University of St.Gallen

7,200: Strategic Management (SIM)

Subject information

ECTS-Credits: 4

Attached courses

Timetable	Language	Lecturer
7,205,1.00 Strategic Management (SIM)	**English**	**Lechner Christoph**

Course information

Course prerequisites

There are no formal prerequisites for this course.

- The course is primarily reserved for SIM-Students. Potential remaining places are for international exchange students. If more exchange students apply for participation in the first session, places are allocated by lot.

Course content

Strategic Management is about setting the direction of a corporation and steering it through challenges in its environment. The discipline "deals with (a) major intended and emergent initiatives (b) taken by general managers on behalf of owners (c) that utilize resources (d) to enhance the performance (e) of firms (f) in their external environments." (Nag, Hambrick, and Chen, 2007)

The purpose of this course is to equip students with analytic tools, rigorous conceptual frameworks, practical experience and insights into academic research to the effective formation of strategy in diverse professional settings.

The course aims to go beyond established modes of thought in strategic management and incorporate innovative interdisciplinary research. Course participants will be able to draw on a wide variety of perspectives from within management studies and social sciences in this course.

Course structure

The seminar will be carried out in six sessions. Most sessions will feature a group presentation on a recent corporation/ event, a lecture and discussion of the session topic, and a joint case discussion. All relevant case studies are found below in the syllabus, categorized by lecture content.

Course literature

Lecture 1

Introduction to Strategic Management

Objectives:

This session provides an introduction to strategic management. We outline the evolution of the discipline, discuss strategic levels, and elaborate on the purpose of strategic management. In particular, we deal expressly with the question, why do some companies outperform others? What strategic choices account for performance heterogeneity?

Literature:

- Bowman, E., Singh, H. & Thomas, H. 2002. The domain of strategic management: history and evolution, Pettigrew, A., Thomas, H., & Whittington, R. (eds). Handbook of Strategy & Management, Sage Publishers, 31-51.
- Ghobadian, A. & O'Regan N. 2008. "Where do we fit in the swings and roundabouts of strategy?" Journal of Strategy & Management 1(1): 5-14.

Case study:

- Presentation and Annual Report of Hügli

Lecture 2

Industry Evolution

Objectives:

This section deals with competitive strategy and the evolution of industries through competition and rivalry. Participants should be able to understand the dynamics of competition in an industry, where multiple firms compete for the given target market share with a similar set of buyers seeking similar goods and services.

Literature:

- Huff, Floyd, Sherman & Terjesen, 2009. Strategic Management: Logic and Action (John Wiley & sons, 2009), Chapter 5 – Competing with Rivals. pp.124-160

Case study:

- Bain & Company, Private Equity Industry Report, 2010.

Corporate Strategy

Objectives:

This session focuses on Corporate Strategy. Participants will be able to answer the question, what business are we in? Topics will deal with the composition and balance of a company's portfolio of businesses, and identify decision-making that creates optimal relationships and synergies between those businesses.

Literature:

- Campbell, A., Goold, M., & Alexander, M. 1995. Corporate Strategy: The Quest for Parenting Advantange, Harvard Business Review 73(2): 120-132
- Misangyi, V.F., Elms, H., Greckhamer, T., & Lepine, J. 2006: A new perspective on a fundamental debate: a multilevel approach to industry, corporate, and business unit effects, Strategic Management Journal, 27: 571-590.

Case Study:

- Verity, J., & Barrett, G. 2009. "Creating Value at the Corporate Center: The Centrica Group, 1997-2006," *Cass Business School Case* 309-208-1.

Lecture 3

Business Strategy & Competitive Dynamics

Objectives:

This session details Business Strategy. Students should be able to distinguish business strategy from corporate strategy, and develop conceptual tools for the management of individual businesses in a portfolio. Topics will include cost-leadership vs. differentiation, competitive tactics and strategy dynamics.

