Overview

This course focuses on the role operational excellence plays in the development and implementation of strategy. The full-term course is different from the half-term course in three ways: (i) we do more cases, (ii) go deeper into each topic and (iii) establish relevance of what we learned in today’s business environment. I encourage students to take the full-term course; the half-term course is a concentrated, rushed view of the core principles of operations strategy, stripped of nuances and relevant details.

In the core Strategy Formulation course, you learned about the foundations of corporate success and how managers can devise a set of actions (the strategy) to achieve a competitive edge. Strategy development, at a fundamental level, is to identify an effective match between a firm’s distinctive capabilities and selected markets. This course takes a new look at strategy formulation/implementation: we will focus on a firm’s key operational and technological decisions (e.g., processes, capacities, technologies, process improvement, project management, supply chains) in order to understand how effective, the firm’s resulting operational capabilities (e.g., cost, quality, flexibility, delivery) match the markets it strives to serve. Conversely, we will also consider how to translate a business strategy into a set of actions and how these actions can be measured and supported for continuous improvements. However, given shifting market trends and evolving industry dynamics, a short-term match between capabilities and current markets does not necessarily imply a sustainable competitive advantage. What operational and technological capabilities a firm chooses to develop can have a profound impact on its strategic options in the future. In other words, strategic operational decisions made today will determine the firm’s operational capabilities tomorrow which in turn influence its business strategy in the future. Consequently, we will also try to emphasize the long-term impact of strategic operational and technological decisions.

The Operations Strategy course provides students with an understanding of how and why operational decisions are integral to a firm’s ability to achieve and sustain competitive advantage. To achieve this understanding, the course is divided into four modules:

- **Strategic Alignment**: The first few classes of the course explore the role of operational consistency in creating or maintaining competitive advantage.
- **Capacity and Technology Choice**: The next four classes are devoted to operational decisions that affect future profitability (sustainability in strategy terms). These decisions include both investments for pre-emption and investments to maintain superior capabilities. The role of flexibility and timing of investment play a central role in this module.
Design and Management of Operations Networks: A key task in many businesses today is the management of an operations network, whether it is a network of internal plants or external partners. The third module of the course (four classes) looks at managing networks in environments of uncertain demand, with an emphasis on the risks associated with sub-contracting and off-shoring.

New Challenges: The course ends with a look at how operations strategy will have to be an integral part in serving the world’s poor. Scalability and sustainability play a central role in this module.

The course is case-based: there will be a case discussion in every class. The course builds on concepts in the core Operations course and the core Strategy Formulation course.

The main learning objective for the course is for students to understand the critical role of operational decisions in a company’s strategy for creating and maintaining its competitive advantage. A secondary objective is for students to gain some specific insights into how to think about operations strategy, particularly in situations with technological, demand, and competitor uncertainty.

Readings
There is no textbook for this course. A casebook will be distributed in the first class. The following book can be used as a reference:


Requirements and Grading
Grading will be based on three factors:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Polls &amp; Assignment</td>
<td>20%</td>
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<tr>
<td>Class Participation</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>50%</td>
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Class Preparation & Attendance
You should read and discuss the case with members of your study group before the class. It is your choice who to work with; choose people with whom you can have productive discussion. For every class, there will be poll question posted on Canvas that must be answered by 8:00am on the day of the case discussion. Proper preparation in this course is essential. It is important that you attend the classes, but it is even more important that you come prepared.

Class Participation
Class Participation comprises 30% of your grade. Class participation is judged on the extent to which you appear prepared, the relevance and depth of your comments, the degree to which you listen carefully and respond to your peers, and your willingness to take chances in order to further the educational experiences of others.

Final Exam
The other 50% of your course grade will be based on a timed 3-hour final exam.