



## MANAGEMENT 611: MANAGING THE ESTABLISHED ENTERPRISE

Fall 2017

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Professor John Paul MacDuffie — 3105 Steinberg Hall-Dietrich Hall /215.898.2588/  
[macduffie@wharton.upenn.edu](mailto:macduffie@wharton.upenn.edu)

Professor Natalya Vinokurova — 2010 Steinberg Hall-Dietrich Hall /215.746.1996/  
[natalyav@wharton.upenn.edu](mailto:natalyav@wharton.upenn.edu)

Professor Minyuan Zhao — 2014 Steinberg Hall-Dietrich Hall /215.746.3129/  
[myzhao@wharton.upenn.edu](mailto:myzhao@wharton.upenn.edu)

### Faculty websites

Prof. MacDuffie: <https://mgmt.wharton.upenn.edu/profile/1337/>

Prof. Vinokurova <https://mgmt.wharton.upenn.edu/profile/21183/>

Prof. Zhao: <https://mgmt.wharton.upenn.edu/profile/27458/>

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The management of large, established enterprises creates a range of multi-faceted challenges for the general manager. A general manager needs to understand the internal workings of a firm, how to assess and create a strategy, and how to take into account increasing globalization. While these issues are distinct, they are very much intertwined. As a result, this course will provide you with an integrated view of these challenges and show you that successful management in the 21<sup>st</sup> century requires a combination of insights drawn from economics, sociology, psychology and political economy. The course has three main parts, and two “bookend” events. The course starts with a class in which you will meet your entire teaching team and receive a road-map for this semester-long journey.

The first part of the course explores the successful management of individuals and groups. We stress the fact that organizational life is built around a complex interplay of social forces. Networks of cooperation, group conflicts, systems of power and influence, career paths, and reward systems shape how people and organizations manage and are managed. In this part of the course, we will create a framework for analyzing the impact of these social forces on individuals, groups, and the organization. In particular, we study how to motivate and lead those you manage. Moreover, we will study how to develop and implement organizational designs and human resource systems that achieve competitive advantage through the management of people.

The second part of the course will deal with fundamental issues of strategy, examining issues central to the long- and short-term competitive position of an enterprise. We will develop a set of analytical frameworks that enable you to explain performance differences among firms and that provide a structure for strategic decisions to enhance firms’ future competitive positions. We will cover both strategy at the business unit level, introducing tools of industry analysis and competitive positioning, and at the corporate level, examining the economic logic for firms to diversify across businesses and for vertical integration decisions across stages of the industry value chain.

The third part of the course covers the unique opportunities and challenges that firms face when doing business across borders, and the strategies that they can deploy based on the country- and firm-specific characteristics. While reinforcing the learning points covered in the previous two parts of the course, the discussions in this part will emphasize the deep and persistent cross-country differences in economic, political and social institutions. We will also discuss how exchange rate volatilities, trade and investment treaties, new technologies, and new business models are shaping the business landscape for multinational enterprise.

The class concludes with your final papers, showing how these different perspectives on organizations can be brought together to understand how established enterprises can be successfully managed.

### **TEXT AND READINGS**

Wharton Reprographics has a copy of the course pack for MGMT 611, which can be purchased from Study.Net.

The readings listed on the course outline below should be read and prepared before that class session.

### **SIMULATION**

A brief simulation exercise on People Express Airlines, a startup after airline deregulation in the U.S. that pioneered a low-fare, short-haul, point-to-point business model, will be assigned for Class #8 in the Human & Social Capital module. This simulation will be done in teams and will require roughly 45 minutes of time for the team outside of class. Simulation results will be reported in class and should be kept private until that time. The fee per student for access to the simulation is less than \$10; it will be charged to you separately. Details about the simulation will be provided in class.

### **PLEASE NOTE**

**This class is heavily participation based. Any students who fail to attend the first class will lose their seats in the class. Repeated absences from the class will result in a failing grade independently of your performance on the other assignments. The only exceptions to these rules are absences excused by the MBA Office.**

### **ASSIGNMENTS, QUIZZES AND EXAMS**

Final Paper Proposals Due: Wednesday, September 6<sup>th</sup> at noon.

