COLUMBIA BUSINESS SCHOOL

B7508—Corporate Growth & Organizational Development (Summer 2021)
PROFESSOR HARRIGAN, krh1@columbia.gsb.edu
Office Hours in ZOOM (212-854-3494 or email to schedule)

*Chapters from the textbook are assigned as readings.*

*No explicit assignments. Read if useful.*

*Past cohorts have found this book to be useful.*

Case Book: Customized collection of cases and readings will be available for classroom instruction. Please consult courseware for electronic location of assigned readings within CANVAS files that are linked to each session. Write-ups, surveys and polls are based on the cases.

Please locate the “Nuggets” hand-out in CANVAS for details on topics covered in syllabus.

COURSE DESCRIPTION

*Corporate Growth and Organizational Development* (CGD) is about corporate strategy—which is multi-business strategy. Resource allocation looms large in justifying growth via diversification from internal or external multi-industry activities. Whether a firm grows organically or through transactions with other firms, its successful growth plan should match organizational investments with the growth path chosen so that the firm has the skills needed to cope with its increased complexity.

Starting with competitive advantages achieved at the business unit level, the course investigates how value is ultimately created when a firm expands—geographically, upstream, downstream, or into related (or unrelated) activities. The cases investigate how the firm’s headquarters office supports the firm’s diversification strategy (or not). A metric is introduced to compare the elements of firms’ corporate strategies since every corporate strategy is different.

An economic adage states that “Success breeds success.” Stated otherwise, it suggests that the fruits of successful performance will fund a firm’s subsequent growth initiatives. Research findings concerning sources of operating synergy suggest that although a firm’s corporate advantage can be premised on many sources of operating advantage, the most enduring and adaptive source of advantage arises from the way that the firm uses its people to form intrafirm and interfirm relationships. A program of well-considered organizational development reinforces the power of operating synergies that the firm’s managers have attained and suggests additional growth opportunities. The CGD course examines how the internal systems of strategy
implementation reinforce the firm’s attempts to enjoy synergies as it grows and masters its new organizational capabilities.

This course will help you to identify the various dimensions of a corporate advantage model that gauges how well headquarters contributions are supporting the members of the firm’s corporate family to maximize their potential advantages (or not). The course will also help you to develop a keen sense for the balance existing between controllable and uncontrollable dimensions that enhance corporate growth, as well as how firms might improve said balance by changing their corporate families.

OBJECTIVES OF COURSE
The Corporate Growth and Organizational Development elective was created to let EMBA candidates investigate the formulation and implementation of corporate-level strategy. The course provides several readings about the analytical arguments behind concerns about corporate strategy. It also draws heavily on advances in economics, notably industrial organization, financial economics, and organizational economics. Although it incorporates various theoretical perspectives, the course is ultimately designed to focus on the essential issues of corporate growth through organizational renewal. The objectives of Corporate Growth and Organizational Development are:

1. Understand the challenges of diverse patterns of growth and assess whether extant resources are adequate for successful development of organizational resources.
2. Understand why firms fail to invest in necessary organizational infrastructure and development—even when they operate within a mix of inherently-attractive industries.
3. Identify the various elements of the “corporate shape” model used to evaluate the potential of a firm’s growth path.
4. Identify the management systems, organizational structures, and decision-making processes that are required to support various firms’ growth paths.
5. Identify the kind of corporate leadership and organizational culture that is needed to support growth multi-business strategies that are inherently more complex and challenging than single-market competition is—even for passive conglomerates.

The Corporate Growth and Organizational Development course builds upon the initial premise that value is created at the level of the business unit since competition occurs there; incremental value added by corporate headquarters must be significant enough to justify close coordination and sharing of activities among corporate family members if it is to be in the best interest of shareholders.

GRADING CRITERIA
There are four “tranches” of cases to select from. (The tranches are color-coded.) You are expected to write up and submit your analysis of ONE case per each colored tranche. You will volunteer to present your analysis of ONE of the aforementioned, color-coded write-ups in class. (Logistics are managed via an online sign-up sheet, backstopped by an email to the professor). Please read Columbia Caseworks 110406, “Acid Tests of Corporate Advantage” and look at the sample “break-out” group score sheet for expectations concerning how to evaluate a corporate strategy and how your live presentation will be evaluated by your peers. You may write your case analyses in teams and present one of them in class together. [Sign up soon to present the case of your choice.]
25% for Final Project (Description, analysis, and application of frameworks)
7.5% for Corporate Shape #1
7.5% for Corporate Shape #2
7.5% for Corporate Shape #3
7.5% for Corporate Shape #4
10% for 7:30 AM survey responses (on CANVAS before class begins)
15% for three comprehensive reading tests that pertain to the conceptual articles assigned
20% Individual contributions to in-class discussions, polls, break-outs and presentations

WRITE-UPS
Write-ups are due before class begins and discussion of the firm under study occurs. (You are expected to present one of your write-ups in class as per the sign-up sheet.) Evaluate the firm’s corporate strategy and explain how the strategy dimensions help (or hinder) firm’s performance.

