

ADVANCED COMPETITIVE ANALYSIS

MHR 838

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Fall 2011

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Class: Tues. & Thurs., 3:30 – 5:18 pm. Gerlach 315. **Office Hours:** By Appointment

The objective of *Advanced Competitive Analysis* is to improve your ability to analyze a firm's competitive strategy in a more realistic setting than is possible using the case method. While many MBA level business courses offer insight into the basic concepts underlying a good strategy, few students leave their MBA education adequately prepared to undertake the tasks associated with rigorous strategic analysis. Often this lack of preparation is due to difficulties students have translating the insights presented in conceptual lectures or “pre-packaged” case discussions to ill-structured, real world business problems.

Advanced Competitive Analysis provides students with the opportunity to identify and analyze “real-world” firms. Students learn how to efficiently identify relevant information embedded in massive amounts of publicly available data, how to assess the relationships among key variables highlighted by management theory, and how to interpret those relationships to develop educated opinions regarding the viability of a firm's strategy in a specific economic and social context. Ultimately, the course is designed to provide opportunities to link theories from one's coursework with field data in order to create well-grounded insights about how a business is competing or should compete.

The pedagogical approach taken in *Advanced Competitive Analysis* involves a mixture of discussion sessions and experiential workshops. The discussion sessions demonstrate the application of the major steps in competitive analysis (e.g., industry analysis, competitive positioning, resource and capability analysis, competitor analysis, corporate development, and valuation). These sessions review the conceptual underpinnings and propositions associated with these topics, present examples that allow students to experiment with these propositions, and provide recommendations that students may use to guide their own data collection and analysis efforts. Experiential workshop exercises follow most lectures. In workshop sessions students are asked to collect publicly available information regarding a well-known company, conduct their own examination of the issues facing that company, and present their analysis of the company to the class as a whole. Through the ensuing discussions, students may draw inferences from the data regarding managerial and strategic issues facing a firm. Ultimately, this process may allow students to consider firm valuation from a strategic perspective.

I created the *Advanced Competitive Analysis* course to help students' bridge the divide between their conceptual frameworks emphasized in prior coursework and the applied realities of the business environment. The course is likely to be of particular interest to students interested in careers associated with competitive analysis, general management, management consulting, new venture management, venture capital, and the mergers and acquisitions side of investment banking.

Advanced Competitive Analysis

Course Outline

<u>Session</u>	<u>Topic</u>	<u>Assignment</u>
Session 1 Thurs., 9/22	Competitive Advantage: A precursor to temporary or persistent superior performance.	<ul style="list-style-type: none"> • Read syllabus. • Come prepared to class to offer your definition of advantage.
Session 2 Tues., 9/27	What is (Good) Strategy? Articulating an organization's core purpose.	<ul style="list-style-type: none"> • Read Rumelt, R. 2011. The perils of bad strategy • Send an email to me by 9:00 am indicating your team members and the public firm that you hope to analyze this quarter.
Session 3 Thurs., 9/29	Analyzing Industries: How to identify structural drivers of competition.	<ul style="list-style-type: none"> • Corts, K. and J. Rivkin, 2000. Microeconomics for Strategists • Khanna, T. & J. Rivkin. Math for Strategists • Download and Read SEC filing 10k for your firm. • Begin preparing Industry Analysis presentation due on 10/4.
Session 4 Tues., 10/4	Industry Analysis Workshop.	<ul style="list-style-type: none"> • Upload workshop slides to Carmen Assign 1 dropbox by 9:00 am.
Session 5 Thurs., 10/6	Analyzing Activities: Choosing Activities that drive WTP & SOC	<ul style="list-style-type: none"> • Ghemawat, P. and J. Rivkin, Creating Competitive Advantage.
Session 6 Tues., 10/11	Choosing a Competitive Positions & Identifying Strategic Objectives	<ul style="list-style-type: none"> • No Reading.
Session 7 Thurs., 10/13	Competitive Position Workshop	<ul style="list-style-type: none"> • Upload workshop slides to Carmen Assign 2 dropbox by 9:00 am.
Session 8 Tues., 10/18	Resource Based Concepts: What do resource based theories propose?	<ul style="list-style-type: none"> • Christensen, C. 1999. Putting your finger on capabilities. • SKIM Leiblein, M. 2011. What do resource- and capability-based theories propose?
Session 9 Thurs., 10/20	Sustaining Advantage: Slack, Holdup, Imitation & Substitution.	<ul style="list-style-type: none"> • Ghemawat, P. & G. Pisano. Sustaining Superior Performance.
Session 10 Tues., 10/25	Sustaining Advantage Workshop	<ul style="list-style-type: none"> • Upload workshop slides to Carmen Assign 3 dropbox by 9:00 am.
Session 11 Thurs. 10/27	Your Day	<ul style="list-style-type: none"> • Come to class with any questions, concerns or discussion points.
Session 12 Tues., 11/1	Competitor Analysis: Anticipating competitive moves	<ul style="list-style-type: none"> • Coughlan, P. Competitor Analysis. • Porter, M. Ethics of competitive analysis.
Session 13 Thurs., 11/3	Cooperative Strategies: Identifying cooperative opportunities	<ul style="list-style-type: none"> • No Reading.
Session 14 Tues., 11/8		• NO CLASS
Session 15 Thurs., 11/10	To Be Announced	<ul style="list-style-type: none"> • Guest Speaker, Todd Cameron, Accenture
Session 16 Tues., 11/15	Generating Alternatives: Strategic Evaluation & Valuation models.	<ul style="list-style-type: none"> • Rumelt, R. Note on Strategic Evaluation.
Session 17 Thurs. 11/17	Strategic Evaluation & Valuation Workshop I	<ul style="list-style-type: none"> • No Reading. • Upload workshop slides to Carmen Assign 4 dropbox by 9:00 am.
Session 18 Tues., 11/22	Strategic Evaluation & Valuation Workshop II	<ul style="list-style-type: none"> • No Reading.
Thurs., 11/24	Thanksgiving Day	• NO CLASS
Session 20 Tues., 11/29	Scenario Planning & Growing the Business	<ul style="list-style-type: none"> • Wack, P. 1985. • Upload final group paper to Carmen Paper dropbox by 9:00 am 11/30.
Session 21 Thurs., 12/1	Wrap-Up	<ul style="list-style-type: none"> • No Reading.
Exam Week	Exam	• See Sample Exam.

