

Draft syllabus subject to change

[Business](#), [Management](#)



DRAFT SYLLABUS — SUBJECT TO CHANGE STRATEGY I (COMPETITIVE STRATEGY) 2013 WINTER INTENSIVE (B01. 2013. W6)

Professor: Deepak Hegde Email: dhegde@stern. nyu. edu Phone: 212-998-0674 Office: Tisch 722 Office Hours: By appointment Classroom Location: KMC 3-65 Teaching Fellow: Dongil Keum TF email: dkeum@stern. nyu. edu TF Office Hours: By appointment

COURSE

OBJECTIVES AND OVERVIEW The fundamental question of strategy is: " How can a firm make long-run profits? " " Raise revenues and reduce costs" is the obvious answer, but it avoids the difficult part of the question. Namely, given that a firm has specific customers, locations, and legal/regulatory constraints, what can it do to raise revenues? And, given that the firm has specific technologies, processes, and organization, what can it do to reduce costs? And finally, what can the firm do on either of these fronts that will not be eroded by the actions of its competitors, imitators, or new entrants? These are the difficult questions, particularly when one asks them in the context of a specific company. The objective of this course is to develop an analytical toolkit to tackle these questions. The course aims to teach you to be a better-meaning a more systematic, logical, complete, critical-thinker about strategy. This involves honing three primary skills. i,§ i,§ i,§ Diagnosis. Can you identify the salient details of a situation and understand their significance to strategy? We will learn to use various economics frameworks to isolate the details that matter for firm profitability from among the facts. Creativity. One theme of the course is you can't outperform your competitors

by doing the same things they are doing. Constantly finding new approaches and new ways to do things is often the key to a successful strategy.

Judgment. You should not expect to gain from this course a body of business-related facts but rather the skills to evaluate, and act upon, the facts you face. This is a "big picture" course. The emphasis of the course is not on understanding conceptually difficult material, but on applying simple ideas to think about how a firm achieves its goal of generating and sustaining profits.

Accordingly, we will use cases and in-class exercises inspired by the real-world to exemplify the theoretical frameworks introduced in class. This process facilitates experiential absorption of the links between academic theory and managerial practice. To be successful in this course, you must spend time actively and rigorously thinking about the details of the given case and relate your thoughts to the big picture. Not preparing for class or expecting to passively absorb the material will do you about as much good as watching an exercise class from the sidelines. B01. 2103. W6 Syllabus —

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COURSE FORMAT Each session will focus on specific concepts related to a firm's profitability. Sessions will rely on conceptual readings, in-class exercises, and business cases. The conceptual readings will provide depth and perspective to the discussion of business cases, and the in-class exercises will illustrate the strategy-related concepts at play in the cases.

The course is organized into two sections. The first section, covered in the first three sessions, focuses on assessing the nature of markets that firms compete in and how these markets affect firms' ability to generate and sustain profits. I. Market and competitive analysis (Strategy Assessment)

Session 1: Value Creation/Capture Framework — How can a firm create value for customers, and how can it retain some of that value as profit? Session 2: Industry Profitability — How do the circumstances of a firm's industry affect its profits? Session 3: Competitive advantage and sustainability — What enables some firms to be more profitable than others, even within the same industry? How can this competitive advantage be maintained over the long term? The second section, covered in the last three sessions, considers how a firm should compete and how the firm's strategies should change over time. II. Positioning and dynamics (Strategy Formulation) Session 4: Internal analysis — How do a firm's internal structure, resources, and capabilities affect the strategy formulation process? Session 5: Game theory and added value — How should firms factor the behavior and incentives of rivals into the strategy formulation process? Session 6: Strategy and change — How should firms adjust their strategies to optimally react to change, particularly when market conditions are highly dynamic? COURSE REQUIREMENTS AND GRADING Readings ¶, § ¶, § ¶, § ¶ Required readings are available through a digital coursepack and the class Blackboard site. The coursepack should be purchased through the link <https://cb.hbsp.harvard.edu/cbmp/access/16807315>

