Strategy for MiF’s

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**What this course is about:**

The course covers **Business and Corporate strategy** concepts that are relevant for finance professionals. Examples of strategic issues that concern a particular line of business are competitive forces in the industry, business models, strategic positioning within the industry and resources and capabilities needed to compete. Corporate strategy issues typically matter for the corporate headquarters of a diversified firm - such as which businesses to be in, how to exploit synergies across businesses, reorganizations and how to expand and shrink corporate scope through M&A, alliances, joint ventures and divestitures.

The course is taught through a combination of case studies, individual assignments, one group assignment, and guest lectures.

**The unique perspective a strategy course offers:**

Strategy as a field is focused on competitive advantage- how to beat the competition. Strategic analysis assumes that most markets are imperfect and are not in equilibrium. Opportunities constantly emerge as industry conditions change, or are changed by innovating firms. Firms create competitive advantage by understanding these opportunities, designing strategies that match their capabilities to available opportunities, and executing well. The course covers various analytical tools that help with this process.

At the end of this course, you will be able to:

- Evaluate a business model from a strategic viewpoint
- Assess a company’s resources and organizational capabilities for their ability to generate sustained competitive advantage
- Understand industry evolution and its impact on competitive advantage
- Assess the organizational environment of a company, and how it supports (or detracts) from its strategy
- Evaluate a company’s diversification strategy
- Understand reorganizations and how they work (or don’t).
- Evaluate announcements of strategic partnerships – M&A’s, JV’s, Alliances
**Essential Readings**

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<thead>
<tr>
<th>Title</th>
<th>Year</th>
<th>Author</th>
<th>Institution of Author</th>
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<tbody>
<tr>
<td>Contemporary Strategy Analysis: Concepts, techniques, applications.</td>
<td>1998</td>
<td>Robert M. Grant</td>
<td>Georgetown University, USA</td>
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<td>(Blackwell Publishers)</td>
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**Assessment**

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<th>Individual (%)</th>
<th>Group (%)</th>
<th>Total (%)</th>
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<tbody>
<tr>
<td>Class Participation &amp;</td>
<td>30</td>
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<td>30</td>
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<tr>
<td>assignments</td>
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<td>Group report</td>
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<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>30</strong></td>
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**Support material:**

1. Handouts of slides
2. Class notes for each session, summarising main points from discussion. I do not give out “model solutions “ for each case, though I do provide them for assignments.
3. Feedback on all individual and group assignments
4. Flexible office hours (including evenings)
Class Schedule and Assignments

Session 1:
Introduction: “What is a business model?”

Before class Preparation:
Case: Nespresso
1. Has Nespresso been a success so far? What should Nespresso do?

Reading: Grant, chapter 1

After class follow up:
Magretta, Why business models matter (HBR)

Assignment 1: Business models.

Session 2:
Competitive forces

Preparation:
Case: African Communications Group
1. What is ACG’s business model? What is your opinion of the model’s internal and external consistency?

Follow-up reading:
• Grant, chapter 3

Recommended reading:

Session 3:
Industry evolution and strategic innovation

Preparation:
Case: Leadership Online: Barnes & Noble vs. Amazon.com
1. Does the online model have a cost advantage over the offline model?

Follow-up reading:
• Grant, chapter 4

Recommended reading:
• Markides, chapter 2

Session 4:
Resource Analysis & Competitive Advantage
Preparation:
Case: Rebirth of the Swiss Watch Industry, 1980-1992
1. Why did the Swiss Watch Industry take so long to respond to the introduction of the quartz watch?

Follow-up reading:
• Grant, chapters 5 & 10

Recommended reading:

Session 5:
Diversification and corporate strategy

Preparation:
Case: Monsanto’s March into Biotechnology (A)

1. As an analyst, how would you react to Monsanto’s diversification from commodity chemicals to biotechnology?

Follow-up reading:
• Grant, chapters 15 and 16

Recommended reading:
Belen Villalonga, “Does diversification cause the diversification discount?”

Session 6:
Strategic issues in M&A

Preparation:
Case: Cisco Systems: The acquisition of technology is the acquisition of people

1. What accounted for Cisco’s successful acquisition strategy?

Follow-up reading:
Managerial Over-commitment in Corporate Acquisition Processes

Recommended reading:
Bringing some discipline to M&A mania, P.Puranam, H.Singh and M Zollo, FT Mastering Management Series.

P.Puranam, B.Powell and Singh, H., Decision making perspectives on due diligence failures

Session 7:
Strategy Audit: Outsourcing meets the financial services sector

(Guest speaker)
Preparation:
TBA

Follow-up reading:
TBA

Recommended reading
TBA

Session 8:
Strategic Change: Adapting to Environmental Change

Preparation:
Case: Charles Schwab

1. What are the strategic challenges posed to offline brokerage by online brokerage? How should traditional brokers respond?

Follow-up reading:

Recommended reading:
Temporarily Divide to Conquer: Centralized, Decentralized, and Reintegrated Organizational Approaches to Exploration and Adaptation, Siggelkow and Levinthal

Session 9:
Winners and losers in financial services

Student project presentations

Session 10:
Challenges of Strategy Implementation

Preparation:
Case: Sabena Belgian World Airlines: Weytjens’ First Assignment
1. How should Erik Weytjens translate corporate level strategy into decisions and actions in his business unit?

**Follow-up reading:**
- Grant, chapter 6

**Recommended reading:**
- Markides, chapter 10