

## Strategic Management II (21862)

**Degree:** EMP

**Year:** 2013-2014, 2<sup>nd</sup> term

**Number of ECTS credits:** 5 credits

**Language of instruction:** English

**Theory class – G1 (30 hours):** Monday 9:00-10:30 & Tuesday 9:00-10:30

**Instructor:** George Chondrakis (george.chondrakis@upf.edu)

**Office hours:** Monday 12:30-13:30 & Tuesday 12:30-13:30 (20.1E32)

**Seminars (9 hours):** Wednesday 16:00-17:30 (G101) 17:30-19:00 (G102)  
19:00-20:30 (G103)

**Instructor:** Esteve Giraud (esteve.giraud@upf.edu)

**Theory class – G2 (30 hours):** Monday 11:00-12:30 & Tuesday 11:00-12:30

**Instructor:** George Chondrakis (george.chondrakis@upf.edu)

**Office hours:** Monday 12:30-13:30 & Tuesday 12:30-13:30 (20.1E32)

**Seminars (9 hours):** Friday 11:00-12:30 (G201) 14:00-15:30 (G202) 15:30-  
17:00 (G203)

**Instructor:** Marc Le Menestrel (marc.lemenestrel@upf.edu)

### 1. Introduction

The strategic management field is primarily concerned with explaining differences in performance across firms. As such, this course builds on the tools and concepts you have learned in the introductory strategy course (Strategic management I) and provides a comprehensive set of frameworks and theories to analyze heterogeneity in business organizations.

In Strategic Management II we will combine insights from a variety of social science disciplines. We will look into economic theories of organization but also incorporate ideas from sociology, organizational theory and psychology. Corporations are extremely complex social structure and thus require a variety of perspectives to appreciate their function and outcomes.

Strategic Management II puts particular emphasis on how firms create and capture value in dynamic environments. It is about how firms compete based on knowledge: knowledge embodied in products, services and productive process. However, equally important is to appreciate the fact that strategy is formulated by people: people with their own viewpoints, objectives or ethical codes.

## 2. Competences to be attained

### G. GENERAL SKILLS

G1. Understand and interpret texts relevant and reasoned academic and character level.

G2. Being able to justify their own positions consistent arguments, and to defend publicly.

G3. Being able to properly communicate orally and written with both expert and inexperienced audiences.

G6. Being able to work in a team, actively participating in the tasks and negotiating with dissenting opinions to reach positions consensus.

G7. Develop independent reasoning ability with critical distance on topics or controversial issues.

G8. Embrace diversity of views as a fundamental ingredient academic life and inherent to contemporary society, and be able to present their own opinions while respecting the divergent opinions.

G11. Being able to flexibly and creatively apply knowledge acquired and to adapt to new situations and contexts.

G16. Identify the key factors of a problem

G17. Demonstrate a critical approach to different situations

G18. Demonstrate a multidisciplinary approach in the treatment and resolution of problems

G19. Develop entrepreneurial and innovative

### E. SPECIFIC SKILLS

E1. Respect the moral, ethical and legal responsibility and social derived from their own actions and those of the institution

E2. Being able to search, recognize and evaluate opportunities to create new business

E3. Manage the launch and development of new businesses

E4. Being able to design and conduct market research

E5. Identify and evaluate the various options for market entry foreigners

### 3. Contents

- A. Overview of key concepts and tools in strategy
- B. Understanding competitive advantage: How persistent is high performance and how it can be explained?
- C. Strategy, society and stakeholders: How do firms design and implement strategies in environments characterized by multiple stakeholders?
- D. Innovation and technology strategy: How do firms generate innovations and how they profit from them?
- E. Diversification and corporate strategy: How do firms manage their horizontal scope?
- F. Global strategy: How do firms compete across countries and jurisdictions?
- G. Cooperative strategies: Can firms profit and generate innovations from cooperating with their competitors?

