This class is designed to be an upper-level course in strategy. It provides new concepts and ideas for the tool-kit of the manager involved in the strategy process. We start out with the question of how value can be created and, more importantly, appropriated. This leads to the general issue of how a competitive advantage can be built. We will focus in our discussion on new concepts that have been developed around the notions of complementarities and fit. In the next section of the course, we look at the question of what decisions managers can make to sustain a competitive advantage. In the last section of the course, we will be dealing with strategy making in the face of environmental changes. Topics include real options, modularity, and strategic inflection points.

Early in the course we will form student groups who will work during the semester on the final project. Groups can analyze the organizational development of a firm over its entire history, or an analysis of an incumbent firm’s response to the internet. More information will be provided on the first day of class. At the end of the semester, each group will present their work and provide feedback for one other group.

Your grade will be composed of the final paper draft (10%), final paper presentation (10%), feedback for the other group (10%), final paper (33%), and class participation (37%). The discount rate for late papers is severe.

Please note that this syllabus is subject to change with prior announcements.

Also note that overheads will be posted after each class in the webCafé room set up for this class:

http://webcafe.wharton.upenn.edu/eRoom/mgmt/701c

If you do not have a Wharton e-mail account, please go to the computer help-desk at Steinberg Hall - Dietrich Hall 310 and apply for an account. You need a Wharton account in order to access WebCafé.
A short note on proper citations

To most of you this will be probably self-evident, but I want to make sure that we all understand: Copying paragraphs from sources (magazine, newspaper articles, analyst reports etc.) without properly citing them is a SERIOUS offense! Properly citing means: if you copy word-by-word, you have to mark this by enclosing the copied text with quotation marks ““ and citing the source. Even if you do not copy word-by-word, but you take someone else’s idea, you have to indicate in a citation the source of that idea. This citation has to follow directly the idea (attach a footnote or an endnote). At the end of the paper, you should list all sources that you have cited in the text.

Let me re-iterate: Non-proper citing is a very serious academic offense that in other courses has led professors to fail students and bring these students to the attention of the academic review board of the University. I think all of us want to avoid any such incident -- and it is really easy to avoid such problems. Simply be careful in your papers that you attribute ideas/frameworks etc. that you use to their respective sources.
I. PREVIEWS

9/5  Session 1: Course Logistics and What is Strategy?


9/10  Session 2: Preview Case

Case: Intel Corporation: 1968-1997, 9-797-137

II. VALUE CREATION, APPROPRIATION, AND FIT

9/12  Session 3: Review: Five-Force Analysis and Complementors


Case: CF MotorFreight in 1992, 9-793-100

Suggestions for Team Members are Due at 1pm on 9/16 Via E-Mail!

9/17  Session 4: Positioning and Tradeoffs


Case: The Vanguard Group, Inc. (A), 9-293-064

One-Page Final Paper Topic Proposal Due at 1pm on 9/18 Via E-Mail!

9/19  Session 5: Complementarities and Fit


9/24 Research Session

guest speaker: Michael Halperin, Director, Lippincott Library

How to use the Lippincott resources for your research project.

9/26 Time for Research: No Class

suggested reading:


last years’ best papers (on web Café)

10/1 Session 6: Fit Applied

*Case*: Progressive Corporation, 9-797-109.

10/3 Session 7: Value Creation, Value Appropriation


*Case*: Harnischfeger Industries: Portal Cranes, 9-391-130

III. SUSTAINABILITY OF A COMPETITIVE ADVANTAGE
10/8 Session 8: Difficulty of Imitation

Case: Matching Dell, 9-799-158.

10/10 Session 9: The Decision to Commit to Large Irreversible Investments


Case: Du Pont’s Titanium Dioxide Business (A), 9-390-112

10/15 Session 10: Sustainability


Case: Saturn: A Different Kind of Car Company, 9-795-010

10/17 Session 11: Competitor Analysis, Competitor Reactions


Case: Philips’ Compact Disc Introduction (B), 9-792-036

10/22 Session 12: Competitor Analysis Applied


10/24 Session 13: Competitor Analysis Applied

Case: Dogfight over Europe: Ryanair (A): N9-700-115

10/29 Session 14: Diversification and Scope Economies


*Case:* The Moët-Hennessy Group, 9-386-191

**IV. STRATEGY IN THE FACE OF ENVIRONMENTAL CHANGE**

10/31  **Session 15: Architectural, Disruptive Change**


11/5  **Session 16: Change in the Presence of Fit**


*Case:* Liz Claiborne, Inc., 9-597-010

11/7  **Session 17: Strategic Options**


**Paper Draft Due 11/8 at 1pm!**

11/12 Session 18: Flexibility and Modularity


11/14 Session 19: Strategic Inflection Points, Increasing Returns


**Paper Feedback Due by the Beginning of Class**

11/19 Session 20: The Impact of the Internet


V. IT’S YOUR TURN

11/21 Session 21: Group Presentations
11/26  Session 22: Group Presentations

11/28  Thanksgiving: No Class

12/3   Session 23: Group Presentations

12/5   Session 24: Wrap-Up

   Competition and Business Strategy in Historical Perspective, 9-798-010

   Final Paper Due 12/11 at 1pm!

   Also e-mail peer evaluation form.