

**The Charles H. Kellstadt Graduate School of Business
DePaul University**

**ECO 526: Business Strategy
Fall 2019**

Tuesdays 5:45 p.m. - 9:00 p.m.

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Office Hours: Tuesdays 4:45pm-5:30pm & Thursdays 8:30am-9:30am (LPC: Levan Center 301)

Course Goals and Description

A. Overview and Objectives

Within a biological context, the Merriam-Webster Dictionary defines strategy as “An adaptation or complex of adaptations (as of behavior, metabolism, or structure) that serves or appears to serve an important function in achieving evolutionary success.” This definition captures the basic approach to strategy we take in this class. In business, “adaptations of behavior or structure” translate into the formulation of the firm’s business plans and policies, and how they change in response to various conditions and incentives. “Achieving evolutionary success,” translates into generating and sustaining surplus for the firm’s owners. Throughout the term, we will discuss various concepts and frameworks used to analyze and formulate business strategies. You will be introduced to a number of tools and techniques for diagnosing a firm’s competitive position, identifying managerial and organizational issues, evaluating alternative plans of action, and anticipating the consequences of alternative decisions.

Although the overall course structure ultimately aims to help you develop and organize a framework for business strategy, the “toolbox” approach we take implies that this class cannot be as structured as other disciplines, like accounting or statistics, which begin with a set of principles, and then build to more involved problems and applications. Strategy is not as linear, and is complicated throughout. We will be learning new tools -and going back to the old ones- to answer questions that arise throughout the class.

B. Methodology

Our approach will be heavily inductive. The main intention is to understand and become familiar with the application of a number of concepts and frameworks through analysis and discussion of examples and cases. This will then help us develop broader principles about decision-making and strategy, which we can then apply in a wide variety of business and managerial contexts.

Good cases are often times ambiguous and complex. You may find this a bit frustrating when preparing for case discussions. Some case questions may not necessarily have one right answer. However the frameworks and concepts we will learn and discuss will help us identify insights and solutions that are better than others. The lectures and assigned readings will complement the cases by providing useful background information, additional examples, and further explanations of the important concepts

For a case discussion to be valuable, it is essential that you come prepared. Each week, I will post a set of case questions that will help guide and focus of our discussions. It is also important that you deal with the cases as you find them: unless explicitly recommended, please do not do additional research to find outside or post-case data on the firm or industry, as this will be a spoiler of sorts. If you have post-case or inside information, you will have the opportunity to share it at an appropriate point during the discussion.

A. Grading

Case Assignments 60% Weighting (group): Groups will write a report on the assigned questions in preparation for each case discussion. This report should not exceed three typed single-spaced pages, and it is due in D2L prior to class for that particular case discussion. If you are in charge of leading the discussion of a specific case, you are exempted from submitting a case write-up, but will submit your presentation slides prior to the beginning of class. For groups that are presenting, your score for the case will be based on the quality of your slides and the delivery of your presentation. Please note the minimum size font is 11 with 1" margins.

Class Participation 10% Weighting (Individual): Preparation and participation are vital in this class, as in any class based on case and class discussions. I will not take attendance, but you cannot participate if you are not present, so frequent absences will likely lead to a reduced participation grade. Learning opportunities are maximized when all students are actively engaged in the class discussion. Active engagement means not only that you have prepared the material, but that you are also paying attention to the comments of other students and seeking opportunities to make comments that move the discussion forward. Case discussions take a large portion of class time, so there will be ample opportunity for everyone to participate. More specifically, I consider the following in assessing a student's participation:

- Relevance: Are your comments clearly related to the case and to the comments of others?
- Advancement: Does your comment move the class discussion forward?
- Fact-Based: Have you used specific data from the case, readings, or personal experiences to support the assertions that you are making?
- Logical: Is your reasoning consistent and logical?

Content Quiz 10% Weighting (Individual): The Content Quiz will focus on core content covered through week 5 of the course. Material will relate to the readings and course lectures where students will have the opportunity to demonstrate their understanding of the content through application.

Final Project and Presentation 20% Weighting (group): Groups of two students will work on a maximum 10 page (1.5 spaced, 12-point font) strategic analysis of a competitive situation, industry practice, or business proposal. This is due on the D2L Dropbox before class on the final day of class. Both PDF and MS Word formats are acceptable. The goal of the final project presentation will be to clearly set up your case and convince the class that your analysis and major conclusions are accurate and insightful. You will have about 30 minutes to do this followed by approximately 10 minutes if Q&A from the audience. All presentations will take place during our last two classes. Presenters are required to make their presentation slides available to the class at least two days before their presentations. Non-presenters are asked to participate and contribute to the discussion during presentations.

