

# BUSINESS ADMINISTRATION 799

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**Professor P. Konstantina Kiouisis**  
Max M. Fisher College of Business  
The Ohio State University  
Office: 830 Fisher Hall  
Office Phone: 614-688-4107

**Fall 2007**  
E-mail: [kiouisis@cob.osu.edu](mailto:kiouisis@cob.osu.edu)  
<http://www.kiouisis.com>  
Office hours: By Appointment  
Fax: 614-292-7062

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## I. Readings

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Textbook: Barney, J. B. & Hesterly, W.S. (2006) "Strategic Management and Competitive Advantage (Concepts)." Upper Saddle River, NJ: Pearson Education.

Coursepack: There is required coursepack available at UniPrint which includes cases and readings. This is copyrighted material, so each student must purchase their own copy.

## II. Course Overview

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This course concerns the creation and sustainability of competitive advantage through business and corporate strategies. In contrast to other courses, you will be asked to adopt the role of a general manager who is responsible for the long run health of the firm. By the end of the quarter, you should have an understanding of how strategic issues are framed, the range of strategic decisions that are faced by most organizations, and how some of the concepts you have been exposed to in other courses can generate information used for strategic problem solving.

### *Learning Objectives*

- Understand the nature of competition: Develop the ability to assess the competitive environment facing the firm and learn to isolate the sources of competitive advantage in an industry.
- Integrate your knowledge from other areas, including finance, accounting, marketing operations, human resources, organizational behavior, organizational theory, and particularly economics, such that you can identify the tangible and intangible assets that enable some firms to outperform others.
- Develop the more sophisticated ability to view the corporation as a single entity, simultaneously operating in multiple businesses or industries. And learn to describe situations in which corporate strategies create economic value for the firms that pursue them.
- Cultivate your ability to make well-grounded, theoretically-based recommendations as to how a business actually is, or should be, competing rather than making statements of 'intuition' or popular practice. And develop the ability to critically evaluate strategic options and quantify their impact on the firm's bottom line.

### *Class Format*

This course is structured around case analyses and other readings. Such an approach is designed to hone your analytical skills, your oral presentation skills, and your writing skills so that they are suitable for a business environment. Most strategic issues are non-routine and unstructured. Thus, a great deal of class time is spent discussing “real world” business cases. First and foremost, this course is about asking the right questions. Case discussions involve a process of questioning and debate among the students in the course. The goal is to teach you to be insightful questioners rather than asking you memorize “answers.” Second, this course provides a mechanism to help you integrate what you have learned in other courses. Finally, this course is designed to facilitate your transition from college to a professional environment. Written and oral presentation skills can often make the difference between getting and keeping a job versus losing one. The Fisher College of Business has specifically required that these skills be emphasized in BA799.

## III. Evaluation Criteria & Assignments

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### *Overall Requirements*

- Quiz #1 4%
- Quiz #2 3%
- Quiz #3 4%
- Individual Paper 14%
- Group Oral Case Presentations & In Class Group Exercises 25%
- Class Contribution & Peer Evaluation (Individual) 25%
- Final Project (Oral & Written) 25%
- Extra Credit Assignments 6%
  - Participate in a Tour of the Fisher College of Business Library & Submit Assignment Completed during Tour (3%)

Monday	September 24, 2007	3:00 PM - 4:30 PM
Monday	September 24, 2007	5:30 PM - 7:00 PM
Tuesday	September 25, 2007	1:00 PM - 2:30 PM
Tuesday	September 25, 2007	4:30 PM - 6:00 PM
Wednesday	September 26, 2007	2:00 PM - 3:30 PM
Wednesday	September 26, 2007	5:00 PM - 6:30 PM

- A short paper (2 pages single spaced) subject to my approval, 3%

**Quizzes 1&2 Description (Closed Book/Note):** The exams will consist of true/false, multiple choice and short answer questions. Please review specified textbook chapters and other course readings prior to exam (including cases and lectures).

