

01 Introduction

This module is offered each summer term and consists of the following two courses:

- **73 140 L 5278 Strategic Management and Organizational Change (SMOC)**
- **73 140 L 5279 Competitive Strategies in Commodity Oligopolies (CSCO).**

The first one is held by Prof. Dr. Dodo zu Knyphausen-Aufseß on a weekly basis, the second one by our Honorary Professor Dr. Ulrich Pidun (Director at Boston Consulting Group) in four block sessions. The module is taught in English.

The module can be taken by students of Industrial Engineering as well as Innovation Management, Entrepreneurship and Sustainability (IMES). Students of other programs should make sure that the module is included in their electives. Of course, we also welcome exchange and visiting students.

In the following you may find an overview of the two courses. You will see from the course descriptions that the module is very ambitious and intensive. At the same time, you will realize that we have many sessions with practitioners to make the topics as application-oriented as possible. You will have to participate in one oral presentation, and you will have to write two tests. The range of the topics covered in the first test is dependent from your participation: The more you actively attend the classes, the more topics will be excluded from the examination. This means that you have a responsibility for your peers!

02 Goals and contents

Strategic Management and Organizational Change (SMOC)

There is no doubt that “strategy making” is a very fundamental topic for every company – it has to be determined, e.g., what goals the company attempts to achieve, which products or services the company wants to offer, why these products or services have benefits for the customers, and what resources and capabilities the company is going to compete on against other companies. Every company *has* a strategy, whether it is written down or not, and, hence, there is a need for theoretical frameworks and tools which are helpful to understand the fundamentals of strategy making. This might begin with a thorough understanding of underlying concepts such as “competitive advantages”, “parenting advantages” and “business models”, and also entail a discussion of some basic “schools of thought” that determine how we approach the business reality, define problems and search for solutions to these problems. Along these lines, we will try to develop an in-depth and at the same time critical perspective regarding the most elementary premises of contemporary strategic management theory and practice, covering both competitive and corporate strategy issues.

Beyond these classic lines, we will expand our scope in two directions.

First, strategies and strategic management can also be interpreted in the broader sense as everything that concerns top management decisions. Experiences in recent years have made it obvious that some topics are so important that they should not be handled only on a functional level. Thus, an important part of this course will deal with a selection of issues which I believe are on top management's agenda right now, including sustainability, executive compensation & corporate governance, "big data" as well as gender & diversity issues.

Second, developing a new strategic direction for a business or the firm as a whole means that something has to be done to *change* the organization. This can cost much energy, because many different people are involved, who have their own interests and may resist any redefinition of the company's strategy. Therefore, we want to provide you with a basic understanding of those issues and the critical role certain agents, such as the top management team of the firm itself or external consulting firms, can play in change episodes.

As mentioned in the introduction, one specific aspect of our course is the continuous interplay between the academic and practitioners' perspective. We hope that you learn to relate these perspectives and see where they complement each other, but also where new questions may arise that provide us with food for thought and call for new approaches. By including external guests, industry experts and consultants, we also want you to learn how to successfully hold a presentation and how to stand your ground in professional discussions.

After your participation in our module you should be able to differentiate basic theories from strategic management, to discuss them, to conduct analyses on industry forces and business model conceptions and to scrutinize selected issues of modern top management.

Competitive Strategies in Commodity Oligopolies (CSCO)

Commodity oligopolies are special competitive situations. They are very common in mature industries in which few large players (oligopoly) compete on the basis of non-differentiated products (commodities). Think of the paper, steel, cement or energy industry. But many other industries also show some (first) characteristics of commodity oligopolies because of their natural tendency to commoditize and consolidate over time.

Commodity oligopolies pose specific requirements on the competitive strategies of individual players. The classical strategies of differentiation cannot be applied. The remaining key strategic levers are price, capacity and production volume. In contrast to more fragmented industries, competitors in commodity oligopolies can and have to explicitly take the behavior of their individual peers into account and think about how they can influence it. Game theory becomes an important strategic instrument.

