

**DEVELOPING STRATEGIES FOR COMPETITIVE ADVANTAGE**

**EMBA 5310 - 001**

**Fall 2014**

Why do some firms perform better than others? What can a firm do to gain a competitive advantage? How do successful companies develop winning strategies? How do entrepreneurs identify, evaluate and exploit opportunities? What are the sources of innovation and how do entrepreneurs in start-up and corporate environments turn ideas into products and take those products to market?

The underlying premise of this course is that successful companies and entrepreneurs base their strategies on more than gut instinct. This course seeks to broaden one's perspective of competitive strategy and encourage development and understanding of how firms, new and old, create and reinforce a competitive advantage in the marketplace. The goal is to provide students with the conceptual tools associated with the understanding of the firm’s external environment, industry and competition, and the assessment of the firm’s core competencies in order to formulate and implement strategies at the business and corporate levels.

The course also seeks to develop your capacity to identify issues, to reason carefully about strategic options and improve your ability to manage the organization process by which strategies get formed and executed.

**FACULTY**

**Professor Susanna Khavul:** **skhavul@uta.edu**

**Professor Liliana Pérez-Nordtvedt:** **lnordtvedt@uta.edu**

**MEETING DAYS AND TIMES**

Friday, August 22nd, 1pm-8pm

 Saturday, August 23rd, 8am-5pm

Friday, September 5th, 1pm-8pm

 Saturday, September 6th, 8am-5pm

Friday, September 19th, 1pm-8pm

 Saturday, September 20th, 8am-5pm

**EVALUATION CRITERIA**

**CASE WRITE-UPS: Points Percent**

* Iridium Due 8/23 20
* JetBlue Due 9/19 20
* Nucleon Inc. Due 9/20 20

Cases Total Percent of Grade 60%

**SWOT ANALYSIS** Due 9/1415 15%

**CLASS DISCUSSION** 25 25%

**Total Number of Points:** 100 100%

**Grading:**

A: 90-100

B: 80-89

C: 70-79

D: 69-60

F: Below 60

**CASE WRITE-UPS:** Questions for case write ups are given in this syllabus. Please see the individual sessions. Case write-ups should not exceed 4 pages (1 inch all around margins, Arial 12 point font, double space). They should be well thought out and not trivial. Answers should stick to the facts. Provide strong reasoning and evidence from the case. All case write-ups are due in class, printed, on the day that they are discussed. Please see the individual sessions.

**SWOT ANALYSIS:** The SWOT Analysis is due in the email inbox of Dr. Pérez-Nordtvedt by 10pm on the due date.

**CLASS DISCUSSION:** It is expected that each individual student read all the assigned materials assigned before meeting in class. This is the only way to have a meaningful discussion.

**IMPORTANT**

The use of cellphones/ smartphones in class is strongly discouraged. Please use the breaks provided between each 2 hour session to check emails, make calls etc. Longer breaks (such as those for lunch/dinner) will provide you with additional opportunities to do the same.

**COMPETING THROUGH ENTREPRENEURSHIP AND INNOVATION**

Dr. Susanna Khavul

**FRIDAY AUGUST 22, 2014**

**SESSION I (1:00-3:00 P.M.)**

**ENTREPRENEURS AND ENTREPENEURIAL OPPORTUNITIES**

**Introduction and introductions**

**Case Study:**

* R&R (Harvard Case)

**Issues for Analysis:**

**Issues for analysis:** [Bob Reiss](http://www.hbs.edu/entrepreneurs/bobreissbio.html) clearly made a success of R&R. Please prepare a case analysis that answers the following questions about Bob Reiss and his experience with R&R.

1. How did Bob Reiss do it? Is his success reproducible?

2. How much money did Bob Reiss in the R&R venture?

3. Should he attempt to start the venture he is considering at the end of the case? Make a solid argument in favor or against it. No sitting on the fence.

**SESSION II (3:00-5:00 P.M.)**

**Topics:**

* What is entrepreneurship?
* Who are entrepreneurs?
* How do entrepreneurs identify and evaluate opportunities?

