Business Strategy
Kohl’s – 2013

Professor: Hart E. Posen (hposen@bus.wisc.edu)
Office Hours: By appointment — in person prior/post class, or via Skype.

COURSE OVERVIEW & OBJECTIVES

This course develops concepts and analytical frameworks for creating sustainable competitive advantage. The perspective adopted is that of a general manager with overall responsibility for the performance of the firm (or of a business unit within the firm). Such a manager needs to understand the basis for the current performance of the firm and to identify those changes (inside or outside the firm) that are most likely to affect future performance adversely or that provide opportunities for the firm to improve its performance. The manager must then use the firm's resources to formulate and implement strategies to compete successfully in its competitive environment.

My aim is to enhance your ability to assume a leadership role by cultivating the ability to make well-grounded and uncommonly insightful recommendations as to how the business actually is or should be competing. A strategy must define the scope of the firm's activities, the logic through which the activities result in better performance, and what it is about the firm that allows it to better carry out those activities than its competitors.

In order to capture the pragmatic, action-oriented nature of the general manager’s job and the complexity of the general manager’s milieu, this course is taught through the case method. We will supplement case discussions with readings, lectures, and “live cases.” Live cases are firm strategy issues currently under discussion in the business press — we will apply the frameworks directly to these live cases as a means of developing a deeper understanding of the current business strategy landscape.

Learning Objectives

We will seek course outcomes along two dimensions: “what you will know” and “what you will be able to do” by the end of the course.

Knowing: You will understand how to:
1. Perform an external analysis of the firm’s environment including the industry, competitors, and the broader environment.
2. Perform an internal analysis of a firm’s valuable resources and limitations to assess competitive advantage.
3. Perform an analysis of alternative strategic positions within an industry, and distinguish between cost and differentiation strategies.
4. Distinguish a firm-level strategy from more narrowly focused marketing, operations, or financial strategies.
5. Assess the types of change that may alter industry structure and/or competitive advantage.
6. Analyze a firm’s resources as a basis of assessing the merits of horizontal diversification into related industries.
7. Analyze the merits of vertical diversification into the firm’s buyer or supplier industries.
Doing: You will be able to:

1. Make decisions about entry or exit from an industry.
2. Develop a firm’s strategy that positions the firm within an industry to grow and realize superior performance.
3. Make decisions about appropriate responses to changes in the industry environment due to industry evolution, technological change, and competitive threats.
4. Make decisions about horizontal growth opportunities from corporate diversification into related industries.
5. Make decisions about vertical growth opportunities from backward integration into supplier industries and forward integration into buyer industries.
6. Make decisions about geographic growth opportunities from entry into new markets and outsourcing/offshoring.

ASSIGNMENTS & EVALUATION

Evaluation in this course is learning oriented — designed to help you assess your progress and understanding of strategy. Evaluation will include both individual and group based assessments.

Individual Assignments

Quizzes (24%). We will have 3 short (one to two page) quizzes as indicated on the schedule. Each quiz will cover material from all the proceeding sessions (e.g., quiz in session 3 will cover material in sessions 1 and 2).

Participation (20%). Attendance is a basic requirement of the course. Beyond this, the learning process requires that you carefully prepare the cases/readings before class and actively participate during the class discussion — answer questions, raise questions, and argue (constructively). Participation enables you to learn from your colleagues and to help them learn from you. I may call upon you to start the discussion or answer specific questions during the class.

Electronic Polls (12%). Related to participation in class is preparation and thought in advance of class. For each day of class, including the first session, I will post a very brief poll to collect and summarize your thoughts. Individuals must complete all 6 polls — grading is only on the basis of poll completion (not on the content of your responses). I will provide links to these polls on Moodle. The polls close at midnight the evening before the class session.

Group Assignments

You will use the groups assigned to you by the program office to complete two types of group tasks: case analysis and project. Coordination and communication across groups in completing the group assignments is not permitted, and would be considered a violation of the ethics code.

Group Case Analyses (20%). The group case analysis involves a short analysis of a specific question (or questions) related to the case from the class session. The end product is a write-up of one page (single spaced) and up to one page of exhibits. The write-up will be due in writing at the start of the appropriate class session. Further details on the case write-up, including the topic questions, will be posted on Moodle at least one week in advance of the due date. Late submissions will not be accepted and receive a zero grade.
Group Project (24%). The group project is intended to give you the opportunity to apply your learning from the course to a specific firm. The topic of the group project will be announced in Session 4 (Sept. 18). The project will be limited to four pages, with an additional four pages of exhibits. Further details will be provided on Moodle. The project will be due, via email, no later than October 23. Late submissions will not be accepted and receive a zero grade.

ACADEMIC INTEGRITY

The assignments above and on the schedule are clearly marked as individual or group – there should be no confusion. I expect you to uphold the highest standards of academic integrity and these are enforced in the business school. The penalties are rather severe and violators typically get the most serious of the alternative penalties. I don’t relish the thought of putting anyone through this but it behooves all of us to make sure that academic integrity is taken seriously.

