



**15.900 COMPETITIVE STRATEGY**  
MIT SLOAN SCHOOL OF MANAGEMENT  
FALL 2022  
**Syllabus**

**Instructor:**

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**Class schedule (All classes on Monday and Wednesday):**

Section A (8:30 – 10:00): Boyana  
Section B (10:00 – 11:30): Aneesh  
Section C (1:00 – 2:30): Gauri  
Section D (2:30 – 4:00): Jisu

**Teaching Assistants:**

Jisu Kim (jkim23@mit.edu)  
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**I. INTRODUCTION**

To be effective, business leaders must understand the factors influencing their company's performance and make choices to improve future performance. In this course, we introduce core strategic principles, frameworks, and tools to help develop the skills to manage the performance of a company or business. We will use cases and readings to explore a wide range of strategic problems, focusing particularly on the sources of competitive advantage and the interaction between industry structure, competitive interactions, and organizational capabilities and resources.

This course takes a holistic view of strategy. Formulating and executing a strategy requires leaders to consider multiple external stakeholders--including customers, competitors, and suppliers--as well as the internal resources and capabilities that interact with one another to shape firm performance. The Competitive Strategy course complements your other core curriculum courses, including Economics, Accounting, and Organizational Processes. The course also serves as a foundation for subsequent material in both the Enterprise Management (EM) and Entrepreneurship and Innovation (E&I) track.

## II. COURSE OBJECTIVES

The objectives for the course are as follows:

- *Apply analytical thinking to practical problems.* The course will help you develop skills in rigorous analytical thinking applied to real-world business situations.
- *Learn the foundational principles of strategy.* You will learn a series of fundamental concepts in strategy, such as the drivers of value creation, the primacy of cash as a measure of corporate performance, and the inevitability of competition. These principles provide guidance for crafting an effective strategy across a broad range of contexts.
- *Build a tool box of strategy analytics:* Over the semester, you will learn a set of basic analytical tools, including break-even analysis, measuring financial returns, and quantifying bargaining power, that will help you empirically develop and assess strategic options.
- *Master standard strategic frameworks:* You will learn and apply common strategy frameworks including the five forces model of industry structure, the strategic frontier, and game trees.
- *Start to build a holistic perspective:* Through discussions of complex, real-world case studies you will gain an appreciation for how a company's strategic choices, industry evolution, competitive interactions, corporate culture, and leadership interact to shape performance. This holistic perspective will also help you to integrate insights from other Sloan courses.
- *Practice presenting analysis and recommendations:* Our class discussions will provide you with opportunities to present your strategic recommendations and the underlying analysis and defend your reasoning.
- *Develop an appreciation for the difficulty of formulating strategy:* Shifting market conditions, competitive dynamics, technological changes, macroeconomic volatility, geo-political shifts and other factors complicate the challenge of making sound strategic decisions. Our case discussions will build an awareness of the danger of glib buzzwords or superficial analysis. To increase their odds of making good strategic choices, leaders must use every tool at their disposal including starting from first principles, conducting sound analysis, structuring their thinking and discussions with proven frameworks, and taking a holistic perspective.

## III. GRADING AND REQUIREMENTS

This class can only be taken for a grade. The grading is divided as follows:

Class participation	25%
Pre-Class Surveys	5%
Group Case Memos	30%
Midterm Case Memo	15%
Final Case Memo	20%
Group 360 Evaluation	5%

### a. Class Participation (25%)

The character of the course naturally lends itself to active exchange among participants, thus we encourage, value, and recognize in-class contribution. Effective class participation includes attendance, preparation, and making an active and constructive contribution to the class discussion.

- You cannot contribute when you are not in class. As such, both lateness and absences will count against your in-class contribution grade. If you must miss a class, please let the TA know beforehand.

