

COURSE INFORMATION

Course title:	Strategy in Organizations		
Course code:	BASM 514	Credits:	1.5
Session, term, period:	2023W2	Class location:	HA
Section(s):	301	Class times	Feb 3 (Saturday): 8:30 – 16:00 <u>(PST)</u> Feb 17 (Saturday): 8:30 – 16:00 March 2 (Saturday): 8:30 – 16:00

Course duration: Feb 3, Feb 17, March 2,
2023

Division: SBE
Program: PMBA

INSTRUCTOR INFORMATION

Instructor:	Adam Pankratz	Office location:	DL426
Phone:	778.320.2187	Office hours:	Appointment
Email:	Adam.pankratz@sauder.ubc.ca		

COURSE DESCRIPTION

This course is taught over only 3 days. Due to its intensive nature it is absolutely necessary to read and prepare the cases and articles BEFORE the planned course days.

- Aldi, Darkhorse discounter
- Nucor at a Crossroads
- Mobileye – The Future of driverless cars

This course is the second part to your Strategy in Organizations exposure, following BA 501. It will complete and add depth and detail to concepts you have already been exposed to as well as add further frameworks and analytical techniques in order to, together with the knowledge acquired in BA 501, give students a complete understanding of business and corporate strategy. We will explore the boundaries of a firm, diversification into new industries as well as turn our attention globally and understand how to think about taking our firm international. We will also look at elements of strategy in technologically based industries and how this differs from more traditional industries.

Overall the above concepts will continue to help students to answer question first introduced in part one of this course: “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.

LEARNING OBJECTIVES

The course covers seven major topics.

1. **Scope of the Firm** – Which business opportunities and stages of production should firms be involved in and which should they leave to other firms?
2. **Strategy for Incumbents** – How can established firms in the market use the environment and its position to their favor and keep long term profitability? How does a firm manage rivalry?
3. **Strategy for Entrants** – How can a new actor use the investments made by established firms against them?
4. **Strategy and the organization of the firm** – What are the key trade-offs that a strategist faces when implementing the strategy within its organization?
5. **Global strategies** – what is it important to understand if a company considers expanding beyond its own borders?
6. **Diversification** – How can a firm enter new industries without compromising success in its original industry?
7. **Strategy and technology** – What is different about technology industries than traditional industries?

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.] ...

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Group case	35%
Class participation	15%
Final Project	50%
Total	<u>100%</u>

Details of Assessments

Group Case (35%)

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. 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 have two cases to submit, giving you ample time to receive feedback and improve your reports. This will help you in preparation for your group analysis project.

Case # 1 – 1500 Word Max with 2 page appendix

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:

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%) – Firm analysis

Your group will work together with three objectives:

- 1) Choose a firm of interest.
- 2) Prepare a write-up consisting of a (at most) 3000 word analysis of the strategy of the firm. (10% tolerance) and 2-4 pages of appendices

The main objective of this assignment is to effectively apply the course concepts to a real-world situation of your choice. Interesting and successful analyses generally start with a concrete question/problem in mind. For example, you might come across a retailer that has an interesting approach to differentiation, a technology company that has a particularly compelling competitive advantage, or a service company that is trying a new approach to value creation and capture. You may choose a strategy that has been a success, one that has failed, or one whose outcome is still uncertain.

Your analysis (presentation) should briefly describe the relevant details of the setting in one or two paragraphs (slides). The rest of the analysis (presentation) should focus on the main insights of your analysis. Your mark will depend on the clarity of your presentation, the quality of your report, and how well you apply class concepts to understand the problem that you have chosen. Keep in mind that whether you have chosen a really “cool” company is irrelevant, I am looking for a deep and thoughtful analysis. The more focused and specific a situation you choose, the better your analysis is likely to be. For example, don’t try to analyse “the strategy of Apple.” Instead, you could analyse “the introduction of Apple iOS 7” or “Apple’s outsourcing strategy.” The best analyses will be those in which applying the course concept reveals something insightful about the situation that isn’t initially obvious. In simple words, I want you to show me that you have learned something about the firm’s strategy by applying class concepts.

To help you move along with the assignment, you are required to give me with the background information that you will use for your analysis. The background information must be some kind of documentation that describes the situation that you are analysing. A newspaper or magazine article is the most straightforward source, although credible websites, annual reports, or other sources are acceptable. It is important to notice that the problem/situation must be new, i.e., it **must not** a firm analysed throughout the term.

The Final Project will be due Sunday, March 17th at 11:59pm

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: No textbook required. All readings provided.

I will 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.