**Individual Paper:** You are asked to adopt the role of an analyst/consultant that is evaluating the current state and future potential of the strategies being pursued by BMG Entertainment. The structure of your paper should be as follows:

- 1) *Executive Summary*: Summarize your analysis, including your recommendations.
- 2) *Problem Identification*: Include a brief description of the problem. Because this is a private company, you may have difficulty conducting financial analysis. Please do not waste time searching the web for comparisons. Please keep this simple.
- 3) *Industry Analysis (Historical)*: Historically, why has this industry been an industry of giants? Please conduct a Five Forces Analysis of the industry prior to the digital age (pre-file sharing) and discuss the underlying economics of the industry.
- 4) *Industry Analysis (Current)*: As an analyst/consultant, you are expected to understand the fundamental issues around the file-sharing controversy. Has file-sharing changed the underlying economics of the music industry? Please conduct a Five Forces Analysis of the industry in the wake of file sharing.
- 5) *Recommendations*: In the wake of file-sharing, what should BMG Entertainment do? You will then want to think about a business strategy (rather than a legal one) which deals with these issues and explain why you think your recommendations add value to the firm. Your recommendations should be up-to-date and please do your best to *quantify* the impact of your recommendations.

*Length & Other Requirements*: Your paper should be about 3-4 pages single spaced, 11pt font, 1 in margins plus exhibits. Please use headings for each of the sections described above. Points will be *deducted* if you do not do so. Since clarity is rewarded in the business world, you will earn extra points for brevity.

*Grading Criteria*: Generally, you will be graded on the quality of your analysis, your ability to integrate theoretical concepts from lectures and readings into the discussion, and your ability to justify your recommendations quantitatively. (In preparation, see also, Additional Oral/Written Evaluation Guidelines later in this syllabus)

***Group Presentations***: The class will be divided into groups of equal size. Your group will be responsible for presenting cases to the rest of the class. Each group will be required to present at least one of the assigned cases and their final project. Each group will be assigned a date for which to present a case. Each group must provide two sets of slides for me on the day of presentation. There are no excused absences from your assigned case presentation without a written excuse from a doctor or the academic dean. If there is a serious scheduling conflict, please let me know well in advance. No work will be accepted after the date that it is due. Presentations will take the following form:

1. *Analysis*: Each case presentation should provide a comprehensive analysis of the facts of the case and application of concepts learned in the lecture portion of class. Most of your oral grade will be based on the quality of the group's work. Part of your learning experience is managing the coordination of tasks required to create a good product. Part of your grade will be based on each individual's assessment of the relative contribution of each group member. Your peers in the audience will also be providing feedback.
2. *Research*: As part of the learning experience, you will also be asked to conduct outside research to acquire updated information. For example, this means looking up current financial information or discussing new issues facing the firm that may not be discussed in the case.

3. *Creativity*: Generally, group presentations should cover content similar to the individual case analysis. (See the Case Outline in this syllabus.) However, you are asked to be creative in your presentations. This is a skill most undergraduates and MBA students never learn in business school. Keeping the attention of your audience can be just as important as the content of your presentation. A presentation which is not creative (and often boring) is one where students simply read slides to their audience. Your instructor will discuss this in more detail in class.
4. *Free Riding* (Group Evaluation Forms): In general, each group member will receive the same grade on a presentation. However, there may be times when one or more members of a group will “free ride” on the work of other members. The grades of such free riders will be substantially reduced if consistent evidence of free riding is found. To discover free riding, each group member is asked to send me an email which allocates contribution percentages to each group member (including themselves) adding up to 100%.
5. *Class Participation on Assigned Case*: Groups that are not presenting will not be asked to take a formal lead in a case discussion. However, members of these groups are expected to contribute to that discussion, as discussed in the class contribution section of the syllabus, and provide written comments for each presentation.

***Additional Oral/Written Evaluation Guidelines:*** Important differences between excellent and mediocre case analyses are the following:

*Excellent analyses* “tell a story” about a firm’s strategies and describe the fundamental economics of a firm’s strategy, how different parts of the strategy are related, and the longer-term objectives of a given strategy. These excellent analyses justify each major point in their argument with reference to critical facts in the case. Appropriate ideas and concepts from lectures and the readings are seamlessly incorporated into the discussion. The application of these ideas and concepts often leads to surprising, counter-intuitive analyses and recommendations. At the end of these excellent written analyses, the reader is absolutely convinced of the wisdom of any recommendations.

