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# COR1.GB.2104

## MBA CORPORATE STRATEGY

### WINTER 2012 SYLLABUS (preliminary: v.12/22/11)

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#### COURSE OVERVIEW

Generally, *strategy* is defined as a set of actions leading to value creation and capture through competition. Specifically, *corporate strategy* focuses on these actions in the multi-product, multi-location, multi-business firm. Our course (also known as *Strategy II*) is motivated by three fundamental questions:

1. Can the firm increase value through scope? (e.g., through more or fewer businesses);
2. Should the firm make or buy its products? (i.e., the ownership decision);
3. How can the multi-business firm be managed to create value? (i.e., strategic management).

Whereas *Business Strategy* focuses on the strategy of individual businesses, *Corporate Strategy* focuses on the strategy of the firm as a whole, and the interrelations between different divisions. For example, corporate strategy issues for Disney might include whether or not Disney should own a range of businesses (e.g., theme parks, restaurants, TV networks, etc.), how Disney should enter those businesses (e.g., internal development, acquisitions), and how they can be synergistically combined to create value. Business strategy for Disney would include issues such as how the competitive advantage of Disney's theme parks should be maintained. Our course presupposes a working knowledge of *Business Strategy*. Also, even if advanced quantitative courses are not required, we will draw upon basic quantitative tools for the analysis.

#### THE NATURE OF AN INTENSIVE COURSE IN STRATEGY

Taking MBA-level Strategy in the intensive format at NYU Stern implies three things:

- The workload will be more concentrated than in a regular course. However, I will assign only essential readings and little homework, expecting deep analysis of the key concepts and a high level of preparation and participation. I will reward quality over quantity.
- The perfect blend of theory and practice is hard to achieve in a short period. Therefore, I'll give you enough options so that the right mix will largely be up to you. The materials and in-class activities will give you a full range of views from theoretical arguments to plain examples from everyday business. Through this variety, you can choose what is best for you, based on your preferences and previous coursework at Stern, which may vary from person to person.

- Your attention may be also committed to other intensive courses immediately before or after my course. Therefore, there will be little pre-course work, and a very generous deadline for post-course work to obtain a grade in our course. Also, the materials are available more than a month before the beginning of class.

**COURSE EXPECTATIONS**

The goal of this course is to give you some insights into how companies do corporate strategy.

**COURSE ORGANIZATION, MATERIALS, AND LEARNING**

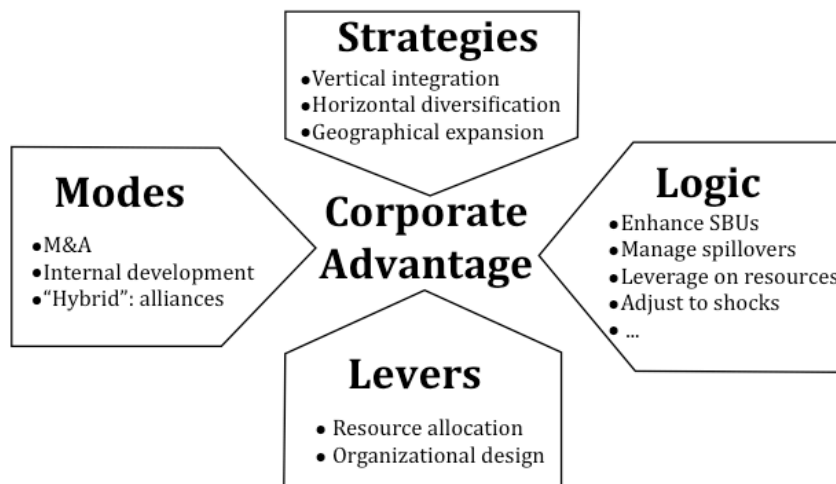
Our course consists of different components that will help us address the three questions of corporate strategy outlined above. (The source where to get the materials is in parentheses).

**Cases:** The essential material for this course. The genuine case discussion is not a repetition of facts but an in-depth analysis of a strategic problem and its potential solution. If you do not prepare carefully the facts, however, it would take us too long to get to the core problem, thereby diminishing your learning. To help you prepare, I provide preparation questions in advance, some of which typically require quantitative analysis that you will perform individually or in a group, depending on the assignment. I may ask you to write down your solution in class and turn it in as participation. The cases are available in the digital coursepack (CP) to be purchased by you from the NYU Professional Bookstore website.

**Background reading:** Dess, Lumpkin, and Eisner’s “Strategic Management: Creating Competitive Advantages” 5th Edition is the suggested book and it contains the basic readings as background for our in-class discussion. (Older editions also OK). Unless you ask me questions in class, I will assume you manage the concepts of the book (hereafter labeled DLE), understanding the basic concepts, and relating them to the cases. Note this is not a required textbook, but most students that purchase it for my course thank me for the suggestion.

**Lectures:** How will you apply abstract concepts to real problems? The lectures will provide you with the common thread, tying frameworks and examples to effectively address strategic problems. Two sets of materials will be used in the lectures: (1) slides with the frameworks and practical examples, and (2) lecture notes with the theory, key concepts, and quantitative exercises to be solved in class. It is during the lecturing time that we will seek the balance of principles and practice that characterizes good strategic thinking (BB).

The course organization and materials will help us give structure to a reality that more often than not is unstructured. Indeed, strategic thinking requires “thinking outside the box,” but first you need to study the box carefully. As a preview, here are the key concepts and tools of our course:



- **Strategies:** Vertical integration, diversification, and geographical expansion constitute the core of corporate strategies.
- **Modes:** M&As, internal developments, and inter-firm collaboration. The first two are “pure,” the latter are hybrid because they admit many gradations between the pure ones.
- **Levers:** Resource allocation and organizational design. They are called “levers” because they help strategic managers exert power much beyond their numerical presence in the firm.
- **Logic:** Why (a combination of some of) the above components make sense. Managing synergies, enhancing SBU value, and others.