The course "Competitive Strategies in Commodity Oligopolies" will give an overview of the theoretical foundations and practical implications of competing in commodity oligopolies. It offers an introduction to oligopoly theory and game theory, covers the concept of co-competition and its applications, introduces the work of Robert Axelrod on the emergence of cooperation, and illustrates the potential of business model innovation to overcome stalemate competitive situations. Participants will be able to apply the learnings and train their managerial skills in an economic simulation game in which four teams compete over the course of

an industry cycle of eight years and try to maximize the value of their respective companies. Case study presentations will complement the learning experience.

03 Registration

For this module, you have to register twice:

1. On the eLearning platform ISIS

In the ISIS course (<https://isis.tu-berlin.de/course/view.php?id=16156>) you can register for a case study and we provide you with the lecture slides and exam results. Here we can also get in contact with you to announce short-term changes. The course areas are password protected. You will receive the password during the introductory session.

2. Examination office/ QISPOS

Here you register officially for the module as portfolio exam. Please keep attention to the deadlines! Usually, you have to register within the first 6 weeks of the semester. If you have any questions on how to register for your individual study program, please contact your program coordinator (we only offer the module and don't know the regulations of all study programs).

ERASMUS-students or visiting students who just need a certificate or "Schein" only need to register on ISIS.

04 Credits and module exam

You will earn **6 ECTS credits** for successfully completing this module. The **portfolio exam** consists of the following 3 parts:

- **Written exam "Strategic Management and Organizational Change":** 35%, offered in May and July
- **Written exam "Competitive Strategies in Commodity Oligopolies":** 35%, offered in July and December
- **Case study presentation:** 30% (thereof 50% lecturer's assessment and 50% weighted with peer assessment factor)

You pass the module if you achieve 50% overall, regardless of what you have reached in a single exam part. **We highly recommend that you take the tests directly at each corresponding course's end.** If you cannot attend (e.g., for health reasons) the second date for writing the test, you will have to wait almost a year!

Throughout the semester we will support you and especially at the end of each course you will have the opportunity to ask questions regarding the written exam – we want you to pass! If you still fail the entire module (not a single test or the case study), you have to repeat the whole module.

Grading scale:

| FROM... | GRADE |
|---------|----------------------|
| 90 | 1.0 (excellent) |
| 85 | 1.3 (excellent) |
| 80 | 1.7 (good) |
| 76 | 2.0 (good) |
| 72 | 2.3 (good) |
| 67 | 2.7 (satisfactory) |
| 63 | 3.0 (satisfactory) |
| 59 | 3.3 (satisfactory) |
| 54 | 3.7 (sufficient) |
| 50 | 4.0 (sufficient) |
| 0 | 5.0 (not sufficient) |

Note that to a certain degree you have it in your hands how many sessions are included into the written exam (especially in the SMOC course). The more you come and actively participate (especially to the sessions with our external guests), the less relevant these sessions are for the test(s)!

05 Course material and readings

The **lecture slides** are provided in our e-courses on ISIS. Furthermore, there is additional **mandatory and recommended literature** that shall help you to understand the topics, deepen your insights and take part in discussion. **The literature is also provided on ISIS or available at the Fachschaftsteam in EB 303.**

Please remember: Only if all participants prepare themselves for the respective meetings and participate in the discussions, the goals of this course can be achieved. **The mandatory literature is also part of the content that is relevant for the exam.** From experience, it is too late if you try to read all the literature at once and for the first time right before the exam.

06 Case studies

In our introductory session we will present you the preliminary case study assignments for the whole module. Depending on the number of students in this session we may offer additional case studies. You have to choose three of them and send us your priorities via a form on ISIS until **April 12th at 24:00**. We will then try to assign each of you to a group and case study of your choice, but please understand that some topics are very popular, and the size of each student group is limited. So, possibly not everyone will get his or her first or second priority.

Please regard the following points for your case study work:

- Scope: about 10-15 content slides
- Length: Not more than **20 min** plus 10 min for **discussion**, which has to be prepared by your team

- Literature: We will provide you with some basic case study literature, which should serve as a starting point for the preparation of your case study. Nevertheless, you have to search for additional sources and information on your own.
- Furthermore: Please include a **guideline chart** as first slide in your slide set, which makes it easier to follow and understand your presentation.
- Deadline: Please send your slides to Cornelia Schlott three full workdays before the date of your presentation at the latest for getting **preliminary feedback**.
- Please keep in mind: The **case study content is relevant for the exam**. The better you prepare your presentation and the subsequent discussion, the more you and your fellow students can learn.