### 4. Methodology

In working through this course it is important to realize the purpose and limitations of strategic analysis. Unlike in physical sciences like chemistry or physics, it is impossible to describe certain steps or decisions (i.e. strategies) that will ensure a certain outcome (i.e. increased profitability). That is to say, there are no rules for riches. Strategy can be more usefully understood as a collection of tools and frameworks that help analyze certain strategic questions or the “right” thing to do in a particular business setting. But these answers may have limited applicability to other situations. Strategy is therefore, to a certain extent, a study of contingencies. This course is designed to present a number of these contingencies along with empirical regularities in order to help students develop (heuristic) modes of thinking about strategy.

In this vein, Strategic Management II emphasizes the study of real life situations and case studies. This methodology gives students the opportunity to understand and analyze a particular business situation through the lenses of the individual decision maker. Groups of students will be asked to present different case studies and lead the discussion but everyone is expected to actively participate. To ensure that, there will be a second group of students that will act as a discussant for each case study. In addition, we will practice with strategic decision-making simulations in classroom using MIT’s Learning Edge platform. The purpose of these activities is to complement the insights gained from the lectures but also to help students internalize the language and discourse of strategy.

Successful completion of the course will help you consolidate the knowledge you have acquired so far regarding organization-level actions, their antecedents, their implementation and their impact on firm performance. This course is therefore an essential part of your degree as it combines and builds on insights from a variety of courses you have attended so far. Importantly, strategic management II will equip you with the skills necessary to understand business behavior and (with luck) help improve your responses to business problems. This is key for your career progression and your own self-development.

## **5. Assessment**

Course assessment will be based on the following:

### **1. Case study presentation (20%)**

- the presenting group will deliver a 20min presentation as well as a written report (max 2,000 words) answering the case questions. Both files should be uploaded to Aula Global before the class begins. All case study presentations will take place during the seminars.

### **2. Case study discussion (20%)**

- the discussing group will provide a 10min discussion of the case following the presenting team. The discussing group should put particular emphasis on answering the following question: "What are the aspects of this case study that you find particularly interesting in light of the business news?" The presentation file plus a short report (max 500 words which can include links to relevant articles in the business news) should be uploaded to Aula Global before the class begins. All case study discussions will take place during the seminars.

### **3. Class participation (10%)**

- class participation is important because it provides the best and most frequent indication that you have prepared for class. In addition, it is important because your participation in class discussion teaches others. For both reasons you need to make every reasonable effort to be in class on time and well prepared. If you are absent from class without telling me in advance, or unless you missed because of a medical or family emergency, your participation grade will suffer. The point is to come to class, to be prepared, and to be active. In grading class participation, both the quantity and quality of your contributions are taken into account.

#### 4. Final exam (50%)

- there will be a final exam comprised of essay questions and/or multiple choice questions.

Students must achieve a pass grade in all separate elements in order to successfully complete the course. If the student fails the final exam it is possible to recover it. Case study presentations and class participation, due to their nature, cannot be recovered.

### 6. Course plan (theory)

Note that there are hyperlinks or library call numbers for all reading materials. Those with asterisks (\*) are essential readings but you are strongly encouraged to read all the suggested materials. In some theory sessions, the instructor will present and discuss case studies in order to help students prepare for their own presentations and familiarize themselves with the case study method.

#### A. Overview of key concepts and tools in strategy

Class 1. Strategy in historical perspective; Organizational goals; Industry and competitive analysis

\*Grant, R.M. (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapters 2,3,4

Class 2. Resources and capabilities; Knowledge-based view of the firm

\*Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapters 5,6

*Case study: Wal-Mart in Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)*

#### B. Understanding competitive advantage: How persistent is high performance and how it can be explained?

Class 3. Competitive advantage; First-mover 'advantage'

\*Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapter 8

Suarez and Lanzolla (2007) The role of environmental dynamics in building a first mover advantage theory, Academy of Management Review 32(2): 377-392

In-class simulation: Eclipsing the Competition: The Solar PV Industry Simulation, MIT Learning Edge

Class 4. Strategic factor markets; High performance and the role of luck

\*Barney (1986) Strategic Factor Markets: Expectations, Luck, and Business Strategy, Management Science 32(10): 1231-1241

\*Denrell (2005) Should We Be Impressed With High Performance?, Journal of Management Inquiry 14(3): 292-298

Dierickx and Cool (1989) Asset stock accumulation and sustainability of competitive advantage, Management Science 35(12): 1504-1511