## COURSE GRADING

Participation	30%
Individual memo	15%
Group memo	15%
Individual final exam (take home)	40%

**Participation.** Your effort and contribution in case discussions, lectures, written exercises and any other voluntary submission will determine your participation score, which will be assessed through the last meeting of our course (but not afterwards). I will evaluate your contributions not depending on whether you agree with me, but based on their relevance, accuracy and logical consistency. Please bring your name card so that I can identify you more easily in the classroom. I will also track attendance through participation, in accordance with the Langone MBA regulation of full attendance for intensive courses.

*-A note for quiet students.* I can understand two reasons for your being quiet in class. One is that you did not prepare the materials for a specific module; please let me know if this is the case at the beginning of a module so that I don't call on you then. Second, you have a preferred tendency not to speak in class; please participate through email or hard-copy write-ups *before* class.

**Individual memo.** You will submit a Memo based on Flextronics, a case in the coursepack. The questions for the memo and the required format will be posted on BB with sufficient anticipation. Note that you may need to start working on this assignment before the course starts.

**Group memo.** You will work in groups of 3 students maximum to submit a Group Memo based on a case in the coursepack. The questions and the required format will be posted on BB with sufficient anticipation. You will have the option to choose what case to work on: Disney-Pixar (Module 4) or Nike Global (Module 5).

**Individual final exam (take home).** You will work on the Alibaba case with a deadline 7 days after the course is over. Solving the exam should not take more than a few hours so you can turn in your exam much earlier than that. The questions and format for the final exam will be posted a few days before the end of the course.

For any case analysis, you should not use material that is beyond the scope or time frame of the case. While you may supplement financial information provided in the case, you should be careful that the data pertains to the same years covered by the case. Any external information used must be properly referenced. Failure to properly reference any external source constitutes plagiarism. To avoid any confusion over the originality of your work, you (or your team) should work alone, and should not utilize any analysis found on the web, performed for previous classes, or from any other source. Further, I reserve the right to submit the case analyses to plagiarism-detection programs.

## COURSE COMMUNICATION

The course syllabus, class objectives, materials, announcements, and surveys will be posted on the Blackboard site. I also encourage other channels of communication: email, phone calls, conversations before or after class.

## OTHER ISSUES

**Laptop use in the classroom:** Due to the nature of this course and the materials that will be distributed, you do not really need a laptop during class time. Many people are comfortable taking notes on a laptop, while some are uncomfortable seeing others use the laptop for purposes other than taking notes (e.g., email, internet). If there is going to be a negative externality, I would like to minimize it by asking those students who are planning on using a laptop to sit in the last rows of the classroom.

**Honor Code:** Please remember that you are governed the MBA Honor Code. Moreover, every student is obligated to report any suspected violation of that code. You can find more information on the MBA Honor Code at [http://www.stern.nyu.edu/cons/groups/content/documents/webasset/con\\_032511.pdf](http://www.stern.nyu.edu/cons/groups/content/documents/webasset/con_032511.pdf)

**Students with Disabilities:** If you are having trouble in class, I want to know about it as soon as possible. I will do my best to help students who, despite a sincere and solid effort, are experiencing difficulty. 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 provide me with a letter outlining recommended accommodations by the end of our first class meeting.

### **Important Dates to Remember:**

*Individual Memo:* Due by the second day of class, **by email, submitting a single document**

**Date: Thursday, January 26, 2012, no later than 6pm**

Case: Flextronics

Questions will be available on Blackboard one week before class starts.

*Group Memo:* Due at the beginning of the case of your choice, **by email, submitting a single document**

You need to make a choice of case and group members by January 26, 2012.

*Individual Final Exam:* Due **by email, submitting a single document**

**Date: Thursday, February 9, 2012, by 9:00pm (that is, one week after class ends).**

Case: Alibaba Group

Questions will be available on Blackboard with anticipation.

## COURSE SCHEDULE

See next page and Blackboard for specific dates and times.

**SCHEDULE** (DETAILS FOR EACH SESSION POSTED ON BLACKBOARD SOON)

Note: If you are not familiar with quantitative case preparation/discussion, read DLE Chapter 13 before anything.

<b>Module</b>	<b>Topics and Assignments</b>
<b>1</b>	<b><u>The Nature of Corporate Strategy</u></b>  Background: DLE Chapter 1  Prepare: Goldman Sachs, September 2008 (CP)
<b>2</b>	<b><u>Vertical Integration and its Alternatives</u></b>  Background: DLE Chapter 3 (through p.101)  Prepare: Flextronics (CP)
<b>3</b>	<b><u>Diversification and Strategic Cope</u></b>  Background: DLE Chapter 6 (through p.214) and DLE Chapter 7  Prepare: Beatrice (BB)
<b>4</b>	<b><u>Modes: M&amp;A, Internal Development, Alliances</u></b>  Background: DLE Chapter 6 (from p.214 onwards) and DLE Chapter 12  Prepare: Disney and Pixar: To Acquire or not to Acquire? (CP)
<b>5</b>	<b><u>Levers: Designing and Managing the Multibusiness Firm</u></b>  Background: DLE Chapter 4 and DLE Chapter 10  Prepare: Nike's Global Women's Fitness Business (CP)
<b>6</b>	<b><u>Implementation and the Limits of Corporate Strategy</u></b>  Background: DLE Chapter 11 Thoughts on Corporate Strategy (external link on BB)  Prepare: DaimlerChrysler (CP).

**\*\*\*This schedule is a guideline only. The instructor reserves the right to change the schedule.**