

STRATEGIC MANAGEMENT: Principles and Practice

Financial Economics Tracks

NUMBER OF HOURS: 30

SEMESTER 2

INTERNATIONAL PROGRAM – 4 ECTS

COURSE COORDINATOR / PROFESSOR: Franck D. Nassiri (franck.nassiri@edhec.com)

COURSE OBJECTIVES

This course's primary objective is to introduce you to the most important **analytical tools and concepts** used in **Strategic Management**.

The course is organized in two parts: the first part will cover the *foundational elements of the strategic thinking*; the second part will cover the *strategic options*. In order to ensure relevance of the knowledge acquired, each analytical tool and concept will be introduced by referring to real-world business situations and concrete cases.

The questions that we will tackle together throughout the semester are the following ones: How to craft a strategic thinking? What are the important tools to master for achieving a strategic analysis? What are the 'appropriate' strategic choices to make to develop and sustain superior value creation? How to ensure an efficient implementation of the strategic options for reaching expected business outcomes?

LEARNING OUTCOMES

By the end of the course, students will be able to:

1. Make Business and Corporate Strategic Choices
2. Undertake Competitive Analysis
3. Use Industrial Organization Economics (IOE) to drive Strategy Analysis
4. Use the Resource Based View (RBV) and the Transaction Cost Theory (TCT) to better use the instruments of Corporate Strategy such as Vertical Integration, Diversification, Internationalization, Mergers & Acquisitions

PREREQUISITES

It is recommended (but not required) to have insights into fundamentals of Corporate Finance, Financial Analysis and Profitability Ratios

COURSE CONTENT

| Week | Topic | Class content | Prior readings |
|-------|---|---|---|
| 1 | Part I The Foundational Elements of the Strategic Thinking | The concept of Strategy, Goals, value & performance in organizations The quest for value, measure of profit, performance diagnosis, the process of strategic analysis | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 1 and 2) Michael E. Porter, What Is Strategy? Harvard Business Review, November 1996. Case study: KERING SA Strategic and financial performance benchmarking vs. LVMH |
| 2 & 3 | | Environmental and competitive dynamics Competitive intelligence, PESTEL, industry life cycle and the 5 Forces framework | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 3 and 4) Case study: US Airline Industry in 2015 |
| 4 | | Organizational design and contemporary competitiveness Competitive advantage, VRIN framework and the orchestration of resources | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapter 5) The Resource Based View of the firm by |
| 5 | | The fundamentals of successful strategy implementation Culture, structure and main execution levers | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapter 6) Ron Sanchez and Joe T. Mahoney, "Modularity, Flexibility, and Knowledge Management in Product and Organization Design," Strategic Management Journal, 1996 Vol. 17 (Winter Special Issue, 1996): 63-76. |
| 6 | Part II Strategic Options | Business strategy and competitive advantage Cost and differentiation strategies, industry life cycle, managing strategic change | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 7 and 8) Peter Marsh, "Production Processes: A Lightbulb Moment," <i>Financial Times</i>, Clayton M. Christensen, Michael E. Raynor and Rory McDonald, What Is Disruptive Innovation? <i>Harvard Business Review</i>, December 2015. |
| 7 | | Technology and Innovation strategies Technology-based industries, management of innovation, competing in mature industries | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 9 and 10) Pisano, G. (2015). « You need an innovation strategy ». Harvard Business Review, 93(6), 44-54 Morten T. Hansen and Julian Birkinshaw "The innovation value chain". Harvard Business Review |
| 8 | | Vertical integration, Multinational corporations Cost and benefits of VI, Internationalization, locating production, entering a Foreign market | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 11 and 12) Transaction Cost Theory Case Study: American Apparel |
| 9 | | Corporate strategy, Diversification Business units, organizational structure and role of headquarters | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 13 & 14) Ramachandran, J., Manikandan, K. S., & Pant, A. (2013). Why conglomerates thrive (Outside the US). Harvard Business Review, 91(12). |
| 10 | | Internal growth vs. external growth Organizational development, M&A, partnerships and strategic alliances, current trends in strategic management | <ul style="list-style-type: none"> Contemporary Strategy Analysis (Chapters 15 and 16) Benjamin Gomes-Casseres, « Making Mergers, Acquisitions, and Other Business Combinations Work », HBR O'Connell S. et al., Divestitures: How to invest for success, McKinsey Quarterly, August 2015 Arrunada, B. and Vazquez, X. (2006). "When your contract manufacturer becomes your competitor". Harvard Business Review, 84 (9): 135-144. |

