



Strategy 302: Business Strategy Fall 2023

Section 001: 11:30AM-1:00PM in B1580

Section 002: 1-2:30PM in B1580

Section 003: 8:30AM-10:00AM in 0420 CCCB

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https://scholar.google.com/scholar?hl=en&q=Allan+Afuah&btnG=&as_sdt=1%2C23&as_sdtp=

COURSE OBJECTIVES AND PERSPECTIVE

This course develops concepts and analytical techniques for creating sustainable competitive advantage in difficult environments. The perspective adopted is that of the general manager who has overall responsibility for the performance of the firm or of a business unit within the firm. Such a manager needs to understand the basis for the current performance of the firm and to identify those changes (inside or outside the firm) that are most likely to affect future performance adversely or that provide opportunities for the firm to improve its performance. The manager must then use the firm's resources to formulate and implement strategies to compete successfully in its new environment. The strategy must define the scope of the firm's activities, the logic through which the activities result in better performance, and what it is about the firm that allows it to carry out those activities better than its competitors.

The complexity of today's (and tomorrow's) competitive environment dictates that strategy cannot be the domain of top managers alone. In particular, functional specialists and mid-level managers will be challenged increasingly to *think strategically* when confronting day-to-day issues, and to ground strategic contributions in the operational realities of the business. One of the broader objectives of this course is to increase your ability to take the initiative and assume a leadership role in your company, irrespective of your formal position in the future. One way to do this is through cultivating the ability to make well-grounded, insightful recommendations as to how the business is or should be competing. Having a solid understanding of strategy is not only vital for internal effectiveness and efficiency, but is also important for external consultants, auditors, financial analysts, and bankers or investors evaluating and valuing other firms.

The content and coursework in STRATEGY 302 are structured to achieve the following learning goals and objectives:

- Cases and classwork to develop proficiency in strategy frameworks, tools, and concepts.
- Cases and classwork, and a term project to develop data gathering skills, and analytical skills to identify, analyze, and develop recommendations for complex strategic problems using quantitative and qualitative data.
- Classroom interaction and the term project to develop leadership, interpersonal skills, and the ability to work effectively as a team member.
- The term project to demonstrate integrative thinking about the concepts learned in STRATEGY 302.
- The classroom presentations and the final term project presentation to develop skills in communication and persuasion.
- Many opportunities for other students to learn from you.

COURSE FORMAT

To capture the pragmatic but complex nature of the general manager's job, this course is taught through the case method. Strategy 302 develops theoretical and conceptual frameworks for strategic management and dedicates itself to apply these frameworks to simulated and real-world situations. These theories and frameworks are designed to help us better understand and analyze management problems and opportunities, and to develop solutions to deal with these situations. **Active class discussion is paramount to your experience in Strategy 302.**

This case-based approach will require students to become familiar not only with the details of the general theoretical framework, but will also give the student an opportunity to learn about a number of firms and industries. The analysis and discussion of different company situations is the primary class activity. **Preparation of the cases and participation in the discussion is critical to the learning and the success of the class as a whole.**

I will supplement case discussions with lectures, videos and conceptual analyses. A central goal is for you to develop your own personal synthesis and approach for identifying and solving key strategic problems facing a business.

COURSE MATERIALS

You are required to buy a **course materials pack** that contains all the cases that are central to the course. The instructions on how to purchase the course materials containing the readings and cases is posted by the Kresge Learning Support office on Canvas.

AIRPLANE MODE TECHNOLOGY POLICY

Electronic devices (e.g., laptops, tablets, cell phones, etc.) are permitted only for activities directly related to the designed learning experiences in the classroom. The use of electronic devices for any other purpose will negatively impact your individual course contribution evaluation (see below). If you choose to use electronics in class then it is your responsibility to put your device in ***airplane mode*** before the start of class and only use technology to focus on the in-class learning experience.

