Overview

The course has three learning objectives.

1) Provide you with the theory to understand why a given company is (or is not) profitable. (For potential entrepreneurs, this theory becomes a tool to assess whether your proposed venture will be profitable in a competitive environment.)

2) Provide you with perspectives for assessing the sustainability of a given company’s profitability. We will place special emphasis on understanding and evaluating the key assumptions and judgments underpinning your assessments.

3) Enable you to identify the substantive issues behind the trends and frameworks in the strategy field.

To achieve these objectives, the course will utilize both case discussions and lectures. One of the key challenges of strategy is that decisions have to be made with limited and ambiguous information. Cases will provide us with a great way to simulate the ‘messiness’ of real-world decisions. Additionally, and concurrently, the course will provide an introduction to ‘added value theory.’ Based on game-theoretic foundations, added value theory provides a formal approach to obtaining an economic perspective on complex business environments.

The course is loosely organized around four themes. Note that in any given case, all four themes will often be present.

Value Creation and Capture The foundation for understanding why a firm makes money, sometimes called a firm’s “competitive advantage.”
**Sustainability**  The question of whether or not a company will continue to be profitable. We will explore different approaches to answering this question. As this includes an element of predicting the future, we will be careful to be explicit about our assumptions.

**Competitive Dynamics**  Understanding what firms might do when they have well-defined strategic options.

**Corporate Strategy**  The question of whether or not a company should be in multiple businesses.

**Requirements and Grading**

The specific grading requirements will be posted with the final version of the syllabus. Students should be aware that attendance and class participation are an integral part of this course and will be part of the grading.

**Classroom Policies**

Please remember that Business School classes take place in an environment that supports learning and encourages the exchange of ideas. Behavior that distracts students and the professor negatively affects the learning environment. For example,
- using electronic devices (including laptops) for purposes not authorized by the professor,
- arriving late to class or leaving early, and
- walking in and out during class

are particularly detrimental to the classroom environment. Consequently, we will follow the policies in *Default Policies for Stern Courses*. The following three excerpts from that document are particularly relevant to our class:

**Laptops, Cell Phones, Smartphones, & Other Electronic Devices**

May not be used in class.

**Attendance**

Required and part of grade.

Faculty will excuse absences only in the case of documented serious illness, family emergency, religious observance, or civic obligation. If you will miss class for religious observance or civic obligation, you must inform your instructor no later than the first week of class. Recruiting activities are not acceptable reasons for absence from class.

**Arriving Late, Leaving Early, Coming & Going**

Students are expected to arrive to class on time and stay to the end of the class period.

Arriving late or leaving class early will have impact on the course grade.

Students may enter class late only if given permission by the instructor and can do so without disrupting the class.