COURSE REQUIREMENTS AND GRADING

Required Materials:

- Case Packet (available on Carmen via Xanedu).
- Readings marked “DOWNLOAD” are available at no charge electronically through the library. Go to OSU library at <http://library.osu.edu/>. Click on Research Databases. Search for “Business Source Complete.” Access Business Source Complete, search (e.g., insert article title or author name), and download *.pdf file. If you are accessing from off campus you will need your “name.#” osu account name and password.

Instructional Procedure:

This course will be taught through a combination of class room discussions and experiential exercises. Many of the exercises require students to examine publicly available data such as analyst reports, annual reports, industry trade magazines, 10k reports, etc. The objective of this pedagogy is to allow you to develop your own personal synthesis and approach for identifying and solving the type of unstructured problems that you will face in your careers.

Evaluation:

The grading plan describes the relative importance attached to each of the individual activities used to assign a course grade. The overall course grade will reflect your performance in terms of the: **(1) Group Assignments (20%), (2) Class Participation (30%), (3) Final Group Presentation (15%), (4) Final Group Paper (15%), and (5) Final Exam (20%)**. At the end of the semester teams will be given an opportunity to evaluate the contribution of each team member. As required by school policy, grading will be based on relative rather than absolute standards. The average grade in this course will be a 3.6 or lower. Each of the grade components are described below.

- (1) **Group Assignments (20% of Grade).** Each group is required to complete a series of short assignments throughout the quarter. Each assignment should identify the: (a) issue or problem being addressed, (b) framework being applied to address this issue along with the framework’s assumptions and propositions, (c) available data to test these propositions and/or the results of your analysis, and (d) conclusion. These assignments will be evaluated in terms of the sophistication of the completed analyses and the quality and creativity of the inferences drawn from these analyses.
- (2) **Class Participation (30% of Grade).** Much of our learning will occur through in class discussion. The grading plan attempts to emphasize the *quality* of insight you provide through your comments. *Excellent class participation* will be earned when students’ comments demonstrate that they can develop creative and innovative insights regarding the business tools and problems discussed in class. *Good class participation* will be earned when students’ comments demonstrate that they understand the presented business tools and can generate some productive insights from this understanding. *Poor class participation* will be earned when students’ indicate that they have not been able to develop a solid understanding of the business tools or problems discussed in class. Unexcused absences will result in *zero class participation*. In addition to the instructor’s evaluation, each student will be asked to list *up to five individuals* in the class who, in their opinion, demonstrated excellent class contribution throughout the quarter. Students may not list themselves on this form. Although student evaluations will be kept confidential, for accounting purposes, each student will need to sign their Peer Class Contribution Evaluation Form.
- (3) **Group Evaluation / Valuation Presentation (15% of Grade).** The Final Group Presentation summarizes a team’s analysis of a focal firm. The presentation should describe: (a) an issue or

challenge facing the firm, (b) alternative solutions to the issue based on relevant theoretical frameworks, and (c) your preferred solution to the issue. The presentation should either *evaluate* the viability of the strategy of the firm is using to address this issue (e.g., in your opinion, is the strategy appropriate?) or establish a *financial valuation* of the firm in the face of this issue (e.g., do you agree with the stock market valuation?). The quality of the presentation will be judged in terms of the sophistication of the analyses, the depth and breadth of data collection, the extent to which the content of the oral report supports the group's recommendations, and the creativity exhibited in developing appropriate actionable recommendations.

