



北京大学
汇丰商学院

Peking University HSBC Business School



MGT511: Corporate Strategy 2015

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Room 664

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May 7th to July 10th; Mondays and Thursdays; 1:30pm-3:20pm
PHBS 209

1. Course Overview

MGT511 on Corporate Strategy offers a perspective to look at multi-business corporations and to examine how participation in several industries, value-chain activities, and/or regions can enhance, or undermine the competitive advantage of a corporation. As an elective course in management program, MGT511 is to complement courses of Strategic Management and/or Business Strategy. Therefore, students will learn perspectives and approaches distinct from but relevant to the above courses, enhancing the students' abilities to understand, analyze, and solve problems faced in their future careers as managers.

This course is also designed to be integrative, drawing upon foundational material and tools developed in Strategic Management and Industrial Organization, such as SWOT analysis, BCG matrix, and industry analysis. To integrate material learned in this course and in other courses, we will use a series of HBR strategy short cases and three long cases by HBS, Ivey, and ACRC.

Each short case provides a hypothetical but practical situation that is closely related to many difficult decisions relating to corporate strategy. For this reason, it is important that you always prepare the case before class. A two-page case write-up will be due every week before we discuss the case. The three long cases, however, should be prepared in a team basis. Each team should discuss the three cases and write a five-page case write-up before class. To help focus your analysis, a set of case questions for the three cases will be provided a week before. The questions can be used to guide your case preparation. Note that one of the three long cases will be used as the basis for a negotiation game in class.

In addition to course content and material, it is also important that we take advantage of knowledge and experience of class members. So, where relevant, please feel free to bring your own thoughts and illustrations into class discussion. Throughout the course, we will consider how strategy practices may differ across countries. I encourage students with global experiences to bring this knowledge into the classroom. Your previous knowledge and experience will be a valuable source of data for our learning in class.

The course is divided into four parts. The first addresses the core concepts in corporate strategy: resources, resource allocation, and synergy. The second part deals with businesses and diversification strategies. The third part focuses on systems and structure of the multibusiness corporation. Final part of the class provides a synthesis of the material.

2. Course Work and Grading

In designing the course, its content, and operating procedures, I have tried to adhere to a basic belief that is worth making explicit:

Education is the kindling of a flame, not a filling of a vessel. –Socrates

While I work hard at promoting your learning, you need to understand it is ultimately *your* learning. Therefore, the quality of the learning experience also heavily depends on your preparation and how you contribute to the class discussion. That is, what you learn depends on the effort you and your colleagues expend. I will do my utmost to facilitate the learning process, but in the end, what you gain from the class is largely up to you (and your colleagues, too).

To implement this belief, I have tried to organize and run the course in ways that emphasize class discussion and team work. Your grades reflect your individual effort as well as that of your team. You will be randomly grouped as teams, and I encourage you to prepare for the class and to discuss course concepts with your team members. Everyone needs to submit a case write-up every week except stated otherwise, while the three long cases and the final exam will be the joint product of your team. Let me elaborate in the following section.

Grading

Class Participation:	25%
Case Write-up:	25%
Group Negotiation:	20%
Group Final Exam:	30%

Class participation grades reflect my judgment of your contribution to the learning environment. The grades take into account (1) the *frequency* of your responses in class, (2) their *quality* (e.g., relevance to course materials; insights that differ from others' points of view; elaboration or clarification of others' opinions), and (3) the *professionalism* of your conduct (i.e., attendance, punctuality, preparedness, and respect to your colleagues and their contributions).

Case write-up grades are my evaluation of *your* opinions about the cases in written format. Everyone is required to submit your own write-up, *within two pages*, before class discussion. That said, you are encouraged to discuss those short cases with you team members because your team needs to work together to write analyses for the three long cases and the final exam, which will be elaborated below. It is reasonable to expect better performance in the final exam if you and your team members get together once or twice a week to discuss a case. There are six cases (including two long cases) will be graded and each has 5 points. Out of the 6 case write-ups, the worse one of yours will be excluded. So total of 25 points will be your case write-up grades. Note that two of the long cases are team basis. Each team member has the same grade as the others in the same team.

Group negotiation grades are composed of two parts. One is a team based case write-up (5 points), and the other (15 points) is based on the negotiation results. Two teams will be paired together: one plays as the role of Walt Disney and the other as Hong Kong Government. Negotiation results depend on whether the two can reach a deal as well as whether one party out-bargains the other and grabs significant benefits. The wining team will get 15 out of 15 points and the losing team will get 5-10 points depends on the specific terms agreed.

