

# DePaul University – Kellstadt Graduate School of Business

## ECO 526 - Business Strategy

Spring 2021

**Instructor:** Rafael Tenorio

**Email:** [rtensorio@depaul.edu](mailto:rtensorio@depaul.edu) (best way to reach me, including weekends)

**Important:** Consider this syllabus a 'live' document. This is a new modality for this class and, as the term progresses, we may need to adjust some parts of it to keep the course running smoothly and in a way that is manageable for all of us. My goal is to create a great learning experience and to challenge you to think in new ways.

### Course Overview and Objectives

The biological definition of strategy is “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 idea of strategy in this class. In business, “adaptations of behavior or structure” translate into the formulation of the firm’s business plans and policies, and how to respond to possible changes in internal and external conditions and incentives. “Achieving evolutionary success,” translates into generating, capturing, and sustaining surplus for the firm’s shareholders.

Throughout the term, we will discuss various concepts and frameworks used to analyze and formulate business strategies. You will become familiar with many tools and techniques for diagnosing a firm’s competitive position and internal strengths, identifying managerial and organizational challenges, evaluating and formulating various plans of action, and anticipating the consequences of alternative decisions. Although the ultimate aim of the course is to help you develop and organize a framework for business strategy, the “toolbox” approach we adopt implies that this class is not as structured as other disciplines, which typically start with a set of principles, and then build their analysis and applications from simple to complex situations. Strategy is messy, and not as linear and deductive as other disciplines. We will be learning new tools constantly -and often go back to the older ones- to answer questions that will arise as we explore additional issues.

### Methodology

Our approach will be both *Inductive* and *Socratic*. Inductive because we will take a basic set of tools, use them to analyze and understand the strategic nuances of particular cases,

and then try to draw lessons and principles that we can apply in a broader variety of business contexts. Socratic, because we will seek to accomplish our objectives using an open discussion format, where the exchange of ideas and arguments will be a fundamental engine of learning.

Some important insights about the case method:

-We do not learn about cases; we learn from cases.

-Good cases are often ambiguous and complex. You may find this a bit frustrating when preparing for case discussions. Some case questions or challenges may not necessarily have one 'right' answer, and most likely every answer will come with a caveat (the dreaded 'it depends'). Business strategies are never formulated with certainty, but the frameworks and concepts we will learn and discuss will help us identify insights and solutions that are likely to work better than others.

-The lecture slides and videos, and the assigned readings will complement the cases by providing useful models, background information, additional examples, and further explanations of the central concepts. For a case discussion to be valuable, it is essential that you are prepared. Prior to each case discussion, I will post a set of questions that will help you organize your thoughts, and guide and focus our interactions.

-It is important that you deal with the cases as you find them. The point is to place yourself 'in the shoes' of the decision makers at the time the case is set. Unless explicitly recommended, please do not do additional research to find post-case data on the firm or industry in question, as this may spoil our discussion. If you happen to have post-case or relevant inside information, you will have the opportunity to share it at an appropriate point after the main discussion. Finally, to maximize your learning from a case, please refrain from discussing or receiving case notes from students or alumni who have taken the class or studied the case previously.

### Course Format

We will conduct this online course in an *Online Hybrid* format. This means that:

1. I will record my lectures asynchronously and post them on D2L.
2. Every week we will have required Zoom contact hours on Mondays from 4 to 5:30 p.m. (Section 1) and from 5:45 to 7:15 p.m. (Section 2). During these sessions we will review lecture material, have group discussions, and look at new applications of the material covered in class.

I will post my lectures every **Monday** before 11:59 p.m. You can work through each week's lecture at your own pace but keep in mind that we will reference lecture materials during the contact hours and that there will be weekly deadlines for discussion posts and assignments.

Please make sure to have the necessary technical resources to be able to access course materials and complete assignments. If you do not have access to the following resources, please let me know immediately so I can make accommodations for you:

-A computer that connects to the internet (web cam helpful but not required)

- A working email account that you check regularly (updated in Campusconnect). All class-related communication comes through DePaul email, so make sure to check this frequently
- Access to Microsoft Office or similar software
- Ability to playback video files

### Office Hours

I will conduct office hours in two ways:

- By appointment at a mutually convenient date and time. Please email me to make an appointment. I am responsive to email and will reply the same day.
- During (or immediately after) our Monday Zoom sessions.

### Readings

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

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

A *HBSP Course Packet*, containing business cases and other readings. Please sign-in (or sign-up) and purchase using this link:

<https://hbsp.harvard.edu/import/817506>

*Lecture and Video Slides and Additional Readings* I will post on D2L. You are responsible for checking the site periodically to access these materials as well as the case discussion and preparation questions.