COURSE OUTLINE

Table 1: Course summary for Strategy 302 Fall 2023 (TTH)

<i>Class</i>	<i>Date</i>	<i>Day</i>	<i>Topic, case or reading</i>	<i>Comment</i>
1	8/29	TU	Lecture: Introduction and flow of the class Reading: Course syllabus	
			INTRODUCTION TO BUSINESS STRATEGY	
2	8/31	TH	Case: Ryanair: Can a Leopard Change Its Spots? Reading: Introduction to business strategy (2 pages) on Canvas	
3	9/5	TU	Ryanair (continued)	
4	9/7	TH	Case: Apple Inc. in 2020	
5	9/12	TU	Apple (continued)	
6	9/14	TH	Short lecture 1: Porter's generic strategies: Low cost and differentiation strategies Short lecture 2: Value chains, and vertical & horizontal integration	
7	9/19	TU	Case: Cola Wars Continue: Coke and Pepsi in 2010	
8	9/21	TH	Cola Wars Continue (continued)	
9	9/26	TU	Lecture: SWOT analysis Video: https://www.youtube.com/watch?v=4gYEMO9Euig&t=29s Introduction to the SWOT analysis: The art of conducting a situational analysis By <i>Allanis Business Academy</i> Reading: Are you doing the SWOT analysis backwards? (HBR reading in course pack.)	
10	9/28	TH	Case: Spotify	
11	10/3	TU	Spotify (continued)	
			EXTENDED ENVIRONMENT	
12	10/5	TH	Lecture: Porter's Five Forces (Market space environment) Reading: The Five Forces: Competing for Profits--Understanding Michael Porter's Best-Known Framework. By Joan Magretta (HBS reading in course pack)	
13	10/10	TU	Lecture: Review for mid-term and the complete model/framework for course	
			Name of Final Project firm due on 10/10 at 11:30AM	Firm due at 11:30AM
14	10/12	TH	MID-TERM Exam	Mid-term
			Fall Break. No class on 10/17	
			INTRODUCTION TO MULTISIDED PLATFORMS	
15	10/19	TH	Case: eHarmony	
16	10/24	TU	eHarmony (Continued) & introduction to multisided platforms	
17	10/26	TH	Lecture: Jay Barney's VRIO model a. Reading: https://en.wikipedia.org/wiki/VRIO b. Video: https://www.youtube.com/watch?v=afrPC91zCkQ c. Also see an interesting application of the VRIO in: https://www.youtube.com/watch?v=H2SyZljQT5s&t=17s	
			CORPORATE LEVEL STRATEGY	
18	10/31	TU	Case: Amazon.com	
19	11/2	TH	Amazon.com (continued)	
20	11/7	TU	Case: Tesla	
21	11/9	TH	Tesla (continued)	

			STRATEGY IMPLEMENTATION & SUMMARY OF COURSE	
22	11/14	TU	<p>Video on incentives: RSA ANIMATE: Drive: The surprising truth about what motivates us: https://www.youtube.com/watch?v=u6XAPnuFjJc</p> <p>Video on lessons from an entrepreneur: Idealab: Lessons 1, 10 & 18 https://25-lessons.idealab.com/challenge-the-status-quo/</p> <p>Lecture: Quick summary of the course</p>	
23	11/16	TH	In-class work on Final Projects	
24	11/21	TU	In-class work on Final Projects	
			Thanksgiving Break. No Class 11/24	Thanksgiving
25	11/28	TU	All student Final Projects due at 11:30AM on 11/28 Student Final Project Presentations	Project due by 11:30AM
26	11/30	TH	Student Final Project Presentations	
27	12/5	TU	Student Final Project Presentations	
28	12/7	TH	Student Final Project Presentations	
			Due date for answers to questionnaire is Dec. 9, at 11:30AM	Due 11:30AM

STUDY QUESTIONS

8/31 TH Case: Ryanair: Can a Leopard Change Its Spots?

Study questions:

1. Is Ryanair doing well or not so well?
2. Carefully analyze the activities that Ryanair performs to build and/or use resources to create, deliver and monetize benefits to customers, by answering the following questions:
 - a. What are the primary benefits that Ryanair's customers perceive as valuable to them?
 - b. How are the benefits to customers being **monetized**?
 - c. What are the key resources that Ryanair uses to create benefits for customers? To identify key resources, it is important to know what the firm wants to do for customers using the resources. (Resources are physical, intellectual, human and financial.)
 - d. How are the key resources that you have identified being used to **create benefits for customers**? How efficient is the firm in using these resources?

9/5 TU Ryanair (continued)

Study questions:

1. In the Ryanair case, were there any instances of: (1) Difficult-to-imitate resources that have been pre-emptively accumulated, (2) Any efficient utilization of resources
2. What is Ryanair's strategy?
3. Should any of the concerns in the case bother Ryanair? Why or why not?