**C. Strategy, society and stakeholders: How do firms design and implement strategies in environments characterized by multiple stakeholders?**

Class 5. Strategy, stakeholders and corporate social responsibility

\*Johnson, Scholes and Whittington (2005) Exploring corporate strategy, 7<sup>th</sup> edition. Financial Times Prentice Hall (available in Cuitadella library – call number HD30.28.J644 2005) – chapter 4

Carroll (1999) Corporate social responsibility: Evolution of a definitional construct, Business & Society 38(3): 268-295

In-class simulation: Fishbanks: A Renewable Resource Management Simulation, MIT Learning Edge

Class 6. The practice of strategy

\*Johnson, Scholes and Whittington (2005) Exploring corporate strategy, 7<sup>th</sup> edition. Financial Times Prentice Hall (available in Cuitadella library – call number HD30.28.J644 2005) – chapter 11

Mintzberg and Waters (1985) Of strategies, deliberate and emergent, Strategic Management Journal 6: 257-272

*Case study: W.L. Gore & Associates: Who's in charge here? in Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)*

Class 7. Strategy, inertia and change

\*Johnson, Scholes and Whittington (2005) Exploring corporate strategy, 7<sup>th</sup> edition. Financial Times Prentice Hall (available in Cuitadella library – call number HD30.28.J644 2005) – chapter 10

Pettigrew (1987) Context and action in the transformation of the firm, Journal of Management Studies 24(6): 649-670

*Case study: Jeff Immelt and the reinventing of General Electric, 2009 in Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)*

**D. Innovation and technology strategy: How do firms generate innovations and how they profit from them?**

Class 8. Dynamic capabilities; Innovation in organizations

\*Tidd and Bessant (2009) Managing innovation: integrating technological, market and organizational change. Wiley (available in Cuitadella library – call number HD45.T53 2009) – chapter 1,2

Teece, Pisano and Shuen (1997) Dynamic capabilities and strategic management, Strategic Management Journal 18(7): 509-533

Class 9. Generating innovation

\*Tidd and Bessant (2009) Managing innovation: integrating technological, market and organizational change. Wiley (available in Cuitadella library – call number HD45.T53 2009) – chapter 3,5

Simulation: CleanStart: Simulating a Clean Energy Startup, MIT Learning Edge

Class 10. Selecting and managing innovation projects

\*Tidd and Bessant (2009) Managing innovation: integrating technological, market and organizational change. Wiley (available in Cuitadella library – call number HD45.T53 2009) – chapter 7,8,9

*Case study presentation: Corning Incorporated: The growth and strategy council, MIT case study series*

Class 11. Profiting from innovation

\*Tidd and Bessant (2009) Managing innovation: integrating technological, market and organizational change. Wiley (available in Cuitadella library – call number HD45.T53 2009) – chapter 11

Teece (1986) Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy, Research Policy 15(6): 285-305

Class 12. Innovation and standards

\*Shapiro and Varian (1999) The art of standards wars, California Management Review 41(2): 8-32

Simulation: Platform Wars: Simulating the Battle for Video Game Supremacy, MIT Learning Edge

**E. Diversification and corporate strategy: How do firms manage their horizontal scope?**

Class 13. Diversification strategy and performance

\*Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapter 16

Montgomery (1994) Corporate diversification, Journal of Economic Perspectives, 8(3): 163-178

Class 14. Managing the diversified corporation

\*Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapter 17

Bettis & Prahalad (1995) The dominant logic: retrospective and extension, Strategic Management Journal 16(1): 5-14

*Case study presentation: Richard Branson and the Virgin Group of Companies in 2007 in Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)*

Class 15. Mergers and acquisitions

\*Haspelagh & Jemison (1991) Managing acquisitions: creating value through corporate renewal. Free Press (available in Cuitadella library – call number HD58.8.H375 1991) – part II & III



Class 16. Acquisitions in high-tech sectors

\*Graebner, Eisenhardt & Roundy (2010) Success and Failure in Technology Acquisitions: Lessons for Buyers and Sellers, Academy of Management Perspectives 24(3): 73-92