- (4) **Final Group Paper (15% of Grade)**. A major challenge facing most MBA students involves their lack of training and experience examining ill-structured problems. The Final Group Paper seeks to address this challenge. The assignment is designed to put you in a real world situation where you are required to conduct research and analysis without the aid of a Harvard Business School case. While a challenging task, many students are surprised with how much they learn through this process and feel a tremendous sense of accomplishment upon completion of this task. Have fun with it and good luck!!! More information on the written paper is provided below.
- (5) **Final Exam (20% of Grade)**. The final exam will focus on evaluating the ability of each student to understand and apply the concepts and models presented in the course. This exam will be in the form of short-answer questions and short "mini-cases" consisting of Wall Street Journal articles or hypothetical questions regarding the firms you have analyzed throughout the quarter. Students will be asked to analyze questions using concepts and models presented in class lectures or the text. The final exam is open book and open note. The following criteria will be used to evaluate final exam questions: *Excellent* exam answers demonstrate a student's understanding of the theories and models discussed in class and in the readings as well as a student's ability to apply these theories and models to generate insights about real business situations facing firms. *Good* exam answers demonstrate either that a student understands the theories and models *or* that a student can generate insights about a real business situation facing firms. *Poor* exam answers demonstrate neither that a student understands the theories and models or is able to generate insights about real business situations facing firms.

Classroom Policies:

Attendance: A major part of your learning in this course will take place in the classroom. Because the course is designed to help you develop a personal synthesis and perspective, it is not possible to make up for an absence. The Professor will excuse absences only in the case of documented serious illness, family emergency, religious observance, or civic obligation. If you will miss class for religious observance or civic obligation, please inform him no later than the first week of class. Recruiting activities are not acceptable reasons for absence from class.

Technology: The use of laptops, smartphones, & other electronic devices are not allowed in class. While I see benefits to their use, they have considerable negative externalities and I have found that their disadvantages ultimately outweigh their advantages. The inappropriate use of technology is an indicator of poor class contribution.

Academic Integrity: Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Failure to follow the rules and guidelines

established in the University's Code of Student Conduct and this syllabus may constitute "Academic Misconduct."

The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an "excuse" for academic misconduct. I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated personally and required by the university to report my suspicions to the Committee on Academic Misconduct (COAM). If COAM determines that you have violated the University's Code of Student Conduct (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Team Project, Paper, & Exam Detail:

Team Assignments. This course emphasizes analysis of "real-world" firms. Student teams are invited to select a firm of personal interest for their study.

I will provide feedback on these choices in an effort to point out firm's that may be more difficult to study in this course (e.g., private or multi-divisional firms). As an objective of the course is to provide opportunities to observe the application of strategic management tools across a variety of settings, multiple groups will not be allowed to study the same firm.

To facilitate data collection, I suggest analyzing **public firms**. A focus on these sorts of firms will ease your data collection efforts by providing access to a number of data sources (e.g., 10-Ks, published articles, corporate websites, etc.). While you are welcome to cite data from other sources, you should NOT use analysis performed by others (e.g., investment analysis reports, etc.). It may be also helpful to study firms focused in a particular sector (I recommend that you avoid studying multi-divisional, diversified, or conglomerate firms in this course). Some firms that you may wish to consider are: Exxon Mobile, Hitachi, Pfizer, Nestle, Xerox, General Motors, McKesson, Caterpillar, Samsung, Weyerhaeuser, General Electric (particular division), Goldman Sachs, McDonald's, Unilever, Sony, Boeing, Archer Daniels Midland, Raytheon, Gap, Citigroup, Dow Chemical, Lockheed Martin, Abbott Laboratories, Halliburton, AT&T, Royal Dutch Shell, DuPont, Kimberly-Clark, Amgen, Hewlett-Packard, Volkswagen Group, Coca-Cola, Sanofi Aventis, Colgate Palmolive, International Business Machines, Honda, Ericsson, Loews, Lowes, Viacom, Oneok, Marriott International, Siemens, Nokia.

Details for Group Paper:

The Final Group Paper should be professional both in terms of content and style. In terms of content, it should include all the information necessary to analyze the firm's financial and strategic position. At a minimum, the report should identify the critical issue(s) facing the company, provide enough information to allow readers to discern and evaluate the alternative responses to these issues available to the firm and its managers, and provide a specific recommendation regarding your proposed course of

action. Basic analyses performed during the quarter should identify and provide evidence of the drivers of competition in the industry or industry segment in which the firm is operating, the resource allocation and organizational tradeoffs (strategies) the firm has pursued, whether there are core resources or activities that support temporary or sustained advantage, how competitors are likely to behave in the future, and ultimately, how effective these strategies have been in past. The final report should *extend* these analyses. Experience suggests that the majority of successful projects precisely define strategy in terms of resource allocation and organizational policies intended to deliver value to a specific customer segment. These projects go on to address whether the strategies enacted by the firm you have studied will be successful in the future, and if not, how they will have to be modified.

