

# COURSE OUTLINE

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**Course Code:** RSM392H1  
**Course Name:** Strategic Management  
**Term:** Fall 2022  
**Classroom:** L0601 (Fridays, 1-3pm) / RT 142

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**Instructor:** Lucienne Talba  
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**Office Hours:** Fridays, 3:10-4:50 via zoom or by appointment

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**Teaching Assistant:** TBD

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## COURSE SCOPE, MISSION AND LEARNING OUTCOMES

Strategic management, as taught in this course, is about why some businesses are able to consistently turn a profit, while others are not. We are looking to identify sources beyond “luck” that explain why firms with the same opportunities can nonetheless perform so differently. Among other things, we will explore:

1. Why certain strategic choices fit together better than others
2. How industries shape firm performance
3. The strategies firms pursue to create and capture value
4. When firms should grow, shrink, or expand in scope
5. How firms pursue innovation
6. How firms motivate workers, managers, and suppliers

Throughout the semester you will read a combination of academic papers, practitioner articles, and case studies, exploring these themes and topics. Some of the case studies will explore firms you might not be familiar with or familiar firms at earlier times in their history. This is deliberate: we will use these cases to suss out generalizable lessons related to why some firms become highly profitable and others do not.

The ultimate goal of this course is to improve your decision-making and critical thinking capabilities through learning and applying strategy tools and through active discussion and debate with peers. The emphasis of the course, and particularly of class discussion, is on rigorous thinking and learning rather than finding the “right” answer.

We should also note that RSM392 is designed to function like an MBA course and to prepare students for (a) potential MBA courses in the future and (b) the intensity of the professional experience. Note that the course builds heavily on the MBA Strategy courses offered by leading

MBA programs. Consistent with this approach, we emphasize class participation, class discussion, and professionalism to a substantial degree.

### **COURSE PREREQUISITES**

COMPLETION OF 9.0 CREDITS; RSM219H1; RSM222H1

### **EVALUATION AND GRADES**

- **Class Participation** ..... **15 %**  
Ongoing
- **Quizzes** ..... **10 %**  
Due weekly before class (from Sept 23<sup>th</sup> on)
- **Assignment** ..... **10 %**  
Due weekly before class (from Sept 30<sup>th</sup> on)
- **Midterm Exam (Oct 28<sup>th</sup>)** ..... **25 %**
- **Final Exam (TBD)** ..... **40 %**

### **COURSE FORMAT AND EXPECTATIONS**

#### ***Class Participation (15%)***

The goal of class discussion is to arrive at a collective analysis of the issues presented by the day's materials. Strategic analysis is not accomplished through the routine application of formulas, but rather through reasoned analysis under conditions of limited information and uncertainty. One of the primary goals of this course is to help you develop the ability both to clarify your own position on a strategic question and to be able to articulate and defend it clearly. I hope to facilitate discussions and give everyone an equal opportunity to participate. Therefore, it is important that you come to our class prepared for every class.

With a reading, you should be able to outline the problem that the article addresses, describe the core points of the reading, and most importantly, offer your analysis of the strengths and weaknesses of the reading's central argument. With a case, you should be able to identify the key issues, problems, and opportunities facing the central protagonists, to articulate and evaluate alternative approaches to the problems, and to describe the course of action that you recommend and the reasons for your recommendations.

If you happen to have information from outside the case materials, please do NOT introduce it in the discussion without prior discussion with the instructor. The point of the case discussion is to adopt the perspective of the decision makers at the time of the case, and adding extra information shifts the discussion away from the issues we need to emphasize in the case. On the other hand, if you are particularly knowledgeable about a case, a firm or an industry we

discuss, please let the instructor know so that your insights can be eventually brought to bear in the discussion.

It is my hope that our class can serve as a riskless environment in which we all feel comfortable testing new ideas and pushing the boundaries of our thinking. This may be a different experience than you have had in previous classes but exploring your ideas out loud by participating in the discussion will serve you well in other classes and in your future careers. I know that some of you may be shy or uncomfortable speaking publicly and/or English is not your first language. If you are particularly worried about your in-class contributions, please check in within the first two weeks of the semester and I can work with you in creative ways to help your contributions. For example, I could coordinate with you on an in issue for you to raise in class or a question for you to answer. There is, however, no alternative to participating in class discussions. But if you do fall into this category, please come see me early in the term and we will work together to come up with ways to facilitate your participation. See the section on Preparing for Class for more specific details on what you should do to ensure you'll feel comfortable when discussion starts.

