



**MANAGEMENT 611: MANAGING THE ESTABLISHED ENTERPRISE**  
Spring 2014

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The management of large, established enterprises creates a range of multi-faceted challenges for the general manager. A general manager needs to understand the internal workings of a firm, how to assess and create a strategy, and how to take into account increasing globalization. While these issues are distinct, they are very much intertwined. As a result, this course will provide you with an integrated view of these challenges and show you that successful management in the 21<sup>st</sup> century requires a combination of insights drawn from economics, sociology, psychology and political economy. The course has three main parts, and two “bookend” events. The course starts with a class in which you will meet your entire teaching team and receive a road-map for this semester-long journey.

The first major of the course explores the successful management of individuals and groups. We stress the fact that organizational life is built around a complex interplay of social forces. Networks of cooperation, group conflicts, systems of power and influence, career paths, and reward systems shape how people and organizations manage and are managed. In this part of the course, we will create a framework for analyzing the impact of these social forces on individuals, groups, and the organization. In particular, we study how to motivate and lead those you manage. Moreover, we will study how to develop and implement organizational designs and human resource systems that achieve competitive advantage through the management of people.

The second major part of the course will deal with fundamental issues of strategy, examining issues central to the long- and short-term competitive position of an enterprise. We will develop a set of analytical frameworks that enable you to explain performance differences among firms and that provide a structure for strategic decisions to enhance firms’ future competitive positions. We will cover both strategy at the business unit level, introducing tools of industry analysis and competitive positioning, and at the corporate level, examining the economic logic for firms to diversify across businesses and for vertical integration decisions across stages of the industry value chain.

The third part of the course stresses the deep and persistent cross-national differences in economic, political and social institutions that affect the strategy, social structure, performance and value of organizations. We will discuss why companies go global, and also explore in depth how they choose to expand internationally. We will consider the various strategies deployed by established multinational organizations who primarily seek to either adapt to institutional differences or exploit them to generate value. We also will study the choice between trade and investment, the sequence of markets to enter, and the organization of multinational enterprises.

As the fall semester ends, even before you begin this course, you will participate in the “Global Summit,” with all other first year MBA students, on the evening of December 3. This year will feature the Chinese economy and a debate over its likely growth prospects across different internal and external markets.

The class concludes with your projects, showing how these different perspectives on organizations can be brought together to understand how established enterprises can be successfully managed.

## **TEXT AND READINGS**

Wharton Reprographics has a copy of the course pack for MGMT 611, which can be purchased from Study.Net.

The readings listed on the course outline below should be read and prepared before that class session.

## **ASSIGNMENTS, QUIZZES AND EXAMS**

Project Proposals Due: Monday 3<sup>rd</sup> February at noon

Human and Social Capital paper: Monday 24<sup>th</sup> February at noon

Strategy paper: Monday 31<sup>st</sup> of March at noon

Global Reaction Paper: pick any day during the global module PRIOR to case discussion (submit on Canvas)

Final paper presentations: 21<sup>th</sup> – 24<sup>th</sup> April

Final paper: Thursday April 24<sup>th</sup> at noon.

**Please submit all assignments via Canvas.**

## **CLASS SESSIONS AND PARTICIPATION**

Each class will consist of a combination of lecture and discussion of the day’s topic. On most days, we will use case analysis to explore the issues at hand. Careful preparation is essential. We expect you to read all of the assigned materials for each session in advance of the class. In class, you should be prepared to analyze the concepts from the case and the readings and to discuss any questions provided in the syllabus. If you cannot answer the questions, you are not prepared for class. We will use cold calling to ensure preparation and to establish an even level of participation throughout the course.

We expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members. Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important managerial issues related to the case and/or readings. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved. Third, you should be able to analyze constructively the positions your classmates take. Quality, not quantity, will determine the effectiveness of your comments. “Airtime hogs” will not be rewarded.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class. If you cannot come to class, you should notify your instructor by email in advance of the class. Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, Blackberry and/or other communication devices; and 2) no laptops open during class.