PROF. HART E. POSEN — BIO & TEACHING PHILOSOPHY

To quote my online bio:

Dr. Posen is an internationally recognized scholar conducting research on innovation strategy. His research and teaching is informed by a prior engagement as an entrepreneur in the technology and retail sectors. He is regularly invited to lecture on issues of strategy to academic and corporate audiences in North America, Europe, and Asia.

Dr. Posen holds a PhD in Strategy from the Wharton School at the University of Pennsylvania. He is currently an Associate Professor of Management at the University of Wisconsin. He was previously on faculty at the University of Michigan, and has held affiliate appointments at Seoul National University (S. Korea), the Technion (Israel), and the University of Zurich (Switzerland).

In studying innovation strategy, Dr. Posen's research focuses on what he terms the “knowledge generation-erosion cycle." He studies the process of knowledge generation that leads to innovative products, processes, and intellectual property. He also studies the mechanisms by which the value of this knowledge is eroded. Employing computational and empirical methods, Dr. Posen studies technological change, competition by entrants, and the enduring possibility that the innovator does not survive. He currently focuses on knowledge spillovers to rivals resulting from imitation and the consequences of different imitation strategies.

Dr. Posen's research is regularly published in leading strategy journals. He holds influential editorial board positions at journals including: Academy of Management Journal, Administrative Science Quarterly, Organization Science, Strategic Management Journal, and Strategic Organization. His commentary on economic issues has appeared in a variety of media outlets including the New York Times and BBC.

My teaching style is highly interactive. We will build an understanding of strategy through discussion and debate. In the process, I hope that you will learn a great deal — transform your understanding of what accounts for performance differences across firms, and how to use strategy to generate superior performance. I also hope that the class experience will be engaging and enjoyable.
SCHEDULE

Course Materials: There is no textbook for this course. We will use readings from a variety of sources, including excerpts from some textbooks, Harvard Business Review, McKinsey Quarterly, and cases from Harvard and Ivey. Live cases will use current material from the business press.

** Case preparation questions and (potentially) additional materials will be posted on Moodle in advance of each class session. Preparation questions are not for submission, but instead, are designed to guide your pre-class preparation. It is your responsibility to consult Moodle prior to engaging in your pre-class preparation. **

Moodle Course Website Information: Follow the link below. You will see two large options ("UW Net ID Login" and "Visitor Login") — ignore these. Below them is a button that says "Login as a guest" — follow this link. You will then be asked for the password (see below).


Note: The dates for sessions 5 through 8 were incorrect in the syllabus version dated 2013-08-17 (date is in the upper right hand corner of page). The correct dates appear below.

SESSION 1 — August 28

Industry Structure — Why are some industries more profitable than others?
  o Poll 1
  o Rumelt: The Perils of Bad Strategy, McKinsey Quarterly
  o Porter: Five Competitive Forces That Shape Strategy, HBR
  o Besnako et al. p.198-202
  o Starbucks, Ivey Case (9A88M006)

SESSION 2 — September 4

Industry Structure — Why do your rivals’, suppliers’, and buyers’ actions matter?
  o Poll 2
  o Besnako et al. p.191-198
  o The Cola Wars Continue: Coke and Pepsi in 2010, HBS Case (9-711-462)

SESSION 3 — September 11

Competitive Advantage — Can cost leadership deliver superior profitability?
  o Quiz 1
  o Poll 3
  o Grant, Ch. 8
  o Wal-Mart Stores Inc, HBS Case (9-794-024)
SESSION 4 — September 18

Competitive Advantage — Can differentiation deliver superior profitability?
  o Group Case Analysis 1 — Due in class.
  o Grant, Ch. 9
  o Zara: Fast Fashion, HBS Case (9-703-497)

SESSION 5 — September 24 (**Note the non-standard date)

Sustainability of Competitive Advantage — Disruptive Change and Imitation
  o Quiz 2
  o Poll 4
  o Bower and Christensen, Disruptive Technologies: Catching the Wave, HBR (95103)
  o Besnako et al. p.403-422
  o Leadership Online (A): Barnes & Noble vs. Amazon.com, HBS Case (5-798-119)

SESSION 6 — September 25

Growth by Horizontal Diversification — Diversify into related businesses?
  o Group Case Analysis 2 — Due in class.
  o Collis & Montgomery: Creating Corporate Advantage. HBR (98303)
  o Piskorski: Note on Corporate Strategy (HBS 9-705-449) p.1-5
  o Newell Co.: Corporate Strategy, HBS Case (9-799-139)

SESSION 7 — October 2

Growth by Vertical Diversification — Diversify into supplier/buyer’s business?
  o Quiz 3
  o Poll 5
  o Piskorski: Note on Corporate Strategy (HBS 9-705-449) p.5-8
  o Live case (readings on Moodle): Apple’s vertical (and horizontal) integration.

SESSION 8 — October 9

Growth by Global Diversification — When is going-global a good idea?
  o Poll 6
  o Siegel: Introduction to Global Strategy HBS (9-706-448)
  o Atlantic: Insourcing Boom.
  o Discussion on the global strategies of Wal-Mart, Target, Amazon, and Kohl’s.