



## Key Dimensions of Modern Strategy

### Katalyst-EMBA

#### Winter-Summer 2017

Instructor:	Dr. Yusaf Akbar
Class meets:	Budapest: March 31, April 1; April 21-22; May 12-13; June 16-17 (online session); July 7-8; July 21-22 Warsaw: April 2; April 23; May 14; June 18 (online session); July 9; July 3
Classroom:	
Office:	
Tel:	+36-1-887-5097
Fax:	+36-1-887-5005
E-mail:	akbary@business.ceu.edu
Office hours:	
Program Coordinator:	Zsuzsanna Kis (kisz@business.ceu.edu)

### Course Objectives

*Key Dimensions of Modern Strategy* is a core course that examines how companies achieve and sustain competitive advantage. The course's primary objective is to equip you with the fundamental strategic tools and frameworks to analyze business situations rigorously and to make sound recommendations for your company or clients. Strategic skills are the key for business analysis in all disciplines. The need for strategic knowledge is no longer limited to top managers. Increasingly, companies expect their mid-level managers and senior business analysts/consultants to possess the ability to think strategically. Toward this end, the practical objective of this course is to train you to critically analyze and make theoretically-grounded, cogent recommendations for companies to compete in the marketplace, rather than simply giving opinions based on one's personal intuition and

experiences, or on the popular press, however valuable they may be. Upon completion of the course, you should be able to:

- ❖ **Analyze industry structure** to assess industry attractiveness and identify opportunities for a company.
- ❖ **Evaluate a company's internal resources and capabilities** to understand and build its strengths.
- ❖ Formulate **strategies in dynamic, interactive and competitive** environments.
- ❖ Develop **Innovation strategies** to support overall business strategy
- ❖ Decide if and how a company should **diversify**
- ❖ Devise **strategies** to manage a **multi-business company**
- ❖ Recognize the importance of strategic execution in the success of business strategies
- ❖ Consider an emerging world of collaborative economy where many of the standard rules of strategy become challenged

To accomplish these goals, the course is consisted of a series of modules aimed at building critical ability in strategic analysis. Within each module, there are several topics that cover the most important as well as cutting-edge knowledge and practice in strategic management. Together, these modules form a coherent analytical framework for managers to analyze a competitive situation and to make strategic decision.

## Required Readings

- ❖ Readings will be available through Moodle, or as indicated on Moodle, through the University Library's Online resources

## Course Assessment

The course is assessed on the following basis (weightings in % in parentheses)

### Class Participation (20%)

You will be expected to contribute in an active and constructive way to debate and discussion in class. As future leader in business, taking a view and being able to credibly defend it is an invaluable skill. Moreover, listening skills and the ability to understand your colleagues and peers will also be considered. Quality, rather than quantity of contribution is the essence of the grade you will receive.

### Group Online Project (35%)

There will be an asynchronous weekend scheduled for both Warsaw and Budapest. Joint Budapest-Warsaw groups will be sent instructions via Moodle.

**Deadline: Monday June 19, 2016 by 23:59**

### **Final Exam (45%)**

The final exam will be a take home exam. It will be based on essay questions drawing on your knowledge from the course. You will be expected to answer 2 from 6 questions. It will be posted to Moodle.

**Deadline: Monday July 30, 2016 by 23:59**

### **General grading criteria are as follows:**

- ❖ Ability to apply concepts learned in class discussed in the course to address the case questions in a rigorous manner.
- ❖ Ability to demonstrate clear and consistent logic.
- ❖ Ability to justify your arguments making full use of the information provided (but no information beyond the case, except otherwise specified).
- ❖ Ability to express your ideas clearly and concisely.

## **Course Structure, Topics and Readings**

It is important to recognize that we are going to cover cases/articles in this course. In order for this to work effectively, being super well prepared for the classes is **ESSENTIAL!**