Human and Social Capital paper: Friday, September 22<sup>nd</sup> at noon.

Strategy Memo: Wednesday, November 1<sup>st</sup> at noon.

Global Reaction Paper: Friday, December 1<sup>st</sup> at noon.

Final Paper Presentations: 5<sup>th</sup> and 7<sup>th</sup> December.

Final Paper: Thursday, December 7<sup>th</sup> at noon.

**Please submit all assignments via Canvas.**

### **CLASS SESSIONS AND PARTICIPATION**

Each class will consist of a combination of lecture and discussion of the day's topic. On most days, we will use case analysis to explore the issues at hand. Careful preparation is essential. We expect you to read all of the assigned materials for each session in advance of the class. In class, you should be prepared to analyze the concepts from the case and the readings and to discuss any questions provided in the syllabus. If you cannot answer the questions, you are not prepared for class. We will use cold calling to ensure preparation and to establish an even level of participation throughout the course.

We expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members. Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important managerial issues related to the case and/or readings. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved. Third, you should be able to analyze constructively the positions your classmates take. Quality, not quantity, will determine the effectiveness of your comments. "Airtime hogs" will not be rewarded.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class. If you cannot come to class, you should notify your instructor by email in advance of the class. Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, Blackberry and/or other communication devices; and 2) no laptops or tablets open during class.

## **CASE DISCUSSIONS**

In preparing cases for discussion in class, you should be ready to comment on (1) the case's background and context, (2) the key issues and problems, (3) a framework for analyzing the issues and problems, (4) the implications of the assigned readings for understanding the case, and (5) a course of action for designing and implementing solutions.

## **GRADING**

Your grade will be based on:

- Class participation (20%) which will be graded by all three instructors and equally weighted across sessions. Because participation is a critical part of the learning experience, unexcused absences will be heavily penalized.
- Three individual assignments – a Human and Social Capital paper (20%), a Strategy memo (20%), and a Global reaction paper (20%).
- The team final paper and presentation (20%). The final paper grade will depend in part on a within team assessment of each member's contribution

It is possible to fail this class.

## **FACULTY LUNCHESES**

We have scheduled a number of informal lunches with the course faculty. These are totally optional. You may sign up for lunch on the Canvas page for your section.

## **ETHICS AND USE OF PRIOR MATERIALS**

It is never appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, or summaries of readings.

## **HUMAN CAPITAL PAPER: WRITTEN ANALYSIS OF PREVIOUS EMPLOYMENT**

**Due at Noon, Friday, September 22<sup>nd</sup>**

Your assignment is to examine your last job (or an earlier job) and use theories and concepts from the course to analyze and explain your work experience. Essentially, in this assignment, you will use your job as the case material that allows you to demonstrate your understanding of course theories/concepts. You may use course materials from Sessions 2-8 in which we cover such topics as motivation, job design, reward systems, managing individual and group performance, and group and organizational influences on decision-making. Certain readings focus on specific theories (e.g. expectancy theory; equity theory) that provide a full-fledged framework for explaining and predicting behavior; while other readings include concepts that may not be full theories but can be abstracted and applied to a wide range of situations, e.g. Rewarding A While Hoping for B (Kerr).

The choice about what issues to cover and what theories/concepts to apply is yours. In evaluating your answer, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the job situation you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate your situation).

In analyzing your job, focus on how you were **managed**, not how you behaved in managing others. It does not matter whether you had a good job experience or a bad job experience. You can talk about both the successful and the unsuccessful aspects of the job, and about what was missing for you. The paper presents you with an opportunity to explore in-depth the course readings, master them, and apply them to your experience. *Thus, very good papers do not simply present a lively and detailed description of your past job. Rather, they demonstrate in-depth understanding and application of course concepts and theories.* More specifically, they:

1. Demonstrate in-depth understanding of a **minimum of three theories/concepts and a maximum of five theories/concepts** from Sessions 2-8 by making specific links between theories/concepts and key elements of your job experience.
2. Explore (and demonstrate your understanding of) the similarities, complementarities, or inconsistencies among the theories and concepts (i.e., do the theories/concepts fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)
3. Explain why the theories or concepts you've chosen are important and useful for understanding (and perhaps for suggesting changes to) your prior job or organization.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance with his/her specific expectations and recommendations.

