

GSBA529: Strategic Formulation for Competitive Advantage
Syllabus – Spring 2019

Section: 15731; Tuesday, 6:30 - 9:30pm; JKP110
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Course Description

In the past few decades, societies worldwide have seen the emergence of a new breed of entrepreneurs, *social entrepreneurs*, who are bringing the principles and tools of business to the social sector to create enterprises that address some of the most pressing challenges faced by the world today in education, health care, the environment and other areas. At the same time, *social intrapreneurs*, working within major organizations, are using their companies' resources in novel ways to deliver market solutions to these challenges at the local and global levels.

Success in social entrepreneurship requires a strategic and systematic approach. It begins with an in-depth understanding of the distinctive features of the social enterprise context and involves devising strategic ways to create innovative forms of value using a limited set of resources. Strategic alliances, an increasingly integral part of strategy in the social sector, enable partners to better leverage their respective resources and to ultimately achieve a greater and more sustainable social impact. High-performing social enterprises also have a well-crafted growth strategy for expanding the organization and a performance management system that enables effective evaluation and achievement of social impact.

The topic of social entrepreneurship in GSBA 529 is approached from a strategic perspective. The course provides key concepts, tools, and frameworks for defining a social enterprise's mission, selecting competitive strategies, creating and sustaining competitive advantages, scaling the social venture and maximizing its long-term impact. While embodying the latest thinking on the strategic management of social enterprises, GSBA 529 puts a strong focus on practical application. The course is enriched by real-life case studies of some of the world's most innovative social enterprises. The final project, a team assignment, challenges students to develop a strategic plan for a social enterprise that provides an innovative solution to a pressing social problem in education, health care, the environment or others.

Learning Objectives

Theory and Concepts. GSBA529 provides the key concepts, tools, and principles of strategy formulation and competitive advantage. The course covers theories for in-depth industry and competitor analysis, for analyzing the impact of various forces (e.g. technological advances, government regulation etc.) on industry competition and evolution and for anticipating and predicting future industry developments. The course also examines the economic underpinnings of competitive advantages and the fundamental conditions that allow firms to create and sustain advantageous strategic positions. The course also covers concepts and theories for global strategy decisions including strategies for global value creation, location strategy and optimal timing of entry.

Analytical Skills. Theoretical concepts are a great aid to understanding, but by themselves are not enough to resolve real business problems. You also need a set of useful analytical tools and skills that can be applied to the data to question and validate the facts and premises assumed in the theories. Some of the tools are

quantitative -- analyzing financial statements for example -- while others are more qualitative. Learning how to apply these techniques and when to apply them is a key objective of the course.

The course will offer you experience in conducting a comprehensive strategic analysis of a business. This involves performing an in-depth external analysis of the firm's industry and competitors as well as a thorough internal analysis of the firm's objectives, strategies, competitive advantages and financial performance, identifying the key strategic problems faced by the company, formulating solutions for addressing them and developing an effective implementation plan.

Critical Thinking Skills. The course will place a special emphasis on developing your critical thinking skills and enhancing your ability to present a thoughtful critique of others' arguments, analyses and supporting evidence. These skills will also help you to gather information, prepare thoughtful analyses and build compelling arguments.

Communication Skills. The best analysis will have little effect if it cannot be communicated to others. Managers must be able to articulate their views coherently and persuasively. Management is a "verbal sport". Perhaps 90% of a typical manager's day is consumed by communication. Time is often scarce. You must learn to make convincing arguments and to make them quickly. This skill takes practice and we will place a special emphasis on it in class through oral presentations and written reports.

