

Strategic Management Spring 2025

Professor: Aticus Peterson

Phone: 212-998-0424

Email: ap9674@stern.nyu.edu

Office: KMC 7-57

Class Timing: Tuesdays and Thursdays 9:30-10:45 am, 11:00am-12:15 pm

Office Hours: TBD

Class Location: TBD

Introduction

Why are some firms more successful than others? This is the fundamental question that guides strategy. This course will provide a set of tools and frameworks that help students to develop the knowledge and skills needed to effectively analyze, formulate, and implement strategy – in short, create a high-performing firm. These skills are germane not only to senior executives, but also to consultants, investment analysts, venture investors, and entrepreneurs.

The primary objective of the course is to teach you to be a better – meaning more systematic, logical, complete, critical – strategic thinker. This means being able to combine rigorous thinking with creativity and good judgment across a range of situations.

Typically, we consider firm performance to be influenced by the convergence of several factors:

- The external environment or industry factors where a firm operates
- The competitive positioning that a firm adopts within that context
- The set of activities through which firms implement its position
- The boundaries of the firm
- The decision-making capabilities of managers

We will examine these factors across three modules:

Module 1: Analyzing and selecting competitive positions

This module focuses on the formulation of strategies at the business unit level. We will examine external industry forces, competitive positioning, internal firm resources, and sources of competitive advantage. We will address the following questions:

- How do industries (and their structures) affect profits?
- How do different niches create different outcomes?
- What role do firm resources play in profitability?
- How do environmental goals influence profitability?

Module 2: Strategic interaction and dynamics

This module examines how competition affects the ability of firms to make economic profits. We will explore rivalry and competitive responses. Given the prevalence of digital technologies and infrastructure, we will also examine the dynamics of platform-based business. We will address the following questions:

- How do competitive interactions affect profitability?

- How can firms disrupt established industries?
- How do platform dynamics affect competition?

Module 3: Corporate strategy

This module examines how multi-business firms can earn superior returns. We will learn about the sources of corporate advantage, and, in particular how decisions about corporate scope create or destroy value. We will address the following:

- Introduction to corporate strategy
 - Across what businesses should a firm operate?
 - Across what markets should a firm operate?
 - How do firms create (or destroy) value through their entry mode choices?
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Course Materials

The materials that you need for the course include cases and readings. Course materials can be purchased directly through HBS Publishing (links below). There is no required textbook.

Cases: We will use cases extensively in this class to illustrate how to apply conceptual frameworks and arguments to actual business situations. For a case discussion to be a valuable learning experience, it is essential that you come prepared to discuss the cases and readings assigned for that class. In addition, the case discussion questions serve as the focus of class discussion. In preparing for the case discussion, I ask that you deal with the cases as you find them; do not seek outside or post-case data on the firm or industry. **Seeking material from outside the course or from students who have taken the course before is a violation of the honor code.** Of course, if you already have useful information from previous work experience, this can be very helpful in case discussion. Please let me know about it in advance, and I will make a point to call on you at the appropriate time.

Cases can be found in the Case Course Pack (CCP).

Readings: A mix of classic and more modern readings in the area of strategy have been selected to provide the background and frameworks for our discussions. All of these readings are either in your electronic course pack or available electronically on our course site. Unless you tell me otherwise (by asking questions), I will assume that you have read the assigned readings, understand the basic concepts in the readings, and can relate them to the cases. NOTE: Some students have had success reading the readings FIRST and then the cases. Feel free to experiment.

Readings can be found in one of two places: the Reading Course Pack (RCP) or on the course website.

Slides: In addition to case discussion, we engage in interactive lectures that will help to discern key takeaways, the boundary conditions of frameworks, and stoke broader discussions about theoretical concepts and applications. Slides related to these lectures will be posted after class on the course website.

These three sources of information will provide students both a set of tools that are useful in strategic management and a basic understanding of when those tools are useful and what their

limitations may be. It is important to recognize upfront that *neither strategy nor this course can be as perfectly organized as the outline suggests*. Strategy is complicated and messy throughout, and we will be applying new tools and concepts to answer questions that arise throughout the class. The basic “tools” that we will cover include:

- Five Forces Analysis – Analysis of the forces affecting competition in a market.
- Generic Positioning Strategies– Firm level choice to exploit/neutralize industry forces.
- Strategic Ratio Analysis – Using financial and operating information to uncover potential sources of advantage and to discuss sustainability.
- Value Chain – An analysis of the internal activities of the firm that support the chosen strategy.
- Resource Based View of the Firm – Determination resources significant in generating firm profits and the extent to which resources are adapted to the firm’s external environment.
- Game Theory – Analysis of the responses of competitors to a firm’s strategies and the implications of these responses for strategic decisions.
- Industry Evolution – Analysis of the lifecycle and evolution of a given industry to understand the key success factors for competitors.