- In a relative comparison (which is how we evaluate these papers), applying more theories is better than applying fewer theories, with two caveats: you need enough rich descriptive material about your job so we can understand it, and you need to cover each theory thoroughly enough that we are sure you know how to apply it. It is definitely possible to include *too many* theories and concepts if they are covered so superficially that your knowledge cannot be convincingly displayed. The way the paper is graded, you need to apply a minimum of three different theories or frameworks. We set five as the maximum number of theories or frameworks because, in our experience, more than five is too many.
- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your work experience. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of describing your job. Show how they apply to your situation.
- It may be useful to develop a comparative angle in the paper, i.e. compare how your job experience varied for two different tasks or compare your job before and after a change in your boss or a company restructuring.
- Comparing and contrasting how two or more different theories can be applied to the **same** aspect of your job situation is another effective strategy. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

The write-up should be printed double-spaced, using a normal font-size. The maximum length is 1,000 words (plus or minus 5%). Please include a word count on the front page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid the mid-semester crunch. This is feasible because the raw material (your work experience) is readily available to you and each class session will introduce new concepts that are potentially applicable.

**This is an individual assignment, and should be done individually.**

## STRATEGY MEMO

**Due at Noon, Wednesday November 1<sup>st</sup>**

1. Conduct an industry analysis of the last industry you worked in from the perspective of an incumbent firm.
2. Draw the activity system for your last employer.
3. Discuss 2 or 3 interactions within the activity system you drew (i.e., the reasoning behind why you have connected 2 elements in the activity system).

The paper should be no more than 1,000 words, i.e., about 3 pages, with one additional page depicting the activity system. Each of the three parts of the paper will have an equal weight for grading purposes.

**This is an individual assignment, and should be done individually.**

## GLOBAL STRATEGY PAPER

**Due at Noon on Friday, December 1<sup>st</sup>**

Pick a firm you are interested in. You are now hired as an internal consultant to assess the firm's global strategy, and are asked to give recommendations for the future. Note that it is perfectly fine if you recommend the firm to remain a pure-play domestic company with no foreign presence at all, after showing that the best strategy you can come up with is still a losing strategy for the firm.

- Your submission should take the form of a letter to the top management team of the focal company, in a Word or PDF file. Your letter should be no more than 1,000 words, including figures and tables, with an additional page for references.
- You may refer to books, class handouts, and financial reports from the company, but have to write the answers in your own words, unless accompanied with quotation marks and references.
- Your letter must contain answers to the following questions:
  - a. What do you think are the main competitive advantages of the focal company? How are these advantages related to the home country business environment it is (or was) in?
  - b. Focus on one country that the company has entered (host country) or is considering (potential host country). How does it compare with the home country, along the dimensions that are relevant to the firm's business?
  - c. Suggest the right entry strategy, or combination of strategies, taking into consideration both the economic factors and the institutional environment of the (potential) host country. If the firm has already entered the host country, please comment on its current strategy, and offer your suggestions. Please try to be as explicit as you can.
  - d. How does the firm's global strategy—or its decision to stay domestic—affect its overall competitiveness in the industry?
- Use the concepts and frameworks discussed in class, but please be selective. Do not run a laundry list of all the factors. Instead, find the ones most relevant to this firm, and explain why they should demand attention from the top executives (i.e. busy people). Be explicit about the firm-, industry-, and country-specific characteristics.
- If some crucial information is not readily available, illustrate where to obtain the information or how to make decisions with incomplete information (which we do all the time). Good understanding of concepts and logical clarity are more important than the amount of information compiled.

**This is an individual assignment, and should be done individually.**

## THE FINAL PAPER

**Due at Noon on Thursday, December 7<sup>th</sup>**

The final paper should be written in **groups of 5**. You are free to choose your team members yourself. Part of the grade will depend on a within team evaluation of the contributions made by each member.

