprehensive framework. From a business practice perspective, the course focuses on multi-faceted problems typically faced by general managers (chief executive officers, division heads, etc.) as they formulate and implement a course of action for the unit as a whole to achieve enduring success. While Business Strategy adds its own set of conceptual and analytical tools students are expected to call upon all the concepts and skills they have acquired in other courses and bring them to bear on the analysis of a situation and the formulation and implementation of viable options for achieving and sustaining competitive advantage. The goals of this course emphasize critical and conceptual thinking within a holistic framework of leading organizations in a global economy that is characterized by technological change, intense competition and rising consumer expectations.

COURSE OBJECTIVES

By the end of the course, students should be proficient in

1. **analyzing situations** faced by executives in terms of interdependencies between an organization's resources and capabilities and the environment;
2. **setting a direction and formulating strategies** for the organization that address the situation, and marshal the organization's resources and capabilities to deal with the threats and opportunities that present themselves in the environment; and
3. **devising action plans** to execute the selected strategy;

with the aim of achieving sustainable competitive advantage.

COURSE CONTENT AND SCOPE

The course will primarily deal with the single business firm. The specific issues of the diversified firm (related/unrelated diversification, vertical integration, managing the multibusiness firm) cannot be addressed in a comprehensive manner within an 8-week course. Under the overall heading of creating sustainable competitive advantage the course will be built around three themes: (1) the analysis of the environment based on concepts borrowed from industrial organization economics; (2) the concept of strategy anchored in the resource-based view of the firm; (3) the execution of strategy through structure, controls and culture. The goal is for you to internalize a way of thinking about organizational issues from an overall perspective that will allow you to integrate seemingly disparate pieces of information into a comprehensive model as a basis for devising intelligent ways to approach issues and challenges so that the organization is placed in a competitively advantageous position.

TEACHING METHODS

Following the tradition of major U.S. and European business schools, cases form the primary pedagogical approach in Business Strategy. The detailed examination of managerial problems described in cases supported by readings and class discussions allow you to experience the role of executive level decision makers.

The case teaching method requires active student participation in that it relies heavily on the Socratic method – teaching by asking instead of teaching by telling. Except for the first two sessions each class is divided in two parts (see below). First we will discuss the assigned case and then prepare for the following topic with a short lecture and application of the material to the discussion case.

TEACHING MATERIALS

Course Pack containing readings, cases and PowerPoint© slides.

RECOMMENDED ADDITIONAL READINGS

There is an abundance of books out about strategy that is growing every year. Two short texts designed for executive courses are:

- S.C. Abraham, *Strategic planning. A practical guide for competitive success*. Thomson/South-Western, 2006.
- *Strategy. Create and Implement the Best Strategy for Your Business*. Harvard Business Essentials. Boston, MA, 2005: Harvard Business School Press.
- A helpful free web site is www.quickmba.com/strategy/
- Useful publications with articles on strategy directed towards the practitioner are: *Academy of Management Perspectives*, *Business Strategy Review*, *California Management Review*, *Harvard Business Review*, *MIT Sloan Management Review*. The business section in many daily newspapers as well as business publications such as the *Financial Times*, *Wall Street Journal*, *Fortune*, *Forbes*, *Business Week* are also worth reading.

STUDENT ASSESSMENT

Attendance: Attendance is crucial (and will be monitored) aside from the fact that the School demands that students attend 5 of the 7 sessions. Class sessions will be devoted to introducing key concepts that enhance analysis and action plans on the one hand and case discussion on the other hand. In order to derive maximum benefit, achieve subject mastery and a top grade attendance, preparation and in-class participation are essential.

A typical class session is divided into two parts. First we will discuss the case that was assigned for that day. Students who did not select that case for their written assignment should at least read it to benefit from the discussion. To begin the case discussion, a student will be asked to start the class by answering a specific question (e.g. How does the assigned reading relate to the case?) or by discussing a specific issue (e.g. Should Company X enter the new market?). Afterwards we will open the discussion to the rest of the class. As a group, we will then complete the analysis and address the problems and issues inherent in the case. The second half of the class is devoted to covering new material assigned for the upcoming week. In this way the lecture prepares you for the assigned reading and case of the following class.