Grading for the Course

Your final grade is determined (in part) by how you perform across various elements of the class. In particular, the weighting of your Midterm and Final Exams is determined by your performance on each. This means that I weight the exam you do better on as 35% of your grade, and the other exam as 25%. Note that aside from dropping the lowest quiz grade and assigning exam weight based on performance, I do not offer extra credit or makeup assignments. The total grade breakdown is below:

Class Contribution	30%
Quizzes	10%
Midterm Exam	25/35%
Final Exam	25/35%
TOTAL for Grade	100%

Class Contribution (30%). Class participation is vital to the learning process. Your comments not only provide an opportunity for you to practice articulating and defending a position, they also allow others to learn from your perspective and experience. Your participation will be evaluated based on both quantity and quality. Quality is weighed more heavily, but your participation has to be of sufficient quantity to afford a reasonable basis for assessment.

Examples of higher quality comments include, but are not limited to:

- Presentation of a recommended course of action that is supported by strong analysis using data from the case.
- Arguing a position on an issue and supporting it with strong analysis using data from the case.
- Thoughtful debate with classmates.

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- Integrative summaries of the discussion that add insight and move the discussion forward.
- Insightful questions.
- Linkages to concepts, frameworks, and cases from prior class sessions.

Examples of lower quality comments include, but are not limited to:

- Recitation of case facts without discussing the implications of those facts.
- Repetition of a point that someone else has already made without any elaboration or added value.
- Comments that do not relate to the prior comments/discussion. A great comment at one point becomes a distraction later in the discussion.
- Comments that demonstrate a lack of preparation.

Some ideas on ways to maximize your contribution grade and what you learn from class:

- Read the assigned reading closely, and the case multiple times, before class.
- Look at the guidance questions on the syllabus below and prepare potential answers.
- Try to link the readings and the case – they are assigned together for a good reason (hopefully).
- Listen/read carefully to the comments of others – repeating prior comments does not add value to the discussion, but building constructively on prior comments can be beneficial.
- Be willing to take a chance and actively engage in class.
- Think for a second before you put up your hand and answer a few questions:
 - Is what you have to offer novel?
 - Does it move the course discussion along in a significant and relevant way?
 - Is your comment at least semi-structured, or are you planning to talk it out once I call on you? FYI, I'm not a fan of the latter plan.
 - Can you put your idea into the “language” of the class and business?

Class attendance is required. If you must miss a class or come late, please let me know via email before class. Everyone gets one “free” missed class. **Absence due to family emergency or illness is excusable and will not result in any penalty.** Please notify me as soon as possible if any of these situations arise.

Quizzes (10%). Throughout the semester, I will quiz you on cases and readings. These quizzes are meant to ensure that you come to class prepared, and also allow you to earn credit for completing assigned materials. Quizzes will take place on days we discuss cases, before case discussion. If you have diligently read the case and accompanying readings, and attempt to prepare for discussion using the preparation questions found in the syllabus, you will be well prepared for these quizzes.

There will be 6 quizzes throughout the semester, 5 which will be graded, meaning I will drop your lowest score. I will not tell you in advance when these will take place. Therefore, you should plan to come to every class ready to be assessed. Not only will this give you the best chance of performing well on quizzes, it will also help to ensure you are well-prepared for our case discussions, which will benefit your contribution grade.

Midterm Exam (25/35%). We will have an in-class midterm on October 22. You will be given a study day on October 15 and we will review class materials together on October 20.

Final Exam (25/35%). The final exam will be based on course content from the second half of class. While this exam will not directly test material from the first half of class, concepts and materials are cumulative. Therefore, to grasp concepts in the second half of the semester, students will need a solid foundation in the first. This exam will be held on December 10.

Grading Guidelines and Requirements

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, I will follow the school's guideline for core courses: no more than 30%-35% of enrolled students will receive an A or A-.