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual performance, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands. This assignment requires you to prepare a report (25 pages in length) and a presentation summarizing its main themes and findings. For both, you should consider the drivers of the firm's recent performance as well as the sustainability of these drivers over time.

The choice about the relative weight to put on different issues, theories and concepts in explaining the firm's activities and its performance is yours. In evaluating your paper, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation). In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course; and that the firm must, to some degree, be global, i.e. involved in cross-border activities (not only serving a domestic market).

Please consider the following suggested sections to include in your report:

- Short history/overview of the focal firm, its strategy, and its management practices, including the influence of its home country's political, economic and social institutions;
- Short history / overview of the economic, political, legal or social context in the focal country and the focal firm's perceptions of their likely evolution over time, as it pertains to the evolution of the focal firm's strategy and management practices;
- Industry analysis, both globally and in the focal national market;
- Management challenges, including (but not limited to) organizational design, structure, and processes; culture, i.e., how the firm's culture deals with differences in national culture that affect its activities; and HR practices related to rewards, skills/talent, hiring and retention, job design, supervision and performance appraisal;
- Is this company considering a global expansion or contraction? Does it make sense for the company to expand globally at this time? Why or why not?
- If the company were to expand globally beyond its current geographic scope, which regions make the most sense? (CAGE framework) Why?
- How much adaptation of product attributes or marketing does this company do as it moves across different geographies? Should it do more? Less?
- Global strategy (i.e., Aggregation, Adaptation or Arbitrage) of the firm in the focal market differentiating by product or function as appropriate, and including mode of entry and sequence of entry by which the firm entered the focal market where appropriate;
- Impact of different national employment laws, policies, institutions, and norms on the focal firm when it operates in different countries (Porter Diamond, Institutional Voids);
- What is the nature of the competitive forces within the industry currently and how are these dynamics likely to change in the near and medium term?
- How this firm is positioned with respect to its industry competitors? Note that this analysis should include both external (i.e. execution of the strategy vis-à-vis customers) and internal (i.e. organizational

practices that develop capabilities underlying the strategy) activities. Do these activities reinforce each other, per the concept of an activity system?

- National positioning analysis – How does the focal country position itself to attract firms and investment from within and outside national borders? Why did the focal firm choose to locate in this particular country? What location choices are competitors making?
- Overall assessment of this firm’s competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance vis-à-vis specific expectations and recommendations.

- Don’t forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Remember to mention course concepts specifically, so we don’t have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don’t just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.
- Do not expect the reader to “crunch the numbers” that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data *and* the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to all three elements of the course. Choose the narrowest possible topic that offers sufficient data and allows you to describe and integrate a discussion on corporate strategy, human and social capital and global strategy.
- It may be useful to
  - Develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm’s operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
  - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

PLEASE NOTE THAT ANY QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN FORMAL CHARGES OF PLAGIARISM TO THE OFFICE OF STUDENT CONDUCT. IF YOU HAVE ANY QUESTIONS ON POLICY, SEE [http://gethelp.library.upenn.edu/PORT/documentation/plagiarism\\_policy.html](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)

A one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data should be submitted on Canvas by **Wednesday 6th September**. You should then meet with faculty by the end of October to discuss your progress.

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 25 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid a last minute crunch. This is feasible because some corporate and national material is readily available and each class session will introduce new concepts that are potentially applicable. You will also do a presentation to the faculty and your classmates of your report’s primary themes and conclusions.

## COURSE OUTLINE

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### **Class 1: Introduction to Managing the Established Enterprise (29<sup>th</sup> of August)**

- Case: **Walmart vs Costco**
  1. What do you see as Walmart's overall strategy?
  2. What tradeoffs are evident in the human capital strategies of Walmart and Costco?
  3. If you were CEO of Walmart, what countries would you enter first and which countries would you defer for a later date?

