

---

# STRATEGIC MANAGEMENT

AREA: STRATEGY

IMBA PROGRAM

SESSIONS: 20

PROFESSOR: **MANUEL BECERRA**

- Ph.D. in Strategic Management (Robert H. Smith School of Business, University of Maryland).
  - M. Sc. in Management (Marshall School of Business, University of Southern California).
  - Degree in Economics and Business Administration, Universidad Complutense Madrid.
    - Accenture Chair in Strategic Management, Instituto de Empresa.
- E-mail: [manuel.becerra@ie.edu](mailto:manuel.becerra@ie.edu)

Published by Instituto de Empresa Publishing Department.  
Original version, November 2006.

---

## \* **GOALS OF THIS COURSE**

In this introductory course to the area of strategic management, the students will be exposed to the analysis of complex competitive situations that require a multidisciplinary approach from the perspective of top management. Through the discussion of cases and related readings, the course focuses on strategic analysis and how to build competitive advantage at the business and corporate levels in our global economy. The main theories, models, and tools within the field of strategy will be covered with a strong emphasis in its application to real settings.

## \* **COURSEWORK**

Before each session, the students should read the case and the article assigned for the day. **Participation** is an essential element in this course. To participate effectively, it is necessary to have read carefully and formed a sound opinion about the main issues raised in the reading material. To facilitate your analysis of the case, the course outline identifies a few of the questions that will be discussed in class.

Near the end of the course, there will be an **exam**. This in-class exam will consist of questions about the material covered in the course, to be applied to a short case or article from the economic press. During the exam you will not have access to the course material. The exam will not be an exercise of memorization. However, if you have not read and assimilated the book, articles, and cases, you will not be well prepared to address the questions in the exam. The exam will consist of two theoretical questions about strategy, plus one longer question based on a real case for which you will have to do some analysis and provide recommendations.

The class will be divided in teams to give a **formal presentation** during the course. The 10-minute presentation should explain the strategy of one firm of your choice. Half of the class will be assigned to do the presentation on business strategy in session 11 and the other teams will do the presentation on corporate strategy in session 19. Though you will be assigned to one of these two days, two teams that want to switch the day of the presentation will be allowed to do so, if previously requested and there is agreement between both teams. The goal of the presentation is to explain to the class the strategy that one company is following based on your own research and provide recommendations to what they should do in the future. The class will participate in the grading. More information is given below and it will also be discussed in class.

\* **PROGRAM**

**INTRODUCTION TO STRATEGY**

SESSION 1: The concept of strategy

Reading:

- Article: Are you sure you have a strategy? Hambrick & Fredrickson (2001). *Academy of Management Executive*, 15(4): 48-59.

SESSION 2: Strategy formulation

Case: Honda A (DG1/272-I)

Case: Honda B (DG1/273-I)

- Why was Honda's strategy in Japan so successful?
- What was Honda's entry strategy in the U.S. market?
- To what degree was its strategy purposely designed?

Reading:

- Article: What is strategy? Porter (1996). *Harvard Business Review*, 61-78.

**BUSINESS-LEVEL STRATEGY**

SESSION 3: Industry analysis

Case: The ready-to-eat breakfast cereal industry in 1994 (A)

- Is the recent decrease in profitability a temporary phenomenon or a permanent change in industry profitability?
- What should each the large three competitors do?
- How should Kellogg compete with the white-label firms?

Reading:

- Grant: Chapters 3 & 7

SESSION 4: Cost leadership

Case: WalMart Stores in 2003

- How has WalMart built its cost leadership?
- How sustainable are its competitive advantages?
- What are its main strategic challenges over the next ten years?

Reading:

- Grant: Chapter 8

## SESSION 5: Differentiation strategy

Case: Cola Wars Continue: Coke and Pepsi in 2006

- How attractive is this industry?
- Why did Coke change its formula for the New Coke in the eighties?
- What are their main strategic challenges for the next ten years?

Reading:

- Grant: Chapter 9

## SESSION 6: Internal analysis

Case: EnClean, Malcolm Waddell's story A

- Why was EnClean so successful early on?
- Why is EnClean having so much trouble?
- What would you recommend to Mr. Waddell?

Reading:

- Grant: Chapter 5

## SESSION 7: Innovation

Case: Strategic Inflection: TIVO 2003

- Should Tivo try to set the standard around its service?
- Why is Tivo under so much financial trouble?
- Which strategic alternative should they follow?

Reading:

- Grant: Chapter 11

## SESSION 8: Competitive dynamics

Case: Bitter competition, The Holland sweetener company versus Nutrasweet (A&B)

- Was Monsanto's acquisition a good decision?
- Is it reasonable for Nutrasweet to start a price war?
- What should HSC do in Europe (against Nutrasweet)? In the U.S.? In Canada?

