

**UNIVERSITY OF SOUTHERN CALIFORNIA  
MARSHALL SCHOOL  
DEPARTMENT OF MANAGEMENT & ORGANIZATION  
MOR-588: CORPORATE STRATEGY & COMPETITIVE DYNAMICS (3 units)  
(Tentative - 1-21-2021)**

Spring 2021, 3 units, Thursday: 6:30 pm – 9:30 pm  
Course will be taught on-line via Zoom

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Zoom office hours by appointment

### **Overview**

The business landscape has undergone major transformation in the past decade. New organizational forms, including platforms and ecosystems have become dominant and legacy companies have fought aggressively with M&A and restructurings. The success of these strategies depends on the degree to which companies can influence competitive conditions through pre-emptive and other tactics. Change and renewal are continuous. This course explores various emerging business models and modes of corporate development and helps you develop a critical perspective in evaluating appropriate actions for different contexts. The objectives include: (1) to arm you with tools to select the appropriate strategy and business model in a given situation; (2) to learn frameworks for acting effectively in dynamic situations involving competitors and other stakeholders; and (3) to develop a comprehensive framework for leadership, renewal, and change. The emphasis is on the strategic, leadership, and actionable aspects of these frameworks.

### **Pedagogical Approach and Evaluation**

This is an applied, case-based course with accompanying readings to help structure your thinking. Preparation questions for a case will be assigned prior to each session. Readings are designed to provide a starting point for analyzing the case, but extension of the ideas is encouraged, as they will be applied in an integrative fashion in the discussions. Given the nature of the course, we will also apply the lessons from the cases to understand the challenges and implications of relevant recent and on-going deals. Since corporate development is a complex phenomenon that we can only discuss in parts, it is important that you evolve your own mental framework throughout the course.

Evaluation in the course is based on class participation, worksheets/quizzes, and a take-home paper at the end of the term.

Worksheets (10%), in class quizzes (10%), executive memos (20%), class participation (10%): 50%  
End of term exam and take-home paper (specific guidelines for the end-of-term paper will be discussed in class): 50%

Class participation in synchronous sessions is an important component of your learning in this course and I expect that you will be well prepared for each session. I may cold call on students and

lack of preparation will adversely affect your grade. Comments typed in "Chat" will be part of the participation grade. The better comments will show thorough preparation and be relevant to the question and issue under discussion.

### **Class Recordings**

It is strongly recommended that students turn their cameras on during class. Classes will be recorded and posted on Blackboard. However, we will occasionally have executive visitors who may prefer to speak off-the-record, and these portions may not be recorded. Class recordings will be made available for asynchronous viewing.

Students are NOT permitted to create their own class recordings without the instructor's permission. Violations of these policies will be met with appropriate disciplinary action.

If any student is attending class from a different zone and needs specific accommodations in addition to what is already being done, please contact the professor.

### **Learning Objectives**

This course is primarily focused on the following objectives:

- Understand frameworks of competitive dynamics, corporate strategy, and other related emerging concepts; and
- Gain practice in translating and applying theoretical concepts to complex decision-making environments.

Guidelines for end-of-term take home paper

Specific guidelines and submission information will be discussed in class.

### **HBS Readings**

Cases and selected readings will be available on the Harvard Business School Publishing website. Assignment questions and readings will be regularly updated on Blackboard and you will be sent links to download materials from HBSP. If you already have an online account at HBSP, you will login and the link will take you to our reading package, which will appear in your library. If you do not have an account, you should register and create an account with this link. Once you see the MOR 588 package, there is a button to PURCHASE MATERIALS. If you have technical difficulty, you may call Harvard Business Publishing technical support (800) 545-7685. They are available 24/7. The course link was emailed via Blackboard earlier today.

## **CLASS SCHEDULE**

### **January 21: Business Models, Competition, and Strategic Thinking**

Advance Readings:

Case: Dogfight over Europe: RyanAir (A)

Article: Global Gamesmanship (HBR)

Article: Nondisruptive Creation (SMR)

This case, set in 1986, is a business school classic. It describes Ryanair's initial launch strategy. Ryanair must compete with established companies like Aer Lingus and British Airways that will likely retaliate against Ryanair. This case gives us a chance to explore Ryanair's strategy, positioning, and sustainability through a series of cases that we will discuss over two days.

1. What is your assessment of Ryanair's launch strategy?
2. How do you expect Aer Lingus and British Airways to respond? Why?
3. How costly would it be for Aer Lingus and British Airways to retaliate against Ryanair's launch rather than to accommodate it?
4. Can the Ryan brothers make money at the fare they propose?

### **January 28: Business Models, Competition, and Strategic Thinking**

Case: Dogfight over Europe: RyanAir (C)

Article: Nondisruptive Creation (SMR)

Today's discussion will build on the discussion from the previous week and introduce concepts of business model design.