## **CASE DISCUSSIONS**

In preparing cases for discussion in class, you should be ready to comment on (1) the case’s background and context, (2) the key issues and problems, (3) a framework for analyzing the issues and problems, (4) the implications of the assigned readings for understanding the case, and (5) a course of action for designing and implementing solutions.

## **GRADING**

Your grade will be based on:

- Class participation (20%) which will be graded by all three instructors and equally weighted across sessions. Because participation is a critical part of the learning experience, unexcused absences will be heavily penalized.
- Three individual assignments – a Human and Social Capital paper (20%), a Strategy memo (20%), and a Global reaction paper (20%).
- The team final paper and team project presentation (20%). The team project grade will depend in part on a within team assessment of each member's contribution

It is possible to fail this class.

## **FACULTY LUNCHES**

We have scheduled a number of informal lunches with the course faculty. These are totally optional. You may sign up for lunch on the Canvas page for your section.

## **ETHICS AND USE OF PRIOR MATERIALS**

It is never appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, or summaries of readings.

## **HUMAN CAPITAL PAPER: WRITTEN ANALYSIS OF PREVIOUS EMPLOYMENT** **Due at Noon, Monday 24<sup>th</sup> February**

Your assignment is to examine your last job (or an earlier job) and use theories and concepts from the course to analyze and explain your work experience. Essentially, in this assignment, you will use your job as the case material that allows you to demonstrate your understanding of course theories/concepts. You may use course materials from Sessions 1-8 in which we cover such topics as motivation, job design, reward systems, managing individual and group performance, and group and organizational influences on decision-making. Certain readings focus on specific theories (e.g. expectancy theory; equity theory) that provide a full-fledged framework for explaining and predicting behavior; while other readings include concepts that may not be full theories but can be abstracted and applied to a wide range of situations, e.g. Rewarding A While Hoping for B (Kerr).

The choice about what issues to cover and what theories/concepts to apply is yours. In evaluating your answer, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the job situation you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate your situation).

In analyzing your job, focus on how you were **managed**, not how you behaved in managing others. It does not matter whether you had a good job experience or a bad job experience. You can talk about both the successful and the unsuccessful aspects of the job, and about what was missing for you. The paper presents you with an opportunity to explore in-depth the course readings, master them, and apply them to your experience. *Thus, very good papers do not simply present a lively and detailed description of your past job. Rather, they demonstrate in-depth understanding and application of course concepts and theories.* More specifically, they:

1. Demonstrate in-depth understanding of **a minimum of three theories/concepts** from Sessions 2-9 by making specific links between theories/concepts and key elements of your job experience.
2. Explore (and demonstrate your understanding of) the similarities, complementarities, or inconsistencies among the theories and concepts (i.e., do the theories/concepts fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)
3. Explain why the theories or concepts you've chosen are important and useful for understanding (and perhaps for suggesting changes to) your prior job or organization.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer

additional guidance with his/her specific expectations and recommendations.

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- In a relative comparison (which is how we evaluate these papers), applying more theories is better than applying fewer theories, with two caveats: you need enough rich descriptive material about your job so we can understand it, and you need to cover each theory thoroughly enough that we are sure you know how to apply it. It is definitely possible to include *too many* theories and concepts if they are covered so superficially that your knowledge cannot be convincingly displayed.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your work experience. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of describing your job. Show how they apply to your situation.
- It may be useful to develop a comparative angle in the paper, i.e. compare how your job experience varied for two different tasks or compare your job before and after a change in your boss or a company restructuring.
- Comparing and contrasting how two or more different theories can be applied to the **same** aspect of your job situation is another effective strategy. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

The write-up should be printed double-spaced, using a normal font-size. The maximum length is 1,000 words (plus or minus 5%). Please include a word count on the front page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid the mid-semester crunch. This is feasible because the raw material (your work experience) is readily available to you and each class session will introduce new concepts that are potentially applicable.

