

Strategic Management in 2015

GENERAL INFORMATION

The course **Strategic Management** is designed to international ERASMUS students at Estonian Business School.

6 EAP

Timing

15.09.2015, 10.15-13.30 room 400D
06.10.2015, 10.15-13.30 room 400D
13.10.2015, 10.15-13.30 room 400D
20.10.2015, 10.15-13.30 room 400D
27.10.2015, 10.15-13.30 room 400D

03.11.2015, 10.15-13.30 room 400D
10.11.2015, 10.15-13.30 room 400D

EXAM:
17.11.2015, 10.15-11.45 room 400D

Course supervisor

Marko Rillo: e-mail: marko@markorillo.com, phone: +372 504 0260

Obligatory literature

Different materials delivered or referred to, in most cases articles or cases from Harvard Business Review, Sloan-, California Management Review or research journals.

On-line environment

Web community: <http://markorillo.com/for-students/>

Register yourself with your real first and last name (written together). Examples: *JohnSmith*, *TeemuKarkkainen*, *oljamuravjova*, *katimand*. Do not use any umlauts, dots, hieroglyphs, cyrillic nor spaces in the username!

After registration you will have the access to download the course materials and to the forum to discuss the managerial issues.

ASSESSMENT

Course is carried out in lectures, seminars, individual tasks as homework and through partaking in the internet forum.

The final result of the course will be as following:
"5", excellent - 91...100; "4", very good - 81...90; "3", good - 71...80; "2", satisfactory - 61...70; "1", poor - 51...60; "0", unsatisfactory - 0...50.

COMPONENTS OF GRADING

100 points consists of:

- 10% active participation at class and study forum
- 30% group work no 1
- 30% group work no 2
- 30% exam

Active individual participation

Active and well-prepared **participation in classes and in discussions of web-based course forum accounts for a maximum of 10 points** of the overall score of the course.

In each class I appoint people at random to lead the discussion. If you have prepared well, have read the cases and articles, you should have no difficulty with this lead-off assignment. An effective lead-off can do a great deal to enhance a class discussion. It sets a tone for the class that allows that class to probe more deeply into the issues of the case. However, please note that it is not just the number of times you open your mouth, but the content contribution of your discussion.

In a similar manner, you may earn the participation points based on the impact you make to the online web-based discussion study forum. Please note that I will not just count the number of posts, but the degree of whether they provide thoughtful and interesting contribution that help the other participants of the class to get to know new and interesting things about strategic management.

GROUP WORK

You will divide into groups of 3-4 students for the whole duration of the course as most graded assignments during this course need to be carried out by your group. Try to be diverse. Mix male and female, mix nationalities. This is a learning and experience exercise!

**Group-work no. 1 -
by submission
deadline is 23:59
o'clock at
19.10.2015 and the
presentation will
take place on
20.10.2015**

The first group task will be to choose a publicly traded company and carry out a thorough business analysis. The analysis would have to focus at its environment, competition, internal status, capabilities, its customer base, its value proposition and its current financial situation.

The result of the group work should be presented as a practice-focused report on at least 20 pages and accompanied with a slideshow presentation (to be delivered as a maximum 10-minute oral presentation).

I suggest you to imagine that the rest of the audience of your presentation is a boardroom of another company and your presentation will serve as a basis for making an investment or acquisition decision of the rest of the participants of the course.

**Group-work no. 2 -
deadline of
submission is 23:59
o'clock at
09.11.2015 and the
presentation will
take place on
10.11.2015**

The second group task would be to carry out business modelling of a business idea that your group will choose. The business idea should have a strong potential and you would need to come up with a thorough description of its business concept, business model and business plan, which would take into account the aspects that you have learned throughout this strategic management course.

Please prepare a concise report of ca 10 pages that would spell out the most important strategic elements of your business that you plan to set up as a group. For that reason, please prepare for a maximum 10-minute oral presentation.

I suggest you to imagine that the rest of the audience of your presentation could be a potential investor to whom you will be pitching your idea.

**Important note on
deadlines!**

Please note that all the homework needs to be presented latest by the respective deadline and postponement of the deadline is non-negotiable!

The homework presented one day later will give up to 50% of the points. More than two days later will not give any points. However, submission of all three group-work assignments is a pre-requirement for the participation in the exam.

Exam

Exam may cover any of the topics presented in the framework of this course: issues discussed in lectures, seminars, web forum, delivered handouts or recommended literature.

Academic integrity

I sincerely hope that all students will be honest and fair when preparing the homework or test assignments. Please note that students involved in academic dishonesty will be expelled from the course and receive a notation of academic dishonesty in the Dean's office. It is the student's responsibility to understand what constitutes academic dishonesty. Kindly please be careful when handing in your assignment(s).

