UNIVERSITY OF PENNSYLVANIA
THE WHARTON SCHOOL

MGMT-712
MANAGING STRATEGIC PARTNERSHIPS

SYLLABUS – SPRING 2019

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Section 1:   Monday/Wednesday 9:00am-10:30am, Jon M. Huntsman Hall 240
Section 2:   Monday/Wednesday 10:30am-12:00pm, Jon M. Huntsman Hall 240
Office Hours: Monday 4:30pm-6:30pm (or by appointment)

COURSE DESCRIPTION

As product and factor markets globalize, economies liberalize, technology rapidly evolves, product life cycles shorten, and competition intensifies, companies worldwide are fundamentally changing their structures and processes to keep pace and take advantage of new opportunities. We are witnessing the emergence of the disaggregated and distributed global firm that leverages internal and external capabilities around the world in real-time, blurring traditional organizational boundaries and leading to the creation of virtual enterprises. To catalyze this transformation and stay ahead in competency, cost, and time to market, companies are utilizing an array of powerful but often risky inorganic strategies, in the hopes that they can "plug and play" with local and global entities, and gain the needed resources to compete effectively.

This course explores the management of strategic partnerships between firms, which have surged in recent years in response to the contemporary developments. Today's alliances drive corporate growth and change, and vary greatly in terms of partner type, commitment, equity investment, degree of control, scale, and scope – ranging from bilateral arrangements to ecosystems to outsourcing. Accordingly, the objectives of the course are two-fold: (1) to arm you with a set of tools to facilitate the selection of an appropriate alliance strategy in a given situation; and, (2) to provide you with frameworks to help the initiation and implementation of different kinds of partnerships.

The emphasis lies on strategic and operational aspects in the formation and management of these inter-organizational relationships, rather than financial considerations. We will cover partnerships from a variety of industries and geographies, and as we will see, insights from these settings are generalizable beyond their respective contexts. We will also examine the connection between strategic alliances and mergers and acquisitions, which are often considered alternatives but can also be pursued symbiotically, and where managerial approaches can be cross-applied as strategies blend.

The course has three modules. We begin by examining the different types of strategic partnerships, including the applicability and management approaches for each, along with the development of critical organizational capabilities. We then bring into the picture mergers and acquisitions, understanding the distinctions from alliances but also the complementarities, importing integration lessons to alliances but also exporting partnership insights to M&A. The course ends with the presentation of project work and a review of the course learnings.

Pedagogical Approach and Evaluation

This is designed to be an interactive, applied, case-based course with accompanying conceptual readings to help structure your thinking. Discussion questions for the cases will be set prior to each session, to enable you to focus your attention. Readings are designed to provide a starting point for analyzing the cases, but extension of the ideas is encouraged, as they will be applied in an integrative fashion in the discussions. Given the nature of the course, we will also apply the lessons from the cases to understand the challenges and implications of relevant recent and on-going deals. To facilitate this process, you should subscribe to the *New York Times'* free e-mail newsletter *DealBook,* to keep abreast of current alliance and M&A activity (sign-up at www.nytimes.com). In addition, guest speakers with experience in areas such as investment banking, consulting, and industry will be invited to share their perspectives.

Since strategic partnerships are a complex phenomenon which we can only discuss in parts, it is important that you evolve your own mental framework throughout the course, linking deal rationale and implementation. A main source of failure of such relationships in practice is that the objectives and execution are not consistent amidst such complicated transactions.

Evaluation in the course is based on class participation, individual case write-ups, and a group project (described below), in the following proportion:

Class Participation	35%
Case Write-ups	15%
Project Presentation	15%
Project Paper	35%

Discussion questions and any other assignments for each class will be posted on Canvas in advance. Any presentations and handouts will be posted on the same site after the respective session. Since class participation is a crucial component of not only the evaluation but also the learning in the course, it is expected that you are well-prepared for each session. To give you a structured way of doing so, you are asked to post on Canvas a maximum one-page, bullet-point reflection on the discussion questions of the day by the beginning of the respective class. This exercise serves to help you get thinking about the main issues, so we can start the conversation at a level that allows us to get the most out of each discussion. In that spirit, the write-up is intended less for my reading, but more for you to collect your thoughts as well as track your thinking pre- and post-discussion and over the evolution of the course. At the beginning of each class, I will ask one person to open the discussion. In general, I will not hesitate to cold call on quiet individuals! Note that unexcused absences and tardiness will adversely affect class participation marks. A maximum of two excused absences will be accepted.

Guidelines for Project Work

The quarter-long group project is intended to give you the opportunity to apply your learning from the course to a context that is most interesting and relevant to you. There is a great deal of latitude in selecting a topic, as long as it relates to partnership strategies at a firm or industry level. To enable you to apply your ideas in real-time and make the exercise an exciting learning experience (complementing the case discussions which provide lessons from past situations), the project should focus on recently announced or proposed hypothetical deals that you consider advisable. The topic should be well-researched, based on an extensive review of public information such as articles, reports, and specialized databases like SDC (see Canvas for a link to a course-specific Lippincott Library homepage listing resources on deals). I encourage you to attempt to gain access to the companies being studied to collect data and conduct interviews, since this can lead to a uniquely rich and insightful analysis. To the extent possible, I will support your efforts towards this end, by providing letters and other material.