B. Readings:

-*Strategy Essentials*, by Sonia Marciano, NYU Stern School of Business, 2010. Available

at:

<http://www.scribd.com/doc/38572769/Stern-Strategy-Essentials>

-A course packet, which includes a number of case readings. Please sign-in and purchase using this link:

<https://hbsp.harvard.edu/import/659312>

C. Additional Course Materials:

I will post additional readings and lecture/case slides on D2L. Students are responsible for checking the site periodically to download the additional materials and case discussion and preparation questions. I will not distribute these materials in class, so please get them in advance as needed.

D. Topics and Dates

Weeks 1-2

Topic: Introduction, Basic Economics of Strategy, and Value Creation and Capture

Readings: Marciano (pp. 4-25)

F. Scott Morton. "Why Economics Has Been Fruitful for Strategy." *Financial Times*, Mastering Strategy Series, 4 Oct 1999.

M. Porter. "What Is Strategy?" *Harvard Business Review*, Nov/Dec 1996, Vol. 74-6.

P. Ghemawat. "Competition and Business Strategy in Historical Perspective," *Business History Review*, Spring 2002, Vol. 76.

Week 3

Topic: Industry Analysis

Readings: Marciano (pp. 26-41)

M. Porter, "The Five Competitive Forces that Shape Strategy," *Harvard Business Review*, January 2008, Vol. 86-1.

F. Dalken, Are Porter's Five Competitive Forces Still Applicable? University of Twente, 2014.

J. Chevalier. "The Pros and Cons of Entering a Market," *Financial Times*, Mastering Strategy Series, 1 November 1999.

Case: E. Van Den Steen; D Lane. "Aldi: The Dark Horse Discounter." Case No. 9-714-474. Published 02/7/2014, Revised 12/5/2016. Harvard Business School Publishing.

Week 4

Topic: Competitive Advantage

Readings: Marciano (pp. 61-69)

D. Collis and C. Montgomery, "Competing on Resources," *Harvard Business Review*, July/Aug 1995, Vol. 73-4.

P. Ghemawat, "Sustainable Advantage," *Harvard Business Review*. September-/October 1986, Vol. 64-5.

Case: D. Collins, D. Magnani. "Saatchi and Saatchi Co, PLC: Corporate Strategy." Case 792-056-PDF-ENG, March 1992, Harvard Business School.

Weeks 5-6

Topic: Game Theory and Co-opetition

Readings: A. Brandenburger and B. Nalebuff, "The Right Game: Use Game Theory to Shape Strategy." *Harvard Business Review*, July/August 1995, Vol. 74-4.

B. Greenwald, and J. Khan, "Cooperation. The Do's and Don't's," in *Competition Demystified*, Portfolio, 2005.

Case: M. Busse, J. Swinkels, and G. Merkley. "Enterprise Rent-A-Car." Case No. KEL612. March 2012. Kellogg Graduate School of Management.

One-Two-page project proposal due on D2L prior to class on week 6

Week 7

Topic: Differentiation and Strategic Positioning

Readings: Marciano (pp. 42-49)

M. Porter, "Industry Segmentation and Competitive Advantage," Chapter 7 in *Competitive Advantage* (New York: The Free Press), p. 231-272.

A. Levie, "Competing Against the Big Guys," *Tech Crunch*, October 30, 2011

M.de Jong and M.van Dijk, "Disrupting Beliefs: A New Approach to Business Model Innovation," *McKinsey Quarterly*, July 2015

Case:

D. Spar and J. Burns, "Forever: De Beers and U.S. Antitrust Law." Case No. 9-700-082. Published 02/01/2000, Revised 09/06/2002. Harvard Business School Publishing.

Various De Beers articles

Week 8

Topic: Dynamics and Sustainability

Readings: Marciano (pp. 49-61)

L. Cabral, "Networks and Standards," in *Introduction to Industrial Organization*, (Cambridge: MIT Press).

Schilling, M. 2002. "Technology Success and Failure in Winner-Take-All Markets: The Impacts of Learning Orientation, Timing and Network Externalities." *Academy of Management Journal* 45(2): 387-398.

Cases: G. Chen, K. Wu, t. Tong, X. Su. "Uber Vs. Didi: The Race for China's Ride-Hailing Market." Case No. IN1306, Published: 10/1/2016.INSEAD.

Week 9

Topic: Organization and the Boundaries of the

Firm Readings: Marciano (pp. 82-95)

Piskorski, M., "Note on Corporate Strategy," Harvard Business School Background Note 705-449, Revised 2/72006.

Case: J. Alcacer, D. Collis, M. Furey. "The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire?" Case No. 9-709-462. Harvard Business School Publishing. Revised 1/15/2010.

Weeks 10-11

Final paper due prior to class on week 10

Final Project Presentations