**BACKGROUND OF
THE COURSE**

Corporate strategy can be defined as "...the development and deployment of organisational resources to achieve corporate objectives". The academic discipline of strategic management investigates the ways in which organizational strategies are developed and then implemented. The purpose of this investigation is two-fold: first, to understand why certain strategies

succeed (or fail), and secondly, to use this knowledge to prescribe better ways of formulating and implementing new strategies.

Over the years, the field of strategic management has had a major influence on corporate behaviour. Terms such as cash cow, sustainable competitive advantage and core competence are frequently raised in day-today business conversation. In fact, the ability to apply strategic analysis to practical business problems has become a valuable skill in many occupations, including stock broking, merchant banking, management consulting, and corporate finance.

As the corporate landscape is turning more global and multi-faceted, the strategic management has turned gradually more flexible and hence also complex during the last decades. However, the underlying principles remain simple.

Goal of the course

The aim of this course is to give you the tools needed to analyze corporate managerial situations on global level, think strategically, implement and follow up strategic initiatives.

Detailed objectives

1. Understanding the main schools of thought of strategic management, most important tools and techniques used by organisations while carrying out strategic analysis or implementing strategies.
2. Ability to critically analyse the management fads and ability to use theoretic concepts or methods into daily use.
3. Developing courage and ability to make presentations in front of group in confident and understandable manner.

MY APPROACH

I enjoy teaching in open and friendly atmosphere which at the same time poses nice challenges. Therefore I like students who are active in their tasks, come to classes well prepared and with tinkle in their eyes to enjoy the work that we do together to the maximum extent. When we prepare both well for our assignments then the study environment is the most useful.

During the classes I try to equip you with the basic concepts related to the subject. But definitely – if the interests of some of might you go beyond the original scope of the course then as a researcher, teacher and strategic management practitioner I intend to give you the maximum possible to accommodate your curiosity.

Hence I welcome you to this interesting journey in the annals of strategic management and wish you all the best for this semester!

Marko Rillo

Strategic Management - Schedule of Classes

1. Week
15.09.2015,
10.15-13.30
room 400D

LECTURE: Introduction to the course and key topics. Introduction of the participants. Division into groups. Key terminology of strategic management. Strategic management in the news. Strategic management case studies. History of strategic management. Strategic management schools of thought. Strategic management big picture - what is the strategic management subject area concerned with?

SEMINAR: Alaska Gold Mine case study

HOMEWORK:

- Register to <http://linkedin.com>, enter your detailed resume, key interests on strategic management and connect to your fellow course-mates to exchange contact details for the upcoming group-work assignments.
- Register to <http://markorillo.com/for-students>. Try to follow the study community at least 1-2 times a week by reviewing the forum posts of the others and add your own comments. This will help to create a closely knit community that jointly simplifies our work on strategic management-related issues.
- Starting from this week you should produce **by the end of each week** a weekly analysis of a single bit of business news. Do not be overly elaborate. Just refer to an interesting piece of news that you found in business media. Write 3-4 lines on why and what aspects you think are interesting or important from the point of view of strategic management. Try to also relate it to other bits of interesting news that your course-fellows have found elsewhere.

2. Week

No lecture, but note the HOMEWORK:

- Choose a Harvard Business Review Case study via EBSCO and post its 0.5-page analysis to the forum: <http://markorillo.com/for-students>
- Choose a company annual report and post its 0.5-page reflection to the forum: <http://markorillo.com/for-students>

In addition, remember the recurring homework:

- Weekly analysis of the news

And I suggest that it is already a good idea to start preparing of the 1st group work

3. Week

No lecture, but note the homework:

- Weekly analysis of the news
- Start preparing of the 1st group work

4. Week
06.10.2015,
10.15-13.30
room 400D

LECTURE: Industry analysis. How much does industry determine profit potential of the firm? Internal analysis. Reading the company annual reports. Diagnosing performance problems in firms. Strategic analysis. Analysis of internal strengths and weaknesses, external opportunities and threats. Scenario planning based on SWOT-TOWS analysis. Comparison between industry analysis, RBV, CBV and dynamic capabilities. Resource-based view. Dynamics of the RBV.

SEMINAR: Simple introductory frameworks on using the tools of analysis: SWOT-TOWS groupwork and VRIN / VRIO groupwork

HOME READING:

- Christensen & Raynor, 2003. Why Hard-Nosed Executives Should Care About Management Theory. Harvard Business Review, 81(5): 67-74.
- Wehrich (1982) The TOWS Matrix - A Tool for Situational Analysis. Long-Range Planning.

