Corporate Strategy

Professor Evan Rawley
Office: 702 Uris, (phone) 212-851-9575
Email: erawley@columbia.edu
Office hours: TBD

Course description

Most companies are not single businesses firms but portfolios of products and business units. This course studies corporate strategy in terms of portfolio composition and organization, focusing in particular on vertical integration, horizontal scope, and geographic diversification decisions.

Class time shall be devoted to discussing cases to gain a better understanding of the economic factors underlying value creation and value capture in corporate strategy. In particular, we will explore the role of transaction costs, agency costs, complementarities, and organizational rigidity and adaptation. Students who take this course will develop a sophisticated basis for analyzing corporate strategy decisions both as insiders (corporate managers and management consultants), but also as analysts.

Your grade

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>50%</td>
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<tr>
<td>Final exam</td>
<td>50%</td>
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<tr>
<td>Optional final project</td>
<td>required to get “H”</td>
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Class sessions and participation

Class participation grades will be determined based on attendance, daily poll responses, and the overall quality of your comments and questions in each class. You get extra credit if you ask a good question of one of our guest speakers. Note: I use a randomized cold calling program. If I call your name for a cold call and you are absent you automatically get a “P” (at best).

Final exam

The final exam is a take home case. It will be distributed on the last day of class and is due within one week. You must complete the case individually.
Optional final project

You may choose to write a paper related to the concepts discussed in this course. If you do not write the final paper the highest grade you can achieve in this class is an “HP.” If you choose to write the paper it will count as 33% of your grade (with participation and the final exam each reduced to 33% too). You may work in a group of up to four people on the final project.

The paper must examine a corporate strategy issue or set of issues, using a framework or frameworks discussed this course in the context of a single firm. The “firm” could be a company you have worked for in the past or an organization you are interested in learning more about. The paper should describe the firm’s corporate strategy with an emphasis on how the firm creates value, or shows how corporate strategy concepts can be used to describe a strategic challenge the firm faces.

Note that it is preferable to address a narrow problem deeply using a small number of theories discussed in class, rather than attempting to analyze a firm broadly using all the frameworks discussed exhaustively. I expect that the paper will be deeply researched and that assertions will be well documented.

Topics may be approved by e-mail or in person any time before midnight on Wednesday April 23rd. Earlier is better to avoid a last minute crunch. I encourage you to come to discuss your paper with me, though this is not required.

Final papers are due by 5pm on May 14th. There is a 5% penalty per day for late papers. The maximum length for a team of any size is 30 pages. I expect that smaller teams will writing somewhat shorter papers.

If you work on a team, you must also submit 360º feedback in writing to me (by e-mail) briefly (in 2-3 sentences) evaluating the contributions of the other members of the group and providing a quantitative assessment of each members’ contributions to the project on a 1-5 scale (5 is the highest). I will keep your name anonymous, but each individual will be able to read their team’s assessment of their work. Your grade will be reduced if you do not submit feedback.

First class session

Please read the Kodak case, Chapters 1 and 2 of Puranam and Vanneste, and the Beatrice article for the first class session and respond to the online poll questions through Canvas.

Important note: You must be prepared and attend the first class session of this course on March 26th to enroll in the class. If you cannot attend the first class session, or do not prepare the assigned material in advance of class, you cannot enroll in this course.
**Course plan** (preliminary as of 10/29/13)

**Class 1: Wednesday March 26**

*Topics include: Discontinuous technological change, agency costs, coordination costs, organizational rigidity, and envelopment*

Read: Kodak case  
Read: Chapters 1 and 2 of Puranam and Vanneste’s *Corporate Strategy*  
Read: Beatrice article  

Poll questions: TBD

**Class 2: Wednesday April 2**

*Topics include: Competing through business models, capabilities and resources, discontinuous technological change, envelopment, vertical integration, transaction cost economics*

Read: TheLadders case  
Read: Cola Wars case  

Poll questions: TBD

**Class 3: Wednesday April 9**

*Topics include: Vertical integration, transaction cost economics, asset specificity, contractual incompleteness, linking horizontal scope with vertical scope*

Read: Montblanc case  
Read: Arauco case  
Read: The Williamson article  

Poll questions: TBD
Class 4: Wednesday April 16th

Topics include: Franchising, geographic diversification, the role of the center in strategy, complementarities

Read: Choice Hotels case
Read: Ikea case

Poll questions: TBD

Class 5: Wednesday April 23rd

Topics include: synergies, economies of scope

Read: IMG case
Read: TBD in preparation for Michael Blum acting COO Quantcast

Poll questions: TBD

Class 6: Wednesday April 30th

Topics include: synergies, economics of scope, organizational rigidity

Read: Delta Song case
Read: Cadbury case

Poll questions: TBD