**This is an individual assignment.**

## STRATEGY MEMO

**Due at Noon, Monday 31<sup>st</sup> March**

1. Conduct an industry analysis of the last industry you worked in from the perspective of an incumbent firm.
2. Draw the activity system for your last employer.
3. Discuss 2 or 3 interactions within the activity system you drew (i.e., the reasoning behind why you have connected 2 elements in the activity system).

The paper should be no more than 1,000 words, i.e., about 3 pages, with one additional page depicting the activity system. Each of the three parts of the paper will have an equal weight for grading purposes.

**This is an individual assignment, and should be done individually.**

## GLOBAL REACTION PAPER

You will prepare a two-page, single-spaced reaction paper on one of the six cases discussed during this module. The assignment will be due on midnight before the day the case is discussed in class, and should be uploaded to the appropriate submission folder on Canvas. The reaction paper should focus on the company discussed in the case. The paper should answer the questions for that individual case included in the syllabus.

The global reaction papers will be graded on the basis of their insightfulness, use of concepts learned during the global module of this course, quality of answers to the case questions posed in this syllabus, and clarity of the writing. Typos or careless writing will be harshly penalized. Please review and proofread your reaction paper before uploading it. Please remember this is an individual assignment. No teamwork is allowed.

## THE TERM TEAM PROJECT

The team project should be carried out in **groups of 4**. You are free to choose your team members yourself. Part of the grade will depend on a within team evaluation of the contributions made by each member.

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual performance, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands. This assignment requires you to prepare a report (25 pages in length) and a presentation summarizing its main themes and findings. For both, you should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time.

The choice about the relative weight to put on different issues, theories and concepts in explaining the firm's activities and its performance is yours. In evaluating your paper, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation). In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course; and that the firm must, to some degree, be global, i.e. involved in cross-border activities (not only serving a domestic market).

Please consider the following suggested sections to include in your report:

- Short history/overview of the focal firm, its strategy, and its management practices, including the influence of its home country's political, economic and social institutions;
- Short history / overview of the economic, political, legal or social context in the focal country and the focal firm's perceptions of their likely evolution over time, as it pertains to the evolution of the focal firm's strategy and management practices;
- Industry analysis, both globally and in the focal national market;
- Management challenges, including (but not limited to) organizational design, structure, and processes; culture, i.e., how the firm's culture deals with differences in national culture that affect its activities; and HR practices related to rewards, skills/talent, hiring and retention, job design, supervision and performance appraisal;
- Is this company considering a global expansion or contraction? Does it make sense for the company to expand globally at this time? Why or why not?
- If the company were to expand globally beyond its current geographic scope, which regions make the most sense? (CAGE framework) Why?

- How much adaptation of product attributes or marketing does this company do as it moves across different geographies? Should it do more? Less?
- Global strategy (i.e., Aggregation, Adaptation or Arbitrage) of the firm in the focal market differentiating by product or function as appropriate, and including mode of entry and sequence of entry by which the firm entered the focal market where appropriate;
- Impact of different national employment laws, policies, institutions, and norms on the focal firm when it operates in different countries (Porter Diamond, Institutional Voids);
- What is the nature of the competitive forces within the industry currently and how are these dynamics likely to change in the near and medium term?
- How this firm is positioned with respect to its industry competitors? Note that this analysis should include both external (i.e. execution of the strategy vis-à-vis customers) and internal (i.e. organizational practices that develop capabilities underlying the strategy) activities. Do these activities reinforce each other, per the concept of an activity system?
- National positioning analysis – How does the focal country position itself to attract firms and investment from within and outside national borders? Why did the focal firm choose to locate in this particular country? What location choices are competitors making?
- Overall assessment of this firm’s competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance vis-à-vis specific expectations and recommendations.