**Please note that I do not expect you to read all the posted readings.** They are useful supplements for the collection of topics we will discuss in class and will also help you write your papers and reports, but I will not test you on any specific readings.

### Grading

I will determine your grade using the following components and weights:

|  |            |
|--|------------|
| <b>Case reports (group)</b>                                | <b>20%</b> |
| <b>Synchronous Participation/Presentation (individual)</b> | <b>25%</b> |
| <b>Discussion Boards (individual)</b>                      | <b>25%</b> |
| <b>Final Project (group)</b>                               | <b>30%</b> |

The grading scale is:

|    |               |    |               |
|----|---------------|----|---------------|
| A  | 93% and above | C  | 73-76%        |
| A- | 90-92%        | C- | 70-72%        |
| B+ | 87-89%        | D+ | 67-69%        |
| B  | 83-86%        | D  | 60-66%        |
| B- | 80-82%        | F  | 59% and below |
| C+ | 77-79%        |    |               |

We will do our best to grade and return all your case reports within one week of their due dates. If you require any clarification on any of your grades, please contact us at least one week after receiving your graded assignment.

**Case Reports (group):** You will (in groups of three) write a report on an assigned question about the weekly case (this will also help you prepare for our synchronous case discussions). Each report should not exceed three typed, double (or single and a half) spaced pages, and it is due on D2L based on the schedule below. Both PDF (preferred) and Word formats are acceptable. The grading scale is on a maximum of 10 points. The case timetable is:

Performance Indicator – April 12 (report due at 3:30 p.m.)  
 Crown – April 19 (report due at 3:30 p.m.)  
 Coursera – April 26 (report due at 3:30 p.m.)  
 [No case on May 3]  
 De Beers – May 10 (report due at 3:30 p.m.)  
 Enterprise – May 17 (report due at 3:30 p.m.)  
 Numenta – May 24 (report due at 3:30 p.m.)  
 Disney and Pixar – May 31 (**optional** report due at 3:30 p.m.)  
 [Guest speaker on June 7]

As per the above table, there are six required case reports and an optional one, and you will be work in groups of three to complete them. Working in small groups is realistic to the state of work in the real world and will also allow you to learn more from exchanging ideas when discussing the cases. Each member may glean different insights and find different connections between the course content, individual experience, and the case questions and challenges. You can use the optional case to replace a low report grade, and you may work on that report alone if your partner does not want to do it.

**Group formation:** A class roster is available on D2L, so I will give you the chance to reach out to people you may know to form a group. I will open group self-registration at the beginning of week 1 and give you one full week to form your group. If you do not have a group by the beginning of week 2 (April 12), I will match you up with others in the same situation. The first case report is due on April 19. **Students who are in different sections may form groups with each other.**

Case reports will be graded on a 10-point scale based on content, organization, and writing:

*Content*

- Applies concepts and frameworks from class to the case without reteaching class material
- Does not quote or cut/paste extensively from the case

- Assessments are thoughtful and use critical thinking
- Backed up by theory or evidence, and not unsubstantiated claims
- Analysis is positive, not normative or emotional

#### *Organization and Writing*

- Report addresses the specific question(s)
- Report is logically organized and easy to follow
- Report uses primarily active voice
- Report does not use flowery or convoluted language
- Report uses accurate spelling, punctuation, and grammar
- Report properly cites and attributes sources outside of the case itself

***Synchronous Participation/Presentation (individual):*** Preparation and participation are vital in this class. We will spend a non-trivial fraction of our Monday Synchronous sessions discussing cases and class material, and I expect you to actively participate in these discussions. Frequent absences will likely result in a reduced participation grade, so try to make it a point to be there for our Monday sessions. What follows is a standard spiel that you may have seen or heard elsewhere: *“Learning opportunities are maximized when all students are actively engaged in class discussion. Active engagement means not only that you have prepared the material, but also that you are paying attention to the comments of other students and seeking opportunities to make comments that move the class discussion forward. Discussions take a non-trivial fraction of class time, so there will be ample opportunity for everyone to participate, especially in a relatively small group like this. To increase opportunities for effective participation, I may occasionally cold call students during a discussion. Rest assured that if you have invested quality time to prepare, you will have something valuable to say during the discussion.”*

To serve as the basis for case discussions, I will assign students to present an outline of the case and be discussion leaders. I will work communicate with the leaders in advance to set the expectations for each discussion. **I expect each discussion to last somewhere in the vicinity of 1 hour, including Q&A. Please manage your time well (this will be part of the grading criteria).** If you are scheduled to lead a discussion, prepare a set of slides and e-mail them to me for comments at least 24 hours before the session. Students leading a discussion will not be responsible for turning in a case report and will automatically earn 10 points for it.