*Mediocre analyses* demonstrate few of these attributes. Instead of “telling a story” about a firm’s corporate strategies, these analyses simply repeat the facts and assertions contained in the case. Critical facts in the case are ignored, or not integrated into the paper. The author(s) of these analyses often seem more interested in making sure that every theory or model mentioned by the professor or in the book is mentioned in the report than making sure that the report tells an integrated story about a firm’s corporate strategy. Often, the different parts of these mediocre analyses are not linked--almost as if different people wrote different sections, but no one took the time to bring these sections together or to discuss the implications of each section for other sections. At the end of reading or listening to these analyses, the reader/listener is not convinced about the wisdom of any final recommendations.

*Length and Other Requirements* Group presentations should be about 30 minutes, unless otherwise discussed in class. Final papers should be about 12 single spaced pages plus exhibits. You may draw on outside sources of information. However, copies of this material must cited and potentially be included (i.e. as an appendix) to the written or presented case analysis.

***Class Contribution & Peer Evaluation:*** A major part of your learning in this course will take place in the classroom. Attending classes is essential. Because the course is designed to help you develop a personal synthesis and perspective, it is very difficult to make up for an absence. Early on, a seating chart will be created. This is designed to help your instructor, as well as other students in the course, get to know you and facilitate class discussion.

Class contribution is one of the best ways that students can demonstrate their understanding of the ideas and models presented in class, as well as their ability to apply them to real business situations. As is the case in the real world, you are judged not by what you know, but by what you *contribute*. In-depth case preparation, a prerequisite of “excellent” class participation, is also the best way to prepare for graded assignments. This also enables you to learn from your peers and to help them learn from you, by sharpening your own insights as well as those of other classmates.

The assigned course readings provide conceptual material and background information that will help you analyze the cases you will be graded on. You should identify the key points of the assigned text and use them to help form an opinion concerning the actions that the managers in the case should take. We will summarize the readings in class, and when applicable, spend our time on the issues faced by people and businesses in a particular situation. In your preparation, you will want to undertake appropriate financial and qualitative analysis to arrive at your recommended actions. In class, please be prepared to state your recommendations and to use the results of your quantitative and qualitative analysis to support your recommendations. My role in the class will be to act as moderator, questioner, and lecturer to help guide the learning process. It is important that each of you be prepared to open the discussion. To enhance your preparation and learning, I encourage you to *work with your groups and discuss the readings/cases prior to class*. To assist your preparation, use the discussion questions in the course-packet.

***Grading Criteria:*** Your class participation grade is based on your responses to class questions and generally on comments during our discussion. You will be evaluated both by me and your peers. Students will be randomly chosen to answer questions. When I call on a student, that student has two options:

***Answer the question.*** In answering the question, the student presents his/her analysis of this aspect of the case. You may not agree that the question asked is an important question. If this is so, a discussion about what constitutes an important question in this case is entirely appropriate.

***Pass.*** Each student has the opportunity, two times during the quarter, to pass on answering a question. We all have complex lives, and this opportunity acknowledges that complexity. However, you can only pass twice. If you are absent (unexcused absence) from class when you are called on, it is counted as a Pass. If you pass a third time (either by attending class and answering “Pass” when called on or by not attending class (unexcused absence) when you are called on) your class participation grade will be adjusted down.

***Professor Evaluation:*** I will take notes on student answers to questions. By the end of the quarter, it is expected that all students would have had at least one opportunity to answer questions. Of course, students who are not asked questions for a particular day can and should volunteer their insights and analyses to the ongoing discussion. The quality of this

volunteer participation is used in the student's overall participation score. I will make my own independent and subjective evaluation of class participation throughout the quarter.

*Peer Evaluation:* First, presenting students will rate each group member's work at the end of the quarter. Second, non-presenting students will evaluate each oral presentation for content, use of strategic analysis as well as for style and quality of presentation. Third, in several classes, a few students will be asked to evaluate the class contribution of their peers. Fourth, at the end of the quarter, each student will be asked to identify up to eight people in the class who, in their opinion, demonstrated excellent class participation throughout the quarter. Students may not list themselves on this form. For accounting purposes, each student will need to sign a (confidential) Peer Class Participation Evaluation form.

