



The Leon Recanati Graduate School of Business Administration

1231.3619 – Corporate Strategy

(CORPORATE-LEVEL STRATEGY)

(Prerequisites: Strategy for managers)

Second Semester– 2021/22

THE COURSE IS DELIVERED IN HEBREW

| Section | Day | Place and Hour | Exam date | Lecturer | Email | Telephone |
|---------|-------------------|--------------------------------------|--|-----------------------|--|------------|
| 01 | Sunday/ Monday | ROOM: 15:45-18:30 (First half) | As posted on the list of exams | Prof. Abraham Carmeli | avic@tauex.tau.ac.il | 03-6406335 |

Teaching Assistant (TA): TBD

Office Hours: By appointment in advance via e-mail

Course Units

1 course unit = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

This course addresses forms of corporate organization by examining the company's boundaries and scope of choices and activities. It opens up discussion (and debate) over the efficacy of corporate hierarchies and the effect on its businesses. Corporate CEOs and executive teams need to decide about conflicting directions such as: Expand corporate organizations vs. "stick to your knitting," or coordinate and centralize vs. delayer and decentralize.

The Corporate Strategy course is designed to introduce you to the central strategic challenges facing CEOs in charge of multi-business firms. It aims to introduce to students the central questions that confront every corporate strategist in the pursuit to develop and sustain a corporate advantage:

- In which businesses should the firm compete?
- Which businesses and activities should be carried out inside the firm and which outside; that is, where should a firm's boundaries be drawn?
- How do a firm's choices on these dimensions influence the way it organizes itself, and vice versa?

The course framework is designed to help you address the challenges of creating and sustaining corporate advantage through strategic scope choices. The course is delivered in Hebrew.

Course Goals and Objectives

The following are the benefits that I hope you will take away from this course:

1. Acquiring a substantial knowledge base about running multi-business firms.
2. Developing new insights about corporate scope and boundaries.
3. The ability to apply managerial insights to real-world cases.

HOW TO CONTACT US

Please contact us via e-mail. For any inquiry, please e-mail the instructor (the e-mail addresses are indicated above). On the message line, write "TAU-MBA-CORPORATE STRATEGY #_____."

Students with Disabilities

Reasonable accommodation for students with disabilities will be made.

Academic Integrity

All work submitted by a student or team must represent their original endeavor. When outside sources are used as references, work submitted by student(s) must identify the source and make clear the extent to which the sources have been used. Please comply with the University's policies on academic conduct.

Additional Guidelines

Classes will begin on time. Please make every effort to be in the classroom before the class starts. Be fully prepared for each class. If you are unable to be prepared for class, please notify me in advance.

Using laptops, cell phones or any other electronic devices are not permitted during class. Writing SMS, email or surfing the net restricts comprehension and limits participation, thereby reducing the learning experience. Laptops should not be used during class for emailing, researching the cases, surfing the net, or any unrelated purpose. If the situation dictates, laptops may be used for official assignments that ask you to prepare a spreadsheet analysis or power point presentations.

Please respect the opinions of others and do not talk to your friends when a classmate is speaking.

Evaluation of Student and Composition of Grade

Your work will be read carefully. If you have a legitimate disagreement with a grade (e.g., incorrect grading), write down your specific argument and give it to me, along with the original graded item. Your comments will be considered and you will receive a timely response.

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| Attendance, reading material, and class participation | See Below |
| Learning log (case study) | 20% |
| Final exam (MCQ) | 80% |

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, the final average grade for this course (which is an elective course) will be in the range 83-87%. Additional information regarding this policy can be Subject to changes

found on the Faculty website

<https://coller.tau.ac.il/MBA-students/programs/2019-20/MBA/regulations/exams>

Course Assignments

Attendance, reading material, and class participation: You are expected to read the material assigned for each class session, and to contribute regularly to class discussions. You will be evaluated with respect to: (1) relevancy—the degree to which your participation is relevant to the topic currently discussed; (2) content-based—the extent to which your comments are well grounded on theory and facts; (3) challenging—the extent to which your observations constitute a challenge; (4) developmental—the extent to which your comments develop other students' ideas / observations. As the course progresses, it will become clear who does and does not read the material, participate and contribute. The students who attend consistently, and stand out as major contributors to class discussions will be rewarded by up to 4 bonus points. The others will be rewarded relative to their contribution.