## Class Preparation

Class	1		
Topic	The Changing Nature of Strategy		
Preparation	<p><u>Required:</u></p> <ul style="list-style-type: none"> <li>Porter, What is Strategy?, HBR, Nov.-Dec. 1996 (96608-PDF-ENG)</li> <li>Karl Moore, "Porter or Mintzberg: Who's View on Strategy in the Most Relevant Today?". Forbes, 3/28/2011, <a href="http://www.forbes.com/sites/karlmoore/2011/03/28/porter-or-mintzberg-whose-view-of-strategy-is-the-most-relevant-today/">http://www.forbes.com/sites/karlmoore/2011/03/28/porter-or-mintzberg-whose-view-of-strategy-is-the-most-relevant-today/</a></li> <li>John C. Camillus, "Strategy as a Wicked Problem," 2008 (R0805G-PDF-ENG)</li> <li>Guillen M. and Garcia-Canal E. (2012) "Execution as Strategy" HBR</li> </ul> <p><u>Video:</u></p> <ul style="list-style-type: none"> <li>Interview with Richard Rumelt, author of "Good Strategy, Bad Strategy" <a href="http://www.youtube.com/watch?v=tL_sQddBtU4">http://www.youtube.com/watch?v=tL_sQddBtU4</a></li> </ul>		
Description	<p><u>Sub-topics and concepts:</u></p> <ul style="list-style-type: none"> <li>Planned v. emergent strategy</li> <li>Execution as Strategy</li> <li>Choice cascades</li> <li>Strategy as a system</li> </ul> <p><u>Guiding question:</u> What is strategy, why do we need it, and how has that been changing?</p>		

Class	2		
Topic	Markets, Industry Rivalry, Buyers & Sellers		

Class	2		
Preparation	<p>Read, watch the following:</p> <p>Porter, M. E., "The Five Competitive Forces that Shape Strategy" <i>HBR</i> (2009)</p> <p>Thomas Eisenmann, Geoffrey Parker, and Marshall W. Van Alstyne (2006) "Strategies for Two-Sided Markets" (HBR)*</p> <p>Ghemawat and Rivkin, "Creating Competitive Advantage," HBS note, 2006+ (798062-PDF-ENG)</p> <p><b>Case Study:</b> Cola Wars in 2010</p> <p>Case questions to guide your reading:</p> <ul style="list-style-type: none"> <li>• How do you conceptualize competition between Coke and Pepsi</li> <li>• Is this an attractive industry to compete in? Why?</li> <li>• What are the main competitive threats to Coke and Pepsi in the years ahead?</li> </ul> <p><u>Videos:</u></p> <p>Michael Porter on Five Forces  <a href="http://www.youtube.com/watch?v=mYF2_FBCvXw">http://www.youtube.com/watch?v=mYF2_FBCvXw</a></p> <ul style="list-style-type: none"> <li>• McGrath on Transient Advantage  <a href="https://www.youtube.com/watch?v=vuf_7rDY74">https://www.youtube.com/watch?v=vuf_7rDY74</a></li> </ul>		
Description	<p>In this session we address the fundamental issue of market structure and how it shapes strategy. The so-called 'External View of Strategy' suggests that firm strategies are driven by forces from the market (buyers and sellers) and the creation of durable barriers to entry create competitive advantage.</p>		

Class	3		
Topic	Strategic Resources and Capabilities		

Class	3		
Preparation	<p>Read, watch the following:  Collis and Montgomery: "Competing on Resources," HBR, July 1 2008 (Ro8o7N-PDF-ENG)  Coyne <i>et al.</i> "Is your core competence a mirage?" <i>McKinsey Quarterly</i>  <u>Videos:</u>  Video on "resource analysis" and the role it plays in a successful strategy <a href="http://www.youtube.com/watch?v=3tOTTUnhFKs">http://www.youtube.com/watch?v=3tOTTUnhFKs</a></p> <p><b>Case Study:</b> Indigo Airlines  Case questions to guide your reading:  (a) What resources and capabilities possessed by Indigo allow it to outperform its rivals?  (b) How and in what ways was Indigo's use of its resources and capabilities produced disruption to the traditional airline business model?</p>		
Description	<p>We now tackle the issue of whether the possession of rare, hard to copy resources and capabilities provide the firm with a durable competitive advantage. In particular, can the heterogeneous distribution of scarce resources and capabilities between firms explain why some firms perform better than others?</p>		

Class	4		
Topic	Analyzing the Value Chain and Strategic Positioning		

Class	4		
Preparation	<p>Read, watch the following:  Nirmalya Kumar, Strategies to Fight Low-Cost Rivals, HBR December 2006  Dagmar Recklies (2001), "The Value Chain" FAO Note<sup>+</sup></p> <p><b>Case Study:</b> Zespri Kiwi Fruit</p> <p>Case questions to guide your reading:  (a) What did the New Zealand producers of kiwi fruit to differentiate their product from their competitors?  (b) Which activities in the value chain did Zespri undertake that were not traditional activities for agricultural producers? Why is this important in strategic terms?</p>		
Description	<p>Uniting the external and internal approaches to strategy, we examine how choices about which kinds of activities to carry out within the value chain exercise profound impacts on the achievement of competitive advantage. We explore the concept of commoditization and outsourcing as tools of competitive strategy. We develop the 'generic strategies' model and examine choices of differentiated and low-cost positioning</p>		