Group final exam grades are my assessment of *your team's* opinions about the exam case in written format. I will use both *relative* and *absolute* evaluation schemes. By relative, I mean that there will be as many different grades as the number of teams in class. For example, if we have five teams, there will be five different final exam grades. The grades are the same for all members of your team, as in the long case write-up. Thus, your exam grades depend on how your team does in writing up the exam case. By absolute, I mean that it is possible for all teams to get good grades if every team passes a reasonable threshold. Finally, unlike the short case write-ups that limits to only two pages, the final exam can be *up to five pages*, as in the long case write-up.

3. Course Materials

Textbooks:

The readings, coming from a number of different sources, are carefully chosen to reflect a variety of perspectives and to stimulate your thinking. This class is probably the best opportunity you have to learn about corporate strategy—a subject that will become increasingly important as your career develops. I hope you will seize this opportunity and avail yourself of all the course materials.

1. Collis, D. J., and Montgomery, C. A. 2011 (2nd International Ed.). *Corporate Strategy: A Resource-Based Approach*. McGraw-Hill (Hereinafter Collis/Montgomery).

*You may find the textbook in Amazon.cn

http://www.amazon.cn/gp/product/B004JXXJXO?ie=UTF8&isInIframe=1&ref_dp_proddesc_0&s=books&showDetailProductDesc=1#iframe-wrapper

2. Reuer J., Olk, P., Arino, A. 2010 (International Ed.). *Entrepreneurial Alliances*. Pearson Education.

Cases:

Arauco (A): Forward Integration or Horizontal Expansion is a Harvard Business School case. Each individual student must pay **USD 3.95** for the case to Harvard Business School. Please contact the TA for buying the case.

Hong Kong Disneyland: The Walt Disney vs. Hong Kong Government is a case by The University of Hong Kong. Each individual student must pay **USD 3.5** for the case to Asia Case Research Center (ACRC). Please contact the TA for buying the case.

Optional Readings:

1. Rumelt, R. 2011. *Good Strategy Bad Strategy: The Difference and Why It Matters*. Crown Business.
2. Rosenzweig, P. 2014. *Left Brain, Right Stuff: How Leaders Make Winning Decisions*. Public Affairs.

4. Course Schedule and Outline

Summary of Class Sessions

Session	Month	Date	Day	Topic	Textbook	Case	Points
1	May	7	Thu.	Introduction	CM Chapter 1.		-
2-1	May	11	Mon.	Why Do Multibusiness Firms Exist?	CM Chapter 2.	Stick to the Core or Go for More?	5
2-2	May	14	Thu.				
3-1	May	18	Mon.	Choosing and Defining the Business	CM Chapter 3.	Arauco (A): Forward Integration or Horizontal Expansion	Group 5
3-2	May	21	Thu.				
4-1	May	25	Mon.	Diversified Strategies	CM Chapter 4.	The Pitfalls of Parenting Mature Companies	5
4-2	May	28	Thu.				
5-1	June	1	Mon.	Org. Limits to Firm Scope	CM Chapter 5.	Cross Selling or Cross Purposes?	5
5-2	June	4	Thu.				
6-1	June	8	Mon.	Multi-business Corporation	CM Chapter 6.	GE Energy Management Initiative (A) and (B)	Group 5
6-2	June	11	Thu.				
*7-1	<u>June</u>	<u>17</u>	<u>Wed.</u>	Negotiation	Negotiation results are due at Thu. 9am	Hong Kong Disneyland: The Walt Disney vs. The HKSAR Perspectives	Group 20
7-2	June	18	Thu.				
*8-1	<u>June</u>	<u>24</u>	<u>Wed.</u>	International Diversification	CM Chapter 7.	Go Global—or No?	-
8-2	June	25	Thu.				
9-1	June	29	Mon.	Dynamics of Corporate Strategy	CM Chapter 9.	A Rose by Any Other Name	5
9-2	July	2	Thu.				
10	July	6	Mon.	Synergy		What Is a Growth Company?	-
Exam	July	9	Thu.	Final Exam	Final exam is conducted in a team basis; each team will provide one case analysis.		Group 30

Part I. Resources

Session 1. **Introduction: What Is Corporate Level Strategy** (May 7)

Reading: Collis/Montgomery, Chapter 1 (“An Introduction to Corporate Strategy”).

