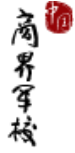




**PHBS**  
北京大学汇丰商学院



# MGT 511

## Corporate Strategy

### Module 4, 2018-2019

#### Course Information

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**Teaching Assistant: TBA**

Phone:

Email:

**Classes:**

Lectures: Mondays & Thursdays 8:30-10:20

Venue: PHBS Building, Room TBC

**Course Website:**

Once class starts please enrol in our course page at <http://cms.phbs.pku.edu.cn/>.

Announcements, documents, etc. will be posted to this site and it is your responsibility to make sure you keep up with them.

Please also make sure that you are on Turnitin:

**Class ID –20915085; Enrolment Key – CS2019**

-All assignments must be turned into Turnitin 30min before the start of your class session. No late assignments will be accepted.

## 1. Course Description

### 1.1 Context

Course overview:

Corporate Strategy offers a strategic perspective to look at multi-business corporations and to examine how participation in several industries, value-chain activities, and/or regions can enhance, or undermine the competitive advantage of a company. As an elective course in management program, MGT511 is to complement courses of MGT510 Strategic Management and/or MGT518 Strategic Leadership. Therefore, students will learn perspectives and approaches distinct from but relevant to the above courses, enhancing the students' abilities to understand, analyze, and solve problems faced in their future careers as middle and top managers.

This course is also designed to be integrative, drawing upon foundational material and tools developed in Strategic Management, such as SWOT analysis, BCG matrix, and industry analysis. To integrate material learned in this course and in other courses, we will use a series of HBR strategy short cases and three long cases by HBS, Ivey, and ACRC.

Each short case provides a hypothetical but practical situation that is closely related to many difficult decisions relating to corporate strategy. For this reason, it is important that you always prepare the case before class. A two-page case write-up will be due every week before we discuss the case. Each of the three long cases, however, should be limited to a four-page write-up. To help focus your analysis, a set of case questions for the three cases will be provided. The questions can be used to guide your case preparation. Note that one of the three long cases will be used as the basis for a negotiation game in class.

In addition to course content and material, it is also important that we take advantage of knowledge and experience of class members. Therefore, where relevant, please feel free to bring your own thoughts and illustrations into class discussion. I encourage students with global and working experiences to bring your knowledge into the classroom. Your previous knowledge and experience will be a valuable source of information for our learning in class.

The course is divided into four parts. The first addresses the core concepts in corporate strategy: resources, resource allocation, and synergy. The second part deals with business and diversification strategies. The third part focuses on systems and structure of the multi-business corporation. Final part of the class provides a synthesis of the material.

Prerequisites: MGT510 Strategic Management.

## **1.2 Textbooks and Reading Materials**

The readings, coming from a number of different sources, are carefully chosen to reflect a variety of perspectives and to stimulate your thinking. This class is probably the best opportunity you have to learn about corporate strategy—a subject that will become increasingly important as your career develops. I hope you will seize this opportunity and avail yourself of all the course materials.

### Recommended book:

Collis, D. J., and Montgomery, C. A. 2011 (2nd International Ed.). *Corporate Strategy: A Resource-Based Approach*, McGraw-Hill (Hereinafter **CM**).

### Cases:

Arauco (A): Forward Integration or Horizontal Expansion. Harvard Business School case.

GE Energy Management Initiative (A) and (B); Ivey Business School case.

Hong Kong Disneyland (A), (B), and (C): The Walt Disney vs. Hong Kong Government. The University of Hong Kong, ACRC case.

### Other Readings:

Rumelt, R. 2011. *Good Strategy Bad Strategy: The Difference and Why It Matters*. Crown Business.

Cases and articles as assigned in the course schedule should be available through CMS or a provided URL.

## Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes. Case write-ups and final exam.
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes. Class discussion and written assignments.
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes. Case studies and final exam.
	2.2. Students will be able to apply leadership theories and related skills.	Yes. Case studies and final exam.
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes. Case studies and final exam.
	3.2. Our students will practice ethics in the duration of the program.	Yes. Class discussion and case studies.
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes. Lectures, cases, and class discussion.
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes. Lectures.
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes. Lectures and cases.
	5.3. Our students will demonstrate competency in critical thinking.	Yes. Case write-ups, final exam.

### 2.2 Course specific objectives

1. The course prepares and requires students to be good listeners, who will have to understand precisely what other class participants have contributed during class discussion. For example, students will have to answer instructor's questions such as "would you summarize what others have just said?" "Would you compare and contrast the comments made by student A and B?" and "Do you agree or disagree what others have said, and why?"
2. A good listening is a necessary foundation for meaningful and creative discussion both in classroom and in organization. MGT511 is designed in part through case discussion method, which helps students practice listening abilities, in addition to traditional analytical abilities.
3. Build communication skills throughout course assignments, class interactions, teamwork, and presentations. Be effective and efficient in how you communicate complex problems and solutions.
4. Simulate, as much as possible, behavior consistent with business settings while learning frameworks and tools useful for management and consulting.

