

# Strategic Management I

(see PDA for detailed information)

## Presentation

The course aims to equip students with the skills needed to understand the process of strategy formulation and implementation at the business and corporate level. Students who complete the course will gain the expertise, methodologies, and tools to design and interpret strategies in the business environment.

The course builds on several interrelated topics. These include: Value creation and value capture. Firm strategy and the external environment. Strategic positioning and resources. Entry barriers and first mover advantages. Creating and sustaining competitive advantage. Business model design and innovation. Corporate scope and firm growth.

## Associated skills

The course introduces the students to a coherent framework to analyze the competitive environment of a firm and its internal resources and capabilities. The objective of this course is to have the students think strategically in different contexts.

Based on theoretical concepts and real-world case studies, the course will enable students to understand the main strategic challenges of the company. The course will encourage team work, dialogue, as well as writing and oral skills.

## Learning outcomes

1. Understand the nature of strategic competitiveness and develop the ability to analyze the environment facing a firm, assess the attractiveness of the industry and isolate potential sources of competitive advantage and disadvantage.
2. Develop business level strategies by defining the type of advantage sought, scope of operations and activities required to deliver the chosen strategy. Assess the likely sustainability of firm strategies and competitive positions.
3. Discriminate among the types of data to evaluate alternative scenarios. Assess strategic alternatives and develop logical, coherent and persuasive analyses for a desired course of action.
4. Analyze the business model as a source of competitive advantage and how it affects the ability to reach strategic goals. Develop courses of actions that incorporate the actions of multiple players in the marketplace.
5. Integrate knowledge and apply analytical techniques from various disciplines. The goal is to identify and analyze strategic issues and develop solutions in the form of actionable plans with the purpose of developing and sustaining competitive advantage.

# Contents

## 1. Introduction to strategy

- Defining strategy
- Strategy levels

## 2. Value creation and value capture

- Basic ideas
- External analysis: industry structure and competition
- Internal analysis: strategic positioning and resources
- Exercises for value creation and value capture

## 3. The business model as a source of competitive advantage

- Business model design and innovation
- Business model portfolios

## 4. Corporate scope and renewal

- Entry, exit, and sunk costs
- Diversification strategy & value creation
  - Intra-temporal economies of scope
  - Inter-temporal economies of scope
- Internal capital markets
- Implications for corporate reorganization and turnaround

# Teaching Methods

The process of teaching of the course will be carried out as follows:

### Lectures:

There will be sessions of lectures that will last 1h30 each. The purpose of these is to provide students with the basic conceptual tools of business & corporate strategy. In the lectures the student should not take a passive role but, instead, actively participate in the discussion.

### Individual class contribution

Strategic thinking is best learned through practice and use of strategic concepts. The cases we will study are about specific business situations; they are an opportunity to both apply the concepts we discuss in class as well as further develop our ability to think about business strategy. We will use short cases and exercises, as well as other readings and you must be prepared to discuss everything assigned for the particular session.

### Seminar assignments

There will be 6 seminars dedicated to understanding and extending the content of the main lectures. This learning activity will take place with the active participation of students, by means of different activities related to strategy and sustainability in business. Students will be graded on their individual work and participation in class.

# Bibliography and information resources

## Basic bibliography

- Besanko, D., Dranove, D., Shanley, M., & Schaefer, S. (2013): "Economics of Strategy", 6<sup>th</sup> edition, John Wiley & Sons.
- Porter, M.E. (1985): "Competitive Advantage", The Free Press
- Porter, M.E. (1980): "Competitive Strategy", The Free Press

## Additional bibliography

- Casadesus-Masanell, R. & Tarzijan, J. (2012). When one business model isn't enough. *Harvard Business Review*, Jan-Feb, 2-6.
- Christensen, C. M. & Raynor, M. E. (2003). "The innovator's solution", Harvard Business School Press.
- 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.
- Mahoney, J. T., & Qian, L. (2013). Market frictions as building blocks of an organizational economics approach to strategic management. *Strategic Management Journal*, 34(9), 1019-1041.
- Sohl, T., Vroom, G., & Fitza, M. A. (2020). How much does business model matter for firm performance? A variance decomposition analysis. *Academy of Management Discoveries*, 6(1), 61-80.
- 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.
- Regular reading of The Economist, Harvard Business Review, Fortune, Bloomberg, The Guardian, McKinsey Quarterly, The New York Times

## Videos

- Entry, exit, and the potential for resource redeployment:  
<https://www.youtube.com/watch?v=8AcRyNLu2uo>
- Breaking down the barriers to corporate resource allocation:  
<https://www.mckinsey.com.br/business-functions/strategy-and-corporate-finance/our-insights/breaking-down-the-barriers-to-corporate-resource-allocation>
- How much does business model matter for firm performance?  
<https://www.youtube.com/watch?v=UYctHz-0Jb8>