Please use one and one half space with at least one inch margins and eleven characters per inch type. The Final Group Paper will generally be between 10 and 15 pages in length, not including the cover page, figures, graphs, references, and other supplementary materials. Tables and bullet points are excellent ways to organize your information so long as your points are made clearly. All exhibits should be referred to in the text of the analysis. Please pay careful attention to the clarity and quality of your writing. Difficult-to-comprehend passages and grammatical errors are a strong signal that your team has not carefully prepared the case analysis.

All of your work must be original. You may not use a company that you have analyzed or are currently analyzing in another class. All information must be properly referenced. To avoid any confusion over the originality of your work, your team should work alone, and should not utilize any analysis found on the web, performed for previous classes, or any other source without appropriate reference.

Please submit both a hard and an electronic copy of the final paper. Hard copies should be submitted to the instructor personally in class (or slid under the instructor's office door); electronic copies must be uploaded to the appropriate Carmen dropbox.

Successful reports often exhibit the following attributes.

1. They begin with a short *executive summary*—maybe six sentences—that describes the firm you are analyzing, the primary issues and/or drivers of competition facing this firm, the firm's strategy as articulated in its resource allocation and organizational policy decisions, and (in few sentences) what you recommend. This will help your readers grasp the purpose of the report.
2. Briefly describe the key issues or focal problems. Provide a brief (two paragraphs maximum) introduction to the company and the most pressing issues you believe the organization is facing. It is often best to identify key issues after you have done the bulk of your analysis. You should plan on identifying a few specific key issues, and frame them as questions such as: (1) Should Wamco sell off its publishing unit? (2) How should Wamco deal with imitation and increasing competition in its primary product line?
3. They provide a clear statement of the industry segment in which the firm operates, the competitors in this market, and the primary drivers of competition (e.g., experience, scale, proprietary technology, unique product or service attributes) in this sector.
4. They describe the kinds of strategies that the firm has historically pursued and evaluate the effectiveness of these strategies. The strategy should be articulated in terms of the firm's resources and activities as well as the resource allocation and organizational policies that deliver a specific value proposition to a particular consumer segment. The effectiveness of the strategy should be evaluated in terms of its internal consistency as well as *financial analyses* that demonstrate two historical facts: (1) whether the firm enjoys superior financial performance (in

absolute terms and relative to its competitors) and (2) whether the firm's relative and absolute financial performance has persisted over time.

5. Alternatives & Recommendations. Successful projects generate clear alternatives and recommendations that address the identified issues. They describe how the firm accessed or developed critical resources in the past. They develop foresight regarding whether the focal firm's historical resource allocation policies, capabilities, and organizational structure are likely to be successful in the future, and if not, how they should be modified. They provide recommendations that are *specific* and *actionable*. They must not be obvious "so what" platitudes and they must be *consistent with the analysis*. They also evaluate the impact of each recommendation on the firm's environment and strategy. Do not forget to consider the firm's financial standing when making recommendations.

This last section should occupy the last quarter to one-third of your analysis. Ideally, you would give one to three alternatives, possibly listed in bulleted form. One option could actually include "don't change anything," but very likely this will not be the best choice, especially in a competitive market. Select one of these alternatives as the preferred recommendation. Explain why you believe this is the best option for the firm. Please note that the alternatives should be specific action items. As an example, instead of saying "Firm Z should acquire other companies," try to suggest possible candidates—and say why Firm Z would benefit. If you can't find specific firms, you could say, "acquire firms in the range of \$XX revenue, or \$YY market capitalization," or some other relevant factor. Similarly, instead of saying "form an alliance" you could recommend "form an R&D alliance with Q to leverage this firm's superior product rollout capabilities against Q's more advanced technology." It may take some effort, but this will show that you understand what makes the firm strong or weak and how it can take advantage of those factors.

6. Finally, successful projects present relevant information in a comprehensive and unbiased fashion. This information may include competitive data, company history and/or additional data and supporting documentation. The university subscribes to many online journals, and much news is available from sources like AP or Reuters, or even Lexis-Nexis. I will provide worksheets to capture this data as well as examples of how to locate this data in the library.



"Of course, going on and on about Strategy can't compare to actual Strategy itself".

Team Evaluation:

In general, each team member will receive the same grade on all team assignments. Unfortunately, there may be times when one or more members of a group “free ride” on the work of others. The grades of such free riders will be substantially reduced if consistent evidence of free riding is found. To discover free riding, each team member is provided the opportunity to submit an individual Team Evaluation Form at the time of each team assignment. An example Team-Evaluation Form is included with this syllabus. If someone does not submit a Team-Evaluation Form, I will assume that, from this student’s perspective, no free riding problems existed.

Grade Appeals:

Grades on exams and assignments are intended to reflect the overall quality of performance of the student. If you think your grade on an exam or assignment does not reflect the quality of your performance, submit a clear written explanation of your reasoning within a week after your work is returned. I will carefully consider all such appeals. In the case of the final exam, the Professor does not re-grade individual questions. He only re-grades the entire exam. The final grade for the re-graded exam may be greater than, less than, or equal to the original grade.