Class contribution will be graded using the following criteria:

- **Relevance:** Are you a good listener? Are your comments clearly related to the case and to the comments of others? Are your comments linked to the themes that the class is exploring together?
- **Advancement:** Do your comments move the class discussion forward or simply reiterate points that have already been made? Do you sustain a line of argument or point of view through a significant part of the class session, or is it an isolated comment?
- **Support:** Have you used specific data from the case, from the readings, or from your personal experiences to back up the assertions that you are making?
- **Integrative Thinking:** Is there a willingness to challenge the ideas that are being expressed? Is there a willingness to test new ideas? Does the participant integrate material from past classes or the readings where appropriate? Do the comments reflect cumulative learning over the course, or does the participant merely consider each case in isolation?
- **Clarity:** Are your comments succinct and understandable?
- **Quantity:** Do you participate on a regular basis?

These bullet points highlight two important parts of a good discussion: preparation (so that you can support your answers and make clear statements) and listening (so that you respond to the discussion as it unfolds). Positive contributions may include contributions such as: providing germane illustrations; motivating the use of a particular tool or technique; helpful recapitulation or summarizing; making observations that link or integrate concepts or discussion; responding effectively to questions; asking perceptive questions; illustrating specific points by appealing to your own experiences; quoting movies that neatly illustrate important elements of readings or cases; as well as presenting or supporting alternative, or unpopular, positions. Being “wrong” will not count against you, but it will also not help out. Making empty or repetitive comments that do not add to the discussion will also not help, and may hurt if these comments interfere with the ability to discuss issues in depth.

Students who dominate discussions, discourage, intimidate, or show a lack of respect for other participants, or diminish the value of the class in any way, will be penalized. In particular, you are expected to treat colleagues with respect: to disagree with an idea without discrediting the speaker; to helping others to articulate their points of view; and to use airtime judiciously. Please treat others as respected colleagues.

### **Quizzes (10%)**

I will post a short quiz weekly, from week 3 and onwards. The quiz will contain no more than 3 multiple choice questions about the facts in the case. Quizzes will go live a week before the date of the session in which the case is to be discussed and are due before the class. If you read case carefully, you should be able to answer these questions without difficulty.

### **Strategic Analysis Assignment (10%)**

I will pose questions about the assigned case study on Quercus Discussion Boards, weekly, from week 4 and onwards. You must post one response to at least one of these questions (suggest no more than 150 words, but no penalty for going over that length). In the response, cite the facts from the case to build an argument. You are encouraged to respond to posts made by other students, explain why you agree or disagree with the opinion. However, please do not repeat the same point that someone else has made earlier.

The post must be made before the start of the class during which the case will be discussed. The discussion board will go live a week before the date of the session in which the case is to be discussed. The goal of the participation in this discussion board is to facilitate critical thinking, and practice making an argument succinctly. The TA and I will be monitoring the Discussion boards and keep track of posts. If we find that you have made a post that is disrespectful, mean to other students, or inappropriate we will deduct points from your grades and you will not be allowed to participate in future online discussion boards.

**Midterm Exam (25%)** The midterm exam will take place during class on **October 28, 2022**. There will be a 2-hour, online, individual midterm test. The midterm exam will consist of multiple-choice and/or short-answer questions. I will provide more information on the structure of the exam in advance of the midterm date.

**Final Exam (40%)** There will be a 2-hour, online, individual final exam scheduled during the exam period. I will provide you with more information on the structure of the exam by the final day of class.

### **Missed Tests and Assignments (including mid-term and final-term assessments)**

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable.

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

### **Late Assignments**

*All assignments are due on the date and at the time specified in Quercus.* Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

### **STATEMENT ON EQUITY, DIVERSITY AND INCLUSION**

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

### **COMMITMENT TO ACCESSIBILITY**

The University of Toronto is committed to accessibility. If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or [studentlife.utoronto.ca/as](http://studentlife.utoronto.ca/as). It is important that you get in touch with them as soon as possible because the process for obtaining your accommodation letter may take up to several weeks. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

### **ACADEMIC INTEGRITY**

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.

- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

### **EMAIL**

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

### **RECORDING LECTURES**

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to

“publish” them in any way. It is forbidden for a student to publish an instructor’s notes to a website or sell them in any other form without formal permission.