9/7 TH Apple Inc, 2020.

Study questions:

1. Is Apple Inc. doing well or not so well?
2. Carefully analyze the activities that Apple performs to build and/or use resources to create, deliver and monetize benefits to customers in the market spaces that it serves, by answering the following questions:
 - a. What are the primary benefits that Apple's customers perceive as valuable to them?
 - b. How are the benefits to customers being **monetized**?
 - c. What are the key resources that Apple uses to create benefits for customers? To identify key resources, it is important to know what the firm wants to do for customers using the resources. (Resources can be physical, intellectual, human or financial.)
 - d. How are the key resources that you have identified being **built** and used to **create benefits for customers**? How efficient is the firm in using these resources?
 - e. What is the effect of the **market space** environment on the benefits to customers and the profits of the firm?

9/19 TU Case: Cola Wars Continue: Case: Cola Wars Continue: Coke and Pepsi in 2010

Study questions:

1. Is Coke doing well or not so well?
2. Carefully analyze the activities that Coke performs to build and/or use resources to create, deliver and monetize benefits to customers in the market spaces that it serves, by answering the following questions:
 - a. What are the primary benefits that Coke's customers perceive as valuable to them?
 - b. How are the benefits to customers being **monetized**?
 - c. What are the key resources that Coke uses to create benefits for customers? To identify key resources, it is important to know what the firm wants to do for customers using the resources. (Resources can be physical, intellectual, human or financial.)
 - d. How are the key resources that you have identified being **built** and used to **create benefits for customers**? How efficient is the firm in using these resources?
 - e. What is the effect of the **market space** environment on the benefits to customers and the profits of the firm?

9/21 TH Cola Wars (continued)

Study questions:

1. In the Cola Wars case, were there any instances of: (1) Difficult-to-imitate resources that have been pre-emptively accumulated, (2) Any efficient utilization of resources

2. What is Coke's strategy?
3. Are the problems that Coke and Pepsi are facing about to end their dynasties?

9/26 TU SWOT analysis

Conduct a SWOT analysis for:

1. Ryanair
2. Apple, Inc.
3. Coke
4. Spotify

Given your analysis, what are your recommendations to the firm?

9/28 TH Spotify

Study question:

Why has Spotify not been profitable?

10/5 TH Porter's five forces

Perform a Porter's Five Forces analysis for:

1. Ryanair
2. Apple, Inc.
3. Coke
4. Spotify

Given your analysis, what are your recommendations to the firm?

10/19 TH eHarmony

Study questions:

Which of the following options should eHarmony pursue in response to competitors:

1. Defend eHarmony's target niche by rapidly increasing the number of paying members.
2. Expand out of the niche to include medium-term relationships.
3. Expand eHarmony's footprint by growing a new business based on findings from eHarmony's own research and development efforts, particularly the company's long-term research project aimed at understanding successful life-stage transitions.
4. Geographic expansion and an attack on the areas where competitors are already present.

10/31 TU Amazon.com, 2021

Study questions:

1. What are the advantages and disadvantages of online retail compared to brick-and-mortar retail?
2. What has Amazon been doing to take advantage of the advantages and disadvantages?
3. What are the advantages and risks of opening your retail platform to third parties?
4. What is the logic of Amazon Prime?

5. What could Amazon do to improve its performance?

ASSIGNMENTS AND GRADING

Graded Category	Percentage	Description
Class participation	20%	Assessment by the professor of your overall contribution to the class learning experience
What other students learnt from your class participation	10%	Assessment by your classmates of how much they learnt from you
Mid-term	20%	In-class closed-book mid-term exam
Final Project	50%	A group strategy project in which you apply the strategy concepts and frameworks from the class to a firm of your choice. Each group should have 5 to 7 students
TOTAL	100%	

1. Class Preparation for cases

This is a case-based course where active discussion is one of the most important elements of the learning experience. This means that doing the pre-work is essential for the overall learning experience in our class sessions. You are welcome to prepare cases with other students, and doing so might be very helpful to your learning.