## Appendix I: Tips on Case Analysis (Presentations & Final Projects)

Generally, a complete case analysis contains three main parts:

- A short financial analysis to assess the company's health.
- A complete analysis of the firm.
- A recommended strategy based on the results

Begin with a short *executive summary*—maybe six sentences—that explains which firm you are analyzing, what you looked at, and (in few sentences) what you recommend. This will help your readers grasp what's happening without spending a page setting up the scenario.

**PART 1: The *financial analysis* should demonstrate two things:**

1. Is the firm financially healthy? It is important to look at its performance over time (its profitability and solvency), and how the market has rewarded it.
2. How strong is it relative to its competition? Are its competitors more or less profitable? How has this changed over time? Has the market valued them higher or lower than the firm?

It is important to report your financial analysis, whether you found it in the case or from outside sources, in term of useful charts or tables. State your conclusions in the report itself, and reference the specific exhibit when you do. The key is to support your conclusions. Refer to the sheet on financial analysis provided on my website and other materials from your previous finance classes, and ask questions if you get confused.

Generally, the *analysis* section should identify the resources and capabilities which the firm can leverage within its marketplace in order to remain successful in the future.

**PART 2: A complete firm-level analysis will contain three main parts:**

*Part 2a:* The *external analysis* of the firm, which describes the context in which the firm must compete. A thorough external analysis will first address the general environment described in class (see the lecture notes—legal, economic, etc.). Second, look at the industry dynamics and competitive market (e.g. Who are the firms selling to? What challenges do firms face in profitably reaching their customers?). Make sure you describe the demand curve as discussed in lecture. Next, the analysis should discuss the firm's competitors—are they larger, smaller, more profitable, more flexible? What overall advantage or disadvantage would these competitors have in the marketplace? The 5-forces model is a good tool to organize your work when defining the competitive environment. While not perfect, it will ensure that you have covered the main points. It is better if you do not use the term *5 forces diagram*—how you display the information is up to you and the needs of your audience (i.e. a manager may never have heard of the *5 Forces* so *Industry Analysis* may be a better choice).

*Part 2b:* At a basic level, the *internal analysis* of a firm asks you to identify the resources and capabilities the firm brings to its competitive environment. What resources or capabilities can the firm leverage against its competitors and/or to tap new markets? Is the firm effectively using their resources and capabilities in the current strategies they are pursuing? Do they possess a sustainable competitive advantage in the market? What weaknesses

might we see that will handicap the firm in the future? The book chapter and lecture notes are designed to help you structure your thinking.

A good internal analysis will show the difference between core competencies and their implications. (As an example, cost leadership can be the result of engineering capabilities.) The VRIO analysis is another good analytical tool which can help you to organize your thoughts and develop a supporting argument for why a resource or capability yields a competitive advantage. Make sure you link your internal analysis to the supply side and/or demand side. (e.g. Have the firm's capabilities enabled them to keep their marginal costs lower than their competitors? And/or have the firm's capabilities enabled them to continually differentiate their product?)

*Part 2c:* Having analyzed internal and external environment of the firm, you should comment on the past/current strategies the firm is pursuing. In many of the cases, the firm in question is contemplating, or has implemented, several specific strategic actions (e.g., an acquisition). In this situation, the case analyses should also include an evaluation of these specific strategic actions

**PART 3:** The *recommended strategy* section should include:

Ideally, you would give one to three alternatives, possibly listed in bulleted form. One option could actually include "don't change anything," but very likely this will not be the best choice, especially in a competitive market. Select one of these alternatives as the preferred recommendation. While all three might be good, a firm may only be able to attack one at a time, and will want to know which one you think has the biggest return. Explain why you believe this is the best option for the firm. This section should occupy the last quarter to one-third of your analysis. Please *quantify* your recommendations. How do your recommendations relate to the firm's bottom line? You will often have to make some assumptions to do this. Please justify your assumptions as best you can and logically present the quantifiable impact of your recommendations.

