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STRATEGY

Introduction

One of the most important decisions any company or organization must make is to set the direction in which it wants to grow and develop. This decision or set of decisions are typically called a strategy. When formulating a strategy, the company or the organization makes commitments about the product and geographic markets in which it wants to compete and how it hopes to compete in those markets. In setting its strategy, the company or organization also lays out what activities and functions it will carry out and for what other activities it will rely on other companies. The strategy stipulates also what investments in resources and capabilities the company or organization needs to make in order to achieve its strategic direction.

A company is successful when it creates and captures economic value. Creating value means that the different stakeholders of the company or organization can earn at least as much by contributing to the company than they could earn in another activity. It is also likely that some of the stakeholders will earn substantially more than in other activities by contributing to the strategy of the company. Creating such a surplus for the stakeholders is only possible when the company can build and sustain a competitive advantage. Building and sustaining a competitive advantage is consequently an essential element in every strategy.

This course will focus on how to formulate a business strategy or competitive strategy. The formulation of a business strategy or competitive strategy involves analyzing the industry, determining how to position the firm within the competitive business environment, and identifying the core capabilities and the system of activities needed to create value and to be successful. Other elements of strategic management, such as corporate strategy (how to successfully combine different businesses units) or strategy execution (how to translate a formulated business strategy into action) are not covered in depth in this class.

Objectives

Thinking strategically is a skill difficult to master. The main objective of this course is to push students to think strategically and critically in different competitive situations. The course introduces the students to a coherent framework of value creation, value capture and the sustainability of competitive advantage, and develops related concepts and critical insights that are used to analyze the competitive environment of a firm and its internal strengths and weaknesses.

Competences

Basic Competences

- CB6. Possess and understand knowledge that provides a basis or opportunity to be original in the development and / or application of ideas, often in a research context.
- CB7. The students know how to apply the knowledge acquired and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.
- CB8. The students can integrate knowledge and face the complexity of formulating judgments based on information that, being incomplete or limited, includes reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.
- CB9. Students know how to communicate their conclusions and the knowledge and ultimate reasons that support them to specialized and non-specialized audiences in a clear and unambiguous way.
- CB10. Students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

General Competences

- CG1 - Listen, understand, and contrast the points of view of others to make an objective composition of a business situation. Communicate in a structured and persuasive way. (Interpersonal communication).
- CG2 - Work effectively in multicultural teams, assuming the leadership of a project when required. Integrate the value of diversity in the decision process and teamwork. (Ability to work in multicultural teams).
- CG3 - Critically evaluate the information and the context of a business situation to reach its own conclusions for making prudential decisions. (Critical thinking).
- CG4 - Acquire the self-knowledge and self-control necessary to work effectively in professional environments under pressure, understanding the motivations of others and the culture of the company. (Emotional intelligence).
- CG5 - Apply proven ethical criteria in making business decisions, respecting the intrinsic dignity of each person and the achievement of the common good. (Integrity).
- CG6 - Develop a proactive and open mindset to organizational change in order to design and promote process improvement initiatives and facilitate one's ability to adapt to new organizational cultures. (Innovative spirit).

Specific Competences

- CE01 - Identify the relevant data to diagnose a business problem and generate sensible decision alternatives.
- CE07 - Develop rigorous business plans that achieve viability status as scrutinized by real investors.
- CE08 - Identify the sources of competitive advantage of a company to make a judgment on its sustainability in the future based on the competitive structure of the industry, the expected response of competitors and the internal resources of the company itself.
- CE17 - Identify digital marketing tools to acquire customers and reinforce the value and brand of the company.

Content

The course consists of the following modules:

- I. Introduction. The purpose of this module is to become familiar with the basic definitions and concepts of competitive strategy.

- II. Building competitive advantage. In this module, we will explore the elements that compose the competitive strategy framework. First, we focus on how the industry and the environment affect the performance of an individual business. Understanding the pressure of industry characteristics on the value of the business is a first step in formulating a strategy that attempts to isolate the business from these pressures in the future. We then take a closer look at the business itself and develop an understanding how to position a firm to create competitive advantage. Finally, we will discuss how activities and capabilities of a firm can lead to a sustainable competitive advantage.
- III. Competitive dynamics. In this module, we turn our attention to the dynamic aspects of strategy formulation, including competitive interactions. Understanding your competitors' moves and reacting appropriately is important. However, making strategic decisions that anticipate competitors' reactions is even more crucial for the viability of your business.

Evaluation

Grading type	Weight	Evaluation elements and learning outcomes
Participation	40%	Effectively communicate the underlying logic of value capture/value creation in different situations (LO 6, 9, 10) Engage in an open constructive dialectic process to expose the interplay between external and internal drivers of firm performance (LO 3, 4, 12) Offer real-time peer feedback on classmates' strategic analyses utilizing the frameworks and the concepts learned in class, thus demonstrating dominance of the content (LO 3, 8, 9)
Midterm exam	35%	Individual evaluation of students' ability to analyze a recent business case from a strategic point of view. The exam format is an open-book case analysis in form of a short essay. Students are required to collect, synthesize and highlight relevant information, leverage and apply the value creation/value capture framework developed in the course, analyze the level of attractiveness of an industry and offer a precise strategic plan for the future of the company (LO 2, 3, 6, 7, 8, 9, 10, 11, 12)
Simulation	25%	The evaluation is based on the final performance of the team's company in the simulation (LO 3, 5, 7, 8, 9, 10, 11)

The IESE Business School's Honor Code and Learning Partnership apply to all activities in this course. For individual assignments, unless explicitly stated, you should not interact with anyone else. For deliverables to be done in teams you should interact only with the members of your team.