Upon successful completion of the course, students will have the knowledge and skills to:

1. Explain the fundamental elements of strategy and provide recommendations for achieving external, internal and dynamic consistency.
2. Craft a useful mission, vision and value statement for a social enterprise.
3. Analyze the main structural features of an industry and develop a strategy that positions the social enterprise most favorably in relation to the competition.
4. Explain the different stages of industry evolution and develop strategies appropriate for each stage.
5. Develop scenarios for the future of an industry.
6. Appraise the resources and capabilities of a social enterprise in terms of their ability to confer sustainable competitive advantage.
7. Develop recommendations for creating a cost, differentiation or dual advantage and for sustaining a social enterprise's competitive advantage.
8. Identify the advantages and disadvantages of being a first mover into an industry and provide recommendations for the optimal timing of entry.
9. Develop recommendations for creating and managing successful strategic alliances.
10. Formulate a strategy for scaling the social venture.
11. Explain the key opportunities and challenges of international expansion and formulate an effective strategy for creating value globally.

Required Materials

Harvard Coursepack. Assigned readings and cases for this course are compiled in a course package available from Harvard Business School Publishing at the following link:

<https://hbsp.harvard.edu/import/597842>

Additional readings may be distributed in class or posted to Blackboard. When necessary, I may assign additional materials for you to purchase.

Blackboard (Bb). I will post various course materials to Blackboard including the course syllabus, powerpoints, lecture notes, case discussion questions and assignments. Please check Blackboard regularly for any new information or materials relevant to upcoming sessions.

3x5 Index Cards. Please bring a deck of 3x5 index cards to every class to record your oral class participation.

Course Format

Case Method. In order to achieve the objectives of the course, we will devote the majority of our class time to the analysis and discussion of selected business cases. Occasional lectures will be given to elaborate on key theoretical concepts and frameworks. These lectures, however, will be subordinate to the case analysis. Cases provide a natural "test-bed" for theory and provide vivid examples that aid the memory of concepts. While nothing can surpass first-hand personal industry and managerial experience as a basis for decision-making, case analysis is an indispensable proxy for the kind of knowledge that can only be gained through years of experience and research. A set of cases has been selected on a range of organizations from a variety of industry settings. Each case is intended to teach us something specific, yet each can teach us many things. We will not attempt to exhaust each case of all its learning experiences, but rather build up a "war chest" of analytical tools, skills and insights, progressively over all the selected cases.

There are other reasons for employing the case discussion method of instruction. First, it allows you to develop skills at problem definition in addition to problem solving. Cases typically do not have an obvious set of tasks whose performance will lead to mastery. Rather, they force you to sift through a mass of information, some of it irrelevant or contradictory, in order to identify the key strategic issues. Second, the case method gives you a chance to deal with ambiguity. Most cases do not have obvious "right" answers. Managers must be able to function in situations where the right answer is not known, without falling into the trap of assuming that any answer is as good as another. Some analyses and proposed strategies are clearly wrong, and some are clearly better than others are. A popular phrase in case analysis classes is "**There are *no* right answers, but there are *wrong* answers.**"

These rationales are offered because the case method may be unfamiliar to some of you and frequently causes initial confusion. There will be many times when I will not reveal my own opinions about a particular issue, and there will be many cases that do not end up neatly packaged with an "answer." You may discover that your preparation "misses" key points of a case, especially at first. This is a normal part of the learning experience.

The quality of your learning experience during our class discussions will be directly determined by: 1) your degree of preparation, active listening, and participation, and 2) your classmates' preparation, listening, and participation. Some will not agree with you, and you may be asked to defend your argument. As long as criticism is directed at arguments and not at individuals, is relevant to the issues at hand and coherently argued, it is very much welcomed.

Case Preparation. Cases require careful preparation before coming to class. The following is a suggested list of steps to guide your case preparation.

1. Rapidly read the assigned case to gain a general understanding of the industry, the firm and the key strategic issues faced by the firm.
2. Carefully review the case discussion questions provided for the case on Blackboard to learn more about what issues require special attention.
3. Carefully re-read the case, taking notes that sort information, facts, and observations under a number of relevant headings.
4. Formulate theories or hypotheses about what is going on as you read ("the company loses money on small orders"), modifying or rejecting them as new information surfaces ("Table 2 shows that shipping costs per unit are higher for small orders, but only for long-distance shipments").
5. Perform quantitative analyses, "crunching" whatever numbers are available. Use these numbers to provide quantitative support wherever possible, particularly when exploring various hypotheses as to the nature and importance of certain phenomena. If the requisite data are not available in the case, precise descriptions of what data are missing often triggers ideas for making creative use of the information that is available.
6. Prepare definitive conclusions before you come to class concerning the problems in the case and the issues raised in the case discussion questions.
7. Bring your detailed notes with you to class to help guide your interventions in the class discussion.