- You should be prepared for every class. If for some reason you are not prepared, please let the TA know before the start of class.
- The value and quality of this class depends critically on the quality and diversity of the class discussion. Part of your contribution grade is based on your in-class comments.
- The best comments in class respond to the issue under discussion, engage with (rather than repeat) other students' comments, and are informed by data and analysis.
- The quality of class discussions improves dramatically when students bring diverse points of view to the issues and debate with one another in a respectful manner. It is fine to disagree with your classmates, provided you show respect for other points of view.

b. Pre-Class Surveys (5%)

For most classes, a very brief pre-class survey will be distributed through Canvas 24 hours prior to the class session. Survey responses are required, and are expected to demonstrate familiarity with readings and case materials. **Each student is responsible for answering each survey, and they must be completed by 5:00 PM of the calendar day that immediately precedes the class session to receive full credit.**

c. Group Case Memos (3 x 10% = 30%)

In the first week of class, you will form a memo team that you will work with throughout the semester. The memo teams will consist of four students. Each team will choose to write one memo from three of the four memo groups. Over the course of the semester, each team will write three memos (one from each of the three of the four memo groups outlined below).

To ensure an even distribution of teams across the memos, there will be a cap on the number of teams that can write a memo for any case. The TA team will announce when teams can sign up for their preferred cases, and spots will be allocated on a first-come, first-served basis. If your first-choice case is not available, you will need to select one of the other cases for in that memo group.

- GROUP 1: Cola Wars (Sep 19), First Solar (Sep 21), Carnival Corporation (Sep 28)
- GROUP 2: Burberry (Oct 3), Netflix (Oct 5)
- GROUP 3: Tempur Sealy (Nov 7), Akami Technologies (Nov 14)
- GROUP 4: Cardboard Container Corp (Nov 16), Rent-the-Runway (Nov 28)

The study questions should guide preparation for each class. Groups of students must submit a two-page memorandum of analysis and recommendations for three cases during the course. Each memorandum should be typed and double-spaced, 12 point font with one-inch margins. The two page limit is for text only. You may attach as many numerical exhibits or diagrams as you wish, but important insights that come from these should be reflected in the text. In addition, each memo will include a single slide summarizing a key analysis in a compelling and digestible format.

Each of the eight memo cases will have a memo assignment posted on Canvas offering clear instructions on the content of the memo. Please note, the memo assignment is separate from the pre-class study questions. The memos should reflect the thinking of all four members of the team, and everyone should be prepared to defend his or her answer in class. The TAs will hold a recitation in the first week or two of class to talk through any questions you have about the process and provide further guidance on how to prepare a good memo.

**Memoranda should be uploaded to Canvas in the homework folder for your class by 5:00 PM of the calendar day that immediately precedes the class session.** Each memo will be graded on a five-point scale. Along with your numerical grade, you will receive written feedback on your memo

within two weeks of submitting it. We encourage you to use the feedback from earlier memos to improve later memos as well as your write up of the mid-term and final.

d. Mid-Term Case Memo (15%)

**A Mid-Term Individual Case Memo Assignment is due on Tuesday, October 18th (5:00 pm).**

The case will be assigned approximately two weeks before this due date. Your midterm should be 4-5 pages typed and double-spaced, 12-point font with one-inch margins. The page limit is for text only. You should also include 3-5 slides with analyses or data visualizations that support your written argument. Group discussion in your case memo groups is allowed and encouraged. With that said, **every student must compose his or her own answer on an individual basis, and hand in the assignment by the due date.**

e. Final Case Memo (20%)

**A Final Individual Case Memo is due on Monday, December 5<sup>th</sup> (8:00 am).**

The case will be assigned approximately two weeks before this due date. Your final should be 4-5 pages typed and double-spaced, 12-point font with one-inch margins. The page limit is for text only. You should also include 3-5 slides with analyses or data visualizations that support your written argument. Group discussion in your case memo groups is allowed and encouraged. With that said, **every student must compose his or her own answer on an individual basis, and hand in the assignment by the due date.**

f. Group 360 Evaluation (5%)

Each student will join a memo team of four students. Each team will be responsible for the case memos, and we encourage (but do not require) you to meet regularly with your memo team to discuss cases before class, even on days when you are not writing a case memo. Working in groups will give you a chance to learn from your colleagues and practice presenting and defending your insights and recommendations. After the last day of class, you will be asked to anonymously assess each of your memo team members in terms of their contribution over the semester.

#### IV. TEACHING ASSISTANCE AND HELP SESSIONS

The teaching assistants are available to conduct individual or group “help” sessions on an occasional basis for any students who might find them useful. Students are encouraged to contact the TA prior to class sessions where materials are reviewed. You should feel free either to approach the teaching assistant or to make an appointment to see the instructor if you have any questions regarding the course or the material. We will hold one or more recitations in early September on preparing for a case discussion and writing a good case memo. These sessions are optional.

