

### COURSE INFORMATION

Course title:	Strategic Management	Credits:	1.5
Course code:	BASM 550	Class location:	Henry Angus 335
Session and term:	2023W1, Period 3	Class times:	Mon Wed 10:00 – 12:00
Section(s):	MM1	Pre-requisites:	
Course duration:	Jan 08, 2024 to Feb 07, 2024	Co-requisites:	
Division:	Strategy and Business Economics		

### INSTRUCTOR INFORMATION

Instructor:	Guillermo Marshall	Office location:	Henry Angus 271
Phone:	604-827-1657	Office hours:	Tue Thu 12:00 – 12:30
Email:	guillermo.marshall@sauder.ubc.ca		

### COURSE DESCRIPTION

The main goal of this class is to help you answer common, yet difficult, questions: “How can a firm earn long-run profits?” and “what can a firm do to avoid having its profits eroded by the actions of its competitors and other market actors?” No equation, recipe or formula can universally answer the previous questions. There is, however, critical thinking, economic models, and rational judgment that we can use to understand the firms’ context and answer the question case by case.

The aim of this course is to develop a flexible business strategy toolkit that can be applied to a broad range of practical problems. We place equal emphasis on understanding the underlying economic models and on the applications to real-world problems. At the end of the course, students should be able to recognise and categorise major strategic problems, and suggest how the participants can change the market to their advantage.

In this course you will learn how to apply simple—yet powerful—ideas to specific situations. You will be endowed with new technical tools that will help you improve your ability to think analytically and strategically. Special emphasis will be given to your ability to discern the right tool to understand and analyse any given situation. In particular, the primary skills developed in this class are:

- **Diagnosis.** Can you identify the salient details of a situation and understand their strategic significance and implications? The goal is to pick out what really matters from among the facts and to use economic frameworks to understand the significance of those details.
- **Judgment.** The frameworks and tools we develop in this course need to be applied intelligently. This class teaches you to be a better—meaning a more systematic, logical, complete, critical—thinker about strategy. You should not expect to gain from this course a body of business-related facts. Instead, the aim is to teach you skills that will help you understand the significance of whatever set of facts you face.
- **Creativity.** One theme of the course is that you can’t outperform your competitors by simply doing the same things they are doing. Finding new approaches and new ways to do things is often the key to a successful, profitable strategy.

The concepts, skills, and analytical tools that you will learn in this course rest on economic principles relating to firms’ underlying organizational objectives. In particular, a business exists to generate wealth for its owners. To that end, a firm may have to consider stakeholders beyond shareholders. Although the

primary focus of this class will be the creation and capture of economic wealth, a variety of other objectives may apply to certain firms in particular contexts. The concepts and tools discussed in class can be used to formulate strategy with any objective in mind.

**COURSE FORMAT**

This course offers a blend of lectures, in-class discussions, group activities, and case studies of particular companies and climate solutions. It may also feature guest speakers on occasion. Students will do readings outside of classroom time. There will also be a group-based project to be completed outside of class time.


**LEARNING OBJECTIVES**

By the end of this course, students will be able to apply strategic reasoning to business situations. This will involve identifying the key aspects of the context as well as identifying the economic tradeoffs that are relevant a strategic decision. Formulating a strategic recommendation will complete the process.

**SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, we will touch on topics that relate to the following goals:

Sustainable Development Goal	Description of how and when the goal is covered in the course.
<p><b>Goal 8: Decent Work and Economic Growth</b></p> 	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p><b>Global Examples:</b> economic diversification, small and medium businesses, fair trade, access to financial services, decent job creation, entrepreneurship, creativity and innovation, meaningful work, employment equity, income equity, labour rights, micro-finance, social finance, safe &amp; inclusive workspace, alternatives to never-ending growth</p>
<p><b>Goal 9: Industry, Innovation and Infrastructure</b></p> 	<p><b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b></p> <p><b>Global Examples:</b> resilient infrastructure, inclusive and sustainable industrialization, innovation, access to transportation, micro-finance, access to credit, small-scale industry support, research and technology, entrepreneurship, access to technology, social enterprise</p>
<p><b>Goal 12: Responsible Consumption and Production</b></p> 	<p><b>Ensure sustainable consumption and production patterns</b></p> <p><b>Global Examples:</b> sustainable and equitable sourcing and production, sustainable procurement, sustainable distribution, food waste, life cycle analysis, recycling and reuse, ecological footprint, corporate social responsibility, fair trade, circular economy, consumer well-being,</p>