1. What choices led to RyanAir's growth and success?
2. Who are their strongest competitors as of the end of the C case?
3. What has prevented the established incompetence from replicating the low-cost model?
4. Is RyanAir's strategy an example of nondisruptive creation? What are some other examples that come to your mind?

### **Competition between Business Models**

February 4, 2021      Walmart, Inc. takes on Amazon.com, HBS 9-718-481

Two of the cases that you have discussed in several courses already are Walmart and Amazon, both amazing success stories. Wal-Mart created astonishing value for its investors in its first four decades. Its inexorable dominance was however interrupted partly by its own missteps and partly by the growth of online retailing. Did Wal-Mart the disruptor become Wal-Mart the disrupted? Why? In this session, we will explore strategic interaction among organizations with different business models. We will also examine the role of systematically building capabilities as the foundation for sustaining competitive advantage.

\*\*\* Guest speaker

Key topics:

- Business Models
- Strategy Assumptions
- Competitive Advantage

- Value Creation and Capture
- Business Renewal
- Capabilities-based strategy
- 

Preparation Questions:

1. What are the roots of Walmart's success?
2. What are the roots of Amazon's success?
3. Who is currently in a stronger position within the retail space, Amazon or Walmart? Why?
4. Why did Walmart struggle in the online business for so long?
5. What should Walmart do going forward?
6. What should Amazon do going forward?

Advance Reading:

Case: Walmart, Inc. takes on Amazon.com, HBS 9-718-481

How to Design a Winning Business Model by Ramon Casadesus-Masanell & Joan Ricart HBR R1101G

Blue Ocean Strategy, W. Chan Kim and R. Mauborgne (HBR R0410D)

\*\*\*Executive Memo on Walmart - based on case discussion and Q&A - due by 10 am on Monday, February 15, 2021

### **Renewing Incumbent Businesses**

**February 11, 2021**

case: McDonald's: Can a Behemoth lead in **the era** of Artificial Intelligence?

Reading: The New M&A Playbook

\*\*\*Guest speaker

Key topics:

- Acquisitions and strategy renewal

Preparation Questions:

What have been the reasons for McDonald's historic success?

What were the challenges that CEO Steve Easterbrook tried to address with the Velocity Growth Plan?

How should the new CEO, Chris Kempczinski, best use Dynamic Yield to meet McDonald's new growth objectives?

## **Strategy Creation: Disciplined Strategic Innovation**

February 18, 2021:

Case: Tesla, Inc. MH 0067

Case: RKS Guitars 9-507-003

Booklet: Psycho-Aesthetics

Preparation questions for Tesla:

1. With reference to the Innovation Radar, which were the most important dimensions of innovation that have led to Tesla's unprecedented success?

Preparation questions for RKS Guitars: HBS 9 507 003

1. If you were in Ravi Sawhney's shoes, would you consider "pulling the plug" on RKS Guitars? Explain your reasoning and what steps you would take whether or not you decide to pull the plug.
2. What is your assessment of the PA process? Would you recommend it for other companies and industries?

\*\*\*Guest Speaker

## **Strategy Innovation & Disruption**

**February 25, 2021**

What are the challenges to execution in disruptive business models? As you know, the best strategies are of no use unless they can be converted to effective action. We will continue our focus on strategic innovation with an emphasis on understanding the challenges of execution in the context of competitor interaction.

\*\*\*Guest speaker

Case: The Video Streaming Wars in 2019: Can Disney catch Netflix? HBS 519 094

*Chapter: Building Gateways to the Future*

1. What are the key issues facing Netflix? What strategic recommendations would you make to Netflix?
2. What are the key issues facing Disney? What strategic recommendations would you make to Disney?
3. Compare Disney's core competencies with Netflix's core competencies. Which competencies are being well leveraged?
4. How is Disney positioned vs. Netflix?
5. How should Netflix stay ahead of Disney?
6. What should Disney do to gain advantage in the streaming business?
7. Please watch the following videos: a) <https://www.youtube.com/watch?v=pDFKHnpqDLU>; b) <https://www.youtube.com/watch?v=MPorU1E9WwA>

## Competing in Ecosystem Uncertainty

March 4, 2021

Case: Choosing the Right Esports Business Model HBS 9-719-459

\*\*\*Guest Speaker

1. What are the key issues facing William and Rohan as they try to become influential players in the e-sports eco-system?
2. How is the eco-system likely to evolve? Why?
3. What should be their point of view for the future?
4. What should William and Rohan do?

