15.900
COMPETITIVE STRATEGY
MIT SLOAN SCHOOL OF MANAGEMENT
SPRING 2019
Classroom E51-335
Syllabus

Instructor
Erin L Scott (elscott@mit.edu)

Teaching Assistants:
Session A (1:00-2:30, Monday, Wednesday, Friday):
Session B (2:30-4:00, Monday, Wednesday, Friday):

Canvas Link:

I. INTRODUCTION

To be effective, business leaders must understand the factors responsible for their firm’s past performance and be able to identify those changes (inside or outside the firm) that are most likely to help or hurt future performance. In this course, we introduce modern strategy frameworks and methodologies to help you develop the skills needed to be a successful manager with responsibility for the performance of a firm or business unit within a firm. We use cases and readings to explore a wide range of strategic problems, focusing particularly on the sources of competitive advantage and the interaction between industry structure and organizational capabilities.

This course is distinctive in emphasizing the perspective of the general manager in ensuring the firm’s success. The general manager’s role is unique in that he or she must be attuned to both the external (market) and internal (organizational) forces that shape firm performance. For this reason, general managers must have a deep understanding not only of economic processes outside the firm but also of managerial processes inside the firm. Even the best business plan is ‘no better than the PowerPoint slides it is presented on’ unless it is married with appropriate organizational strategies that allow the firm to execute on that plan. With this in mind, this course complements the rest of the core curriculum, including Economics (15.010) and Organizational Processes (15.311). The course also serves as a foundation for subsequent material in both the Enterprise Management (EM) and Entrepreneurship and Innovation (E&I) track.
II. COURSE OBJECTIVES

The objectives for the course are as follows:

• Developing and reinforcing a general management perspective

• Understanding the fundamental concepts in competitive strategy: industry analysis, strategy identification and evaluation, the relationship between strategy and organization, competitor analysis, firm and industry evolution, and strategic and organizational responses to external changes.

• Integrating knowledge gained in other Sloan courses, including core coursework, with a focus on understanding what part of that knowledge is most useful to general managers.

• Developing an awareness of the dynamic impact of strategic actions by the firm and its rivals on business and corporate strategy and the industry.

• Building habits for how to validate the implications of strategic choices empirically

• Developing habits of orderly, analytical thinking and skill in reporting conclusions effectively and persuasively in written and oral form.

III. GRADING AND REQUIREMENTS

This class can only be taken for a grade. The grading is divided as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>20%</td>
</tr>
<tr>
<td>Pre-Class Surveys</td>
<td>10%</td>
</tr>
<tr>
<td>Group Case Memos</td>
<td>30%</td>
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<tr>
<td>Final Case Memo</td>
<td>35%</td>
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<tr>
<td>Group 360 Evaluation</td>
<td>5%</td>
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</table>
a. Class Participation (20%)

The character of the course naturally lends itself to active exchange among participants, thus we encourage, value, and recognize in-class contribution. Effective class participation includes attendance, preparation, and making an active and constructive contribution to the class discussion.

- You cannot contribute when you are not in class. **As such, both lateness and absences will count against your in-class contribution grade.** If you must miss a class, please let the TA (and instructors) know beforehand.
- To minimize distractions, **laptops and phones must be put away prior to the start of class. Tablets may only be used for note taking. Violations of this may also impact your participation grade.**
- You should be prepared for every class. If for some reason you are not prepared, please let the TA and instructor know before the start of class.
- The value and quality of this class depends critically on the quality and diversity of the class discussion. Part of your contribution grade is based on your in-class comments. Both quantity and quality are relevant, and thoughtful, consistent contribution is ideal. Sharing your perceptions and ideas with others is crucial for learning and for understanding how the diverse opinions that you are likely to encounter in an organization are debated. You will find yourself presenting and testing new ideas that are not wholly formulated and assisting others in shaping their ideas as well. You should be prepared to take some risks and be supportive of the efforts of others.

b. Pre-Class Surveys (10%)

For Classes 2-16 a very brief **pre-class survey will be distributed through Stellar 48 hours prior to the class session.** Survey responses are required, and are expected to demonstrate familiarity with readings and case materials. Each student is responsible for answering each survey.

**RESPONSES MUST BE SUBMITTED BY 9:00 AM THE DAY OF CLASS.**

c. Group Case memos (3 x 10% = 30%)

The study questions should guide preparation for each class. Groups of students must submit a two-page memorandum of analysis and recommendations for 3 cases during the course. This memorandum should focus on the study question that appears in bold for that session. The groups should have 4 members and the work should reflect the thinking of everyone on the team (**hint: everyone should be prepared to defend his or her answer in class**). Each memorandum should be typed and double-spaced, 12 point font with one-inch margins. The two-page limit is for text only. You may attach as many numerical calculations or diagrams as you wish, but important insights that come from these should be reflected in the text.

**Memoranda should be uploaded to Stellar in the homework folder for your class by 5:00 PM of the calendar day that immediately precedes the class session.**

Each memo will be graded on a five-point scale.

**CASE MEMO CHOICES:**
MEMO 1: NYT or Cola Wars
MEMO 2: Airborne or Husky Injection Molding Systems
MEMO 3: BSB vs. Sky or Akamai
d. Final Case Memo (35%)  

A Final Case Memo is due **March 15 (at 9AM)**. **Group discussion is allowed and encouraged.** With that said, *every student must compose his or her own answer on an individual basis, and hand in the assignment by the due date*. Submit the Final Case Memo by uploading a PDF version of the assignment to Canvas in the homework folder.

e. Group 360 Evaluation (5%)  

Each student must join a group of four students. Each group will be responsible for the Group Case Memos, and we strongly encourage you to meet regularly in your study group to discuss each case before class meets, even when you are not writing a case memo. Working in groups will give you a chance to learn from your colleagues. It also provides an opportunity to discuss your ideas in a setting approximating the management teams typically charged with these tasks. A Group 360 Evaluation (an evaluation by each group member of all other group members) will be distributed during the final week of class.