TEACHING & LEARNING METHODS

The course includes various **pedagogical tools**: lectures, cases, business and academic articles, books, videos, and teamwork. A regular use of the **BlackBoard** platform is imperative to get up-to-date information about the course.

- Class attendance & participation:

Attendance is compulsory and will be checked.

Please arrive in class on time for the efficiency of your own learning as well as a sign of respect for the other students and the Faculty.

- Case study-based assignments:

Each class will include a 1h case study time. Students have to form groups of “5 students” and work on the case in class. The case will be available on BB and should preferably be read before coming to class in order to save time. One Group will be randomly selected to present its findings at the end of each class. All groups have to answer to case questions (in a power-point document) and submit it on BB before the presentation starts. Commitment to this group work, the content that will be delivered during the group presentation and on-time submission will impact the final exam grade from -2 to +2 points.

- The reference Book’ s chapters:

Prior readings are **mandatory** before coming to class. Those readings provide very useful background material to foster your understanding and learning in class. The material is available at the EDHEC library.

- Articles:

A list of business articles is also provided to foster class-discussion and is aimed at enriching your learning. The final exam will include questions on those articles.

ASSESSMENT METHODS

| Assessment | % of total mark | Learning outcome evaluated | Schedule | Details |
|------------|-----------------|----------------------------------|--------------------------------|--|
| Mid-term | 50 % | Individual knowledge is assessed | 1 for Part I and 1 for part II | MCQs only - Closed-book exam – understanding and application of tools and concepts presented in class |
| Final exam | 50% | Individual knowledge is assessed | In the end of the semester | MCQ, open questions and case study - Closed-book exam – understanding and application of tools and concepts presented in |

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| | | | | class |
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READINGS

The reference book of the course is R.M. Grant (2016). *Contemporary Strategy Analysis*, 9th Edition, Wiley

Students may also use Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regner, P. (2013). *Exploring Strategy Text & Cases*, 10th Edition, Prentice Hall. Financial Times.

RULES FOR ABSENCE

Attendance to case studies is **mandatory**. Each study leads to a participation grade. A grade of zero is automatically given in case of absence. **If students accumulate more than two absences, they will automatically get a grade of zero for the continuous assessment of this course.** In case you have a valid justification for this absence, please send justification documents to the Academic Affairs Department. Professors are not in charge of validating justification documents. Basically, only health-related issues or major personal issues are considered. Interviews for internships or absences caused by an invitation from other EDHEC departments or associations are not considered as valid reasons for missing case studies.

PLAGIARISM & FRAUD

We expect that all students equally and actively participate in teamwork. Free-riding behaviors have to be signaled to the course coordinators. In case of plagiarism, the entire team will be sanctioned and obtain a grade of zero for the continuous assessment of this course. Moreover, serious disciplinary sanctions will be enforced.

A BRIEF ON M. Franck Daryoush NASSIRI

Franck D. NASSIRI is graduated in Electrical engineering from Conservatoire National des Arts et Métiers in 1998 in Nice/France, holds an MBA in Global Finance from the IAE, University of Nice Sophia-Antipolis and a Master degree in Strategic management and sustainable development from SKEMA business school. Specializing in microelectronics and digital IC design, he held several positions as a Senior Engineer, Lab Manager and Competition Analyst in the semiconductor and mobile industries for over 18 years. He worked with well-known semiconductor companies such as NVIDIA Corporation, Texas Instruments and Infineon technologies. By the end of 2016, he founded “Philoway Consulting”, a specialist in “Organizational behavior”, “Strategic Management” & “Organization Culture”.