- Don’t forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Remember to mention course concepts specifically, so we don’t have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don’t just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.
- Do not expect the reader to “crunch the numbers” that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data *and* the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to all three elements of the course. Choose the narrowest possible topic that offers sufficient data and allows you to describe and integrate a discussion on corporate strategy, human and social capital and global strategy.
- It may be useful to
  - Develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm’s operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
  - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

PLEASE NOTE THAT ANY QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN FORMAL CHARGES OF PLAGIARISM TO THE OFFICE OF STUDENT CONDUCT. IF YOU HAVE ANY QUESTIONS ON POLICY, SEE [http://gethelp.library.upenn.edu/PORT/documentation/plagiarism\\_policy.html](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)

A one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data should be submitted on Canvas by **Monday 3<sup>rd</sup> February**. You should then meet with faculty at the end of February to discuss your progress.

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 25 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid a last minute crunch. This is feasible because some corporate and national material is readily available and each class session will introduce new concepts that are potentially applicable. You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions.

## COURSE OUTLINE

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### Class 1: Introduction to Managing the Established Enterprise (13th and 14th January)

- Case: **Walmart vs Costco**
  1. What do you see as Walmart's overall strategy?
  2. What tradeoffs are evident in the human capital strategies of Walmart and Costco?
  3. If you were CEO of Walmart, what countries would you want to enter?

### Class 2: Motivating Individual Performance (15th and 16th January)

- Readings: Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.
- Case: **Nordstrom Department Store**
  1. Who sets the performance goals, and how are they set?
  2. What are the major positive and negative effects of this incentive system?

### Class 3: Designing Reward Systems (21st and 22nd January)

- Readings: Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*, Vol. 18, pp. 769-83.  
  
Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
- Case: **Marshall and Gordon: Designing an Effective Compensation System (A)**
  1. What problems does Marshall and Gordon's current compensation system create?
  2. How might you adjust their incentive system to better align rewards with the firm's strategy? What do you think are the strengths and weaknesses of the system that you have proposed?

January 23-30 <sup>th</sup>	Recruiting Break
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## One page project proposal due Monday 3<sup>rd</sup> February

### Class 4: Designing Jobs (3<sup>rd</sup> and 4<sup>th</sup> February)

- Readings: J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, "A New Strategy for Job Enrichment," *California Management Review*, Vol. 17, pp. 57-71.

- Please fill out the JDS survey (available on Canvas) for the first job that you held after graduating. Bring the results to class.
- Consider the worst job you've ever had, or perhaps a job in your most recent workplace that seemed particularly dissatisfying and dispiriting. Apply Hackman et al.'s framework to the job. What would you change? Are such changes feasible? If not, why not? If so, why haven't such changes been implemented to date?

### **Class 5: Recruiting and Selecting Employees (5<sup>th</sup> and 6<sup>th</sup> February)**

- Readings: Benjamin Schneider, "The People Make the Place," *Personnel Psychology*, Vol. 40, pp. 437-53.  
  
*Optional:* Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", *Human Resource Management*, Vol. 43: p. 305-318.
- Case: **SG Cowen: New Recruits**
  1. Who would you hire and why?
  2. How will the change in recruiting strategy proposed by Chip Rae affect the nature of the company and its culture?
  3. What are SG Cowen's goals for its recruiting process? Is SG Cowen meeting its goals?

### **Class 6: Managing Individual Performance (10<sup>th</sup> and 11<sup>th</sup> February)**

- Readings: John J. Gabarro and Linda A. Hill, "Managing Performance," Harvard Business School (9-496-022).  
  
Elliot Aronson, "The Rationalizing Animal," *Psychology Today*, p. 67-77.
- Case: **Wolfgang Keller at Konigsbrau – TAK (A)**
  1. How would you assess Brodsky's performance?
  2. How well do you think Keller has managed Brodsky?
  3. What actions should Keller take on returning to Kiev?