Please note that an absence from more than three 1.25- hour session will result in a removal from the course. Please make sure to attend every session and notify the instructor in advance via email about your absence.

Attendance is mandatory in this course. University attendance policy will be applied.

Learning logs (case study): In each week we will have two sessions of 75 minutes each. Each weekly session will be devoted to a specific topic.

To enhance your learning experience, the learning log is designed to provide you with an opportunity to reflect on issues and concepts discussed in class.

Teams of up to four students (depending on enrollment) will be formed on the first day of class. Each team is required to complete one case study analyses of an assigned weekly session (see the list of assignment topics). You are expected to prepare your assignments thoroughly and make substantial efforts to integrate theory and practice. The assignments need to be well-structured, draw theoretical insights and have explicit managerial implications. Each team member will be given the same grade unless other team members suggest otherwise (e.g., one of the students did not contribute equally). I trust you all be good citizens to your team.

Because of copyright agreements, students need to purchase the case study directly from Harvard Business School Publishing <http://hbsp.harvard.edu/>

A link to my own account at HBS will be provided via the course website upon HBS publishing permission so you would be able to access the case studies easily and purchase them with a discount.

Please note that all students, regardless of the formal team submission requirements, need to read all case studies and be prepared for in-class discussion. The questions for each of these case studies can be found in the syllabus at the end of this document. You are required to answer all sets of questions, but please note that these are just guiding questions and I expect an in-depth analysis.

The submission deadline for each assignment is on the last weekly session of the course [note that I listed the assignment topics under each weekly session topic, but to give sufficient time you can submit your case study until the last weekly session].

You are required to submit to both the Instructor and TA your team assignment via e-mail at least 24 hours before the submission due date. I also ask you to submit a hard-copy at the beginning of the last weekly session of the course.

Any work that is not be submitted on time will not be evaluated and the team will lose all their points.

Subject to changes

Submission by teams who do not come to class will be considered “not submitted”. No exceptions will be made.

To enhance knowledge exchange, I encourage you to distribute a copy of your completed assignment to all class members before each class meets. My suggestion is to do so via e-mail as using attached file.

An assignment should be submitted in the following form:

A PPT-file [my suggestion is to have a 16-page PPT file and using 24-point font]. The citations and references can appear in smaller font size [16 or 20-point font size]. If you need extra space please submit a request in advance.

Note. As in all academic work, you are required to provide accurate citations for any ideas that are not originally yours.

If time permits, teams will be invited (by random, in case of multiple teams working on the same case study; and by order of the topics) to present their case study analysis in class within a time frame of 20 minutes. Teams will be notified at the beginning of the assigned session whether they have been selected to present their case-study analysis.

Final Exam: At the end of the course, you will be asked to take a final exam. The exam will include the subjects covered in the class during the course. This is a closed exam in a multiple-choice format. The exam will take place as in every other course at the University. You will be asked to answer 25 multiple choice questions.

To do well on this exam, you will need to work systematically throughout the course; namely read all the reading material carefully, attend each class, and be highly familiar with the supporting material.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site every week (regularly) for information on classes, assignments and exams, at the end of the course as well. Course material will be available on the course site.

Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in exam and other course tasks.

Course Outline*

*Subject to change

| Session | Topic | Guiding Questions | Reading Material |
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| Session 1 | Introduction to the course | | |
| | Competitive advantage | <p>What is competitive advantage?</p> <p>How firms create competitive advantage?</p> <p>How can firms evaluate the sustainability of the competitive advantage</p> | <p>Ghemawat, Pankaj. 1986. Sustainable advantage. <u>Harvard Business Review</u>, 64 (5), 53-58.</p> <p>Peteraf, M.A., & Barney, J.B. 2003. Unraveling the resource-based tangle. <u>Managerial and Decision Economics</u>, 24, 309-323.</p> <p>Recommended:</p> <p>McGrath, R. G. 2013. <u>The end of competitive advantage: How to keep your strategy moving as fast as your business</u>. Harvard Business Review Press.</p> <p>Mcgrath, R. G. 2017. Old habits die hard, but they do die. <u>Harvard Business Review</u>, Jan-Feb, 54-57.</p> |
| Session 2 | <p>Competitive advantage (cont.)</p> <p>The notion of corporate strategy and the logic of corporate scope</p> | <p>What is corporate strategy?</p> <p>How firms choose strategic scope?</p> | <p>Collis, D. J., & Montgomery, C. A. 1998. Creating corporate advantage. <u>Harvard Business Review</u>, 76(3): 70–84.</p> <p>Recommended:</p> <p>Lieberman, M. B., Lee, G. K., & Folta, T. B. (2017). Entry, exit, and the potential for resource redeployment. <u>Strategic Management Journal</u>, 38(3), 526–544.</p> |