We use a **peer assessment** procedure for the case study evaluation. Every student needs to evaluate her/his own performance and the performance of her/his group members in preparing and presenting the case study. Please fill out the form on ISIS until the end of the course to deliver your assessment and send it to Cornelia Schlott. The peer assessment will influence 50% of your case study grade as a weighting factor.

07 Interactivity and feedback

We encourage your participation in the course as far as possible. To ensure the communication won't be one-sided, we ask you to articulate all your questions and ideas openly in class. Furthermore, we are at your disposal for all kinds of questions and requests via email. Please also make use of our forum on ISIS as a communication platform.

To reveal the shared responsibility for a successful course, we ask two participants every week to provide feedback to your fellow students holding a presentation. For this reason, it is important that you attend the course on a regular basis.

At the end of the course you will have the possibility to officially evaluate the course (as long as the course has been chosen to be evaluated by the evaluation team of our faculty) – of course we have to and want to improve ourselves.

08 Course agendas

Strategic Management and Organizational Change (SMOC)

| Time | Case study | Topic | Lecture content | Literature (mandatory/ recommended) |
|-------------------------|------------|---|---|--|
| Tuesday, April-9-2019 | | General information session and introduction to the course: Competitive advantages, parenting advantages and business models | In this session I will provide you the basic information about studying at my chair and enrolling in the module “Strategic Management”. As a starting point to this course, I will also introduce you to the difference between competitive advantages and parenting advantages. The first are the main objective of competitive strategies, the latter of corporate strategies. Moreover, I want to introduce you into the concept of business models, which will play a major role in this semester. | <ul style="list-style-type: none"> • Grant, R. M. (2016): Contemporary Strategy Analysis, ninth edition, chapter 7, Wiley Higher Education. • Porter, M. E. (1996): What is strategy? In: Harvard Business Review (74), No. 6, pp. 61-80. |
| Thursday, April-11-2019 | | Ten schools of thought about strategy making | <p>As outlined in the course content, I want to present you different “schools of thought” that have been developed in the strategy discourse over the last three decades. These schools represent possible mindsets how we can define and solve problems that are considered as “strategic”. They mostly have an academic background but there is reason to believe that also practitioners follow similar mindsets and are imprinted by lines of thought which they may have learned about during the academic studies or in the course of consulting projects they have experienced in their professional life.</p> <p>Please note that the schools-of-thought framework is only used for presenting you possible ways of thinking about strategy; content-wise it refers to concepts which you should be mostly familiar with from your bachelor studies. Similar to the prior session, thus, the presentation may also serve as a wrap-up of what you already know, hopefully without being boring. This may justify the high number of slides which I will use.</p> | <ul style="list-style-type: none"> • Mintzberg, H. / Lampel, J. (1999): Reflecting on the Strategy Process. In: Sloan Management Review 40(3), 21-30. |
| Tuesday, April-16-2019 | | Basic frameworks for understanding strategic/organizational change | The top management team is not only responsible for analyzing current issues and reflecting new directions of the firm, it also has to make sure that the plans are implemented, in other words, <i>that change can happen</i> . The term that is used to describe a systematic approach to develop and implement strategies for organizational change is, simply, <i>change management</i> . Wikipedia describes this approach in the following way: “Change management is a structured approach to change in individuals, teams, organizations and societies that enables the transition from a current state to a desired future state. The change referred to in this context includes a broad array of topics. From an individual perspective, the change may be a new behavior. From a business perspective, the change may be a new business process or new technology. From a societal perspective, the change may be a new public policy or the passing of new legislation. Successful change, however, requires | <ul style="list-style-type: none"> • Beer, M. / Eisenstat, R.A. / Spector, B. (1990): Why change programs don’t produce change. In: Harvard Business Review 68(6), 158-166. • Kotter, J. (1995): Leading change: Why transformation efforts fail. In: Harvard Business Review 73(2), 59-67. • Müller, J. / Kunisch, S. (2017): Central perspectives and debates in strategic change research. International Journal of Management Reviews 20, 457-482. • Stouten, J. / Rousseau, D. M. / De Cremer, D. (2018): Successful organizational change: |

more than a new process, technology or public policy. Successful change requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of these changes. The most recent research points to a combination of organizational change management tools and individual change management models for effective change to take place.” As you can see from this citation, many people within organizations tend to resist against change, because it challenges their interests and their present positions, while others may promote change in order to improve their personal situation. In this session, we try to get a basic understanding of those issues and instruments which help managers to deal with them.