Literature:

- Barney, J., & Arikan, A. 2001. The resource based view: origins and implications, in: Hitt, M., Freeman, R., & Harrison, J. (eds). Handbook of Strategic Management, Blackwell, 124-188.
- Thornhill, S. & White, R. 2007. Strategic Purity: A Multi-Industry Evaluation of Pure vs. Hybrid Business Strategies, Strategic Management Journal, 28: 553-561.

Case Study:

- Allianz Group, Business Case on "Cow Insurance", *University of St. Gallen*

Strategy Process

Objectives:

To understand classical and modern approaches to the formation of strategy. Participants will be able to distinguish between intended and emergent strategies and the processes that mediate the evolution from one to the other. At a conceptual level, students will be able to grasp the complexities involved in the implementation of strategy and understand the dynamic adaptive processes at work within a firm that can alter or modify the intended course of a given strategy.

Literature:

· Chakravarthy, B., Müller-Stewens, G., Lorange, P. & Lechner, C. 2003. Defining the contours of the strategy process field, in: Chakravarthy, B., Müller-Stewens, G., Lorange, P. & Lechner, C. (eds.) Strategy process, Strategic Management Society Book Series, Oxford: Blackwell Publishers, 1-17.

· Mintzberg, H. 1990. The design school: reconsidering the basic premises of strategic management, Strategic Management Journal, 11: 171-195.

Case study:

- Clariant: Strategic Planning Manual
- Marx, K, Lechner, C. & Müller-Stewens, Allianz Group: Shaping Strategy Processes, *University of St. Gallen*

Lecture 4

Business Models

Objectives:

This session will look at a firm's business model design as the focal point of its strategy. Participants will identify central elements of a business model design, such as value proposition, key resources, governance, and profit formula. These concepts will be linked to design arrangements that promote competitive advantage.

Literature:

- Zott, C., & Amit, R. 2010. "Business Model Design: An Activity System Perspective," Long Range Planning, 43(2-3): 216-226

Case studies:

- Albert, D., Lechner, C, & Oh. L. 2010. Swiss Private Banking: Business model transformation from crisis to opportunity, *University of St. Gallen*

Strategic Renewal

Objectives:

This session deals with the renewal of organizations in the face of various environmental and internal pressures. Participants will learn about decision-making the alters the trajectory of a firm as it adapts to new challenges, and the counteraction of inertia. Topics will include environmental triggers, initiatives, and internal process coordination and evolution.

Literature:

- Agarwal, R. & Helfat, C. 2009. "Strategic Renewal of Organizations," *Organizational Science* 20(2): 281-293
- Volberda, H., Baden-Fuller, C., & Van den Bosch, F. 2001. "Mastering Strategic Renewal: Mobilizing Renewal Journeys in Multi-unit firms," *Long Range Planning* 34: 15-178

Case study:

- Kreutzer, M. 2010. "Strategic Renewal: The Case of Abegglen," *University of St. Galle*

Lecture 5

Organizational Design

Objectives:

This session deals with tensions at the heart of every firm--stability vs. change; efficiency vs. innovation; and autonomy vs. control. Participants will be able to understand the logic of an organizational design that most effectively balances those competing requirements. Topics will include the M-Form, transaction costs, and structural fit.

Literature:

- Raisch, S. 2008. "Balanced Structures: Designing Organizations for Profitable Growth," *Long Range Planning* 41(5): 483-508

Case Study:

- Vassolo, R., & Kleinhempel, M. Disney Latin America, *IAE Business School Case*, PE-C-083-IA-1-e

Turnarounds & Restructuring

Objectives:

In this session we will discuss restructuring of companies. We will explore topics such as cost optimization, operational and structural improvements, and portfolio restructuring.

Literature:

- McGrath, R., and MacMillan, I. 2009. How to Rethink Your Business During Uncertainty, MIT Sloan Management Review 50(3): 25-30
- Brauer, M. 2006. What have we acquired and what should we acquire in divestiture research? A review and research agenda. Journal of Management, 32: 751-785.

