

### COURSE INFORMATION

Course title:	Business Strategy	Credits:	1.5
Course code:	BASM 501	Class location:	SJTU Xuhui Campus
Session, term, period:	2023W1	Pre-requisites:	n/a
Section(s):	823	Co-requisites:	n/a
Course duration*:	November 17, 18, & 19, 2023	Class times*:	9am-5pm
Division:	Strategy and Business Economics		
Program:	IMBA		

\*All times and dates listed on the syllabus are in Shanghai time unless otherwise specified

### INSTRUCTOR INFORMATION

Instructor:	Limin Fang, Assistant Professor	Office location:	TBA
Email:	limin.fang@sauder.ubc.ca	Office hours:	By appointment

### COURSE DESCRIPTION

The fundamental question of strategy is both simple and difficult: “How can a firm earn long-run profits?” Learning how to answer this question will be the primary aim of this course.

No equation, recipe, or formula can universally answer the previous question. 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. You will find that the primary emphasis of the course is not on understanding conceptually difficult material. Instead, you will learn how to apply simple—yet powerful—ideas to specific situations

This is a distinctly “big picture” course. The goal is not to equip you with a lot of mathematical formulas, but instead to give you a foundation for thinking about how a firm achieves its fundamental goal of profitability. As you gather more tools in other classes, you will have a sense of how they work together in generating long run profitability.

To be successful in this course, you must spend time actively thinking about the issues. There is no module to download, no formula to memorize, and no answer to find in the book. This course is about building your most fundamental business skill, namely strategic thinking. Not preparing for class or expecting to passively absorb the material will do you about as much good as watching an exercise class from the sidelines.

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

Because the aim of the course is to build your own critical and analytical thinking abilities, an important part of this course will be discussion based. That is, you will spend much of your time preparing for and engaging in class discussion. In advance of the course, I will provide you with the set of required readings (see the reading schedule in pages 10–11).

My commitment to students is that every assigned reading will be discussed explicitly in class. In return, I expect students to be prepared for our discussions.

Some of our discussions will be based on business cases and news articles. Cases tend not to have a single, tidy solution. However, there are always better and worse answers, and valid and invalid inferences. Cases never contain all the information you would like to have to make a decision—in this way, they are very much like real life. You may find it frustrating to be pushed to make a decision or take a stand when you are not sure whether it is the right one; this is the nature of real-world business decision-making. Cases often offer conflicting information. They will require you to make judgment calls. This kind of ambiguity is also a feature of real-world business decisions.

Strategy is a field that asks big questions and so necessarily draws on many of the other functional areas of business. This course aims to give you an overall vision of how the different areas fit together in contributing to the success of the firm.

### COURSE OUTLINE



This course covers the fundamental frameworks of modern competitive strategy.

1. *Context and Trade-Offs* – Why do details matter so much in modern strategy analysis?
2. *Value Creation and Capture* – How does a firm create value for customers, and how can it retain some of that value as profit?
3. *External Analysis* – What competitive pressures does a firm face in its industry?
4. *Internal Analysis* – What enables some firms to be more profitable than others, even within the same industry? How can a firm maintain, over the long term, its profitability?

### 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.
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<p><b>Goal 9: Industry, Innovation and Infrastructure</b></p> 	<p>Innovation is often driven profit seeking firms who wish to develop and sustain a competitive advantage. We will develop a number of tools useful for determining how firms should develop new techniques and product lines to maximize their own profits as well as their value to society at large.</p>
<p><b>Goal 12: Responsible Consumption and Production</b></p> 	<p>Throughout the course, we will consider issues related to responsible consumption and production, highlighting how irresponsible production can lead to long-lasting damages to a firm’s reputation.</p>

### LEARNING OBJECTIVES

By the end of this course, the primary skills you will develop are:

1. *Diagnosis*. You will be able to *identify* the salient details of a situation and *explain* their strategic significance and implications? The goal is to pick out what really matters from among the facts and to use economic frameworks to explain the significance of those details.
2. *Creativity*. One theme of the course is that you cannot outperform your competitors by simply doing the same things they are doing. By the end of this class you will be able to *recognize* the assets and activities performed by competitors and *evaluate* whether a new approach will lead to a profitable strategy.
3. *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 a body of business-related facts from this course. Instead, the aim is to teach you skills that will help you *analyze, evaluate and explain* the significance of whatever set of facts you face.

## ASSESSMENTS

### Summary

<u>Component</u>	<u>Weight</u>
Case questions	10% (Individual)
Case reflections	15% (Individual)
Industry analysis assignment	15% (Group)
Final assignment	40% (Individual)
Class participation	<u>20%</u> (Individual)
Total	<u>100%</u>

### Details of Assessments

- Case questions (10%)** – Shanghai: due on Nov 16, 2023 on Canvas before 10:00pm. All the answers in a single file with at most 3 pages of length

*For Performance indicator*

- Why has it been so difficult to get a golf ball manufacturer to sign a contract?
- What would you do differently if you were in their position?