Reading:

- Grant: Chapter 4

## SESSION 9: Creating value (I)

Case: Open Market Inc: Managing in a turbulent environment

- How could Open Market have greater success: as a seller of packages software, as a market mediator, or as a software consulting company?
- What were the main successes and mistakes in Open Market's evolution of its strategy?
- What would you recommend to the Open Market's CEO?

Reading:

- Bercerra (2008): Chapter 6. Business strategy. Book *Theory of the firm for strategic management* to be published by Cambridge University Press.

## SESSION 10: Creating value (II)

Case: Apple in 2006

- Why did Apple almost go bankrupt in the mid-1990s?
- Why has the iPod been so successful?
- What kind of company and in what businesses should Apple be in five years?

Reading:

- Article: Kim and Mauborgne (1997). Value innovation: The strategic logic of high growth, *Harvard Business Review*.

#### SESSION 11: Presentations about business strategy

4-5 assigned teams should make a 10' presentation of one company of your choice, its current strategy in a given industry, its key strategic challenges in the near future, and your recommendations. You are NOT allowed to use a written case as background information. Your analysis needs to come from public information obtained from the business press, corporate reports, Internet, or interviews in the firm. Each student in a team that did not present this day will rank the quality of the presentations based on its overall quality, including the strategic analysis, research, and recommendations of each group. The average ranking will constitute 50% of the team's grade and the professor's assessment will account for the other 50%.

### **CORPORATE-LEVEL STRATEGY**

#### SESSION 12: Corporate strategy and diversification

Reading:

- Grant: Chapter 15

#### SESSION 13: Acquisitions and restructuring

Case: Vivendi: Revitalizing a French conglomerate

- How good was the strategy followed by Dejourny?
- What have been the key decisions made by Messier? How has he been able to create value?
- Considering what happened to Vivendi after 1998, where did Messier go wrong?

Reading:

- Grant: Chapter 16

#### SESSION 14: Diversification and the corporate office

Case: PepsiCo, A view from the corporate office

- Why did PepsiCo expand its operations beyond soft-drinks?
- What value does PepsiCo provide to its business units?
- Should PepsiCo push for further integration? If so, how?

Reading:

- Article: The value of the parent company. Campbell, Goold & Alexander (1995). *California Management Review*, 79-97.

#### SESSION 15: Internationalization

Case: Ingvar Kamprad and IKEA (HBS 9-390-132)

- What are the main competitive advantages of IKEA?
- How transferable are they to its international stores?
- What can be the weaknesses of IKEA looking forward?

Reading:

- Grant: Chapter 14

## SESSION 16: Global strategy

Case: Philips and Matsushita: Preparing for a new round.

- Analyze the strategy follow by Philips and Matsushita. How and why do they differ?

- Who is better positioned to compete in the future?

Reading:

- Article: Converting global presence into global competitive advantage. Gupta and Govindarajan, 2001. *Academy of Management Executive*. 15(2): 45-58.

## SESSION 17: Internationalization

Case: Jollibee Foods Corporation: International expansion

- What were the strategy and the competitive advantages of Jollibee in the Philippines?

- Was the international strategy followed by Kitchner correct? Why did it fail?

- What should Tingzon do which regard to Hong-Kong, the U.S., and New Guinea?

Reading:

- Article: Managing global expansion: A conceptual framework. Gupta and Govindarajan (2000). *Business Horizon*, 45-54.

## SESSION 18: Strategy and leadership

Case: Acer Inc: Taiwan's rampaging dragon

- What role has Shih played in the early success of Aspire?

- Assess Liu's strategy for Acer. Where did Liu go wrong?

- What did Shih do regarding the American subsidiary and the Aspire?

Reading:

- Grant: Chapter 17

## SESSION 19: Presentations about corporate strategy

The teams that did not make on presentation in session 11 will have the turn at this time. The teams should make a 10' presentation of one company of your choice, the different industries in which the company has presence, its key strategic challenges regarding diversification and internationalization, and your recommendations for the most important corporate challenge that it faces. You are NOT allowed to use a written case as background information. Your analysis needs to come from public information obtained from the business press, Internet, or interviews in the firm. Each student in a team that did not present this day will rank the quality of the presentations based on its overall quality, including the strategic analysis, research, and recommendations of each group. The average ranking will constitute 50% of the team's grade and my assessment will account for the other 50%.

## SESSION 20

Exam

### \* EVALUATION

Class participation	20 %
Team presentation	30 %
Exam	50 %

\* **COURSE MATERIAL**

Besides the cases and the articles assigned each day, we will use one book for this course:

Robert Grant (2002, 4<sup>th</sup> edition). *Modern contemporary strategy analysis*. Blackwell Publishers. The fifth edition can also be used.