

**Goizueta Business School
EMORY UNIVERSITY**

Instructor: Özgecan Koçak, Assoc. Prof. of Organization & Management

Course: OAM 634 – Strategic Management

Term: Summer 2022

Level: Masters

Program: Master of Business Administration

My statement of intention written in 2020, before participating in the Piedmont Project: This is a core course on Business Strategy for professional (MBA) students at the Goizueta Business School. Many of our students (in the part time programs) and alumni are in positions where they can affect organizational decisions and behaviors. If we care about the impact of organizations on the physical and social environment, we have to teach our students how to take such impact into account when they are making decisions. Currently, the frameworks we teach in strategy typically focus on teaching students how to care about the 'bottom line', i.e. profitability. I know that there are frameworks such as triple-bottom-line but I don't have sufficient information about them to incorporate them into my course. I mention sustainability as a goal, one that some organizations value more than others, but I would like to learn and in turn teach more about how it can be measured, how it can be incorporated into our existing frameworks for strategy planning and formulation so that students do not come to it as an after-thought or view it primarily as a tool for impression-management. I have in the past taught cases on organizations aiming to be sustainable (e.g. Stonybrook farms) and I can try to do that again, or, alternatively, change the course material in a more fundamental way to incorporate environmental and social impact into the existing frameworks that permeate all course sessions. I think the program would provide me with a good opportunity to consider such options.

Plans for the course after participating in the Piedmont Project: I observed during the Piedmont Project workshop that individual reflection followed by group level discussion of issues related to sustainability is an effective pedagogical approach. My course is already set-up to do that well and I plan on incorporating more questions concerning social impact into class discussions and deliverables.

I have been revising my course over the last two years to use a framework of strategy mapping and logical formalism. This approach teaches students to clearly state an organization's goals, articulate and map the causal paths through which those goals can be reached, and ask themselves if they have enough evidence to support the relationships and assumptions that the map reflects. It helps students see the big picture of strategy formulation teaches them the value of thinking like a scientist and making decisions based on evidence. A key component of the course is a midterm project for which students analyze their own organization's strategy.

This year, after participating in the Piedmont Project, I added a question to the midterm project asking students to consider the threats to sustainability of their advantage that originate in climate change and/or the AI revolution. I realized that most students did not have information about the risks that these developments posed for their organization and had not thought about these issues in depth. Next year, I will plan to provide a reading list to support their reflection. I am also planning to ask them to incorporate organizational goals related to impact on society and the environment into their strategic analyses. I have prepared a short video showing how to include goals other than profitability in strategy maps. By using this at the start of the course, I will try to encourage thinking about environmental and social goals from the beginning and not as an after-thought.

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**OAM 634 – STRATEGIC MANAGEMENT
SUMMER 2022**

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REASONS TO TAKE THIS COURSE

This is a required introductory course on business unit and corporate strategy for MBA students at Goizueta Business School. It is targeted at managers that are (or will be) responsible for cross-functional and cross-product sets of decisions at their organizations. It aims to improve your ability to craft strategies that will engender a superior competitive position and sustainable performance.

COURSE DESCRIPTION

The course brings together a research-based set of concepts, tools, and practice opportunities to help you identify whether a company has sustainable competitive advantage and determine what courses of action it can take to maintain and expand its advantage.

Our initial focus will be on strategy at the level of the business unit, which is the foundation for competitive analysis. We will examine the effects of the industry and the firm's resources on business unit strategy and performance. We will study examples of generic strategies and how they create competitive advantage. Issues concerning organization design will be central to our discussion of strategy implementation. We will end with a focus on corporate strategy and how choices about corporate scope and strategy relate to threats to sustainability of competitive advantages.