	responsible sourcing, low emission supply chain design, responsible/ethical supply chain
<p><b>Goal 17: Partnerships for the goals</b></p> 	<p><b>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</b></p> <p><b>Global Examples:</b> international cooperation, trade, taxes, access to technology, data collection and sharing, cross-sector collaboration, cooperation, collaboration, partnerships, collective action, inter-disciplinary</p>

## ASSESSMENTS

### Summary

<u>Component</u>	<u>Weight</u>
Short assignments	5%
Group project	30%
Quiz	10%
Final exam	35%
Class participation	<u>20%</u>
Total	<u>100%</u>

### Details of Assessments

**Short assignments: 5%.** For each case that we will discuss in class, there will be a short assignment posted on Canvas. Their main goal is to help you direct your efforts in to the right track and prepare you for an active class discussion.

Assignments are submitted online and are due by 9:00 AM on the day of the class in which a case is discussed, independently of whether you are attending that class or not. Late assignments will not be accepted. Each student is expected to hand in his or her own assignment, although you can certainly discuss the assignment in groups. Each assignment is worth the same and will be graded mark or no mark.

**Final exam 35% + Quiz 10%.** The examinations will test your broad understanding and application of course concepts rather than the ability to memorize details. The best way to prepare for the exam is to come prepared for each class, and actively participate in class discussion. The quiz will take place in class on **Jan 31**.

**Group Analysis: 30% - Due February 7.** During the 2nd week of class, students will be assigned randomly to groups of 4-6 people. With your *assigned* group, you will choose and analyze a strategic decision made by a firm. You will produce a four-page report and give a 10-minute presentation of your findings in front of the class. Your report and presentation should focus on studying a particular action taken by a firm. A key part of the analysis will be identifying the main tradeoffs faced by the firm, understanding the context, and how the firm resolved those tradeoffs. The report should conclude with a recommendation or insight.

Your analysis should be about a strategy situation that is not one from the course readings, cases or in-class examples.

You may choose a strategy that has been a success, one that has failed, or one whose outcome is still uncertain.

Your goal is to use class concepts to analyze the firm's strategy and come up with a non-trivial insight about the firm. Your analysis should start with a question. Then, a short description (one or two paragraphs) of the relevant details of the environment of the firm, and then a summary of your main observations. The rest of the report should be an analysis, using class concepts, of the situation to teach the class something about the firm you are studying.<sup>1</sup>

Your mark will depend entirely on how well you apply class concepts and the depth of the insight you achieve. Whether you have chosen a really "cool" problem or a famous company is not relevant. The more focused and specific a situation you choose, the better your analysis is likely to be. For example, do not try to analyze "the strategy of Apple." Instead, you could analyze "the introduction of Apple iOS 11" or "Apple's outsourcing strategy." The best analyses will be those in which the application of course concept reveals something insightful about the situation that is not initially obvious. In other words, I want you to show me that you have learned something about the firm's strategy by applying what you have learned in class.

### **Class participation: 20%**

The participation mark is a substantial portion of your final grade. It is so, because you are expected to be a relevant and active contributor to the class. The premise of this methodology is that you will learn as much from me as you will from your classmates' experiences and views. Thus, you must contribute to their learning as well. The participation mark will be assessed in the most objective way possible; I will keep track and quantify each of your contributions. In particular, the scores for participation are determined as follows:

1. **Attendance and punctuality:** You cannot participate actively if you are not present. Students arriving late interrupt the flow of the class, and distract their classmates. Thus, arriving late will count as absent. Of course, even if you arrive late, you may still participate in class discussion.
2. **Class participation:** Whenever you contribute to class discussion you will get participation points. A contribution may be an interesting question, remark, answer, refuting a classmate, etc.
3. **Engagement:** If it is clear you are actively paying attention I will give you some marks, while if it is clear you are distracted and not following you will lose some marks.

