Strategy I

Winter Intensive, 2012

Professor Christina Fang

COR1-GB.2103.W4: Alternate Schedule; KMC 2-70

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Office Hours: By appointment.

COURSE OVERVIEW

This course is motivated by a simple question with a set of complicated answers: “What allows certain firms to earn positive economic profits while others deliver negative returns?” To answer this question, we will investigate three potential answers:

- Variance in profitability is tied to the external environment – industry structure and the structural niches occupied by the firms in that industry
- Variance in profitability is tied to the internal functions of the firm – the choices made to support the strategy and the firm’s ability to accumulate and utilize resources
- Variance in profitability is tied to superior managerial decision-making

It is important to recognize upfront that neither strategic analysis nor this course can be as perfectly organized as the outline suggests. This is not accounting or statistics which begin with core, universally accepted principles and then build to harder problems and applications. Instead, business strategy is complicated and messy throughout, and we will be learning a set of new tools and concepts to answer questions that arise throughout the class:

- Five Forces Analysis – how external forces affects a firm’s profitability.
- Value Chain Analysis – how internal activities of the firm affects a firm’s profitability.
- Resource Based View of the Firm – what resources are valuable to a firm.
- Managerial Decision Making – what decision traps managers should avoid.
COURSE ORGANIZATION

Our course consists of three different components:

Readings: There is no single text assigned to this course. Instead, a mix of classic and more modern readings in the area of strategy have been selected to provide the background and frameworks for our case discussions. I will not be lecturing to the readings, but they will be important for conducting our case discussions. Therefore, unless you tell me otherwise (by asking questions), I will assume that you have read the assigned readings, understand the basic concepts in the readings, and can relate them to the cases.

In addition, we will also read selected chapters from two popular books:


In both cases, it is more economical to purchase the paper back versions directly from Amazon or Barnes and Noble, rather than to pay for copyright clearance for selected chapters. I recommend that you get both books since they are easy to read and highly entertaining.

Cases: This is a case-based class, and the centerpiece of all of our activities in this class will be our case discussions. We will use cases extensively in this class to illustrate how to apply conceptual frameworks and arguments to actual business situations. For a case discussion to be a valuable learning experience, it is essential that you come prepared to discuss the cases and readings assigned for that class. In addition, the case discussion questions serve as the focus of class discussion. In preparing for the case discussion, I ask that you deal with the cases as you find them; do not seek outside or post-case data on the firm or industry. Of course, if you already have such information from previous experience, this can be very useful in case discussion. Please let me know about it in advance, and I will make a point to call on you at the appropriate time. Seeking material from students who have taken the course before is a violation of the honor code.

All cases will be part of a digital coursepack from Harvard Business School Publishing. A link to purchase the coursepack directly from Harvard will be sent about 2 weeks before class. Please print the cases and bring them to class.

Mini Lectures: Mini-lectures before and after class discussions will set the stage or summarize course concepts. This will include some key takeaways from case discussions, when and how to use various frameworks, and suggestions of common mistakes with course frameworks. All slides for these mini-lectures will be available on Blackboard.
COURSE GRADING

This course uses a variant of contract grading, where your final grade is determined (in part) on whether you choose to complete an optional final exam. Thus, there are two basic parts of the grade – a “base grade,” derived from your performance on the required elements of the class, and an optional or “extra credit” portion that is the take-home final exam.

The “base grade” ranges from a B+ (at the highest) down to a B- or lower as necessary. The breakdown for this grade is as follows (descriptions of different levels of performance on each of these elements are included on the following page):

- Class participation (in class and online) 20%
- Group Exercises (in class) 10%
- Group Mini-Project (in class) 20%
- Quizzes (two, both in class) 50%

TOTAL 100%

This breakdown is for the “base grade” only, which ranges up to a B+. In addition, there is a take-home final exam that students may choose to take. This optional final can raise your final grade by as much as two grades – so, from a B+ to an A, or a B- to a B+. Please note that, in contract grading, the decision of whether or not to complete the final exam should be based on your final grade preferences and expectations, not on your performance in the other elements of the class. All students on track for something lower than a B- will be contacted by me before the final class.

In addition to in-class discussion, there will be opportunities for discussion on the Blackboard page for this class (extending and continuing in-class discussions), and those postings represent additional opportunities for graded class participation (though these are not a viable substitute for in-class participation, just a supplement). Generally, these online conversations will be topics that we did not get the opportunity to discuss in enough detail during class time that we will continue to address during the time between classes.

The quizzes will cover the application of course concepts to new “case” situations, and will not directly test your knowledge of the cases covered in class. However, the quizzes will be smaller versions of the case discussions in class, so these represent good practice for the quizzes.

Overall, I will follow the school’s guideline for core courses: no more than 30%-35% of enrolled students will receive an A or A-. To some extent, students will self-select based on their choice to complete the final exam. Keep in mind that pursuing an “A” (by turning in the take-home final exam) does not guarantee you of a higher grade.

PLEASE NOTE: Due to the compressed nature of this class, there will be no opportunities for a makeup of a missed element or for extra credit (beyond the final exam).

For those who choose to complete a take home final, the exam will be distributed electronically immediately after our final class will be due 1 week later by 9pm. The final will be based on a real life case and will be similar to our two in class quizzes and exercises.
COURSE POLICIES

Attendance: Attendance, preparation, and participation are essential in this class, as in any class based on the case method. Missing any class time will significantly harm your ability to learn the material, and will have an impact on your grade. If you miss all or part of one three-hour session I will assume that your absence is legitimate. Missing two or more of the six sessions is not generally acceptable in a class this short and will have a significant impact on your overall grade.

Everyone is expected to participate actively in class discussions and the class Blackboard discussion board. Some of you may feel more comfortable with in-class comments, some of you may feel more comfortable with discussion board contributions. However, everyone should participate in the course conversation in one (or both) of these two venues. We will depend on everyone’s active involvement to make the class successful. Comments, questions, and case insights are all valuable and desired. If you need to miss class, please email me ahead of time.

Laptops, cell phones and smart phones: I do not allow students to use laptops during class time (except during Meetings 4 and 5 for group projects and simulation), though you are welcome to bring laptops to class. Because I will not be testing “case facts” on the quizzes or the final exam, taking notes on case details will not be helpful. Instead, I will be testing process knowledge – your ability to correctly apply frameworks and analyses we discuss in class. My experience is that the best way to learn this process is to engage in it actively during in-class case discussions. I will provide you with “key takeaways” electronically throughout the course, as well as electronic copies of any slides that I show. Laptops, even when used to take notes in class, also constitute a significant distraction to other students in the classroom that outweighs any potential benefits.

Cell phones and smart phones may not be used in class.

Formation of Groups: Groups will be formed in class. To help you network with your classmates, especially those whom you don’t already know, we will have opportunities to work in different groups.

Honor Code: Please remember that you are governed the MBA Honor Code. You can find more information on the MBA Honor Code at http://www.stern.nyu.edu/mba/studact/mjc/hc.html.

Students with Disabilities: If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and me as soon as possible.