

**The Anderson School of Management
Management 420
Winter 2003
All Sections**

BUSINESS STRATEGY

Section B: TuTh, 8:00-9:50, D301
Section D: TuTh 10:00-11:50, D301
Professor Marvin Lieberman
B415, Tel. 206-7665, marvin.lieberman@anderson.ucla.edu
Office Hours: Monday, 5:00 – 6:00 PM and by appointment
Faculty Support: Enrique Arteaga, B512, Tel. 825-2506

Section A: TuTh, 1:00-2:50, D301
Section C: TuTh, 3:00-4:50, D301
Professor Craig Fox
D511, Tel. 206-3403, craig.fox@anderson.ucla.edu
Office Hours: Monday, 5:00 – 6:00 PM and by appointment
Faculty Support: Marco Alvarado, D502, 825-2881

Section E: TuTh, 3:00-4:50, C315
Professor Mariko Sakakibara
B508, Tel. 825-7831, mariko.sakakibara@anderson.ucla.edu
Office Hours: Monday, 5:00 – 6:00 PM and by appointment
Faculty Support: Enrique Arteaga, B512, Tel. 825-2506

Course Description

This course is an introduction to business and competitive strategy. The course covers basic analytical and conceptual tools that are aids in analyzing, evaluating, and formulating business strategies. Mastery of these tools and concepts is essential for more advanced work in strategy and is prerequisite for careers in general management, consulting, investment banking, market analysis, venture capital, and any other professional activity concerned with the overall success of enterprises.

The subject matter of strategy is complex and multidisciplinary. Although the course has carefully selected readings, only a small part of strategic thought can be covered.

Course Structure

This is primarily a case-based course. The analysis and discussion of different industry and company situations is the primary class activity. Your preparation of the cases and participation in the discussion will be critical to your learning process and the success of the class as a whole.

Evaluation and Grading

Students are evaluated in three areas of performance: written case analyses, class participation, and a final project. The weighting among these elements is as follows:

Case Write-ups	1/3
Class Participation	1/3
Final Project	1/3

Case Write-ups

During the quarter you must submit four written case analyses. The assignments are due prior to the start of the class in which the assigned case will be discussed. A hard copy should be submitted to the instructor in the classroom. The specific questions to be answered are provided in the detailed descriptions of class sessions. For the first three assignments you have a choice among cases:

<u>Assignment #</u>	<u>Case</u>
1	Wal-Mart (Jan. 16) <i>or</i> DuPont (Jan. 21)
2	Airborne (Feb. 4) <i>or</i> B&N vs. Amazon (Feb. 6)
3	Nucor (Feb. 18) <i>or</i> BSB vs. Sky TV (Feb. 20)
4	Disney (Feb. 27)

To encourage interactive learning (but reduce the incentives problems that can arise in large groups) each assignment is to be completed in groups of two students (i.e., in pairs). We ask that you change partners for the case write-ups during the quarter; at most, you are allowed work with same person twice. (If necessary, you can do an assignment on an individual basis, but you are strongly encouraged to work in pairs.) **Preparation for case write-ups should be only in pairs; I.E., not in cooperation with other members of a larger study group.** The Honor Code applies to all assignments in this course.

Final Project

The final project is to be done in small groups of four or five students. The assignment is as follows:

Select a company that you believe has been performing below its potential, due to flaws in strategy. Prepare a written report and classroom presentation to address three issues: (1) the company's current strategy, (2) the reasons for underperformance, and (3) your recommendations for strategic change. Be sure to explain why the change in strategy is likely to improve performance. Your report should be no more than ten double-spaced typewritten pages, 11pt or higher font, with additional exhibits attached.

The last three class sessions of the course are reserved for oral presentations of the final projects.

Course Text

Strategic Management, by Saloner, Shepard and Podolny, Wiley, 2001.

Attendance

Students are expected to attend all classes. You cannot “make-up” a case discussion that you have missed: there are no outside readings or work you can do that can provide a good substitute for being in class and participating in the discussion.