*For UBER*

- Do you think Uber is more or less profitable when it faces competition from another ride-sharing company (such as Lift or Didi)? Why?
- Analyze the activities that UBER can and cannot perform in the presence of competitors?

*For Enterprise*

- All car rental companies provide customers with the temporary use of a car. What activities did Enterprise engage in to create its unique rental experience? In what ways did the Enterprise car experience match (or not match) the needs of its customers.
- Why were people so important to Enterprise? What were the strength and weaknesses of its human resources strategy? Was Enterprise's high employee turnover rate a problem?

- Case reflections (15%, 5% each)** – due on Nov 21, 2023 before 10:00pm

You are asked to write 1 page (per case) on your reflections and what learning you experienced from each case studied. Potential topics you might write about include:

- You might ask yourself what was interesting about the case. What did you learn? What were you surprised by?
- How do you think you can leverage the ideas learned moving forward in your career?

- Industry analysis assignment (15%)** – due on Nov 18, 2023 before 10:00pm

- Participation: 20%**

Class participation is central to this course. Full attendance is expected, but attendance does not equal participation. Students are expected to come to each session well prepared, and to engage with the instructor and their classmates in active and thoughtful discussion.

5. **Final Take-Home Case (40%)** – due on Dec 2, 2023 before 10:00pm  
Individual take-home case.

## LEARNING MATERIALS

### *Required Materials*

**Cases, News articles, and videos:** All the class material will be posted on Canvas.

### *Additional materials recommended but not required*

**Textbook:** There is **no** required textbook. I, however, recommend as a reference: Besanko, Dranove, Shanley and Schaefer (henceforth, BDSS), *Economics of Strategy*, 6th edition, Wiley. The textbook readings listed in the syllabus are for background only. You are not explicitly assigned to read them, but may find them to be a useful resource.

*I will expect you to have read and to be prepared to discuss all of the material assigned for the day, except the optional material from the textbook.*

### *Additional materials that will be posted on Canvas*

- **Course announcements:** Course announcements will be posted to Canvas or emailed to you.
- **Assignments:** I will post the individual and group case assignments to Canvas in the “Assignments” folder. You will submit your work there, too.
- **Slides and handouts from class:** A day before each class I will post all the material on Canvas.

**Important:** No course material (including slides, handouts, assignments, exercises, and exams) may be shared outside of the classroom without my permission. Do not share it across sections, cohorts or years; post it on the Internet; or reproduce or distribute it in any way outside of this class. Please see page 7 and 8 for additional information about academic integrity.

I take this policy seriously for several reasons. First, the classroom experience requires ideas to be new to the learners—if you share material outside of the course, you deprive other students of these learning-by-doing opportunities. Second, I have devoted considerable time and energy to building this intellectual property to benefit students in my classes, and I want your help to ensure that its integrity (and a sense of academic fairness) is maintained. Finally, sharing it beyond the classroom enables or promotes plagiarism and other forms of academic dishonesty.

## PREPARING FOR CLASS

Preparing for case discussions means more than just reading the cases. Each case assignment will include several preparation questions, as well as a written assignment that will help you articulate some of your thinking about the case in advance of the discussion. I encourage you to review the questions before reading the case, and make some notes after reading the case in order to be prepared for class.

Much of our time in class will be spent discussing news articles that describe current strategy issues facing companies in a variety of industries and contexts. You are expected to have read these articles and to be prepared to discuss them. Although there will not be explicit preparation

questions provided for these readings, it is a good idea to always be asking yourself, “Do I believe this argument? Where else does it apply? When would this approach not be useful?”

**If for some reason you are not prepared for class discussion, I expect you to let me know before class.** I know that you are juggling other classes and other commitments; you don’t need to give me an explanation. However, if you have not told me otherwise, you have implicitly committed to be ready to contribute to the class if I should call on you.

### HOW TO STUDY FOR THIS COURSE

The aim of this course is to make you more rigorous, critical, precise, and thorough in your analysis of strategy issues; in short, the goal of the course is to change the way you think. The only way to do this is to practice. You should think of this course like sports, exercise, or learning a musical instrument: you cannot really learn anything, and you certainly cannot get better at it, by just watching from the sidelines. In practical terms, the most important steps to study for this course are:

1. *Come to class prepared.* There is no substitute to this. If you have not read and thought about the material, you will not get very much out of what is going on.
2. *Engage in class discussion.* Class time is not entertainment, and you should not expect to just sit back and listen. Engaging means listening critically to what other people are saying, evaluating whether you think their arguments are right, and speaking up when you think you have something to contribute.
3. *Summarize and synthesize.* After every class session, write yourself a summary of what was covered in class: what we talked about and what lessons you were supposed to take away. Note that the purpose of this is to do it yourself. Forcing yourself to summarize and synthesize this way is how you internalize and take ownership of the material. If your study group splits this up and each does a day, you have missed the point; it’s not about having the write-up, it’s about working on it.
4. *Practice.* The only way to get good at thinking in a new way is to practice it. When you meet a strategy issue somewhere else (e.g. in the news, talking with someone, in another course, out shopping), use the tools and frameworks of the course to understand it.
5. *Consider studying with a group.* Some people find it helpful to study and discuss things with a group; some do not. You are looking for a group that discusses carefully and thoroughly, but does not descend into a protracted argument about who is right. Once you have productively discussed as much as you can, drop it and pick up the discussion in class rather than beating it to death.

