

COURSE INFORMATION

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|------------------------|----------------------|-----------------|--|
| Course title: | Strategic Management | Credits: | 1.5 |
| Course code: | BASM550 | Class location: | HA 133 |
| Session, term, period: | 2022S2 | Class times: | T/R DD1 14:00 – 16:00 DD2 16:00 – 18:00 |
| Section(s): | DD 1/2 | | |
| Course duration: | July 26th – Aug 25th | | |
| Division: | SBE | | |
| Program: | MM | | |

INSTRUCTOR INFORMATION

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|-------------|--|------------------|---------------------------------------|
| Instructor: | Adam Pankratz | Office location: | DL 426 or Online |
| Phone: | 778.320.2187 | Office hours: | Thursday 12:00 – 13:00 or by appt. |
| Email: | Adam.pankratz@sauder.ubc.ca | | |

COURSE DESCRIPTION

The main goal of this class is to help you answer a common, yet difficult, question: “How can a firm earn long-run, sustainable profits?”

An all too simple answer is “raise revenues and cut costs”. This answer, however, avoids the true nature of the question. Namely, given a firm’s context (i.e., location, products, customers, regulation, capital structure, access to financing, market structure, technology, culture, etc.) what can it do to increase its revenues, and cut costs? And, perhaps an even more difficult question, what can a firm do to avoid its profits being eroded by the actions of its competitors and other market actors?

There is no equation, recipe or formula that can perfectly answer these questions. This course will develop students’ critical thinking skills, technical tools, and rational judgment calls in order to understand the firm’s context and answer such questions case by case. Copycatting is not an answer. A successful strategy is a consequence of any firm’s own abilities and the context in which they operate. We will learn why two firms competing in the same market can both be successful by using different and well thought strategies.

This course moves fast, staying on top of the readings and cases are important to success.

LEARNING OBJECTIVES

The course covers seven major topics.

1. **Value Creation and Capture** – How does a firm create value for customers, and how can it retain some of that value as profit?
2. **External Analysis** – What competitive pressures does a firm face in its industry?
3. **Internal Analysis** – What enables some firms to be more profitable than others, even within the same industry? Long term, how can a firm maintain the profit arising from its competitive advantage?
4. **Scope of the Firm** – Which business opportunities and stages of production should firms be involved in and which should they leave to other firms?

5. **Strategy for Incumbents** – How can established firms in the market use the environment and its position to their favor and keep long term profitability?
6. **Strategy for Entrants** – How can a new actor use the investments made by established firms against them?
7. **Strategy and the organization of the firm** – What are the key trade-offs that a strategist faces when implementing the strategy within its organization?

From a conceptual standpoint, this is not a difficult class. Students will learn how to apply simple — yet powerful — ideas to a wide variety of situations. Simple strategic tools combined with a focus on your analytical and strategic thinking will set students with skills equally applicable today and in the future careers of students. This class aims to develop great strategic thinkers. 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 synthesize relevant facts provided and to use strategic frameworks to understand the significance of those details.
- **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.
- **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 and 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 understand the significance of whatever set of facts you face in your future career.

The concepts, skills, and analytical tools that you will learn in this course rely 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. [Identify / explain / apply / analyze / integrate / evaluate / etc.] ...

TEACHING APPROACH

Because the aim of the course is build your own critical and analytical thinking abilities, you will spend much of your time preparing for and engaging in class discussion.

Many of our discussions will be based on business cases. Cases tend not to have a single, tidy solution. However, there are always better and worse answers, as well as 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 a big question 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.

TEACHING APPROACH – ONLINE LEARNING

Covid-19 has upended our University’s teaching in ways few of us could have imagined and offers significant challenges. We will proceed in an online adapted format that is as close to the in person experience as possible.

We will be using Zoom for all classes.

ASSESSMENTS

Summary

| <u>Component</u> | <u>Weight</u> |
|-----------------------|---------------|
| Project research plan | 3% |
| Group case | 32% |
| Class participation | 15% |
| Final Project | 50% |
| Total | 100% |

Details of Assessments

Project Research Plan: 3%

Prior to meeting the client project you will complete research “Jump Starter” to get you going on your project so you are better prepared for the client in class number two. This will be fully completed and submitted to Canvas prior to the client presentation on January 7th and is worth 3%.

Group Case: 35%

Case # 1 – 1500 Word Max with 2-3 page appendix

An important part of this course is learning to work collaboratively with others and learn from their varied experiences. As this course has a reduced amount of classroom time, one way you will do this is through group assignments. Twice during the course, you will be divided into groups. Together you will analyse a case study and submit a written report based on questions I will ask you. The goal is not simply to answer the questions, but delve deep into the strategic decisions and options available to the actors in the case study. Why would you do in their situation and why? Do you think they are acting rationally? Could they do better? How can they avoid the situation they find themselves in? These are but a few of the many questions you may ask yourself.