### **Class 2: Motivating Individual Performance (31<sup>st</sup> of August)**

- Readings: Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12<sup>th</sup> edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.
- Case: **Kyle Evans at Ruffian Apparel**
  1. What are the most significant problems facing Kyle Evans in turning around the performance of the Kelowna store? What should he tackle first?
  2. What changes would you make to the way that people are managed, rewarded, and motivated?

### **Class 3: Designing Reward Systems (5<sup>th</sup> of September)**

- Readings: Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*, Vol. 18, pp. 769-83.  
  
Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12<sup>th</sup> edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
- Case: **Marshall and Gordon: Designing an Effective Compensation System (A)**
  1. What problems does Marshall and Gordon's current compensation system create?
  2. How might you adjust their incentive system to better align rewards with the firm's strategy? What do you think are the strengths and weaknesses of the system that you have proposed?

**One-page team paper proposal due Wednesday 6<sup>th</sup> of September**

#### **Class 4: Designing Jobs (7<sup>th</sup> of September)**

- Readings: Talya Bauer, Berrin Erdogan (2013) “Motivating Employees Through Job Design”. Section 6.2 in *Organizational Behavior*, Flat World Publishing
  - Please fill out the JDS survey (available on Canvas) for the first job that you held after graduating. Bring the results to class.
  - Consider the worst job you’ve ever had, or perhaps a job in your most recent workplace that seemed particularly dissatisfying and dispiriting. Apply the “Job Characteristics Model” (Hackman et al.’s framework) to the job. What would you change? Are such changes feasible? If not, why not? If so, why haven’t such changes been implemented to date?

#### **Class 5: Recruiting and Selecting Employees (12<sup>th</sup> of September)**

- Readings: Benjamin Schneider, “The People Make the Place”  
*Optional:* Ann Marie Ryan & Nancy T. Tippins, “Attracting and Selecting: What Psychological Research Tells Us”, *Human Resource Management*, Vol. 43: p. 305-318.
- Case: **SG Cowen: New Recruits**
  1. Who would you hire and why?
  2. How will the change in recruiting strategy proposed by Chip Rae affect the nature of the company and its culture?
  3. What are SG Cowen’s goals for its recruiting process? Is SG Cowen meeting its goals?

#### **Class 6: Managing Individual Performance (14<sup>th</sup> of September)**

- Readings: John J. Gabarro and Linda A. Hill, “Managing Performance,” Harvard Business School (9-496-022).  
Peter Cappelli and Anna Tavis, “The Performance Management Revolution,” *Harvard Business Review*, October 2016.
- Case: **Naukri: Three Retention Dilemmas**

Of these top performers, which individuals should Naukri attempt to retain? For those individuals, how should Sanjeev Bikhchandani (the CEO) try to retain them?

Mala Podar (sales team)?

Amit Bose (technical team)?

Shiv Iyer (heading up a new venture within Naukri)?

#### **Class 7: Improving Organizational Processes (19<sup>th</sup> of September)**

- Readings: John Shook, “How to Change a Culture: Lessons from NUMMI,” *Sloan Management Review*, Vol. 51, No. 2, Winter 2010, pp. 63-68.

Ceci Connolly, "Toyota Assembly Line Inspires Improvements at Hospital,"  
Washington Post, June 3, 2005

Bradley Staats and David Upton, "Lean Knowledge Work," *Harvard Business Review*,  
October 2010.

### **Class 8: Managing Human Resources for Organizational Performance (21<sup>st</sup> September)**

- Readings: Jeffrey Pfeffer, "Producing Sustainable Competitive Advantage Through the Effective Management of People," *Academy of Management Executive*, Vol. 19 (4): pp. 95-106.
- Case: **Southwest Airways: Using Human Resources for Competitive Advantage**
  1. What is Southwest's strategy? How would it answer the question, "What business are we in?" Why has it been successful for so long?
  2. What aspects of the way that Southwest manages its people contribute to its success?
  3. Why did Southwest's competitors struggle to replicate its success?