Subject to changes

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| Learning log #1 (individual assignment) | | Nucor Read the case about Nucor and discuss the major question: How did Nucor create a competitive advantageous position and what are the threats to its sustainability? | link: http://mba.tuck.dartmouth.edu/pages/faculty/chris.trimble/osi/downloads/20015_Nucor_A.pdf |
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| Session 3 | Diversification strategies | Why firms engage in related and unrelated diversification? When and how diversification enables a firm to realize valuable economies of scope? | Markides, C.C. 1997. To Diversify or Not to Diversify. <u>Harvard Business Review</u> , 75(6): November-December, 93-99. Wiersema, M. F., & Bowen, H. P. 2011) The relationship between international diversification and firm performance: why it remains a puzzle. <u>Global Strategy Journal</u> , 1(1-2), 152-170. |

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| <p>Learning log #2 (team assignment)</p> | | <p><i>Assignment Questions:</i></p> <ol style="list-style-type: none"> 1. Why does Alphabet own widely different subsidiaries under the same corporate structure? What are the benefits and costs of this choice? 2. What is the rationale behind the decentralized structure chosen by Alphabet? What are the benefits of this conglomerate structure and its drawbacks? Under which conditions is this structure an appropriate organizational design for a diversified company? 3. Is Alphabet's corporate governance (and in particular the presence of dual class shares) appropriate for the organizations (benefits and costs)? | <p>Alphabet Eyes New Frontiers By Juan Alcacer; Raffaella Sadun; Olivia Hull; Kerry Herman Pub Date: Jul 26, 2016 / revision Feb 2018 Product #: 717418-PDF-ENG Discipline: Strategy Length: 30 p</p> <p>In October 2015, Google restructured into Alphabet, a holding company, which analysts said would facilitate innovation among its diverse subsidiaries. But when news reports surfaced revealing struggles within Alphabet companies including Nest, the smart thermostat maker, observers began to wonder if the reorganization made sense after all.</p> |
| <p>Learning log #3 (team assignment)</p> | | <p><i>Assignment Questions:</i></p> <ol style="list-style-type: none"> 1. What can be learned regarding creating value as a conglomerate from the Danaher case-in-point? 2. Detail the application of the DBS and the ways this application helps create corporate value. 3. What are the limits to the Danaher corporate strategy? | <p>Danaher Corporation By Bharat N. Anand; David J. Collis; Sophie Hood Pub Date: Feb 12, 2008 Product #: 708445-PDF-ENG Discipline: Strategy Length: 32 p</p> |
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| Session 4 | Transactions Costs and Vertical Integration | Why firms engage in vertical integration strategies? How can governance mechanisms minimize opportunistic threats? | Stuckey, John., & White, David. 1993. When and When Not to Vertically Integrate. <u>MIT Sloan Management Review</u> , 23 (Spring) 71-83. Publication date: Apr 01, 1993. Prod. #: SMR006-PDF-ENG |
| Learning log #4 (team assignment) | | <p><i>Assignment Questions:</i></p> <ol style="list-style-type: none"> 1. Which opportunities the value chain at the industry level offer to Coke and Pepsi (discuss relationship between different stages of the value chain in the industry)? 2. What is the underlining logic to acquire CCE and what are the benefits and drawbacks of such vertical integration choice? 3. What lessons can you draw for potential strategic options (especially the implications for different models of manufacturing and distribution)? | <p>Coca-Cola in 2011: In Search of a New Model David B. Yoffie; Renee Kim Pub Date: Jun 9, 2011 Product #: 711504-PDF-ENG Discipline: Strategy Length: 24 p.</p> <p>Muhtar Kent, CEO of the Coca-Cola Company, faced a critical decision in 2011 after closing a \$12 billion deal to buy its troubled North America bottling operations from its biggest bottler, Coca-Cola Enterprises. The decision was prompted by several changes in the U.S. market, including the bottler's inability to make crucial investments, the growth of alternative, non-sparkling drinks, and the growing power of national accounts, such as Wal-Mart. Now that Coke owned most of its North American bottling network, Kent had to decide whether keeping the labor and capital-intensive side of the bottling business was in Coke's long-term strategic interest. If not, should he re-franchise the bottling business, again, as Coke had done in the past? Or was there a third path? For one of the most successful companies in the world over the last 100 years, Kent's answers to these questions had the potential to redefine Coke's business model for the next century.</p> |
