

# Business Strategy

## - Course program –

This course focuses on selected theories, concepts and tools of strategic management. Typically, the term "strategic" management refers to seeing the company and its environment and considering long-run decisions that affect the company as a whole. It is concerned with the totality of what a company is trying to achieve and it helps us to understand why some companies thrive while other companies struggle to survive.

The central tasks of strategic management are formulation and implementation of strategies, both at business and corporate level. At business level, the notion of competitive advantage is a central issue; at corporate level, the challenge of contributing value to businesses is crucial. The course "business strategy" addresses the business level of strategy making.

The course uses a combination of lecture sessions and case study sessions in order to provide the analytic and conceptual foundations for making strategic decisions.

- The case study sessions are designed to introduce typical strategic challenges that companies face. Selected case studies are discussed in smaller groups in order to understand the company situation and to develop solutions for the respective strategic challenges.
- In the lecture sessions theories, concepts and tools of business strategy are discussed – both, with regard to the case studies as well as in a broader, more general context of business strategy.

Students will learn from each other in discussions and in the group situations and they will learn from the lecturer's input and comments in the interactive plenary sessions.

For the lecture sessions, all students join one class at the same time (Wednesday 11.30 in room H6 / Müller-Medien). For the case study sessions, the class will be split into three separate groups. All groups meet at the same time (Wednesday 9.45) preceding the lecture sessions, in different rooms (rooms 0.222/3, 0.224 and 0.141).

Students have to sign in for the case study sessions on StudOn.

The following course schedule illustrates scheduling and content of lecture sessions and case study sessions as well as the assigned readings.

**Session 1:**  
October 25  
11.30 - 13.00

**Lecture**

Content: *Fundamentals of strategic management*

Introduction  
Concept of strategy and strategic management

Introduction to working with cases

Readings: Dess/Lumpkin/Eisner (2008) pp. 4 – 17  
Grant (2010) pp. 3 – 30  
Hungenberg (2014) pp. 3 – 25, 75 – 86

**Session 2:**  
November 8  
9.45 - 11.15

**Case study "Aldi: The Dark Horse Discounter"**

Content: Nature and sources of competitive advantage

Readings: Aldi: The Dark Horse Discounter (case study)

In preparing the case, focus on the following questions:  
Should Wal-Mart be worried about Aldi? Should Aldi be worried about Wal-Mart? What is Aldi's strategy? What is Aldi's value proposition in short? How should Wal-Mart react?

**Session 3:**  
November 8  
11.30 - 13.00

**Lecture**

Content: *Strategy formulation*

Nature and sources of competitive advantages

Premium strategies – performance advantages and differentiation

Readings: Dess/Lumpkin/Eisner (2008) pp. 153 – 176  
Grant (2010) pp. 209 – 265  
Hungenberg (2014) pp. 194 – 252  
Porter (1980)

**Session 4:**  
November 22  
11.30 - 13.00

**Lecture**

Content: *Strategy formulation*

No-frills strategies – cost and price advantages

Strategies for two-sided / multi-sided markets

Readings: Dess/Lumpkin/Eisner (2008) pp. 153 – 176

Grant (2010) pp. 209 – 265  
Hungenberg (2014) pp. 194 – 252  
Porter (1980)

**Session 5:**  
November 29  
~~11.30 – 13.00~~

**Strategy in practice**

**CANCELLED**

**Session 6:**  
December 13  
9.45 - 11.15

**Case study "Tesla Motors"**

Content: Dynamics of strategy and of competitive advantages

Readings: Tesla Motors (case study)

In preparing the case, focus on the following questions:  
Should a major player like BMW consider Tesla to grow into a strong direct competitor? Or is it just a niche player? Is Tesla at a competitive advantage or disadvantage? How will that evolve? What do you think of Tesla's entry strategy? Should Nissan learn something from Tesla's approach?