### **HOW TO PREPARE FOR CLASSES**

Most of our classes involve a case, although there is one full class lecture (Industry Analysis), and there will be at least one class activity during the term.

- For every class, you should be prepared to answer any (or all) of the discussion questions provided in the syllabus should you be called on in class. Use the questions as a starting point to guide your preparation.
- For lectures: you should read the theoretical reading in your case book.
  - Start by skimming the reading, looking at headings and subheadings to understand what the reading discusses. Then examine any diagrams.
  - Then reread the questions for the lecture.
  - Use these questions as you read the text itself.
  - What are the central points of the reading? Why are these points important? What is not addressed? What assumptions are being made? In other words, be prepared to know the central points of the reading as well as share a critical analysis of your reading.
- For cases: while there’s no set method of case preparation, one way involves the following:<sup>1</sup>
  - Start by reading any theoretical readings or articles that are also assigned. Consider what the case is designed to accomplish—why this case, now, in this course? Use the theoretical readings as a way to frame your reading of the case
  - Read the exhibits first. What do they say about the case?
  - Then skim the case.
  - Examine any case questions, and think about how the case headings relate to those questions.
  - Read the case. Take notes on important issues. Draw links between the theoretical reading and the assigned case. Apply any tools discussed in the theoretical readings.
  - Reread the exhibits.
  - Answer the questions.
  - Also, don’t forget what we’ve learned in prior classes. Often using those tools of analysis (5 forces, for example) will give you new insights into a particular case. Thus, the course will often build on concepts already taught rather than addressing a new subject in isolation each week.
  - It’s often helpful to summarize your perspective of the case on a single page of notes. It requires you to focus on the larger issues at hand, rather than feeling that every fact is important.

Take a stand. What are the core issues in this case? Why are they so important? What should be done? What will happen if your idea is implemented?

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<sup>1</sup> This section borrows heavily from Prof. Anita McGahan’s notes on how to prepare cases (article forthcoming)

## WEEKLY SCHEDULE

Session	Topic	Discussion Questions	Cases and Readings
Week 1 Sept 9	Introduction to Strategy	<ul style="list-style-type: none"> <li>What is strategy?</li> <li>Why, and to what extent, do firms differ in their productivity and profitability?</li> <li>Why aren't all profits competed away from successful firms?</li> <li>Why are business cases difficult to learn from without theory?</li> </ul>	<ul style="list-style-type: none"> <li>Optional, but helpful for 1<sup>st</sup> class: Porter, "What is Strategy?" (Download from Quercus)</li> <li>Optional: Hudson's Bay Company (Download from Quercus)</li> </ul>
Week 2 Sept 16	Industry Analysis and Value Capture	<ul style="list-style-type: none"> <li>How much do industries differ in their profitability?</li> <li>Is it best to enter "blue ocean" industries where you are a monopolist?</li> <li>Are rival firms always competitors?</li> <li>Why do some firms in a value chain earn large profits and some earn little?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on Crown Cork &amp; Seal (in coursepack)</li> <li>"The Right Game" by Brandenberger and Stuart (in coursepack)</li> <li><a href="#">"Why do Management Practices Differ across Firms and Countries?"</a> by Bloom and Van Reenen</li> <li>Optional reading for more technical detail: <a href="#">"Value Capture Theory"</a> by Gans and Ryall</li> </ul>
Week 3 Sept 23	Differentiation	<ul style="list-style-type: none"> <li>What are vertical and horizontal differentiation?</li> <li>How can firms differentiate in their input markets?</li> <li>When is differentiating your product bad for profits?</li> <li>Should you always differentiate into higher-quality products?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on Samsung (in coursepack)</li> <li><a href="#">"Taking Industry Structuring Seriously"</a> by Makadok and Ross (only pages 509-523; read the Introduction and Discussion closely, skim rest)</li> </ul>
Week 4 Oct 7	Pricing Strategies	<ul style="list-style-type: none"> <li>What causes price wars?</li> <li>When do prices get competed down to zero profitability?</li> <li>What pricing strategies tend to avoid competing down profits?</li> </ul>	<ul style="list-style-type: none"> <li>Kellogg Case on "The Mother of All Pricing Battles" (in coursepack)</li> <li>HBS Case on Virgin Mobile (in coursepack)</li> <li>Chapter 7 of "Principles of Pricing" by Vohra and Krishnamurthi</li> </ul>
Week 5 Oct 14	New Product Entry and Exit	<ul style="list-style-type: none"> <li>How can you tell the difference between learning curves and economies of scale?</li> <li>What are the dangers of trying to take advantage of learning curves or economies of scale?</li> <li>Does the age of an industry matter for entrants' success?</li> <li>Why do incumbents get entrenched in some industries?</li> </ul>	<ul style="list-style-type: none"> <li>Ivey Case on Porter Airlines (in coursepack)</li> <li><a href="#">"Industry Life Cycles"</a> by Klepper</li> </ul>
Week 6 Oct 21	Theory of the Firm	<ul style="list-style-type: none"> <li>Why do firms exist?</li> <li>Why did firms arise historically?</li> <li>What should a firm make and what should a firm buy?</li> <li>When should firms merge or separate?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on Arauco (in coursepack)</li> <li>Handout on Theories of the Firm</li> </ul>
Week 7 Oct 28	<b>Midterm</b>		
Week 8 Nov 4	Corporate Strategy and Incentives	<ul style="list-style-type: none"> <li>Why can't you make workers do what you want?</li> <li>Why are teams hard to motivate?</li> <li>What is performance pay trying to accomplish?</li> <li>When can strong incentives make outcomes worse?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on Lincoln Electric (in coursepack)</li> <li><a href="#">"On the Folly of Rewarding A While Hoping for B"</a> by Kerr</li> <li><a href="#">"Excellent Police"</a> by Fisman and Sullivan</li> </ul>