Friday, September 22<sup>nd</sup>

**HUMAN AND SOCIAL CAPITAL PAPER DUE AT NOON**

### **Class 9: Industry Positioning & Competitiveness (26<sup>th</sup> of September)**

- Readings: Porter, Michael E. 2008. "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*, January, pp. 79-93.
- Case: **Cola Wars Continue: Coke and Pepsi in 2010 (9-711-462)**
  1. Why, historically, has the soft drink industry been so profitable?
  2. Compare the economics of the concentrate industry to that of the bottling industry: Why is the profitability so different?
  3. How has the competition between Coke and Pepsi affected the industry's profits?
  4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

### **Class 10: Complementors (28<sup>th</sup> of September)**

- Readings: Brandenburger, Adam M., and Barry J. Nalebuff. 1996. Co-opetition pp. 11–34.
- Video: All Players in the Game: <http://vimeo.com/62165898>
- Case: De Beers at the Millenium (9-706-518)
  1. What product does De Beers actually sell?
  2. What role does GIA play in the De Beers value net?

### **Class 11: Value Creation & Appropriation (3<sup>rd</sup> of October)**

- Readings: Brandenburger, Adam, and Harborne Stuart. 1996. "Value-Based Business Strategy." *Journal of Economics and Management Strategy* 5 (1): 5–24.

- Videos: A Definition of Value: <http://vimeo.com/61143220>

How the Pie is Divided: <http://vimeo.com/61225993>

1. To check your understanding of value creation and added value answer the following questions:

Consider a set-up with four suppliers, three firms, and two buyers. Each supplier can transact with at most one firm, and vice versa. Similarly, each buyer can transact with at most one firm, and vice versa. Each supplier has an opportunity cost of \$10 of providing resources to a firm. Each buyer has a willingness-to-pay of \$40 for the product of two low-quality firms (say firms 1 and 2) and a willingness-to-pay of \$50 for the product of one high-quality firm (say firm 3). What are the possible price ranges for the products sold by the high-quality and low-quality firms? Pick prices outside these ranges and convince yourself that these prices are not possible.

### **Fall Term Break, No Class on October 5**

### **Class 12: Positioning & Activity Systems (10<sup>th</sup> of October)**

- Readings: Porter, Michael E. 1996. "What is Strategy?" *Harvard Business Review* (November-December): 61–78.

- Case: Progressive Corporation, 9-797-109

What are the five key points in Porter's article?

When reading the Progressive case, please have the following questions in mind:

1. What is Progressive's positioning?
2. What are the characteristics of Progressive's customers?
3. How are Progressive's activities tailored to its position?
4. How do the activities fit with one another?
5. Should Progressive enter the standard segment?

### **Core Exams, No Class October 12-22**

### **Class 13: Competitive Interactions (24<sup>th</sup> of October)**

- Readings: Porter, Michael E. 1980. *Competitive Strategy* Ch. 3, pp. 47–74.

- Video: The Uncertainty in a Game <http://vimeo.com/64599418>

- Case: Philips' Compact Disc Introduction (B), 9-792-036
  1. How does competitor analysis proposed by Porter fit into the notion of second-order thinking in the video?

In solving the Philips case, be aware of what assumptions you are making, and whether your results are robust to (small) changes in these assumptions.

2. Should Philips establish a U.S. plant at the beginning of 1983 or wait a year before deciding? Why or why not? (You need to crunch numbers here!) Do not try to draw a game tree! In this case, solving the problem without a tree is much easier.

#### **Class 14: Corporate Strategy (26<sup>th</sup> of October)**

- Readings: Ghemawat, Pankaj and Jan Rivkin. 2010. "Choosing Corporate Scope," Strategy and the Business Landscape (3rd ed.), Ch. 6, pp. 123 – 147.

- Case: Case: The Walt Disney Company: The Entertainment King, 9-701-035

Please make sure you understand the "two tests" Ghemawat and Rivkin are describing.

When reading the Disney case, please have the following questions in mind:

1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

#### **Class 15: Strategic Planning and Strategy Wrap-Up (31<sup>st</sup> of October)**

- Readings: Gavetti, Giovanni, and Jan Rivkin. "The Use and Abuse of Analogies" (9-703-429)

Gavetti, Giovanni, and Jan Rivkin. "Analogical reasoning at Lycos"

1. What are the pitfalls of analogical reasoning?
2. Read the Lycos mini-case. Do you buy the analogy to traditional media Lycos's management team used to arrive at their decision? Does this analogy provide Lycos's managers with valid guidance?