**Session 7:**  
December 13  
11.30 - 13.00

**Lecture**

Content: *Strategy formulation*

Using innovative strategies / business model innovations to create competitive advantages

Handling disruptive strategic innovations

Readings: Christensen (2001), pp. 105 - 109  
Dess/Lumpkin/Eisner (2008) pp. 285 – 295  
Hungenberg (2014) pp. 133 – 142  
Kim/Mauborgne (2005) pp. 105 – 121

**Session 8:**  
December 20  
11.30 - 13.00

**Lecture**

Content: *Strategy formulation*

Understanding industry dynamics

Instruments to master dynamic business environments

Readings: D'Aveni (1994)  
Dess/Lumpkin/Eisner (2008) pp. 37 – 44  
Hungenberg (2014) pp. 181 – 193, 262 – 284

**Session 9:**  
January 10  
9.45 - 11.15

**Case study "Samsung Electronics"**

Content: Understanding industry and market position

Readings: Samsung Electronics (case study)

In order to prepare the case, please focus on the following questions: What were the sources of Samsung's cost advantage in DRAMs in 2003? What were the sources of its price premium in DRAM's in 2003? Can you quantify them? What recommendation would you make to Chairman Lee regarding Samsung's response to the threat of Chinese entry?

**Session 10:**  
January 10  
11.30 - 13.00

**Lecture**

Content: *Strategy analysis*

Understanding industry and market position  
Internal analysis: analyzing resources and capabilities

Readings: Dess/Lumpkin/Eisner (2008) pp. 36 – 67, 75 - 100  
Grant (2010) pp. 62 – 93 , 120 - 149  
Hungenberg (2014) pp. 87 – 125, 142 - 163  
Porter (1980)

**Session 11:**  
January 17  
9.45 - 11.15

**Case study "Glas AG (part 1)"**

Content: Evaluation of strategic options

Readings: Glas AG (case study)

In preparing the case, focus on the following questions:  
How can we reach decisions on different strategic options?  
How can we use financial information to substantiate our decisions? Which is the appropriate financial instrument to support management in this context?

**Session 12:**  
January 24  
9.45 - 11.15

**Case study "Glas AG (part 2)"**

Content: Evaluation of strategic options

Readings: Glas AG (case study)

In preparing the case, focus on the following questions:  
What are the respective shareholder values for both strategic options? Which strategic option would you choose? Do you have enough information to make your decision?

<b>Session 13:</b> January 24 11.30 - 13.00	<b>Lecture</b>
Content:	<i>Strategic choice</i>  Financial evaluation of business strategies Evaluation of risk and flexibility
Readings:	Copeland/Koller/Murren (2000) pp. 3 – 15, 131 – 155 Hungenberg (2014) pp. 284 – 317

<b>Session 14:</b> January 31 11.30 - 13.00	<b>Lecture</b>
Content:	Wrap up Exam Preparation

<b>Session 15:</b> February 7 11.30 - 13.00	<b>Exam for Exchange Students</b>
	Only for students who take the course on a non-degree basis (e.g. Erasmus students, exchange students)

### **Textbooks**

Dess, G., Lumpkin, G., Eisner, A.: Strategic Management, 4. Ed., Boston 2008.

Grant, R.: Contemporary Strategy Analysis, 7. Ed., Malden 2010.

Hungenberg, H.: Strategisches Management in Unternehmen, 8. Ed., Wiesbaden 2014.

### **Additional books and articles**

Christensen, C.: The Past and Future of Competitive Advantage, in: Sloan Management Review, Vol. 42, 2001, Winter, pp. 105 - 109.

Copeland, T., Koller, T., Murren, J.: Valuation, 3. Ed., New York 2000.  
D'Aveni, R.: Hypercompetition, New York 1994.

Kim, W., Mauborgne, R.: Blue Ocean Strategy: From Theory to Practice, in: California Management Review, Vol. 47, 2005, No. 3, pp. 105 – 121.

Porter, M.: Competitive Strategy, New York 1980