

Strategy 502 — Corporate Strategy

Fall A 2023

Professor: Felipe Csaszar (fcsaszar@umich.edu)

Course Objectives

This course develops concepts and analytical frameworks for creating sustainable competitive advantage. We adopt the perspective of the general manager who has overall responsibility for the performance of the firm or of a business unit within the firm. Such a manager needs to understand the basis for the current performance of the firm and identify the changes (inside or outside the firm) that are most likely to affect future performance. The manager must then formulate and implement strategies using the firm's resources in order to compete successfully in its new environment. The strategy must define the scope of the firm's activities, the logic through which the activities result in better performance, and why the firm is able to carry out those activities better than its competitors.

The complexity of today's (and tomorrow's) competitive environment dictates that strategy cannot be the domain of top managers alone. In particular, functional specialists and mid-level managers—the starting positions of many MBAs—will be challenged increasingly to *think strategically* when confronting day-to-day issues, and to ground operational contributions in the strategic realities of the business. Our aim is to increase your ability to assume a leadership role in your company, no matter your formal position. We will do this in part by cultivating your ability to make well-grounded and insightful recommendations as to how your business should be competing.

In order to capture the pragmatic, action-oriented nature of the general manager's job and the complexity of the general manager's milieu, we teach this course through the case method. We supplement case discussions with readings, lectures, and conceptual analyses. A central goal is for you to develop internal frameworks and approaches for identifying and solving key strategic problems facing a business. The class also should help you see relationships between the various functional area courses you will take during your MBA program.

Course Materials and Preparation

■ *Course pack*

You are required to buy a course pack (available from the Kresge library; instructions here: <https://www.bus.umich.edu/kresgelibrary/services/coursematerials-instruction.html>).

There is no textbook for the course. However, if you want to read further, you may find the following book useful:

- Grant, R. M. *Contemporary Strategy Analysis*. (11th edition, 2022; previous editions are also good.) Hoboken, NJ: Wiley.

■ *Preparation*

For the learning process to be really effective, it is necessary that you prepare the cases/readings before class and actively participate in the case discussions during class. I expect you to be fully prepared for each class and may call upon you to start the discussion or answer a specific question during the class on any day.

What you get from this course depends on what you put in. Preparation involves not just analysis, but also developing a personal position on the issues raised in the case. Unless you have thought about and adopted a personal position, it is very hard to learn from others' contributions in the class.

A good way to prepare a case is to strive to answer the online questions for each case in a clear way. These questions will be available on Canvas and must be answered online by 10:00pm the night before the class (most of your participation grade will depend on submitting these answers; see details below). To arrive at these answers, draw inferences from the qualitative and quantitative data in the case, think about possible paths of action, and analyze their advantages and disadvantages. Place a premium on the logic behind your response. Use the concepts in the lecture notes to help you think about the case. You do not need to draw on information outside the case. It is also a good idea to talk about the cases with other students before class. Articulating your ideas in front of others and learning about their viewpoints will strengthen your strategy skills.

Evaluation

Evaluation is based on the standard Ross School of Business grading guidelines for core courses: Excellent (<25%), Good (35%), Pass (35%), Low Pass/Fail (5%). Any changes to this distribution will be on the Ross website, and I will let you know if they do change. Your grade will be determined by the following components:

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| - Case discussions | 10% |
| - Quizzes (2) | 25% |
| - Strategic dilemma assignment | 20% |
| - Feedback given to others' strategic dilemmas | 5% |
| - Group question | 10% |
| - Group case/final | 30% |

Details about each of these components follow.

■ *Case discussions*

The case discussions grade mostly depends on submitting the answers to the online questions for each case. These questions will be available on Canvas at least 72 hours before each class and need to be submitted until 10:00pm the night before the class.

Each case accounts for one point of participation with a maximum of nine points. There are 11 cases, so you may not provide answers for up to two cases and still get the maximum score. The points are assigned according to the following rubric.