### **Class7: Designing the Organizational Architecture (12<sup>th</sup> and 13<sup>th</sup> February)**

- Readings Richard M. Burton, Borge Obel and Gerardine DeSanctis "Organizational Design, a Step-by-Step Approach, Chapters 4 (pp59-84)
- Case Jones Lang Lasalle: Reorganizing around the customer (2005)
  1. What problems do you think that the current structure is causing for the firm? What are the root causes of those problems?
  2. Which or the proposed new organizational structures would you recommend? Why?
  3. What recommendations would you make about how best to implement the changes?

### **Class 8: Managing Social Networks (17<sup>th</sup> and 18<sup>th</sup> February)**

- Readings Brian Uzzi and Shannon Dunlap “ How to Build Your Network.” Harvard Business Review, reprint R0512B
- Case **Managing Xerox’s Multinational Development Center (Abridged)**
  1. What do you think were the main challenges facing John Clendenin when he took the job as director of the MDC?
  2. What activities most contributed to Clendenin’s success in managing and growing the MDC?
  3. What lessons would you draw from the way that Clendenin managed his relationships within Xerox?

### **Class 9: Managing Human Resources for Organizational Performance (19<sup>th</sup> and 20<sup>th</sup> February)**

**\*\*\* Team report from People Express simulation exercise due at beginning of class \*\*\***

- Readings: Jeffrey Pfeffer, “Producing Sustainable Competitive Advantage Through the Effective Management of People,” *Academy of Management Executive*, Vol. 19 (4): pp. 95-106.
- Case: **Southwest Airways: Using Human Resources for Competitive Advantage**
  1. What is Southwest’s strategy? How would it answer the question, “What business are we in?” Why has it been successful for so long?
  2. What aspects of the way that Southwest manages its people contribute to its success?
  3. Why did Southwest’s competitors struggle to replicate its success?

**Monday, February 24<sup>th</sup>**

**HUMAN AND SOCIAL CAPITAL PAPER DUE AT NOON**

### **Class 10: Industry Positioning & Competitiveness (24<sup>th</sup> and 25<sup>th</sup> of February)**

- Readings: Porter, Michael E. 2008. “The Five Competitive Forces that Shape Strategy.” *Harvard Business Review*, January, pp. 79-93.
- Case: **Cola Wars Continue: Coke and Pepsi in 2010 (9-711-462)**
  1. Why, historically, has the soft drink industry been so profitable?
  2. Compare the economics of the concentrate industry to that of the bottling industry: Why is the profitability so different?
  3. How has the competition between Coke and Pepsi affected the industry’s profits?
  4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

### **Class 11: Complementors (26<sup>th</sup> and 27<sup>th</sup> of February)**

- Readings: Brandenburger, Adam M., and Barry J. Nalebuff. 1996. Co-opetition pp. 11–34.
- Video: All Players in the Game: <http://vimeo.com/62165898>

- Case: De Beers at the Millenium (9-706-518)
  1. What product does De Beers actually sell?
  2. What role does GIA play in the De Beers value net?

**Class 12: Value Creation & Appropriation (3<sup>rd</sup> and 4<sup>th</sup> of March)**

- Readings: Brandenburger, Adam, and Harborne Stuart. 1996. “Value-Based Business Strategy.” Journal of Economics and Management Strategy 5 (1): 5–24.
- Videos: A Definition of Value: <http://vimeo.com/61143220>  
 How the Pie is Divided: <http://vimeo.com/61225993>
  1. To check your understanding of value creation and added value answer the following questions:  
 Consider a set-up with four suppliers, three firms, and two buyers. Each supplier can transact with at most one firm, and vice versa. Similarly, each buyer can transact with at most one firm, and vice versa. Each supplier has an opportunity cost of \$10 of providing resources to a firm. Each buyer has a willingness-to-pay of \$40 for the product of two low-quality firms (say firms 1 and 2) and a willingness-to-pay of \$50 for the product of one high-quality firm (say firm 3). What are the possible price ranges for the products sold by the high-quality and low-quality firms? Pick prices outside these ranges and convince yourself that these prices are not possible.