The course exam will be held during the final exam week. The purpose of this exam is to see how well you have mastered the concepts taught in the class, and also see how you can apply them in a real-world (albeit “artificial”) situation, much like you will be called to analyze a problem in the context of a consulting interview. The exam is scheduled by the university—but is typically during the Tuesday afternoon of exam week in our regularly scheduled classroom.

About Your Instructor

Michael J. Leiblein is an Associate Professor in the area of Strategic Management. Michael received his Ph.D. from Purdue University as well as an M.B.A. and a B.S. in Electrical Engineering from Rensselaer Polytechnic Institute. Prior to his doctoral studies, Michael worked as a consultant for Andersen Consulting (Accenture) and as an engineer for Johnson Controls.

Professor Leiblein teaches the Technology Strategy, Advanced Competitive Analysis, and the Innovation Field Study elective courses in the MBA Program at the Fisher College. He has previously taught the MBA business core and MBA corporate strategy core courses as well as electives on corporate strategy and strategy consulting. In 2000 and 2002 the Ohio State University evening MBA students named him outstanding core course instructor. Michael has consulted in the United States and Europe for a wide variety of organizations and associations. At Ohio State, he serves as a co-director for the Food Innovation Center, one of President Gee's two inaugural trans-disciplinary centers devoted to improving global health, life quality and economics by way of innovations in the food industries.

Michael's academic research focuses on the relationship between organizational form and firm performance in technology-intensive industries. His work has been published in leading academic journals such as the *Strategic Management Journal*, the *Academy of Management Journal*, the *Journal of Industrial Economics*, and the *Journal of Management* and has received international media coverage in outlets such as *The Financial Times* (London), *Les Echos*, *Red Herring*, and *USA Today*. Michael's academic papers have been recognized with several awards including the 1994 Glueck Best Paper Award, an honorable mention for the 1995 Best Paper Award in Technology and Innovation Management, Distinguished Paper Awards from the Business Policy and Strategy division of the Academy of Management in 2005 and 2007, and Distinguished Paper Award from the Operations division of the Academy of Management in 2009. His dissertation research on the adoption of new technologies in the U.S. semiconductor industry was recognized by the Academy of Management as one of the best dissertations in the field of strategic management (1997 Free Press Award). He is currently the primary investigator on a grant from the National Science Foundation that extends this work by exploring the causes and innovative consequences of organizational decisions in the global semiconductor industry.

Michael currently serves as member of several prestigious editorial boards including the *Strategic Management Journal* (since 2004), the leading academic journal in the field of strategic management, and the *Academy of Management Review* (since 2005). In addition, he has also served as an editorial board member (2002 through 2007) and as an associate editor (2008 through 2011) at the *Journal of Management*, as a member of the executive committee for the Business Policy & Strategy division of the *Academy of Management* and as a representative and officer of the Competitive Strategy division of the *Strategic Management Society*.

In his free time, Michael enjoys attending collegiate sporting events, opera, and hiking through New England and the American Southwest.

ADVANCED COMPETITIVE ANALYSIS
MHR 838
Detailed Course Agenda

Session 1

Reading:

Supplemental Reading:

Defining temporary and persistent superior performance

- None
- Brandenburger, A. & H. Stuart, 1996. Value-based business strategy, *Journal of Economics and Management Strategy*, 5(1): 5-24.
- McGahan, A. 1999. Selected Profitability on US Industries & Companies, HBS Note 9-792-066.
- Postrel, S. Competitive Advantage: A synthesis. UC Irvine working paper.

1. *Discussion Questions:* What are your learning objectives for this course? How do you define the concept of competitive advantage? How do you determine whether a firm enjoys a temporary or persistent advantage? How do define sustained or persistent competitive advantage?

Session 2

Reading:

Supplemental Reading:

What is Strategy? How to identify an organization's core purpose.

- DOWNLOAD. Rumelt, R. 2011. The perils of bad strategy, *McKinsey Quarterly*: 1-10.
- Porter, M. E., 1996. What is Strategy? *Harvard Business Review*, Nov.-Dec., 1-19.
- Campbell, A. & M. Alexandar. 1997. What's wrong with strategy? *Harvard Business Review*, Nov. Dec.: 2-8.
- Christensen. C. & M. Raynor, 2003. Why hard-nosed executives should care about management theory," *Harvard Business Review*, 81(5): 67-74.
- Hammond, Keeney, Raiffa, 1998. The hidden traps in decision making, *Harvard Business Review*.
- Christensen, C. The process of strategy definition and implementation. (HBS Note 9-399-179).

1. *Discussion Questions:* How does Rumelt define strategy? How do you identify (describe) a firm with a good strategy? How do you identify (describe) a good managerial theory? Given the above, why do you believe good managers choose poor strategies? How can an MBA education help managers to choose better strategies?
2. *Assignment.* Send an email to me by 9:00 am indicating your team members and the public firm that you hope to analyze this quarter.