Excellent (1 point)	Acceptable (0.5 points)	Not submitted or off-target (0 points)
Clearly written answer that uses course concepts and sound logic to derive a reasonable conclusion.	Provides a clear and reasonable answer but either the connection to course concepts or logic is incomplete.	The answer was not submitted (late submissions are not accepted) or its connection to the course concepts was unclear or missing.

In exceptional cases, the case discussion grade for a given session can be modified up or down depending on your active participation during the case discussion in class. Particularly insightful comments, which helped the whole class better understand a key point of the course, may be rewarded. On the contrary, disruptive behavior or missing class will be penalized.

■ **Quizzes**

Twice during the term (Monday, September 18th and Monday, October 2nd), written quizzes will be distributed during class. The quizzes will have several multiple choice and short answer questions, and will cover the concepts that we discuss in class. Practice questions will be provided on Canvas prior to each quiz. These quizzes provide an opportunity for you to engage with the course material individually and to get an idea of your progression in the course.

■ ***Strategic dilemma assignment (and feedback given to others' strategic dilemmas)***

This individual assignment will ask you to describe and to analyze a strategic decision that a company is facing or did face within the last five years. You are free to study any company you like. The strategic dilemma should: (a) relate to concepts studied in the course; (b) be challenging, in that the answer should not be obvious; (c) allow for an elaboration of pros and cons behind the choice the company made or the options facing the company; and (d) stimulate a discussion that you think would interest your classmates.

The goal of this assignment is to exercise your ability to use class concepts to formulate and analyze real-world strategic problems. The assignment achieves this goal in two ways: (a) by letting you develop your strategic dilemma and (b) by asking you to provide feedback on the strategic dilemmas of other students (you will have to provide peer feedback to five randomly chosen students from other sections).

A strategic dilemma has three parts: (i) a news article explaining a situation faced by a firm, (ii) two questions regarding what the firm should do in that situation, and (iii) your proposed answers to these questions. For instance, as a strategic dilemma a student might propose studying Amazon's recent decision to enter into the retail pharmacy business with their acquisition of PillPack. The student's assignment could consist of: (i) the text of a news article from a reasonable source (e.g., the Wall Street Journal) describing this situation; (ii)

two questions, one asking for the top five reasons for why this might be a good idea for Amazon and a similar question asking for the top five reasons for why this might not be a good idea; and (iii) suggested answers to these questions using concepts from the course. To help you to find ideas, we'll provide (via Canvas) a list of possibly interesting situations. But you are free—and, in fact, encouraged—to explore situations not included in the list.

A strategic dilemma aims to be a short, self-contained mini-case. Thus, it is important that the article you include is short and provides all the relevant information for the analysis. The maximum allowed extension for an article is 500 words. Because few articles are that short, you should prepare an abridged version of the article by deleting the less relevant passages (and marking any deletions with “[...]”). You cannot perform any other edits on the article apart from this type of deletion. The suggested answers you provide should be well-written (i.e., logical, clear, and succinct) and sound (i.e., well-supported by class concepts). To imagine what a good answer looks like, think what would be an outstanding answer in the context of a consulting interview or in a conversation with the top management team of the firm facing the dilemma. Although you don't have to write much for this assignment, do not underestimate the time that is necessary for doing good research (i.e., searching for quality content, exploring different questions, and coming up with solid answers).

This assignment has two rounds. In Round 1 (due on Wednesday, September 20th at 10:00pm) you will submit a preliminary version of your strategic dilemma. Your preliminary version will then be reviewed by randomly selected peers. Your peers will provide feedback on your analysis, including suggestions on how to improve your analysis and insight. The deadline to complete the peer evaluations is Thursday, September 28th at 10:00pm. Then, in Round 2 (due on Monday, October 9th at 10:00pm), you can improve your strategic dilemma by incorporating the feedback received as well as any ideas you have had since Round 1 (you are free to change your dilemma in any way you want; you can even change which company you analyze).

The strategic dilemma will be graded following Round 2. Your strategic dilemma will determine 20% of your final grade. In addition to being graded on your own strategic dilemma, you will also be graded by your peers on the quality of the feedback you provided them. Good peer feedback offers detailed and clear insights on how to improve a dilemma (e.g., by improving the analyses, proposing more challenging questions, and streamlining the questions). The quality of your peer evaluations will determine 5% of your final grade.