**F. Global strategy: How do firms compete across countries and jurisdictions?**

Class 17. Global strategy

\*Grant (2010) Contemporary Strategy Analysis, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010) – chapter 15

Birkinshaw (1997) Entrepreneurship in multinational corporations: The characteristics of subsidiary initiatives, Strategic Management Journal 18(3): 207-229

**G. Cooperative strategies: Can firms generate innovations and profit from cooperating with their competitors?**

Class 18. Alliances and cooperative strategies

\*Dyer & Singh (1998) The relational view: Cooperative strategy and sources of interorganizational competitive advantage, Academy of Management Review, 23(4): 660-679

Dyer, Kale & Singh (2001) How to make strategic alliances work, MIT Sloan Management Review 42(4): 37-43

Class 19. Alliances in high-tech sectors

\*Hagedoorn & Duysters (2002) External Sources of Innovative Capabilities: The Preferences for Strategic Alliances or Mergers and Acquisitions, Journal of Management Studies 39(2): 167-188

Nueno & Oosterveld (1988) Managing technology alliances, Long Range Planning 21(3): 11-17

Class 20. Wrap-up and concluding remarks

## 7. Seminars plan

Please note that seminar attendance is mandatory. Each week, one group will present a case study and another group will discuss it. However, everyone is expected to be familiar with the case study, ask questions and participate in the discussion.

Seminar 1 (week 4). Case study presentation: BP and the Deepwater Horizon disaster of 2010, MIT case study series

Seminar 2 (week 5). Case study presentation: Fairphone

Seminar 3 (week 6). Case study presentation: Biocon, MIT case study series

Seminar 4 (week 7). Case study presentation: DVD War of 2005–8: Blu-Ray versus HD DVD in Grant (2010) *Contemporary Strategy Analysis*, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)

Seminar 5 (week 8). Case study presentation: Bank of America's Acquisition of Merrill Lynch in Grant (2010) *Contemporary Strategy Analysis*, 7<sup>th</sup> edition. Wiley (available in Cuitadella library – call number HD30.28.G735 2010)

Seminar 6 (week 9). Blue Monday, INSEAD case study series

## 8. Case study assignments

There will be information communicated about team membership during the first theory sessions of the course.

Seminar/Case study	Presenting	Discussing
Seminar 1: <i>BP and the Deepwater Horizon disaster of 2010</i>	G101/Team 1	G101/Team 4
	G102/Team 1	G102/Team 4
	G103/Team 1	G103/Team 4
	G201/Team 1	G201/Team 4
	G202/Team 1	G202/Team 4
	G203/Team 1	G203/Team 4
Seminar 2: <i>Fairphone</i>	G101/Team 2	G101/Team 5
	G102/Team 2	G102/Team 5
	G103/Team 2	G103/Team 5
	G201/Team 2	G201/Team 5
	G202/Team 2	G202/Team 5
	G203/Team 2	G203/Team 5
Seminar 3: <i>Biocon</i>	G101/Team 3	G101/Team 6
	G102/Team 3	G102/Team 6
	G103/Team 3	G103/Team 6
	G201/Team 3	G201/Team 6
	G202/Team 3	G202/Team 6
	G203/Team 3	G203/Team 6
Seminar 4: <i>DVD War of 2005–8: Blu-Ray versus HD DVD</i>	G101/Team 4	G101/Team 1
	G102/Team 4	G102/Team 1
	G103/Team 4	G103/Team 1
	G201/Team 4	G201/Team 1
	G202/Team 4	G202/Team 1
	G203/Team 4	G203/Team 1
Seminar 5: <i>Bank of America's Acquisition of Merrill Lynch</i>	G101/Team 5	G101/Team 2
	G102/Team 5	G102/Team 2
	G103/Team 5	G103/Team 2
	G201/Team 5	G201/Team 2
	G202/Team 5	G202/Team 2
	G203/Team 5	G203/Team 2
Seminar 6: <i>Blue Monday</i>	G101/Team 6	G101/Team 3
	G102/Team 6	G102/Team 3
	G103/Team 6	G103/Team 3
	G201/Team 6	G201/Team 3
	G202/Team 6	G202/Team 3
	G203/Team 6	G203/Team 3