Case study:

- Boppel, M. & Lechner, C. 2010. The Restructuring of SwissMetal, *University of St. Gallen*

Lecture 6

Growth Strategy

Objectives:

This session focuses on growth strategy. Students will be able to identify why growth is critical to the survival of modern corporations. This session focuses on weighing the upsides and downsides of aggressive growth strategies and aims to equip students with knowledge of various growth strategies, including core and adjacent growth. Also, we will examine approaches with which corporations are pursuing their growth ambitions.

Literature:

- Zook C. & Allen, J. 2003. "Growth outside the Core," Harvard Business Review 81(12): 66-73.
- Lechner, C., Kreutzer, M. 2010. Coordinating growth-initiatives in multi-unit corporations, Long Range Planning 43(1): 6-32.

Case study:

- Lechner, C. & Kreutzer, M., 2009. Tesco vs. Sainsbury's: Growth Strategies and Corporate Competitiveness,

1990-2007, *University of St. Gallen*

Alliance & Network Strategy

Objectives:

This session aims to develop understanding of alliances and networks as instruments of strategy. Course participants will be able to identify the logic of alliances in relation to acquisitions and understand the relational dynamics of dyadic and multi-partner alliances.

Literature:

- Inkpen, A. 2001. Strategic Alliances, in: Hitt, M., Freeman, R., & Harrison, J. (eds). Handbook of Strategic Management, Blackwell, 409-432.
- Lavie, D., Lechner, C. & Singh, H. 2007. The performance implications of timing of entry and involvement in multi-partner alliances, Academy of Management Journal, Vol. 50, Issue 3: 578-604.

Case study:

- Lechner, C. & Müller-Stewens, G. AT&T Unisource, Case Study

Individual Written Assignment:

Analysis of "Portfolios of Corporate Programs"

Context: Multi-business firms often engage in one or several concurrent *corporate programs or initiatives* to align their businesses to the firms' strategic priorities or objectives. Depending on the priorities, corporate programs can have different goals (e.g. growth, restructuring or capital-efficiency and use mechanisms such as internal initiatives, M&A or alliances to a different degree.

The Portfolio of Corporate Programs (PCP) is the set of all ongoing corporate programs of all types. Corporate programs are strategic initiatives that are coordinated at the corporate-level and span across divisions. They might originate at the corporate-level (top-down) or at the business-unit level (bottom-up), but are regarded at some point as relevant for the whole multi-business firm. Strategic initiatives can be defined as coordinated undertakings for expanding or renewing the capabilities of an organization that significantly impact its evolution and performance.\

Research: There are many open issues regarding the portfolio of corporate programs worthwhile to be examined: Is it better to launch them parallel to each other or subsequently? How many corporate programs can be "digested"? What are effective ways to coordinate them? What is the structural set-up for these programs? Are they managed independently or interdependently? How are people staffed to these programs? How are they financed?

Scope: Each student will analyze a set of corporate programs and its evolution over time at one particular organization. The following European financial services firms serve as a sample of potential firms. Actual assignments will be provided on the 1st lecture (1.October 2010).

Tasks:

Individual Assignment: Students are expected to prepare a written report (5 pages, single-spaced, 11pt font) addressing the issues and questions listed below.

1) Company and Industry summary

· Short company history, key facts, organizational structure, TMT (including CEO) information, international presence etc.

· Environmental assessment (industry, market environment; home country regulatory environment)

2) Characteristics of PCP

· What are the names of the corporate program(s) (if any)?

· What is the strategic focus of each corporate program? Please assign percentages to the following categories: Growth focus (New products, market entries etc), Restructuring focus (e.g. cost cutting initiatives, process improvements etc), Capital-efficiency focus (Working Capital Management, Financing structure etc.).

· What is the portfolio strategy? Is the firm's portfolio of corporate programs balanced or aligned towards one goal? Were there major changes of the portfolio strategy over time?