■ **Group question**

The course includes two group-based assignments. Your group of 5–6 students will be randomly assigned.

The first assignment is to provide a 10-minute recorded response to a question which will be distributed on Canvas at 5:00pm on Wednesday, September 6th. Please record your response as a voice-over to a PowerPoint presentation. The easiest way to do this is using Zoom (i.e., “share screen” and “record to computer”).

The question will ask you and your team to provide a recommendation related to a current, newsworthy strategic decision a firm is facing. You must upload your video presentation in mp4 format to Canvas by noon on Monday, September 11th.

■ *Group case / final*

The final for the course will be a group-based case, the format of which will be similar to a case competition. The case will be distributed via Canvas at 8:00am on Friday, October 13th. It will be due at 10:00pm the same day. Your group must identify the primary problem facing the protagonist in the case and provide a recommendation for its solution, using concepts from the course as support. Your final product will be a 10-minute voiced-over PowerPoint, similar to the response to the Group Question above. Again, please use a Windows machine to record your response.

The group-based assignments serve at least two educational objectives: they provide an opportunity to practice your skills in strategic analysis and they offer a chance to tap into the rich perspectives available in your team.

Part of your grade in final project will depend on the ratings you receive by the other members of your group. These ratings will be anonymous to encourage honest assessments by your group members. 50% of the points from your group-based assignments will be weighted by the average ratings given by your group members. For example, if your team earns 80% of the possible points on the group assignment, but your peers indicate that you only contributed 60% of what they expected from you, you would earn $(50\% \times 80\%) + (50\% \times 80\% \times 60\%) = 64\%$ of the total possible points on the group assignments, whereas a person with a perfect peer rating would earn $(50\% \times 80\%) + (50\% \times 80\% \times 100\%) = 80\%$ of the total possible points on the group assignments.

Office Hours

I encourage you to talk to me about any aspect of your work. I am very accessible. I will post my office hours as an announcement on Canvas.

Class Policies

The class policies detailed below are consistent with School policy:

1. **You are expected to attend every class session.** The only exception is absences due to sudden family or health emergencies attested to by a doctor's letter and a letter signed by you. All other absences (including for job-related reasons) will reduce your grade, up to and including Failure.
2. For fairness and consistency to all students, please do not request special treatment, such as "make-up" work. Note that Career Services can help you manage any job-related conflicts that might arise. Learning to make judgments and trade-offs, manage your time and negotiate are all part of your necessary training and development as a business leader.
3. **Please use the Attendance Reporting link** on your iMpack site to report any class absence. The direct link is: <http://www.bus.umich.edu/impact/Profile/ClassAttendance.aspx>. You do not need to email me separately.
4. Late entries and early departures from class are not only violations of school policy, but also signs of disrespect for the instructor and your classmates. Leaving and re-entering the class during a class session disrupts everyone's learning, and will be noted in evaluating your class participation.
5. The slides used in class (if any) will be uploaded to Canvas after class.

Additional Information

■ *Health and Safety*

For the safety of all students, faculty, and staff on campus, it is important for each of us to be mindful of safety measures that have been put in place for our protection. By returning to campus, you have acknowledged your responsibility for protecting the collective health of our community. Your participation in courses on an in-person basis is conditional upon your adherence to all safety measures mandated by the State of Michigan and the University, including maintaining physical distancing of six feet from others, and properly wearing a face covering in class. Other applicable safety measures may be described in the [Wolverine Culture of Care](#) and the [University's Face Covering Policy for COVID-19](#). Your ability to participate in this course in-person as well as your grade may be impacted by failure to comply with campus safety measures. Individuals seeking to request an accommodation related to the face covering requirement under the Americans with Disabilities Act should contact the [Office for Institutional Equity](#). If you are unable or unwilling to adhere to these safety measures while in a face-to-face class setting, you will be required to participate on a remote basis (if available) or to disenroll from the class. I also encourage you to review the [Statement of Students Rights and Responsibilities](#), which includes a COVID-related Statement Addendum.

