



Subject **Module: Strategic Management**
Course: **Strategic Management II: Business Strategy**

Professor in charge: Prof. Christoph Wamser

Target group: MBA-students in the first stage of the MBA-program

Lectures: 3 SWS

Aims: The module aims to illustrate the importance of business strategies and enable students to develop and assess business strategies in different industry environments. Students are expected to discuss from a general management viewpoint. Specifically, the module intends to help students

1. to understand and evaluate the general economic importance of business strategies
2. to acquire familiarity with the principal concepts and techniques of business strategies
3. to gain expertise in the effective and efficient application of these concepts and techniques in real world business situations
4. to develop and strengthen their ability to think in terms of a general management perspective
5. to improve their abilities in formulating, presenting and defending own assessments and positions
6. to strengthen their soft skills and competencies

Contents:

1. Business Strategy: An Introduction

- 1.1 The Role of Strategy in Success
- 1.2 From Corporate Strategy to Business Strategy
- 1.3 The Evolution of Business Strategy
- 1.4 The Business Strategy Objective: Gaining Competitive Advantage
- 1.5 The Business Strategy Framework

2. The External Business Strategy Perspective: Environmental Analysis

- 2.1 The Role of the External Environment in Business Strategy Formulation
- 2.2 From Environmental Analysis to Industry Analysis
- 2.3 Industry Definition: Identifying the Relevant Market
- 2.4 Structural Analysis of Industries
- 2.5 Structural Intra-Industry Analysis
- 2.6 Key Implications for Business Strategy Formulation

3. The Internal Business Strategy Perspective: Company Analysis

- 3.1 The Role of Resources and Capabilities in Business Strategy Formulation
- 3.2 From Resources and Capabilities to Value Chain Analysis
- 3.3 Value Chain Definition: Identifying Value Activities
- 3.4 Cost-based Analysis of Value Chain



- 3.5 Differentiation-based Analysis of Value Chain
- 3.6 Key Implications for Business Strategy Formulation

4. Business Strategy Formulation: Generic Competitive Strategies

- 4.1 From Industry and Company Analysis to Competitive Strategies
- 4.2 Cost Leadership Strategy: In Search of Cost Advantages
- 4.3 Differentiation Strategy: In Search of Quality Advantages
- 4.4 Focus Strategy: In Search of Niche Positions
- 4.5 Hybrid Strategy: Combining Cost and Quality Advantages

5. Business Strategies in Generic Industry Environments

- 5.1 Business Strategies and Industry Evolution
- 5.2 Business Strategies in Emerging Industries
- 5.3 Business Strategies in Mature Industries
- 5.4 Business Strategies in Declining Industries

6. Summary and Outlook

- 6.1 Summary of Business Strategy Findings
- 6.2 Business Strategy Outlook: Challenges Ahead

Methods:

Student learning is based on a blend of lecture methods:

1. Lectures and class discussions:

Lectures will focus on reviewing and discussing key issues of each learning unit. Real-world examples will be used to illustrate the covered issues. Students are encouraged to share their views on specific business strategy issues based on their practical work experience. Charts used for the lecture will be made available to the students electronically and in print-format before the course begins. Based on in-class-discussions students will receive additional electronic information after the module has been completed.

2. Exercises, case analyses and discussions:

Small-scale exercises are used to strengthen business strategy thinking and to introduce the appropriate concepts and techniques. Case Studies will reinforce understanding of concepts and techniques by applying them to strategically solve a real-world business problem. Full participation by all group members in case study group sessions is essential to improve not only their analytical but also their team-related soft skills. Case study groups will be responsible for monitoring their own progress and preparing summary presentations of the case studies for discussion in plenary follow-up sessions.

3. Students own preparation and business experience:

Students must attend all lectures and case study group sessions. They must aim to participate actively in all appropriate group work and discussion and share their practical business experiences. Reading the assignments and analyzing the cases before the module begins are prerequisites for learning success.



4. Industry experts presentations:

Presentations of industry experts from prestigious companies will put learnings into a practical application context and will illustrate both the various forms of business strategy analysis and business strategy formulation in different industry environments (e.g. presentations from McKinsey, Deutsche Telekom). Students are expected to re-assess their relevant know-how and to actively engage in discussions.

5. Lecturer's advice and assistance:

To better deal with topics of particular difficulty, the support of the lecturer will be available before the course of the module, during the course as well as during the revision period prior to the examinations. If necessary, there will be room for individual consultation and coaching.

Examination:

The module will be assessed by 1. a mid-term examination (25%) and 2. a final examination (75%)

1. Mid-term examination (25%)

The mid-term examination will consist of an oral presentation (during the course) and a written report (at the end of the semester) focusing on a business strategy of a company.

2. Final examination (75%)

The written closed-book examination at the end of the course will be divided between selected theory-based questions and specific (unseen) questions on a pre-released case study. The pre-released case study will be available at least 7 days before the exam date.

Literature

Main Textbooks:

Grant, R.M. (2004): Contemporary Strategy Analysis: Concepts, Techniques, Applications, 5th edition.

Porter, M.E. (1998): Competitive Strategy: Techniques for Analyzing Industries and Competitors, latest edition.

Case Book:

Neupert, K.E./Grant, R.M. (2003): Cases in Contemporary Strategy Analysis, 3rd edition.