· Please assess whether and how the corporate strategy is represented by the portfolio strategy

3) Structural Embeddedness & Context

· How many corporate programs are pursued?

· Which and how many divisions and/or functional areas are affected by each corporate program?

· Do interdependencies exist between corporate programs? Please describe them. Do they benefit or constrain each other?

4) Coordinating Mechanisms

· What mechanisms are used?

· How are the corporate programs managed?

· How are corporate programs rolled out internationally? How are they tailored to needs of international subsidiaries?

5) Evolution over Time

· How did the portfolio of corporate programs evolve over time (in respect of strategic focus, structure, mechanisms)?

· Please consider all corporate programs from 1999 onwards. For major corporate programs that had been running in 1999 please extend the time frame accordingly (start of corporate program).

6) Major Challenges *during the evolution of PCP?*

· Has everything run smooth or have there been major hurdles?

· If so, what did cause these hurdles?

· How did the corporation react upon them?

7) Performance

· Please evaluate whether the firm was successful with its corporate programs. Please start your assessment by evaluating the dimensions described above. What other factors do you consider relevant for performance evaluation?

· What were the reasons for success or failure?

8) Further Insights?

· Are there any additional insights or peculiarities that found your attention and are worthwhile to be discussed?

You may find information on corporate programs on the company websites, in their annual reports, in the public press, company databases, industry reports, and other public data sources. While you are free to conduct interviews with corporate managers, this is not required.

Group Assignment: The group presentation will focus on the banking industry as a lens for the topics we have discussed through the course of our seminar. Each group will be assigned one of the topics covered in our course. Each group will be responsible for presenting the topic through the lens of one bank of the group's choice. Please use relevant facts and figures in the presentation and be sure to incorporate conceptual analyses relevant to the assigned topic. Students may use publicly available information as well as interviews or information offered by companies to students for course application.

Course additional information

Information about the Examination

Examination type

decentral - Presentation (in groups) (25%)

Comment: oral presentation including written course work

Examination aids

no regulation necessary

No rules for examination aids are required for this examination.

- For written examinations at home (term paper), courses without credits, etc., no specific rules for examination aids are required.
- The regulations of the University of St. Gallen and the rules of academic work (sources and aids must always be identified) are applicable in a subsidiary fashion.
- All written work must be accompanied by a declaration of authorship.

Question language: **English**
Answer language: **English**

decentral - examination paper written at home (individually) (25%)

Examination aids

no regulation necessary

No rules for examination aids are required for this examination.

- For written examinations at home (term paper), courses without credits, etc., no specific rules for examination aids are required.
- The regulations of the University of St. Gallen and the rules of academic work (sources and aids must always be identified) are applicable in a subsidiary fashion.
- All written work must be accompanied by a declaration of authorship.

Question language: **English**
Answer language: **English**

central - Written examination (50%, 60 mins.)

Examination aids

Closed Book

The following rules apply to all examinations irrespective of requirements and use:

- A simple pocket calculator is admissible (for the definition of simple pocket calculators incapable of communication, cf. general regulations concerning examination aids of 14 December 2010 and note the "Pocket calculators" fact sheet). Any other EDP and electronic means of communication such as notebooks, PDAs and mobile telephones, etc., are inadmissible.
- A bilingual dictionary (without handwritten notes) may be used if the examination questions and/or answers are not in the candidate's native language. Electronic dictionaries are inadmissible.
- The procurement of these examination aids is exclusively the students' responsibility.
- No other examination aids are admissible.

Question language: **English**
Answer language: **English**

Examination content

All course contents, including lectures, group case presentations, and all compulsory course readings.

Exam-relevant literature

Lectures, presentations, and compulsory course readings.

Attention please:

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?
Information about courses: from the start of the bidding process on 26 August 2010
Information about decentral examinations: after the 4th semester week on 18 October 2010
Information about central examinations: from the start of the enrolment period for the examinations on 8 November 2010

Please look at the fact sheet once more after these deadlines have expired.