**OTHER COMMENTS:**

Doing a good strategic analysis of a firm will require you to conduct research and compile data. The university subscribes to many online journals, and much news is available from sources like Lexis-Nexis. You might also look at Netlibrary, available as a research database through the library, which provides thousands of eBooks you can look through. If you use numbers from an investing website, compile the information you use into some easy-to read tables or charts. Please take the time to predigest the useful knowledge for your audience so that they can quickly spot what is important. *All research must be cited in a bibliography.*

Make sure you think about what your internal and external analysis tell you about the demand and supply curves in the industry. Also, while you could conduct a SWOT analysis, it doesn't fit directly into either external or internal analysis and has serious shortcomings. You might create a SWOT diagram to organize your thoughts but you should not structure your analysis in this way.

Finally, each case offers a series of questions. Your analysis should be sure to address these specific questions if they are not already covered in the above outline. (See Appendix 3)

## Appendix II: Final Project Description

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**Overview:** Most undergraduate business majors (and some MBA students as well) have little training on how to conduct a real-world industry or company analysis from start to finish. This assignment is designed to give you the experience of identifying a strategic problem, collecting data, conducting analysis, and providing recommendations based on your findings. It puts you in a real-world situation where you conduct research and analysis without the aid of an HBS case. Despite struggling during the process, when it is finished, most students are surprised with how much they have learned and feel a tremendous sense of accomplishment. Have fun with it and good luck!!!

Each group will choose an industry or a corporation (*subject to my approval*) on which to write a business case analysis of their own. The case must identify a current issue faced by a firm or firms in the industry and will allow the reader to identify those issues and an action plan. Given that we will be extensively discussing strategies in industries where the *protection of intellectual property* is difficult, it is strongly suggested that you choose a firm or industry facing such problems. You are encouraged to meet with me during office hours to ensure that you are on target for the assignment.

**Written:** The written portion of the assignment will be turned in as group (see Appendix 1 for a generic outline). However, individual students should take responsibility for individual sections and indicate which section they focused upon. The written case reports should be professional both in terms of content and style. *Please use single space with at least one inch margins and eleven characters per inch type. Cases will generally be around 12 pages, not including the cover page, figures, graphs, references, and other supplementary materials. Appropriate references must be included in the form of footnotes and a bibliography.* Since most of you are graduating, late assignments will not be accepted. A short draft/outline of the group reports (consisting of 5 pages) are due in advance of the final due date, and I will provide detailed feedback on your progress to that date. Drafts should also include appropriate footnotes and references.

**Oral:** Each group will present their analysis of the firm or industry and any recommendations in an oral presentation to the class during the last 2 weeks of classes. The presentation should focus on your analysis and recommended actions. You are required to explicitly articulate the theoretical models which you used to develop your recommendations for management action for the issues developed. A short version (or full if it is complete) of the written case can be distributed to your classmates the day before (email it to me around noon) you are presenting (or earlier) if you wish. In either case, you will be expected to respond to questions raised by your classmates.

Because oral case presentations will be given at the end of the quarter, your presentation should be polished and to the point, leaving time for interaction with the class. This can also be structured as a fully interactive discussion with the class. The method of presentation is at the group's discretion as long as it covers the relevant material and conveys the group's findings in a logical and coherent manner. As in all presentations for this course, groups are encouraged to be *creative* in their approach and may employ visual aids or other teaching tools which enhance the clarity of the presentation and make it more informative and

interesting. In the past, student groups have utilized skits, videos and other creative approaches. We have to watch a bunch of these, so creativity really helps.

As in all group work for this course, members are expected to participate equally in terms of their effort to the group projects. The grades will reflect the group's efforts and will be assigned equally except in instances where your group members judge your effort to be deficient. Each member will be asked to rate their fellow group members by way of a confidential peer evaluation form. Only the individual member and I will know the contents of each evaluation. Where a group member is judged to be substantially deficient relative to his or her teammates, a grade reduction will be incurred. Likewise, if a group member or members are singled out for outstanding contribution by teammates, that person's grade may be raised accordingly.