Course Evaluation

Your course grade will be determined as follows:

Individual work (70% of total)

Class Participation	20%
Exam I	25%
Exam II	25%

Group work (30% of total)

Final Project Paper	20%
Final Project Presentation	<u>10%</u>
	100%

In order to pass this course successfully, a passing grade (> 50%) must be achieved in the combined average of the individual components and in the combined average of the group components. ***Please note that if your individual performance in the course is unsatisfactory, it will not be brought up by a good group grade.***

Final grades represent how you perform in the class relative to other students. Three items are considered when assigning final grades:

1. Your weighted score as a percentage of the available points for all assignments (the points you receive divided by the number of points possible).
2. The overall average percentage score within the class.
3. Your ranking among all students in the class.

Attendance Policy

Class attendance is absolutely essential. All missed classes will be noted. The policy on missed classes is to allow each student **two (2) absences**, no questions asked, no penalty. All further absences over this limit will reduce the student's class participation grade and final course grade, no questions asked, no excuses of any kind accepted. **Students with an excessive number of absences are at risk of failing the course.** Only official university engagements, such as officially scheduled USC Marshall sponsored case competitions and sports events, will be accepted as exceptions to this policy. Job interviews are not excused, so choose your absences carefully. Habitual lateness and leaving class early, for whatever reason, will be noted as evidence of low course commitment and penalized. **Simply put, you cannot learn from our class discussions, and your classmates cannot learn from you, if you are not present.**

Class Participation (20%). Because this course relies heavily on case materials, your active contribution to our case discussions is required to ensure the class' success. Each student has a responsibility to participate in class and to enhance the learning experience of all class participants. If you are not comfortable with oral participation, please let me know at the beginning of the semester and I will work with you to help you overcome this barrier.

Your overall class participation will be closely monitored. In grading oral participation, I will look at both the *quality* and *quantity* of your oral contributions. With regard to quality, the dimensions that I look for include:

- *Clarity* – is the comment succinct and understandable?
- *Relevance* – does the comment bear on the subject at hand? Comments that do not link up with what the discussion is focusing on can actually detract from the learning experience.
- *Causal Linkage* – are the logical antecedents or consequences of a particular argument traced out? Comments that push the implications of a fact or idea as far as possible are generally superior.
- *Responsiveness* – does the comment react in an important way to what someone else has said?
- *Analysis* – is the reasoning employed consistent and logical?

- *Evidence* – have data from the case, from personal experience, from general knowledge been employed to support the assertions made?
- *Importance* – does the contribution further our understanding of the issues at hand? Is a connection made with other cases we have analyzed?

Participation card. To help me track oral participation, students who actively participated in the oral discussion during a class session should turn in a *participation card* at the end of that session. The card should include your name, the date, and a numbered list of your oral contributions during that day's discussion. The participation cards will be used in combination with my own evaluation to determine your participation grade in the course. For this purpose, please purchase a package of 3x5 index cards and bring them to class.

It is expected that you will make notes while preparing a case for class discussion. Please use the case discussion questions provided for the case on Blackboard to identify the issues that require special attention in the case. Case notes typically include an analysis of the company's financial statements, an identification of the key problems faced by the company, proposed solutions to those problems and an implementation timeline. I expect you to rely on your notes when contributing to the class discussions.

In addition to weekly opportunities for oral participation in case discussions led by the instructor, each student will also have the opportunity to serve as a case leader, taking the lead on a specific part of a case discussion. Detailed instructions regarding your case leadership assignment will be discussed in class and posted to Blackboard.