<b>Week 9</b> Nov 18	Learning Curves and Efficient Scale	<ul style="list-style-type: none"> <li>Why do bigger or more experienced firms have lower unit costs?</li> <li>When are decreasing unit costs a source of strategic advantage?</li> <li>How do you know, empirically, the nature of the learning curve in your industry?</li> <li>What are the dangers of taking advantage of learning curves?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on Airborne Express (in coursepack)</li> <li>Bessen chapter 2 "Skills of the Unskilled"</li> </ul>
<b>Week 10</b> Nov 25	Entrepreneurs and Strategy	<ul style="list-style-type: none"> <li>Who becomes an entrepreneur?</li> <li>Is "disruption" overrated?</li> <li>What makes an entrepreneurial firm different from established firms?</li> <li>How do you decide when to compete and cooperate with established firms?</li> </ul>	<ul style="list-style-type: none"> <li>NTU Case on Meituan-Dianping (in coursepack)</li> <li>"<a href="#">Dynamic Commercialization Strategies</a>" by Marx, Gans and Hsu (pages 1-24; omit appendix)</li> <li>"<a href="#">More Entrepreneurs is Bad Public Policy</a>" by Shane</li> </ul>
<b>Week 11</b> Dec 2	Innovation and Course Review	<ul style="list-style-type: none"> <li>How important is formal intellectual property?</li> <li>What do scientists in a firm do?</li> <li>Why may scientists be useful even if they invent nothing?</li> <li>Why do the non-research assets of your firm affect the types of scientists you hire?</li> </ul>	<ul style="list-style-type: none"> <li>HBS Case on GSK's Acquisition of Sirtris (in coursepack)</li> <li>"<a href="#">Absorptive Capacity</a>" by Cohen and Levinthal</li> </ul>
<b>EXAM PERIOD TBD</b>			

***Last Date to drop Fall Term Courses is Wednesday November 16, 2022***

### **ELECTRONIC COURSE MATERIALS**

How to access the course package:

Go to the Ivey Publishing website at [www.iveypublishing.ca](http://www.iveypublishing.ca)

Log in to your existing account or click "Register" to create a new account and follow the prompts to complete the registration. If registering, choose the "Student" role.

Click on this link or copy into your browser: <https://www.iveypublishing.ca/s/ivey-coursepack/a1R5c00000E8t2cEAB>

Click "Add to Cart".

Go to the Shopping Cart (located at the top of the page), click "Checkout", and complete the checkout process.

When payment has been processed successfully, an Order Confirmation will be emailed to you immediately and you will see the Order Confirmation screen.

Once you have completed your order, click on your username on the top right --> Orders --> Downloads

**IMPORTANT:** Access to downloadable files will expire on the course end date, so be sure to save a copy on your computer. The downloadable file is a PDF document that can be opened using Adobe Reader. This material is for your personal use only and is not to be shared, reproduced, or distributed in any form.

**NEED HELP?** Contact your professor directly or email Ivey Publishing's Customer Support Team at [cases@ivey.ca](mailto:cases@ivey.ca).

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