

**Peking University  
HSBC Business School**

**Strategic Management  
2014-2015 Module 3**

<b>Instructor:</b> Kevin Chastagner	<b>Session:</b> 1 (2)
<b>Office:</b> 727	<b>Times:</b> 10:30-12:20 (3:30-5:20)
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**Course overview/ Description:**

This course centers on the strategic vision of the firm. We will build on your expertise in the functional areas of marketing, accounting, finance, and management in order to analyze the firm as a whole. The concept of strategy in organizations has been used to explain the reason some organization fail, some succeed, and some do exceptionally well. In this course we will use readings and cases to examine current business theories and issues as we work to better understand the complexities of business strategy.

It is of great importance that you understand that while there are clear issues that we will be addressing there may not be a “right” answer. Because of this there will be multiple “right” answers to the cases and questions we face during our time together in this course. This will be a good experience in being able to discuss and work together in industry and my evaluation of your work will be in line with this. Much of my evaluation will be based on what you do with the information, whether the solution is logical and fits the given situation, and how you would implement your strategy. This means that “wrong” answers will neglect key pieces of information, be lacking in logical construction, and/or be communicated poorly. The skills that can be learned in this class are not only essential for general managers to learn, but for consultants and entry-level managers from all disciplines, especially given an increasingly competitive environment.

Experiential learning is especially important, and it is not always possible to learn strategy formulation and execution through traditional classroom situations. You will find that good students are not always good managers as the situations can be very different. One of the other areas that is key to this course is communication. Being able to effectively communicate will benefit you in any endeavor you take on. Being an excellent communicator will help you excel in your career.

**Learning Objectives:**

1. Integrate knowledge and apply analytical techniques from various disciplines, including finance, accounting, management, marketing, and economics. The goal is to identify and analyze strategic issues and develop solutions in the form of implementable plans with the purpose of developing and sustaining competitive advantage.

2. Understand the nature of strategic competitiveness and develop the ability to critically analyze the competitive environment facing a firm, assess the attractiveness of the industry and isolate potential sources of competitive advantage and disadvantage.
3. Discriminate among the types of data that general managers need to evaluate alternative scenarios. Develop logical, coherent and persuasive analyses for a desired course of action. Consider how to effectively implement plans within the constraints imposed by the complex behavior of individuals within organizations.
4. Build communication skills throughout course assignments, class interactions, teamwork, and presentations. Be effective and efficient in how you communicate complex problems and solutions. This also includes building listening and reading skills to develop an understanding of the materials and thoughts that are presented.
5. Simulate, as much as possible, behavior consistent with business settings while learning frameworks and tools useful for management and consulting.

### **Supplemental Text:**

Ireland, Hoskisson, and Hitt, *The Management of Strategy: Concepts, International Edition*.

### **Grading:**

Strategic Challenges Project (team) – Total 40%

    Interview Presentation – 10%

    Written Report – 15%

    Presentation – 15%

Fact-Checking Assignments – 5% each – Total 10%

Case Write-Ups – 30%

Professionalism, Participation, and Peer Evaluation – 20%

### **Teamwork:**

Team skills are in high demand in the business world. Contribution to team success is a measure of your individual abilities and your relational skills. It will be important that you get to know your team well and that you are upfront with your team about your strengths and weaknesses. For this course, teams will be formed in the first few classes and teamwork will account for 40% of your grade. Play to your strengths by dividing the workload among you and using each member's individual resources but pay attention to the fact that these are a great learning opportunity for you. You can take this opportunity to learn from your teammates as they may have different skill sets than you and you can also take this opportunity to learn about how to better manage teams and the team process. There are resources/skills such as leadership, organization, researching, writing, speaking, publishing, and time to mention a few. Use them to your advantage. The instructor, with a goal of creating diverse teams, will assign teams.

### **Strategic Challenges Project:**

It is highly important that you are able to both understand and articulate the challenges that face a firm in seeking and sustaining a competitive advantage. Your team paper will describe the environment of your firm, explain the challenges the environment creates, and address possible changes in the environment. You will then explain the internal environment of the firm and how

the resources and capabilities the firm has would allow them to compete in this environment. Your team should then provide both short- and long-term recommendations for the firm. Throughout this paper your team will be expected to utilize the frameworks and techniques discussed in class. You will need to provide me a 1-page memo with your company choice and preliminary challenges they face at the start of class 6.