**SESSION III (5:30-7:30 P.M.)**

**LIVE CASE STUDY**

**COMPETING THROUGH ENTREPRENEURSHIP AND INNOVATION**

Dr. Susanna Khavul

**SATURDAY AUGUST 23, 2014**

**SESSION I (8:00-10:00)**

**BUILDING AND SCALING ENTREPRENEURIAL VENTURES**

**Case:**

* The Rise and Fall of IRIDIUM (Harvard case)

**Issues for analysis and write-up:** Please prepare a case analysis that answers the following questions:

* Who is to blame for IRIDIUM’s failure? At what point could you have known that IRIDIUM would fail?
* What is your evaluation of IRIDIUM’s system design? What impact did the choices that were made have on subsequent evolution of the venture?
* What is your evaluation of IRIDIUM’s organizational design? What changes would you have made to increase the probability of a successful outcome?

**SESSION II (10:00-12:00)**

**Topics:**

* Opportunity assessment
* Customer focused entry and scaling
* Technology cycles and choices in a changing environment

**Readings:**

* Eisenmann T., Reis, E., Dillard, S. “Hypothesis driven entrepreneurship: The lean start-up” (HBSP Note)

**SESSION III (1:00-3:00)**

**HARNESSING CREATIVITY AND INNOVATION**

**Topic:**

* Ideas, inventions, and innovations
* Creativity in organizations
* Entrepreneurial and Organizational networks
* Building Teams and Networks

**Reading:**

* Colin M. Fisher, Teresa M. Amabile, “Creativity, Improvisation and Organizations”
* Ed Catmull, “How Pixar Fosters Collective Creativity”

**Personal Assessment Exercise:**

* Herminia, I. 2005. Network assessment exercise: Executive version. (HBS Exercise)

**SESSION II (3:00-5:00 P.M.):**

**LIVE CASE STUDY**

**WRAP-UP**

**Strategic Management: Analysis**

**FRIDAY SEPTEMBER 5, 2014**

Dr. Liliana Pérez-Nordtvedt

**SESSION I (1:00-3:00 P.M.)**

**BUILDING BLOCKS OF THE STRATEGIC MANAGEMENT PROCESS**

**Topics:**

* What is Strategy?
* What is the Strategic Management Process?

**Readings:**

* Hambrick, Donald C. & James W. Fredrickson. 2001. “Are you sure you have a strategy?” Academy of Management Executive, 15(4):48 -59.
* Porter, M.E. 1996. “What is Strategy?”, Harvard Business Review, Nov/Dec, pp. 61-78.

**Issues for analysis:**

* Issues: Establish a solid working definition that will serve as a foundation for the course.

**SESSION II (3:00-5:00 P.M.) AND SESSION III (6:00-8:00 P.M.)**

**ENVIRONMENTAL ANALYSIS - THE EXTERNAL ENVIRONMENT**

**Topics:**

* External Analysis
* Opportunities and Threats
* General Environment
* Industry Environment
* Porter’s Five forces of Competition

**Readings:**

* Porter, M.E. 1979. “How Competitive Forces Shape Strategy,” *Harvard Business Review*, Mar/Apr, Vol. 57: 137-145.

**Strategic Management: aNALYSIS AND DECISIONS**

**SATURDAY SEPTEMBER 6, 2014**

Dr. Liliana Pérez-Nordtvedt

**SESSION I (8:00 a.m. -10:00 A.M.)**

**GUEST SPEAKER**

**Mr. James Sellers**

**President**

**Sellmark Corporation**

**SESSION II (10:00 a.m. -12:00 p.m. Noon)**

**ENVIRONMENTAL ANALYSIS - THE INTERNAL ENVIRONMENT**

**Topics:**

* Internal Analysis
* Strengths and Weaknesses
* Value Chain Analysis
* Resource Based View

**Readings:**

* Barney, J. B. 1995. Looking inside for competitive advantage. *Academy of Management Executive*. Vol. 9 Issue 4: 49-61.

