Course Information and Syllabus
Business Strategy, Fall 2020

Professor Thomas Hubbard

A. MATERIALS

- Course Packet

B. COURSE OVERVIEW

The objective of this course is to help you build an understanding of how competitive strategy may lead to the creation and persistence of profits. To achieve this aim it will introduce a set of tools and concepts derived from microeconomics and use these tools and concepts to analyze real-world business situations. It will do this through a mixture of lectures and in-class analysis of particular cases. About half of the class is lecture, and half is case discussion.

I taught much of this material in an online format over the course of the past six months. My classes have been very well received – while ratings were not posted on the Kellogg website in the spring quarter, I received a 5.3 course rating and a 5.4 instructor rating. I am very optimistic that this class will go at least as well.

Before I taught virtually, I was apprehensive about whether it would work well. However, I and my students have been very pleasantly surprised. The discussions and interactions have been pretty seamless, and there are certain things that are effective and far easier to do in an online format – breakout rooms, for example – than in an in person format.

You will find that the primary emphasis of the course is not on understanding conceptually difficult material. Instead, the course will focus on learning how to apply straightforward—but powerful—ideas to specific situations.

This is a distinctly “big picture” course. Although we will indeed develop specific analytical tools, the ultimate goal of the class is not to merely equip you with specific analytical tools. Instead, the aim of the course is to provide a foundation for thinking about how a firm achieves its fundamental goal of profitability, and therefore to provide you a foundation for proposing how your business might better achieve this goal.

To be successful in this course, you must spend time actively thinking about the issues. This course is about building your skills. Expecting to passively absorb the material will do you about as much good as watching an exercise class.

In particular, preparing for a case discussion means much more than just reading the case. Each case assignment will include several preparation questions. These are included in the class materials and are posted on Canvas.

Online sessions of this class will be recorded. These recordings are intended solely to facilitate learning by students registered for this class. The recordings may not be copied, or otherwise reproduced, posted, shared, or transmitted without explicit permission of both the Kellogg School of Management and me.
The topic and reading assignment for each class is below, in Section E.

C. COURSE REQUIREMENTS AND GRADING

Grading will be based on three different aspects of your performance: participation (15%), team case write-ups (25%), and examinations (60%).

Class Participation

Class participation is essential in order for you to get the maximum benefits from the course. For each case, I assign case questions (see the document “Case Questions”). These questions are relevant to the class discussion of the case. You are encouraged to work in groups in order to prepare the cases; I will set these up during the first week of class.

I rely on the quality of interventions, rather than their quantity, to evaluate your participation. A good intervention advances the class' understanding of the issue and builds on previous comments. I do cold call in class, both to give you an incentive to prepare and to ensure that class discussion is not concentrated on a small number of students.

Before a case is analyzed in class, you should prepare with others in your group, and perhaps others in the class as well. However, you should neither read an analysis of the case nor discuss it with students who have previously discussed it in class (in other sections, for example). Similarly, you should not share any materials handed out in class with another student who may take the course at some later time. If you are in violation of this policy, or know of someone who is, please discuss it with me.

If you must miss class, you should do the readings, prepare and turn in the assignments on time (late assignments will not be accepted), and arrange to get notes from a classmate about what you missed in class. I will post the presentation slides (and anything else that I hand out in class) to the Canvas website after each class. You do not need to inform me that you will be missing class.

Group Case Write-Ups

There is short written assignment each week, due at the beginning of the class. Each requires no more than 1-2 pages of writing (i.e., no more than 500 words, typewritten). This means that your analysis must not only be sound, but must get straight to the point. Feel free to organize your answers how you wish. Prose is fine, but bullet points and explanatory text are fine too.

These assignments will generally receive a grade of “check” or “no check.” Work above a minimum quality level gets a “check,” while missing or partially completed assignments receive “no check.”

Groups that hand in assignments by Wednesday noon are likely to receive fast turnaround on their assignments.

The assignments are the bolded questions in the document entitled "Case Questions." In general, they call for you to apply the analytical frameworks presented in class (and in the readings) in the context of a case.
Examinations

There will be two examinations. The first, which will comprise 25% of your final grade, will be administered in class on October 21. The second, which will comprise 35% of your final grade, will be due on December 8.

**Please do not make plans that conflict with the October 21 exam; the date is not flexible.**

D. Honor Code

Students enrolled in this class are expected to adhere to the terms of Kellogg’s honor code, which can be found at:

http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm

In this particular class, it involves, among other things:

- Students may not discuss a case or receive notes on a case that has not yet been discussed in class with students who have taken the class previously (for example, in another section or elsewhere in the Kellogg network).
- Students may freely discuss a case with other students in the class who have not yet discussed the case in class.
- Students may freely discuss the material used for the final exam with other students in the class before the exam questions are released.
- **Students may not copy work from other sources and present it as their own work. Doing so is an extremely serious violation and is cause for dismissal from the program.**
E. Class Schedule

The Economics of Strategy, Value Creation and Capture

September 23 (Week 1)
- Syllabus
- PERFORMANCE INDICATOR (HBS 9-702-480)

September 30 (Week 2)
- MAERSK LINE AND THE FUTURE OF CONTAINER SHIPPING (HBS 9-712-449)
- "Note on Benefits and Costs," *Kellogg Technical Note*

Added Value


October 7 (Week 3)
- BHP: MINING POTASH (Kellogg 5-411-755)

Industry Profitability

- T. Hubbard, "Industry Profitability"

October 14 (Week 4)
THE GLOBAL AIRCRAFT MANUFACTURING INDUSTRY (Kellogg 5-312-505)

Competitive Advantage: Sources

- ADOLPH COORS IN THE BREWING INDUSTRY (HBS 388014).

October 21 (Week 5)

- PLANET FITNESS: NO JUDGEMENTS, NO LUNKS (WDI 5-842-367).
- TRADER JOE’S: (HBS 9-714-419).

October 28 (Week 6)

Exam #1 will take place in the first half of class on October 28.
Please be in your seat at least 5 minutes before the start time so that you and the rest of the class can start the exam on time.

Competitive Advantage: Sustainability, Capabilities, and Activity Systems


November 4 (Week 7)

- LEGO FRIENDS: LEVERAGING COMPETITIVE ADVANTAGE (KELLOGG 5-312-500)

Firms’ Boundaries and Growth Strategies


November 11 (Week 8)

- Testimony of Michael White, United States House of Representative Judiciary Committee, June 24, 2014.
- Statement of Randall Stephenson, United States Senate, Committee on the Judiciary.

• T. Hubbard, “Fragmented Industries”

**November 18 (Week 9)**

• T. Hubbard, “Florists”

**December 2 (Week 10)**


• AMAZON.COM, 2019 (HBS CASE 9-716-402) [for background].

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**Wrap-up/Summary**

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**Exam 2 will be due on December 8**