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| <p>Session 5</p> | <p>Strategic Alliances</p> | <p>What is the economic value of strategic alliances? What types of strategic alliance should a firm pursue (when)? How to manage strategic alliances?</p> | <p>Dyer, J., Kale, P., & Singh, H. 2001. How to make strategic alliances work. <i>MIT Sloan Management Review</i>, 42(4): 37–43.</p> <p>Hansen, M. T., & Nohria, N. 2004. How to build collaborative advantage'. <i>MIT Sloan Management Review</i>, 46, 22–30</p> <p>Recommended: Wassmer, U. (2010). Alliance portfolios: A review and research agenda. <i>Journal of Management</i>, <i>36</i>(1), 141-171.</p> <p>Wang, Y., & Rajagopalan, N. (2015). Alliance capabilities: review and research agenda. <i>Journal of Management</i>, <i>41</i>(1), 236-260.</p> |
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| <p>Learning log #5 (team assignment)</p> | | <p><i>Assignment questions:</i></p> <ol style="list-style-type: none"> 1. Why alliances are important in this industry and particularly in the Indian arena? 2. What are the reasons for VW and Tata Motors to look for a partner with which to enter into a strategic alliance in India? 3. Analyze the fit between two alliance partners. 4. Evaluate the value that might have been created by this alliance, jointly and individually. 5. If the partners sort out their difference, what is the recommended structure of the alliance, the terms and conditions that you would lay down for the partners? 6. What should they do – call off the alliance or sort out their differences? Why? How? | <p>Volkswagen and Tata Motors: A Strategic Alliance in India By Meeta Dasgupta Pub Date: Oct 20, 2017 Product #: W17642-PDF-ENG Discipline: International Business Length: 12 p</p> |
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| Session 6 | Mergers and Acquisitions | Why pursuing M&As? Problems/difficulties with M&As processes? | Bower, J. 2001. Not All M&As Are Alike--and That Matters. <u>Harvard Business Review</u> , (March), 92-101. Gullinan, G. & Le Roux, J.-M. & Weddigen, R.-M. 2004. When to Walk Away from a Deal. <u>Harvard Business Review</u> , April, 96-104. |
| Learning log #6 | | <p><i>Assignment questions:</i></p> <ol style="list-style-type: none"> 1. Why Roche seeks to own 100% of Genentech? 2. What are Roche responsibilities to minority shareholders of Genentech? 3. Assess the value of synergies Roche was expecting from the merger with Genentech, as of June 2008. 4. What was the response of Genentech BOD to Roche's offer? 5. How Roche responded, and how you would advise its CEO and his executive teams to respond to Genentech BOD decision? | <p>Case:</p> <p>Roche's Acquisition of Genentech By Carliss Y. Baldwin, Bo Becker, Vincent Dessain Revision Date: Dec 06, 2010; Publication Date: Feb 26, 2010 Product number: 210040-PDF-ENG; Length: 31p; http://hbr.org/product/roche-s-acquisition-of-genentech/an/210040-PDF-ENG</p> <p>The case study highlights the motivation for Roche-Genentech merger, managing differences, hostile moves, and decisions in times of difficulties.</p> |
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| <p>Learning log #7 (team assignment)</p> | | <p><i>Guiding questions:</i> The case discusses Lincoln Electric's global strategy choices that the company faces going forward with a particular focus on the decision a strong push into India should be the next step in the company's globalization.</p> <ol style="list-style-type: none"> 1) Should Lincoln Electric expand into India? 2) What entry modes should Lincoln Electric pursue? Why? 3) In which countries Lincoln Electric is likely to be successful and less successful? Why? How would this guide your choice of where to place Lincoln Electric's production facilities abroad? 4) Should Lincoln Electric adapt its core management practices to local demands? To what extent? How? | <p>Siegel, Jordan. <u>Lincoln Electric</u>, (Publication Date: Nov 15, 2006; Revision Date: Aug 25, 2008). (HBS Product Number: 707445-PDF-ENG; Length 24 pages).</p> |
| | Wrap-up | Key insights learned. | |