

Syllabus

Corporate Strategy: concepts and cases

- **Instructor:** Andrea Tracogna (tracogna@mib.edu)
- **Credits:** 2cr (4 ECTS) – 1.5 cr in class, 0.5 cr online
- **Term:** Spring/Summer 2017-2018
- **Course level:** KEMBA
- **Prerequisites:** Key Dimensions of Strategy

Course description

This course is mainly concerned with how companies define their “scope” and create value across different business units. Taking as given the lessons on “Key Dimensions of Strategy”, we will focus on how the corporation can add value to that its business units create by themselves. This requires the corporation to craft the business portfolio, and design the corporate functions to share activities or transfer skills across businesses. The assumption of an effective corporate strategy is that there is a limit to the scope of the firm, both at the vertical and horizontal level. While the course naturally covers strategy in large diversified companies, it also features small and medium-sized companies that appear to operate in a single business.

Learning outcomes

By the end of this course students will be able to:

- Identify the available avenues for the growth of a corporation and their implications in terms of economic performance and financial sustainability.
- Identify alternative corporate strategy options, including diversification, vertical integration, consolidation, and their key success factors.
- Distinguish between different diversification strategies (related and conglomerate) and evaluate diversification drivers.
- Analyse portfolios of business units and judge which to invest in and which to divest.
- Analyse the ways in which a corporate parent can add value for its portfolio of business units.
- Assess the relative benefits of vertical integration and outsourcing.
- Understand the importance of scale in different industry settings and identify different avenues to pursue consolidation moves.
- Understand how to make appropriate choices between organic development, mergers and acquisitions and strategic alliances.
- Identify the key strategic motives for mergers and acquisitions and strategic alliances.
- Distinguish the key issues in the successful management of mergers and acquisitions and strategic alliances.

Reading list

- Ansoff H.I., 1957, "Strategies for Diversification", *Harvard Business Review*, 35(5), 113-124
- Collis J., 1995, "The Scope of the Corporation", *HBS Note*, 9-795-139
- Hax A.C., N.S. Majluf, 1983, "The use of the Growth-Share Matrix in Strategic Planning", *Interfaces*, 13 (1), 46-60
- Tracogna A., 2007, "Strategic Outsourcing", Teaching Note
- Bortoluzzi G., Tracogna A., 2014, "Growth Champions", Research note
- Deans G.K., Kroeger F., Zeisel S., 2002, "The Consolidation Curve", *Harvard Business Review*, December

Assessment

This course is intensive and interactive in nature. Reading the assigned material is required (cases and readings) and good case preparation is essential. A willingness to discuss, critique and challenge views is also necessary. The Assessment is based on three dimensions:

- Class Participation (20%)
- Team-based Class Assignments (40%)
- Individual Paper (40%)

Individual Class Participation (20).

Since the course relies heavily on the case method, participation is considered to be an important part of the evaluation criteria. Participants are expected to prepare all the cases in advance of class. Classroom participation is graded (20% of the Final Grade). When the lecturer will lead the discussion, participants are expected to make their comments, express their point of view and introduce/initiate new issues or ideas and, in general, they are expected to have a pro-active approach both with the lecturer and with their colleagues.

Team-based Class Assignments (40%).

During classes, several short cases will be used for team-work and class presentations. Participants are expected to proactively contribute to the team-tasks and this will account for the 40% of the Final Grade.

Individual Paper (40%).

The Course will provide you with some concepts and models to evaluate corporate strategy decisions. You are asked to apply these concepts and models to some real-life strategic operations. In particular, you are asked to write a brief report (maximum 5-6 pages) focusing on one specific corporate strategy decision (for example, a diversification, an acquisition, a merger, a joint-venture, etc.) involving one or more companies. The selected company (or companies, if dealing with M&A or alliances) are generally well known. However, you may also decide to write about a lesser known company/s. In that case, you are asked to provide a synthetic presentation/overview of the company/s involved. You shall describe and motivate the strategic operations, confront them to the alternative strategic options available to the company/s (doing nothing, doing something else...) and evaluate them in terms of acceptability, feasibility and suitability criteria. Your analysis will necessarily include subjective descriptions (i.e. what you think about the strategic choices). However, the report may certainly benefit from data and information collected from external sources. In that case, you are asked to indicate your sources and to provide, in general, the origin of all quoted data. You are free to choose the operations and the companies of your interest. Only, you are invited to share your choice with the lecturer, before starting working on your report. For this purpose, please send an email to tracogna@mib.edu. Send the final document (.doc or .docx format) to the lecturer by the due date to the following address: tracogna@mib.edu.

