



**The Tuck School of Business  
Dartmouth College  
Hanover, New Hampshire**

## **COMPETITIVE AND CORPORATE STRATEGY**

**Winter 2011**

**Sections 2 and 4**

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# COMPETITIVE AND CORPORATE STRATEGY

## Winter 2011

### Course Overview and Objectives

Strategy is concerned with answering two central questions: “How and where should a business compete?” In this course, we will consider analytical techniques for diagnosing the competitive position of a business, evaluating business strategies, and identifying what organization form a business should take. These concepts and frameworks will help you to structure complex problems in business strategy and provide a solid foundation for strategic decision making.

### Student Responsibilities

Preparation for each class meeting is essential. All students are expected to arrive for class prepared to discuss the readings and case assigned for that day.

### Course Materials

All of the materials for the course are contained in the course packet.

### Grading

The graded components of the course are as follows:

Individual Final Exam	30%
Group Project	30%
Class Participation	40%

### Final Exam:

The final exam will be a timed take-home exam. The exam will cover the entire course and require you to demonstrate your mastery of the analytical tools and frameworks covered in this course.

March 1	Exam distributed to mailboxes by 5:00 PM
March 7	Exam due by 5:00 PM

## **Group Project:**

The group project is designed to help you learn to apply the tools and concepts covered in this course to a strategic situation that interests you. A detailed handout explaining the projects will be distributed during the first class session. For the project, the following assignments are due:

Feb 1	Project proposal due by 5:00 PM.
Feb 28 and March 1	Presentations in class.
Feb 28	Project papers due in drop folder by 8:30 AM.

## **Class Participation:**

Informed and engaged participation is expected of everyone. If you perform an analysis using a spreadsheet, print it out before class. If you need to access it dynamically during class, let me know before class.

Laptops, cell phones, and other electronic communication devices may not be used in the classroom. If you have a serious need to use such devices (writing difficulty, etc.), please request permission by sending me an email with an explanation for why you must use these devices. I may ask you to sit in such a way as to not disturb other students.

Some of the key characteristics of valuable class participation are as follows:

- Relevance:** Are your comments clearly related to the case?
- Advancement:** Does your comment move the class discussion forward?
- Fact-based:** Have you used specific facts from the case?
- Logical:** Is your reasoning consistent and logical or are there gaps in your logic?

If for some reason you are not prepared for a particular class session, let me know before class.

## **Attendance Policy**

You are expected to attend every class session. It is your responsibility to notify me if you will miss class. An illness or emergency is an excused absence. It is Tuck School policy that missing a class for an interview is not an excused absence. If you must miss a class session for an interview, notify me by e-mail in advance of class indicating the name of the firm and the reason for the absence. More than two unexcused absences for recruiting or other reasons will result in a penalty to your grade.

## Office Hours and Contact Information

My office hours are Tuesday, 1:30 to 3:30 pm. You can also make an appointment to meet with me at another time by contacting me directly via email, phone, or at the end of class.

## Academic Honor Principles

- In preparing for class, you may not discuss material with students who have already taken the course. In addition, use of slides, notes, spreadsheets, or handouts prepared by others in the past for strategy courses, including those prepared by professors or students at Tuck is prohibited. The use of materials from other schools is likewise prohibited.
- Similarly, you may not access any information contained in the course folder for Professor Verona's sections of this course until this course is over.
- Do not share any information from class, including insights from the case discussion, spreadsheet answers, professor comments, and handouts, with students from other sections who will attend a later class covering the same material.
- Final exam: This is an individual (not group) exam. You must do your own work. You may not discuss the exam with anyone else. This means that you should not prepare for the exam with your group
- Spreadsheets distributed for the cases are optional. You can do them alone or with other students. If you put them in the course folder for use in class discussion, however, you may put your name on them only if you participated in their preparation.
- Group project: Only those who contributed approximately equally to the preparation of the project and presentation may take full credit for it. If you put your name on the project, you are certifying that you have contributed approximately equally to it. The same guidelines apply to the class presentation.
- Plagiarism: *"Any form of plagiarism violates the Academic Honor Principle. Plagiarism is defined as the submission or presentation of work, in any form, that is not a student's own, without acknowledgment of the sources."*

## Miscellaneous

Students with learning disabilities or other special needs should contact me at the beginning of the course to arrange for any accommodations that may be necessary.

