

Strategy

Spring 2022

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OBJECTIVES

This course provides concepts, frameworks, and information useful for analyzing a company's strategy and helping it create value. It is a capstone course that integrates and extends ideas presented in functional courses to provide a comprehensive overview of top managers' strategic decisions. These decisions are made with imperfect information; require identifying alternatives and tradeoffs; and entail explaining the logic for recommending one course of action over others and the conditions under which it is likely to be more successful.

The course takes the point of view of top managers and is organized around key strategic decisions taken by them: (1) identifying the sources of competitive advantage that enable the firm to create value by serving customers better than its industry competitors; (2) protecting the firm's value creation capabilities; (3) building the firm's value creation capabilities using internal and external methods; (4) applying a firm's capabilities across activities and geographies; and (5) coordinating capabilities to ensure success.

As you progress in the course, you will have the opportunity to: (1) understand and explain fundamental concepts and frameworks of strategy (e.g., firm analysis, context analysis, competitive strategy, corporate strategy); (2) use the concepts and frameworks to analyze and solve strategic problems faced by top managers; and (3) present and justify, orally and in writing, your analysis and recommended solutions to strategic decisions.

MATERIALS

We will read the original articles that introduced the key concepts frameworks for analyzing strategic issues; we do not use a textbook. When reading the articles, focus on understanding the ideas rather than the examples. You can obtain the materials from the library's web page (go to library.northeastern.edu, click on research and select "article databases," select "Business Source Complete (EBSCOhost)," authenticate, type in the article information (author, title, source) and download it), the course's Canvas page, or the web. We may replace materials if we identify interesting frameworks or cases.

COURSE FORMAT

This is an in-person course. Come to class and follow the guidelines mandated by the health authorities and the university (<https://news.northeastern.edu/coronavirus/reopening/workplace-safety-protocols/>). If required, we may meet online. To facilitate a lively class discussion, the meetings will not be recorded.

Each meeting follows a similar format, which we can adapt as needed: students' presentation; discussion of concepts and frameworks; application of concepts and frameworks to the case; and conclusions.

GRADING

This is a reading and writing-intensive course. You should expect to spend about eight to ten hours a week, at a minimum, reading and preparing class assignments.

Following the school's guidelines, the average GPA for the course will be in the range of 3 to 3.33 (B to B+). This means that about half of the students get an A or A-. Unlike other courses, final grades are curved relative to other students in the section.

The final grade is a composite of the following activities:

Team presentation and individual report (10%: 5% and 5%). In teams two students, you will create a presentation that answers a question related to the topic of the day, outline how some firms have addressed it, and provide your suggestions/opinion to convince the audience. You will present it for twenty minutes and share the slides used with a list of background materials as an appendix. The audience will grade the quality of the content and effectiveness of your presentation style. I will provide you with a list of potential topics at the beginning of the semester. You will select the team members and sign up for a topic by the end of the first day of the course. This presentation is an opportunity to learn how to make impactful and convincing presentations.

Additionally, when it is your turn to present, you will write an individual report (minimum of two single-spaced pages, memorandum style, 11-point Times New Roman font, 1-inch margins) in which you study one company that is facing the issue discussed in the presentation. Each team member will analyze a different company. In the report you will identify the particularities of the challenge for the firm and explain how it has addressed it. You will submit the individual report before the presentation, revise it after receiving suggestions for improvement, and resubmit it. This individual report is an opportunity to improve your writing skills.

Exams (35%: 15% and 20%). Two closed-books exams will test your knowledge and understanding of core concepts, frameworks, and ideas. We will use Respondus LockDown Browser, so please download and familiarize yourself with the program before the exam, and make sure that your laptop and program work well.

The exams are multiple choice and may include short questions. The first exam covers all the materials discussed in previous meetings and will take place during the class period. It is worth 15% of the grade. The second exam covers all the materials discussed in the course. It will take place during exams' week and is worth 20% of the grade. The exams are an opportunity to remember the core concepts and frameworks for future use.

