

**SKK Graduate School of Business  
Professional MBA**

**Corporate Strategy**

2019

---

Instructor:	Professor Tai-Young Kim
Time:	on Thursdays
Phone:	02) 740-1514
Fax:	02) 740-1503
E-mail:	<a href="mailto:mnkim@skku.edu">mnkim@skku.edu</a>

---

\*This syllabus is subject to change by instructor.

**Course Description**

Advanced Competitive Strategy (Corporate Strategy) is about creating persistent superior performance for organizations with a specific focus on corporate strategy, organization design, and innovation. This course is concerned with both the determination of the strategic direction and the management of the corporate strategy. Our perspective in this course will be that of a general manager whose responsibility is the long-term health of an entire organization. This perspective enables us to view the organization in an overall fashion in the context of its environment.

It requires that the students integrate the concepts, knowledge, and skills acquired in previous functional courses and business-strategy courses and creatively apply them to the understanding and analysis of how corporate strategy can add values for an organization and how organization design and innovation affect organizational performance. The course is organized around the following themes in organization design and innovation: the roles and concepts of corporate strategy formulation, divarication, vertical integration, roles of conglomerates, clusters and competitiveness, creating shared value (CSV) as strategy, and competitiveness at the country level.

**Assurance of Learning**

The mission of SKK GSB is to advance business knowledge in a multicultural learning environment in order to develop socially responsible managers who will lead in a global organization.

## **Course Materials**

### **Required:**

- 1) A Collection of Harvard Business School Cases
- 2) Readings from Harvard Business Review (HBR), and other sources (e.g., McKinsey Quarterly)

\* If necessary, some complementary readings will be also distributed in class.

## **Grading**

The course grade will be calculated in the following way:

Class participation and attendance*	20%
Individual Assignments	30% (pass or fail)
Group Assignments	20% (pass or fail)
Quizzes	10%
Final Examination	20%
<hr/>	
Total	100%

\* Given the importance of participation, class attendance is mandatory for students' success in this class and students' absence will affect the final grade.

## **Class Participation**

Much managerial communication is verbal. Therefore, participation in class discussion of lecture and case materials is required of each student. Students are expected to communicate their ideas clearly and accurately in discussions. A class participation grade will be assigned based on the instructor's evaluation of the student's contribution to the discussion. The bases for this evaluation include the following questions which deal with both the process of class participation and (of equal or greater concern) the content of what you say.

1. Is the participant a good listener?
2. Are the points made relevant to the discussion? Linked to the comments of others?
3. Do the comments show evidence of thoughtful analysis of the case?
4. Does the participant distinguish among different kinds of data (i.e., facts, opinions, beliefs, concepts, etc.)?
5. Is the participant willing to share and interact with other class members?
6. Do comments classify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being covered?

## **Individual and Group Assignments**

The main task of the assignment is 1) to summarize each article with your opinions and 2) answer the case questions in the syllabus on 2 to 3 two pages (e.g., single-spacing with any 12-point font in a MS word document).

Each assignment must be submitted on **CANVAS** only. Late assignments will not be accepted. You will be given either 'pass' or 'fail' for each assignment.

(Note: you are strictly prohibited to search for any summary of each article on internet for your assignment)

	<b>Readings</b>	<b>Due date</b>
Individual Assignment (30%)	Article: What is Strategy?	1 <sup>st</sup> session
	Article: From Competitive Advantage to Corporate Strategy	
	Article: Why focused strategies may be wrong for emerging markets?	5 <sup>th</sup> session
	Article: The Big Idea: Creating Shared Value; How to reinvent capitalism—and unleash a wave of innovation and growth	10 <sup>th</sup> session
Group Assignment (20%)	Case: House of Tata Group	6 <sup>th</sup> session
	Case: Procter & Gamble: Organization 2005	8 <sup>th</sup> session
	Case: Patrimonio Hoy	11 <sup>th</sup> session

Note: \* You might want to start reading the case of Procter & Gamble as early as possible.

## **Quiz**

Every week, all students will take a quiz for the first 5 minutes on the 2<sup>nd</sup> session of each week (except first and last week). Each quiz has short questions on two previous sessions. All questions on the final exam are based on reading materials and case discussions only.

Note: Don't be late for any quiz.

## **Final Examination**

The questions basically test whether students clearly understand all the concepts and know how to apply them to various contexts. So, it is very important to read all the reading materials before coming to each session. Details about the final exam will be provided. All questions on the final exam are based on reading materials and case discussions only.