LEARNING OUTCOMES

My goal is that by the end of the course, you will be able to:

1. identify key factors driving a particular organization's strategy,
2. identify specific measures that can be used to monitor a given strategy's performance,
3. identify the changes (inside or outside the organization) that are most likely to pose threats to its success or to provide future growth opportunities,
4. analyze the tradeoffs inherent in strategic options and evaluate the benefits and costs of those options,
5. facilitate and engage in fruitful debate about strategy that allows decisions to be made as the business environment and the organization's objectives evolve,
6. understand the basis for corporate strategies and analyze investment decisions around vertical integration, horizontal diversification, and geographic expansion,
7. understand the basic tools of organization design and the role they can play in strategy implementation.

INSTRUCTIONAL DESIGN

Conceptual tools: There are numerous conceptual tools and frameworks that scholars and practitioners use to describe, formulate, analyze, and critique business strategies. This course will cover a few of the most commonly used ones (e.g. Five Forces Framework, Activity Chain Analysis, VRIO, SWOT) that

are most useful for an introductory class and that also help you develop a basic proficiency in the language we might call strategy-speak.

Thinking tools: More important for the purposes of this course, are a set of thinking tools. Learning to think about strategy requires that you know how to use the concepts to see the big picture of an organization's strategy. We will use strategy maps to visualize how things might fit together and logic to make sure that our thinking about how things fit together is valid and sound. The textbook, "Making Great Strategy: Arguing for Organizational Advantage," illustrates how to use these tools. A second graphical thinking tool we will use repeatedly is the value stick. The book "Better Simpler Strategy: A Value-Based Guide to Exceptional Performance" provides an excellent demonstration on how to use it to get to the gist of strategy for many companies.

You will develop skills in strategic thinking (and our use of the thinking tools of visualization and logic, as well as the conceptual tools and frameworks mentioned above) through application. In almost every session, we will use a case to dig deeply into a conceptual tool and to get further practice with our thinking tools. I have picked cases about different kinds of firms in various industry and national settings for this purpose. You will also prepare a midterm assignment on a company (your employer or another company of your choice) by applying the tools. I encourage you to bring other examples to class so that we can discuss them as well.

Tools for arguing: The best way to formulate a good strategy for an organization and to solve organizational problems is through argumentation. In strategy classes, we will articulate our theories about what drives an organization's success, develop these theories into logical arguments, and test these arguments with available evidence. You will see that an essential component of this method is discussion and debate. You will get plenty of practice discussing cases in this course and I hope the skills you build will help you outside of this class as well. You will learn more about specific tools to argue effectively in other classes, including IMPACT, leadership courses, and courses on teamwork.

PREPARATION AND ATTENDANCE

Preparation: **It is critical that you read the case, assigned chapters from the textbook, read/watch any other accompanying material, and complete the tasks listed under 'Preparation' on Canvas for each session prior to class so that you can contribute to the course.** To assist you in preparing for class, each preparation module includes a description of that session's topic, learning outcomes, and questions we will focus on during in-class discussion.

Attendance: Students are expected to **attend all class sessions**. Note that attendance in itself does not constitute class participation and therefore does not count towards your participation grade.

TECHNOLOGY

Everything you need to know about this course is on Canvas. This syllabus exists because I need to supply one for documentation. It will become outdated almost as soon as we start classes, because I will be tailoring assignments and in-class activities for each session based on the progress we make in previous sessions.

I use the Announcements function on Canvas for any messages I want to send to the entire class. Please make sure those are forwarded to your email and/or you receive notifications.

If you want to reach me (and please do reach out if you have any questions), sending an e-mail is the best method.

For some classwork and assignments, you will want to use LucidChart, which is a collaborative whiteboard tool. You will have access to it through your Emory NetID. It does not require any installation.

We will use one computer-based simulation, for which you will need to bring a compatible device.

REQUIRED READINGS

This course uses a textbook, cases, teaching notes, and several other readings or videos. Use the **Modules** tab on Canvas to access the teaching notes and the weekly list of required readings. The textbook, *Making Great Strategy: Arguing for Organizational Advantage*, is available in bookstores. You can purchase the cases at a discount at Study.net.

