# B5502 STRATEGY FORMULATION

**Spring 2017**

BO COWGILL

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Office Hours: By Appointment

## REQUIRED COURSE MATERIAL

Casebook

## COURSE DESCRIPTION

This course provides an introduction to strategic management. “Strategy Formulation” has two broad goals. A first is to understand why some companies are financially much more successful than others. Second, we will analyze how managers can devise a set of actions (“the strategy”) and design processes that allow their company to obtain a financial advantage. To gain a better understanding of strategic issues and begin to master the analytic tools that strategists use, we will study the strategic decisions of companies in many different industries and countries, ranging from U.S. technology firms to a Spanish fashion retailer and a Mexican cement manufacturer.

The course material is grouped in three modules. The first, titled *“Competitive Advantage,”* shows what companies can do to outperform their rivals. The second module, *“Competitive Dynamics,”* analyzes the competitive moves of rival firms. This module relies heavily on game- theoretic concepts. In the final module, *“Corporate Scope,”* we will ask when it makes sense for companies to diversify and globalize their business.

## COURSE OBJECTIVES

The primary objective of Strategy Formulation is to allow you to analyze the sources of companies’ competitive advantage. This skill is not only critical for positions in general management but also for those who aspire to careers in banking and consulting. The course will provide the analytic tools to analyze competitors, predict competitor behavior, and understand how firms can develop and sustain advantages over time.

## ASSIGNMENTS

Midterm Group Project: Due by end of first set of classes on **Sunday, January 29, 2017**.

Final Exam: Due by the end of second set of classes **Sunday, February 19, 2017**.

## METHOD OF EVALUATION

|  |  |
| --- | --- |
| Participation | 30% |
| Project | 20% |
| Final Exam | 50% |

### 1. Class Participation

An important course requirement is active involvement in class discussion. Your participation is essential—for both your own learning and that of other students. Because Strategy Formulation is a case-based course, much of the learning will take place in our collective discussion of the business cases. We expect that every student will arrive well prepared and able to answer the day’s assignment questions. In our experience, it is helpful to meet in study groups to discuss the case and the assignment questions before class.

The best class comments:

* Make or raise issues that are relevant to the current focus of the class
* Show curiosity and a willingness to experiment
* Use data or examples to support conclusions
* Take into consideration the ideas offered by others
* Offer support for arguments
* Help others feel safe about participating
* It is essential that you participate often enough so that I can assess the quality of your thinking. Once you pass a certain quantity threshold, your participation grade hinges solely on quality.

### 2. Midterm Group Project

The midterm project will be a group write-up of the *Samsung Electronics* case, due in electronic format by the end of **Sunday, January 29, 2017**. You will be asked to prepare a 5-page response to the case discussion questions listed in CANVAS with your study group members. The case questions will be posted in CANVAS by the end of the first week of class.

### 3. Final Exam

The final exam is based on a case. It is an open book exam. Hence, you are welcome to refer to the course reader and your notes during the exam. You will take the exam at home. The exam is due by the end of **Sunday, February 19, 2017**.

### 4. Absence – Sharing Materials

If you cannot attend class due to unavoidable circumstances, I expect you to send your instructor an email *prior* to class, notifying him of your absence. Please note that any unexcused absences will *significantly* impact your overall grade for the course.

I encourage students who had to miss a session to ask their classmates for notes and lecture slides. However, it is considered an honor code violation to consult any materials from past sections of Strategy Formulation. Similarly, you must not share class materials with future students.

## COLUMBIA CORE CULTURE

The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

**Present:** Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation and students are expected to sit in their assigned seats.

**Prepared:** Bring your nameplate, clicker, and complete any pre-work needed for class discussion. Expect the professor to cold call in class.

**Participating:** Active participation calls for no electronic devices such as laptops, tablet computers, or smartphones during class, except when the professor tells you as part of in-class work.

## CLASS PREPARATION

This is a fairly intensive course. I encourage group work throughout the course, particularly when working through the assignment questions for the day. Strategy is an analytical course and your preparation should reflect that fact. In preparing for strategy classes, I strongly recommend that you **first read the notes for the module, then read the assignment questions, and finish with the case study**. The module notes and assignment questions will help you focus on the aspects of the case that we will be debating in class discussions.

Be prepared to answer any questions regarding the details of the case, and to articulate your opinions about the assignment questions.

## CLASS SESSIONS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Session | When | Module | Key Concepts | Cases and readings |
|  |  |  |  |  |
| 1 | First week | Competitive Advantage | What is strategy?  Cost leadership  Differentiation | * Strategy Formulation and Competitive Advantage * Walmart: In Search of Renewed Growth * Zara: Fast Fashion |
| 2 | First week | Competitive Advantage | Network effects  Non-market strategies | * Apple Inc in 2015: Vision and Strategy * Eli Lilly and Company's CSR Dilemma |
| 3 | First week | Competitive Dynamics | Competitor analysis  Price wars | * Competitive Dynamics and Business Strategy * Alibaba's Taobao (A) * Maersk Shipping: Is the Price Right? |
| 4 | Second week | Corporate  Strategy | M & A | * Samsung Electronics * Diversification and Corporate Scope * PepsiCo’s Restaurants |
| 5 | Second week | Corporate Strategy | Diversification | * The Walt Disney Company: If you Give this Mouse a Focus |
| 6 | Second week | Capstone | All | * Brooklyn Brewery: Setting the Course for Growth |
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