1. INTRODUCTION

To be effective, business leaders must understand the factors responsible for their firm’s past performance and be able to identify those changes (inside or outside the firm) that are most likely to help or hurt future performance. In this course, we introduce modern strategy frameworks and methodologies to help you develop the skills needed to be a successful manager with responsibility for the performance of a firm or business unit within a firm. We 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 and organizational capabilities.

This course is distinctive in emphasizing the perspective of the general manager in ensuring the firm’s success. The general manager’s role is unique in that he or she must be attuned to both the external (market) and internal (organizational) forces that shape firm performance. For this reason, general managers must have a deep understanding not only of economic processes outside the firm but also of managerial processes inside the firm. Even the best business plan is ‘no better than the PowerPoint slides it is presented on’ unless it is married with appropriate organizational strategies that allow the firm to execute on that plan. With this in mind, this course complements the rest of the core curriculum, including Economics (15.010) and Organizational Processes (15.311). 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:

• Developing and reinforcing a general management perspective

• Understanding the fundamental concepts in competitive strategy: industry analysis, strategy identification and evaluation, the relationship between strategy and organization, competitor analysis, firm and industry evolution, and strategic and organizational responses to external changes.

• Integrating knowledge gained in other Sloan courses, including core courses, with a focus on understanding what part of that knowledge is most useful to general managers.

• Developing an awareness of the dynamic impact of strategic actions by the firm and its rivals on business and corporate strategy and the industry.

• Building habits for how to validate the implications of strategic choices empirically

• Developing habits of orderly, analytical thinking and skill in reporting conclusions effectively and persuasively in written and oral form.

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 (and instructors) know beforehand.
- You should be prepared for every class. If for some reason you are not prepared, please let the TA and instructor 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. Both quantity and quality are relevant, and thoughtful, consistent contribution is ideal. Sharing your perceptions and ideas with others is crucial for learning and for understanding how the diverse opinions that you are likely to encounter in an organization are debated. You will find yourself presenting and testing new ideas that are not wholly formulated and assisting others in shaping their ideas as well. You should be prepared to take some risks and be supportive of the efforts of others.

b. Pre-Class Surveys (5%)

For all classes except 12, 21 and 22 a very brief pre-class survey will be distributed through Stellar 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 10pm the night prior to class to receive full credit.

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

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. This memorandum should focus on the study question that appears in bold for that session. The groups should have 4 members and the work should reflect the thinking of everyone on the team (hint: everyone should be prepared to defend his or her answer in class). 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 calculations or diagrams as you wish, but important insights that come from these should be reflected in the text.

Memoranda should be uploaded to Stellar 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.

CASE MEMO CHOICES:

MEMO 1: NY Times (Class 2), Cola Wars (Class 4), Matching Dell (Class 5)
MEMO 2: Bombardier (Class 8), Carnival Cruise Lines (Class 10), Burberry’s Digital Strategy (Class 11)
MEMO 3: Walt Disney (Class 13), Danaher (Class 14), Ryan Air (Class 16), Brahma versus Antarctica (Class 18), Lego (Class 20)
d. Mid-Term Case Memo (15%)

A Mid-Term Individual Case Memo Assignment is due on Sunday, October 16 (5 PM). Group discussion 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 Case Memo is due on Sunday, December 4 (5 PM). Group discussion 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 must join a group of four students. Each group will be responsible for the Group Case Memos, and we strongly encourage you to meet regularly in your study group to discuss each case before class meets, even when you are not writing a case memo. Working in groups will give you a chance to learn from your colleagues. It also provides an opportunity to discuss your ideas in a setting approximating the management teams typically charged with these tasks. A Group 360 Evaluation (an evaluation by each group member of all other group members) will be distributed during the final week of class.

IV. TEACHING ASSISTANCE AND HELP SESSIONS

The teaching assistant is 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 instructors if you have any questions regarding the course or the material.
V. SCHEDULE OF SESSIONS AND READINGS

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Section I. Introduction

CLASS 1: Introduction: Managers Need Strategy September 7


CLASS 2: Value Creation and Value Capture September 12


Section II. Industry Analysis

CLASS 3: Industry Analysis and the Five Forces Framework September 14


Saloner, G., A. Shepard and J. Podolny (2001). Strategic Management, Ch. 6 (pp. 119-147).

CLASS 4: Five Forces in Action September 19

CASE: Cola Wars Continue: Coke and Pepsi in 2010, HBS Case 711462-PDF-ENG.

CLASS 5: Disrupt an Established Industry September 21

CASE: Matching Dell, HBS Case 799158-PDF-ENG.

Section III. Firm-Level Strategy

CLASS 6: Choosing How to Compete September 26


CLASS 7: Interdependent Decisions September 28

CASE: Trader Joe's, HBS Case 714419-PDF-ENG.
CLASS 8: Competitive Advantage through Capabilities  October 3

CASE: Bombardier TEG (A), HBS Case 796002-PDF-ENG.


CLASS 9: Applying Strategy in the Real World  October 5

Materials to be distributed.

CLASS 10: Competing on Costs  October 12

CASE: Carnival Corporation: The P&O Princess Acquisition (A), LBS Case: CS-09-015

CLASS 11: Competitive Advantage through Resources  October 17

CASE: Burberry’s Digital Strategy, London Business School case CS-15-007 (available on Stellar)


MID-TERM CASE ANALYSIS DUE OCT 16th AT 5PM

CLASS 12: Mid-Term Case Debrief  October 19

Section IV. Corporate Strategy

CLASS 13: Corporate Strategy: Synergies  October 31

CASE: Walt Disney Co.: The Entertainment King, HBS Case 701035-PDF-ENG.


CLASS 14: Corporate Strategy: Portfolio Management  November 2

CASE: Danaher Corporation, HBS Case 708445-PDF-ENG

Section V. Game Theory and Strategy

CLASS 15: Game Theory and Strategy  November 7


CLASS 16: Entry Dynamics  November 9
CASE: Dogfight Over Europe: Ryan Air, HBS Case 700115-PDF-ENG.


Section VI. Strategy Dynamics

CLASS 17: The Origins of Strategy

CASE: Honda (A), HBS Case 384049-PDF-ENG

CLASS 18: Executing Strategy

CASE: Brahma versus Antarctica: Reversal of Fortune in Brazil’s Beer Market, London Business School case CS04-015. (Please note the Brahma case exhibits are available as a spread sheet).

CLASS 19: Why Good Strategies go Bad

CLASS 20: Changing Strategy

CASE: Lego (A): The Crisis, HBS Case 9-713-478-PDF-ENG.

FINAL CASE ANALYSIS DUE DEC. 4th AT 5PM

CLASS 21: Final Case Debrief

CLASS 22: Wrap-Up
MIT Sloan Policy on Classroom Behavior

In order to create a productive learning environment and to ensure mutual respect it is essential that the norms and rules of classroom etiquette and behavior reflect the highest standards. It is also important that these norms be consistently enforced by the faculty across all classes. Although in the final analysis each faculty member is responsible for his or her own classroom, there are significant negative consequences for other faculty and for the School if rules are not consistent and are not enforced. Therefore it is the policy of the MIT Sloan School that

- Students are expected to arrive promptly on time and to stay for the entire class.
- Faculty are expected to begin and end class on time.
- Laptops and e-readers are not be open in the classroom except with explicit permission of the faculty (e.g., when used as part of the instructional program or when required by students because of physical or other challenges)
- Cell phones and PDAs are not to be used or permitted to ring in the classroom.
- Students are expected to attend all classes.

It is expected that faculty will articulate how these rules apply in their class as well as how the rules will be enforced.