RECOMMENDED READINGS

Articles listed for optional reading are available online, either through links provided in the weekly modules on Canvas, or through databases that you can access from Emory libraries, such as Scopus (<http://web.library.emory.edu/library-materials/databases-ebooks-ejournals/databases/index.php>).

Those of you who would like to consult additional textbooks on strategic management can find them through the Goizueta Business Library. I also recommend the following books:

- Better, Simpler Strategy: A Value-based Guide to Exceptional Performance by Felix Oberholzer-Gee, Harvard Business Review Press, 2021.
- Good Strategy, Bad Strategy: The Difference and Why It Matters by Richard Rumelt, Profile Books, 2011.
- The Microstructure of Organizations by Phanish Puranam, Oxford University Press, 2018.
- Corporate Strategy: Tools for Analysis and Decision-Making by Phanish Puranam and Bart Vanneste, Cambridge University Press, 2016.

GRADE BREAKDOWN AND EXPECTATIONS

Your performance in this class should not be a mystery. Every assignment and exam will be graded constructively and with fairness. You are welcome to inquire about your grade at any point before the final semester grade is submitted. Note that because this is a required course, I am mandated by the school to use a curve when calculating course grades. This means that no more than half of the enrolled students can get an HP or DS, and no more than 15% can get a DS. I do not expect you to get an LP unless you fail to turn in critical grade components or not attend a substantial portion of the sessions.

The following 100-point grading system will be utilized for the course:

COMPONENT	% OF GRADE	POINTS	DUE DATE (SEE COURSE SCHEDULE)
CLASS PARTICIPATION	10%	10	All class sessions
WEEKLY ASSIGNMENTS & QUIZZES	35%	35	Nearly every session
MIDTERM ASSIGNMENT	20%	20	First draft due Session 7
EXAM	35%	35	TBA: August 4 or 5
TOTAL	100%	100	

CLASS PARTICIPATION

The value of this course for you and for all others in the class depends critically on your input. Since the course is primarily case based, it is expected that students will attend every class session. It is also expected that every student will be prepared, ready, and willing to contribute to every class. Learning opportunities are maximized when all students are **actively engaged** in class discussion. Active engagement means that you are **listening carefully** to the comments of the professor and other students and seeking opportunities to make comments that **move the class discussion forward**. Remember that disagreement is not a sign of disrespect, nor a violation of norms, but a process of interactively arriving at the truth. It is perfectly acceptable to argue with one another, provided the tools of engagement are logic and rationality.

Your participation will be evaluated on the following criteria:

- *Relevance*: Are your comments clearly related to the case and to the comments of others?
- *Advancement*: Does your comment move the class discussion forward?
- *Support*: Have you used specific data from the case, from readings, or from personal experience to support the assertions that you are making?
- *Logic*: Is your reasoning consistent and logical? Do you use concepts correctly?
- *Originality*: Do your comments go beyond the mundane and commonplace and bring fresh analytical perspective to bear on the problems under consideration?

In addition to making notes on these dimensions myself, I will crowd-source grading of this component, because I cannot observe much of your participation in small group activities.

There will be no opportunities to make up for this component of the grade. If you have difficulty participating for any reason, please let me know as early as possible in the semester so I may work with you to overcome any barriers here.

PREPARING FOR CASE DISCUSSIONS

I have selected the cases on the basis of, first, their suitability for illustrating concepts and analytical tools, and second, their representativeness of different industries. Thus, not all of them are firms that you will recognize and some may be somewhat challenging to read. I ask that you read the teaching notes before you read the case(s) for the week, so that you know how we will use them in class. This will help you focus your attention on relevant facts and opinions in the case rather than extraneous details, cutting down on the time required for preparation.