***Additional Written/Oral Criteria:*** In addition to what is described in Appendix I, other grading criteria include:

- Have you selected appropriate scope for firm issues? And has relevant and accurate information/ data been presented in an unbiased fashion?
- Have you clearly identified and applied relevant theoretical tools?
- Have you presented a clear, concise, complete analysis and a realistic plan of action? Have you taken important contingencies into account? Have you considered the viewpoints of constituencies where they are relevant?
- Is your case well-organized and well-presented with appropriate sources/citations?

## Appendix III: Readings, Assignments & Preparation Questions

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### INTRODUCTION

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**Session 1**      **Thursday, September 20, 2007**

**Topic:**            Course Introduction & Discussion

**Session 2**      **Tuesday, September 25, 2007**

**Topic:**            What is Strategy?  
                        What is Performance? (Measuring Competitive Advantage)

**Readings:**        B&H, Chapter 1

Porter, Michael E. (1996). "What is Strategy? " Harvard Business Review OnPoint Article, Boston, MA: Harvard Business School Publishing, Product no. 4134, 21 pages. *Available via the OSU library (online from Business Source Complete).*

**Assignments:**    **Bring Photograph to Class**  
                        **Submit List of Group Members & Group Presentation Assignment**

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**MODULE 1: INDUSTRY STRUCTURE**

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**Session 3      Thursday, September 27, 2007**

**Topic:**            Understanding Industry Structure (Lecture)

**Readings:**      B&H, Chapter 2

**Assignments:** **Quiz #1 over B&H, Chapters 1&2**  
**Turn in Library Tour Extra Credit Assignment**

**Session 4      Tuesday, October 02, 2007**

**Topic:**            From Functions to Strategy:            (Guest: Professor Jay Dial)

**Readings:**      Collis, David and Gary Pisano. (May 7, 2002). "Intel Corporation 1968-1997." Boston, MA: Harvard Business School Publishing, Case no. 9-797-137, 26 pages.

**Preparation Questions:**

1. What was Intel's strategy in DRAMs? What accounts for Intel's dramatic decline in market share in the DRAM market between 1974-1984? To what extent was Intel's failure due to its strategy?
2. What strategy did Intel use to gain a competitive advantage in microprocessors? What threats has Intel faced in sustaining its competitive advantage in microprocessors and what strategies has it used with each? Why has Intel been able to sustain its advantage in microprocessors, but not in DRAMs?
3. Assess the future prospects of Intel. What is the biggest threat it faces? Who should Intel worried about most? Put yourself in the position of Intel senior management and craft a strategy to deal with these threats.

**Session 5      Thursday, October 04, 2007**

**Topic:**            History of Computing (No Readings)

**Session 6      Tuesday, October 09, 2007**

**Topic:**            Microeconomics Review (Demand Analysis)

**Readings:**      Corts, Kenneth S. and Jan W. Rivkin. (Jan. 2000). "A Note on Microeconomics for Strategists." Boston, MA: Harvard Business School Publishing, Case no. 799-128, 19 pages.

Review "What is Competitive Advantage?" Subtopic from B&H, Chapter 1

**Session 7      Thursday, October 11, 2007****Topic:**            The Evolution of Industry Structure**Readings:**      Yoffie, David and Michael Sling. (May 30, 2007). "Apple Computer, 2006."  
Boston, MA: Harvard Business School Publishing, Case no. 9-706-496, 32 pages.**Preparation Questions:**

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 PC industry changed?
3. Evaluate Apple's strategy since 1990.
4. Has Jobs finally solved Apple's longstanding problems? Is the iPod different?

**Session 8      Tuesday, October 16, 2007****Topic:**            Industry Analysis; The Sustainability of Competitive Position**Readings:**      Yoffie, David. (May 9, 2006). "Cola Wars Continue: Coke and Pepsi in 2006."  
Boston, MA: Harvard Business School Publishing, Case no. 9-706-447, 28 pages.**Preparation Questions:**

1. Why, historically, has the soft drink industry been so profitable?
2. Compare the economics of the concentrate business to that of the bottling business: Why is the profitability in these businesses so different?
3. How has the competition between Coke and Pepsi affected the industry's profits?
4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-CSDs?