A copy of all PowerPoint slides and completed spreadsheets will be available after class in the course folder on the Tuck network. I may also provide a copy of students notes as well.

# COMPETITIVE AND CORPORATE STRATEGY

## **Session 1: January 6, 2011 Introduction to Strategic Analysis**

Readings: 1. “What is Strategy?” (HBR #96608)

Case: Dogfight over Europe: Ryanair (A) ((HBS #700115)

### Class Preparation Questions:

1. Will the launch strategy proposed by Cathal and Declan Ryan succeed?
2. How do you expect Aer Lingus and British Airways to respond?
  - a. How costly would it be for Aer Lingus and British Airways to retaliate against Ryanair’s launch?

## **Session 2: January 7, 2011 Industry Structure**

Readings: 1. “The Five Competitive Forces that Shape Strategy”, Porter, M., *Harvard Business Review*, January 2008.

Case: The Pharmaceutical Industry in 2005 (HBS# 9-706-423)

### Class Preparation Questions:

1. Who are the key competitors in the pharmaceutical industry? And what are their strategies?
2. What are the structural characteristics of the industry? How did they evolve over time?
3. What are the current opportunities and threats faced by the industry?
4. What could be the alternative to the blockbuster model?

## **Session 3: January 10, 2011 Industry Structure (Continued)**

Case: Cola Wars Continue: Coke and Pepsi in 2006 (HBS #9-706-447)

### Class Preparation Questions:

1. Why has the carbonated soft drink (CSD) concentrate industry been so profitable for Coke and Pepsi for decades?
2. Why did Coke dominate the industry through the 1950’s. How was Pepsi able to catch up?
3. What should Pepsi do in 2008 to catch up to Coke outside of the US?

#### **Session 4: January 11, 2011 Generic Strategies**

Readings: 1. Grant, “Types of Competitive Advantage”, pp. 218-220  
2. Grant, “Differentiation Advantage”, pp. 240-255

Case: Ducati (HBS #9-701-132)

#### Class Preparation Questions:

1. How would you characterize Ducati’s strategy in terms of the types of generic strategies described in the first reading above?
2. What were the main elements of Ducati’s generic strategy?
  - a. The worksheet in the Ducati Excel file contains the data from Exhibit 1, with COGS calculated for you. The spreadsheet also contains supplemental information on revenues in 1996 that is not in the case, as well as data for 1996 from Exhibit 12.
3. How can Ducati continue to grow? Should they consider entering new markets? If so, which ones and why?

#### **Session 5: January 18, 2011 Disruptive Technologies**

Readings: 1. Bower, J.& Christensen C., “Disruptive Technologies: Catching the Wave” (HBS # 95103)

Case: Making SMaL Big: SMaL Camera Technologies (HBS# 603116)

#### Class Preparation Questions:

1. What are the characteristics of the industry in which SMaL competes?
2. What resources does SMaL have? Does it have a competitive advantage?
3. Which option should SMaL consider in order to sustain its advantage?

#### **Session 6: January 19, 2011 Resources and Sustainable Advantage**

Readings: 1. Collis and Montgomery, “Competing on Resources.” (HBR #95403)  
2. Grant, “Analyzing Resources and Capabilities”, pp. 123-143.

Cases: Wal-Mart Stores Inc. (HBS #9-794-024)  
Organic Growth at Wal-Mart (HBS #9-707-498)

#### Class Preparation Questions:

1. Do Wal-Mart's resources and capabilities provide it with a competitive advantage?
2. Based on the information in the first case, how sustainable is Wal-Mart's competitive advantage? What are the most serious threats to it?
3. Should Wal-Mart offer organic foods in its stores? Why or why not? Be prepared to answer a poll on this question.

**Session 7: January 24, 2011 Game Theory**

Readings:

1. Dixit and Nalebuff, Thinking Strategically, "Anticipating Your Rival's Response," pp. 31-44
2. Games of Strategy: An Introduction (HBS # 9-187-159)

**Session 8: January 25, 2011 Project Proposal Preparation**

Professor King will hold special office hours from 8:30-3:30pm for any groups that would like to discuss their projects.

