

## **COMPETITIVE STRATEGY**

### COURSE OUTLINE

#### **1. Introduction**

General Management comprises the coordination and integration of efforts within the different functional areas of an organization in order to face an uncertain future. This includes shaping a corporate strategy, framing the strategy for each individual business of the company, and establish these strategies. In this course, we will focus on formulating the strategy for a business within a company. Competitive Strategy formulation involves analyzing the industry you are in, determining how to position our strategy within the context of our business, and develop the capabilities to compete in such context. Therefore, competitive strategy coordinates and integrates the individual functional business' areas, such as operations, marketing, sales, and finance. Corporate strategy--how to successfully combine both business-, and Strategy Execution, - the steps to translate a formulated business strategy into a successful action- will be studied in the second year.

#### **2. Objectives**

Thinking strategically is a skill difficult to master. The main objective of the Competitive Strategy 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 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. I 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.

#### **3. Learning Outcomes**

- Know and distinguish the different stages of the process of strategy formulation
- Evaluate the structural determinants of industry profitability and their dynamics
- Perform a comparative economic analysis across different industries
- Understand what competitive advantage is
- Perform value analysis

- Project how changes in the external environment might affect the profitability of a firm
- Determine the optimal scope of a business
- Analyze the drivers of value creation and value capture
- Evaluate the sustainability of competitive advantage
- Evaluate the external, internal and dynamic consistency of a firm's business strategy

#### **4. Competences**

Along this course, the following competencies are strengthened and acquired:

- Know how to apply the knowledge acquired and the problem-solving capacity in new and little-known settings within broader (or multidisciplinary) contexts related to the area of study.
- Be able to integrate knowledge and deal with the complexity of making judgements based on information that being incomplete or limited, includes considerations about social and ethical responsibilities linked to the application of the student's knowledge and judgements.
- Have the learning skills that enable to continue studying in a largely self-directed independent manner.
- Receive and transmit ideas effectively using the appropriate channel in the right moment and providing specific details to back up observations and conclusions (Communication)
- Promote an atmosphere of collaboration, communication and trust among the members of the team. (Team Management)
- Identify and effectively deal with information that is relevant for the job (Information Management)
- Recognize the threats and taking advantage of the opportunities that impact the competitiveness and the effectiveness of the business (Business Vision)
- Take appropriate decisions in the right manner and at the right time (Prudence)
- Be upright and behaving in an honorable fashion in any situation (Integrity)
- Apply a structured, sound process in the analysis of business situations and decision making that includes the following phases: diagnosis of the problem, criteria selection, and identification of alternatives, weighted analysis and selection of an alternative with the appropriate action plan.
- Mastering tools based on information and technologies (ICTs) applied to finance, accounting, operations, sales, and decision making in general.
- Strategically analyze the value chain and the keys to success of an industry or business. Having advanced knowledge of the different competitive possible strategies, as well as the competitive contexts where they can be applied. Understanding the business' sustainable competitive advantages.
- Perform in depth analysis of the determining factors and historical evolution of the globalization. Understanding and assessing the impact of this phenomenon on different industries and business.

## 5. Content and Methodology

This course is divided in different parts:

### ***The value system of the sector***

We focus on how the industry affects the outcomes of an individual business. Industry shapes the environment, and determines the initial conditions in which the business competes. Understanding the pressure of industry characteristics on the value of the business is the first step in formulating a strategy that attempts to isolate the business from these pressures in the future.

### ***Competitive strategy–The building blocks***

In this module we look in detail to the business itself. We define the company's competitive position and analyze its activities and capabilities to determine which positioning combinations, activities, and capabilities may result in a more sustainable competitive advantage.

### ***Competitive strategy – Current challenges***

Change and uncertainty are always present when formulating a business strategy. However, in this module we will explicitly discuss how some of the current challenges affect the competitive strategy of companies today, particularly when we talk about internationalization. A turbulent environment requires careful analysis. The conceptual framework and the tools transmitted throughout the course are also useful for this task. Among the topics, entry strategies, platform businesses, and the role of the strategist in times of crisis will be discussed.

### ***Competitive Dynamic***

In this module, we turn our attention to the dynamic aspects of strategy formulation. We focus on the 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. Based on a simulation game, we focus on the exercise of competing while trying to generate competitive advantages through the management of a virtual company. Additionally, we analyze the main concepts and ideas on a Colloquium-Conference.

### Methodology

The course presents the framework and concepts through the discussion and analysis of concrete business situations using recent cases and in-class practical exercises. As a novelty, we use a strategy simulator that allows to apply concepts and ideas studied in class to a simulated reality. Additionally, the concepts are integrated into the conceptual framework and detailed on a conference. It is

important that you re-read this document on a permanent basis to understand the preparation questions and the deadlines for two surveys you will need to answer before class. The best way to take advantage of the course is to carefully read and understand the content of this document.

## **6. Evaluation**

- Class participation: 60%
- Simulator: 40%
- Final exam: N/A

### **PARTICIPATION (60%)**

Strategic thinking is best learned through practice and use of strategic concepts. The cases we will discuss are about specific business situations; they are an opportunity to both apply the concepts we discuss in class as well as further develop our ability to think strategically about complex business problems. Discussions are an important part of the course, which makes it imperative that everyone attempts to regularly contribute to case discussions. Preparation for each class should be thorough and consistent in ALL classes. This includes reviewing the assigned readings and cases and answering all the discussion questions for each case.

Because of the course emphasis on case analysis, the most important part of your learning in this course will take place in the classroom. Participation grades are a function of your contribution in class. Repeating comments that other students have already made, making a comment not to do with the discussion, or missing a class will obviously not add to your participation grade. In class participation, I value quality above quantity although both are important. Comments should try to aim at helping us understand the discussed issues.

### **SIMULATOR (40%)**

A simulator is a computer program that represents real life situations applicable to any knowledge, in our case, the strategy of the companies. A simulator is intended to emulate reality with the possibility of mistakes without any risk of causing an accident (for example, the real bankruptcy of the company). We will use the simulator called GLOBAL CHALLENGE and was originally designed for NOKIA executives. Currently, GLOBAL CHALLENGE is an online simulation designed for the study and business strategy in a global context. The goal of the simulation is to help you develop the participant's understanding of the complexity of business in a dynamic and competitive context.

As of decision II, each team must submit a small brief (one or two paragraphs), explaining the decisions that are taken for the next round. This will help to assemble the management report. The purpose of this report is to explain the management of the company to the shareholders. The report should not exceed 2000 words.

The simulator's grade will depend on the final result, the management report, a cross-review of peers (colleagues), and an in-class presentation. Details of decisions' calendar, organization in groups, etc., will be provided in class during the course.