As Columbia Caseworks 110406, “Acid Tests of Corporate Advantage,” suggests, you can produce a "corporate shape" based on the values you assigned to each strategy dimension for the firm under analysis. Please give the shape’s dimensions a score between 00 and 99 to reflect your evaluation of their relative contribution to corporate advantage and discuss how well the firm’s strategy achieves the corporate strategy objectives described therein (or identify other germane corporate strategy variables to use in judging the firm’s strategy). You will find that some dimensions of corporate strategy are more dominant than others in each of the respective cases. If a particular case provides little information on one of the dimensions, you must make inferences about it or research it. If your knowledge of OSSP topics is weak, read the “optional” materials in early sessions with special care. [Knowledge of management structures, systems and processes is important for strategy implementation within multi-business firms.]

Acid test of valuable corporate resources: The firm’s corporate resources—its tangible assets, intangible assets, and organizational capabilities which the corporate parent can share with its corporate family members—are unique, durable, valuable, highly desirable, competitively superior to those of other firms, and accrue valuable rents to the corporation (not to an individual).

Acid test of corporate contributions to competitive advantage: The corporate parent makes its corporate resources, core competencies, organizational capabilities, and knowledge workers available to its business units in ways that enhance their respective competitive advantages better than having access to the corporate resources of any other corporate parent’s contributions could do.

Acid test of firm’s mix of industries: Members of the firm’s corporate family—the lines of business that it is in—are “leaders” in their respective industries (i.e., earning higher than average, respective industry profits). The demand outlooks and competitive forecasts for the respective industry structures are favorable. The respective “industry success requirements” of the firm’s various lines of business are similar enough to benefit by transferring knowledge across business units or sharing critical corporate resources among businesses in the corporate family advantageously.
Acid test of controls: To be in appropriate “strategic control,” the elements of the firm’s management systems, controls, and headquarters interventions must match the amount of “synergizing” that is expected. If synergy potential is high, corporate OSSP should facilitate the efficient exploitation of synergies among business units within the corporate family; rewards should make synergies mutually appropriate to pursue by business units. The corporate parent intervenes in business units’ decision-making processes appropriately, not excessively.

Acid test of optimal management systems: The elements of the firm’s OSSP: organizational structures, management systems and processes—its organizational structure and lines of communication, size and role of corporate staff, nature of performance measures, use of performance incentives and opportunities for managerial training or promotion or rotation among lines of business, uses of symbolism in developing corporate culture, and other dimensions of organizational design—are appropriate for the type of corporate strategy that the firm is pursuing (e.g., related diversification with active interventions, passive holding company, synergistic conglomerate, organic growth via innovation, franchising, joint venture, corporate venture capital, et cetera).

Acid test of appropriate coordination: Very important for renewing corporate resources (or finding new bases of advantage). The knowledge exchanges and other interactions among corporate family members nurture firm’s current mix of valuable corporate resources, enhance its corporate competencies, and facilitate development of appropriate new capabilities as would be needed to sustain the uniqueness of the firm’s tangible and intangible corporate resources or evolve new ones (as appropriate). Coordination activities reflect organizational learning that benefits corporate strategy.

Presentation and discussion of your slides should be about ten minutes long. Be prepared to field about five minutes of questions/ comments and discussion from members of class when you present your analysis. Class goes into break-out sessions to fill in your score sheets.

FINAL PROJECT
The Final Project is a descriptive case combined with a recommended solution (based upon your analysis). Check your topic with professor. Samples are in CANVAS. Work in teams no larger than 6 people.

USING CANVAS COURSEWARE
The most-important tab in the CANVAS content menu is the one for delivering your write-ups. The second-most-important tab in CANVAS is the one that links you to the daily quizzes pertaining to each respective class session. Use CANVAS to submit your respective case analysis, answer the daily survey questions (which must be answered by 7:30 AM on the day when each respective class meets), and take the three comprehension tests that must be completed when Final Project is due. (Note: You may wish to print out all of the questions contained within each of the three comprehension tests and use those printouts as guides when reading assigned materials. Comprehension tests can be done as soon as you have read all of the assigned readings; or you can do them all at the end of the term.)
COURSE OUTLINE AND MATERIALS LIST
(Color codes refer to the four tranches of case write-ups. Write on ONE CASE PER COLOR. Submit FOUR write-ups based on cases—PLUS Final Project on topic that you choose)

Module 1: Growth and Synergy

Session 1: Introductory Concepts: Growth vs. Synergy
Cases: “Loewen Group and SCI Compilation” [KRH PDF created for class]
Readings: “Acid Tests of Corporate Advantage,” [Columbia Caseworks #110406]
“Module Note: Corporate Strategy,” [9-720-448]
“The Internal Arc” [Columbia Caseworks #160414] – remedial reading
Optional Readings: “Organizational Structure,” UV3041 – remedial too


Please go to courseware and do the surveys about Loewen Group and Service Corporation International by 7:30 AM on the day when Session 1 meets.