## 2.3 Assessment/Grading Details

Assessment	Type	Weight	Length	Due date
Class participation	Individual	30%		Every class
Case write-up	Group	25%	Two pages	30 min. before the class of the assigned case
Negotiation	Group	15%	Four pages	Class 7
Final exam	Group	30%	Five pages	July 3 <sup>rd</sup>

### General Guidelines:

All written work needs to be turned in on Turnitin and should be submitted in a format that Turnitin can check. For each group assignment, only one submission to Turnitin is required, and names of all group members should be included in the submission. Late work is not accepted.

### Class participation:

Grades reflect my judgment of your contribution to the learning environment. The grades take into account (1) the *frequency* of your responses in class, (2) their *quality* (e.g., relevance to course materials; insights that differ from others' points of view; elaboration or clarification of others' opinions), and (3) the *professionalism* of your conduct (i.e., attendance, punctuality, preparedness, and respect to your colleagues and their contributions).

### Group Case write-up:

Grades reflect *your team's* opinions about the cases in written format. Every team is required to submit your team's write-up before class discussion. There are six cases, but only five (excluding the first case) will be graded and each has 5 points. Each write-up cannot exceed two pages. Note that the case write-ups are team-based. Each team member has the same grade as the others in the same team.

### Group negotiation:

Grades are composed of two parts. One is a team-based case write-up (within four pages; 5 points), and the remaining 10 points will be based on the negotiation results (in one page). Two teams will be paired together: one plays as the role of Walt Disney and the other as Hong Kong Government. Negotiation results depend on whether the two can reach a deal as well as whether one party out-bargains the other and grabs significant benefits. The winning team will get all 10 points, while the losing team will get 3-8 points depends on the specific terms agreed.

### Group final exam:

Grades reflect *your team's* opinions about the exam case in written format. I will use both *relative* and *absolute* evaluation schemes. By relative, I mean that there will be as many different grades as the number of teams in class. For example, if we have five teams, there will be five different final exam grades. The grades are the same for all members of your team, as in the long case write-up. Thus, your exam grades depend on how your team does in writing up the exam case. By absolute, I mean that it is possible for all teams to get good grades if every team passes a reasonable threshold. Finally, unlike the group case write-ups that limits to only two pages, the final exam can be *up to five pages*.

## 2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to

falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

### **3. Topics, Teaching and Assessment Schedule**

#### **Schedule:**

This is a general guide, as it may change over time. Notification will be given of any changes.

#### **Part I. Resources**

##### **CLASS 1 – April 25<sup>th</sup> – Introduction “What is Corporate-level Strategy?”**

Readings:

Collis/Montgomery, Chapter 1 (An Introduction to Corporate Strategy).

Henderson, B. 1970. *The Product Portfolio*.

Optional:

Henderson, B. 1973. *The Experience Curve Reviewed, History*.

##### **CLASS 2 – May 6<sup>th</sup> – Why Do Companies Diversify? Theoretical Approaches**

Reading:

Collis/Montgomery, Appendix A (Past Approach to Corporate Strategy).

Fligstein, N. 1985. The Spread of the Multidivisional Form among Large Firms, 1919-1979, *American Sociological Review*, 50(3): 377-391.

Optional:

Williamson, O. 1991. Comparative Economic Organization: The Analysis of Discrete Structural Alternatives, *Administrative Science Quarterly*, 36(2): 269-296.

##### **CLASS 3 – May 9<sup>th</sup> – Why Do Companies Diversify? Resources and Rents**

Reading:

Collis/Montgomery, Chapter 2 (Resources and Rents).

Zenger, T. 2013. What is the Theory of Your Firm? *Harvard Business Review*.

Optional:

Teece, D. 1982. Toward an Economic Theory of the Multiproduct Firm, *Journal of Economic Behavior and Organization*, 3 (1): 39-63.

**Case 1: Stick to the Core or Go for More?**

<https://hbr.org/2002/02/stick-to-the-core-or-go-for-more>

Case question:

Should Advaark stick to its core competence?

## **Part II. Businesses**

### **CLASS 4 – May 13<sup>th</sup> – Choosing the Business: Industry Analysis**

Reading: Collis/Montgomery, Chapter 3 (Scale and Scope within an Industry).

Porter, M. 1987. From Competitive Advantage to Corporate Strategy. *Harvard Business Review*, 65, 42–59.

Collis/Montgomery, Appendix B (Business Strategy and Industry Analysis).

Optional: Henderson, B. 1972. Life Cycle of the Industry Leader.

### **CLASS 5 – May 16<sup>th</sup> – Defining the Business & Vertical Integration**

**Case 2: Arauco (A): Forward Integration or Horizontal Expansion.** Harvard Business School Case # **9-705-474**.

Case questions:

(1) Should Arauco build the Nueva Aldea project?

(2) What are the sources of Arauco's competitive advantage?

(3) Should Arauco own both forests and pulp production facilities? Does the Alto Parana project help you answer this question?

### **CLASS 6 – May 20<sup>th</sup> – Modes of Expansion: Build, Buy, and Borrow**

Reading: Collis/Montgomery, Chapter 4 (Diversified Expansion).