Web Usage

This course will make extensive use of the web. Details will be described in class. Please note that Anderson School policy prohibits connection to the web during class sessions unless authorized by the instructor.

Learning by the Case Method

Case Preparation

Good judgment about complex general management situations is developed by studying the judgments of real managers and by practice in making judgments. Accordingly, the course relies heavily on case materials and the analysis and discussion of different case situations is a critical activity in this course. *Therefore, you will get little from this course unless you take considerable responsibility for your own learning.* This means devoting time and energy to preparation before class and then, during the class, listening carefully to others and being willing to present and defend your own point of view.

Key to maximizing student learning in a case course is excellent student preparation of the case prior to coming to class. This means not just reading the case, but analyzing the central issues raised in it and developing a well-thought-out position on these issues that the student is able to articulate and explain to others during the class meeting. Thorough student preparation allows the student to learn more from the case and the classroom experience by increasing the student’s involvement with the material and his or her ability to understand new ideas that are presented. Careful student preparation also increases the depth and sophistication of the analysis that can be developed during the case discussion. Well-prepared students are able to move at a faster rate due to their stronger starting position and ability to articulate their points more clearly and specifically. Finally, when students prepare well prior to class, they are able to contribute more to each other’s learning during the class, which is central to the case method.

In preparing a case for class discussion, you should read the case at least twice. The first reading provides you with a general sense of the "story" and of the types of information available. On the second reading, you should start to carefully take notes, sorting

information into categories, and writing down answers to the study questions and asking new questions of your own. You may find it useful to undertake specific analyses (e.g., time-line of events, personnel profiles, funds-flow patterns, cost analysis, market segment analyses, demand driver analyses, industry structure analyses, etc.) After this work, sit back and try to develop an overall sense of the situation, deciding how you want to frame, define, and answer the issues it poses.

It is normal to do some of the preparation for class discussion in study groups. Each member of the study group may bring additional insights and skills that the group can share and build upon. When working with a study group, be sure to share the work equally. If you, for example, always let one member (the one with accounting experience) prepare financial analyses, you will never gain this important skill. The school of management is a professional school, meaning you need to acquire many new skills through practice—it is not simply a matter of listening to lectures and taking good notes.

At a minimum, the well-prepared student comes to class with a written outline of how he or she would answer each of the study questions associated with the day's case. Since you will not normally have access to your computer during discussions, you should print these notes out if you write them on a word processor and wish to have them available in class. Having a written outline of these answers is important, as it forces the student, prior to class, to draw together the various aspects of his or her analysis of the case and distill from this a distinct position on the study questions. Writing down your responses to the study questions imposes a valuable discipline on one's own thought processes, as it forces a level of specificity and clarity, and hence of case preparation, that otherwise might be absent. Having prepared a written outline often also enhances the conciseness, thoroughness and specificity of the verbal comments the student makes in class, which improves the learning experience for everyone. Finally, having written answers to the study questions allows you to compare your opinions before class began with the views you hold at the end of class. Some students who do not record their initial viewpoints tend to listen to class discussions, agree with much that is said, and leave class with the opinion that "no one really said that much." However, when you realize that many views you agree with were also ones that you did not have in mind yourself, you begin to see the gap between your own ability to analyze the case and what the class, as a whole, accomplishes.

Outside Data

The idea of the case is to deal with it as a situation at a point in time. You should try to put yourself in the shoes of the key actors and try to see the situation as it appeared to them at that time. We are all geniuses in retrospect—searching for information about "what actually happened" is not conducive to learning about general management. Sometimes the instructor will tell you something about the "future history" of the situation being studied, and sometimes it will be the instructor's judgment that there is more to be learned by dwelling on the dilemma presented than on the particular resolution that occurred. In addition, the fact that a company did one thing rather than another does not imply that it did the right thing. Just because a course of action failed does not mean it wasn't be best choice at that time.

Students are not to pass along information gleaned from classes meeting early in the day to classes meeting later in the day. If the learning to be gleaned from case discussions could be obtained by passing along simple summary lines and tidbits to the students, we wouldn't discuss the cases in the first place. Your learning comes from struggling to find your own point of view, not from copying someone else's.