**SESSION III (1:00-3:00 PM) AND SESSION IV (3:00-5:00 PM)**

**DECISIONS - STRATEGY FORMULATION AND BUSINESS LEVEL STRATEGIES**

In these two sessions, we will first examine how SWOT analysis feeds into the strategic decision making process. We will then talk about the different elements of strategy by revisiting Hambrick and Fredrickson (2001) with particular attention to “Vehicles. Then, we will study the different generic business strategies that firms can pursue in their quest for competitive advantage. Following that we will discuss in greater detail the generic strategies of cost-leadership and differentiation.

**Topics:**

* Situational analysis and TOWS matrix (instructions for the SWOT Analysis; see below)
* Elements of Strategy: Vehicles
* Business level generic strategies
* Cost leadership strategy
* Differentiation strategy
* Focus strategies
* Combination strategy

**Reading:**

* Hambrick, Donald C. & James W. Fredrickson. 2001. “Are you sure you have a strategy?” Academy of Management Executive, 15(4):48 -59.
* Heracleous, L., & Wirtz, J. Singapore Airlines' Balancing Act. Harvard Business Review. Jul/Aug2010, Vol. 88 Issue 7/8: 145-149.

**SWOT Analysis write-up (due 9/14):** Please prepare a **SWOT Analysis** for your organization using the tools and frameworks discussed in class:

* Identify the Opportunities and Threats faced by your organization
* Identify the Strengths and Weaknesses of your organization
* Identify three strategies based on your assessment of your organization’s SW and OT

**Strategic Management: DECISIONS**

**FRIDAY SEPTEMBER 19, 2014**

Dr. Liliana Pérez-Nordtvedt

**SESSION I (1:00-3:00 P.M.)**

**CASE STUDY**

**Case Study:**

* JetBlue: Managing Growth by Robert S. Huckman and Gary P. Pisano. Harvard Business School Case 609-046

**Issues for Analysis and write-up:** Please prepare a case analysis that answers the following questions:

* Does Jet Blue have a Business-Level Strategy? What do you consider it to be and why?
* What is your assessment of the E190 decision? Is this consistent with the business level strategy of JetBlue? Why yes/why not?
* What recommendations would you make to JetBlue on how to allocate their aircraft purchases between the E190 and the A320? Defend your recommendations.

**SESSION II (3:00-5:00 P.M.)**

**DECISIONS - CORPORATE LEVEL STRATEGY I:**

**ISSUES, STABILITY, RETRENCHMENT, AND HORIZONTAL GROWTH**

Corporate strategies examine three different but interrelated issues: the position that the firm takes with regards to growth, stability and retrenchment, the management of multiple units competing in diverse industries, and the allocation of resources to those units in an effort to increase the overall value of the corporation. In this session, we will talk about corporate level strategy and these three issues. We will then examine retrenchment and stability strategies. We will then start the discussion about growth strategies by examining horizontal integration strategies.

**Topics:**

* Where does corporate level strategy fit in Hambrick and Fredrickson’s model?
* The parenting issue, the directional issue and the portfolio issue
* Stability strategies
* Retrenchment strategies
* Growth strategies: horizontal growth

**SESSION III (6:00-8:00 P.M.)**

**DECISIONS - CORPORATE LEVEL STRATEGY II:**

**VERTICAL INTEGRATION AND DIVERSIFICATION**

In this session, we will continue our discussion on corporate level strategy. We will discuss the two last growth strategies. First, we will examine vertical integration as a special kind of diversification strategy and the conditions under which vertical integration may create value for the firm. In addition, we will learn about diversification and the synergies through which this strategy can create value.

**Topics:**

* The value of vertical Integration
* When vertical Integration makes sense
* Diversification strategy
* Synergies of Related and unrelated diversification strategies

**Strategic Management: DECISIONS and actions**

**SATURDAY SEPTEMBER 20, 2014**

Dr. Liliana Pérez-Nordtvedt

**SESSION I (8:00-10:00 a.m.)**

**DECISIONS - CORPORATE LEVEL STRATEGY III:**

**STRATEGIC ALLIANCES, MERGERS AND ACQUISITIONS (M&As)**

Strategic alliances and M&As represent important vehicles available to firms pursuing growth strategies. However, they do not necessarily create value for firms pursuing them. The purpose this session is to highlight the conditions under which strategic alliances and M&As strategies will, and will not, be a source of value for firms.