Integrating the management practice and scholarly literatures. *Academy of Management Annals* 12(2), 752-788.

Thursday,
April-18-2019

Developing new business models

I have already introduced the business model concept (see first session above). This session first takes an academic perspective and provides you with an overview of the current state-of-the-art of business model-related research. Then it gets practical: We will introduce the well-established “business model canvas”, developed by Alexander Osterwalder and Yves Pigneur, and discuss a number of examples from the business as well as the social sphere to show how this concept can be used for understanding existing and creating new business models.

- **Massa, L. / Tucci, C. / Afuah, A. (2017): A critical assessment of business model research. In: The Academy of Management Annals 11, 73-104.**
- Amit, R. / Zott, C. (2015), Crafting business architecture: the antecedents of business model design. In: *Strategic Entrepreneurship Journal* 9(4), 329-348.
- Osterwalder, A. / Pigneur, Y. (2009): *Business Model Generation*. S. 1-44.

Tuesday,
April-23-2019

Unilever

Developing and implementing sustainable strategies (and business models)

Strategies are often said to help developing a “sustainable competitive advantage”. But isn’t sustainability much more than staying competitive for a long time and against the threats of competitors? In this session I want to widen our horizon to topics that deal with the corporate responsibilities against our society and against the natural environment – topics that are clearly on the nowadays’ top management team agenda. In other words, how do firms behave in terms of sustainability? How can firms develop a sustainable or, maybe more precisely, a sustainability strategy and sustainable business models? What do we know about sustainability-oriented strategies and business models, on the corporate and on the business unit level? It might be useful to start on the corporate level, which raises the question of what kind of overall sustainability strategies firms have recently established and how we can evaluate them. Most companies have now on their website a section that outlines sustainability-related activities. Studying these websites gives us a first impression on how corporate sustainability strategies look like. We can try to classify those strategies e.g. in terms of the time approach – do firms act as pioneers or as followers? On the business unit level, we can also discuss whether the sustainability approach is more oriented towards cost leadership or differentiation or, as a third alternative, a specific niche in the context of a focus strategy (using a well-known typology introduced by Michael Porter and a co-author). Overall, it must be said that

- **Porter, M. E., & Kramer, M. R. (2006). Strategy & society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78-92.**
- **Case study literature:**
- Haski-Leventhal, D. (2018): *Strategic Corporate Social Responsibility. Tools & Theories for Responsible Management*, Los Angeles et al.: Sage, 158-161.
- Unilever (2018): Sustainable Living website. <https://www.unilever.com/sustainable-living/> (10/03/2018).
- Please also contact Dodo zu Knyphausen-Aufseß.

it is certainly not clear what sustainability means in the strategy concept – what it means to define a corporate or business strategy along the lines of a sustainability approach, and how we could develop a sustainability strategy in itself. This session may help to discuss at least some initial ideas.

Case study “Unilever”:

In 2009, Paul Polman stepped into the CEO position of Unilever, a multinational consumer goods company co-headquartered in Rotterdam and London, known for products such as Lipton, Rexona or Langnese Ice Cream. The company was in a beleaguered situation. Paul Polman promoted and implemented a new strategy which was centered around the so-called “Unilever Sustainable Living Plan”, with very ambitious goals regarding financial as well as environmental and social outcomes. In the following years, the company was often celebrated as a forerunner in sustainability but was also forced to adapt its strategy in different directions. One event which was certainly shocking was the takeover offense by Kraft Heinz in early 2017, which showed how much Unilever is still dependent from the capital markets.

1. Describe the initial situation in which Paul Polman overtook the CEO seat. Do you believe that his strategy proposal was really promising at that time?
2. What are the core elements of the “Unilever Sustainable Living Plan”?
3. How developed the strategy over the course of time, until today?
4. How would you describe the leadership role of Paul Polman?