<b>March 5-7</b>	<b>Q3 Finals</b>
<b>March 10-14</b>	<b>Spring Break</b>

**Class 13: Positioning & Activity Systems (17<sup>th</sup> and 18<sup>th</sup> of March)**

- Readings: Porter, Michael E. 1996. “What is Strategy?” Harvard Business Review (November-December): 61–78.
- Case: Progressive Corporation, 9-797-109  
 What are the five key points in Porter’s article?  
 When reading the Progressive case, please have the following questions in mind:
  1. What is Progressive’s positioning?
  2. What are the characteristics of Progressive’s customers?
  3. How are Progressive’s activities tailored to its position?
  4. How do the activities fit with one another?
  5. Should Progressive enter the standard segment?

**Class 14: Competitive Interactions (19<sup>th</sup> and 20<sup>th</sup> of March)**

- Readings: Porter, Michael E. 1980. Competitive Strategy Ch. 3, pp. 47–74.

- Video: The Uncertainty in a Game <http://vimeo.com/64599418>
- Case: Philips' Compact Disc Introduction (B), 9-792-036
  1. How does competitor analysis proposed by Porter fit into the notion of second-order thinking in the video?

In solving the Philips case, be aware of what assumptions you are making, and whether your results are robust to (small) changes in these assumptions.

  2. Should Philips establish a U.S. plant at the beginning of 1983 or wait a year before deciding? Why or why not? (You need to crunch numbers here!) Do not try to draw a game tree! In this case, solving the problem without a tree is much easier.

### **Class 15: Corporate Strategy (24<sup>th</sup> and 25<sup>th</sup> of March)**

- Readings: Ghemawat, Pankaj and Jan Rivkin. 2010. "Choosing Corporate Scope," Strategy and the Business Landscape (3rd ed.), Ch. 6, pp. 123 – 147.
- Case: Case: The Walt Disney Company: The Entertainment King, 9-701-035
 

Please make sure you understand the "two tests" Ghemawat and Rivkin are describing.

When reading the Disney case, please have the following questions in mind:

  1. Why has Disney been successful for so long?
  2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
  3. Has Disney diversified too far in recent years?

### **Class 16: Strategic Planning and Strategy Wrap-Up (26<sup>th</sup> and 27<sup>th</sup> of March)**

- Readings: Gavetti, Giovanni, and Jan Rivkin. "The Use and Abuse of Analogies" (9-703-429)
 

Gavetti, Giovanni, and Jan Rivkin. "Analogical reasoning at Lycos"

  1. What are the pitfalls of analogical reasoning?
  2. Read the Lycos mini-case. Do you buy the analogy to traditional media Lycos's management team used to arrive at their decision? Does this analogy provide Lycos's managers with valid guidance?

**Monday, March 31<sup>st</sup>**

**STRATEGY MEMO DUE AT NOON**

### **Class 17: Strategy in a Flat or Semi-Globalized World (31<sup>st</sup> of March and 1<sup>st</sup> of April)**

- Readings: Thomas L. Friedman, “It’s a Flat World, After All” New York Times Magazine April 3, 2005.  
Pankaj Ghemawat, Redefining Global Strategy, Chapter 1.
- Case **Swatch and the Global Watch Industry, Ivey School of Business 9A99M023.**
  1. What was Hayek’s key vision to revive the Swiss watch industry?
  2. What are Swatch’s key competitive strengths?
  3. Is the competitive landscape for watches “flat”? Why or why not?

### **Class 18: ADDING Value and the CAGE Distance Framework(2<sup>nd</sup> and 3<sup>rd</sup> of April)**

- Readings: Pankaj Ghemawat, Redefining Global Strategy, Chapter 2 and pages 83-104.
- Case **“Grolsch: Growing Globally” IESE Case SM-1529-E 0-308-029**
  1. Why did Grolsch globalize, and how well has it performed internationally?
  2. What are the key elements and limitations of its emphasis on adaptation?
  3. What lessons does Grolsch’s history teach us about where to compete? What do you think about the MABA process?
  4. What changes would you suggest to Grolsch’s historical strategy?
  5. Will the merger with SABMiller add value? Or will it be a win-lose deal?