**Topics:**

* Where do strategic alliances and M&As strategy fit in Hambrick and Fredrickson’s model?
* Types of strategic alliances
* Why strategic alliances? Motives underlying strategic alliances
* Pitfalls in Strategic Alliances
* Mergers and Acquisitions
* Benefits and limits of M&As
* When do M&As create value? When do they not create value?
* Making acquisitions work

**Reading:**

* Kanter, R. M. 2009. Mergers That Stick. Harvard Business Review, 87(10): 121-125.

**SESSION II (10:00-12:00 Noon)**

**CASE STUDY**

**Case Study:**

* Nucleon, Inc. by Gary P. Pisano. Harvard Business School Case 692-041

**Issues for Analysis and write-up:** Please prepare a case analysis that answers the following questions:

* Pretend you are Robert/Roberta Moore. You have evaluated all the options thoroughly and you have come up with a recommendation to give to Jeff. Please write your recommendation to Jeff and the compelling reasons that drove you to select this option as the best one for Nucleon, Inc.
* While Jeff Hurst, your boss, has been considering these three options for Nucleon’s future, you can’t help but feel that Nucleon has other options available to it. Of course, you just finished your EMBA program and your last class was on Strategic Management. In that class, you learned about a number of corporate level strategies available to firms. You have been a bit hesitant to tell Jeff about them, especially because vertical integration is what Jeff favors, but now that your employment and the future of Nucleon is at stake, you feel you have to tell Jeff about other options that have perhaps slipped his mind. Please provide 2 such options. In doing so, make sure you provide the pros and cons associated with each one of them.

**SESSION III (1:00-3:00)**

**GOVERNANCE AND STRATEGIC CONTROL**

**Topics:**

* Corporate Governance
* Board of Directors
* Strategic Control

**Reading:**

* Sonnenfeld, J., Kusin, M., & Walton, E. [What CEOs Really Think of Their Boards.](http://web.b.ebscohost.com/bsi/viewarticle?data=dGJyMPPp44rp2%2fdV0%2bnjisfk5Ie46bZMt6eyUbCk63nn5Kx68d%2b%2bT62nr0ewpq9Mnqq4SrWwrk6exss%2b8ujfhvHX4Yzn5eyB4rOrSq%2bptVCzrLVMr5zqeezdu33snOJ6u9jygKTq33%2b7t8w%2b3%2bS7ULSntUuxprQ%2b5OXwhd%2fqu37z4uqM4%2b7y&hid=103" \o "What CEOs Really Think of Their Boards. )  Harvard Business Review, Apr2013, Vol. 91 Issue 4, 98-106.
* Fox, J., & Lorsch, J. W. [What Good Are Shareholders?](http://web.b.ebscohost.com/bsi/viewarticle?data=dGJyMPPp44rp2%2fdV0%2bnjisfk5Ie46bZMt6eyUbCk63nn5Kx68d%2b%2bT62nr0ewpq9Mnqq4SrWwrk6exss%2b8ujfhvHX4Yzn5eyB4rOrSq%2bptVCzrLVMr5zqeezdu33snOJ6u9jygKTq33%2b7t8w%2b3%2bS7T7WosE2zra8%2b5OXwhd%2fqu37z4uqM4%2b7y&hid=103" \o "What Good Are Shareholders? ) Harvard Business Review. Jul/Aug2012, Vol. 90 Issue 7/8, 48-57.

**SESSION IV (3:00-5:00)**

**CASE STUDY**

**Movie:**

* Barbarians at the Gate

**Issues for Analysis:**

* If you had been the CEO of RJR Nabisco, what would you have done?
* What other alternatives did Ross Johnson have?
* Did the Board of Directors protect the interest of shareholders? Why?

**WRAP-UP**