

Strategic Decision-Making
ISB Executive Education
June 14-15, 2023
Professor Gurneeta Vasudeva Singh

Module Objectives

This module focuses on how managers in business organizations make strategic decisions aimed at achieving competitive success. We will cover topics including strategy formulation and strategy implementation in the context of internationalization and innovation decision-making, that have increasingly become key drivers for firms' value creation and growth. To understand these topics, we will combine theoretical insights pertaining to managing firms' resources, transaction costs and institutional environment, with practical knowledge based on cases, and hands-on exercises designed to simulate real world scenarios. The course is organized into three sessions to address the following questions:

Session 1A-B:

- How do firms create value from internationalization?
- How do location and entry mode choices determine the success and failure of internationalization across different country contexts?
- How can managers cope with uncertainty and learn from successes and failures?

Session 2A-B:

- What are the internal and external sources and stakeholders shaping innovation?
- How do innovation platforms create value?
- How can managers devise strategies to compete and collaborate in platform-based innovation ecosystems?

Session 3A-B:

- What is disruptive technology?
- What organizational approaches can managers devise to cope with disruptive technology?
- How should managers make resource allocation decisions for existing/sustaining and new/disruptive projects?

By the end of this course, students will:

- Learn the key principles of effective strategic decision-making.
- Apply course concepts and frameworks to real organizational cases and simulations, diagnose problems and recommend solutions.
- Collaborate to create solutions to tasks and problems.
- Demonstrate the use of a wide range of qualitative and quantitative sources to support conclusions and recommendations.

Class Schedule and Readings

We will use the cases and simulations as indicated under the session information below. In addition, the prescribed articles—that include both classics and more contemporary readings—provide background material on the fundamental concepts and frameworks relevant to the topic of the case discussion. Although the articles are optional readings, I highly recommend that you read all the course materials prior to the class, so that we can utilize the class time for lively and engaging discussion. Beyond the prescribed cases and readings, you are of course encouraged to incorporate your own organizational/business experiences to further enrich and extend the class learnings.

June 14, 2023

Breakfast: 8-9 am

SESSIONS 1A-B

Session 1A: 9-10:30 am

Strategic-Decision Making in an International Context/Creating Value from Internationalization

Case:

Walmart around the World 714431-PDF-ENG

Reading:

Porter, Michael. Mar/Apr90. The Competitive Advantage of Nations. *Harvard Business Review*, Vol. 68 Issue 2, p73-93.

Playing the Differences: The AAA Triangle: Integrated Strategies for Global Value Creation 2625BC-PDF-ENG

Case Questions: Why is Wal-Mart so successful at home? Why did it internationalize? In which countries did Wal-Mart struggle and where did it do well? Can location characteristics explain these differences? Why did Wal-Mart enter through acquisitions in some countries and greenfield investments in others? In 2006 Wal-Mart decided to enter India through a joint venture with Bharti Enterprises. Do you think it was a good idea to go to India, and partner with Bharti through a joint venture?

Coffee Break 10:30-11:00 am

Session 1B: 11 am-12:30 pm

Strategic Decision-Making: Learning by Doing

Simulation:

The Food Truck Challenge Product Number: 7201-HTM-ENG

Simulation Brief:

In this online simulation, students try to run a successful food truck in the city of Boomtown. Students work in teams to achieve maximum revenue over 5 simulated weeks and win the "Food Truck Challenge." In each round, students make decisions about 'where to park' and 'what menu item to offer' in hopes of finding the best menu-location combination and yielding the highest sales. They begin by analyzing market data and making a plan but must then decide whether to a.) go to scale right away with the food truck b.) conduct further research and analysis, or c.) experiment with a low-capacity pushcart. In the class debrief, students should discuss the trade-offs between analysis, experimentation, and scale. This simulation is designed to

teach students about the value of learning by doing, prototyping, and willingness to fail. It requires no student prework and will be played in class on a computer, tablet, or mobile phone.