**Assignments:    Group Presentations**

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**MODULE 2: INDUSTRY TRANSFORMATION**

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**Session 9      Thursday, October 18, 2007**

**Topic:** Industry Transformation in the Digital Age (Day 1)

**Readings:** Rivkin, Jan W. and Gerritt Meier. (September 22, 2005). "BMG Entertainment." Boston, MA: Harvard Business School Publishing, Case no. 9-701-003, 24 pages.

Porter, Michael E. and Jan W. Rivkin. (July 10, 2000). "Industry Transformation." Boston, MA: Harvard Business School Publishing, Case no. 9-701-008, 16 pages.

Wells, John R. and Elisabeth Raabe. (February 27, 2007). "Update: The Music Industry in 2006." Boston, MA: Harvard Business School Publishing, Case no. N9-707-531, 13 pages.

**Preparation Questions & Individual Paper Assignment (Due Today):**

You are asked to adopt the role of an analyst/consultant that is evaluating the current state and future potential of the strategies being pursued by BMG Entertainment. The structure of your paper should be as follows:

- 1) **Executive Summary:** Summarize your analysis, including your recommendations.
- 2) **Problem Identification:** Include a brief description of the problem. Because this is a private company, you may have difficulty conducting financial analysis. Please do not waste time searching the web for comparisons. Please keep this simple.
- 3) **Industry Analysis (Historical):** Why have a handful of record companies dominated the music industry through most of the last century? Please conduct a Five Forces Analysis of the industry prior to the digital age (pre-file sharing) and discuss the underlying economics of the industry.
- 4) **Industry Analysis (Current):** As an analyst/consultant, you are expected to understand the fundamental issues around the file-sharing controversy. Has the advent of the Internet changed the underlying structure & economics of the Music Industry? Will major record companies continue to dominate the business? Why/why not? Please conduct a Five Forces Analysis of the industry in the wake of file sharing.
- 5) **Recommendations:** In the wake of file-sharing, what should BMG Entertainment do? You will then want to think about a business strategy (rather than a legal one) which deals with these issues and explain why you think your recommendations add value to the firm. Your recommendations should be up-to-date and please do your best to quantify the impact of your recommendations. You should specifically think about whether BMG's past (and current) approach to the Internet makes sense and whether BMG should continue to work with a wide array of technology partners?

*Length, Other Requirements & Grading Criteria:* Your paper should be about 3-4 pages single spaced, 11pt font, 1 in margins plus exhibits. Please use headings for each of the sections described above. Points will be *deducted* if you do not do so. Since clarity is rewarded in the business world, you will earn extra points for brevity. Generally, you will be graded on the quality of your analysis, your ability to integrate theoretical concepts from lectures and readings into the discussion, and your ability to justify your recommendations quantitatively. (In preparation, see also, Additional Oral/Written Evaluation Guidelines later in this syllabus)

**Session 10** Tuesday, October 23, 2007**Topic:** Industry Transformation in the Digital Age (Day 2)**Readings:** B&H, Chapter 3 & <http://dklevine.com/general/intellectual/napster.htm>**Assignments:** Be Prepared to Discuss Assigned Readings

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**MODULE 3: COMPETITIVE ADVANTAGE**

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**Session 11** Thursday, October 25, 2007**Topic:** Building Competitive Advantage**Readings:** Review Lecture notes from Sessions 9 & 10**Assignments:** Quiz #2 (Group Exercise)**Session 12** Tuesday, October 30, 2007**Topic:** Differentiation I: Becoming & Remaining Unique**Readings:** B&H, Chapter 4&5

Ghemawat, Pankaj & Jose Luis Nueno. (April 1, 2003). "Zara: Fast Fashion."  
 Boston, MA: Harvard Business School Publishing, Case no. 9-703-497, 35 pages.

**Preparation Questions:**

1. How does Zara's business model affect its operating economics? Compare Zara with an average apparel retailer that outsources most of its manufacturing.
2. Why might Zara fail? How sustainable is its competitive advantage relative to other apparel retailers? How well does Zara's advantage travel globally?
3. What is the best way to grow the Zara chain? Which regions of the world make the most sense and why?