### LEARNING MATERIALS

**News articles:** About 20 articles posted on the *Library Online Course Reserve* on Canvas.

---

<sup>1</sup> For instance, if your analysis is just to say that Apple Inc. follows a benefit advantage, it would be considered trivial insight.

**Cases:** There is a required case packet which can be purchased online at Ivey.

1. Go to the Ivey Publishing website at [www.iveypublishing.ca](http://www.iveypublishing.ca)
2. Log in to your existing account or click "Register" to create a new account and follow the prompts to complete the registration. If registering, choose the "Student" role.
3. Click on this link or copy into your browser: <https://www.iveypublishing.ca/s/ivey-coursepack/a1R5c00000FXNOdEAP>
4. Click "Add to Cart".
5. Go to the Shopping Cart (located at the top of the page), click "Checkout", and complete the checkout process.
6. When payment has been processed successfully, an Order Confirmation will be emailed to you immediately and you will see the Order Confirmation screen.
7. Once you have completed your order, click on your username on the top right --> Orders --> Purchases

## COURSE-SPECIFIC POLICIES AND RESOURCES

### *Missed or late assignments, and regrading of assessments*

Late submissions will not be accepted and will receive a grade of zero.

### *Academic Concessions*

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

### *Code Plagiarism*

Code plagiarism falls under the UBC policy for [Academic Misconduct](#). Students must correctly cite any code that has been authored by someone else or by the student themselves for other assignments.

Cases of "reuse" may include, but are not limited to:

- the reproduction (copying and pasting) of code with none or minimal reformatting (e.g., changing the name of the variables)
- the translation of an algorithm or a script from a language to another
- the generation of code by automatic code-generations software

An "adequate acknowledgement" requires a detailed identification of the (parts of the) code reused and a full citation of the original source code that has been reused.

Students are responsible for ensuring that any work submitted does not constitute plagiarism. Students who are in any doubt as to what constitutes plagiarism should consult their instructor before handing in any assignments.

## POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

### *Attendance*

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having

received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

### *Punctuality*

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

### *Electronic Devices*

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School’s policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students’ use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

### *Citation Style*

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

## UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

### *Respect for Equity, Diversity, and Inclusion*

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including Indigeneity (including identification as First Nation, Métis, or Inuit), race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

### *Academic Integrity*

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and

acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

*Use of Artificial Intelligence*

For this course, students may use generative artificial intelligence (AI), including ChatGPT, for specific assessments or coursework, where it is expressly specified by the instructor. In these cases of permitted use, students must disclose any use of AI-generated material as per the assessment guidelines.

**COPYRIGHT**

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor.

**ACKNOWLEDGEMENT**

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x̣ẉməθḳʷəỵəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

**COURSE SCHEDULE**

	<b>Monday</b>	<b>Wednesday</b>
<b>Week 1</b>	<b>Introduction (Jan 8)</b> <ul style="list-style-type: none"> <li>What is strategy?</li> </ul>	<b>Value Creation (Jan 10)</b> <ul style="list-style-type: none"> <li>Profits and Consumer Value</li> </ul>
<b>Week 2</b>	<b>Value Capture (Jan 15)</b> [Activity] The joint venture game	<b>Value Capture II (Jan 17)</b> <ul style="list-style-type: none"> <li>[Case] Performance Indicator</li> </ul>
<b>Week 3</b>	<b>Industry analysis I (Jan 22)</b> <ul style="list-style-type: none"> <li>Porter five forces</li> <li>[Small Case] Boeing vs. Airbus</li> </ul>	<b>Industry analysis II (Jan 24)</b> <ul style="list-style-type: none"> <li>[Case] Uber</li> </ul>
<b>Week 4</b>	<b>Competitive advantage (Jan 29)</b> <ul style="list-style-type: none"> <li>The triple A framework</li> </ul>	<b>Applying CA (Jan 31)</b> [Case] Enterprise Rent-A-Car <ul style="list-style-type: none"> <li>Quiz</li> </ul>