Cases are intended to present dilemmas as they are encountered by managers, so it is important to deal with the cases as you find them. Do not prepare for class discussion by seeking out additional or more recent data about the firms in the case. Where relevant, I will provide updates in class.

MID-TERM ASSIGNMENT

For your mid-term assignment, I ask that you analyze the competitive advantage of your current employer (or another company of your choice). Detailed instructions are on Canvas. You may submit early but not late if you wish to earn credit. I will read and give comments on late submissions but no credit. I will also ask you to submit your work in progress so you may get feedback from me and your peers along the way.

Assignments will be graded based on your ability to **apply concepts, theories, tools, and techniques learned in the course**; the logic, richness, and novelty of your thinking; and the clarity of your

argumentation. Please **answer all questions** listed in the assignment description on Canvas. **Do not** write more than the indicated page limit.

EXAM

The exam is **an in-class, open-book exam** that will be administered through Canvas. You will answer short essay questions on the entire material covered during the semester and analyze a case.

ACADEMIC INTEGRITY

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings, such as preparing for in-class case discussions. At the same time, as a matter of personal integrity, you should only represent your own work as yours.

Students are expected to adhere to the standards of academic integrity that govern students registered at Emory University. The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University.

Any work that you submit to be evaluated in this class (weekly assignments, the midterm assignment, and exam) should be your individual work. You must submit original pieces of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is **plagiarism**. Copying from others or providing answers or information, written or oral, to others is **cheating**. Unauthorized help from another person or having someone else write one's paper or assignment is **collusion**. Cheating, plagiarism, and collusion are serious offenses that could result in a failing grade and **disciplinary action**. Please pay utmost attention to avoid such accusations.

Also, please note that passing case notes and assignments to students in another section or to students who are yet to take the course, or receive them from students who were enrolled in this course in previous semesters is also a violation of our honor code.

If, and whenever you are in doubt about what rules apply for a particular assignment, please check with me.

STUDENTS WITH DISABILITIES

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to the professor as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The telephone number for DSP is (213) 740-0776.

HOW TO FIND ME

If at any time during the course you have questions, please do not hesitate to come to my virtual office on GatherTown (<https://gather.town/app/0KokF3jOI7KGiJ0I/Strategy-GatherTown>) or physical office at GBS 555 during office hours (M & W 5 to 6 pm) or e-mail me (ozgecan.kocak@emory.edu) to arrange a mutually convenient time to meet.

COURSE OUTLINE (SEE MODULES TAB ON CANVAS FOR MORE DETAILS)

PART 1: BUSINESS UNIT STRATEGY

The unit of analysis for competitive strategy is the business unit (which might be a standalone firm or part of a larger corporation). Conceptual tools that we cover in this part of the course help us understand how business units operating within a particular market use their capabilities and resources to create and capture value. We say that a business has competitive advantage if it creates and captures more value than its rivals. In this part of the course, we analyze the sources of competitive advantage in capabilities and in market position. We use strategy mapping and value sticks to understand how the many components of business strategy (including operational strategy, marketing strategy etc.) interact to produce competitive advantage.

Session 1 What is Strategy?

In this introductory session we will discuss the following questions:

- How can you describe an organization's strategy?
- How do you know an organization's strategy is a good one?
- How do you know it is successful?

Learning objectives:

- List** the necessary elements of a good strategy statement.
- Differentiate** between good and bad strategy statements / strategic arguments.
- Identify** the key elements of strategy for any firm, given sufficient information.

Readings (see Canvas for other assignments):

- Skim Case: Edward Jones (Implementing the Solutions Approach)
 - Read Textbook: Preface and Chapter 1 (Arguing for Organizational Advantage)
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Session 2 Mapping Strategy

We build on the first session to learn more about how to use strategy maps and value sticks to analyze and visually represent a company's strategy so that we can understand how it creates and captures value.