Past projects have included:

- Proposal for Collaboration vs. Competition: Uber-Hertz Partnership
- Nike and Apple: Analysis of Strategic Partnership
- The PepsiCo – Unilever Lipton Joint Venture
- YouTube, The NFL, and the Future of Sports-Media Partnerships
- Starbucks' Mobile Payments Alliances and Strategy
- Inter-firm Innovation through Strategic Partnerships at Capital One
- Frenemies: Hulu as a Strategic Alliance
- Microsoft and Nokia: From Alliance to Acquisition

A good project will:

- clearly and logically apply the course material to the phenomenon being investigated;
- present a thorough, rigorous quantitative and/or qualitative analysis of the phenomenon;
- draw implications and suggest recommendations for managerial practice;
- discuss which insights are generalizable and under what conditions.

The project is to be worked on in groups of *five or six.* A project outline and a list of group members are due on Canvas on *February 4.* The one to two page outline should contain a description of your topic, the scope of analysis, sources of data, and progress to date. The presentation of your project will take place during one of the designated classes, either on *March 11 or 12.* The project paper is due on *March 15,* to be uploaded on Canvas. The paper is to be a maximum of 20 double-spaced pages, excluding exhibits.

CLASS SCHEDULE

I. SELECTION AND MANAGEMENT OF DIFFERENT STRATEGIC PARTNERSHIPS

01/16 **Session 01: The Nature of Strategic Partnerships**

01/21 *Martin Luther King, Jr. Day (No Class)*

01/23 *No Class (Due to Early Morning Class for Project Presentations on 03/11 or 03/12)*

01/28 **Session 02: Managing Strategic Alliances**
Case: Lipitor: At the Heart of Warner-Lambert *(Michigan)*
Reading: The Relational View: Cooperative Strategy… *(AMR)*

01/30 **Session 03: Managing Alliance Networks**
Case: Star Alliance, 2000 *(Brandeis)*
          Smarter Ways to Do Business with the Competition *(European Business Forum)*
          Star Alliance Seeks Integration *(Korea Times)*
          Star Alliance Cuts Costs to Stay Ahead *(The Nation)*
Readings: Constellation Strategy: Managing Alliance Groups *(Ivey Business Journal)*
          Strategy as Ecology *(HBR)*

02/04 **Session 04: Engaging in Strategic Outsourcing (1/2)**
Cases: R&D Services at Wipro Technologies: Outsourcing Innovation? *(Wharton)*
          Outsourcing with a Twist *(WSJ)*
          Boeing's Global Strategy Takes Off *(BusinessWeek)*
Readings: Strategic Outsourcing: Leveraging Knowledge Capabilities *(SMR)*
          Getting Offshoring Right *(HBR)*

      Project Outline and List of Group Members Due on Canvas

02/06 **Session 05: Engaging in Strategic Outsourcing (2/2) / Discussion of Current Deals**
Readings: Unbundling the Corporation *(HBR)*
          Shrinking Core, Expanding Periphery: The Relational Architecture… *(CMR)*
          The Globally Integrated Enterprise *(Foreign Affairs)*

02/11 **Session 06: Building Alliance Capabilities and Organizations**
Case: Philips: The Development of Alliance Capabilities *(Wharton)*
Reading: How to Make Strategic Alliances Work *(SMR)*

II. STRATEGIC PARTNERSHIPS AND/VS. MERGERS & ACQUISITIONS

02/13 Session 07: Embarking on Joint Ventures
Case: Xerox and Fuji Xerox *(HBS)*
Readings: Organizing for Innovation: When is Virtual Virtuous? *(HBR)*
            When to Ally and When to Acquire *(HBR)*

02/18 Session 08: Structuring and Implementing Alliances
Speaker: Michael DelCiello, Comcast

02/20 *Snow Day (No Class)*

02/25 Session 09: Determining Integration Strategies
Sim. Case: The MegaMicro Jentronix Transaction and Integration Decisions *(Wharton)*
            The MegaMicro Jentronix Trans. and Integ. Simulation User's Guide *(Wharton)*
Readings: Acquisition Integration: Creating the Atmosphere for Value Creation *(Book Ch.)*
            Postmerger Integration *(JBS)*
            Buying Innovation: Managing Technology-Based Acquisitions *(Wharton)*
            Not All M&As Are Alike – and That Matters *(HBR)*

02/27 Session 10: Global Alliances and M&A by Emerging-Market Multinationals
Cases: China's Track Record in M&A *(McKinsey Quarterly)*
            Lenovo Evolves with Its IBM PC Unit in Tow *(NYT)*
            Big Deal? (*Business Standard Strategist*)
            Merger, Indian Style: Buy a Brand, Leave It Alone *(WSJ)*
            Global Integration the Cemex Way *(The Deal)*
            No Small Beer Empire *(Financial Mail)*
Readings: What Have We Learned About Emerging-Market MNEs? *(Book Ch.)*
            Don't Integrate Your Acquisitions, Partner with Them *(HBR)*

III. PROJECTS AND REVIEW

03/11 Session 11: Project Presentations (1/2)
-03/12 Session 12: Project Presentations (2/2) *(Early Morning Class)*

03/13 Session 13: Leadership in Alliances and M&A / Synthesis of Course Learnings
Videos: Carlos Ghosn on Alliance Decision-Making and Implementation… *(Stanford)*
            Jaan Albrecht on Creating and Managing Ecosystems/Alliance Networks... *(Star)*
            Robert Iger on Acquisition Decision-Making (Disney) *(HRTS)*
            Padmasree Warrior on Acquisition Implementation (Cisco) *(Stanford)*
            Charles Giancarlo on Acquisition Implementation (Cisco) *(Berkeley)*
            Juergen Schrempp on Merger Challenges (Daimler-Chrysler) *(Auto Channel)*
            Dieter Zetsche on Merger Challenges (Daimler-Chrysler) *(BBC)*

03/15 *Project Paper Due on Canvas**