



## **CALCUTTA BUSINESS SCHOOL**

### **Post Graduate Diploma in Management Program (PGDM)**

**Course Title: Strategic Management (SIM 601) For: First Year Students**

**Instructor: Prof. Suman Kumar Dawn**

**Term: III, Batch: 2020-22**

**Office: - PGDM Office , Academic Block**

#### **Course Overview**

Strategic Management is concerned with creating and sustaining a firm's competitive advantage and is aimed at achieving superior performance in the context of its business environment. In this introductory course we take the perspective of either the head of a business unit, or the CEO of a corporation, who has responsibility for the long-term health of the organization. In other words we take a general management perspective which means that we move away from a functional perspective to viewing a firm as a whole.

We will examine how firms formulate effective strategies at a business and corporate level that incorporate analytical, behavioral and creative aspects. We shall strive to integrate learning from other courses in various disciplines and functional areas. We shall discuss business strategy issues that are concerned with a particular line of business; competitive forces in the industry, business models, strategic positioning within the industry, activity configuration and resources and capabilities needed to compete. We shall also discuss corporate strategy issues that are dealt with by the corporate headquarters of a diversified firm relating to its scope and boundary.

## **Course Objectives**

1. To develop an understanding of how firm compete with each other in product markets; for access to distribution channels and raw materials; for acquiring human resources, technology, patent rights, etc., and strive to achieve superior performance in the context of their business environment.
2. To develop an understanding of the significance of business context; the nature of trade-offs in strategic decision making; an appreciation of the perspective of senior and top management of a firm.
3. To develop analytical and problem solving skills from the perspective of a general manager.
4. To develop an understanding of the concept of strategic management and how it can help in integrating different organizational functions with the aim of achieving a firm's objectives.

## **Learning Outcomes**

1. Understand the interrelationships between functions and the trade-offs involved in strategic decision-making.
2. Understand the concept of strategy and develop an appreciation of the strategic management process.
3. Understand the key elements of successful implementation of strategy, such as people, organization structure and systems, communications/information sharing, performance management, organizational culture and leadership, etc.
4. Understand the nature of strategic change process, and appreciate how the various key elements are related and how they can be harnessed to achieve the strategic objectives of a firm.

## **Pedagogy**

### **1. Case Method**

Learning will primarily be facilitated through discussion of cases. The effectiveness of the case teaching method depends on both the instructor and the participants. The students, as participants in the case discussion, have the

responsibility to prepare for the case prior to the session, and actively participate in the case discussion. The instructor's role is to moderate the class discussion and facilitate the learning process.

## **2. Group Project:**

The Group Project is one of the very important aspects of this course. It will allow you to apply many of the concepts you have learnt in various discipline based and functional area courses during the first two terms as well as those courses you are currently studying in Term III. The Group Project would also help you to understand and internalize the various concepts underlying the field of Strategic Management.

In order to answer the above question you will need to find answers to many questions some of which are given below as illustration.

- a. How has the company performed financially over the years? (at least last 5 years)
- b. What is your assessment of the external environment of the firm? Consider the various factors like the economy (domestic and international), social, political, natural, technological, and regulatory among others? Identify the company's strategy, strengths, weaknesses and core competencies.
- c. What is your assessment of the internal environment of the firm?
- d. What are the personal beliefs and aspirations of the key persons and stakeholders?
- e. What in your group's opinion are the opportunities and threats in the external environment?
- f. Who are the key competitors of the firm and what strategies are they pursuing and why?
- g. What are the important strengths, weaknesses and core competencies of the key competitors? (key strengths and weaknesses must be identified in comparison to competitors)
- h. Considering the above, prepare a strategic plan for the next 05 years for your chosen company. The strategic plan should delineate the vision, mission, and

core values of the company besides their objectives, growth / consolidation strategies, product and market development strategies, financial strategy, and projection for 5 years, marketing strategy, R&D and innovation strategy, operations strategy, organizational and HRM strategy, etc., with appropriate timelines.

Towards the end of the term all the **Groups** would be required to make detailed presentations on their project. Each group will get 30 minutes for making their presentation, following which there will be questions from the audience including students belonging to other **Groups**.

Based on the project presentations and the group's responses to the questions from the audience the **Group Projects** would be evaluated by the faculty. The top 02 groups would be given certificates of excellence in the project presentations.

### **Evaluation Scheme**

The overall grade in the course will be determined by your performance on several dimensions: Class Participation, Presentations, Quizzes (Surprise or Announced) & Term end examination.

The details are as given below:

<b>Component</b>	<b>Weightage</b>
Class Participation (Individual)	10%
Presentation on Cases / Readings (Group)	10%
Quizzes (Individual) (Surprise or Announced)	20%
End term Examination (Individual)	40%
Project (Group)	20%

## **Preparing for Case Discussion**

In analysing the case, the concepts in the relevant readings should be applied. As we progress through the course, it would be useful to integrate the learning from prior sessions into the preparation. Many of the discussion questions would require numerical calculations based on data provided in the case. Students are encouraged to carry out relevant calculations and use the same in their analyses.