Class	5	Time	
Topic	Strategic Innovation		

Class	5	Time	
Preparation	<p>Radjou and Prahbu, "What Frugal Innovators Do", HBR, 2014</p> <p>Henry W. Chesbrough &amp; Melissa M. Appleyard, Open Innovation and Strategy, California Management Review, Fall 2007</p> <p>Bower and Christensen "Disruptive Technologies: Catching the Wave" HBR Jan 1, 1995. (95103-PDF-ENG)</p> <p>Jill Lepore, "The Disruption Machine", <i>The New Yorker</i>, June 23, 2014</p> <p><b>Case Study:</b> Henry Chesbrough; GE's ecomagination Challenge: An Experiment in Open Innovation, California Management Review, Spring 2012</p> <p>Case questions to guide your reading:</p> <ol style="list-style-type: none"> <li>a) What was GE's strategic intent and why did "ecomagination" fit into it?</li> <li>b) Was it successful? How did GE measure success?</li> <li>c) How would you measure success?</li> <li>d) What are the hurdles to success with an open innovation initiative like this?</li> </ol>		
Description	<p>"Strategy <i>is</i> innovation": arguably the ability to invent and commercialize new ideas and processes is the 'silver bullet' of strategy. This session examines how innovation occurs during the pursuit of competitive advantage. We also explore the emergence of new forms of innovation that challenge traditional strategic paradigms on innovation.</p>		

Class	6	Time	
Topic	Strategic Growth		



Class	6	Time	
Preparation	<p>Wright and Stigliani, "Entrepreneurship and Growth" <i>International Small Business Journal</i></p> <p><b>Case Study:</b> IBM at the Crossroads (2016) (MH0036-PDF-ENG)</p> <p>Case questions to guide your reading:</p> <ul style="list-style-type: none"> <li>(a) Looking at IBM's strategic shifts over the last 20 years, what lessons can be learned about growth?</li> <li>(b) What are IBM's business- and corporate-level strategies today?</li> <li>(c) How should IBM position itself to take advantage of current technology trends? Should IBM focus on a particular segment or try to maintain vertical integration?</li> </ul>		
Description	<p>To grow or not to grow? That is a fundamental question facing companies of all sizes. Behind the concept of strategic growth lie choices of entrepreneurial attitude and posture; organizational capacity to manage growth and capacity to identify and exploit opportunities. We will look at the Ansoff Matrix as a starting point for understanding growth.</p>		

Class	7	Time	
Topic	Principles of Corporate Strategy		

Class	7	Time	
Preparation	<p>Carroll and Mui, "7 Ways to Fail Big" <i>HBR</i>          Goold and Campbell "Desperately Seeking Synergy", <i>HBR</i>  <b>Case Study:</b> Newell Industries          Case questions to guide your reading:</p> <ul style="list-style-type: none"> <li>• In your view, how successful has Newell been in its corporate strategy? How would you measure success and why?</li> <li>• Do you think the Rubbermaid Acquisition is a good or bad idea for Newell and why?</li> <li>•</li> </ul>		
Description	<p>We address the challenges facing companies when they wish to develop and manage a portfolio of business in order to achieve competitive advantage. The emergence of the modern conglomerate raises important questions about growth (internal v. acquisition) and portfolio choice. Among other models, we will examine the BCG matrix</p>		

Class	8	Time	
Topic	Strategic Agility: Decision Making in Uncertain Environments		

Class	8	Time	
Preparation	<p>Courtney <i>et al.</i> "Strategy under Uncertainty", <i>HBR</i>  Courtney <i>et al.</i> "Deciding how to Decide", <i>HBR</i>  Jill Lepore, "The Disruption Machine", <i>The New Yorker</i>, June 23, 2014  Doz and Kosonen, "The Dynamics of Strategic Agility – Nokia's Rollercoaster Experience" <i>California Management Review</i>, May 2008  Mike Canning &amp; Eamonn Kelley, Dynamics &amp; Discontinuity, <i>Eight Trends in the Business Environment that will Shape Strategy</i>, <i>The European Business Review</i>, Sep-Oct 2013<sup>+</sup>  Teece <i>et al.</i> "Dynamic Capabilities and Strategic Management", <i>Journal of Strategic Management</i><sup>+</sup>  <b>Case Study:</b> Tesla Motors  Case questions to guide your reading:</p> <ol style="list-style-type: none"> <li>1. Should BMW expect Tesla to grow into a strong direct competitor like Audi, versus Tesla being limited to a niche?</li> <li>2. What do you think of Tesla's entry strategy? What barriers did it have to overcome? Should Nissan learn something from Tesla's approach? Will other firms follow in Tesla's footsteps?</li> <li>3. Given your understanding of strategy, what industry scenarios do you expect to emerge?</li> </ol>		
Description	<p>When "change is the only constant" (cliché) and industries are converging and product life cycles are shortening, how should companies make strategic decisions? In this session, we examine numerous concepts related to decision-making in uncertain environments. These include strategic posture, side bets and strategic agility.</p>		