Henderson, B. 1970. *The Product Portfolio*.

Optional: Henderson, B. 1973. *The Experience Curve Reviewed, History*.

Session 2-1. **Why Do Multibusiness Firms Exist? Theoretical Approaches** (May 11)

Reading: Collis/Montgomery, Appendix A (“Past Approach to Corporate Strategy”).

Fligstein, N. 1985. “The Spread of the Multidivisional Form among Large Firms, 1919-1979,” *American Sociological Review*, 50(3): 377-391.

Optional: Williamson, O. 1991. “Comparative Economic Organization: The Analysis of Discrete Structural Alternatives,” *Administrative Science Quarterly*, 36(2): 269-296.

Session 2-2. **Why Do Multibusiness Firms Exist: Resources and Rents** (May 14)

Reading: Collis/Montgomery, Chapter 2 (“Resources and Rents”).

Zenger, T. 2013. What is the Theory of Your Firm? *Harvard Business Review*.

Optional: Teece, D. 1982. “Toward an Economic Theory of the Multiproduct Firm,” *Journal of Economic Behavior and Organization*, 3 (1): 39–63.

Case 1: *Stick to the Core or Go for More?*
<https://hbr.org/2002/02/stick-to-the-core-or-go-for-more>

Case question:

Should Advaark stick to its core competence?

Part II. Businesses

Session 3-1. Choosing the Business: Industry Analysis (May 18)

Reading: Collis/Montgomery, Chapter 3 (“Scale and Scope within an Industry”).

Collis/Montgomery, Appendix B (“Business Strategy and Industry Analysis”).

Optional: Henderson, B. 1972. “Life Cycle of the Industry Leader.”

Session 3-2. Defining the Business & Vertical Integration (May 21)

Reading: Porter, M. 1987. From Competitive Advantage to Corporate Strategy. *Harvard Business Review*, 65, 42–59.
<https://hbr.org/1987/05/from-competitive-advantage-to-corporate-strategy>

Case 2: *Arauco (A): Forward Integration or Horizontal Expansion*. Harvard Business School Case # **9-705-474**.

Case questions:

- (1) Should Arauco build the Nueva Aldea project?
- (2) What are the sources of Arauco’s competitive advantage?
- (3) Should Arauco own both forests and pulp production facilities? Does the Alto Parana project help you answer this question?

Session 4-1. Diversification Strategies: The Issue of Relatedness (May 25)

Reading: Collis/Montgomery, Chapter 4 (“Diversified Expansion”).

Markides, C. 1997. “To Diversify or Not to Diversify,” *Harvard Business Review*

Session 4-2. Modes of Expansion: Build, Buy, and Borrow (May 28)

Reading: Bower, J. 2001. “Not All M&As Are Alike – and That Matters” *Harvard Business Review*.

Case 3: *The Pitfalls of Parenting Mature Companies*.
<https://hbr.org/1996/09/the-pitfalls-of-parenting-mature-companies>

Case question:

What advice should Marlowe give the CEO?

Part III. Structure and Systems

Session 5-1. Diversification and Performance (June 1)

Reading: Palich, L., Cardinal, L., and Miller, C. “Curvilinearity in the Diversification–Performance Linkage: An Examination of Over Three Decades of Research,” *Strategic Management Journal*, 21 (2): 155-174.

Session 5-2. Organizational Limits to Firm Scope (June 4)

Reading: Collis/Montgomery, Chapter 5 (“Organizational Limits to Firm Scope”).

Zenger, T., and Huang, J. 2009. “Limits to the Scale and Scope of the Firm,” in Nickerson, J., and Silverman, B. (Ed.) *The Economic Institutions of Strategy (Advances in Strategic Management)*, 26: 267- 286.

Case 4: *Cross Selling or Cross Purposes?*

<https://hbr.org/2004/07/cross-selling-or-cross-purposes>

Case question:

What will it take for cross selling to succeed in Top Tek?

Session 6-1. Managing the Multibusiness Company: The Role of the Parent (June 8)

Reading: Collis/Montgomery, Chapter 6 (“Managing the Multibusiness Corporation”).

Campbell, A., Goold, M., and Alexander, M. 1995. “Corporate Strategy: The Quest for Parenting Advantage,” *Harvard Business Review*.