## Multibusiness Strategy

March 11, 2021

So far, most of our discussions have focused on business unit strategy as opposed to corporate-level strategy. Whereas business strategy focuses on the question of how to compete, the corporate strategy focuses on which businesses to compete in and the extent and type of coordination across businesses. Today, we will focus on Danaher Corp., a company with a remarkable record and a disciplined process for managing a diversified collection of businesses.

Case: Danaher Corporation #9 708 445

Questions:

1. What is Danaher's acquisition process? Is it a sustainable process?
2. If you are a business unit manager, what is the value that you get from being part of Danaher? What are the disadvantages that you face?
3. If you were managing a firm, would you rather compete against a division of a conglomerate like Danaher or an independent firm? Explain your answer.
4. If you were an investor, would you rather invest in a firm that competes in only one business or a firm that competes in many businesses?
5. What seems to be the current trends driving conglomerates?

## Challenges of Corporate Renewal

March 18, 2021

GE had a century old reputation as one of the best run companies in the world and many executives were recruited from GE to become CEOs of major global corporations. How could one of the best run iconic companies spiral downward so quickly?

\*\*\*Guest speaker

Case: Digital Transformation at GE: What went wrong?

Reading: Managing Risk and Resilience

### **Strategizing under Uncertainty**

**March 25:**

In today's session, we will explore how companies develop strategies under highly uncertain and turbulent conditions. We will do this using a multi-media case in which you can hear directly from the key executives.

**\*\*\*Executive Memo #2 due by 10 am, Thursday, March 25.**

**Key topics:**

- Strategic Uncertainty
- Robust strategies • Resilience

**Multimedia Case: BionX Medical Technologies, HBS 816-702**

Preparation questions:

1. What is the nature of the opportunity for BionX?
2. What has it proven since its founding? What remains to be proven?
3. What is the company's business model?
4. BionX is dependent on government regulation and reimbursement by third parties including the Centers for Medicare and Medicaid Services (CMS). What is the impact of being dependent on CMS for pricing and coverage decisions?
5. The company has several options for raising the next round of funding. What do you think they should do?

### **Taking Charge and Reinventing Strategy**

**April 1, 2021**

Advance Readings:

Case: Man Jit Singh at Sony Entertainment Television (A) HBS 9-414-028

**\*\*\*Guest speaker**

Preparation questions:

1. What was the industry and company context in which Man Jit Singh became CEO of MSM/Sony Entertainment Television?
2. What have been the major decisions and strategies carried out by Man Jit since becoming CEO?
3. What are the challenges facing the company at the end of the case?
4. If you were Man Jit, would you implement the system of 40% weightage on values? If so, how? If not, why not? What would you do instead?

5. Based on the accompanying article, what accounts for the high failure rate of new CEOs?

## **April 8: Strategy and Competition in Platform Based Businesses**

A large number of the world's most valuable companies today are "platform" companies. These include Apple, Microsoft, Google, Amazon, Alibaba, Tencent, and Facebook. Some of today's platform companies started as platform companies while some started as product companies and were able to successfully transform to platform companies. A key driver of success in platform companies is network effects but achieving network effects leads to a chicken-or-egg problem. To create value, a company must have network effects, but a company cannot benefit from network effects unless it has enough customers on its platform. In today's session, we will go deeper into the nuances of platform strategy and network effects.

### **Readings:**

Nascent Platform Strategy: Overcome the Chicken-Or-Egg Dilemma HBS 719507

Why Some Platforms Thrive and Others Don't Feng Zhu

Case: Redfin: Redefine Real Estate, HBS 9-718-430

### **Questions:**

1. "Real estate, by far, is the most screwed up industry in America," Kelman told CBS's 60 Minutes in 2007. What was so terrible about the real estate market at that time?
2. Redfin and Zillow are two very different "disruptors." How does each company create value?
3. What are the most important limiting factors affecting Redfin's growth Should Kelman do national advertising? Reconsider the full-time agent model? Pursue Redfin Now?
4. What is the central chicken-or-egg dilemma in platform businesses?

## **Integrating Corporate and Personal Values**

**April 15, 2021**

### **Case: Culture Transformation at Microsoft: From "Know it All" to "Learn it All"**

Taking over from legendary founders is one of the most difficult challenges faced by professionals. Satya Nadella has become equally legendary for having led a renewal of Microsoft. What do you think has made Nadella successful? What can you learn from Nadella that you can apply to your own careers?

**April 22: No class - Wellness Day**

**April 29: Leading Transitions:**



1. If you were Tom Rice, what would you do? On the first day? In the first week? In the first month?

Case: Mega Corporation (A) (distributed separately)

Article: When New CEOs Succeed and Fail, L. Greiner, T. Cummings, A. Bhambri, Organizational Dynamics (will be distributed separately)

**Course wrap-up and final exam assignment.**

## **Academic Integrity and Conduct**

USC seeks to maintain an optimal learning environment. General principles of academic honesty include 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](http://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.

