

The Peter F. Drucker and Masatoshi Ito Graduate School of Management  
Claremont Graduate University

**Industry and Competitive Analysis**  
**MGT 524**

Spring 2009 Module I

Fridays (2/20, 2/27, 3/6): 6:30 pm – 9:30 pm

Saturdays (2/21, 2/28, 3/7): 9:00 am – 1:00 pm

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**Learning Goal**

The course reviews the recent development of analytical and conceptual tools in the business strategy field, which are aids to the development of decision. Students will learn the following analytical and conceptual tools: (1) the theoretical framework for industry analysis (the five forces analysis); (2) the concept of intra-industry analysis; (3) the conceptual framework of value-chain analysis; (4) the concept of generic strategy; (5) the concept of sustainable strategy; and (6) the introduction to multi-market corporate strategy (vertical integration, diversification, M&A, joint venture, alliance, and internationalization).

**Course Description**

The central concept of this course is that of business unit strategy. Definitions abound, but they all share some sense of the allocation of critical resources over relatively long periods of time in pursuit of specific goals and objectives. Strategy is enabled and constrained by the underlying economic and political conditions that prevail in an industry or a country, as well as by the resources available to management. Sustained performance, we shall discover, depends not simply upon choosing the right strategy, but also upon the processes by which strategy is formed and upon the administrative context and systems within which it is played out.

The subject matter of strategy is complex and multidisciplinary. Although the course has an excellent text and carefully selected readings, only a small part of strategic thought can be covered. In addition, it is important to understand that the student is expected to make active use of skills and tools covered in Marketing, Finance, Accounting, Statistics, Managerial Economics, and other courses.

## **Course Structure**

### Evaluation and Grading

Students are evaluated in two areas of performance: class participation and final research project. The weighting among these elements are as follows:

Class Participation	60%
Final Exam	40%

### Class Participation

Good judgment about complex general management situations is developed by studying the judgments of successful managers and by practice in making judgments. Accordingly, the course relies heavily on case materials and the analysis and discussion of different case situations is the primary activity in class. Therefore, you will get little from this course unless you take considerable responsibility for your own learning. This means devoting and being willing to present and defend your own point of view.

Your preparation and participation in the discussion will be essential to the success of the class in identifying and analyzing problems. The reading assignments will not be discussed specifically in class. I will, however, give occasional lectures to supplement the case material and summarize concepts.

Preparation for case discussion should begin with a reading of the assigned text and case material. Then, it is worthwhile to review the assignment questions for clues as to what issues require special attention. The next step is normally to re-read the case carefully, taking notes, which sort information, facts, and observations under a number or relevant headings. Most students will then want to perform some quantitative analyses exploring various hypotheses as to the nature and importance of certain phenomena. Finally, preparation will include notes that can be used to guide your interventions in class discussions on the assigned or other issues judged to be critical to the company's apparent dilemma.

In grading class participation, I will use several criteria:

- (1) Are points made relevant to the discussion?
- (2) Do they go beyond a mere recitation of case facts, and implications clearly drawn?

- (3) Are there evidence of analysis rather than just expression of opinion?
- (4) Are the comments linked to those of others?
- (5) Do they bring a new insight into the issues?
- (6) Is the participant a good listener?

The study questions provided with each case session are designed to guide and stimulate analysis and preparation. They are not intended to restrict your preparation, but rather to focus and enhance it.

### Final Exam: Paper-Case Analysis

A full-length HBS case will be distributed in class on March 7. The exam is due at 5:00pm on March 13 (Friday).

### Course Text

The **required** textbook for the course:

Robert M. Grant, *Contemporary Strategy Analysis: Concepts, Techniques, Applications*, 6th edition, Blackwell 2008.

There is also a **required course pack** containing cases.

## Summary Course Schedule

<b>Date</b>	<b>Focus</b>	<b>Case</b>	<b>Readings: Textbook</b>	<b>Readings: Articles</b>
February 20	Industry and Competitive Analysis: Introduction  Industry Analysis	Apple Computer, 2006  Boeing-Airbus	Grant, Chapter 3	
February 21	Intra-Industry Analysis	Robert Mondavi  Volvo Trucks	Grant, Chapter 4	
February 27	Competitive Advantage I: Differentiation	Starbucks  Porsche AG (A)	Grant, Chapters 5 and 9	“What is Strategy?”
February 28	Competitive Advantage II: Cost Advantage	Airborne Express  Matching Dell	Grant, Chapters 7 and 8	“First-Mover (Dis) Advantages”
March 6	Competitive Advantage III: Sustainability  Competitive Advantage and Corporate Strategy I: Global Strategy	ZARA  Honda-Rover		“Creating Competitive Advantage”

March 7	Competitive Advantage and Corporate Strategy II: Vertical Integration, Diversification, M&A  Final Exam begins	Honda-Rover (continued)  Vivendi	Grant, Chapter 13, 15, and 16	GE
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## Detailed Session Schedule

### Session 1 – Friday, February 20

Topic: Industry Analysis  
Entry barriers and isolating mechanisms, bargaining power of suppliers and buyers, intensity of competition, threat of substitutes, use of industry analysis, Porter's Five Forces Framework

Read: Chapter 3 of *Contemporary Strategy Analysis*

Case: Apple Computer, 2006 (HBS 9-706-496)

1. Historically, what were Apple's major competitive advantages?
2. Analyze the structure of the personal computer industry over the last 15 years. How have the dynamics of the computer industry changed?
3. Evaluate Apple's strategies since 1990.
4. Has Jobs finally solved Apple's long-standing problems? Is the iPod different?