Group report (30%: 15% and 15%). In groups of up to four people, you will write a two-part report that describes a firm's value creation ability and one of its strategic challenges. You will select the firm, identify a recent (within the last three years) strategic challenge, find relevant information, and analyze it. Do not study issues already published by case providers like Harvard Publishing (<https://hbsp.harvard.edu/cases/>) or Ivey Publishing (<https://www.iveycases.com/>); check their catalogs to ensure that you study a different issue. Also, do not study the cases we discuss in class. You can change the firm and challenge during the semester if you find something more interesting.

The report consists of two parts. In the first part, you will analyze the firm's sources of value creation using the frameworks presented in the 'Identify' sessions (customers and their needs, local and global conditions of the industry, and the resources and capabilities and business model of the company) and reflect on the actions taken to create sustainable value. You will submit this in the middle of the semester. In the second part, you will examine one strategic challenge and use some of the frameworks discussed in one of the other sections of the course ('Create,' 'Protect,' 'Grow,' or 'Coordinate'). You will identify and analyze the challenge, establish alternative solutions, select and justify the solution that you think is best, and provide a detailed, implementable action plan. You will submit this part at the end of the semester. The report is an opportunity to improve your investigative and analytical skills.

Write each part as a memorandum to the Chairman of the Board with you acting as external consultants. Each part has two sections: a descriptive one (minimum of six single-spaced pages of text, 11-point font, 1-inch margins) and an analytical one (minimum of four single-spaced pages of text, 11-point font, 1-inch margins). You can write as many pages as you consider appropriate. In the descriptive section, you act as an investigator and gather and organize all relevant information from secondary sources and present it to aid the decisionmakers. In the analytical section, you act as an analyst and evaluate the information using some of the concepts and frameworks presented in the course. Acknowledge the sources of information (newspaper articles, reports, online material) as endnotes using Harvard or American Psychological Association style. Append all supporting material (tables, figures, statistics, photographs...) as exhibits after the text.

Choose the teammates carefully and manage the relations well. You will get the same grade regardless of the amount of work each person did because I cannot observe who did what. If you realize that the team does not work well during the semester, feel free to split the group and work independently.

You will submit the report in word format via Canvas. Please name the files with your last names and company name (e.g., GarciaSmithWang_Havaianas_Report2.doc). The person whose last name comes first in alphabetical order submits the report.

The report will be graded on the quality and clarity of the information gathered and presented, and on the quality of the analysis and the strength of the arguments.

Participation (25%). Attending classes, having read the materials before class, and participating in class provides you with the opportunity to learn the concepts and frameworks better. The participation grade is based on the quality, not the quantity, of the comments you make. The daily grading scheme is: 3 points for well-reasoned comments that show an understanding that goes beyond the readings; 2 points for comments that show knowledge of the readings; 1 point for mentioning concepts and ideas; 0 points for no comments; -1 point for showing no knowledge of the readings, disruptive comments, late arrival or early departure, or being absent.

When you miss a meeting, it is your responsibility to learn from other students what we discussed. Absences are excused for university-sponsored activities, jury duty, military deployment, religious beliefs and other needs as defined by university guidelines. If you have more than three unexcused absences during the semester, your participation grade for the course will be lowered.

We may have some pop quizzes throughout the semester to ensure that you are reading the materials. We will adjust the final weight of the grades depending on the number of quizzes.

POLICIES

Additional policies, some of which are university-level requirements, are the following:

1. Academic Honesty and Integrity. Northeastern University takes academic honesty and integrity seriously, and violations are not tolerated. See the policies at <http://www.northeastern.edu/osccr/academic-integrity-policy/>.
2. Students with Disabilities. If you determine that formal, disability-related accommodations are necessary, please register with the Disability Resource Center (<https://drc.sites.northeastern.edu/>). Notify me so that we coordinate how best to provide reasonable accommodations.
3. All assignments must be completed to pass the course. Late assignments will get zero points. Assignments and due dates may be changed. You are not allowed to use projects from past or current courses or written by others. All written assignments must be submitted electronically in word format through Canvas. We use turnit-in to identify plagiarism.
4. Only use your laptop/tablet for activities related to the course. Please turn off your phone during class; no texting. Use of electronic devices for other purposes will reduce your participation grade.
5. No extra credit assignments; no exceptions.