This assignment is designed to give you freedom but I recommend that you chose an industry that you have knowledge of or that you are interested in learning more about. You will need to find a firm to work with for you assignment. You will need to interview someone who is high enough within the firm that they understand the firm's strategy, conduct research from outside resources on the firm, and conduct research on the industry and the environment that the firm is in. The company should be an established firm that you know you can find information on. Be smart about picking your firm as you will need to write a complete report and it may be difficult to do this if you pick a firm that can't provide you with the necessary information.

### *Interview presentation*

You will need to give a 10-minute presentation about the company you are working on based on an interview you conducted with your contact at the company and your preliminary outside research. You should be able to provide basic information about the company. You should view this as an opportunity to introduce your company to the class and provide the background information for what you will present in your final presentation. Along with the 10-minute presentation you will need to turn in a typed transcript of your interview (in English). This presentation will take place in the 9<sup>th</sup> class.

### *Written Report*

I do not have a page minimum or maximum for this assignment, however, most reports are around 20 pages of text. While I don't have a specific requirement for the length you should keep in mind that you need to be able to explain the necessary information while being concise. Part of this project is that you must show that you are able to convey the important information in a meaningful way. You should also keep in mind that the purpose of this report is to show me what you have learned from class, this should include frameworks, analysis, and the logic that you use to support you ideas. This assignment must be turned in by or on the last day of class.

### *Presentation*

The class will end with an oral presentation of the case you have built for your firm. Presentations are expected to last approximately 20 minutes with another 5 minutes allotted for questions and discussions. Class members earn participation points on presentation days. If you use a computer presentation, arrange your equipment needs and come to class early to set up. It is also highly recommended that you prepare backup material/equipment as I have seen many (including my own) presentations thwarted by equipment failures. Both the instructor and the audience will be evaluating your presentation. **There will be a penalty for exceeding the time limit.** Class members will be evaluating your performance in the oral presentation and will be assigning a grade to each team. I will use this in my assessment of overall performance. For calculation purposes you may assume that I will average the class evaluation and give it 10-20% weight (of the oral presentation) in my calculations.

### **Individual Work:**

You will also be evaluated on work that you do yourself. This will account for the other 60% of your grade.

### **Fact Checking Assignments:**

It is highly important that you are able to critically read for this course. While we will work on this concept throughout class we will also focus on one of the key aspects of this through a set of fact checking assignment. These assignments are due in the 3<sup>rd</sup> and the 8<sup>th</sup> class. I expect that you will take the feedback you receive on your first assignment and use this to improve your second assignment. For each of these you will need to do the following:

- 1) Find an objective news article relating to our class from an internationally reputable news outlet (New York Times, BBC, Reuters, WSJ, The Guardian, Bloomberg, Financial Times, etc.).
- 2) In a word document provide the title of the article, the author of the article, and the URL for the article. Copy and Paste the text into a word document. Underline every detail in the story that should be able to be fact-checked (data, descriptions, assertions, quotations, etc.).
- 3) Below the copied text create a header titled “Facts That Can Be Checked.” Underneath this header please number the details from the article that can be checked and list what the detail is.
- 4) Below that header create another header called “Process of Fact-Checking.” Write the number that corresponds to the detail from part 3 above and explain how you fact checked this detail. If you are not able to personally fact check the detail please explain how this could be done. Be specific.
  - a. Sources?
  - b. Who would need to be contacted and how? Phone number or email? How did you find that?
  - c. What needs to be verified with the source?
  - d. How would the fact or figure be verified (amount of money, number of acquisitions, etc.)?

### **Case Discussion and Write-ups:**

In this course we will follow the extensive list of high-level schools using the case method. You will be asked to write short analyses for cases during the course. These write-ups are due at the start of class as they are designed to help facilitate discussion. You will be asked to follow the following format in general (some cases may not require all parts of this or be better suited for a slight modification of the format):

- 1) Introduction – A short summary of the challenges in the case
- 2) Analysis – An analysis of the environment and organization included financials
- 3) Options – A short summary of the possible options
- 4) Recommendations and Implementations – Your chance to provide suggestions

### **Professionalism and Participation:**

Because of the nature of this course it is important for you to be prepared for each class. This will provide you with the most benefit and will also provide the most benefit for your classmates. Being prepared will allow you to keep up with your classmates in discussion and provide your experiences and insight. You must attend class in order to participate fully. While professionalism is not a tangible and measureable attribute there are some key points. This does not mean that you should not speak until spoken to or that you should not challenge my ideas or the ideas of your classmates. You should however maintain a respectful atmosphere for everyone to pursue their ideas. Also, please be upfront with your team. You may want to set some goals and put plans in place to deal with issues that may come up along the way. You are always welcome to come to me if issues arise in your group but it will be a far better experience if you have the communication paths set up to deal with these ahead of time. I also expect you to treat my class as you would a job, keeping in mind the expectations that stem from that.