Session 3

Reading:

Supplemental Reading:

Analyzing Industries: How to identify primary drivers of competition.

- PACKET. Corts, K. & J. Rivkin, 2000. Microeconomics for Strategists HBS Note 9-799-128.
- PACKET. Khanna, T. & J. Rivkin, 2004. "Math for Strategists" HBS note 9-705-433.
- DOWNLOAD. SEC 10k report for focal company. These reports are easily found on corporate websites or through the SEC's EDGAR database (<http://www.sec.gov/edgar.shtml>).
- Porter, M.E., 2007. "Understanding industry structure."
- Porter, M.E., 1979. "How competitive forces shape strategy."
- Ghemawat, P., & D. Collis. "Mapping the Business Landscape," ch. 2 in *Strategy & the Business Landscape*, Prentice-Hall.
- Rumelt, R. Strategic cost dynamics.
- Rumelt, R. Margins.
- Rumelt, R. How to read a balance sheet

1. *Discussion Questions:* How do you know when one of Porter's competitive forces is important? What are the causal mechanisms that lead to structural sources of advantage? What propositions can you derive from Porter's model? How does Porter's model help you identify "drivers" of competition in the industry you are studying? What conclusions do you draw from this analysis about ways to "shape" this industry?

Session 4

Reading:

Industry Analysis Workshop

- DOWNLOAD. SEC 10k report for focal company. These reports are easily found on corporate websites or through the SEC's EDGAR database (<http://www.sec.gov/edgar.shtml>).
- DOWNLOAD. Industry Analysis Worksheet
- Leonard M. Fuld. (1995) *The New Competitor Intelligence: The Complete Resource for Finding, Analyzing, and Using Information about Your Competitors*. New York: John Wiley and Sons, Inc., See chapter 2.
- Rivkin, J. and A. Cullen. Finding information for industry analysis.

Supplemental Reading:

1. *Assignment:* Post Industry Analysis slides (in ppt format) to Carmen by 9:00 am. Prepare a 20 minute presentation to address the following questions: (1) Does the firm you are analyzing have a competitive advantage? (2a) If yes, is this advantage rooted in the industry structure? (2b) If no, how does the industry structure adversely affect your firm? (3) Given the above, what actions do you think the management of this firm should be taking at this time? Please note that in addressing these questions you will need to identify the primary suppliers, competitors, and buyers in your industry (you may 'group' similar firms) and the primary structural factors affecting competition in this industry.

Session 5

Reading:

Analyzing activities: Choosing activities that drive WTP & SOC

- DOWNLOAD. Ghemawat, P. and J. Rivkin, Creating Competitive Advantage. HBS Note 9-798-062.
- Ghemawat, P. 1991. Commitment: The Dynamic of Strategy, Ch 3 Choice: Making Commitments. ISBN# 0-02-911-575-2
- Halaburda, H. & J. Rivkin, Analyzing relative costs. HBS Note 9-708-462.
- Rumelt, R. Strategic cost dynamics; Rumelt, R. Units.

1. *Discussion Questions:* Compare and contrast the notion of a value chain with that of a consumption chain? Why do different firms maintain different value chains? How can concepts such as scale, learning, and proprietary technology be used to estimate a firm's cost of a good? Why is it beneficial to perform a value chain activity in-house? How does performance of a value chain activity in-house affect a firm's current and future behavior?

Session 6

Reading:

Supplemental Reading:

Choosing Competitive Positions & Identifying Strategic Objectives.

- None.
- Review Ghemawat and Rivkin, "Creating Competitive Advantage"
- Porter, M.E. 1985. Competitive Advantage. The Free Press.
- Kim, C. & R. Mauborgne, "Knowing a winning business idea when you see one," *Harvard Business Review*, Sept.-Oct., 2000.
- Kim, C. & R. Mauborgne, "Creating new market space," *Harvard Business Review*, Jan.-Feb., 1999.
- Kim, C. & R. Mauborgne, "Value Innovation: The Strategic Logic of High Growth", *Harvard Business Review*, Jan-Feb 1997.

1. *Discussion Questions:* How do you define or characterize market space? Do you agree with the characterization of market space offered in class? Is this a mutually exclusive and collectively exhaustive (MECE) characterization? Does your answer affect the value of the framework? How do you know when a competitive position is "attractive?" How can astute managers' identify or create attractive markets? What types of investments are likely to lead to the recognition of attractive opportunities?

EXTRA learning opportunity

Supplemental Reading:

Demand Side Concepts: Basic techniques for estimating demand

- Notes Posted to Carmen.
- Dolan, Analyzing Consumer Preferences. HBS Note 9-599-112.
- Knott, A.M. 2001. Venture Design

1. *Discussion Questions:* How would you estimate the quantity of demand (market size) and the willingness to pay (differentiation premium) for a particular product or service? What types of information are necessary to develop "A" or "B" quality estimates of demand?

Session 7

Reading:

Supplemental Reading:

Competitive Position Workshop

- None.
- None.