■ *Wellness and Mental Health*

As a student, you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. University of Michigan is committed to advancing the mental health and wellbeing of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. You can learn more about the broad range of confidential mental health services available on campus [here](#), including our campus' office of [Counseling and Psychological Services](#) ("CAPS"). You may also find helpful the [well-being resources for students](#) offered through the University's office of student life.

The Ross School of Business has a CAPS Embedded Counselor available to its students. Embedded Counselors are located in school/college buildings and services are tailored to the school's climate. For more information, please visit the [CAPS Embedded Model](#) site. [caps.umich.edu/caps-embedded-model](#). To schedule, please email [Julie Kaplan](#), LMSW. Also, the services offered by CAPS have been adapted to the unique needs of our community during COVID. You can schedule a tele-health appointment remotely from their home page. You may also find helpful their resources directly addressing mental health and wellness during COVID [here](#). If you have an urgent matter when CAPS is closed, please call 734-764-8312 to connect with [CAPS After Hours](#).

■ *Academic Integrity and Community Values*

Personal integrity and professionalism are fundamental values of the Ross School community. You have a duty to be familiar with and understand the Ross School's Statement of Community Values, the Ross School Academic Honor Code, and the Ross School Code of Student Conduct including all campus public health policies. **In light of COVID our community has enhanced the Code of Student Conduct to include our commitment to each other and adherence to campus and School public health policies.** Each of these, including a Statement of Student Rights and Responsibilities, may be found in the Ross School Impact on [Ross Community Values](#). In addition every student at the University of Michigan accepts the rights and responsibilities of membership in the University's academic and social community. These rights and responsibilities are clearly laid out in [The Statement](#). By enrolling in this course you confirm that you have read and understood these statements and policies, and further that you agree to abide by them. The Ross Community Values site contains valuable information and links on writing and how to check to make sure you have not plagiarized the work of others. Claimed ignorance of these codes and policies will be viewed as invalid should a violation take place. In all cases if you have questions please address them with the professor as far **in advance** as possible.

Any violation of the Ross School Academic Honor Code such as plagiarism, otherwise passing off anyone else's work as your own, unauthorized collaboration, use of materials generated for use during past offerings of this course, or any form of cheating will be referred to the Community Values Committee. Possible penalties include course failure with a permanent notation of an honor policy violation on your transcript and even expulsion. As a community we are all still adapting and learning how this applies to hybrid and remote learning environments, but the same principles of academic integrity apply.

■ *Accommodations*

The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the University of Michigan [Services for Students with Disabilities \(SSD\)](#) office as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form online as early as possible, **but no later than two weeks prior to the first test or quiz for which accommodations are requested.**

Accommodations arrangements are not guaranteed for students who submit their VISA form with less than two weeks' notice.

Requests must be sent using the [Ross Accommodations Request Form](#) and must include a scanned or photographed copy of the VISA form. This form only needs to be submitted once during your academic career with Ross unless your accommodations eligibility expires.

In rare cases, the need for an accommodation arises after the two week deadline has passed (example: a broken wrist). In these cases, students should still contact SSD and the Ross Accommodations Coordinator. However, due to logistical constraints, we cannot guarantee that an accommodation can be made after the two week deadline has passed.

Questions can be directed to the Ross Accommodations Coordinator at RossAccommodationsCoordinator@umich.edu.

■ *Recordings*

Faculty may choose to record some or all of the delivery of the course material. These recordings may be made available to other students in your assigned course section to support learning of those affected by illness or unforeseen circumstances. If you have questions about class recording policies, please contact the faculty the first week of class.

Students may not record or distribute any class activity without written permission from the instructor, except as necessary as part of approved accommodations for students with disabilities. This applies to both the live recording of an actual class, as well as the duplication of any recordings shared by the faculty with the course participants. Any approved recordings may only be used for the student's own private use.

■ *Class Materials and Policy Related to their Use*

To enhance health and safety, improve sustainability, and ensure equal learning access, all materials for Ross courses will be made available in electronic format only. Printed copies of course paks ("TextPaks") are available in addition to the electronic version. Please see our course Canvas site and/or contact the [Kresge Library](#) for further information.