Exams I and II (25% each). I will give two exams to test your understanding of material previously covered. Each exam will consist of two parts: 1) multiple-choice and true/false questions on the readings and cases and 2) short-essay questions on a case.

Team Final Project Paper and Presentation (30%). You will draft a strategic plan for a social enterprise that provides an innovative solution to a pressing social problem in the areas of education, health, the environment or others. The plan will specify the social problem your venture would like to address, your theory of change, the social venture's vision and mission, its business model, its growth strategy and how you will measure social impact. The last session of the course is set aside for presentations of your plan. Detailed instructions regarding the final project will be discussed in class and posted to Blackboard.

Peer Evaluations. Each of you will complete a peer evaluation of the members of your team with respect to the team final project. A copy of the peer evaluation form is posted to Blackboard. Scores for individual student contributions to the team final project are assigned by me, based on my assessment of the team's project quality, my observations of the team's working dynamics and thoughtful consideration of the information provided through your peer evaluations.

➤ **If you experience any group-related problem (e.g. conflict, free-rider etc.), please let me know immediately. Do not wait until the end of the semester. If you report this problem too late, there is not much I can do.**

Course Policies

Add/Drop Process

If you are absent three times prior to January 23rd, 2019, I may ask you to withdraw from the course by that date if you do not notify me prior to your absence. These policies maintain professionalism and ensure a system that is fair to all students.

Course Communication: Blackboard

A Blackboard website has been created for this course: <https://blackboard.usc.edu>. You should develop the habit of checking Blackboard on a regular basis. The course syllabus, powerpoints, lecture notes, assignment information, and additional course materials will be posted on this site throughout the semester. Since e-mails sent to the class originate from the Blackboard system, it is your responsibility to ensure that your Blackboard account settings forward your messages to your preferred email account such as your personal Gmail account.

Communication and Entertainment Devices

Laptop and Internet usage is not permitted during class sessions unless otherwise stated by the professor. Personal communication and entertainment devices such as mobile phones are to be turned off and kept off throughout the class session. Receiving or sending communication and entertainment during class disrupts the learning environment and is rude to class participants. Videotaping faculty lectures is not permitted, due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in the class.

Academic Integrity and Conduct

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own (plagiarism). Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. All students are expected to understand and abide by the principles discussed in the *SCampus*, the Student Guidebook (www.usc.edu/scampus or <http://scampus.usc.edu>). A discussion of plagiarism appears in the University Student Conduct Code (section 11.00 and Appendix A).

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Support Systems

The following support systems are available to USC students.

Diversity at USC

Includes tabs for Events, Programs and Training, Task Force (including representatives from each school), Chronology, Participate, and Resources for Students.

<https://diversity.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance

Works with faculty, staff, visitors, applicants, and students around issues of protected class.

<https://equity.usc.edu/>

(213) 740-5086

Bias Assessment Response and Support

Provides support for reporting incidents of bias, hate crimes and microaggressions allowing for appropriate investigation and response.

<https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy

Assists students and families in resolving complex issues (personal, financial, and academic) adversely affecting student success.

<https://studentaffairs.usc.edu/ssa/>

(213) 821-4710

Student Counseling Services (SCS)

Provides free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

<https://engemannshc.usc.edu/counseling/>

(213) 740-7711 – 24/7 on call

National Suicide Prevention Lifeline

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

<http://www.suicidepreventionlifeline.org>

1-800-273-8255

Relationship & Sexual Violence Prevention Services (RSVP)

Provides free and confidential therapy services, workshops, and training for situations related to gender-based harm.

<https://engemannshc.usc.edu/rsvp/>

(213) 740-4900 - 24/7 on call

Sexual Assault Resource Center

Provides information about how to get help (or help a survivor), rights, reporting options and various additional resources.

<http://sarc.usc.edu/>

The Office of Disability Services and Programs

Provides certification for students with disabilities and helps arrange relevant accommodations.