Markides, C. 1997. To Diversify or Not to Diversify, *Harvard Business Review*

Zenger, T. 2013. Strategy: The Uniqueness Challenge. *Harvard Business Review*.

Optional: Palich, L., Cardinal, L., and Miller, C. Curvilinearity in the Diversification–Performance Linkage: An Examination of Over Three Decades of Research, *Strategic Management Journal*, 21 (2): 155-174.

### **CLASS 7 – May 23<sup>rd</sup> – Modes of Expansion: Build, Buy, and Borrow**

Reading: Bower, J. 2001. Not All M&As Are Alike – and That Matters, *Harvard Business Review*.

**Case 3: The Pitfalls of Parenting Mature Companies.**

<https://hbr.org/1996/09/the-pitfalls-of-parenting-mature-companies>

Case question:

What advice should Marlowe give the CEO?

## **Part III. Structure and Systems**

### **CLASS 8 – May 27<sup>th</sup> – Organizational Limits to Firm Scope**

Reading: Collis/Montgomery, Chapter 5 (Organizational Limits to Firm Scope).

Zenger, T., and Huang, J. 2009. Limits to the Scale and Scope of the Firm, in Nickerson, J., and Silverman, B. (Ed.) *The Economic Institutions of Strategy (Advances in Strategic Management)*, 26: 267- 286.

### **CLASS 9 – May 30<sup>th</sup> – Organizational Limits to Firm Scope**

**Case 4:** *Cross Selling or Cross Purposes?*

<https://hbr.org/2004/07/cross-selling-or-cross-purposes>

Case question:

What will it take for cross selling to succeed in Top Tek?

### **CLASS 10 – June 3<sup>rd</sup> – Managing the Multibusiness Company: The Role of the Parent**

Reading: Collis/Montgomery, Chapter 6 (Managing the Multibusiness Corporation).

Campbell, A., Goold, M., and Alexander, M. 1995. Corporate Strategy: The Quest for Parenting Advantage, *Harvard Business Review*.

Vermeulen, F., Puranam, P., and Gulati, R. 2010. Change for Change's Sake, *Harvard Business Review*.

### **CLASS 11 – June 6<sup>th</sup> – Organizing and Structuring the Multibusiness Company**

**Case 5:** *GE Energy Management Initiative (A) and (B)*. Ivey Case Bank.

Case questions:

Take the position of Raj Bhatt:

(1) How does the GE Management System work? How does GE Canada fit into this picture?

(2) As of the end of the meeting with GE supply executives, what are your options for proceeding, and what do you intend to do?

### **CLASS 12 – June 10<sup>th</sup> – Negotiation**

Reading: Sebenius, J. 2002. The Hidden Challenge of Cross-Border Negotiations, *Harvard Business Review*.

### **CLASS 13 – June 13<sup>th</sup> – Group Negotiation: Role Playing**

**Case 6 (A):** *Hong Kong Disneyland (A): The Walt Disney Perspective*. ACRC Case.

Case Questions:

(1) How would you value the Hong Kong Disneyland project from the perspective of Walt Disney?

(2) How much does the attractiveness of the project vary according to different economic scenarios and financing arrangements?

(3) If concessions could be granted by the HKSAR in order to make the project feasible, what would those concessions be?

**Case 6 (B):** *Hong Kong Disneyland (B): The HKSAR Perspective*. ACRC Case.

Case Questions:

(4) How would you apply project evaluation techniques to value the Hong Kong Disneyland project from the perspective of the Hong Kong Government?

(5) How does the attractiveness of the Disneyland project vary under different economic scenarios and financing arrangements?

(6) Should the Government pay to lure Disney to Hong Kong? If so, at what price?

**CLASS 14 – June 17<sup>th</sup> – Global Strategy: Motives for Global Expansion**

Reading: Collis/Montgomery, Chapter 7 (Creating Corporate Advantage).

Dunning, J. 1988. "The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions," *Journal of International Business Studies*, 19 (1):1-31.

**CLASS 15 – June 20<sup>th</sup> – Global Strategy: Replicating Successful Strategy Globally**

In-class activity: Tinker Toy Game

**CLASS 16 – June 24<sup>th</sup> – Dynamics of Corporate Strategy**

Reading: Collis/Montgomery, Chapter 9 (Corporate Transformation: Dynamics of Corporate Strategy).

Beer, M., and Nohria, N. 2000. "Cracking the Code of Change," Harvard Business Review.

**CLASS 17 – June 27<sup>th</sup> – Restructuring Strategies: Reducing Firm Scope**

**Case 7:** *A Rose by Any Other Name.*

<https://hbr.org/2003/03/a-rose-by-any-other-name>

Case questions:

What's the best marketing strategy for Rose Partyware?

**CLASS 18 – July 1<sup>st</sup> – Review and Synthesis**

***Final Exam - July 03<sup>rd</sup>***

A tentative schedule is on July 03<sup>rd</sup> (Wednesday) from 3:30pm to 10:30pm. Every team needs to submit ONE copy of your case analysis before the deadline.