<b>Week 5</b>	<p><b>Sustainability (Feb 5)</b></p> <ul style="list-style-type: none"> <li>Sources: Heterogeneity, inimitability &amp; appropriability</li> </ul>	<p><b>Presentations (Feb 7)</b></p> <ul style="list-style-type: none"> <li>Group analysis due</li> </ul>
---------------	--	--

## COURSE READINGS

### Value Creation and Capture

#### Jan 8 – Introduction to the Economics of Strategy

- Syllabus, pp. 1-7.
- R. Elliott, “Elon Musk’s Push to Expand Tesla’s Driver Assistance to Cities Rankles a Top Safety Authority” *Wall Street Journal*, September 19, 2021.
- M. Ramsey, “Tesla Motors Offers Open Licenses to Its Patents,” *Wall Street Journal*, June 12, 2014.

#### Complementary<sup>2</sup>

- M. Porter, “What is Strategy?” *Harvard Business Review*, Vol. 74, Nov/Dec 1996, pp. 39-73 (available on Canvas<sup>3</sup>)

#### Jan 10 – Value Creation

- C. Oster, “On the Hook: The Ill-Fated Union of an Insurance Giant and a Bail Bondsman,” *Wall Street Journal*, April 10, 2001.
- S. Stecklow and E. White, “At Some Retailers, ‘Fair Trade’ Carries A Very High Cost,” *Wall Street Journal*, June 8, 2004

#### Complementary

- Last Week Tonight with John Oliver: Bail, *HBO* (available on Canvas)

#### Jan 15 – Value Capture (Irreplaceability)

- A. Efrati, “Samsung Sparks Anxiety at Google,” *Wall Street Journal*, February 25, 2013.
- J. Cheng, “Samsung Drops Android for New Smartwatch,” *Wall Street Journal*, February 23, 2014.

#### Jan 17 – Performance Indicator

- [CASE]** Performance Indicator – (*in case packet*).

<sup>2</sup> Complementary readings are **not** required to be read before each class. They are simply suggestions for the interested reader.

<sup>3</sup> News articles, Videos, Harvard Business Review articles, and podcasts available in **Library Online Course Reserve** on Canvas.



Jan 22 – Industry Analysis I

- D. Michaels, “Airbus and Boeing Duke It Out to Win Lucrative Iberia Deal,” *Wall Street Journal*, March 10, 2003.
- N. Kleinfeld, “In Manhattan Pizza War, Price of Slice Keeps Dropping,” *New York Times*, March 30, 2012.

*Complementary*

- M. Porter, “The Five Competitive Forces that Shape Strategy,” *Harvard Business Review*, Reprint #R0801E. (on Canvas)

Jan 24 – UBER

- **[CASE]** Editorial briefing, “From zero to seventy (billion),” *The Economist*, September 3, 2017 (available on Canvas)

**Competitive Advantage: Sources and Sustainability**

Jan 29 – Competitive Advantage

- S. Clifford, “Where Wal-Mart Failed, Aldi Succeeds,” *New York Times*, March 29, 2011.
- N. Singer and R. Abelson, “Can Johnson & Johnson Get Its Act Together,” *New York Times*, January 15, 2011.

Jan 31 – Enterprise

**In class Quiz**

- **[CASE]** Enterprise Rent-A-Car – Kellogg 5-311-508 (*in case packet*).

Feb 5 – Sustaining a Competitive Advantage

- M. Delio, “Loud Hogs for Easy Riders,” *Salon.com*, May 19, 2003.
- L. Hadjiyski, “Block by Block: How LEGO came to dominate its market”, *Business Today*, May 20, 2019
- S. Ente, “Avoiding Innovation's Terrible Toll”, *Wall Street Journal*, January 7, 2012.

Feb 7 – Student presentations