1. *Assignment:* Post competitive positioning slides (in ppt format) to Carmen by 9:00 am. Prepare a 20 minute presentation to address the following questions: What value chain activities underlie the primary sources of cost or differentiation advantage pursued by your firm? Do they reduce cost relative to competing offerings? Do they increase WTP to your firm's target market (or some other market)? Would the elimination of any one resource from this firm "cripple" its performance a year from now despite management's best efforts to replace this resource? Can you identify the source of any relative advantages across competitors (due to investments, proprietary resource access, unique knowledge, or organization)?

I recognize the challenges in quickly obtaining the data required to precisely answer these questions. The purpose of this exercise is to give you an opportunity to consider how you might use some of the logic and tools discussed in class. If you cannot find particular information, please point to what information you would want to acquire that is not available.

Session 8

Reading:

Supplemental Reading:

Resource Based Concepts: What do resource based theories propose?

- PACKET: Christensen, C. Putting your finger on capability. HBS note 9-399-148.
- DOWNLOAD. SKIM Leiblein, MJ. 2011. What do resource and capability based theories propose? *Journal of Management*.
- Peteraf, M. 1993. "The Cornerstones of Competitive Advantage: A resource-based view," *Strategic Management Journal*, 14: 179-191.
- Barney, JB. "Looking Inside for Competitive Advantage," *Academy of Management Executive*.
- Coyne, K. "Sustainable Competitive Advantage: What It Is, What It Isn't," *Business Horizons*, Jan/Feb 1986.
- Montgomery, C. Resources the essence of advantage.

1. *Discussion Questions:* How would you compare and contrast the positioning theory of competitive advantage espoused by Porter and Ghemawat and the resource-based theory of advantage espoused by Barney and Peteraf? Are these approaches contradictory, independent, or complementary? How can astute managers' identify the types of resources subject to *ex ante* and *ex post* failures?
2. (How) do Christensen's statements change your impression of the practical, managerial implications associated with capability analyses? What specific investments are likely to lead to the recognition of attractive capability development opportunities?

Session 9

Reading:

Supplemental Reading:

Sustaining Advantage: Slack, holdup, imitation, and substitution

- PACKET. Ghemawat, P. & G. Pisano. Sustaining Superior Performance. HBS Note 9-798-008.
- McGahan, A. Sustaining superior profits. HBS Note 9-797-045.
- Rivkin, J. Why do strategies fail? HBS note 9-706-433.
- Rumelt, R. Precision inertia and transformation.

1. *Assignments:* What are the principal drives of slack, holdup, imitation, and substitution? How do you know whether your firm is more or less susceptible to these factors? What can managers' do to mitigate the affect of each of these factors?

Session 10

Reading:

Supplemental Reading:

Sustaining Advantage Workshop

1. *Assignments:* Post Sustainability Analysis slides (in ppt format) to Carmen by 9:00 am. Prepare to address the following questions: (1) Does the firm you are analyzing have a competitive advantage? (2a) If so, why (or why not) is this advantage likely to persist? (2b) If not, why (or why not) is this disadvantage likely to persist?

What actions should management of your firm take today to counter or mitigate the adverse effects of competition and other threats to sustainability?

Session 11

YOUR DAY

Reading:

Supplemental Reading:

1. *Discussion Questions: Assignments: Come to class with any questions, concerns, or discussion points.*

Session 12

Competitor Analysis Concepts: How to identify competitors and potential competitive moves.

Reading:

- PACKET. Coughlan, P. Competitor Analysis: Anticipating Competitive Actions. HBS Note 9-701-120.
- PACKET: Porter, ME. Ethical dimensions of competitive analysis. HBS Note 9-792-088.
- Porter, M.E., 1985. Competitive Advantage. The Free Press. Chs. 3 through 5.
- Bergen, M. & M. Peteraf, 2002. Competitor Identification and Competitor Analysis, Managerial & Decision Economics. Vol 23: 157-169.
- Coughlan, P. The Leader's (Dis)Advantage, HBS Note (MBA 980).
- Ghemawat, P. "Anticipating Competitive and Cooperative Dynamics" ch. 3 in Strategy & the Business Landscape. (MBA 980).
- Prescott, J. "Competitive Intelligence: Lessons from the Trenches," *Competitive Intelligence Review*.

1. *Discussion Questions: How might a firm identify its potential competitors? What signals might it (legally) monitor to anticipate alternative actions a close competitor may take? What alternative actions might a firm take in order to delay or mitigate competitive actions? What do these questions imply for the firm you are analyzing in this course?*

Session 13

Cooperative Strategies: How to identify potential cooperative opportunities.

Reading:

Supplemental Reading:

- NONE.
- <http://www.alliancerevolution.com>
- Brandenburger, A. and B. Nalebuff. 1995. The right game: Use game theory to shape strategy, *Harvard Business Review*, Vol. 73:4 (Jul/Aug), pp. 57-71.
- Bleeke, J. and D. Ernst. 1995. Is your strategic alliance really a sale? *Harvard Business Review*, Vol. 73:1 (Jan/Feb), pp. 97-104.
- Hamel, G., Y. Doz, & CK Prahalad. 1989. Collaborate with your competitors and win. *Harvard Business Review*, Vol. 67:1 (Jan/Feb), pp. 133-139.