### **Class 19: Entering International Markets: Mode and Pace of Expansion (7<sup>th</sup> and 8<sup>th</sup> of April)**

- Readings: Review Ghemawat from Class 19 above.  
“The organization of MNE activity: the external network”, Chapter 9 in Multinational Enterprises and the Global Economy”, John Dunning and Sarianna Lundan, 2008.
- Case **The Globalization of CEMEX, HBS 9-701-017**
  1. According to the ADDING Value framework, which global expansions of CEMEX make sense to you?
  2. Did CEMEX expand along the distance metrics outlined by CAGE?
  3. What do you think of CEMEX’s pace of expansion?
  4. Would you have entered different national markets using the same entry modes as CEMEX? Why or why not?

### **Class 20: Global Adaptation (9<sup>th</sup> and 10<sup>th</sup> of April)**

- Readings: “Adaptation: Adjusting to Differences”, Chapter 4 in Redefining Global Strategy, 2007.  
“Market Adaptation”, Chapter 6 in Elements of Multinational Strategy, Keith Head, 2007.
- Case **Lincoln Electric HBS Case 9-707-445**
  1. Put yourself in CEO John Stropki’s shoes. Should Lincoln Electric expand into India by investing in a major production facility there?
  2. If you were to expand into India, would you enter through acquisition, a greenfield site, or some

type of joint venture? Which factors would inform your decision among these entry mode choices?

3. In which countries is Lincoln Electric likely to be most successful or least successful? Why? How would this guide your own choice of where to place Lincoln Electric's production facilities abroad?

4. When Lincoln Electric goes to India and other countries, what factors should determine how much it adapts its core incentive pay-for-performance management practices to local labor market norms? Should Lincoln Electric follow the adage "when in Rome, do as the Romans do", or should it seek to always replicate the recipe behind its success in the home plant in Cleveland?

### **Class 21: Aggregation and Arbitrage: Africa (14<sup>th</sup> and 15<sup>th</sup> of April)**

- Readings: Michael Porter, "Why Nations Triumph".  
Pankaj Ghemawat, "Arbitrage", Chapter 6 in Redefining Global Strategy.  
Henisz, Witold J., (2012) "Summary of Global Strategic Management Frameworks".
- Case: **Olam: On a New Course, 2013, HBS Case 9-513-044.**
  1. How much competitive advantage does Olam derive from country specific advantages (ie Porter's Diamond) versus firm-specific advantages?
  2. Does Olam engage in adaptation, aggregation, or arbitrage? Where are global advantages likely to lie in the future for this firm?
  3. What do you think about Olam's strategic shift? Was Olam right to shift strategy or should it "stick to the knitting" as Muddy Waters Research claims?

### **Class 22: Aggregation, Adaptation and Arbitrage: China (16<sup>th</sup> and 17<sup>th</sup> of April)**

- Readings: "Spotting Institutional Voids in Emerging Markets", Khanna and Palepu, 2005.
- Case **Apple in China: Wharton Case Prepared for Global Summit**
  1. What kinds of "institutional voids" are there in China that pose a potential problem for Apple?
  2. Describe both the opportunities as well as the key challenges faced by Apple in China as it seeks to exploit the benefits of aggregation, adaptation, and arbitrage there.
  3. Outline a strategy for future global expansion for Apple's supplier network. Should Apple continue to concentrate on the Chinese market or should it diversify elsewhere? If so, where should it go? Be sure to make concrete suggestions for Apple's Corporate Social Responsibility (CSR) strategy going forward.

### **Class 23 and 24: Project Presentations (21<sup>st</sup> to 24<sup>th</sup> of April)**

Thursday, April 24<sup>th</sup>

**TEAM PROJECT DUE AT NOON**