Study Questions

The study questions provided in the syllabus are designed to guide and stimulate analysis and preparation. Addressing the study questions associated with a case seriously and thoughtfully is the minimum for excellent class preparation. Each case has many issues in it besides those indicated in the study questions. Careful preparation of the study questions associated with a case should, however, help you respond to other issues in the case as well. In preparing a case, students are encouraged to identify and develop positions on any issues raised by the case that the student deems important. The study questions associated with a case are not intended to restrict your preparation, but rather to focus and enhance it.

Case Discussion and Class Participation

Case discussions are the joint product of the class and the instructor. The instructor will normally start a case discussion with one or more "cold calls." That is, students will be selected to start the discussion by answering a particular question or providing their overall view of the situation. Sometimes only one student will be cold-called, other times several may be selected to provide alternative viewpoints.

As the discussion proceeds, a student indicates his or her desire to make a contribution by raising their hand. The instructor will indicate who is to speak next. The instructor will not always call on the person who put their hand up first; the other factors taken into account are the need to spread participation over a larger group, any special knowledge that some person may have, and the opportunity to have a student link a current situation to a past contribution. That said, there is a definite bias in favor of those who first raise their hands. If you feel that you are trying to participate, but not being called, it may be that you are waiting too long to indicate your readiness to participate.

Many students come to case discussions with a pre-prepared point they wish to make and wait for the opportunity to add it to the class discussion. This is not a good strategy. It is unlikely that you will be able to add such a pre-prepared point at just the right moment. Adding it at the wrong moment simply distracts and confuses the direction of discussion. The better strategy is to come to case discussion with a set of issues you have explored and are prepared to discuss in a variety of contexts.

Good case discussions take the group farther than any one individual or study group was able to go on their own. Instructors will develop grades and scores based on the quantity and quality of your classroom contributions. In general, the instructors' criteria are:

- Are the points made relevant to the discussion?

- Do they go beyond a mere recitation of case facts, and are implications clearly drawn?
- Is there evidence of analysis rather than just the expression of opinion?
- Are the comments linked to those of others?
- Did the contribution further the section's understanding of the issues?
- Is the participant a good listener?

Summary Course Schedule

#	<u>Date</u>	<u>Main Topic</u>	<u>Case</u>
1	Jan 7	Introduction to Strategy	Starbucks
2	Jan 9	Strategy Perspectives and Biases	Honda
3	Jan 14	Industry Analysis	Apple
4	Jan 16	Cost Advantage	Wal-Mart* ^{1a}
5	Jan 21	Cost Advantage	Du Pont* ^{1b}
6	Jan 23	Differentiation Advantage	Saturn
7	Jan 28	Differentiation Advantage	Husky
8	Jan 30	Lecture/Discussion Session	
9	Feb 4	Focus/Niche Strategies	Airborne* ^{2a}
10	Feb 6	Internet Markets	Amazon* ^{2b}
11	Feb 11	Demand-Side Increasing Returns	Apple
12	Feb 13	Entry / Technology / Dynamics	lecture
13	Feb 18	Entry / Technology / Dynamics	Nucor* ^{3a}
14	Feb 20	Entry / Technology / Dynamics	BSB vs. Sky TV* ^{3b}
15	Feb 25	Corporate Strategy	AOL Time Warner
16	Feb 27	Corporate Strategy	Disney* ⁴
17	Mar 4	Corporate Strategy	GE
18	Mar 6	Student Presentations	
19	Mar 11	Student Presentations	
20	Mar 13	Student Presentations	

*Written assignment (choice between “a” and “b”).