To minimize the price of the coursepack, I have included only those materials which are not available via NYU's library website in the coursepack. For your convenience, I have included links to all the required readings not available in the coursepack under " Course Readings" on Blackboard. For Session 6, the " case" is an online simulation (" Back Bay Battery" Simulation). The coursepack includes the simulation. Before Session 6, you will need to (a) log onto the simulation, and (b) play

one full round (i. e. complete the scenario through 2020). Access to the simulation is administered exclusively through the class coursepack, hence resist the temptation to purchase or share material with friends and classmates. The nominal price of the coursepack (approximately \$55) should deter you from violating copyright material. There is no required text for the course. However, I will draw on a text *Economics of Strategy* (Fifth Edition) by Besanko, Dranove, Shanley and Schaefer (henceforth, BDSS) for some of my lectures. You are not expected to buy the book, but I would recommend it if you want a reference that relates Strategy to microeconomics concepts. If you decide to use the book, you may find useful my references to particular page numbers of the text under each Session's optional readings below. Short readings (typically 1-2 page "In the news" items from the popular press) will be frequently distributed in class. We will quickly read these articles in class and relate them to the session's concepts. I will post slides for each class immediately after the day's class. Attendance and Lateness policy Preparation, attendance, and participation are essential in this class. Lateness will hamper your ability to learn the material, impact your grade through missed participation opportunities, and disrupt the flow of the class. Accordingly, late arrivals will face penalties on participation grade. Missing even one of the six sessions may have a significant impact on your overall grade and those who expect to miss classes should consider enrolling in a different section. In the case of unavoidable absences, please try to notify me ahead of time. Grading This course uses a variant of contract grading, for which your final grade will

depend on your performance on three required components (class participation, four individual assignments and group project) AND your performance on an optional final exam. The "base grade," derived from your performance on the required elements, is worth 90% of the final grade and so its maximum possible value is a B+ (A- for perfection, which is unlikely). Hence, your overall grade for the class will depend on four elements as follows.

1. Class attendance and participation	30%
2. Four assignments (individual; 3 case write-ups and Simulation exercise prep)	30%
3. Group project (group exercise; 3-4 students)	30%
4. Take-home final exam (individual, optional)	10%

1. Class participation All class sessions involve active discussion based on the readings and cases, with an emphasis both on theoretical concepts and practical implications. You should be prepared to share your ideas and critically interpret the perspectives presented by others. Please carefully review the readings and case preparation questions for every class session. Quantity of participation, if lacking in quality, will not be rewarded. Quality participation typically has the following characteristics:

- Applies the facts and concepts offered in the readings and lectures
- Provides careful analysis and turns vague ideas into precise statements
- Offers relevant perspectives on the issue, in a way that is accurate and logically consistent
- Moves the discussion forward by building on previous contributions with new insights
- Asks good questions. This is a skill to be practiced; good answers are rare, but so are good questions. You are primarily responsible for actively participating in class. I reserve the right to cold call students during case discussions. I typically use cold calling to move discussion along not to intimidate or create

a hostile environment. If, for some reason, you are unprepared for any section, let me know before class and I will not cold call you during that session. I have listed a set of case preparation questions under each case below to guide your thinking while reading the cases. Please come prepared to answer these questions in class.

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2. Assignments (four individual assignments) Each student is required to turn in three assignments based on any three of the five assigned cases for Sessions 1-5. The three assignments should answer the “ assignment question” available below under each corresponding session. These assignments are due in hard-copy at the start of the class during which we will discuss the case. Write-ups should be no longer than ONE single-spaced typed page with 12-point font and one inch margins. Diagrams can be used to supplement the text pages and do not count toward this limit. The fourth individual assignment is compulsory and requires you to register and play the Back Bay Battery simulation game before the start of Session 6. Students must complete ONE FULL ROUND (until 2020) before Session 6. You don’t have to turn in a write-up for this assignment.

3. Group project In Session 1 you will organize yourselves into groups of 3-4 students for a small group project. The projects will be due (electronically) before the start of Session 6. Good projects will have a clear structure that relates to the course content, provide the right data and analysis, offer a coherent and supported answer to an interesting question, and draw insightful conclusions. See below for more information. Assignment: As a team, select one leading firm and its activities in a single industry (e. g., if you choose Apple for you analysis, focus on its

operations in only one of its industry segments — e. g., PCs, smart phones, tablets, etc., rather than all of the above). Analyze the firm's competitive position. Industries on which we focus in class (case or discussion) are generally bad ideas for project topics. If you are uncertain whether your choice may qualify, please contact me. Deliverable: Prepare a short memo (use PowerPoint,