Lunch Break 12:30-1:30 pm

SESSIONS 2A-B

Session 2A: 1:30-3:00 pm

Strategic Decision-Making for Innovation/Creating Value from Platform Ecosystems

Case: From Products to Experience Ecosystems: Haier's Internet of Food (LBS334-PDF-ENG)

Reading: Kretschmer, T., Leiponen, A., Schilling, M., & Vasudeva, G. (2022). Platform ecosystems as meta-organizations: Implications for platform strategies. *Strategic Management Journal*, 43(3), 405-424.

Case Questions: Why is Haier interested in the Internet of Food? What is the expected benefit and business rationale for putting an innovation ecosystem in place? What organizational innovations did Haier pursue? Why did it need to create Ecosystem Microenterprise Communities (EMCs)? What were the strengths and weaknesses of EMCs? What is GEA's structural approach for engagement with ecosystem actors? Should it try to emulate Haier's approach?

Coffee Break: 3:00-3:30 pm

Session 2B: 3:30-5:00 pm

Open vs. Closed Innovation Models

Simulation: Breaking News (8675-HTM-ENG)

Students manage the innovation process for The Citizen Sun, a struggling newspaper company. Working with limited time and budget, students design innovation initiatives-open innovation campaigns, customer focus groups, internal R&D projects-to generate a pool of innovation ideas. Students must then review, test, and make a selection from among those ideas in order to choose the best possible innovation for The Citizen Sun news organization. The simulation teaches students about managing the innovation process, the different modes of innovation, idea generation and selection, and the role of organizational context in innovation. It requires no student prework and will be played in class on a computer, tablet, or mobile phone.

Homework Assignment

Play the Capstone Back Bay Battery Simulation as per the instructions under Session 3A. It will take you approximately 1.5 hours to play the simulation. I strongly recommend reviewing the simulation foreground reading and tutorial prior to playing the simulation (accessible when you launch the simulation). You will have 3 trials to play the simulation. Results from all trials get reported. The simulation must be completed by midnight on June 14th. I will use the simulation results for the debrief and discussion at Session 3A on June 15th.

June 15, 2023

Breakfast: 8-9 am

SESSIONS 3A-B

Session 3A: 9-10:30 am

Strategic-Decision Making for Managing Disruptive Technology/Resource Allocation Across Projects

Capstone Simulation:

Back Bay Battery v3, Product #: 8873-HTM-ENG

Reading:

Disruptive Technologies: Catching the Wave. 95103-PDF-ENG

Simulation Brief:

In this simulation, students step into the role of President at Back Bay Battery, Inc., the battery division of a billion-dollar consumer electronics manufacturer. Students will have to apply strategic innovation thinking to sustain Back Bay Battery's leadership position in the market as new technologies emerge and the competitive landscape heats up. After sifting through multiple sources of data and keeping a pulse on the industry, students will have to forecast next year's sales, decide on the unit prices and determine how to allocate their R&D investments across the product portfolio. It requires no student prework and will be played in class on a computer, tablet, or mobile phone.

Back Bay Battery Simulation Debrief Based on Class Results

Coffee Break 10:30-11:00 am

Session 3B: 11:00 am-12:30 pm

Reflections and Key Learnings

Lunch and Adjourn 12:30-1:30 pm

Further Readings:

Wulf, A. (2015). The invention of nature: Alexander von Humboldt's new world. Knopf.

McGrath, R. (2019). Seeing around corners: How to spot inflection points in business before they happen. Houghton Mifflin Harcourt.

Sull, D., & Eisenhardt, K. M. (2015). Simple rules: How to thrive in a complex world. Houghton Mifflin Harcourt.

Iger, R. (2019). The ride of a lifetime: Lessons learned from 15 years as CEO of the Walt Disney Company. Random House.

Isaacson, W. (2011). Steve Jobs. Simon and Schuster

Schilling, M. A. (2018). Quirky: The remarkable story of the traits, foibles, and genius of breakthrough innovators who changed the world. PublicAffairs.

Agarwal, A., Gans, J. & Goldfarb A. (2022). Power and Prediction: The Disruptive Economics of Artificial Intelligence. HBR Press.