Detailed Session Descriptions and Assignments

SSP = Saloner, Shepard and Podolny, *Strategic Management*

Class 1 (Jan 7): Introduction to Strategy

Case: Starbucks mini-case (POL-2000-17)
“Planet Starbucks” (*Business Week*, Sept. 9, 2002)
Review/skim Starbucks case assigned last fall in 411 (Marketing)

Read: SSP #1 (Introduction)
SSP #2 (Business Strategy)
Hambrick and Fredrickson, “Are You Sure You Have a Strategy?” (AME)

In this introductory class, we will revisit Starbucks (assigned last fall as a case in marketing) and consider the firm from a broader perspective:

1. What is Starbucks’ scope? In what product categories and geographic regions does the firm participate? Where has Starbucks decided not to be active? Do you agree with the consultant’s recommendation that Starbucks should narrow its scope?
2. In what arenas has Starbucks chosen to expand through internal development, as opposed to use of joint ventures, licensing, and franchising arrangements? Do you think these choices have been appropriate? Should Starbucks rely more heavily on acquisitions?
3. Has Starbucks been expanding too fast? Why did the company expand at the rate that it did?
4. What is Starbucks’ competitive advantage? Can you identify resources or capabilities held by the company that are superior to those of competitors? How is Starbucks differentiated from competitors? Do you think Starbucks can sustain its differentiation over time?
5. What is the economic logic underlying Starbucks’ strategy? How does it link the various elements of strategy?

Class 2 (Jan 9): Strategy Perspectives and Biases

Case: HONDA (A) and (B) (HBS 9-384-049 and 9-384-050)

Read: SSP #3 (Competitive Advantage)
SSP #4 (Internal Context: Organization Design)
“The Hidden Traps in Decision Making” (HBR Nov 15, 2000)

Study Questions:

1. Compare and contrast the two descriptions of Honda Corporation’s start up, early growth, and entry into the U.S. motorcycle market. How does each case explain Honda’s success?
 2. What concept of strategy is implied in each case?
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Class 3 (Jan 14): Industry Analysis

Case: APPLE COMPUTER 1999

Read: SSP #6 (External Context: Industry Analysis)
“Southwest Sets Standard on Costs,” WSJ 10/9/02
“The Age of Wal-Mart Airlines Crunches the Biggest Carriers,” WSJ 6/18/02

By the beginning of 1992, Sculley and the top management team at Apple perceived that they are on a “glide path to history.” The PC industry is undergoing fundamental changes, and Apple must decide how to respond. Unfortunately, Apple is so insular it pays most attention to what it is doing and little to what is going on in the PC industry. A melodrama of corporate leadership ensues. Sculley focused on marketing (coming from Pepsi, this is why he was hired) and technology (something Sculley misunderstood). Spindler, an operations guy, surprisingly continued Sculley’s focus on markets not realizing that sustained competitive advantage comes from focus on non-market advantages. Amelio has little impact on Apple but is the only leader to consider attacking operations.

The Apple case introduces us to industry and competitive analysis. The case allow us to examine the role of industry structure on competitive strategy, and how different decisions relative to choices of standards can have fundamentally different impacts on an enterprise’s long-run viability and the evolution of its industry.

1. Examine the PC industry in 1999 against a backdrop of Porter’s Five Forces.
 - Describe the customers, comparing them to the customers of the mid-1980s. What buyer power do they possess?
 - Describe the inter-industry rivalry. On what factors does competition play out?
 - Who are possible new entrants and what are the barriers to entry?
 - What are substitutes to PCs? Are these important competitors?
 - Who are the suppliers? Who holds all the power (and hence earns the lion’s share of the profits in the industry) and why?

2. What are the complementers in the PC business? How does their impact on Apple differ from their impact on Wintel PCs?
 3. Compare the strategic focus adopted by Sculley, Spinder, Amelio and Jobs. What were the flaws and failings of each?
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Class 4 (Jan 16): Cost Advantage (consumer products)

Cases: WAL-MART STORES DISCOUNT OPERATIONS
WAL-MART IN 2002

Read: McKinsey Global Institute article (web link)

Study Questions:

1. How, historically, has Wal-Mart been able to outperform its competitors?
2. Why does Wal-Mart have superior profitability?
3. How do Wal-Mart's retail prices compare to those of its competitors?
4. Will Wal-Mart be able to sustain its success in the United States?
5. To what extent can Wal-Mart extend its competitive advantage internationally?