Session 6-2. Organizing and Structuring the Multibusiness Company (June 11)

Reading: Nickerson, J., and Zenger, T. 2002. “Being Efficiently Fickle: A Dynamic Theory of Organizational Choice,” *Organization Science*, 13 (5): 547–566.

Case 5: *GE Energy Management Initiative (A) and (B).* Ivey Case Bank.

Case questions:

Take the position of Raj Bhatt:

- (1) How does the GE Management System work? How does GE Canada fit into this picture?
- (2) As of the end of the meeting with GE supply executives, what are your options for proceeding, and what do you intend to do?

Part IV. Synthesis

Session 7-1. Group Negotiation: Role Playing Game (June 17) ¹

Case 6 (A): *Hong Kong Disneyland (A): The Walt Disney Perspective.* ACRC Case.

Case Questions:

- (1) How would you value the Hong Kong Disneyland project from the perspective of Walt Disney?
- (2) How much does the attractiveness of the project vary according to different economic scenarios and financing arrangements?
- (3) If concessions could be granted by the HKSAR in order to make the project feasible, what would those concessions be?

Case 6 (B): *Hong Kong Disneyland (B): The HKSAR Perspective.* ACRC Case.

Case Questions:

- (4) How would you apply project evaluation techniques to value the Hong Kong Disneyland project from the perspective of the Hong Kong Government?
- (5) How does the attractiveness of the Disneyland project vary under different economic scenarios and financing arrangements?
- (6) Should the Government pay to lure Disney to Hong Kong? If so, at what price?

Session 7-2. Negotiation Results and Discussion (June 18)

Reading: Sebenius, J. 2002. "The Hidden Challenge of Cross-Border Negotiations," *Harvard Business Review*.

Optional: "Types of Negotiations: Many Paths to a Deal," *Harvard Business School Press*.

¹ The class will be on Wed., June 17th.

Session 8-1. Global Strategy: Motives for Global Expansion (June 24)²

Reading: Siegel, J. 2007. "Introduction to Global Strategy," *Harvard Business School Module Note*, # 9-706-448.

Ghemawat, P. 2001. "Distance Still Matters: The Hard Reality of Global Expansion," *Harvard Business Review*.

Session 8-2. Global Strategy: Replicating Successful Strategy Globally (June 25)

Reading: Ghemawat, P. 2007. "Managing Differences: The Central Challenge of Global Strategy," *Harvard Business Review*.

Case³: *Go Global—or No?*
<https://hbr.org/2001/06/go-global-or-no>

Case questions:
Should DataClear go global?

Session 9-1. Dynamics of Corporate Strategy (June 29)

Reading: Collis/Montgomery, Chapter 9 ("Corporate Transformation: Dynamics of Corporate Strategy").

Session 9-2. Restructuring Strategies: Reducing Firm Scope (July 2)

Reading: Kotter, J. 2007. "Leading Change: Why Transformation Efforts Fail," *Harvard Business Review Classic*.

Beer, M., and Nohria, N. 2000. "Cracking the Code of Change," *Harvard Business Review*.

Case 7: *A Rose by Any Other Name*.
<https://hbr.org/2003/03/a-rose-by-any-other-name>

Case questions:
What's the best marketing strategy for Rose Partyware?

² The class will be on Wed., June 24th.

³ No write-up is due.

Session 10. **Synergy: Creating Corporate Advantage** (July 6)

Reading: Collis/Montgomery, Chapter 7 (“Creating Corporate Advantage”).

Zenger, T. 2013. Strategy: The Uniqueness Challenge. *Harvard Business Review*.

<https://hbr.org/2013/11/strategy-the-uniqueness-challenge>

Case⁴: *What Is a Growth Company?* Case by Peter Drucker.

Final Exam (July 10)

Final exam starts from 1pm to 5pm on Friday, July 10th. Every team needs to submit ONE copy of your case analysis before the deadline.

⁴ No write-up is due.

Dr. C. James Yen
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Name (Last Name, First Name):

Name you prefer to be called:

Undergrad Major/Concentration:

Nationality (optional):

Countries or Regions visited around the world:

Briefly describe your work experience, if any:

Career Interests:

Companies or industries you would like to learn more about:

Learning objectives / goals for the class:

Something interesting about yourself or something else you would like me to know:

(Signature and Date): _____
(Assigned Number in Class): _____

