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# Business Strategy and Entrepreneurship

Professor: Timo Sohl

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Office hours: by appointment (20.1E64)

Course Type: Elective

Credits: 4 ECTS

Term: 2<sup>nd</sup> Term

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## Course Description

Firms are faced with rapidly changing competitive environments and the need to redefine their offerings to customers. Diverse sectors in the economy have witnessed disruptive changes and the replacement of established incumbents by new entrants. It is crucial for managers and entrepreneurs to understand and manage the processes that contribute to value creation and value capture in these environments.

This course is designed to familiarize students with the challenges entrepreneurs and corporations face when making strategic choices related to creating and capturing value in competitive markets. It integrates the fields of strategic management and entrepreneurship. Our focus will be on new and established firms that have been successful or unsuccessful in developing and implementing growth strategies.

## Objectives

In working through this course, it is important to realize the purpose and limitations of studying strategy and entrepreneurship. Unlike in natural sciences like chemistry or physics, it is impossible to describe certain steps or decisions that will ensure a certain outcome (e.g. increased profitability). The study of strategy and entrepreneurship can be more usefully understood as a collection of tools and frameworks that help analyse certain strategic questions or the “right” thing to do in a particular business setting. But these answers may have limited applicability to other situations. Strategy and entrepreneurship are therefore, to a certain extent, a study of contingencies. This course is designed to present a number of these contingencies along with various empirical regularities in order to help students develop modes of thinking about strategy and entrepreneurship.

## Methodology

In this vein, this course emphasizes the study of real-life situations and case studies. This methodology gives students the opportunity to understand and analyse a particular business situation through the lenses of the individual decision maker. Groups of students will be asked to present case studies and lead the discussion but everyone is expected to actively participate. In addition, groups of students will present either scientific or business articles, discussing their applicability and limitations.

The purpose of these activities is to complement the insights gained from the lectures but also to help students internalize the language and discourse of strategy and entrepreneurship.

Successful completion of the course will help you consolidate the knowledge you have acquired so far regarding organization-level actions, their antecedents, their implementation and their impact on firm performance. This course is therefore an essential part of your degree as it combines and builds on insights from a variety of courses you have attended so far. Importantly, strategy and entrepreneurship will equip you with the skills necessary to understand business behaviour and help improve your responses to various business problems. This is key for your career progression and your own self-development.

The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to an hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

## Evaluation criteria

### 1. Continuous assessment (35%)

1.1 Case studies (20%): All teams must prepare for their case study a 20min presentation where you highlight the main points of interest and/or suggestions. It is important to apply theories and demonstrate the links between theory and practice in each particular setting.

1.2. Article presentation (15%): the presenting group will deliver a 20min presentation of the assigned article. In doing so, it is important to position the article within the context of studying strategy and entrepreneurship as well as identify relevant practical insights from the article. Moreover, the presenting team should discuss some of the article's limitations and ideas for further research.

**2. Class participation (15%):** class participation is important because it provides the best and most frequent indication that you have prepared for class. In addition, it is

important because your participation in class discussion teaches others. For both reasons you need to make every reasonable effort to be in class on time and well prepared. In grading class participation, both the quantity and quality of your contributions are taken into account.

**3. Final exam (50%):** the final exam consists of questions about the concepts and business problems we studied in this course.

Students who have not passed the continuous evaluation and/or final exam have the possibility to recover if they have participated in the learning and evaluation activities throughout the term.

- Continuous evaluation recuperation: students who fail the case study and/or article presentation will be assigned an additional task to recover the continuous evaluation projects.
- Resit exam: students who fail the final exam can take the resit exam. The resit exam will account for 50% of the final grade and the grades from the continuous evaluation will be kept.

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.”

## Calendar and Contents

Topic	Session #
Introduction	1
<i>Part 1: Business strategy: How do firms achieve and sustain a competitive advantage?</i>	
1.1 Value creation and capture	2
1.2 External and internal analysis	3-6
<ul style="list-style-type: none"> <li>• The external environment: Market and competitive analysis</li> <li>• The internal organization: Strategic positioning and resources</li> <li>• How much do external and internal factors matter?</li> </ul>	
<i>Part 2: Strategic entrepreneurship: How do firms develop and scale-up successful business models?</i>	
2.1 The business model as a source of competitive advantage	7-9
<ul style="list-style-type: none"> <li>• Business model design</li> <li>• Business model innovation</li> </ul>	
2.2 Managing a business model portfolio	10-11
<ul style="list-style-type: none"> <li>• Sources of organizational benefits</li> <li>• Sources of organizational costs</li> </ul>	
Article presentations	12/13
<i>Part 3: Corporate strategy: How do firms grow and manage their scope?</i>	
3.1 Market entry and exit	13-15
<ul style="list-style-type: none"> <li>• Types of entry</li> <li>• Early-mover (dis-)advantage</li> <li>• Sunk costs, entry and exit barriers</li> </ul>	
Case study presentations	16/17
3.2 Corporate diversification	17-19
<ul style="list-style-type: none"> <li>• Diversification strategies</li> <li>• Scale and scope economies</li> <li>• Resource allocation in multi-business firms</li> </ul>	
Final exam	20 (March 13)

## Reading Materials/ Bibliography/Resources

### Text book

- Besanko, D., Dranove, D., Shanley, M., & Schaefer, S. (2013). Economics of strategy. 6th edition. John Wiley & Sons.

### Articles

- Casadesus-Masanell, R. & Tarzijan, J. (2012). When one business model isn't enough. *Harvard Business Review*, Jan-Feb, 2-6.
- Helfat, C. E., & Eisenhardt, K. M. (2004). Inter-temporal economies of scope, organizational modularity, and the dynamics of diversification. *Strategic Management Journal*, 25(13), 1217-1232.
- Lieberman, M. B., Lee, G. K., & Folta, T. B. (2017). Entry, exit, and the potential for resource redeployment. *Strategic Management Journal*, 38(3): 526-544.
- Peteraf, M. A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, 14(3), 179-191.
- Porter ME. (1996). What is strategy? *Harvard Business Review* (Nov-Dec).
- Sohl, T., Vroom, G., & McCann, B. T. (2020). Business model diversification and firm performance: A demand-side perspective. *Strategic Entrepreneurship Journal*, 14(2), 198-223.

## Bio of Professor

Timo Sohl is an Assistant Professor of Strategic Management at the Department of Economics and Business at Universitat Pompeu Fabra (UPF). He is an Affiliated Professor and Academic Coordinator of the Entrepreneurship track at the UPF Barcelona School of Management. He holds a PhD from the University of St. Gallen, Switzerland. Before joining UPF, he has been a Postdoctoral Researcher at IESE Business School and a visiting fellow at Texas A&M University. His research and teaching interests include corporate strategy and strategic entrepreneurship.