Some of the behaviors your instructor will look for:

- Do your comments show evidence of preparation and analysis of the assigned material?
- Do your comments add to our understanding of the situation?
- Do your comments clarify relevant aspects of earlier comments and move the discussion forward?
- Can you make use of the quantitative data?
- Are you willing to test new ideas, or are all comments “safe”? (A safe comment might be a simple repetition of case facts without analysis or conclusions).
- Do you ask questions or do you limit your participation to responding to questions only?
- Do your questions help in achieving a deeper level of understanding or make us aware of new complexities?

Please do not feel inhibited if your English is not as good as you like it to be. If you can't say it in English switch to Ivrit and someone will help me understand.

Preparation: In order to profit from the class time it is essential that students come prepared. This implies studying (not just reading!) the assigned material, the case as well as the assigned questions for each case.

Grades: Grades will be based on the following elements:

1. *Case Analysis:* During this course we will study 6 cases. Given the fact that the course is taught in a foreign language your written work will be cut to the minimum. Submit short answers to the questions listed of 3 cases: around ½ - 1 page per question plus any calculations in table or exhibit format; incomplete sentences in the form of bullet statements are permitted as long as your instructor is able to understand what you intend to express. If you submit work for more than 3 cases, the best 3 will count. The mix between individual and team cases will be decided during the first class. For the other 3 cases no written work is required – but active participation based on your notes. YE-mail me your write-ups before the start of class during which the case is being discussed. Include the case name and at least one of the authors' names to the file name. Make sure your name is also on the attached paper. Do not use Word 2007, please! Late submissions will cause deductions unless special arrangements have been made beforehand
2. *Class Participation:* The ability to listen to what others have to say and carry their point of view forward and/or express disagreement in a professional and culturally sensitive manner is a very important skill of a manager. We will practice this in class using the readings and cases as primary vehicles.

Assignment	Points
Case Analysis: 3 cases @ 150	450
Class Participation: (5 classes @ 30 points max. Class #1 will not count)	150
Total	600

There will be no exam. For the cases no outside research is expected. Should you do outside research, respect the time frame of the case. You can only use information that was available to the decision makers described in the case. Violation of this principle will cause points taken off.

COURSE PLAN

Class 1, May 22

Topics: (a) Overview, (b) Concept of Strategy and Main Theories: IO and RBV (c) Introduction to topic of next class: Analyzing the firm's environment

Assignments for Class 2: Read: (1) Porter, The Five Competitive Forces That Shape Strategy, *Harvard Business Review*, January 2008. This article presents the dominant model for analyzing a company's industry which is based on a branch of economics called 'industrial organization' theory. (2) Hambrick/Fredrickson, Are You Sure You Have A Strategy? *Academy of Management Executive*, 4, 2001. One of the best articles to explain the concept of strategy. Links the concept explicitly to the two main theories.

Case (submit via-email): The U.S. Airline Industry in 1995

1. Is this an attractive industry? Why or why not?
2. Characterize the strategies of the dominant players! How effective are the strategies? Why?
3. Can you identify strategies that are not working? Why?

Class 2, June 5

Topics: (a) Discussion of the airline case, (b) Introduction to topic of next class: Resources and capabilities as the basis for sustainable competitive advantage.

Assignments for Class 3: Read: (1) Barney, Looking inside for competitive advantage. *Academy of Management Executive* 4(1995). This article introduces the fundamental concepts of the Resource Based View (RBV) of the firm. (2) Ghemawat/Rivkin, Creating competitive advantage. Harvard Business School. This article that somewhat overlaps with the previous three introduces willingness to pay (WoP) as a basis for pricing and value chain analysis as a method for identifying cost and differentiation drivers.

Case (submit via-email): Airborne Express

1. How has the express mail industry evolved over the years? Why?
2. How has Airborne managed to survive, and recently to thrive in this industry? What does it do differently than its rivals and why?
3. What should CEO Brazier do in order to strengthen the company's position? What should he NOT do?
4. Extra Credit: Quantify Airborne's sources of advantage (Spreadsheet with preloaded exhibits is available.)

