



[CANDS] COMPETITION AND STRATEGY

Introduction

Competition & Strategy (CS) is an integrative course that traces its roots back to the earliest years of IESE Business School. It has long been recognized that there is something more to leadership than designing organizational mechanisms and managing specialized functions. At the core of leadership is the setting of the overall strategy for the enterprise. CS brings a discipline, a set of concepts, and a point of view to this inherently complex and creative process.

At the core of Competition & Strategy is a sophisticated understanding of competition and the competitive environment. While other courses appropriately focus on one or a few elements of the environment—e.g. customers and channels, supply chain, financial markets—CS takes a broad and integrated view of the external environment. It defines rivalry broadly to include not only direct competitors but also substitute and complementary products, potential new entrants, and even suppliers and customers who try to drive down a firm's profits.

Competition & Strategy furthermore takes an integrated view of the firm. It emphasizes the relationships among the functional disciplines (i.e., operations, marketing, and finance) covered in other courses. Coordination and consistency across the functions are hallmarks of an effective strategy. A successful firm is distinguished by the way it tailors its functional policies to each other and to its environment, not by a pursuit of “best practices” that are common to many competitors.

Finally, Competition & Strategy is distinguished by its long-term perspective. We are concerned with superior long-run financial performance, not performance in any given quarter or year. Our focus is thus on the dynamics of competition, which is never ending. Strategy deals with industry changes that are often measured in decades and with firms' long-term choices about direction; CS cases, therefore, span long periods of time and address a company's history as well as its present. The course places a major focus on the sustainability of and threats to competitive advantages. One of the challenges of the strategist is to reconcile the long-term character of competition with the immediate pressures of customers, employees, and capital markets.

Strategy formulation is fundamentally a holistic task. It is about crafting a whole, which is more than the simple sum of its parts. Strategy formulation is also an inherently creative process. The best strategies are those that make the firm unique and distinctive. Mimicking the practices of others, even the best companies, will not get you there. An orientation towards distinctive ways of competing, and the ability to combine a consistent strategy with continuous learning and improvement, are values and perspectives that Competition & Strategy seeks to instill and reinforce.

Objectives

Thinking strategically is a difficult skill to master. The objective of this course is to push the participants to think strategically in different situations. The course will introduce the participants to a coherent framework of Value Creation and Value Capture and related concepts that are used to analyze industries, clients, competitors, and our own organization with its strengths and weaknesses. We expect you to be able to deal with the basic strategy concepts introduced. Nevertheless, they remain tools, which should aid you in becoming better strategic thinkers. The ultimate objective is to formulate a strategy for a business that will shape the future environment of the firm and aid the firm with its strategic decision-making in this future, answering three key questions: (1) Where to play? (2) How to win? (3) Which resources and capabilities are needed?

Content

The course is divided into three parts:

1. Preparation weeks:
 - Read carefully this detailed outline of the course.
 - Write a brief memo of about one page. In the first part of the memo, explain what you think “Strategy” is. In the second part, identify and describe one strategic business challenge relevant for you and/or your firm. Post the memo on the Virtual Campus (Assignments section).
 - Prepare the cases of Tiffany’s, Ryanair, Mobileye, Spotify, Walmart-Amazon, and Patagonia.
 - The course includes 8 articles: 4 HBR articles, 2 technical notes, and 2 other articles. It is a good idea to read these articles before the on-campus weeks as you may not have enough time to read them during these weeks.
2. On-campus weeks: We will enjoy eight class sessions together during the on-campus weeks. The sessions begin with the basic building blocks of competitive strategy. These comprise an overall framework for competitive strategy formulation. The course concludes with an examination of strategy in emerging or radically changing industries. Developing strategy in such settings challenges you to apply all the earlier concepts and introduces you to some new ones along the way.
3. Consolidation weeks: This segment is designed to reinforce and practice the concepts and tools used in the residential sessions. Details will be discussed during our face-to-face time in New York.

Methodology

The course material consists of cases and additional readings. Cases in Competition & Strategy tend to be heavy and longer cases as we need to gain a broad perspective on the company and its competitive environment before engaging in a discussion. Please take time to look at the cases before you arrive on campus. Don’t come to class without having read the case!

Competences

General Competences

- To explain and discuss business situations in a rigorous, effective way using both formal and informal procedures, and providing relevant information to support the observations and conclusions.
- To identify the catalysts of personal and organizational change to foster the entrepreneurial and innovative behavior that makes it possible to adapt to changing business environments.