Course schedule and materials for each session

The course will be delivered in 8 sessions of 2 class-hours each, according to the following schedule

	Course sessions (around 2 hours each)	Materials
1	<u>The Challenge of Corporate Growth</u> and the available paths	PowerPoint presentation Other material: <ul style="list-style-type: none"> - Bortoluzzi G., Tracogna A., 2014, "Growth Champions", Research note - Growth Champions: Gallery of cases
2	<u>Defining the Scope of the Corporation:</u> dimensions, measures, performance implications	PowerPoint presentation Other material: <ul style="list-style-type: none"> - Ansoff H.I., 1957, "Strategies for Diversification", Harvard Business Review, 35(5), 113-124 - Collis J., 1995, "The Scope of the Corporation", HBS Note, 9-795-139
3	<u>Diversification paths</u> <ul style="list-style-type: none"> - In search of synergies: relatedness and complementarities - Building ecosystems and platforms - Corporate refocusing Do we really need a corporate strategy?	Short Cases: <ul style="list-style-type: none"> - TomTom: what is relatedness? - Apple Ipad2: developing complementarities around a product - Amazon and Amazon Go: building and extending platforms from online to offline - Nestlè: when less is more; the need to refocus
4	<u>Managing a Portfolio of Businesses</u> <u>The Parental Role</u> in diversified groups	PowerPoint presentation Other material: <ul style="list-style-type: none"> - Hax A.C., N.S. Majluf, 1983, "The use of the Growth-Share Matrix in Strategic Planning", Interfaces, 13 (1), 46-60 Short Case: Corporate Parenting at Berkshire Hathaway
5	<u>Vertical Integration and Strategic Outsourcing</u>	PowerPoint presentation Other material: <ul style="list-style-type: none"> - Tracogna A., 2007, "Strategic Outsourcing", Teaching Note - Short Case: Outsourcing at Royal Bank of Scotland: the risks of not making
6	<u>In search of scale</u> Consolidation curves and end-game strategies The regulators' view	PowerPoint presentation Other material: <ul style="list-style-type: none"> - Deans G.K., Kroeger F., Zeisel S., 2002, "The Consolidation Curve", Harvard Business Review, December Case Study: Ab-Inbev: the consolidation of the beer industry
7	<u>Selecting Strategic Vehicles:</u> M&A, Alliances, Organic Growth	PowerPoint presentation Short Cases: <ul style="list-style-type: none"> - M&A - Fiat Chrysler Automobiles: a game changing integration

		<ul style="list-style-type: none"> - M&A - Starwood-Marriott: when the prey chooses the predator) - Alliances - Barthelemy-Walmart: what went wrong?
8	Corporate Strategy: <u>the integrated view</u> Corporate Strategies for Global Industries: the perspective of a Medium Player	Case discussion: "Illycaffè and Gruppo Illy": which corporate strategy for a medium players facing a global and consolidation industry?

Brief Bio of Instructor

Andrea Tracogna is Full Professor of Strategic Management at the University of Trieste, Italy, where he was the Head of the Department of Business administration and a member of the Academic Senate. In the same university, he launched the first Business Plan competition and has coordinated a 6-million-euro EU-funded project aimed at promoting innovation and technology transfer in the Adriatic macro-Region. He is Deputy Dean at MIB School of Management, Trieste, Italy, where he heads the Full-time Masters Division, and directs the MBA in International Business program. In the last years, he has contributed to the establishment of a business accelerator and has been a member of the Advisory Board for a major Venture Capital Fund. His current research interests range from Internationalization Processes and Strategic Management of SMEs, to Innovation Management, New Ventures Start-up and Entrepreneurship.