**Session 9: January 31, 2011 Competition and Game Theory**

Case: Bitter Competition: Holland Sweetener versus Nutrasweet (HBS #794079)

Class Preparation Questions:

1. How should Winfried Vermijs, the CEO of Holland Sweetener Company, expect NutraSweet to respond to HSC's entry into the European and Canadian Aspartame markets?
2. Specifically, how should Vermijs assess the relative likelihood of the two scenarios 1) price war and 2) normal competition.

**Session 10: February 1, 2011 Added Value and Cooperative Game Theory**

Case: De Beers Consolidated Mines Ltd. (A), (HBS #9-391-076)

Class Preparation Questions:

1. How has De Beers been able to sustain its dominant position in the diamond industry through the late 1970s?

2. Where does DeBeers really make its money?
3. How serious are the threats to DeBeers' position in 1983? Can these be quantified?
4. How should DeBeers respond to these threats?

### **Session 11: February 7, 2011 Platform Competition I**

Case: eHarmony (HBS #9-709-424)

Class Preparation Questions:

1. Why do people want to meet others on-line instead in the real world?
2. How structurally attractive is the on-line personals market?
3. Does eHarmony have a competitive advantage? If so, where does it come from?
4. How serious is the competitive threat to eHarmony?
5. Which of the four options should Waldorf pursue?

### **Session 12: February 8, 2011 Platform Competition II**

Reading: 1. Brandenburger & Nalebuff, Co-opetition, "Co-opetition", pp. 11-39.

Case: Responding to the Wii? (HBS #709448)

Class Preparation Questions:

1. How attractive is the video game console industry in 2008?
2. As Sony attempts to regain industry leadership from Nintendo, what lessons should Kazuo Hirai learn from the history of the video game industry? How has the structural attractiveness of the industry changed over time?
3. What are Sony's strategic options for regaining industry leadership? As Kazuo Hirai, which option would you pursue?

## **Part II: Corporate Strategy**

### **Session 13: February 14, 2011**

Visiting Executive: *Mr Alessandro Varisco. CEO of Moschino, a leading company in the fashion business – [www.moschino.com](http://www.moschino.com)*

Cook Auditorium Afternoon



## **Session 14: February 15, 2011 International Business**

Readings: Grant, “Global Strategy”, pp. 361-392.

Case: Global Wine War 2009: New World versus Old (HBS #9910405)

### Class Preparation Questions:

1. How did the French become the dominant competitors in the increasingly global wine industry for centuries? What sources of competitive advantage were they able to develop in order to support their exports? Where were they vulnerable?
2. What changes in the global industry structure and competitive dynamics led France and other traditional producers lose their market share to challengers from Australia, US, and other New World countries in the late 20th century?
3. What advice would you offer today to the French Minister of Agriculture? To the head of the French wine industry association? To the owner of a mid-size, well regarded Bordeaux vineyard producing wines in the premium and super premium categories?

## **Session 15: February 21, 2011 Diversification and Synergies**

Readings: 1. Collis & Montgomery, Corporate Strategy, “An Introduction to Corporate Strategy”, pp. 1-13.

Case: Walt Disney Company: The Entertainment King (HBS #701035)

### Class Preparation Questions:

1. Why has Disney been so successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he quintuple net income in his first three years as CEO?
3. How do you evaluate Disney’s corporate strategy in Eisner’s later years? Has Disney extended its scope too far – geographically, in terms of vertical integration, and across businesses?

## **Session 16: February 22, 2011 Acquisition Strategy**

Reading: 1. Tadelis, Steven, “Williamson's Contribution and Its Relevance to 21st Century Society” *California Management Review*, Winter2010, Vol. 52 Issue 2, p159-166

Case: The Walt Disney Company and Pixar: To Acquire or Not to Acquire (HBS #709462)

### Class Preparation Questions:

1. Which is greater: the value of Pixar and Disney in an exclusive relationship, or the sum of the value that each could create if they operated independently? Why?
2. Should Disney acquire Pixar? If so, how should the new entity be managed?

**Session 17: February 28, 2011 Project Presentations**

*Note: Attendance is mandatory, even if you are not presenting on this day.  
Your project papers are due in the student drop folder by 8:30am today.*

**Session 18: March 1, 2011 Project Presentations**

*Note: Attendance is mandatory, even if you are not presenting on this day.  
Today is also the last day of class.*

**FINAL EXAM**

**The exam will be distributed to your mailboxes, in a sealed envelope, by March 1 at 5pm. The exam is due back (put it in the student drop folder) on or before March 7 at 5pm.**