Thursday,
April-25-2019

Industry 4.0 and the big data challenge: The case of the steel industry (with Dr. Nils Naujok/Strategy&)

You as technology-affine students know that we live in an age of accelerating digitization, and it is therefore no wonder that this topic has also gained the attention of top management teams. As Davenport et al. (2012, pp. 43-44) write: “These days, many people in the information technology world and in corporate boardrooms are talking about ‘big data’. Many believe that, for companies that get it right, big data will be able to unleash new organizational capabilities and value. But what does the term ‘big data’ actually entail, and how will the insights it yields differ from what managers might generate from traditional analytics? ... Many IT vendors and solutions providers use the term ‘big data’ as a buzzword for smarter, more insightful data analysis. But big data is really much more than that. Indeed, companies that learn to take advantage of big data will use real-time information from sensors, radio frequency identification and other identifying devices to understand their business environments at a more granular level, to create more products and services, and to respond to changes in usage patterns as they occur.” In one sentence, big data changes everything, and that’s why management gurus such as Andrew McAfee and Erik Brynjolfsson have announced the “fourth industrial revolution” that leads to a new level of industrial automation and expands the internet from the information to the physical space – to the “internet of things”. We will talk about these developments and their impact on corporate strategy by referring to the case of the steel industry. **Dr. Nils Naujok**, partner at the management consulting company Strategy&, will be our guest and present the case.

- Porter, M. / Heppelmann, J. E. (2014): How smart, connected products are transforming competition. Harvard Business Review 92(6), available online at: <https://hbr.org/2014/11/how-smart-connected-products-are-transforming-competition> (09/24/2018).
- Porter, M. E. / Heppelmann, J. E. (2015): How smart, connected products are transforming companies. In: Harvard Business Review 93(6), available online at: https://hbr.org/2015/10/how-smart-connected-products-are-transforming-companies?referral=03758&cm_vc=rr_item_page_top_right (09/24/2018).

Tuesday,
April-30-2019

- Automotive industry
- Volkswagen

Industry analysis and new business models in the automotive industry

In the last two sessions, we have focused on strategy-related topics of very general interest. In this session we will now shift our attention to the competitive strategy level – the domain of Michael Porter’s industry analysis and his “five forces” concept (part of the “positioning school”, as highlighted in our second lecture). However, instead of a mere conceptual introduction, we will try to see how we can bring these concepts in action!

Since Germany is still an important location for automotive manufacturers, we take the example of this mature industry. As it exists for more than 100 years, we could examine a process of consolidation. On the other hand, however, we are in the midst of huge changes, as fossil resources are becoming scarce and modern information technologies open up a tremendous potential for innovation. How can a company like Volkswagen cope with these changed conditions?

Two student groups have to prepare presentations. First, one student group will give an introduction on the automotive industry, its history, recent changes, current challenges and future prospects. Afterwards, a second student group will explain how the Volkswagen AG positions itself within the automotive industry and how its business model has changed in the course of time.

Case study "Automotive industry":

1. How did the automotive industry evolve and change over time?
2. Which forces (e.g. according to Porter’s Five Forces) influenced that change?
3. What are the current challenges and future prospects for the automotive industry?

Case study "Volkswagen":

2. Please give a short historical overview of the Volkswagen AG.
 3. How did the positioning of the company within its industry change over time?
- Is Volkswagen’s current strategy sustainable, i. e. is Volkswagen well prepared for future challenges in the automotive industry?

Thursday,
May-2-2019

Strategic and cultural change: The case of Volkswagen reconsidered (with Dr. Robert Kallenberg/Volkswagen AG)

In the prior session we have talked about the automotive industry and the Volkswagen Group as one of the major players within this industry. Obviously, this company operates in a dynamic and challenging environment that requires a far-reaching ability to change not only basic strategies, but also its structure as well as the culture and mindset of all the managers and employees. This is especially true given the recent Diesel scandal and the underlying forces that led to this scandal. The company is, or has been, in a crisis, with huge financial burdens, loss of reputation and trust externally as well as within the company, and difficulties to find adequate communication strategies. What should a company do in such a situation with so many complexities in its core business domain as well as these additional home-made (but not unique, as we can learn from other automobile companies) problems? How is it possible that Volkswagen is, despite of the aforementioned problems, again so