COURSE-SPECIFIC POLICIES AND RESOURCES

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Academic Concessions

There are numerous types of academic concessions possible. The instructor, academic advising office, or graduate supervisor or graduate advisor, or dean or designate will determine the most appropriate academic concession to apply in a given situation, depending on the grounds and the situation of the student according to the procedures set out in this policy and where applicable, additional procedures set out by the faculty. Students and professor will discuss to determine how to proceed if concessions occur on a case by case basis following university policy.

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.

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.

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>.

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>

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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. Audio or video recording of classes are not permitted without the prior approval of the Instructor.]

ACKNOWLEDGEMENT

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

COURSE SCHEDULE - SEE FOLLOWING PAGE FOR A FULL COURSE SCHEDULE AND SCHEDULE OF READINGS.

COURSE SCHEDULE

Business Models & Competitive Advantage

1. Feb 3rd 8:30 – 12:00 Course introduction. BMC

- Syllabus and course introduction
- Strategy Gone Wrong – Brainstorm (Your experience)
- Break
- BMC – understanding your business model
- Airlines Activity (provided in class)

Lunch approximately 12:00 – 13:00

2. Feb 3rd 13:00 – 16:00 , Competitive Advantage in Depth & CASE

- AAA framework/Value Chain on Competitive Advantage
- Break
- Guest speaker

Readings

- *Apple's new, lower priced iPhone draws tepid response in Asia*, Globe and Mail, Sept.11, 2019
- "Japan's top two lavatory-makers are at last making inroads overseas," *The Economist*, Nov 11, 2017.

Market Entry and Technology

3. Feb 17th 8:30 – 12:00 Entry, deterrence and managing rivalry, Transient Advantage

- Entry, Deterrence and Managing Rivalry
- Break
- Transient Advantage
- Market entry activity

Readings

- *No bargains allowed: Why is the Competition Bureau going after WestJet for cutting prices?*, Globe and Mail, July 2nd, 2019
- *New Loblaw pricing strategy restricts quarterly sales but improves profit margins*, Globe and Mail, February 21st, 2019
- *Transient Advantage*, HBR June 2013, Anita Gunter McGrath
- *Innovation and automation - The future of retail banking*, Ville Rissanen
- *The Race Is On To Disrupt Traditional Banking*, Roger Cook

Lunch approximately 12:00 – 13:00

4. Feb 17th 13:00 – 16:00 Strategy and Technology & CASE

- Strategy and Technology
- Break
- World Café activity
- AAA Activity (Aldi organizational areas)

Readings

- **[CASE] – Mobileye (in case packet)**

- **[CASE] ALDI – Darkhorse Discounter (in case packet).**
- *SoftBank CEO Masayoshi Son says ‘embarrassed and flustered’ by track record: report*, Globe and Mail, Oct.7, 2019
- *SoftBank takes a \$4.6-billion hit from WeWork. Its CEO remains defiant*, Globe and Mail, Nov.6, 2019
- *The \$100 billion bet*, The Economist, May 12th, 2018, Leaders, No Author
- M-Pesa Mobile Payments video (on Canvas)

Sustainability & Boundaries of the Firm

5. Mar 2nd 8:30 – 12:00 Boundaries of the Firm & CASE

- **CASE REPORT DUE BEFORE CLASS TO CANVAS AND TURNITIN**
- Boundaries of the firm
- Break
- Case discussion and Activity

Readings

- **[CASE] Nucor at a Crossroads**
- *Barrick’s promises of golden synergies won’t be enough to snag Newmont*, Globe and Mail, Feb.25, 2019
- *PSA and FCA China woes will not be fixed by deal*, Automotive News, Oct 30, 2019
- L. Story and B. Barboza, “Mattell Recalls 19 Million Toys Sent From China,” *New York Times*, August 15, 2007.
- S. Carey and A. Gonzalez, “Delta to Buy Refinery in Effort to Lower Jet-Fuel Costs,” *Wall Street Journal*, April 30, 2012.
- *Clout and Reach – Why Barclays and Standard Chartered should merge*, The Economist, Dec 1st, 2018, Schumpeter.

Boundaries of the Firm / Organizational structure

6. Mar 2nd 13:00 – 16:00 Sustainability of a Competitive Advantage & Decision Making and bias

- Sustaining a Competitive Advantage
- Break
- Decision Making and bias
- Activity
- Course Wrap

Readings

- J. Hagerty, “Polaris Throws Down Against Mighty Harley-Davidson,” *Wall Street Journal*, August 4, 2014.
- M. Delio, “Loud Hogs for Easy Riders,” *Salon.com*, May 19, 2003.
- McGrath, Rita Gunter. “Transient Advantage.” HBR, June 2013.
- Circular Design Guide – Link on Canvas