You will submit your case midterm, giving you ample time to receive feedback and improve your reports. This will help you in preparation for your group analysis project.

Class participation: 15%

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. Activities contributing to participation are as follows:

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. Activities contributing to participation are as follows:

Attendance and punctuality:** As per RHL regulations on Professionalism, Attendance and Behaviour, students are expected to attend 100% of their scheduled classes except in the case of emergency (see regulation section of this outline). Attendance will count starting the first day of class. Students arriving late interrupt the flow of the class, and distract their classmates. Thus, arriving late will count as absent. If you arrive late, you may still participate in class discussion. **Attendance will count starting the first day of class.

***Class Participation:** Students that participate in class will get participation points. There are different ways to get participation points. Whenever you **meaningfully contribute** to class discussion. A contribution may be an interesting question, remark, answer, refuting a classmate, etc.*

***My discretion:** This will depend of the quality of your contributions, how well prepared you were during the semester, and my own judgment.*

Most Valuable Strategist/Student

At the end of the term you will vote for the classmate(s) that meant the biggest contribution to your learning. In addition, the student will get a 100% mark in participation.

Final project: 50%

- Throughout the course you will be working towards a final client project for TF Massif and/or Captiva Innovations. You will be submitting your final projects to me initially and I will choose the top 3 to present to the client post-course. This is an opportunity for you to impress a live client looking to expand and grow their business. It is a possible employment opportunity.*
- **You write up should be an approximately 3000 word** analysis of the firm with suggestions on how to solve the problems as outlined by the client in the second class of the course. (10% tolerance on word limit) and 3-5 pages of appendices*
- **You will also submit a slide deck** which presents and highlights the key findings of your written report.*

The main objective of this assignment is to effectively apply the course concepts to a real-world situation and practice presenting a report as consultants to a client. Interesting and successful analyses generally start with a concrete and clear question/problem in mind.

Your mark will depend on the quality of your report, and how well you apply class concepts to understand the problem that you have chosen. In simple words, I want you to show me that you have learned something about the firm's strategy and have applying class concepts to solve a real life business problem.

Along with your presentation you will submit a group evaluation of you group. One evaluation will be submitted per group. Because of this, it is important you resolve issues quickly and stand up for yourself if you believe others are not pulling their weight. It can be awkward, but this is how it is in the business world. Learning to have difficult conversations is an important part of your Sauder education.

The project will be due during exam week (Aug 29 - Sept2) to Turnitin.com and Canvas. Date will be announced by RHL. Further information regarding the grading for this can be found in the grading rubric on Canvas.

[Please do not make plans that conflict with either exam. Exam dates are not flexible]

LEARNING MATERIALS

News articles: All the news articles will be posted on Canvas.

Cases: There is a required case packet which can be purchased online at Ivey. Detailed instructions are posted on Canvas.

Textbook: Your textbook for this class is a subscription to *The Economist* magazine. In business it is essential to understand the world context in which you operate, the articles in *The Economist* will help you think about larger factors going on in the world.

I will also use as reference *Besanko, Dranove, Shanley and Schaefer* (henceforth, BDSS), *Economics of Strategy*, 6th edition, Wiley as well as *Strategic Management 12th ed*, Hill, Schilling, Jones, Cengage Learning, 2017. However, due to their price, I **do not** require students to buy the text. International editions and previous editions also work and are less pricey.

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.

Rubric of marking criteria for assignments can be found on Canvas.

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](https://webforms.sauder.ubc.ca/academic-concession-rhlee) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. 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](#).

Other Course Policies and Resources

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.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

COVID-19 Safety in the Classroom:

Masks: Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our in-person meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term “masks” refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for COVID-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

Seating in class: To reduce the risk of COVID-19 transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding COVID-19 protocol on campus:
<https://students.ubc.ca/campus-life/returning-to-campus>

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 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.

Academic Freedom and Students Studying from Outside Canada

During this pandemic, the shift to online learning has greatly altered teaching and studying at UBC, including changes to health and safety considerations. Keep in mind that some UBC courses might cover topics that are censored or considered illegal by non-Canadian governments. This may include, but is not limited to, human rights, representative government, defamation, obscenity, gender or sexuality, and historical or current geopolitical controversies. If you are a student living abroad, you will be subject to the laws of your local jurisdiction, and your local authorities might limit your access to course material or take punitive action against you. UBC is strongly committed to academic freedom, but has no control over foreign authorities (please visit <http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,33,86,0> for an articulation of the values of the University conveyed in the Senate Statement on Academic Freedom). Thus, we recognize that students will have legitimate reason to exercise caution in studying certain subjects. If you have concerns regarding your personal situation, consider postponing taking a course with manifest risks, until you are back on campus or reach out to your academic advisor to find substitute courses. For further information and support, please visit: <http://academic.ubc.ca/support-resources/freedom-expression>