Case study literature:

- McKinsey (2019): Race 2050 – a vision for the European automotive industry. https://www.mckinsey.de/~media/McKinsey/Locations/Europe%20and%20Middle%20East/Deutschland/News/Presse/2019/2019-01-08%20Race%202050/Report_Race2050_A%20Vision%20for%20the%20European%20automotive%20industry.ashx
- KPMG (2017): Global Automotive Executive Survey2017. <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2017/01/global-automotive-executive-survey-2017.pdf> (09/24/2018).
- PWC Strategy& (2018): Transforming vehicle production by 2030. <https://www.strategyand.pwc.com/media/file/Transforming-vehicle-production.pdf>
- Euler Hermes (2016): Public bumpers for the automotive market. Economic Outlook No. 1228. https://www.eulerhermes.com/en_global/economic-research/insights/869.html (09/24/2018).
- Volkswagen Group (2016): Moving people https://www.volkswagenag.com/presence/investorrelation/publications/presentations/2016/12-december/03_Handout.pdf (10/03/2018).
- Please also contact Dodo zu Knyphausen-Aufseß for more literature.

successful? What does the recently announced conversion into electric vehicles mean? We have the opportunity to listen to a presentation by and discuss with **Dr. Robert Kallenberg**, head of the corporate strategic planning unit of Volkswagen.

Tuesday,
May-7-2019

**Corporate diversification:
The concept of
relatedness**

The prior two sessions of our course have – hopefully – provided you some basic concepts and frameworks which are nowadays elementary in the strategic management field. In the next two sessions we will now deal with basic questions that define the so-called *corporate strategy* domain. The first question was the central topic of a seminal book by Igor Ansoff, who published “Corporate Strategy” in the mid-1960s. The question is: Should firms operate in different businesses at the same time in order to exploit “synergies”? Is, in other words, the multi-business firm more successful than a focused, single-business firm? Are there circumstances that have an impact on the relation between diversification and performance? One assumption highlighted in the literature is that one moderating factor is the “relatedness” of different businesses. But what does “relatedness” – or synergies – really mean? How is the concept used in the literature and are there ways to deal with the critique that has come up recently regarding the relatedness construct and its link to corporate performance? How can we *measure* relatedness? Those were the questions that are the central topic of a recently finished dissertation project of Adrian Lüthge at my chair. We will talk about the baselines and then also briefly consider the idea of “business model relatedness” that links session also to the prior session of developing new business models.

- **Grant, R. M. (2016): Contemporary Strategy Analysis, ninth edition, chapter 13, Wiley Higher Education.**
- Hauschild, S. / zu Knyphausen-Aufseß, D. (2013): The resource-based view of diversification success: Conceptual issues, methodological flaws, and future directions, in: Review of Managerial Science7, S. 327-363.
- Lüthge, A. / Pidun, U. / zu Knyphausen-Aufseß, D. (2018): Approximating relatedness from a business model perspective: towards a taxonomic approach. Working Paper, TU Berlin.

Thursday,
May-9-2019

• Siemens

**Re-Defining the role of
the corporate
headquarters: The case
of Siemens**

The flipside of the corporate diversification literature is the definition of the role of corporate headquarters – the heart of the multi-business firm. Do such corporate headquarters really add value, do they provide a parenting advantage (a term we have used in our introductory session)? Not so sure! It is no wonder that we often read about company split-ups these days (e.g., Thyssenkrupp), implying a major transformation (strategic/organizational change!) of the whole company concept. We will take the opportunity and discuss another case study: Siemens. As you could read in a press release (August 1, 2018): “Siemens is setting the course for long-term value creation through accelerated growth and stronger profitability with a simplified and leaner company structure. The main aim of the Vision 2020+ company strategy is to give Siemens' individual businesses significantly more entrepreneurial freedom under the strong Siemens brand in order to sharpen their focus on their respective markets.”

Case study “Siemens”:

1. Outline shortly major strategic milestones throughout the history of Siemens.
2. Summarize Vision 2020+ and explain the motivation and main drivers behind the new Siemens strategy.
3. What does this mean for the Siemens headquarter? How is its role going to change and what are possible benefits and disadvantages?