2. Individual Course Contribution

Given the size of the class and the number of cases, not everyone will be able to speak in every class, although over the course of the semester there will be ample opportunity for you to contribute to our shared learning experience. ***You must be aware, however, that the responsibility for you to participate and to make your comments adhere to the standards for class participation mentioned below is entirely yours.***

There are many ways to contribute to our shared learning experience including, but not limited to:

- Making relevant comments in class
- Acknowledging and adding to important points that a classmate made
- Respectfully challenging a classmate
- Participating in class learning activities/experiences
- Being an engaged learner and attentive and supportive classmate

I will pay close attention to your engagement in your own learning and your contributions to the overall learning experience while we are in the classroom together.

This course is specifically designed to develop and hone your ability to “think on your feet” and verbally communicate your analyses clearly and logically. It is vitally important that you develop this skill as the vast majority of the manager’s job involves verbal communication with

colleagues, customers, suppliers, investors, regulators, etc. **Most importantly, and potentially of greatest value, this ability will greatly enhance your performance with recruiters. Learning to communicate effectively in a classroom is a far kinder and gentler venue than attempting to do so in business when the stakes, both personally and financially, are far higher.**

The class is designed so that there is plenty of opportunity for you to learn from your classmates and for them to learn from you. Indeed, at the end of the class, I will ask students to vote for the classmate that they believe they learnt the most from.

3. Team Final Project:

For the final project, assume that your team has been hired as consultants by a CEO who just recently got hired and is still learning about how his/her new firm makes money. The CEO may or may not be able to listen to your talk. Therefore, your slides should be able to tell your story to anyone who does not listen to you talk. (Remember that this class is a simulation of the socially complex context in which real world decisions are taken.)

Answer each question separately. That is, each of the questions 1, 2a, 2b, 2c, 2d, 2e, 3, 4 & 5 should be answered **separately**, on different slides as suggested below. The names and section numbers of all your teammates should appear at the bottom of every page.

- Executive summary. Summary of what follows in your presentation but include interesting dates, numbers, and important findings (brief history/what you found interesting about the firm/what you are going to tell us about the firm). (10 points) (1 slide)
- 1. Is the firm doing well or not so well? (5 points) (1 slide)
- 2. Carefully analyze the activities that the firm performs to build and/or use resources to create, deliver and monetize benefits to customers in the market space that it serves, and answer the following questions:
 - a. What are the primary benefits that customers perceive as valuable to them? (5 points) (1 slide)
 - b. How are the benefits to customers being monetized? (What are the revenue streams?) (10 points) (1-2 slides)
 - c. What are the important resources that are being used by the firm to create benefits to customers? (10 points) (1 slide)
 - d. How are the resources that you have identified being used to create benefits for customers? (15 points) (1-2 slides)
 - e. What is the effect of the market space environment on the benefits to customers and profits of the firm? (5 points) (1 slide)
- 3. What is the strategy of the firm? That is, what is the firm doing to win? (10 points) (1-2 slides)
- 4. What do you recommend that the firm should do to improve performance going forward? (15 points) (1-2 slides)
- Overall clarity of in-class presentation and answers to questions from students (10 points)
- The following frameworks can be used to analyze some of these questions: SWOT analysis, Porter's Five Forces, and VRIO analysis.

Total number of slides: 9-13

Use last page of presentation to list your sources. Use only public sources that are free to access.

Early in the course, your team of 5-7 people will be asked for the firm that it would like to explore. (Choose firm by 11:30AM, October 10). Through brainstorming (optional) with your professor, you will zoom in on why the firm is doing well or not so well. Once your firm has been picked, your responsibility is to conduct an exhaustive and intensive strategic examination of the firm—why the firm is winning as it builds/or uses resources to create, deliver and monetize benefits in the marketplace it explores.

Group Participation and Evaluation. Part of your final project grade will depend on the ratings you receive from the other members of your group. These ratings will be anonymous to encourage honest assessments by your group members. Note that, to protect the anonymity of your group members, we will not be able to provide you with the ratings your team members gave you (individually or in aggregate).

References. A detailed and complete reference list of all research sources employed and research analysis conducted in the course of your work, including but not limited to databases, electronic sites, all library materials and other reference sources. Use only public sources that can be verified. No confidential information from firms.