All materials generated for the course including slides, handouts, review materials and assignments, or any other materials prepared by you or the professor for this course are intended for use by current students in this class only, unless you have the permission of your instructor. You are not permitted to use materials related to the class that were generated by the professor or students in previous versions of this course. A violation of this

policy may be a violation of the Ross Community Values Code and may result in disciplinary action.

Course Outline

The field of strategy attempts to address a central issue in business: why do some firms outperform other firms? Our course is organized around different answers to that question.

Session	Date	Topic	Case
1	Mon 8/28	Introduction	A2 Milk
2	Wed 8/30	Business-level strategy	Coke & Pepsi
3	Wed 9/6		eHarmony
4	Mon 9/11		Aldi
5	Wed 9/13		HSC versus NutraSweet
6	Mon 9/18		Nintendo Wii
7	Wed 9/20	Corporate-level strategy	Disney
8	Mon 9/25		CEMEX
9	Wed 9/27	Review & integration	Current events
10	Mon 10/2	Strategy process	Patagonia
11	Wed 10/4		Threadless
12	Mon 10/9	Wrap-up	Samsung

Detailed Schedule and Reading Assignments

Part I: Introduction

Session 1 (Monday, August 28th) What is strategy?
Readings: <ol style="list-style-type: none">1. Case: The a2 Milk Company2. Lecture notes, chapter 1
Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.

Part II: Business-level strategy

Session 2 (Wednesday, August 30th) Industry structure
Readings: <ol style="list-style-type: none">1. Case: The cola wars continue: Coke and Pepsi in 20102. Lecture notes, chapter 2
Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.

Session 3 (Wednesday, September 6th) Business level strategy: Positioning
Readings: <ol style="list-style-type: none">1. Case: eHarmony2. Lecture notes, chapter 3
Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.
► Group Question distributed in class. Due on Monday (9/11), noon on Canvas.

Session 4 (Monday, September 11th) Business level strategy: Cost leadership
Readings: <ol style="list-style-type: none">1. Case: Aldi: The dark horse discounter2. Lecture notes, chapter 4
Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.

<p>Session 5 (Wednesday, September 13th) Industry value chain</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: Bitter competition: The Holland Sweetener Company versus NutraSweet (A) 2. Lecture notes, chapter 5 <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p>

<p>Session 6 (Monday, September 18th) Network effects</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: Responding to the Wii? 2. Lecture notes, chapter 6 <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p> <p>► Quiz 1.</p>

Part III: Corporate-level strategy

<p>Session 7 (Wednesday, September 20th) Corporate scope</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: Reawakening the Magic: Bob Iger and the Walt Disney Company 2. Lecture notes, chapter 7 <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p> <p>► Strategic Dilemma Round 1, due on Wednesday (9/20) at 10:00pm.</p>

<p>Session 8 (Monday, September 25th) Geographic scope</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: The globalization of CEMEX 2. Lecture notes, chapter 8 <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p>

Part IV: Review and integration

<p>Session 9 (Wednesday, September 27th) Review and integration of course concepts</p>
<p>No readings</p> <p>► Peer evaluations of Strategic Dilemma, due on Thursday (9/28) at 10:00pm.</p>

Part V: Strategy process

<p>Session 10 (Monday, October 2nd) Multiple stakeholders</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: Patagonia <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p> <p>► Quiz 2.</p>

<p>Session 11 (Wednesday, October 4th) Decision structure</p>
<p>Readings:</p> <ol style="list-style-type: none"> 1. Case: Threadless (this is an online case; check the coursepack for access instructions) 2. Lecture notes, chapter 9 <p>Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.</p>

Part VI: Wrap-up

Session 12 (Monday, October 9th)

Review and conclusion

Readings:

1. Case: Samsung

Questions: Check “Canvas > Assignments” and submit your answers by 10:00pm of the day before class.

► Strategic Dilemma Round 2, due at 10:00pm.

Final Exam (Friday, October 13th)

Submit online to Canvas before 10:00pm