Additional Literature:

The following literature may be used to explore business strategy issues further. Please note that there are many other books and texts related to this subject available. The listed literature presents only a small selection.

Comprehensive business strategy books:

De Wit, B./Meyer, R. (1999): Strategy Synthesis: Resolving Strategy Paradoxes to Create Competitive Advantage.

Luffman, G.A./Lea, E./Sanderson, S./Kenny, B. (1996): Strategic Management: An Analytical Introduction, 3rd edition.

Porter, M.E. (1998): Competitive Advantage: Creating and Sustaining



Superior Performance, latest edition.

Thompson, J.L. (2001): Strategic Management, 4th edition.

More specific business strategy related books:

Child, J./Faulkner, D. (1998): Strategies of Cooperation: Managing Alliances, Networks, and Joint Ventures.

Day, G.S./Reibstein, D.J. (1997): Wharton on Dynamic Competitive Strategy.

Hamel, G./Prahalad, C.K. (1996): Competing for the Future.

Senge, P. (1994): The Fifth Discipline: The Art and Practice of the Learning Organization.

Older business strategy related milestone books/texts:

Johnson, G. (1992): Managing Strategic Change - Strategy, Culture and Action, in: Long Range Planning, Vol. 25, No. 1.

Ohmae, K. (1991): The Mind of the Strategist: The Art of Japanese Business.

Porter, M.E. (1979): How Competitive Forces Shape Strategy, in: Harvard Business Review, March-April.

Prahalad, C.K./Hamel, G. (1990): The Core Competence of the Corporation, in: Harvard Business Review, May-June.

Web Support:

The following websources may be used to explore business strategy issues further. Please note that there are many other sources related to this subject available on the internet. The list presents only a small selection.

Web sources of leading management journals:

Harvard Business Review

(http://harvardbusinessonline.hbsp.harvard.edu/b02/en/hbr/hbr_home.jhtml)

California Management Review

(<http://www.haas.berkeley.edu/News/cmr/>)

Sloan Management Review (<http://smr.mit.edu/>)

Strategic Management Journal

(<http://www.interscience.wiley.com/jpages/0143-2095/>)

Web sources of leading management consultants

Arthur D. Little (www.adl.com)

Bain & Company (www.bain.com)

McKinsey & Company (www.mckinsey.com)

The Boston Consulting Group (www.bcg.com)

Web sources of leading associations

The Strategic Management Society (<http://www.smsweb.org>)

Strategic Planning Society (<http://www.sps.org.uk>)

Language:

English

Case Studies:

Neupert, K.E./Grant, R.M. (2003): Cases in Contemporary Strategy Analysis, 3rd edition:



Daimler Chrysler and the World Automobile Industry

Internationalization and maturity in the world automobile industry have been associated with increasing competition and declining profitability. Against the backdrop of the largest auto merger in history, Daimler Chrysler, this case examines the sources of increasing price competition and declining profitability and looks ahead to the future of the industry.

The Telecommunications Industry in China in 1998

Although the number of subscribers to both fixed-line and cellular telecommunications services in China had grown substantially, penetration rates in 1998 remained relatively low compared to other Asian and international markets. With the development of traditional services and enlarging of network size, many new value-added services, such as email, facsimile store and forward, and Internet service, had been introduced to and welcomed by subscribers, resulting in a high growth rate. These changes indicated a tremendous potential for further development in telecommunications in China. How the domestic and foreign companies maneuvered the industry forces would determine their success or failure in the market.

Eastman Kodak: Meeting the Digital Challenge

Eastman Kodak faced a dilemma as technology was changing within its core photographic market from chemical imaging to digital imaging. The company CEO, George Fisher, had staked the company's future on the critical decision to be an imaging company rather than a chemical/pharmaceutical company. However, it was still unclear how the market for digital products would develop, and whether Kodak could build the capabilities needed to establish leadership against competitors such as Fuji, Hewlett-Packard, Canon, and Casio.

Harley Davidson, Inc., July 1998

As Harley-Davidson celebrated its 95th anniversary in 1998, its performance results were spectacular. Despite substantial investments in growth and development, gross margins had widened to 34,3 percent and net income had increased by 12,6 percent. However, the world seemed to be moving into a new era of economic uncertainty. Looking ahead into the future, what were the threats Harley-Davidson faced and how might its strategy be amended to strengthen its position against mighty rivals such as Honda and BMW?

Steinway & Sons

Steinway is a long-established craft-based producer of quality pianos. The company is faced with increasing competition from Japanese piano manufacture who are introducing both product and process innovation into the piano industry. Steinway must consider preserving its reputation and its traditional production methods, the possibilities for new product introduction, and its strategy towards the growing Chinese piano market.

Amazon.com

In just two years, Amazon CEO Bezos quietly built a fast-growing business by transforming the traditional book retailing format for the



World Wide Web and changing the way consumers buy products and services. His web site has become an underground sensation for thousands of book lovers around the world who peruse its vast electronic library, read on-line reviews, and order books. This case describes how Bezos has managed to build a rapidly growing business on the Internet and the challenges he faces as other firms attempt to imitate his model of competition.

Further Case Studies and Mini Cases

Additional case studies and mini cases will be selected based on student's industry and functional background.