WRITTEN ASSIGNMENT (1a):

(You have a choice between this assignment and assignment 1b.)

Prepare an analysis of Wal-Mart's competitive advantage in the mid 1980's, responding to the study questions listed above. Be as specific and quantitative as possible about the sources of Wal-Mart's advantage. Should Wal-Mart be aggressive in pursuing international expansion in the 1990's and beyond? Limit your analysis to a maximum of five double-spaced typewritten pages, 11 pt or higher font, with additional exhibits attached.

Class 5 (Jan 21): Cost Advantage (producer goods)

Case: DU PONT'S TITANIUM DIOXIDE BUSINESS (A)

Read: SSP #8 (Competition in Concentrated Markets)
Rumelt, "Strategic Cost Dynamics" (UCLA note)

In this session we will have numerous opportunities to apply concepts originally covered in Managerial Economics (405). In your analysis of the Du Pont case, take the following role:

Du Pont's Executive Committee has called on you as an outside consultant to advise them on their investment policy in the titanium dioxide business. Faced with a choice between the "growth strategy" and the "maintain strategy," which should the committee approve? In preparing your recommendation, please consider the questions 1-5 below:

6. Du Pont has been earning returns in the titanium dioxide business that exceed its cost of capital. To what extent can these excess returns be attributed to: (a) Du Pont's cost advantage over other producers; (b) the "structural attractiveness" of the titanium dioxide industry?
7. Exhibits 5 and 6 of the case give considerable detail on Du Pont's cost position. Examine them closely, and consider their implications. Exhibit 6 indicates, for example, that "total mill cost" is 12.13 cents per pound at Du Pont's New Johnsonville plant, as compared with 19.83 cents per pound at Cabot's Ashtabula plant. To what extent would you attribute Du Pont's cost advantage at New Johnsonville to factors such as: (a) lower materials costs, (b) larger plant scale, and (c) greater accumulated learning?
8. Plot the short-run and long-run "supply curves" for the titanium dioxide industry in 1972. To identify the former, determine the price at which each plant would start producing if the industry price was rising from zero. (Plants open when they cover variable costs.) To identify the latter, include both fixed and variable costs in your calculation. State any assumptions in interpreting the accounting data.
9. How would Du Pont's pursuit of the "growth strategy" be likely to affect the behavior of competitors in this industry?
10. What risks do you see that might have a significant influence on the success of the growth strategy?
11. Should Du Pont license its ilmenite chloride process? What are the pros and cons of licensing?

WRITTEN ASSIGNMENT (1b):

(You have a choice between this assignment and assignment 1a.)

Prepare a written recommendation to the Du Pont's Executive Committee regarding whether the company should pursue the "growth strategy" or the "maintain strategy." Base your recommendation on your answers to questions 1-5 above. For purposes of your recommendation, you may assume that Du Pont does not license its ilmenite chloride process (question 6). Limit your presentation to a maximum of five double-spaced typewritten pages, 11 pt or higher font, with additional exhibits attached.

Class 6 (Jan 23): Differentiation Advantage (consumer products)

Case: SATURN: A DIFFERENT KIND OF CAR COMPANY

Read: SSP #10 (Creating and Capturing Value in the Value Chain)
SSP #11 (Strategic Management in a Changing Environment)

Study Questions:

1. What is Saturn's strategy for delivering value to consumers and to dealers?
2. Has Saturn's strategy been successful?
3. At which stages of the value chain does Saturn achieve valuable differentiation?
4. Is Saturn's advantage sustainable?
5. What are Saturn's options for transferring its experience to GM?

Class 7 (Jan 28): Differentiation Advantage (producer goods)

Case: HUSKY INJECTION MOLDING SYSTEMS
Husky-partial.xls spreadsheet (to be distributed)

Supplementary information: Exhibit 6 describes the economics of a Husky machine and one of the new machines recently introduced by Netstal. In Exhibit 6, the competitor's machine used 2 kilowatt-hours of electrical power per kilogram of output.