The two main deliverables at the end of the semester are:

- a. The first main deliverable at the end of the course is a detailed PowerPoint presentation that answers the questions above and is due on Nov. 28 by 11:30AM. You will present this presentation on the day that you are assigned to present.
- b. Answers to the following questions: The answers to these questions will play an important role in your class participation grade and final grade. All answers are ANONYMOUS and due on December 9 at 11:30AM!
 1. In ONE sentence, state the one thing that you said in class that was your most important contribution to the course? (Advice: At the end of every class, be sure to jot down what you said that you believe made a difference in class or group discussions.)
 2. On a scale of 1 to 5 (with 5 being outstanding), how would you rank your class participation?
 3. Who is the ONE person outside your Final Project team that you learnt the most from?
 4. On a scale of 1 to 5 (with 5 being outstanding), grade each of your Final Project teammate's participation in researching, making the PowerPoint slides, and presenting your team project to the class?
 5. (Optional) Who distracted you the most in class (email, phone, shopping, etc.)

GRADE APPEALS POLICY

This course will prepare you to succeed in business. After graduation, supervisors will regularly evaluate your performance; you will often disagree with their evaluations. Rarely will stopping by the boss' office to lobby for a better rating or complain about the process be rewarded with the greater compensation, more promising projects, increasing responsibility or unusually early promotions. This type of behavior will also not help you with your grades in this class.

However, we are human and may make simple grading mistakes or may, at times, misunderstand an answer, submission or response in one of your graded assignments. Such instances are to be addressed as follows:

1. If you would like your grade on the mid-term or final project to be reconsidered, then you must compose a memo that justifies further consideration of your work:
 1. The memo must be submitted within 1 week of the original grade being distributed.
 2. The memo must be no more than 1 page (12 pt font, single-spaced, minimum 1" margins).
 3. The memo must be emailed directly to the professor
 4. All of the original work must accompany the memo where applicable.
2. The quiz or assignment will then be re-evaluated, and the grade **can also be lowered**.
3. All grade appeals must conform to this procedure.

Note that you are more likely to be successful in business if you can persuade others logically, not emotionally, in a concise and specific manner. Bear in mind that the grade appeal process is designed to prepare you to succeed in business; the process should not be abused (i.e. treated as a lottery ticket with a low probability of receiving a higher grade). Abuse of this grade appeals policy may result in **grade deductions or penalties**.

ROSS AND UNIVERSITY OF MICHIGAN POLICIES

This course also follows the standard guidelines and policies of the Ross School of Business and the University of Michigan. Please review, in particular, the main menu links in Canvas referring to Student Wellness, Academic Integrity, and Accommodations. These come directly from Ross and are standard for all Ross courses.

ILLNESS AND RELIGIOUS OBSERVANCE POLICIES

In these unusual times with the ongoing public health crisis from COVID-19 it is important for all of us to do our part to reduce the spread and threat of the virus. It is, accordingly, very important for all of us to stay home when we feel sick and/or when we may transmit the virus.

Typically we have very strict attendance policies for Strategy 302, but these policies create incentives for you to come to class when it may be better for you (and for the rest of us) to stay home. The following policies are designed to give you the flexibility that you may need due to COVID-19, or any other uncommon or extraordinary circumstance that prevents you from fully participating in specific class sessions.

These specific policies are designed for those who need them due to COVID-19 or other extraordinary circumstances. As a matter of personal integrity please DO NOT take advantage of these policies unless your personal situation aligns with this intention.

Honor code

You are expected to abide by the honor code policy at Ross. Please refer to the honor code website

(<http://www.bus.umich.edu/Academics/Resources/communityvalues.htm>) to acquaint yourself with the ethical standards expected of all students.

Disability

If you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the assignments, the in-class activities, and the way I teach may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat information you provide as private and confidential.

The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the University of Michigan Services for Students with Disabilities (SSD) office as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form online as early as possible, but no later than two weeks prior to the first test or quiz for which accommodations are requested. Accommodations arrangements are not guaranteed for students who submit their VISA form with less than two weeks' notice.

Requests must be sent using the Ross Accommodations Request Form and must include a scanned or photographed copy of the VISA form. This form only needs to be submitted once during your academic career with Ross unless your accommodations eligibility expires.

In rare cases, the need for an accommodation arises after the two-week deadline has passed (example: a broken wrist). In these cases, students should still contact SSD and the Ross Accommodations Coordinator. However, due to logistical constraints we cannot guarantee that an accommodation can be made after the two-week deadline has passed.

Questions can be directed to the Ross Accommodations Coordinator at RossAccommodationsCoordinator@umich.edu.