Session 2: Introductory Concepts: Portfolio and Acquisition
Cases: “Grupo Argos,” [INCAE IC0015]
“Cadbury Schweppes: Capturing Confectionery (A) [9-708-543]
“Cadbury Schweppes: Capturing Confectionery (B) [9-708-544]

"The Synergy Limitation Paradox," [Columbia Caseworks #120409]

Please go to courseware and do surveys about Cadbury Schweppes and Grupo Argos by 7:30 AM on day when Session 2 meets.
Please go to courseware and do surveys about **Li & Fung** and **Activist Investors** by 7:30 AM on day when Session 3 meets

**Session 3:**  Growth Paths and Growth Constraints  
Cases  
“Li & Fung 2012,” [9-312-102]  
“Shareholder Activists and Corporate Strategy” [9-716-403]  
“A Note on Activist Investors and the Tech Sector” [9-716-462]  

Readings:  

**Optional Readings:**  

**Book Chapters:**  

Please go to courseware and do surveys about **Newell Company** and **Walt Disney/Pixar** by 7:30 AM on day when Session 4 meets

**Session 4:**  Management Systems as Corporate Resources  
Case:  
“Disney’s ‘The Lion King’ (B): The Synergy Group,” [9-899-042]  
“Walt Disney Co. and Pixar: To Acquire or Not to Acquire?” [9-709-462]

Readings:  
Please go to courseware and do surveys about **Infosys** and **Novartis** by 7:30 AM on day when Session 5 meets

Session 5: Management Systems and Technological Synergies
Case: “Infosys 3.0: Building Tomorrow’s Enterprise” [Columbia Caseworks #110411]
“Novartis: A Transformative Deal” [9-717-453]


Please go to courseware folder “Testing” and do surveys about **Cisco DNS** and **Facebook/ WhatsApp** by 7:30 AM on day when Session 6 meets

Session 6: Management Systems and Technological Synergies II
Cases: “Cisco Systems and OpenDNS: Strategic Integration [9-718-489]
“$19B 4 txt app WhatsApp…omg!” [9-715-441]


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**Module 2**

**Issues of Corporate Scope**

Please go to courseware and do surveys about **AT&T Warner Media** and **Celulosa Arauco** by 7:30 AM on day when Session 7 meets

Session 7: Vertical Integration: Merits and Disadvantages
Cases: “Celulosa Arauco: Forward Integration or Horizontal Expansion?” [9-705-474]
“AT&T: An Underperforming Conglomerate,” [Thunderbird TB 0581]
“AT&T’s Bid for Time Warner,” [Columbia Caseworks 170411]
“Disruptive Forces in the Media Industry,” [Columbia Caseworks 170409]


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<td>“Danaher Corporation” [9-708-445]</td>
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<td>“Strategic Decline,” [9-708-497]</td>
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MODULE 3: CORPORATE ADVANTAGE THROUGH ENTERPRISE FORM

Please go to courseware and do surveys about Alphabet and Corporate Venture Capital at Eli Lilly by 7:30 AM on day when Session 11 meets

Session 11: Corporate Advantage in Venture Capital Cases:
“Corporate Venture Capital at Eli Lilly” [9-806-092]
“Alphabet Eyes New Frontiers” [9-717-418]


Go to courseware folder “Testing” to do surveys on Microsoft and Walmart by 7:30 AM on day when Session 12 meets

Session 12: Corporate Renewal Cases:
“Microsoft Azure and the Cloud Wars,” [9-720-409]
“Cloud Wars Go Global: How Amazon, Microsoft, Google, and Alibaba Compete in Web Services,” [INSEAD IN1628]
“Walmart Inc. Takes On Amazon.com,” [9-718-481]
Final Project due at start of Session 13
(Upload Final Report before the designated exam period)

Go to CANVAS for instructions about Final Project. You write your own case, about a company you know plus your analysis thereof. Write it in a team (or solo). Note that several Columbia Caseworks cases used in class started as a Final Project. “AT&T’s Acquisition of Time Warner,” General Electric’s Turnaround,” “DuPont Cleans House,” “Motorola’s Spin-off of Its Cell Phone Business” and “Microsoft’s Turnaround” started as EMBA final projects.

Other Past Final Projects have included:
“Google Acquires Motorola Mobility,”
“Corporate Strategy Implications of Google Becoming Alphabet,” and
“Corporate Venture Capital at General Electric”

Every good Final Report addresses a corporate strategy problem, provides context, offers analysis, suggests alternatives, and makes recommendations with associated supporting arguments.

Three Reading Comprehension Tests due same as Final Project

Corporate Growth & Organizational Development has LOTS of readings. You decide how much to do. There is some correspondence between reading comprehension and understanding of this complex topic. There are questions (in CANVAS tests) corresponding to the readings and optional readings. Taking the tests may generate some points, but doing so is optional. You can look at the questions in advance as they are in a WORD document in CANVAS. But if you are too busy, you can pass without them.