Case: Collision Course in Commercial Aircraft: Boeing-Airbus-McDonell Douglas 1991 (A) (HBS 9-391-106)

1. What drives competition in the commercial aircraft business?

## Session 2 – Saturday, February 21

Topic: Intra-Industry Analysis  
Strategic groups within industries, positioning within industries, segmentation analysis, resource-based advantage

Read: Chapter 4 of *Contemporary Strategy Analysis*

Case: Robert Mondavi and the Wine Industry (HBS 9-302-102)

1. Evaluate the structure of the global wine industry. How and why is the structure changing? What threats do these changes present for Robert Mondavi?
2. How attractive are the economics of owning an independent ultra premium winery on a 100-acre vineyard in Napa Valley? Would you invest in such a venture? What advantages and/or disadvantages does Robert Mondavi have relative to small independent wineries such as this one?
3. Why are large alcoholic beverage firms such as Diageo, Foster's, and Allied Domecq entering the premium wine business? Do their strategies make sense? What advantages or disadvantages does Mondavi have relative to these firms?
4. What is Mondavi trying to accomplish with its international joint venture strategy?
5. Do you agree with Mondavi's decision to focus on organic growth rather than acquisitions? What actions would you take to sustain and enhance Mondavi's competitive position?

Case: Volvo Trucks (A) (HBS 9-702-418)

1. Why does Volvo want to expand in the United States?
2. What is the source of Volvo's competitive advantage?
3. Why does Volvo seem to prefer an acquisition to other ways to grow?

### Session 3 – Friday, February 27

Topic: Competitive Advantage Analysis I:  
Resource based view, firm's resources and capabilities, core competence, value chain, positioning within industries, differentiation

Read: Chapters 5 and 9 of *Contemporary Strategy Analysis*

Read: M. E. Porter, "What is Strategy?" *Harvard Business Review*,  
November-December 1996 (HBS 96608)

Case: Starbucks (Ivey 9A98M006)

1. What is Starbuck's strategy?
2. Given your assessment of its competitive position, how should it leverage its resources and capabilities to achieve its growth objective?

Case: Dr. Ing. h.c. F. Porsche AG (A): True to Brand? (HBS 9-706-018)

1. Should Porsche move into the sport-utility market? Did it have other options? What would you have recommended at this time?
2. Where should it locate its new plant to build the new SUV? How important was it for the new model to be "made in Germany"?
3. By moving into the SUV market, did Porsche remain true to its brand? What does that mean in 1998?

## Session 4 – Saturday, February 28

Topic: Competitive Advantage Analysis: II  
Cost advantage, product differentiation, focus, dual advantage, sustainability, first-mover (dis) advantage

Read: Chapters 7 and 8 of *Contemporary Strategy Analysis*

Lieberman, M.B. and D.B. Montgomery, "First-Mover (Dis) Advantages: Retrospective and Link with the Resource-Based View," *Strategic Management Review*, 1998, pp. 1111-1125

Case: Airborne Express (A) (HBS 9-798-070)

1. How and why has the express mail industry structure evolved in recent years? How have the changes affected small competitors?
2. How has Airborne survived, and recently prospered, in this industry?
3. Quantify Airborne's source of advantage.
4. What must Robert Brazier, Airborne's President and COO, do in order to strengthen the company's position?

Case: Matching Dell (HBS 9-799-158)

1. How and why did the personal computer industry have such low average profitability?
2. Why has Dell been so successful? (Continue to next page)
3. Prior to the recent efforts by competitors to match Dell (1997-98), how big was Dell's competitive advantage? Specifically, calculate Dell's advantage over Compaq in serving a corporate customer.
4. How effective have competitors been in responding to the challenge posed by Dell's advantage? How big is Dell's remaining advantage?

## Sessions 5 – Friday, March 6

Topic: Competitive Advantage Analysis III: Sustainability

Read: P. Ghemawat and J. Rivkin, “Creating Competitive Advantage” (HBS 9-798-062)

Case: ZARA: Fast Fashion (HBS 9-703-497)

1. How specifically do the distinctive features of Zara’s business model affect its operating economics? Specifically, compare Zara with an average retailer with similar posted prices.
2. Can you graph the linkages among Zara’s choices about how to compete, particularly ones connected to its quick-response capability, and the ways in which they create competitive advantage? What does the exercise suggest about such capabilities as bases for competitive advantage?
3. Why might Zara “fail”? How sustainable would you calibrate its competitive advantage as being relative to the kinds of advantages typically pursued by other apparel retailers?
4. What other strategic recommendations would you make to Inditex CEO Jose Maria Castellano?

Topic: Competitive Advantage and Corporate Strategy I: Global Strategy

Case: Honda-Rover (A) Crafting an Alliance (HBS 9-899-223)

1. What role has Rover played in Honda’s global strategy? What role has Honda played in Rover’s strategy?
2. Is Honda-Rover alliance successful?
3. Why did BMW acquire Rover?
4. What is the key difference in management between Honda-Rover and BMW-Rover?

## Session 6 – Saturday, March 7

Topic: Competitive Advantage and Corporate Strategy II: Vertical  
Integration, Diversification, M&A

Read: Chapters 13, 15, and 16 of *Contemporary Strategy Analysis*

Read: GE – Preparing for the 1990s (HBS 9-390-091)

Case: Vivendi (A): Revitalizing a French Conglomerate (HBS 9-799-019)

1. What is Vivendi's corporate vision? How does this firm intend to create value?
2. Is this a good strategy for the company?
3. Is this a good strategy for the investor?
4. How does the business environment in France affect Messier's plans and his ability to carry them out?