## **GSB Honor Code**

The students of SKK Graduate School of Business (GSB) regard honesty and integrity as qualities essential to a successful career. The purpose of the GSB Honor Code is to promote these qualities. The Honor Code requires that each student act with integrity in all GSB

activities and that each student hold his or her peers to the same standard. By not tolerating lapses in honesty and integrity, the GSB community affirms the importance of these values. Upon admission, each student makes an agreement with fellow students and the GSB community to abide by the Honor Code. Students who violate the Honor Code violate this agreement and must accept the sanctions imposed by the GSB community.

### *Standards for Academic Conduct*

No student shall represent another's work as their own. No person shall receive disallowed assistance of any sort, or provide disallowed assistance to another student, at any time before, during, or after an examination or with respect to other graded work for a course.

### *Pledge*

Each student shall sign the following pledge on each exam: "I pledge my honor that I have not violated the Honor Code during this examination." At the discretion of the professor, this pledge may be required on any other graded work for a course.

## Schedules

<b>Corporate Strategy</b>	<b>Class</b>	
1 <sup>st</sup> Session	Corporate Strategy and Scope (1) Elements of Corporate Strategy and Main Issues -Article: What is strategy?	Strategy Concept
2 <sup>nd</sup> Session	Corporate Strategy and Scope (2) -Article: From Competitive Advantage to Corporate Strategy	Related diversification analysis
3 <sup>rd</sup> Session	Multibusiness Firm and Diversification -Case: Walt-Disney (Optional)	Core competency
4 <sup>th</sup> Session	Global Strategy -Case: Home Plus: Riding the Korean Retailing Rollercoaster	Global scope
<b>Corporate Strategy and Structure</b>		
5 <sup>h</sup> Session	Corporate Advantage of Conglomerates -Article: Why focused strategies may be wrong for emerging markets?	Unrelated diversification analysis
6 <sup>th</sup> Session	Corporate Advantage of Conglomerates -Case: House of Tata Group	
7 <sup>th</sup> Session	LBOs and Corporate Strategy -Case: Corporate Strategy at Berkshire Partners	
8 <sup>th</sup> Session	Corporate Strategy and Structure -Case: Procter & Gamble: Organization 2005	
<b>CSV Strategy</b>		
9 <sup>th</sup> Session	CSV concept - Article: IBM vs. Carnegie Corporation: The centenarians square up -Article: The Big Idea: Creating Shared Value: How to reinvent capitalism—and unleash a wave of innovation and growth	CSV Concept
10 <sup>th</sup> Session	CSV strategy (1) -Case: Nestle's Creating Shared Value Strategy	
11 <sup>th</sup> Session	CSV strategy (2) -Case: Patrimonio Hoy	
12 <sup>th</sup> Session	Final-term Examination	

## **Schedules of Topics**

### **Session 1 and 2: Corporate Strategy and Scope**

- Key issues: Course orientation and expectation/ Group formation  
Framework of this course  
Business Scopes  
Elements of Corporate Strategy and Main issues
- Article: What is Strategy?  
From Competitive Advantage to Corporate Strategy

### **Session 3: Multibusiness Firms and Diversification**

- Key issues: Economies of Scope and Synergies
- Case: The Walt Disney Company: The Entertainment King (optional)

#### **Case Questions:**

1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

### **Sessions 4: Global Strategy**

- Key issues: Local competition and global competitiveness  
The potential impact of governmental regulation  
Market entry modes
- Case: Home Plus: Riding the Korean Retailing Rollercoaster

#### **Case Questions:**

1. What was Korea's economic situation when Tesco entered the market in 1999? What were the main factors that influenced Western firm to enter the Korean retailing industry?
2. What are the most important characteristics of the Korean retail market? What challenges do these characteristics pose for foreign retailers? What are ways for foreign retailers to address these challenges?
3. How would you evaluate the joint venture created by Tesco and Samsung? From Tesco's perspective, what are the pros/advantages and cons/disadvantages of the joint venture? From Samsung's perspective, what are the pros/advantages and cons/disadvantages of the joint venture?