V. SCHEDULE OF SESSIONS AND READINGS

Class	Date	Topic	Preparation
<b>Introduction</b>			
1	Sep 7	What strategy is (and isn't)	Porter, "What is Strategy"
2	Sep 12	Value Creation and Value Capture	Tesla's Entry into the U.S. Auto Industry Brandenburger & Stuart, "Value-based business strategy"
<b>Industry Structure</b>			
3	Sep 14	Industry Structure Analysis	Porter, "The Five Competitive Forces that Shape Strategy"
	Sep 16	Cracking a case recitation	Highly recommended, but not required
	Sep 17	Class day on Cape Cod (optional)	Train for our bike ride and bring sun screen
4	Sep 19	Five Forces in Action	Cola Wars Continue: Coke and Pepsi in 2010 Coca-Cola 2009: The CCE North America Acquisition
5	Sep 21	Analyzing an Industry in Flux	First Solar
	Sep 22	Strategy Analytics Recitation	Read (or skim) Strategy Analytics memo
<b>Firm-Level Strategy</b>			
6	Sep 26	Choosing How to Compete	Ghemawat and Rivkin "Creating Competitive Advantage"
7	Sep 28	Cost based competition	Carnival Corporation: The P&O Princess Acquisition
	Oct 1	Class day on Cape Cod (rain date)	It Never Rains in Philadelphia-Massachusetts
8	Oct 3	Strategic resources and capabilities	Burberry's Digital Strategy Collis and Montgomery, "Competing on Resources"
9	Oct 5	Competitive moats	The Empires Strike Back: Netflix in 2019
10	Oct 12	Making Strategy Practical	Trader Joe's New York Times article
11	Oct 19	Mid-term case de-brief	<b>Mid-term Case Analysis Due Oct 18 at 5:00 pm</b>
<b>LEADERSHIP CHALLENGES FOR AN INCLUSIVE WORLD (October 24-28)</b>			
<b>Game Theory for Strategy</b>			
12	Oct 31	Game theory for strategy	Brandenburger and Nalebuff, "The right game"
13	Nov 2	Entry Dynamics	Dogfight Over Europe: Ryanair
14	Nov 7	Bargaining Power	Tempur Sealy International (A)
<b>Products and Platforms</b>			
15	Nov 9	Intro to Platform Strategy	Azoulay and Tucker, "Notes on Platform Strategy"
16	Nov 14	Platform Pricing and Tipping	Akamai Technologies
17	Nov 16	From insight to action	Cardboard Container Corp data pack Kazakoff, <i>Persuading with Data</i> , chapter 5
<b>Disruption and Entrepreneurial Strategy</b>			
18	Nov 21	Thinking Clearly About Disruption	Christensen et al. "What is Disruptive Innovation?"
19	Nov 28	Disruptive Entry Strategies	Rent the Runway
20	Dec 5	Final case de-brief	<b>Final Case Analysis Due on Monday Dec 5<sup>th</sup> 8:00 am</b>
21	Dec 7	Wrap-Up	No pre-reading

Color coding denotes cases in each of the four memo groups.



CLASS 4: Five Forces in Action September 19

- Cola Wars Continue: Coke and Pepsi in 2010, HBS case
- Coca-Cola 2009: The CCE North America Acquisition Decision, MIT Sloan case
- Strategy Analytics memo sections: I, "Industry attractiveness," II.1 "profitability ratios," and II.2 "return on investment ratios"
- Video: Industry attractiveness
- Video: Measuring profitability
- Video: Return on investment

CLASS 5: Analyzing an Industry in Flux September 21

- First Solar, MIT Sloan case
- First Solar exhibits (workbook)

RECITATION: STRATEGY ANALYTICS (virtual over Zoom) 18:00-19:00, September 22

### FIRM-LEVEL STRATEGY

CLASS 6: Choosing How to Compete September 26

- Pankaj Ghemawat and Jan Rivkin (2006). "Creating Competitive Advantage," HBS course note
- Strategy Analytics, section VI.2 "Who/what/how"
- Video: Strategic frontier
- Video: Interdependent choices