Study Questions:

1. In your view, what are the critical problems facing Husky at the time of the case?
 2. Study the spreadsheet analysis of the cost/unit of a Husky machine and a typical competitor's machine. Using that analysis as a model, generate a similar comparison between the Husky and Netstal machine (Exhibit 6).
 3. Based on the analyses done above, what is the differential willingness-to-pay between the competitor's machine and the Husky machine? What implications do you draw from this analysis?
 4. What should Husky do?
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Class 8 (Jan 30): Lecture/Discussion Session

In this class session we will address various issues relating to industry analysis and competitive advantage.

Class 9 (Feb 4): Focus/Niche Strategies

Case: AIRBORNE EXPRESS (A)
Airborne_vs_Fedex.xls spreadsheet (to be distributed)

Read: SSP #7 (The Spectrum of Competition and Niche Markets)

Study Questions:

1. How has Airborne managed to survive in this business?
2. Identify the key cost and value drivers behind Airborne's strategy.
3. Use the Airborne vs. FedEx spreadsheet to estimate Airborne's average cost of moving an air letter.
4. What should Airborne do?

WRITTEN ASSIGNMENT (2a):

(You have a choice between this assignment and assignment 2b.)

Write a five-page (maximum) double-spaced answer, 11 pt or higher font, to question number 4 above. In the course of your answer be sure to describe the strengths and limitations of Airborne's strategy, and the firm's cost position in the industry.

Class 10 (Feb 6): Cost/Differentiation Advantage in Internet Markets

Case: LEADERSHIP ONLINE: BARNES AND NOBLE VS. AMAZON.COM (A)

Read: Michael E. Porter, "Strategy and the Internet," *HBR*, March 2001.

Study Questions:

1. Do online (Amazon) or bookstore (Barnes & Noble) companies have the higher differentiation advantage, reflected in a higher willingness to pay (WTP) by customers? Base this upon your experience of the two mediums.

2. Which business model has the long run cost advantage? Compare the forecast long-run cost position of a successful online bookseller to Barnes and Noble's traditional business model.
3. Is competitive advantage sustainable in this industry? Justify your answer.
4. Will Amazon be able to capture the value from its innovation? Justify your answer.
5. What strategy should Amazon follow?

WRITTEN ASSIGNMENT (2b):

(You have a choice between this assignment and assignment 2a.)

Write a five-page (maximum) double-spaced answer, 11 pt or higher font, to question number 5 above. Justify your answer using your analysis from questions 1 to 4 and evidence from the case.

Class 11 (Feb 11): Advantage in Industries with Demand-Side Increasing Returns

Case: APPLE COMPUTER 1999 (review from class 3)

Read: SSP #12 (Strategy in Markets with Demand-Side Increasing Returns)
Shapiro and Varian, "The Art of Standards Wars," *California Management Review*, Winter 1999.

At the close of this case in 1999, two similar software programs are available (each for about \$150 retail) that allow Apple computers to emulate the Microsoft Windows operating system and run Windows software. (Performance is adequate to run Windows programs effectively, although inferior to the speed obtained on comparable computers designed specifically for Windows.) Should Apple bundle one of these converter programs with the new iMac? Describe the advantages and disadvantages of such bundling by Apple, and give your recommendation to Steve Jobs. Try to make a quantitative assessment to the extent possible.

Class 12 (Feb 13): Entry / Technology / Competitive Dynamics

Read: Teece, David J., "Profiting from Technological Innovation: Implications for Integration, Collaboration, Licensing, and Public Policy," *Research Policy*, **15**, 1986: 285-305.

Lieberman and Montgomery, "First-Mover Advantages," *Strategic Management Journal*, Vol. 9, Summer 1988.

Bower and Christensen, "Disruptive Technologies: Catching the Wave," *HBR* January-February 1995.

This class will be in lecture/discussion format.

Class 13 (Feb 18): Entry / Technology / Competitive Dynamics (cont.)