***Discussion Board Posts (individual):*** Participation in the discussion boards is vital in this class. Given our class goals and approach, we will maximize learning opportunities when we all share ideas and positions and also when we pay attention to the comments of others and thoughtfully respond to them. Each week, there will be one discussion board, where you are required to, at the minimum, (a) start your own thread, and (b) respond to a classmate’s thread. **That is two minimum required posts per week** (feel free to exceed this minimum as you please). The topic of each thread will be related to the material covered in class or complement the case discussed that week.

#### *Discussion Post Standards and Etiquette*

- a. Posts demonstrate knowledge of the class concepts and are linked to evidence and/or course material.
- b. Timely -adhere to the time window set aside for each discussion, not posted at the last minute. Timely posting leads to productive discussions, in that it allows class members to respond to each other's comments. Posts will be marked down if they are consistently entered during the last hours the board is open.
- c. If your post is related to an existing thread, you must reply to the existing thread, not create a new thread.
- d. Respectful -even when there is strong disagreement.
- e. Stimulate thinking. Do not be afraid to challenge existing comments.
- f. Encourage others to provide evidence and/or refer to course concepts to support their arguments.
- g. Move the class understanding forward.
- h. Do not ramble.

Posts that simply state "I agree" or "I was going to say the same thing" or repackage what a previous classmate said are not actually discussion posts and will not be credited as such.

Please do not write in all CAPS. If you want to emphasize a word or phrase you may write it in bold, italics, underline it, or put an asterisk before and after the word or phrase.

I will actively monitor the discussion boards and participate when I see fit. I will keep track of the posting requirements and the quality of your comments. I may also give you the opportunity to submit a small portfolio of what you consider your best comments and posts.

### **Discussion Boards will close on Mondays at 3:30 p.m.**

***Final Project (group):*** You will work in groups of three (same as in the case reports) on a 15 or so page paper featuring a strategic analysis of a competitive situation (at the firm or industry level), or a business proposal. This will be due on the D2L Submissions Box on June 9 at 11:59 p.m. Both PDF (preferred) and MS Word formats are acceptable and grading scale is on a maximum of 100 points. I will grade your submissions based on: (a) your topic choice (there must be a meaningful strategic question or challenge associated with the firm or industry you choose); (b) your ability to analyze and discuss your chosen topic using the class material and, if possible, the additional readings, and (c) the clarity and relevance of your analysis and conclusions/recommendations. I will post a very detailed project guidelines document on D2L.

### Course Organization

The learning unit in this course is the week. Each quarter has 10 instructional weeks. To avoid bottlenecks of due dates with respect to your other classes, we will follow a weekly schedule that begins on Monday (i.e., new lecture videos and discussion questions will be posted on Mondays).

## Academic Integrity

All work completed for this course must adhere to the University Academic Integrity Policy which you can review at <http://academicintegrity.depaul.edu>.

I may use plagiarism detection technology, such as **Turnitin**, for all written work submitted for this class to ensure the work is the student's own creation and is not in violation of DePaul University's Academic Integrity Policy. Submission of work for this course constitutes (i) a pledge that the work is the student's own original work and (ii) consent to have the work submitted to verify that fact.

You are welcome to use outside sources for exams, discussion posts, and case reports. If you use any materials beyond the text and lecture videos, you must cite them properly. Proper citation includes using quotation marks if you paraphrase.

## Outline of Topics and Due Dates (Subject to Possible Changes)

**\*\*The only required readings are the assigned cases. The rest are for your reference only and, unless noted otherwise, are not required\*\***

### Weeks 1 and 2 (March 29 and April 5)

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

Readings: Marciano (pp. 4-25)

M. Porter. "What Is Strategy?," *Harvard Business Review* 74, 1996.

D. Collis and M. Rukstad, "Can You Say What Your Strategy Is?," *Harvard Business Review* 86, 2008.

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

E. Jorgenson, "Why Value Capture is the Most Important Business Idea You Haven't Read Enough About," *Evergreen Business Fortnightly*, 2015.

P. Verdin and K. Tackx, "Are You Creating or Capturing Value? A Dynamic Framework for Sustainable Strategy," *M-RCBG Associates Working Paper Series*, 2015.

**\*\*Video Introduction (due April 5) – See Description on D2L Discussion Board\*\***

Week 3  
(April 12)

Topic: Industry Analysis

Readings: Marciano (pp. 26-41)

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

J. Magretta, "The Five Forces: Competing for Profits," in *Understanding Michael Porter: The Essential Guide to Competition Strategy*, Harvard Business Review Press, 2011.

R. P. McAfee, "Industry Analysis," in *Competitive Solutions*, Princeton University Press, 2002.

T. Grundy, "Rethinking and Reinventing Michael Porter's Five Forces Model," *Strategic Change* 15, 2006.

Dalken, "Are Porter's Five Forces Still Applicable?," University of Twente, Faculty of Management and Governance, 2014.