Class 3, June 12

Topics: (a) Discussion of Airborne case. (b) Introduction to next week's topic: Strategy and technological change.

Assignments for Class 4: Read: (1) Suarez/Lanzolla, The Half-Truth of First-Mover Advantage. *Harvard Business Review*, April 2005. This article looks at the much-praised first-mover advantage with a critical eye. (2) Christensen/Johnson/Rigby, Foundations for growth: How to identify and build disruptive new businesses. *Sloan Management Review*, 43(3), 2002. Discusses the well-known concept of disruptive technology in the context of creating new businesses.

Case (submit via-email): TiVo 2007

1. What was TiVo's strategy during its initial years of operation? What have been the key successes of that strategy? What have been its chief weaknesses?
2. What exactly is Tom Rogers' vision for the future of TiVo? Will it succeed? Why yes/no??
3. What are TiVo's options going forward, in particular regarding
 - a) Stay the course: Pursue all current businesses
 - b) Quit the stand-alone business
 - c) Focus on the advertising platform
 - d) Focus on audience research and measurement

Class 4, June 19

Topics: (a) Discussion of TiVo case. Strategy and technological change. (2) Introduction to next week's topic: Implementing Strategy.

Assignments for Class 5: Read: (1) Crittenden/Crittenden, Building a capable organization: The eight levers of strategy implementation. A good summary of key ideas with regard to executing strategy.

Case (submit via-email): Taco Bell Corp.

1. Why was Taco Bell successful, in contrast to its competitors, in the early 1990s?
2. Examine the process of change at Taco Bell: What is the relationship between this process and the chain's success?
3. Given the speed with which the changes in the later part of the case (1989-1991) took place, why didn't Taco Bell fall apart?
4. Can Taco Bell's major competitors copy Taco Bell's strategy?
5. What should John Martin do next?

Class 5, June 26

Topics: (a) Discussion of Taco Bell case. (b) Introduction to next week's topic: Alliances and joint ventures

Assignments for Class 6: Read: (1) Hughes/Weiss, Simple Rules for Making Alliances Work. *Harvard Business Review*, November 2007. Discusses some key behavioral aspects that need to be considered when engaging in an alliance. (2) Goerzen, Managing Alliance Networks, *Academy of Management Executive*, 2005. Takes the alliance one step further from the dyad (2 parties) to a network comprised of many partners.

Case (submit via-email): The HP-Cisco Alliance (A)

1. What are the challenges facing Jim Heal and Mike Thomas?
2. What are Heal's and Thomas's basis of power? What influence tactics are available to them?

3. If you were appointed to an alliance manager position at HP or Cisco, what would your action plan be? How would you prioritize your actions?
4. If you were Steinhilber or Russell, what kinds of structural interventions would you pursue to enable your alliance organization to function effectively?

Class 6, July 3

Topics: (a) Discussion of HP-Cisco case. (b) Introduction to next week's topic: Global strategy

Assignments for Class 7: Read: (1) Ghemawat, Managing Differences. The Central Challenge of Global Strategy. *Harvard Business Review*, March 2007. Summarizes a state-of-the art thinking about global strategy.

Case (submit via-email): P&G Japan: SK-II Globalization

1. As Paolo DeCesare, what factors do you need to consider before deciding what to recommend in your SK-II presentation to the global leadership team (GLT)? What kind of analysis will you need to do in preparing for that meeting?
2. Does SK-II have the potential to become a global brand within P&G's worldwide operations? Why or why not?
3. Which of the three market options should DeCesare recommend to the GLT? What benefits do you expect to gain? What risks do you see?
4. How should he implement your recommendation? What are the implications for P&G's new post-O2005 organization? What support and/or resistance do you expect? How will you manage it?

Class 7, July 10

Topics: (a) Discussion of HP-Cisco case. (b) Final topic: Corporate strategy: Managing the multi-business firm. An overview of an important topic of strategy.

Suggested Reading: Note on Corporate Strategy. Offers an introduction to the central issues of corporate strategy and the related theoretical concepts.