<https://dsp.usc.edu/>

(213) 740-0776

USC Emergency Information

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

<https://emergency.usc.edu/>

USC Department of Public Safety

Provides overall safety to the USC community.

<https://dps.usc.edu/>

UPC: (213) 740-4321 – HSC: (323) 442-1000 – 24-hour emergency or to report a crime.

Students with disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to your instructor

as early in the semester as possible. DSP is located in GFS120 (Grace Ford Salvatori Hall) and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies.

Class Notes Policy

Notes or recordings made by students based on a university class or lecture may only be made for purposes of individual or group study, or for other non-commercial purposes that reasonably arise from the student's membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. Actions in violation of this policy constitute a violation of the Student Conduct Code, and may subject an individual or entity to university discipline and/or legal proceedings.

No student may record any lecture, class discussion or meeting with me without my prior express written permission. I reserve all rights, including copyright, to my course syllabi, lectures, powerpoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites.

Course Schedule

#	Date	Session Topics & Agenda	Readings/Assignments
1	T 1.8	Course Introduction and Overview Introduction to Strategy , Form Teams	<u>Reading</u> : What is Strategy? (CP)
2	T 1.15	- Business models, growth Setting Aspirations Project working session	<u>Case</u> : Made by Survivors (CP) <u>Reading</u> : Setting Aspirations (CP)
3	T 1.22	- Mission, differentiation strategy Industry Analysis; The Industry Lifecycle; Scenario Planning Project working session	<u>Case</u> : Patagonia (CP) <u>Reading</u> : The Five Competitive Forces that Shape Strategy (CP) <u>Case</u> : The US Airline Industry in 2012 (BB)
4	T 1.29	Internal Analysis; Competitive Strategy - Mission, cost leadership strategy	<u>Reading</u> : Creating Shared Value (CP) <u>Case</u> : Narayana Hrudayalaya Heart Hospital: Cardiac Care for the Poor (A) (CP) Project proposal due
5	T 2.5	Value Chain ELC exercise; Debrief Project feedback session	
6	T 2.12	- Social business, sustainability Sustaining Competitive Advantage	<u>Case</u> : Grameen Danone Foods (CP) <u>Reading</u> : Isolating Mechanisms (BB)
7	T 2.19	Exam I	<u>Case</u> : Seventh Generation: Marketside Offer (CP)
8	T 2.26	First-Mover Advantage - Coping with first-mover advantage Cooperative Strategy	Lecture notes <u>Case</u> : A350 XWB: Airbus' Answer to Boeing's Dreamliner (CP) Project working outline due
9	T 3.5	- Social entrepreneurship, partnerships Growth Strategy Project feedback session	<u>Case</u> : Runa: Driving Social Change through Passion and Profit (CP)
	3.10-17	Spring Recess – No Class	Spring Recess – No Class
10	T 3.19	- Business models, growth strategy Introduction to Global Strategy	<u>Case</u> : Equitas Microfinance (CP) <u>Readings</u> : ADDING value scorecard (BB); Managing Differences: The Central Challenge of Global Strategy (CP); Differences and the CAGE distance framework (BB)
11	T 3.26	Strategies for Global Value Creation - Global strategy, adaptation	<u>Readings</u> : Adaptation Strategies (BB); Aggregation Strategies (BB); Arbitrage Strategies (BB) <u>Case</u> : Health City Cayman Islands (CP)

12	T 4.2	Location Strategy; Optimal Timing of Entry; Foreign Entry Modes - Adaptation, partnerships	<u>Reading:</u> Strategies that Fit Emerging Markets (CP) <u>Case:</u> Habitat for Humanity – Egypt (CP) Project first final draft due
13	T 4.9	Project feedback session	<u>Case:</u> TBD
14	T 4.16	Exam II	<u>Case:</u> Nestle’s Creating Shared Value Strategy (CP)
15	T 4.23	Final Presentations	
		Final Project Due: May 7, 2019 at 7pm	

CP = Course Package

BB = Blackboard