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 x̣ṃəθḳẉəỵəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation)

| Class | Date | Topic | Readings or Activities | Assessments due |
|-------|-----------------------|--|--|-----------------|
| 1 | July 26 th | What is Strategy? Introduction to the Economics of Strategy and Value Creation, Capturing Added Value (Irreplaceability) | <ul style="list-style-type: none"> Syllabus, pp. 1-7. Meddah, Mohamed Marwen, "Paper straw revival: Plastic straws are an endangered species," Vancouver Sun, April 22nd, 2016 BBC NEWS, no author, "McDonald's to ditch plastic straws," June 15th, 2018 HBO will lead AT&T's challenge to Netflix, The Economist, Business, Nov 3rd, No Author 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. <p><i>Complementary</i></p> <ul style="list-style-type: none"> M. Porter, "What is Strategy?" Harvard Business Review, Vol. 74, Nov/Dec 1996, pp. 39-73 (available on Canvas) | |
| 2 | July 28 th | Client presentation | <ul style="list-style-type: none"> Review of client website and questions for project preparation. Group formation/discussion/prep | |
| 3 | Aug 2 nd | Industry Analysis | <ul style="list-style-type: none"> "Japan's top two lavatory-makers are at last making inroads overseas," The Economist, Nov 11, 2017. N. Kleinfeld, "In Manhattan Pizza War, Price of Slice Keeps Dropping," New York Times, March 30, 2012. M. Porter, "The Five Competitive Forces that Shape Strategy," Harvard Business Review, Reprint #R0801E. (on Canvas) <p>IA for TF and Captiva</p> <p><i>Complementary</i></p> | |

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| | | | <ul style="list-style-type: none"> • Brandenburger and H. Stuart, "Value-Based Business Strategy," Journal of Economics and Business Strategy, 5(1), pp. 5-24, 1996. (available on Canvas) • BDSS pp. 293-302 (5th: 362-373) | |
| 4 | Aug 4 th | CASE: Performance Indicator | <ul style="list-style-type: none"> • [CASE] Performance Indicator – HBS 9-702-480 (in case packet). • Adam M. Brandenburger and Barry J. Nalebuff, "The Right Game: Use Game Theory to Shape Strategy," Harvard Business Review, Reprint 95402. (available on Canvas) | |
| 5 | Aug 9 th | Competitive Advantage | <ul style="list-style-type: none"> • Rivalry between Apple and Samsung in smartphones will grow fiercer, The Economist, Business, September 17th, 2017, No Author • AAA in your project groups <i>Complementary</i> • BDSS pp. 258-284 (5th: 336-340; 344-350). • BDSS pp. 301-327 (5th: 373-397; 400-407). | |
| 6 | Aug 11 th | Differentiation | <ul style="list-style-type: none"> • Nordstrom Tries on a New Look: Stores Without Merchandise, WSJ, Sept 10th, 2017. Suzanne Kapner. • K. O'Keefe, "The Cheapest, Richest Casino in Macau," Wall Street Journal, February 5, 2014. • Differentiating TF & Captiva | |
| 7 | Aug 16 th | CASE: Nucor | <ul style="list-style-type: none"> • [CASE] Nucor (in case packet) • JOINT CLASS in HA098 4-6pm | CASE DUE BEFORE CLASS TO turnitin.com and Canvas |
| 8 | Aug 18 th | Sustaining a Competitive Advantage | <ul style="list-style-type: none"> • M. Delio, "Loud Hogs for Easy Riders," Salon.com, May 19, 2003. • J. Hagerty, "Polaris Throws Down Against Mighty Harley-Davidson," Wall Street Journal, August 4, 2014. • Circular Design Guide – Link on Canvas <i>Complementary</i> • BDSS pp. 363-394 (5th: 410-434). | |

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| | | | <ul style="list-style-type: none"> • BDSS, pp. 177-180 (5th: 218-221). | |
| 9 | Aug 23 rd | Entry & Deterrence, Managing Rivalry & Strategy and Technology | <ul style="list-style-type: none"> • J. Wilke and S. McCartney, "American Airlines Wins a Victory As Judge Dismisses Antitrust Case," Wall Street Journal, April 30, 2001. • Suits you, Japan's Start Today gives clothes retailers a glimpse of the future, The Economist, August 18th, 2018, Business, No Author • The \$100 billion bet, The Economist, May 12th, 2018, Leaders, No Author • M-Pesa Mobile Payments video (on Canvas) • Complementary • BDSS pp. 196-220 (5th: 73-93; 119-146; 150-171). | |
| 10 | Aug 25 th | Boundaries of the Firm / Sticky Ideas and Messaging / Debrief | <ul style="list-style-type: none"> • Review • Debrief | |
| | Exam Week | Final Project | <ul style="list-style-type: none"> • | TBA by RHL |