**IV. TEACHING ASSISTANCE AND HELP SESSIONS**

The teaching assistant is available to conduct individual or group help sessions on an occasional basis for any students who might find them useful. Students are encouraged to contact the TAs prior to class sessions where materials are reviewed. Please email both TAs when your questions are about the content of the course (each TA will take the lead for different class sessions). You should also feel free either to approach the teaching assistant or to make an appointment to see the professor if you have any questions regarding the course or the material.
## V. SCHEDULE OF SESSIONS AND READINGS

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic</th>
<th>Readings, Cases, Exercises &amp; Key Assignment Due Dates</th>
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<tbody>
<tr>
<td><strong>Introduction</strong></td>
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<tr>
<td>2</td>
<td>Feb 8</td>
<td>Value Creation &amp; Value Capture</td>
<td>NYT 2017 Annual Report (excerpt) NYT data supplement (spreadsheet)</td>
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<tr>
<td><strong>Industry Analysis</strong></td>
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<td>4</td>
<td>Feb 13</td>
<td>Industry Analysis: Managing the Value Chain</td>
<td><em>Cola Wars Continue: Coke and Pepsi in 2010</em></td>
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<td><strong>Firm-Level Strategy</strong></td>
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<td>5</td>
<td>Feb 15</td>
<td>Choosing How to Compete</td>
<td>Ghemawat and Rivkin (2006) Saloner et al. (2001)</td>
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<td>6</td>
<td>Feb 19</td>
<td>Low-Cost Leadership</td>
<td><em>Airborne Express (A)</em></td>
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<td>7</td>
<td>Feb 20</td>
<td>Differentiation</td>
<td><em>Husky Injection Molding Systems</em></td>
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<td>8</td>
<td>Feb 22</td>
<td>Putting It All Together</td>
<td>In-Class Exercise: <em>Trader Joe’s</em></td>
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<td><strong>Platforms</strong></td>
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<td>10</td>
<td>Feb 27</td>
<td>Platforms</td>
<td><em>Akamai Technologies</em></td>
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<td><strong>Strategy Dynamics</strong></td>
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<td>12</td>
<td>Mar 4</td>
<td>Entry Dynamics</td>
<td><em>British Satellite Broadcasting vs. Sky</em></td>
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<td>13</td>
<td>Mar 6</td>
<td>Evolution of Strategy</td>
<td><em>Guest Speaker: Scott Stern Reawakening the Magic: Bob Iger and the Walt Disney Company</em></td>
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<td>14</td>
<td>Mar 8</td>
<td>Changing Strategy</td>
<td><em>Lego(A): The Crisis</em></td>
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<td>16</td>
<td>Mar 13</td>
<td>The Origins of Strategy</td>
<td><em>Honda (A) Mintzberg (1987)</em></td>
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<tr>
<td>17</td>
<td>Mar 15</td>
<td>Wrap-Up and Final Case Debrief</td>
<td><strong>Final Case Analysis Due on March 15 by 9AM.</strong></td>
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</table>
CLASS 1: **Introduction: Managers Need Strategy**  
**February 6**

CLASS 2: **Value Creation and Value Capture**  
**February 8**

CLASS 3: **Industry Analysis and the Five Forces Framework**  
**February 11**

CLASS 4: **Industry Analysis: Managing the Value Chain**  
CASE: *Cola Wars Continue: Coke and Pepsi in 2010* [HBS Case 711462-PDF-ENG]  
**February 13**

CLASS 5: **Choosing How to Compete**  
**February 15**

CLASS 6: **Low-Cost Leadership**  
CASE: *Airborne Express (A)* [HBS Case 798070-PDF-ENG]  
**February 19**

CLASS 7: **Differentiation**  
CASE: *Husky Injection Molding Systems* [HBS Case 799157-PDF-ENG]  
**February 20**

CLASS 8: **Putting it All Together**  
Caselette: “For Trader Joe's, a New York Taste Test” (available on Canvas)  
**February 22**

CLASS 9: **The Economics of Multi-Sided Platforms**  
**February 25**

CLASS 10: **The Economics of Multi-Sided Platforms, cont.**  
CASE: *Akamai Technologies* [HBS Case 804158-PDF-ENG]  
**February 27**
CLASS 11:  **Game Theory**  
March 1


CLASS 12:  **Entry Dynamics**  
March 4

CASE: British Satellite Broadcasting vs. Sky Television [HBS Case 794031-PDF-ENG]

CLASS 13:  **Evolution of Strategy**  
March 6

Guest Speaker: Scott Stern

CASE: *Reawakening the Magic: Bob Iger and the Walt Disney Company* [HBS Case 717483-PDF-ENG]

CLASS 14:  **Changing Strategy**  
March 8

CASE: *Lego(A): The Crisis* [HBS Case 713478-PDF-ENG]

CLASS 15:  **Thinking Clearly about Disruption**  
March 11

Guest Speaker: Pierre Azoulay


CLASS 16:  **The Origins of Strategy**  
March 13

CASE: *Honda (A)* [HBS Case 384049-PDF-ENG]


**Final Case Assignment Due on March 15 (by 9AM).**

CLASS 17:  **Wrap-Up and Final Case Debrief**  
March 15

*Enjoy Spring Vacation!*