PROFESSOR

Alvaro Cuervo-Cazurra is a Professor of International Business and Strategy at Northeastern University and co-editor of Global Strategy Journal. He studies the internationalization of firms, with a special interest in emerging market multinationals; capability upgrading, particularly technological capabilities; and governance issues, focusing on state ownership and corruption in international business. He is a Fellow of the Academy of International Business and was elected to the Executive Committee of the International Management Division at the Academy of Management. He has served as a consultant on global strategy to firms and governments in emerging markets. He received an honorary doctorate from Copenhagen Business School and was awarded a Ph.D. from the Massachusetts Institute of Technology. For more information, please visit www.cuervocazurra.com or contact him at a.cuervocazurra@northeastern.edu.

Office hours: After class or by appointment at Hayden Hall 316E

COURSE OUTLINE

#	Date	Decision	Topic	Framework	Case
1	T Jan 18	Strategy	Strategy	Porter. 1996. What is strategy? HBR	Growing Tatte Bakery & Café
2	F Jan 21	Identify	Customers	Anderson, Narus & van Nossun. 2006. Customer value proposition. HBR	Impossible foods and plant-based foods
3	T Jan 25	Identify	Local industry	Porter. 2008. The five forces that shape strategy. HBR	The legal cannabis industry in the US
4	F Jan 28	Identify	Global industry	Porter. 1990. The competitive advantage of nations. HBR	The global chocolate industry
5	T Feb 1	Identify	Capabilities	Collis & Montgomery. 2008. Competing on resources. HBR	Building advantage in fast fashion
6	F Feb 4	Identify	Business model	Christensen et al. 2016. Business model innovation. SMR	The evolution of Norwegian Air
7	T Feb 8		Review 1		
8	F Feb 11	Grow	Integrate	Stuckey & White 1993. When to vertically integrate. SMR	Luxottica's dominance in eyewear
9	T Feb 15	Grow	Diversify	Markides. 1997. Diversify or not. HBR	Snap's spectacles
10	F Feb 18	Grow	Internationalize	Lessard, Lucea & Vives. 2012. Build global capabilities. SMR	Spotify internationalization
11	T Feb 22		Review 2		
12	F Feb 25		Report 1 due		
13	T Mar 1		Exam 1		
14	F Mar 4	Protect	Competition	Brandenburger & Nalebuff. 2021. Coopetition. HBR	Epic Games and competition in the gaming industry
15	T Mar 8	Protect	Imitation	Fisher & Oberholzer-Gee. 2013. Intellectual property. CMR	Apple's intellectual property disputes
16	F Mar 11	Protect	Expropriation	Watkins. 2003. Government relations. SMR	Facebook and Google vs Australian regulators
	T Mar 15		Spring break		
	F Mar 18		Spring break		
17	T Mar 22		Review 3		
18	F Mar 25	Create	Innovation	Chesbrough. 2003. Open innovation. SMR	Tesla and e-vehicles
19	T Mar 29	Create	Entrepreneurship	Dyer & Christensen. 2009. Innovator DNA. HBR	Zumba's development
20	F Apr 1	Create	Alliances	Hoang & Rothaermel. 2016. Alliances. SMR	Netflix's alliances
21	T Apr 5	Create	Acquisitions	Christensen et al. 2011. New M&A playbook. HBR	LVHM' acquisitions
22	F Apr 8		Review 4		
23	T Apr 12	Coordinate	Leadership	Goleman. 2000. Leadership that gets results. HBR	Amazon and Bezos
24	F Apr 15	Coordinate	Governance	Subramanian. 2015. Corporate governance 2.0. HBR	Valeant and drug prices
25	T Apr 19	Coordinate	Culture	Groysberg et al. 2018. Corporate culture. HBR	Trader Joe's culture
26	F Apr 22		Program evaluation		
27	T Apr 26		Review 5		
	F Apr 29		Report 2 due		
28	Exam week		Exam 2		

Note: HBR: Harvard Business Review, SMR: Sloan Management Review, CMR: California Management Review