- **Grant, R. M. (2016): Contemporary Strategy Analysis, ninth edition, chapter 14, Wiley Higher Education.**
- Menz, M. / Kunisch, S. / Collis, D. (2013): What do we know about corporate headquarters? A review, integration, and research agenda. Working Paper, Harvard Business School.

Case study literature:

- Siemens (2018, August 1): Siemens sets future course with Vision 2020+ [Press release]. https://www.siemens.com/investor/pool/en/investor_relations/financial_publications/speeches_and_presentations/q32018/PR2018080262_COEN.pdf (10/03/2018).
- Siemens (2018, August 2): Vision 2020+ - Shaping the future Siemens [Press and Analyst Conference]. https://www.siemens.com/investor/pool/en/investor_relations/financial_publications/speech

Note that we will have a guest from Siemens with us – **Mr. Tim Holzapfel** – who was heavily involved into the development of the new corporate vision.

[es and presentations/q32018/180802_Press_Analyst_Conference.pdf](#) (10/03/2018).

- Siemens (2018, August 2): Press and Analyst Conference Webcast. https://www.siemens.com/investor/en/publications_calendar/disclaimer-q32018.php (10/03/2018).

Tuesday,
May-14-2019

- **Mobility and the circular economy**

Towards a circular economy? Rethinking the mobility system (with Philipp Buddemeier/Accenture)

After our discussion of the sustainability topic, our presentation on the digitalization challenge, and our look into the automotive industry, it is now time to bring these topics together! We will do this under the umbrella of the circular economy concept. How could such a circular economy actually work and succeed? Is it a realistic model? What is the core idea of this concept that exists in many variants? To give a tentative answer at least to the last question, it seems safe to say that the circular economy builds on the concept of nature – a system without waste, where every output serves as an input for other entities. I find this an important idea for two reasons. One is that we often say that our economy cannot grow forever due to the limited resources we have on our planet. But even less growth, no growth or even de-growth would not exclude that we still exploit our resource base (e.g. oil) which will then last for longer than under conditions of high growth (let's say, 200 instead of 100 years), raising the question whether this would, from a historical perspective, really make that much of a difference. Thus, we can ask: Would it be possible to build an economy that is not dependent on any “new” resources? The other reason is that we often tend to relate the concept of sustainability to an attitude of abstinence, implying that we always have to feel bad when we want to enjoy life. But nature is rather based on redundancy than scarcity, and it's growing all the time! So, wouldn't it be attractive to simulate the principles of nature also in our economy?

Now, how is this connected to the digitalization topic? Peter Lacy, Managing Director of Accenture Strategy, puts it this way: “The circular economy will be a digital revolution, or it won't be a revolution at all”. He argues that, first, waste can be avoided (e.g. music streaming instead of CDs), secondly, digital technologies enable “assets that have dropped out of circulation to be introduced back into the market to earn second, third or even fourth incomes” (e.g. car sharing) and thirdly, they also help to reduce material inputs and transform manufacturing (e.g. 3D printing) as well as extend product lifetimes (cf. <https://www.weforum.org/agenda/2015/08/why-the-circular-economy-is-a-digital-revolution/>).

We will discuss this topic with the help of a case example presented by a student group – the idea of an automated, multi-modal, on-demand mobility system (with the option to an extension on the automobile industry, our case example from previous sessions). Our discussant is **Philipp Buddemeier**, a circular economy expert from Accenture.

Case Study “Mobility and a circular economy”:

- **Murray, A. / Skene, K. / Haynes, K. (2017): The circular economy: an interdisciplinary exploration of the concept and application in a global context. Journal of Business Ethics 140: 369-380.**
- Ellen MacArthur Foundation Homepage: <https://www.ellenmacarthurfoundation.org/> (10/03/2018).
- Lacy, P. et al. (2014): Circular advantage. Innovative business models and technologies to create value in a world without limits to growth. Accenture. Available online at: https://www.accenture.com/t20150523T053139_w/us-en/acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Strategy_6/Accenture-Circular-Advantage-Innovative-Business-Models-Technologies-Value-Growth.pdf (09/24/2018).