Learning objectives:

- Identify** the key elements of strategy for any firm, given sufficient information.
- Describe** the value an organization creates in terms of buyer Willingness to Pay and supplier Willingness to Sell.
- Show** 'generic strategies' of differentiation and cost on the value stick.

Readings (see Canvas for other assignments):

- Read & Watch Case: Trader Joe's
 - Read Textbook: Chapter 2 (Mapping Strategy)
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Session 3 Value Creation

We use a 'value stick' to represent the value that a firm creates and captures. The value created is represented as the gap between the supplier willingness to sell inputs that an organization uses (WTS, also known as the opportunity cost of inputs) and buyers' willingness to pay (WTP) for its outputs. A firm creates a competitive advantage mainly by creating more value

(i.e. a bigger WTP - WTS) than its rivals. Specifically, increasing WTP is key to the generic strategy known as “differentiation,” while decreasing WTS is key to the generic strategy of low “cost”. This session examines these generic strategies through some examples.

The learning objectives for this week are:

Describe the value an organization creates in terms of buyer Willingness to Pay and supplier Willingness to Sell.

Use activity chain analysis to **identify** the activities through which a firm increases buyer willingness to pay and decreases supplier willingness to sell.

Apply relative cost analysis to estimate size of competitive advantage.

Readings (see Canvas for other assignments):

Read Case: Hurtigruten: Sailing into Warm Water?

Read Textbook: Chapter 3 (Logic for Strategy)

Session 4 Value Capture

The amount of value that a firm can capture (i.e. take in as profits) depends on its bargaining power. Bargaining power of a firm vis a vis its suppliers, buyers, and complementors, in turn, depends on its industry / market and position therein. This session introduces the ‘5 Forces framework’ and other tools to analyze the market environment, specifically an industry's competitive structure and actors that are upstream and downstream from a focal firm.

Learning objectives:

Use the 5/6-forces framework to explain the historic profitability of an industry.

Use the 5/6-forces framework to identify niches in an industry that are more attractive than others.

Explain how firm-specific resources can shape the bargaining power of a firm.

Identify the threat of hold-up.

Readings (see Canvas for details on the assignment):

Industry & firm documents assigned to your group, for the assignment: Companies in their Competitive Landscapes

Session 5 Sustainability of Competitive Advantage

Until now, we have identified multiple ways in which organizations create and capture value thanks to their (internal) resources/capabilities and (external) position in the market landscape. In this session, we will talk in greater detail about external and internal constraints that shape strategies: How do you identify opportunities in a given market? How do new organizations pick a viable competitive position? We will also discuss threats to sustainability of competitive advantage: how might changes in the competitive landscape threaten incumbents' advantage from their market position and from their superior resources and capabilities? How should managers choose among the available strategic options? How might they recognize and react to changes in market landscapes?

Learning objectives:

Assess validity of strategic arguments and soundness of their premises.

Identify firm-specific resources that can be a source of competitive advantage.

Propose and defend ways in which a firm can extend the advantage that it derives from a particular market position or resource.

Identify the threats of imitation and substitution.

Readings (see Canvas for other assignments, including Midterm Assignment):

Read Textbook: Chapter 5 (Arguing about an Uncertain Future) & 6 (Formulating Strategy)

Read Case: OpenInvest

Refresh your memory on Edward Jones

PART 2: ORGANIZATION DESIGN AND STRATEGY IMPLEMENTATION

By this time, you have already seen various examples in which success of strategy has hinged not only on having developed the appropriate capabilities for a favorable position in the market, but also on the ability of the firm to execute on its strategy on a day-to-day basis. The next couple sessions of the course introduce some basic concepts and frameworks to guide your thinking on strategy implementation. In your ISOM course, you focus on how firms can improve operational excellence. In this course, we focus on how organizations can implement their strategy by picking an appropriate organization design.

Session 6 Elements of Organization Design

Organizations are effective when their design solves problems of coordination and motivation that are entailed in executing a particular strategy in a particular business environment. In this session, we ask: How do we know what kind of a design is good for a given organization?