- To prioritize objectives, schedule activities appropriately, and execute them within the proper timeframe.
- To distinguish and categorize relevant information effectively for business decision making.
- To formulate and evaluate business strategies in decision-making, anticipating the economic consequences of action plans.

Specific Competences

- To apply a structured, rigorous analysis process of business situations that encompasses all the dimensions of the business (personnel, strategy, finance, etc.) and concludes with the preparation of a reasonable, feasible action plan.
- To analyze and understand the value chain of an industry or business to develop the corporate strategy.
- To understand and evaluate cultures of innovation and entrepreneurship within one's own business (intrapreneurship).

Sustainable Development Goals (SDG)

For official reporting purposes, we are required to state below the Sustainable Development Goals (SDGs) discussed in this course. This list is not intended to serve as an illustration of how to approach sustainability issues. We acknowledge that there might be other relevant topics on sustainability not included in the SDGs that might also be addressed in class.

SDG 1 – No Poverty
 SDG 2 – Zero Hunger
 SDG 3 – Good Health and Well-Being
 SDG 4 – Quality Education
 SDG 5 – Gender Equality
 SDG 6 – Clean Water and Sanitation
 SDG 7 – Affordable and Clean Energy
 SDG 8 – Decent Work and Economic Growth
 SDG 9 – Industry Innovation and Infrastructure
 SDG 10 – Reduced Inequalities
 SDG 11 – Sustainable Cities and Communities
 SDG 12 – Responsible Consumption and Production
 SDG 13 – Climate Action
 SDG 14 – Life Below Water
 SDG 15 – Life on Land
 SDG 16 – Peace, Justice and Strong Institutions
 SDG 17 – Partnerships for the Goals

Bibliography

For participants who wish to expand their background in strategy or read in more depth about the concepts we discussed in class, I recommend the following books. The library and the bookshop have copies of these books, which offer a contemporary yet historically grounded perspective on the field of strategy with examples and insights drawn from consulting.

“Contemporary Strategy Analysis”, by Robert Grant, Blackwell Publishing, or the book “Foundations of Strategy”, by Robert Grant and Judith Jordan.

Here is a sample of other books that relate well to the course and can be used as additional reading.

- Besanko, David, David Dranove, Mark Shanley and Scott Schaefer: Economics of Strategy.
- Pankaj Ghemawat: Strategy and the Business Landscape, Prentice Hall.
- Barney, Jay: "Gaining and Sustaining Competitive Advantage", Prentice Hall.
- Rumelt, Richard: "Good Strategy – Bad Strategy", Profile Books, 2011.

Evaluation

Your course grade will be based on your contribution in class (40%), the memo on your strategic challenge (35%), and the team case write up in the consolidation weeks (25%).

Diligent preparation is key for your success in this course. Please complete assignments in a timely manner. Please prepare all cases and readings before on-campus weeks.

Professor's Biography

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Govert Vroom is a professor in the Strategic Management department of IESE. Prof. Vroom received his Ph.D. from INSEAD in 2005. His doctoral dissertation was awarded second place in the Organization Science dissertation proposal competition and received the Blackwell Outstanding Dissertation Award for the best doctoral dissertation in the Business Policy and Strategy division of the Academy of Management.

Prof. Vroom's research interests include competitive strategy, corporate diversification, strategy in the networked economy, and entrepreneurship. In his research, he explores how firm characteristics, such as organizational design, ownership structure, and firm objectives, affect managerial decision making and interfirm rivalry. He is also working on how strategies are influenced by competition in network environments where critical mass, standards, and externalities play an important role. His work has been published in leading scholarly journals such as Academy of Management Journal, Management Science, Strategic Management Journal, Organization Science, and the Journal of Sports Economics. He was elected Chair of the Competitive Strategy interest group of the Strategic Management Society, a role he fulfilled in 2012. From 2015 to 2017, he was a member of the Executive Committee of the Business Policy and Strategy division of the Academy of Management and chair of its Teaching Committee.

Prior to his academic career, Prof. Vroom worked in the Netherlands at KPN Telecom as a financial controller and cost management consultant. He teaches strategic management, competitive strategy, and corporate strategy in a wide variety of programs including the MBA, Executive MBA, Ph.D., and international executive education.

He enjoys outdoor activities with his wife and three children.