### 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.

### *Communicating with me*

You can reach me by email at [alvaro.parra@sauder.ubc.ca](mailto:alvaro.parra@sauder.ubc.ca). I am also available to meet with you by appointment via Zoom. Please email me a meeting request with a set of possible times.

### *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*

During online lectures, students are not permitted to use any electronic devices other than the primary one used for attending the online lecture (e.g. laptop or desktop). Only Zoom should be open during the online lecture unless an instructor advises the use of another program/website

for an in-class activity. Feedback from students indicates that personal devices are the number one distraction from effective learning and participation in the online learning environment.

### *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 status as a First Nation, Metis, Inuit, or Indigenous person, 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

#### **Generative AI Permitted Where Specified With Attribution**

For this course, students may use generative artificial intelligence (AI), including ChatGPT, for group presentations and write-ups. In these cases of permitted use, students must disclose any use of AI-generated material as per the assessment guidelines and keep a record of how it was used.

### 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. Students may not share class Zoom links or invite others who are not registered to view sessions.

### ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

## Course Schedule and Assigned Readings

Day 1: November 17<sup>th</sup>

### Topics:

1. Strategy and trade-offs
2. Learning with Cases
3. The Business Model
4. Value Creation

### Read:

- C. Mims, “What the Heck Is a ‘Super App’ and Why Are Elon Musk, Evan Spiegel and Jack Dorsey So Interested?,” *Wall Street Journal*, July 9, 2022.
- C. Oster, “On the Hook: The Ill-Fated Union of an Insurance Giant and a Bail Bondsman,” *Wall Street Journal*, April 10, 2001.
- [CASE] Performance Indicator – HBS 9-702-480 (Aon canvas)  
*Assigned questions for the case (due November 16 at 10pm on Canvas):*
  - Why has it been so difficult to get a golf ball manufacturer to sign a contract?
  - What would you do differently if you were in their position?

Day 2: November 19<sup>th</sup>

### Topics:

1. Value Capture
2. Industry Analysis

### Read:

- A. Efrati, “Samsung Sparks Anxiety at Google,” *Wall Street Journal*, February 25, 2013.
- N. Kleinfeld, “In Manhattan Pizza War, Price of Slice Keeps Dropping,” *New York Times*, March 30, 2012.
- D. Gallagher, “Xbox Shows Microsoft Playing the Long Game,” *Wall Street Journal*, June 11, 2018.
- [CASE] Editorial briefing, “From zero to seventy (billion),” *The Economist*, September 3, 2017 (available on Canvas)  
*Assigned questions for the case (due November 16 at 10pm on Canvas):*
  - Do you think Uber is more or less profitable when it faces competition from another ride-sharing company (such as Lyft or Didi)? Why?
  - Analyze the activities that UBER can and cannot perform in the presence of competitors?

**After class assignment:** Read ‘D. Michaels, “Airbus and Boeing Duke It Out to Win Lucrative Iberia Deal,” *Wall Street Journal*, March 10, 2003’ and answer the posted questions. **Due November 18 at 10pm**

Day 3: November 20<sup>st</sup>

**Topics:**

1. Industry Analysis
2. Competitive Advantage

**Read:**

- 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.
- [CASE] Enterprise Rent-A-Car – Kellogg 5-311-508 (available on Canvas)  
*Assigned questions for the case (due November 16 at 10pm on Canvas):*
  - All car rental companies provide customers with the temporary use of a car. What activities did Enterprise engage in to create its unique rental experience? In what ways did the Enterprise car experience match (or not match) the needs of its customers.
  - Why were people so important to Enterprise? What were the strength and weaknesses of its human resources strategy? Was Enterprise's high employee turnover rate a problem?

Complementary readings (not necessary for the course)

- M. Porter, “What is Strategy?” *Harvard Business Review*, Vol. 74, Nov/Dec 1996, pp. 39-73 (available on Canvas)
- M. Porter, “The Five Competitive Forces that Shape Strategy,” *Harvard Business Review*, Reprint #R0801E. (on Canvas)
- BDSS pp. 1-8, 10-32, 291-302 (5<sup>th</sup>: 1-7; 11-34; 362-373).
- BDSS pp. 258-284 (5<sup>th</sup>: 336-340; 344-350).
- BDSS pp. 301-327, 177-180.
- BDSS pp. 363-394