### **Peer Evaluation**

For this course you will also evaluate your teammates. To garner the best possible team peer evaluation, it will be necessary for you to know what your responsibilities are and to execute those for your team. It is imperative that you communicate often, attend meetings, complete your assignments on time, and help lead the team to success. Be sure to use each team member's resources as you would in any organization. It isn't necessary for every member to work an equal amount in every area. Peer evaluations will reflect the amount of effort put forward by each team member in total. Peer evaluations will be used to adjust each individual's participation and professionalism score at the end of the class.

### **Plagiarism and Cheating**

Cheating, plagiarizing, and any other forms of dishonesty will not be tolerated in this class. Materials and ideas that you use which belong to others must be cited. If you are confused as to what is meant by plagiarism HKU provides some information on their views of plagiarism here: <http://www.rss.hku.hk/plagiarism/page2s.htm>. If you are concerned about what any of this means please ask and the instructor will be glad to try and help. Cheating will be dealt with in a way that the instructor feels will provide you with the largest learning opportunity and will be referred to the school for handling in line with the student handbook.

## **Course Schedule:**

This is a general guide, as it may change over time. Notification will be given of any changes.

### **CLASS 1 – Introduction**

- 1) Review Syllabus
- 2) Introductions
- 3) Cases

### **CLASS 2 – Strategic Management 1/2**

#### **Text:**

Ireland et al. Chapter 1

#### **Articles:**

Barney (2002). Strategic management: From informed conversation to Academic discipline. *Academy of Management Executive*, 16(2): 53-57.

Bracker (1980). The historical development of the strategic management concept. *Academy of Management Review*, 6(2): 219-224.

#### **Questions:**

- 1) What is the role of social welfare in strategy? What impact can business have on social welfare? Is this positive or negative?
- 2) What questions do you have after reading the Bracker article?

### **CLASS 3 – Strategic Management 2/2**

#### **Fact Checking Assignment Due**

#### **Case:**

Ducati  
701132-PDF-ENG

#### **Articles:**

Barney (1995). Looking inside for competitive advantage. *Academy of Management Executive*, 9(4): 49-61.

#### **Questions:**

- 1) How is a SWOT analysis applied? What shortfalls are there to the SWOT analysis?

### **CLASS 4 – Environment 1/3**

#### **External Environment**

#### **Text:**

Ireland et al. Chapter 2

#### **Articles:**

Campbell and Whitehead (2010). How to test your decision-making instincts. McKinsey.

Kahneman and Klein (2010). Strategic decisions. When can you trust your gut? McKinsey.

**Questions:**

- 1) How do you personally process information?
- 2) How do you make decisions?
- 3) Do you side more with Gary or Daniel? Why?

**CLASS 5 – Environment 2/3**

**Internal Environment**

**Text:**

Ireland et al. Chapter 3

**Articles:**

Porter and Siggelkow (2008). Contextuality within activity systems and sustainability of competitive advantage. Academy of Management Perspectives, (May): 34-56.

Bradley, Hirt, and Smit (2011). Have you tested your strategy lately? McKinsey

**Questions:**

- 1) Why was the Porter Siggelkow article written?
- 2) What are the practical applications of these articles?
- 3) Explain two problems you see with these articles?

**CLASS 6 – Environment 3/3**

**Memo Due**

**Case:**

Hong Kong Jockey Club  
HKU724-PDF-ENG

**Articles:**

Porter and Takeuchi (1999). Fixing what really ails Japan. Foreign Affairs, May/June: 66-91.

Barton and Ye (2013) Developing China's business leaders: A conversation with Yingyi Qian. McKinsey.

**Questions:**

- 1) Why do Porter and Takeuchi suggest that the government is limiting economic growth?
- 2) What can we learn from the interview of Yingyi Qian? What does this interview tell us about the environment in China?

## **CLASS 7 – Strategy 1/5**

### **Business Level Strategy**

#### **Text:**

Ireland et al. Chapter 4

#### **Articles:**

Ryans (2010) When companies underestimate low-cost rivals. McKinsey.

Shinkle, Kriauciunas, and Hundley (2013). Why pure strategies may be wrong for transition economy firms. Strategic Management Journal, 34(10): 1244-1254.

#### **Questions:**

- 1) How do low-cost rivals move into competition with premium players?
- 2) What issues come up with picking a single pure strategy?
- 3) What are the practical implications of these articles?