Wednesday, November 1 <sup>st</sup>	<b>STRATEGY MEMO DUE AT NOON</b>
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#### **Class 16: The Global Business Environment (2<sup>nd</sup> of November)**

- Readings: Ghemawat, Pankaj (2001) “Distance Still Matters: The Hard Reality of Global Expansion” *Harvard Business Review* 79(8): 137-147.
- Mini case: “**GE, the Ultimate Global Player, Is Turning Local,**” *Wall Street Journal*, June 29, 2017.
  1. What are the relevant distances GE should consider in its global operations?
  2. How much distance is too much for a multinational company? How would your answer to this question vary depending on specific firm capabilities?

### **Class 17: Managing Differences: Adaptation (7<sup>th</sup> of November)**

- Readings: Ghemawat, Pankaj (2007) “Managing Differences: The Central Challenge of Global Strategy” *Harvard Business Review* 85(3): 58-68.
- Mini case: “**Amazon Invades India,**” *Fortune Magazine*, January 1, 2016.
  1. How should Amazon adapt in India? What should remain unchanged?
  2. Is Amazon taking too much risk by investing in such a large scale? Why is Amazon taking this approach in India but not in other countries?

### **Class 18: Managing Differences: Aggregation (9<sup>th</sup> of November)**

- Case: **Ingvar Kamprad and IKEA** (HBS 9-390-132)
  1. Why is the traditional furniture industry highly fragmented?
  2. What are consumers looking for when they buy furniture? And how does your answer to this question determine the right globalization strategy for IKEA?
  3. What are the major challenges faced by IKEA in its global expansion? How did it overcome these challenges?

### **Class 19: Managing Differences: Arbitrage (14<sup>th</sup> of November)**

- Case: **Fan Milk in West Africa, 1950s to 2014** (from *BBB - Build, Borrow, or Buy - Solving the Growth Dilemma*, by Laurence Capron & Will Mitchell)
  1. How would you describe the market for dairy products in West Africa? What kind of capabilities would be required to win in this market?
  2. Does it make a difference that the major shareholders of Fan Milk were Danish and then French?

### **Class 20: Location Decisions and the Organizational Challenge (16<sup>th</sup> of November)**

- Readings: Khanna, Tarun. (2014) “Contextual Intelligence” *Harvard Business Review*, September: 2-11
- Case: **The Abraaj Group: Making of a Global Private Equity Firm** (F312-PDF-ENG)
  1. Why is the Abraaj Group geographically dispersed but strategically focused on the growth markets?
  2. How does the Abraaj Group organize its global operations? What are the main challenges in balancing its global-local play?

**November 18-26**

**Thanksgiving Break**

**Class 21: State Capitalism and the Visible Hand (28<sup>th</sup> of November)**

- Readings: Bremmer, Ian. (2014) "The New Rules of Globalization" *Harvard Business Review* Jan/Feb: 103-107  
  
"Behind China's \$1 Trillion Plan to Shake Up the Economic Order" *New York Times*, May 13, 2017.

**Class 22: Technology in Globalization: A Debate (30<sup>th</sup> of November)**

- Readings: "How 3-D Printing Will Make Manufacturing in America Great Again" *Newsweek*, April 2, 2016  
  
"Foreign Robots Invade American Factory Floors" *Wall Street Journal*, Mar 26, 2017  
  
"If blockchains ran the world: Disrupting the trust business." *The Economist*, July 15, 2017.  
  
"Silicon Valley Trails in Medical Tech" *Wall Street Journal*, July 23, 2017

Friday, December 1<sup>st</sup>

**GLOBAL STRATEGY MEMO DUE AT NOON**

**Class 23 and 24: Final Paper Presentations (December 5<sup>th</sup> and 7<sup>th</sup> of December)**

Thursday, December 7<sup>th</sup>

**FINAL PAPER DUE AT NOON**