Grading:

100% - 93% = A
90% - 92% = A-
87% - 89% = B+
83% - 86% = B
80% - 82% = B-
77% - 79% = C+
73% - 76% = C
70% - 72% = C-
67% - 69% = D+
63% - 66% = D
60% - 62% = D-
Below 59% = F

Other Course Policies

Academic integrity: Our undergraduate [Academics Pillar](#) states that *we take pride in our well-rounded education and approach our academics with honesty and integrity*. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: www.stern.nyu.edu/uc/codeofconduct

To help ensure the integrity of our learning community, prose assignments you submit to Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

General conduct & behavior: Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Student Conduct Policy (<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

Student accessibility: If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

Student wellness: Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at [212 443 9999](tel:2124439999), or via the “NYU Wellness Exchange” app. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Communication: A Brightspace website has been created for this course. You should check Brightspace on a regular basis. The course syllabus, lecture notes, class discussion questions, and general course announcements will all be posted on the site.

Laptops and other electronics: This class followed school policy: “laptops, cell phones, smart phones, recorders, & other electronic devices may not be used in class.” **Violations of this policy will result in penalties to your contribution grade.** There are, however, several classes which will require the use of laptops – I will specify these instances in advance.

In-Class Seating: Students can choose where to sit during the first few sessions of class. I ask that you stay basically in the same area for each class session. Also, PLEASE bring a name card to class.

Course Schedule

Date	Topics (Cases / Readings)
	Note: (CCP) refers to the Case Course Pack. (RCP) refers to the Reading Course Pack. While we will not discuss the readings explicitly during class, they will be extremely important for understanding course material. It can also serve as reference after the course is completed. Links to both course packs can be found under “Course Materials.”
<u>Week 1</u>	<u>Welcome to class!</u> <u>Introduction to Strategic Management</u>
<u>Week 2</u>	<u>Module 1: Analyzing and selecting competitive positions</u> <u>How do industries (and their structures) affect profits?</u> Case: Apple Computer, 2006 (CCP) Reading: The Five Competitive Forces that Shape Strategy (RCP) Preparation questions: 1. Analyze the structure of the personal computer industry over the last 15 years. How have the dynamics of the PC industry changed? 2. What has been Apple’s source(s) of competitive advantage? 3. What is Apple’s key problem in the PC Market?
<u>Week 3</u>	<u>Module 1: Analyzing and selecting competitive positions</u> <u>How do different niches create different outcomes?</u> Case: Trader Joe’s (CCP) Reading: What is Strategy? & Financial Statements and Ratio Analysis (both in RCP) Preparation questions: 1. Using data in Exhibit 2, calculate relevant metrics. How can we use these metrics to quantify positioning choices? 2. What are the key sources of Trader Joe’s competitive advantage? 3. What are the main threats to Trader Joe’s competitive advantage? Is their advantage sustainable?
<u>Week 4</u>	<u>Module 1: Analyzing and selecting competitive positions</u> <u>What role do firm resources play in profitability?</u> Case: LEGO (A): The Crisis (CCP) Reading: Competing on Resources (RCP)

	Preparation questions: 1. What has led the LEGO Group to the edge of bankruptcy? 2. What is your assessment of management moves during “the growth period that wasn’t” (1993-98) and “the fix that wasn’t” (1999-2004)? 3. What would you do throughout the LEGO Group in order to turn the company around?
<u>Week 5</u>	<u>Module 1: Analyzing and selecting competitive positions</u> <u>How do environmental goals influence profitability?</u> Case: Patagonia (CCP) Reading: What is Strategy? (RCP) (review) Preparation questions: 1. Evaluate Patagonia’s business model. How important to Patagonia’s business model is its environmental position? 2. What is your assessment of the Product Lifecycle Initiative (Reduce, Repair, Reuse, and Recycle)? 3. How fast can Patagonia grow? How fast should it grow? 4. How would Patagonia’s business model differ if the company were publicly held?
<u>Week 6:</u>	<u>Module 2: Strategic interaction and dynamics</u> <u>How do competitive interactions affect profitability?</u> Case: Dogfight over Europe: Ryanair (A) (CCP) Reading: Game Theory and Business Strategy (RCP) Preparation questions: 1. What is your assessment of Ryanair’s launch strategy? 2. How do you expect Aer Lingus and British Airways to respond? Why? 3. How costly would it be for Aer Lingus/British Airways to retaliate against Ryanair’s launch rather than accommodate it?
<u>Week 7</u>	<u>Module 2: Strategic interaction and dynamics</u> <u>How can firms disrupt established industries?</u> Case: The Evolution of the Circus Industry (A) (CCP) Even a Clown Can Do It: Cirque du Soleil Recreates Live Entertainment (B) (CCP) Reading: Creating New Market Space (RCP) Preparation questions: 1. In the 1980’s is the traditional circus industry a structurally attractive place to do business?