Class	9	Time	
Topic	Strategy for the Sharing Economy		

Class	9	Time	
Preparation	<p>Read:  Knowledge@Wharton (2016) "From Peerby to SnappCar: How Europe's Sharing Economy Is Driven by Efficiency" June 21</p> <p>Marshall W. Van Alstyne; Geoffrey Parker; Sangeet Paul Choudary (2016), "Pipelines, Platforms, And The New Rules of Strategy" <i>Harvard Business Review</i> April 1, 2016 (R1604C-PDF-ENG)</p> <p><b>Case Study:</b> Car2go: Individual Urban Mobility And The Sharing Economy (W13611-PDF-ENG)</p> <p>Case questions to guide your reading:</p> <p>(a) What does a car mean to you? Which factor of car ownership prevails — utility or status? If you don't own a car, how do you get around?</p> <p>(b) Do you think Car2Go is a successful business and why?</p>		
Description	<p>Arguably the biggest structural change in the economy in past decade has been the emergence of economic sharing in developed countries. It has redrawn numerous strategic boundaries around ownership v. access; monetization and value v. utility creation.</p> <p>This session will examine the strategic impact of the sharing economy on traditional companies and examine the disruptive strategies of sharing economy start-ups.</p>		

## Biography of Course Instructor

With extensive teaching, research and consulting experience in emerging markets - specifically of the Central and East European (CEE) region (currently engaged in consulting and executive education in Bulgaria, China, Hungary, Latvia, Lithuania, Morocco, Poland, Russia and Ukraine). He has recently completed Visiting Researcher positions at University of Trieste and the *Wirtschaftsuniversiteit* in Vienna.

He has published in peer-reviewed journals including *International Business Review*, *European Journal of International Management*, *Journal of Air Transport Management*, *Cross-Cultural Management*, *Journal of International Business and Entrepreneurship Development*, *Journal of World Business*, *Global Business and Organizational Excellence*, *Thunderbird International Business Review* and *World Competition*.

He has published three books the first entitled *EU Enlargement and Central Europe: Regulatory Convergence and the Multinational Enterprise* and another volume, *Global Antitrust: Trade and Competition Linkages*. In 2015, he has a new book co-authored with Rustam Jamilov entitled *Neo-Transition Economics*.

He is an Editorial Advisory Board member on the following journals: *Thunderbird International Business Review*, *Journal of Asia-Pacific Business* and the *European Journal of International Management*.

He has authored or co-authored numerous business case studies of both large and smaller entrepreneurial firms including Philips, Datwyler, Vienna International Airport, Zwack Unicum, UAS, Smollan Group and Hummus Bar.

His current roles in the Academy and beyond included Head Partner at the *BrainTrust Network* – a global end-to-end consulting eco-system; Founding Editor of the *International Journal of Emerging Markets* and an advisor to governmental authorities. His consulting and professional references include Graphisoft, bTV Bulgaria, Telenor Globul, Citibank, Deutsche Telekom, Siemens and Toyota. In addition, Yusaf has consulted and trained widely:

- *Stockholm School of Economics – FEM Leadership Program* (senior managers from Saab, Stora Enso, SSB, Ericsson, Scania)
- *Vlerick Business School – International Managers Program* (senior/mid-level managers from leading Belgian companies)
- Texas Instruments (Sensata Technologies) – Cross-Cultural Communication (mid-level managers)
- *Jeronimo Martins Polska (JMP) – Business Development Seminar* (Top, 'C' level management - JMP is Poland's #1 retailer with more than 2500 stores countrywide)
- *InBev Global Leadership Program* – Senior Management from InBev's operations in Central and East Europe
- *ETEX – International Business Strategy Seminar* – Top management from Latin America, Europe and Asia
- *Raiffeisen Banking Academy* – Strategy and Leadership Seminar (senior/mid-level managers from Hungarian Subsidiary)
- *CIB Banca San Paolo* – Controlling and Management (mid-level managers)
- *Orange Telecom Romania* – Critical Thinking and Leadership
- *Morgan Stanley* – Strategic Management (Head of Unit Management for Budapest Support Centre)