Learning objectives:

Explain how organization design contributes to solving problems of motivation and coordination in organizations.

Propose alternative designs for a given organization and **identify** the trade-offs involved.

Critique an organization's design from an alignment perspective.

Readings (see Canvas for other assignments, including videos on Valve):

Read Case: Opening the Valve: From Software to Hardware (A)

Read Valve Employee Handbook

Session 7 Trade-offs in Organization Structure

Organizations are effective when their design solves problems of coordination and motivation that are entailed in executing a particular strategy in a particular business environment. In this session, we take a closer look at formal organization structure as a design tool.

Learning objectives:

Explain how organization design contributes to solving problems of motivation and coordination in organizations.

Propose alternative designs for a given organization and **identify** the trade-offs involved.

Critique an organization's design from an alignment perspective.

FIRST DRAFT OF MIDTERM ASSIGNMENT DUE TODAY.

The two sections will meet together on Monday, in a joint 'poster session'. You will present your drafts and give each other feedback.

Session 8 Metrics for Strategy Execution

This particular session will focus on the question: How does a firm know that it is executing its

strategy well? We will introduce uses of metrics and how they relate to strategy formulation and execution. (You will learn more about these in your managerial accounting classes.) In this class, we will do a team-based simulation to explore how metrics might be designed for effective strategy execution.

Learning objectives:

- Explain** how a ‘balanced’ scorecard is supposed to work.
- Write** and **defend** metrics for a given strategy.

Preparation (see Canvas for details):

- Prepare for the Balanced Scorecard Simulation

PART 3: CORPORATE STRATEGY

As you saw in Part 1 of the course, competition occurs at the level of the business unit. Corporations consist of multiple business units. The success of corporate strategy depends on whether the corporation enhances its business units’ competitive advantage. In this final part of the course, we consider strategic decisions around corporate scope: Should a company expand vertically or horizontally? Should it enter foreign markets? What are the organizational design challenges implicated in such decisions?

Session 9 Choosing Corporate Scope

Competition occurs at the level of the business unit. Corporate strategy is a success or failure depending on whether the corporation enhances business unit competitive advantage. In this final part of the course, we consider strategic decisions around corporate scope. This session focuses on the questions: Should a company expand vertically or horizontally? What are the organizational design challenges implicated in such decisions?

Learning objectives:

- Apply** the “better off” and “ownership” tests to evaluate corporate advantage.
- Describe** the conditions under which vertical integration and horizontal diversification make sense.
- Evaluate** particular vertical integration or horizontal diversification decisions.
- Identify** the organizational design elements that are critical to generating and sustaining corporate advantage through vertical integration or horizontal diversification.

Readings (see Canvas for other assignments):

- Read Note on Corporate Strategy
- Read Case: Arauco (A): Forward Integration or Horizontal Expansion?

Session 10 Creating Corporate Advantage

This session focuses on how corporations can create value for their subsidiaries through organization design. We will also get a chance to review all that we have learned in this course, on competitive strategy, corporate strategy, and organization design.

Learning objectives:

- Apply** the “better off” and “ownership” tests to evaluate advantage from organization design.
 - Identify** the organizational design elements that are critical to generating and sustaining corporate advantage in diverse businesses.
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Preparation:

Read Case: Danaher Corporation

Session 11 Global Strategy

Expansion into foreign markets is a type of horizontal expansion. Operating in multiple geographies presents some unique challenges, however. In this session, we will discuss why firms enter foreign markets and how they can get the most out of such moves.

Learning objectives:

Apply the “better off” and “ownership” tests to evaluate advantage from entry into foreign markets.

Identify the organizational design elements that are critical to generating and sustaining corporate advantage through entering foreign markets.

Readings (see Canvas for other assignments):

Read Case: Uber: Competing Globally

Session 12 Review

Session 13 Exam