There are no right or wrong answers to any business situation or issue, as managers often work with insufficient data and time. While it is often possible to judge the correctness of a decision with hindsight, that however is not the primary learning objective. Rather, the objective is to inculcate in the students the ability to analyse situations and arrive at conclusions that are most appropriate given the available information; the appropriateness being judged on the basis of consistency of the line of thought that leads to the conclusion. The students, in preparing for the case discussion, may focus their analysis on:

1. Understanding the business situation/ problem in as detailed and nuanced a manner as is possible
2. Applying the conceptual frameworks and techniques to address the situation/ problem
3. Coming up with explanations and conclusions that are internally consistent and logical, that directly address the situation/ problem

## **Participating in Case Discussions**

Discussions on the cases assigned for each of the sessions is expected to provide the students with the understanding and application of relevant conceptual frameworks and analytical techniques. While the instructor shall moderate and guide the case discussion, active participation by the students is essential for the case discussion to deliver value in the classroom. Effective class participation requires the students to:

- Prepare well for the class
- Participate meaningfully in the class discussion (clear and concise articulation of one's point of view, without repeating/ paraphrasing what someone else has said already)
- Understand and appreciate differing points of view
- Synthesize learning from the discussion

Class participation gives the students the opportunity to practice and develop their ability to add value to a discussion. So prepare well, and do not hesitate to participate in the class discussion.

## **Text Book, Reference Books & Journals**

### **Text Books**

The main text book for the course is:

Robert M. Grant (2013). Contemporary Strategy Analysis, Wiley, 8th Edition.

Following are some of the books available in our library that you may refer for additional knowledge and understanding other than the text book, readings and cases given in the course pack.

### **Reference Books**

M.E. Porter, Competitive Strategy, 1980.

M.E. Porter, Competitive Advantage, 1985

### **Journals**

From time to time you should also refer to various issues of some of the popular management journals such as Academy of Management Perspective, Business Horizon, European Journal of Management, Harvard Business Review, California Management Review and Sloan Management Review.

## **Session Plan**

### **Module I: What is Strategy?**

#### **Session 1 - 3: Introduction to Strategic Management:**

**Objectives:** To provide the students with an understanding of the various Processes in strategic management and thought of strategic formulation, and how can it differentiate with policy

#### **Session 1: Concepts**

## Understanding Strategy

Strategic Decision Making – Issues in Strategic Decision Making

School of thought on Strategy Formulation

Definition of Strategic Decision Making

Elements in Strategic Management, Models of Strategic Management Process

Readings:

- Chapters 1 & 2 (Grant):
  - a. The concept of Strategy
  - b. Goals, Values, and Performance
- Porter, M. E. (1996) What is Strategy? Harvard Business Review, 74(1), Nov-Dec 1996

## **Session 2: Concepts**

Strategic Intent

Vision – The nature of Vision, Defining Vision

Mission

Understanding Mission, Defining Mission , Characteristics of a Mission Statement

Goals & Objectives – Roles of Objectives , Characteristics of Objectives , What Objectives are set? How re objectives are formulated? Balanced Scorecard

Approach to Objectives setting. Critical Success factors

Levels of Strategic Planning – Schools of Thought on Strategy Formulation

Issues Faced in Strategic Planning

Readings:

- Same as in Session 1
- Collins, J. C., & Porras, J. I. (1996) Building Your Company's Vision, Harvard Business Review, Sep-Oct 1996, p.65-76

## **Session 3: Case**

Case: Narayana Hrudayalaya Heart Hospital – Cardiac Care for the Poor (HBS Case 9-505-708)

Supplement: The Henry Ford of Heart Surgery (WSJ article by Geeta Anand, 25 Nov 2009)

Discussion Questions:

1. Is Narayana Hrudayalaya (NH) successful? On what basis would you assess its success? What are the broad objectives of NH?
2. What is the business model of NH? How does the business model support its objectives?
3. What is Dr. Devi Shetty's vision? How does NH fit into realising his vision?
4. If you were to articulate the mission, vision and values of NH, how would you do it? Do statements of mission, vision and values serve any purpose, or are they just pin-ups?

## **Module II: Strategy Formulation , Industry and Competitive Environment**

### **Sessions 4 : Strategy Formulation**

Environmental Appraisal –To understand the importance of Environmental appraisal and different techniques and resource management in terms of appraisal and Need for Michael porter five force industry analysis and its ratings.