## **CLASS 8 – Strategy 2/5**

### **Fact Checking Assignment Due**

### **Corporate Level Strategy**

#### **Text:**

Ireland et al. Chapter 6

#### **Articles:**

Chakrabarti, Singh, and Mahmood (2007). Diversification and performance: Evidence from East Asian firms. Strategic Management Journal, 28: 101-120.

#### **Questions:**

- 1) Based on Chakrabarti et al. what would you recommend to a firm looking to diversify in China? Why?

## **CLASS 9 – Interview Presentations**

## **CLASS 10 – Strategy 3/5**

#### **Case:**

Disney  
701035-PDF-ENG

#### **Articles:**

Collis and Rukstad (2008). Can you say what your strategy is? Harvard Business Review, (April): 1-10.

Bradley, Bryan, and Smit (2012). Managing the strategy journey. McKinsey.



**Questions:**

- 1) Why would having an available strategy be a positive for a firm?
- 2) In what case would this not be a positive?
- 3) Why is having a “strategy” difficult for some firms?

**CLASS 11 – Strategy 4/5****International Strategy****Text:**

Ireland et al. Chapter 8

**Articles:**

On the Media: Two Cautionary Data Tales

<http://www.onthemedial.org/2012/jun/29/two-cautionary-data-tales/>

Boubakri, Mansi, and Saffer (2013). Political institutions, connectedness, and corporate risk-taking. *Journal of International Business Studies*, 44: 195-215.

**Questions:**

- 1) What are two issues that arise when relying on data?
- 2) How much do we rely on data in our daily lives? Name some of the areas where statistics are used.
- 3) From reading Boubakri et al. what recommendations do you see for policy in China?

**CLASS 12 – Strategy 5/5****Case:**

Zara

703497-PDF-ENG

**Articles:**

Brouthers (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, 33: 203-221.

Brouthers (2013). A retrospective on: Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*: 44: 14-22.

**Questions:**

- 1) What motivated Brouthers original (2002) article?
- 2) Why are transaction costs an important consideration?
- 3) What has changed since Brouthers original (2002) article?

**CLASS 13 – Corporate Governance 1/2****Text:**

Ireland et al. Chapter 10

**Articles:**

Schleifer and Vishny (1997). A survey of corporate governance. *The Journal of Finance*, 52(2): 737-783.

**Questions:**

- 1) How do the ideas presented by Schleifer and Vishny work internationally?
- 2) Practically, what do you feel is the most important issue relating to corporate governance in China?

**CLASS 14 – Corporate Governance 2/2****Case:**

ICBC

IMD571-PDF-ENG

**Articles:**

Kaplan (2008). Are U.S. CEOs overpaid? *Academy of Management Perspectives*, (May): 5-20.

van Essen, Huegens, Otten, and van Oosterhout (2012). An institution-based view of executive compensation: A multilevel meta-analytic test. *Journal of International Business Studies*, 43: 396-423.

**Questions:**

- 1) Before reading these articles what are your thoughts on CEO compensation? Do CEO's deserve the high salaries they receive?
- 2) What is the CEO compensation environment in your home country? How does this fit with the above articles?

**CLASS 15 – Strategic Entrepreneurship 1/2****Text:**

Ireland et al. Chapter 13

**Articles:**

Bessen and Meurer (2008). Do patents perform like property? *Academy of Management Perspectives*, (August): 8-20.

Baron (2006). Opportunity recognition as pattern recognition: How entrepreneurs “connect the dots” to identify new business opportunities. *Academy of Management Perspectives*, February: 104-119.

**Questions:**

- 1) Find a current example of one of the issues discussed in the Bessen and Meurer article in the news. How does it fit with the ideas that were discussed in the paper?
- 2) What does the Baron article mean for those of us interested in being entrepreneurial?

## **CLASS 16 – Strategic Entrepreneurship 2/2**

### **Case:**

Ockham Technologies  
804129-PDF-ENG

### **Articles:**

Zahra, Gedajlovic, Neubaum, and Shulman (2009). A typology of social entrepreneurs: Motives, search processes, and ethical challenges. *Journal of Business Venturing*, 24: 519-532.

Doyle Corner and Ho (2010). How opportunities develop in social entrepreneurship. *Entrepreneurship Theory and Practice*: 635-659.

### **Questions:**

- 1) What are some of the motivations that exist for social entrepreneurship?
- 2) What are some complications that arise specifically in relation to social entrepreneurship?

**CLASS 17 – Final Presentations 1/2**

**CLASS 18 – Final Presentations 2/2**