1. *Discussion Questions: What particular source of cooperative value is most likely to improve overall industry performance in your setting? How might the management at the firm you are studying create opportunities to enlarge the competitive "pie" through cooperation in this industry? What form of organization should be used to support this collaborative effort? How does behavior differ in an alliance as compared to in a market contract or hierarchical (firm) employment contract?*

Session 14:

NO Class

Session 15**Guest Lecture by Todd S. Cameron, Accenture****Session 16**

Reading:

Supplemental Reading:

Generating Alternatives: Strategic Evaluation and Financial Valuation

- DOWNLOAD: Rumelt, R. Note on Strategic Evaluation (Leiblein will provide link).
- Bertoneche, M. & F. Federici. Valuation Methods and Discount Rate Issues
- Rivkin, J. An options-led approach to making strategic choices. HBS Note 9-702-433.

Session 17**Strategic Evaluation & Financial Valuation Workshop I**

Reading:

Supplemental Reading:

1. *Assignments:* Post Strategic Evaluation & Financial Valuation slides (in ppt format) to Carmen by 9:00 am. Prepare to address the following questions. Is the firm's strategy sound? How does your evaluation of the firm affect your perception of its financial performance? Is your evaluation consistent with the financial markets valuation of the firm?

Session 18**Strategic Evaluation & Financial Valuation Workshop II**

Reading:

Supplemental Reading:

1. *Assignments:* Teams that were not able to present during session 17 will be given the floor today.

Thanksgiving Day

Session 19**Business Forecasting: Concepts & Tools**

Reading:

Supplemental Reading:

- DOWNLOAD. Wack, P., 1985. Scenarios: Uncharted Waters Ahead, Harvard Business Review, Sept.-Oct.
- Wack, P. 1985. Scenarios: Shooting the Rapids, Harvard Business Review, Nov.-Dec.,
- Courtney, H., J. Kirkland, & P. Viguerie, Strategy Under Uncertainty, Harvard Business Review, Nov.-Dec.
- Schwartz, P. 2000. The Official Future, Self Delusion, and the Value of Scenarios (<http://www.gbn.org>).
- The Death of Telephony, The Economist, 9/1993., Polakovic, G. 6/7/2003, Getting the Cows to Cool It, The Los Angeles Times

1. *Discussion Questions:* None.

Session 20**Wrap-Up & Review****Final Exam Week****Exam (sample exam will be posted to Carmen)**

**ADVANCED COMPETITIVE ANALYSIS
PEER CLASS PARTICIPATION EVALUATION FORM**

This form is due on session 20.

Your name: _____
(Print)

Please list up to five people in the course who, in your opinion, demonstrated consistent excellent class participation throughout the quarter. Do not include your own name with this list. Please also indicate the participation grade that you believe you deserve in this course. Please sign your name at the bottom of this form.

As a reminder, excellent class participation is defined as: a student consistently attends class, consistently and appropriately contributes to case discussions, and occasionally contributes unusually insightful comments in these discussions. Please print legibly!

1. _____

2. _____

3. _____

4. _____

5. _____

Sign here I believe I deserve a participation grade of: _____

**ADVANCED COMPETITIVE ANALYSIS
TEAM EVALUATION FORM**

This form may be submitted with any assignment.

This form will be used in assessing the quality of contribution provided by your teammates on group projects. You have 100 group participation points to allocate to members of your group. If you believe that each member of your group participated equally in this group project, then you should assign each member of the group the same number of points. If one or more members of the group did not contribute equally, you should assign fewer points to them and more points to members of the group who contributed more to this project. In any case, the total number of points you allocate to members of your group must sum to 100. Please neatly write the name of each of your group members, including your own, in the space provided immediately below

Your Name: _____

List the names of the people in your group (besides yourself), and the group participation points you would assign to each. Remember, total Group Participation Points must sum to 100.

Members of your Group	Group Participation Points
1.	
2.	
3.	
4.	

Total : 100 points

Advanced Competitive Analysis Reading Packet

MHR 838 (F 2011)

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1. Corts, K. and J. Rivkin. "Microeconomics for Strategists" HBS note 9-799-128.
2. Khanna, T. & J. Rivkin, "Math for Strategists" HBS note 9-705-433.
3. Ghemawat, P. and J. Rivkin, Creating Competitive Advantage. HBS Note 9-798-062
4. Christensen, C. Putting your finger on capabilities" HBS note 9-399-148.
5. Ghemawat, P. and G. Pisano. "Sustaining Superior Performance" HBS Note 9-798-008
6. Coughlan, P. Competitor Analysis: Anticipating Competitive Actions. HBS Note 9-701-120.
7. Porter, ME. Ethical dimensions of competitive analysis. HBS Note 9-792-088.