4. Tesco seemed to succeed in the Korean environment when Wal-Mart and Carrefour failed? What accounts for Tesco's success?
5. What are the competencies and strengths of Homeplus? How do these competencies and strengths compare with the competencies and strengths of competitors? What are the weaknesses of Homeplus? How do these compare with the weaknesses of competitors?
6. What are the challenges/threats and opportunities facing Homeplus? How can Homeplus minimize these threats and leverage these opportunities in order to sustain its growth in the Korean retail industry?

#### Session 5: Corporate Strategy and Conglomerates

Key issues: Conglomerates and Corporate Performance  
Corporate Strategy, Structures, and Conglomerates  
Concept of Institutional voids

Article: Why focused strategies may be wrong for emerging markets?

#### Questions:

1. What are the roles of institutions and markets in evaluating corporate strategy?
2. How would we evaluate two kinds of corporate strategy, related or unrelated diversifications?

#### Session 6: Corporate Advantage of Conglomerates

Key issues: Roles of Institutions and Markets  
Corporate Strategies of Conglomerates in emerging markets

Case: House of Tata, 1995: The Next Generation (A)

#### Case Questions:

1. Which, if any, of the following initiatives undertaken by Ratan Tata do you think were good ideas?
  - A. Creation of a Group Brand
  - B. Building of equity interlocks among the Tata companies
  - C. Sale of a part of Tata Industries Limited of the Hong Kong-based Jardine Matheson group
  - D. Revitalization of Tata Administrative Services
2. What do you think of some critics' opinion that Ratan Tata was moving the group of companies in exactly the opposite direction from where it should have been going?

## Session 7: LBOs and Corporate Strategy

Key issues: Differences between the conglomerate and LBO partnerships

Cases: Corporate Strategy at Berkshire Partners

### Case Questions:

1. What are the important differences between the conglomerate and LBO partnership forms of organization? How is it that LBOs, like conglomerates, invest in a variety of unrelated businesses but are somehow able to overcome the risks that conglomerates face from such a strategy?
2. What is Berkshire Partners' strategy and how does it add value to its businesses?
3. Does the firm have a viable, sustainable corporate strategy?

## Session 8: Corporate Strategy and Structure

Key issues: Organizational structures and Environments  
Globalization and localization  
Strategy and Structure

Case: Procter & Gamble: Organization 2005

### Case Questions:

1. Why did the US organizational structure shift from product grouping in the 1950s to a matrix in the 1980s? Why did the European organizational structure shift from geographical grouping in the 1950s to category management in the 1980s? Why were the two structures integrated into a global cube in the 1990s?
2. What are the key distinguishing features of Organization 2005? Why did P&G adopt this structure?
3. Should Lafley make a strong commitment to keeping Organization 2005 or should he plan to dismantle the structure?

## Sessions 9: CSV and Strategy

Key issues: The Concept of Creating Shared Value

Article: Creating Shared Value: How to reinvent capitalism and growth  
IBM vs. Carnegie Corporation: The centenarians square up

### Questions:

1. We often say business and society have been disconnected. What seems to be reason for that? What seems to be the good solution to the problem?
2. "The concept of shared value, in contrast, recognizes that societal needs, not just conventional economic needs, define markets" What do you think of this?



3. “Not all profit is equal. Profits involving a social purpose represent a higher form of capitalism. What does it mean by this in the article?”
4. How is the CSV related to Porter’s other concepts such as value chain and cluster development?

#### Session 10: CSV Strategy (1)

Key issues: Finding new business opportunities in terms of CSV  
Developing profitable CSV models

Case: Nestlé’s Creating Shared Value Strategy

#### Case Questions:

1. How would you evaluate the CSV strategy of Nestle'?
2. What do you think of José Lopez’s following comment in the CSV implementation?

“I did not want to see a head of Sustainability at Nestlé,” - - - “We had to operationalize the concept. That was my responsibility, and it would never have worked in Nestlé if it was assigned to a sustainability officer outside of operations.”

3. How did Nestle restructure the activities of its value chain to implement CSV strategy?
4. How did Nestlé’s CSV Strategy contribute to the expansion of its corporate strategy?

#### Sessions 11: CSV Strategy (2)

Key issues: CSV approaches

Case: Patrimonio Hoy

#### Case Questions:

1. Why did CEMEX come up with the idea of having Patrimonio Hoy?
2. How does Patrimonio Hoy actually work?
3. How would you evaluate financial performance of Patrimonio Hoy? Was it profitable, compared to the traditional ways of selling cement?

#### Sessions 12: Final Examination