5. Week
13.10.2015,
10.15-13.30
room 400D

LECTURE: Competitive rivalry, industry 5 forces (5F) that shape corporate strategy. Value chain. Generic strategies. Strategy content. Value network. How the networked world has revised the way we think about competition.

SEMINAR: Group-work on 5F analysis, value chains and value nets.

HOMEWORK:

- Prepare by reading the Apple 2008 Case Study by David B. Yoffie and Michael Slind and answer to the questions:
 1. What were Apple's competitive advantages?
 2. Assess the dynamics of the PC industry. Are these dynamics favourable or problematic for Apple?
 3. Has Steve Jobs finally solved Apple's long-standing problems with respect to the Macintosh business?
 4. The iPod-iTunes business has been a spectacular success. Will this success endure? How Jobs found a new formula to create a sustainable competitive advantage for Apple?
 5. How would you assess Apple's initial strategy for the iPhone? Why did Apple change so quickly to a different strategy?
 6. In what ways are iPod, iTunes, iPhone and Macintosh related? Unrelated? Does having them under one roof create value above and beyond what each could achieve individually?

HOME READING:

- Porter (1979) How Competitive Forces Shape Strategy? Harvard Business Review
- Important: Porter (1996) What is Strategy? Harvard Business Review.
- Campbell & Alexander (1997) What is Wrong with Strategy? Harvard Business Review

6. Week
20.10.2015,
10.15-13.30
room 400D

THE GROUPS PRESENT THEIR 1ST GROUP WORK

LECTURE AND SEMINAR: Blue Ocean Strategy. Making strategy irrelevant.

HOME READING:

- W. Chan Kim and Renée Mauborgne (2004) Blue Ocean Strategy. Harvard Business Review

7. Week
27.10.2015,
10.15-13.30
room 400D

LECTURE: Various types of business models and their elements. Business model analysis and business model development.

SEMINAR: Step-by-step creation of your own business concept, business model and business plan.

HOME READING:

- Osterwalder, A. "Business model Generation"
- The St. Gallen Business Model Navigator by Oliver Gassmann, Karolin Frankenberger and Michaela Csik describing 55 main types of business models
- Casadeus-Masanell, R., Ricart J.E. „How to design a winning business model“, Harvard Business Review, Jan-Feb 2011.

8. Week
03.11.2015,
10.15-13.30
room 400D

LECTURE: Strategy process. Analytic approach to strategy formulation. Balanced scorecard. Mission, vision, values, strategic objectives, critical success factors, key performance indicators, identifying target values. Strategy mapping. Strategy as practice. Sense-making and sense-giving in strategy making process. Tools, methods used in strategy-creation process. Episodes in strategy creation. Key social roles in strategy making process.

SEMINAR: Strategy mapping group-work.

HOME READING:

- Eisenhardt & Sull (2001) Strategy as Simple Rules. Harvard Business Review.
- Kaplan & Norton (1996) Using the Balanced Scorecard as a Strategic Management System. Harvard Business Review.
- Kaplan & Norton (2000) Having Trouble with Your Strategy? Then Map it! Harvard Business Review.
- Important: Hart (1992) An Integrative Framework for Strategy-Making Process. Academy of Management Review.

9. Week
10.11.2015,
10.15-13.30
room 400D

SEMINAR: Presentations of group-work (each group for max 10 minutes).

LECTURE: Strategies in action. Integration: backward, forward, horizontal. Intensive strategies: market penetration, market development, product development. Diversification strategies: concentric, conglomerate, horizontal. Defensive strategies: retrenchment, divestiture, liquidation. Outsourcing strategies. Strategic alliances and networks. Co-opetition (co-operation between competitors). Corporate strategies. Mergers and acquisitions. Emerging industries and management of technology strategy. First mover advantages and disadvantages. Selecting strategy that balances well efficiency and innovation. Industry evolution key success factors and its links with competitive strategy.

HOMEWORK:

NB! The deadline of submission of the 2nd group work on 10.11.2015 together with group presentations

HOME READING:

- Porter (1987) From Competitive Advantage to Corporate Strategy. HBR.
- Birkinshaw & Gibson (2004) Building Ambidexterity into an Organization. MIT Sloan Management Review.
- Kanter (1994) Collaborative Advantage: The Art of Alliances. HRB.
- Are You Paying Too Much for That Acquisition? (Eccles, Lanes, & Wilson, HBR, 1999)
- Important: Ghemawat (2001) Distance Still Matters: The Hard Reality of Global Expansion. HBR
- Rovit & Lemire (2003) Your Best M&A Strategy. HBR

Exam

17.11.2015, 10.15-11.45 room 400D