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	- What factors do traditional circus companies compete on? What do you like or dislike about the traditional circus? - Compare Cirque du Soleil with the conventional circus. - What factors were kept by Le Cirque? What was downplayed and what was played up? - Which factors were totally eliminated by Le Cirque and what are the operational and financial implications? - What factors were newly created by Le Cirque and where do you think the inspiration for these factors came from? - How does Cirque du Soleil create superior profits?
	Midterm Exam Study Day. We will not meet on October 15. Instead, you may use our class time to study for the midterm exam. Please prepare review questions to bring to class on October 20.
<u>Week 8</u>	Midterm Review Please submit prepared questions.
	Midterm Exam
<u>Week 9</u>	<u>Module 2: Strategic interaction and dynamics</u> <u>How do platform dynamics affect competition?</u> Readings: Mastering the Intermediaries (RCP) Strategies for Two-Sided Markets (RCP)
<u>Week 10</u>	<u>Module 3: Corporate strategy</u> <u>Introduction to corporate strategy</u> Case: The Walt Disney Co.: The Entertainment King (CCP) Reading: From Competitive Advantage to Corporate Strategy (RCP) Preparation questions: - Why has Disney been successful for so long? - What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years? How about the next 4 years? Are either/both strategies sustainable? Why or why not? - Has Disney diversified too far in recent years? What businesses would you divest and why? If you were looking to acquire businesses, which ones would you look to acquire and why (excluding Pixar)?
<u>Week 11:</u>	<u>Professional Development</u> Interactive dialogue with professional “strategists”
<u>Week 11:</u>	<u>Module 3: Corporate strategy</u> <u>Across what businesses should a firm operate?</u> Case: The Walt Disney Company and Pixar, Inc.: To Acquire or Not to Acquire? (CCP)

	Reading: Strategies of Related Diversification (RCP) 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 of one another or were allowed to form relationships with other companies? Why? 2. Assuming that Pixar and Disney are more valuable in an exclusive relationship, can that value be realized through a new contract? Or is common ownership required (i.e., must Disney acquire Pixar)? 3. If Disney does acquire Pixar, how should Bob Iger and his team organize and manage the combined entity? What challenges do you foresee, and how would you meet them?
<u>Week 12</u>	<u>Module 3: Corporate strategy</u> <u>Across what markets should a firm operate?</u> Case: TOTO: The Bottom Line (CCP) Reading: Strategies of Related Diversification (RCP) (review) Preparation questions: 1. Why has TOTO had so much trouble getting its bidet-toilets adopted in the US? How is the US context different from Japan? 2. What should TOTO do to get more adoption of its bidet-toilets in the US? 3. Given the huge success selling regular toilets in the US, should TOTO stop trying to sell bidet-toilets? Is that realistic, given that the manager of the international group has stated, "I believe that every TOTO person wants to sell Washlet more than anything else"? 4. What other options should TOTO consider to improve its corporate-level returns?
<u>Week 13</u>	<u>Module 3: Corporate strategy</u> <u>How do firms create (or destroy) value through their entry mode choices?</u> Readings: Resource Pathways Framework (RCP)
<u>Week 14</u>	<u>Module 3: Corporate strategy</u> <u>How do firms create (or destroy) value through their entry mode choices? (cont)</u> Readings: Resource Pathways Framework (RCP)
<u>Week 14</u>	<u>Course wrap up</u> <u>How can strategists overcome inertia and bias?</u> Case: The Rise and Fall of Nokia (CCP) Readings: Why Good Companies Go Bad (RCP)

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	Preparation questions: 1. What are the key reasons, in your view, for Nokia’s decline during the 2000s? 2. How might Nokia have averted this scenario? Could it have been turned around? 3. More broadly, why do good companies like Nokia “go bad?”
<u>Week 15</u>	<u>Course wrap up</u> In-class wrap up and review
<u>Week 15</u>	Final Exam