Case: NUCOR AT A CROSSROADS

Read: SSP #5 (Organization and Competitive Advantage)

Study Questions:

1. Why has Nucor performed so well in the past?
2. How attractive do the economics of thin slab casting look? Prepare a detailed quantitative analysis.
3. Is thin slab casting likely to afford Nucor a sustainable competitive advantage in flat rolled products?
4. How should Nucor think about the uncertainties surrounding thin slab casting?
5. What should Iverson do?

WRITTEN ASSIGNMENT (3a):

(You have a choice between this assignment and assignment 3b.)

Write a memo to Ken Iverson with your recommendation regarding thin slab casting. Limit your memo to five double-spaced pages, 11 pt or higher font, plus exhibits.

Class 14 (Feb 20): Entry / Technology / Competitive Dynamics (cont.)

Case: BRITISH SATELLITE BROADCASTING VS. SKY TELEVISION

Read: SSP #9 (Entry and the Advantage of Incumbency)
SSP Appendix: Applying Game Theory to Strategic Management

Study Questions:

1. How might BSB have been able to identify News Corporation as a potential competitor prior to Rupert Murdoch's announcement of the launch of Sky television?
2. What might BSB have done differently before the announcement? After the announcement?

3. What should BSB do in 1990? In particular, what share of a merger pie would you hold out for as BSB?
4. Why did this competitive battle prove so costly to both parties?

WRITTEN ASSIGNMENT (3b):

(You have a choice between this assignment and assignment 3a.)

In October 1990, what advice would you give to the management of BSB? Make sure to include the description of the game between BSB and Sky, and each company's payoff if each has choices between "fight" and "exit". Limit your memo to five double-spaced pages, 11pt font or higher, plus exhibits.

Class 15 (Feb 25): Introduction to Corporate Strategy

Case: AOL TIME WARNER, INC.

Read: SSP #14 (Corporate Strategy: Managing for Value in a Multi-business Company)

The merger between AOL and Time Warner produced enormous excitement, debate, and hype. Many saw large potential “synergies” between the two companies, as described in the case. Yet the merger today is regarded as a great failure.

Study Questions:

1. Did AOL have a sustainable competitive advantage in online services before the merger?
2. What was Time Warner's corporate strategy before the merger?
3. Critically assess the potential sources of value creation described in the case.
4. Why did so many talented people believe that this merger would create value?

Class 16 (Feb 27): Corporate Strategy II

Case: THE WALT DISNEY COMPANY: THE ENTERTAINMENT KING
“Has Eisner Lost the Disney Magic?” *Fortune*, Jan. 7, 2002

WRITTEN ASSIGNMENT 4: Disney’s CEO, Michael Eisner, has been criticized for failing to create value for Disney shareholders in recent years. Take the role of an outside consultant hired by independent members of Disney’s board of directors. Write a memo to the board, assessing sources of value creation since Eisner took the helm in 1984. In what areas, and by what mechanisms, have decisions by top management

created value for Disney shareholders? Where have they failed to create value? (Be as specific and quantitative as possible.) Should the company pursue any major restructuring (divestment, acquisition, or reorganization) at this point in time? Your memo should be up to five double-spaced typewritten pages, 11 pt or higher font, with additional exhibits attached.

Class 17 (Mar 4): Corporate Strategy III

Case: GE'S TWO DECADE TRANSFORMATION: JACK WELCH'S LEADERSHIP

Read: SSP #15 (The Strategy Process)

Study Questions:

How does GE---a large, complex, diversified conglomerate---continue to grow so profitably? Have Welch's various initiatives created value? If so, how?

Final Project: Select a company that you believe has been performing below its potential, due to flaws in strategy. Prepare a written report and classroom presentation to address three issues: (1) the company's current strategy, (2) the reasons for underperformance, and (3) your recommendations for strategic change. Be sure to explain why the change in strategy is likely to improve performance. Your report should be no more than ten double-spaced typewritten pages, 11 pt or higher font, with additional exhibits attached. This project is to be prepared in groups, as designated in class.

Class 18 (Mar 6): STUDENT PRESENTATIONS

Class 19 (Mar 11): STUDENT PRESENTATIONS

Class 20 (Mar 13): STUDENT PRESENTATIONS