Zoom class sessions will be recorded and posted on Blackboard. However, guest speakers may not wish to be recorded and thus the recordings on Blackboard will only include the faculty and student portions.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity <http://equity.usc.edu/> or to the Department of Public Safety <http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us>. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report or can initiate the report on behalf of another person. The Center for Women and Men <http://engemannshc.usc.edu/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

## **Support Systems:**

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*  
[studenthealth.usc.edu/counseling](http://studenthealth.usc.edu/counseling)

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

*National Suicide Prevention Lifeline* - 1-800-273-8255 [suicidepreventionlifeline.org](https://www.suicidepreventionlifeline.org)

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

*Relationship and Sexual Violence Prevention and Services (RSVP)* - (213) 740-9355(WELL), press "0" after hours – 24/7 on call [studenthealth.usc.edu/sexual-assault](https://studenthealth.usc.edu/sexual-assault)

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

*Office of Equity and Diversity (OED)*- (213) 740-5086 | Title IX – (213) 821-8298 [equity.usc.edu](https://equity.usc.edu), or [titleix.usc.edu](https://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following *protected characteristics*: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The university also prohibits sexual assault, non-consensual sexual contact, sexual misconduct, intimate partner violence, stalking, malicious dissuasion, retaliation, and violation of interim measures.

*Reporting Incidents of Bias or Harassment* - (213) 740-5086 or (213) 821-8298 [usc-advocate.symplcity.com/care\\_report](https://usc-advocate.symplcity.com/care_report)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity |Title IX for appropriate investigation, supportive measures, and response.

*USC Support and Advocacy* - (213) 821-4710 [uscса.usc.edu](https://uscса.usc.edu)

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC* - (213) 740-2101 [diversity.usc.edu](https://diversity.usc.edu)

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC*: (213) 740-4321, *HSC*: (323) 442-1000 – 24/7 on call [dps.usc.edu](https://dps.usc.edu), or [emergency.usc.edu](https://emergency.usc.edu)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC*: (213) 740-6000, *HSC*: (323) 442-120 – 24/7 on call [dps.usc.edu](https://dps.usc.edu)

Non-emergency assistance or information.

*Office of Disability Services and Programs* - (213) 740-0776 [dps.usc.edu](https://dps.usc.edu), [ability@usc.edu](mailto:ability@usc.edu).

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs. 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 ([dsp.usc.edu](http://dsp.usc.edu)) 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 me as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday.

### **About your professor**

Arvind is an engineer by training and has a doctorate from the Harvard Business School. Please feel free to email ([bhambri@marshall.usc.edu](mailto:bhambri@marshall.usc.edu)) or call (626-592-2121) if you have any questions.

**MARSHALL GRADUATE PROGRAMS LEARNING GOALS**

**How MOR 588: Corporate Strategy and Competitive Dynamics Contributes to Marshall Graduate Program Learning Goals**

Marshall Graduate Program Learning Goals	MOR 588 Objectives that support this goal	Assessment Method	Reporting Learning Outcomes
<b>Learning Goal #1:</b> <b>Our graduates will be impactful leaders who lead with integrity and purpose.</b>			
1.1 Possess a clear framework and commitment to an organization’s culture and core values, with personal integrity.			
1.2 Transcend traditional boundaries with a global mindset, drawing value from diversity and inclusion, and fostering community within and outside of organizations.		Case worksheets	score
1.3 Exhibit exceptional self-awareness through understanding of personal and career goals; awareness of individual strengths and weaknesses; and engagement in personalized, goal-driven, and lifelong learning.			
<b>Learning Goal #2:</b> <b>Our graduates will be impactful leaders who help identify and execute opportunities in uncertain and complex business environments.</b>			
2.1 Apply an integrated approach to understanding and analyzing significant business problems, which can be complex, messy, unstructured, and beyond formulaic analysis.	X	Quiz	Score
2.2 Use critical and analytical thinking to identify viable solutions that can create short-term and long-term value for organizations.	X	Quiz	Score
2.3 Devise creative, sustainable, and achievable strategies and solutions that allow organizations to take advantage of opportunities that create value for its stakeholders.	X		Score
<b>Learning Goal #3:</b> <b>Our graduates will be impactful leaders who achieve results by fostering collaboration on interpersonal, team, and organization levels.</b>			
3.1 Influence and motivate and work with colleagues, partners, and other stakeholders to achieve organizational purposes	X	Group paper	Score
3.2 Help build and sustain high-performing teams by infusing teams with a variety of perspectives, talents, and skills and aligning individual success with team success and with overall organizational success	X	Group paper	Score
3.3 Lead and participate in helping organizations adapt to a changing business landscape.		Group paper	score