- Environment appraisal: The concept of environment, The Company and its environment
- Environmental Scanning : Factors to be considered for Environmental Scanning , Approaches to Scanning , Sources of Information for Environmental Scanning, Methods and Scanning for Environmental Scanning
- Scanning the environment, relating opportunities and resources based on appraisal of the environment (situation analysis - opportunities and threats analysis)
- External Analysis-Michael Porter's Five Force Industry Analysis
- Value Chain Analysis - Internal Analysis-Critical Success Factors (CSF)

### **Session 5-6: Industry and Competitive Analysis: Concepts**

Readings:

- Porter, M. E. (2007) Understanding Industry Structure, HBS Note (9-707-493)
- Chapter 3 and Chapter 4 (Grant):
  - a. Industry Analysis: The Fundamentals
  - b. Further Topics in Industry and Competitive Analysis

### **Session 5: Case**

Case: Michelin in the Land of Maharajahs (A): Note on the Tire Industry in India (Ivey Case 907M30)



### Discussion Questions:

1. How attractive is the Indian tyre industry?
2. How successful are the main players in the Indian tyre industry?
3. Are the conclusions from industry analysis (attractiveness) consistent with performance of the main players? How will you explain the differences?

### **Session 6: Case**

Case: Cola Wars Continue: Coke & Pepsi in 2010 (HBS Case 9-711-462)

### Discussion Questions:

1. Why has the soft drinks industry been so profitable historically?
2. Are the economics of the bottling business different from those of the concentrate business? Why?
3. How has competition between Coke and Pepsi affected the industry's profits?
4. Can Coke & Pepsi sustain their profits in the future?

### **Module: III: Creating and Sustaining Competitive Advantage**

#### **Session 7: Analyzing Resources and Capabilities: Concepts**

#### Readings:

Chapter 5 (Grant): Analysing Resources and Capabilities

### **Sessions 8 - 9: Sources of Competitive Advantage**

#### **Session: Concepts**

#### Readings:

Chapter 7 (Grant): The Sources and Dimensions of Competitive Advantage

### **Session 9: Case**

Case: Matching Dell (HBS Case 9-799-158)

### Discussion Questions:

1. How and why did the US personal computer industry come to have such low average profitability?
2. Why has Dell been so successful despite the low average profitability in the PC industry??

3. How effective have competitors been in responding to the challenge posed by Dell's advantage?
4. What should each of Dell's major rivals (IBM, Compaq, HP, and Gateway) do now?

## **Session 10: Sustaining Competitive Advantage through Resources and Capabilities: Concepts and Case**

Readings:

- Collis, D.J. & Montgomery, C.A., (2008) Competing on Resources, Harvard Business Review, Jul-Aug 2008

As in sessions 7, 8 and 9.

Case: Wal-Mart Stores in 2003 (HBS Case 9-704-430)

Discussion Questions:

1. What is the basis for Wal-Mart's cost advantage?
2. Has Wal-Mart been able to sustain its competitive advantage and superior performance over the years covered in the case? If so, how?
3. What challenges confront Wal-Mart in 2003? How can Wal-Mart continue to sustain its superior performance?

## **Session 11: Issues in Strategy Implementation: Concepts**

Readings:

- Chapter 6 (Grant): Organization Structure and Management Systems

## **Sessions 12 - 13: Issues in Diversification Strategy**

### **Sessions 12: Concepts**

Readings:

- Prahalad, C. K. & Hamel, G. (1990) The Core Competence of the Corporation, Harvard Business Review, May-Jun 1990, p.79-91
- Campbell, A., Goold, M. & Alexander, M. (1995) Corporate Strategy: The Quest for Parenting Advantage, Harvard Business Review, p.120-132
- Chapters 13 (Grant): Diversification Strategy

### **Session 13: Case**

Case: Newell Company: Corporate Strategy (HBS Case 9-799-139)

Discussion Questions:

1. How successful is Newell?
2. What is Newell's corporate strategy? (see how the strategy statement has evolved over time)
3. Are the various businesses in Newell related? Why/ why not?
4. How does Newell engage with its customers (volume retailers)? Why does it do so?
5. How does Newell's corporate office add value to its businesses?
6. Does the Calphalon acquisition make sense? Why/ why not?
7. Does the Rubbermaid acquisition make sense? Why/ why not?

## **Sessions 14 - 15: International Strategy**

### **Sessions 14: Concepts**

Readings:

- Chapter 12 (Grant): Global Strategy and the Multinational Corporation
- Ghemawat, P. (2007) Managing Differences: The Central Challenge of Global Strategy, Harvard Business Review, Mar 2007, 11p.

### **Session 15: Case**

Case: Whirlpool Corporation's Global Strategy (Thunderbird Case TB0175)

Discussion Questions:

1. Is the appliance industry global? Why/ why not?
2. How is Whirlpool performing in its home market and other markets?
3. What were the assumptions behind Whirlpool's global strategy? To what extent were these assumptions valid?
4. What challenges/ problems did Whirlpool encounter in various markets? Why?
5. Was Whirlpool's global strategy successful? What lessons can we learn from Whirlpool's experience?

**Session 16 to 19: Live Case Study**

**Group Project Presentation** (The sessions for Group Presentation will not be counted as sessions within the 20 sessions earmarked for this course)

**Session 20: Integration and Wrap-up**