CLASS 7: Cost-based competition September 28

- Carnival Corporation: The P&O Princess Acquisition (A), London Business School case
- Carnival case exhibits (workbook)
- Strategy analytics memo sections: III.1 "analyzing operating costs" and III.2 "analyzing capital efficiency."
- Video: Analyzing operating costs
- Video: duPont formula

CLASS DAY ON CAPE COD (rain date) October 1

CLASS 8: Strategic Resources and Capabilities October 3

- Burberry's Digital Strategy, London Business School case
- Burberry case exhibits (workbook)
- David Collis and Cynthia Montgomery, 2008, "Competing on resources," *Harvard Business Review*
- Review Strategy Analytics memo, II "Company performance."
- Video: Strategic resources and capabilities
- Video: Performance box score

CLASS 9: Competitive moats October 5

- The Empires Strike Back: Netflix in 2019, MIT Sloan case
- Netflix case exhibits 2022 (workbook)
- Strategy analytics memo, IV "competitive moats" and VI "evaluating resilience"
- Video: Moats and walls
- Video: Balance sheet resilience

CLASS 10: Making Strategy Practical October 12

- "For Trader Joe's, a New York Taste test."

**MID-TERM CASE ANALYSIS DUE TUESDAY OCTOBER 18<sup>th</sup> AT 5:00 PM**

CLASS 11: Mid-Term Case Debrief October 19

## **LEADERSHIP CHALLENGES FOR AN INCLUSIVE WORLD (OCTOBER 24-28)**

### **GAME THEORY FOR STRATEGY**

CLASS 12: Game theory for strategy October 31

- Adam Brandenburger and Barry Nalebuff (1995). "The Right Game: Use Game Theory to Shape Strategy," Harvard Business Review, HBR Article 95402-PDF-ENG.
- Video: Matrices and trees--putting game theory into action

CLASS 13: Entry dynamics November 2

- Dogfight Over Europe: Ryanair, HBS case
- Ryanair exhibits (workbook)

CLASS 14: Bargaining Power November 7

- Tempur Sealy International (A), HBS case
- Tempur Sealy exhibits (workbook)
- Strategy Analytics, IV.2 "quantifying bargaining power."
- Video: Quantifying Bargaining Power

### **PRODUCTS AND PLATFORMS**



CLASS 15: Introduction to Platform Strategy November 9

- Azoulay, Pierre and Catherine Tucker. 2020. "Notes on Platform Strategy." MIT Sloan School.

CLASS 16: Platform Pricing and Platform Tipping November 14

- Akamai Technologies

CLASS 17: Cardboard Container Corporation November 16

- Cardboard Container Corporation (CCC) case
  - Introduction (pages 1-2)
  - Notes from customer interviews (pages 3-6)
  - Notes from client executives (pages 7-8)
  - Packaging customer survey (page 9)
- Excel workbook including CCC financials, market size and growth data, financial data for competitors, results of customer survey
- PowerPoint deck summarizing market research reports
- Miro Kazakoff, 2021, *Persuading with Data*, chapter 5, "Build effective slides (with the point in mind)"
- Video: (optional) Miro Kazakoff "Visual Aids"

## DISRUPTION AND ENTREPRENEURIAL STRATEGY

CLASS 18: Thinking Clearly About Disruption November 21

- Video: "The Hidden Weakness of Established Firms."  
<https://www.youtube.com/watch?v=Ws1tlscnqdl>
- Christensen, Clayton M., Michael E. Raynor, and Rory McDonald. 2015. "What is Disruptive Innovation?" Harvard Business Review, December Issue, pp. 44-53.
- Gans, Joshua. (2016). "Keep Calm and Manage Disruption." Sloan Management Review, 57(3), pp. 83-90.

CLASS 19: Disruptive Entry Strategies November 28

- Rent the Runway, HBS Case
- Gans, Joshua, Erin Scott, and Scott Stern. 2021. "The Disruption Strategy." Chapter 11, Entrepreneurial Strategy, mimeo, MIT Sloan School.

**FINAL CASE ANALYSIS DUE FRIDAY DECEMBER 5 AT 8:00 AM**

CLASS 20:      Final Case Debrief      December 5

CLASS 21:      Wrap-Up Discussion      December 7