Case: K. Corts, "Performance Indicator," Case 9-702-480, *Harvard Business School Publishing*, May 2003.  
**\*\*Due April 12 at 3:30 p.m.\*\***

Week 4  
(April 19)

Topic: Competitive Advantage

Readings: Marciano (pp. 61-69)

D. Collis and C. Montgomery, "Competing on Resources," *Harvard Business Review* 73, 1995.

P. Ghemawat, "Sustainable Advantage," *Harvard Business Review* 64, 1986.

M. Peteraf, "The Cornerstones of Competitive Advantage: A Resource-Based View," *Strategic Management Journal* 14, 1993.

J. Barney, "Looking Inside for Competitive Advantage," *The Academy of Management Executive* 9, 1995.

Madhani, "Resource Based View of Competitive Advantage: An Overview," *ICFAI University Press*, 2015.



Case: S. Bradley, and S. Cavanaugh, "Crown Cork & Seal in 1989," Case 9-793-035, *Harvard Business School Publishing*, December 2011.  
**\*\*Due April 19 at 3:30 p.m.\*\***

Weeks 5 and 6  
(April 26 and May 3)

Topic: Game Theory and Competition

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

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

M. Bengtson and F. Kock, "Coopetition' in Business Networks—to Cooperate and Compete Simultaneously," *Industrial Marketing Management* 29, 2000.

P. Ghemawat and P. Del Sol, "Commitment versus Flexibility?," *California Management Review* 40, 1998.

D. Yoffie and M. Kwak, "Judo Strategy: Ten Techniques for Beating a Stronger Opponent," *Business Strategy Review* 13, 2002.

Case: R. Casadesus-Masanell, and H. Kim, "Coursera," Case 9-712-412, *Harvard Business School Publishing*, September 2015  
**\*\*Due April 26 at 3:30 p.m.\*\***

Week 7  
(May 10)

Topic: Differentiation and Strategic Positioning

Readings: Marciano (pp. 42-49)

M. Porter, "Industry Segmentation and Competitive Advantage," in *Competitive Advantage*, New York: The Free Press, 1985.

D. Evans and K. Webster, "Designing The Right Product Offerings," *Sloan Management Review*, 2007.

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

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

R.D. Banker et. al., "Does a Differentiation Strategy Lead to More Sustainable Financial Performance Than a Cost Leadership Strategy?," *Management Decision* 52, 2014.

Case: S. Marciano and P. Ghemawat, "De Beers at the Millenium," Case 9-706-518, *Harvard Business School Publishing*, February 2007).  
De Beers short articles.  
**\*\*Due May 10 at 3:30 p.m.\*\***

Week 8  
(May 17)

Topic: Dynamics and Sustainability

Readings: Marciano (pp. 49-61)

W. Brian Arthur, "Increasing Returns and the New World of Business," *Harvard Business Review*, 1996.

H. Halaburda and F. Oberholzer-Gee, "The Limits of Scale." *Harvard Business Review*, 2014.

O. Bossert and D. Desmert, "The Platform Play: How to Operate like Tech Company," *McKinsey Digital*, 2019.

A. Salazar, "Platform Competition: A Research Framework and Synthesis of Game-Theoretic Studies," Manchester Metropolitan University, 2015.

T. Einsenman et.al., "Platform Envelopment," *Strategic Management Journal* 32, 2010.

Van Alstyne et. al., "Pipelines, Platforms, and the New Rules of Strategy," *Harvard Business Review*, April 2018.

Case: M. Busse, and J, Swinkels, "Enterprise Rent-A-Car," Case KEL612, *Kellogg Graduate School of Management*, Febuary 2016).  
**\*\*Due May 17 at 3:30 p.m.\*\***

Week 9  
(May 24)

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, 2006.

T. Hubbard, "Integration Strategies and the Scope of the Firm," In *Mastering Strategy*, Prentice Hall, 2000.

R. Grant, "Vertical Integration and the Scope of the Firm," in *Contemporary Strategy Analysis*, 2013.

Case: D. Yoffie et. al., "Numenta in 2020: The Future of AI," Case 9-720-463, *Harvard Business School Publishing*, May 18, 2020.  
**\*\*Due May 24 at 3:30 p.m.\*\***

Week 10  
(May 31)

Case: J. Alcacer, D. Collis, and M. Furey, "The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire?," Case 9-709-462, *Harvard Business School Publishing*, January 2010).  
**\*\*Optional Report Due May 31 at 3:30 p.m.\*\***

Week 11  
(June 7)

Guest Speaker: TBA

**\*\*Final Paper Due on June 9\*\***