**Assignments:** Group Presentations

**Session 13 Thursday, November 01, 2007****Topic:** Differentiation II: Finding & Dominating a Niche**Readings:** Gavetti, Giovanni. (March 8, 2002). "Ducati." Boston, MA: Harvard Business School Publishing, Case no. 9-701-132, 25 pages.**Preparation Questions:**

1. How did Ducati become the second most profitable motorcycle maker in the world despite its small scale?
2. Can Ducati sustain its position in the sports industry segment? Examine the industry structure in addressing this question.
3. What strategic alternatives are available to Minoli in 2001? Which would you recommend and why?

**Assignments: Group Presentations****Session 14 Tuesday, November 06, 2007****Topic:** Building Sustainable Advantage; Exploiting Network Effects**Readings:** Eisenmann, Thomas and Kerry Herman. (November 9, 2006). "Google Inc." Boston, MA: Harvard Business School Publishing, Case no. 9-806-105, 33 pages.**Preparation Questions:**

1. What are the key factors behind Google's early success?
2. Do you expect the search business to become more concentrated (i.e., dominated by fewer firms)? Is search a winner-take-all business?
3. In renewing its deal with AOL, could Google afford to pay AOL more than 100% of the revenue generated from AOL searches? How did Microsoft's maximum affordable bid for AOL's search traffic compare to Google's?
4. In addition to enhancing its core search businesses, should Google also branch out into new areas? Which of the following would you recommend: 1)building a full fledged portal like Yahoo's; 2)targeting Microsoft's desktop software hegemony; and/or 3)becoming an ecommerce intermediary like eBay?
5. Do you view Google's distinctive governance structure, corporate culture and organizational processes as strengths or potential limitations?

**Assignments: Group Presentations**

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**MODULE 4: COMPETITIVE DYNAMICS**

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**Session 15**    Thursday, November 08, 2007

**Topic:**            Building Sustainable Advantage, Exploiting Network Externalities & The Dynamics of Standards Wars

**Readings:**        Tripsas, Mary (November 13, 2001). "Adobe Systems, Inc." Boston, MA: Harvard Business School Publishing, Case no. 9-801-199, 29 pages.

1. How was Postscript established as a de facto standard? How did Adobe make money from Postscript, despite its being an "open" standard?
2. Which firm is in a stronger position to control de facto standards in the eBook space: Adobe or Microsoft?
3. What should Adobe do? How can the firm win the standards war? Should it focus on eDocs or eBooks? Quantify how Adobe can make money in these markets?

**Assignments:**    **Group Presentations**

**Session 16**    Tuesday, November 13, 2007

**Topic:**            Convergence; Strategy in Real Time

**Readings:**        Hagiu, Andrei and David Yoffie. (April 23, 2007). "Brightcove & The Future of Internet Television" Boston, MA: Harvard Business School Publishing, Case no. 9-707-457, 24 pages.

**Preparation Questions:**

1. What is Brightcove's Business Model? What are its strengths & weaknesses?
2. Take a look at the following websites, and compare Brightcove's approach to building an internet video marketplace with YouTube's approach. (Note that Barrio305 & MusicBox are Brightcove publisher-customers.) How do these approaches differ, and what are the strengths & weaknesses of each approach?
  - a. Brightcove ([www.brightcove.com](http://www.brightcove.com))
  - b. Barrio305 ([www.barrio305.com](http://www.barrio305.com))
  - c. Sony BMG Music Box ([www.sonybmg.com/musicbox/video/sonybmg](http://www.sonybmg.com/musicbox/video/sonybmg))
  - d. YouTube ([www.youtube.com](http://www.youtube.com))
3. How should Brightcove use its \$60 million in newly raised funding?

**Assignments:**    **Group Presentations**

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**SUMMARY**

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**Session 17 Thursday, November 15, 2007****Topic:** Course Summary**Readings:** Review Course Readings**Assignments:** Quiz #3 over Course Materials**Session 18 Tuesday, November 20, 2007****Topic:** Final Group Presentations**Session 19 Thursday, November 22, 2007**

Thanksgiving Holiday

**Session 20 Tuesday, November 27, 2007****Topic:** Final Group Presentations**Session 21 Thursday, November 29, 2007****Topic:** Final Group Presentations**Finals Week**

Finals Week Turn in Final Group Papers Saturday December 1, 2007 via email. (Please create ONE pdf file which includes all exhibits, etc.)