Case study literature:

- Ellen MacArthur Foundation (2015): Growth from within: A circular economy vision for a competitive Europe, pp. 53-68. Available online at: https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthurFoundation_Growth-Within_July15.pdf (09/24/2018).
- Ellen MacArthur Foundation (2017): Achieving ‘growth within’. A €320-billion circular economy investment opportunity available to Europe up to 2025, pp. 58-81. Available online at: <https://www.ellenmacarthurfoundation.org/as>

1. Describe how a circular future of the mobility system could look like and what steps already have been taken.
2. Convince the audience that such a mobility system could work, not only from an ecological, but also from an economic point of view.

[sets/downloads/publications/Achieving-Growth-Within-20-01-17.pdf](#) (09/24/2018).

Thursday,
May-16-2019

- Executive compensation
- Equality vs. inequality

Executive compensation and the equality/inequality issue in organizations

One of the major topics that is always on the top management agenda is executive compensation. This means especially the compensation of directors and members of supervisory boards. Often the compensation schemes are seen as inappropriate, i.e. the executives are paid too much. A particular and important aspect here is how stock option plans are part of the executive compensation. But how do they work? Which options can be chosen? Are those programs beneficial for the company at all? Or may it be that they are at the expense of shareholders? And what are recent compensation trends? We will talk about these issues, thereby reflecting the question: How much should managers earn? This corresponds to a question about justice as well. Let's take an example. In 2005, it was observed that the average CEO income of U.S. firms is about 435 times higher than the income of employees on the lowest level of these firms. On the other hand, at Deutsche Bank and other financial service firms in Germany demands came up to introduce a salary cap for board members, and in Switzerland there was a referendum in 2013 regarding the question whether such a salary cap should be mandatory. CBS News headlined: "12:1 salary cap fails in Switzerland and that's good news". From a management perspective, the important question behind these polar cases is: Is more or less equality better for achieving high productivity and firm performance? What empirical evidence do we have regarding this question? What other considerations may be appropriate to discuss the issue?

An interesting approach, at least from my side, is to frame the topic as part of the inequality/equality debate, which has gained momentum through Thomas Piketty's bestselling book "Capitalism in the 21. Century" and has now also found its way into the management literature, as the latter two articles in the readings list may indicate.

Case study "Executive Compensation":

1. Please describe the arguments of managerial power theory and its predictions for executive compensation.
2. What are the risks and benefits of stock option plans and what are possible alternatives?
3. Find arguments for and against legal regulations for executive compensation.
4. As an outlook, briefly describe the most recent developments in Volkswagen's executive compensation system.

Case study "Equality vs. Inequality":

1. Think about modern states/societies. Would you prefer more or less equality and why?
2. What equality measures would you suggest?

- Bapuji, H. (2015): Individuals, interactions and institutions: How economic inequality affects organizations. In: Human Relations 68(7), 1059-1083.
- Riaz, S. (2015): Bringing inequality back in: The economic inequality footprint of management and organizational practices. In: Human Relations 68(7), 1085-1097.
- Schädlich, M. / zu Knyphausen-Aufseß, D., The effects of pay inequality on organizational performance: Review and discussion, Working Paper, TU Berlin 2012.

Case study literature (Executive compensation):

- Bebchuk, L. / Fried, J. (2004): Pay without performance – The unfulfilled promise of executive compensation, Harvard University Press, pp. 1-9.
- Schneider, P. (2013): The managerial power theory of executive compensation. Journal of Financial Service Professionals 67(3), 17-22.
- Regarding the Volkswagen case, see company website and press articles in the internet.

Case study literature (Equality vs. inequality):

- Hadler, M. (2005): Why do people accept different income ratios? A multi-level comparison of thirty countries. Acta Sociologica 48(2), 131-154.
- Kiatpongsan, S. / Norton, M. I. (2014): How much (more) should CEOs make? A universal desire for more equal pay. Perspectives on Psychological Science 9(6), 587–593.

3. Are your thoughts on equality/inequality transferable from the societal to the organizational level?
4. Discuss the idea of a salary cap and look for empirical examples.

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| Tuesday, May-21-2019 | <ul style="list-style-type: none"> • Glass Ceiling Effect | Diversity and gender issues in organizations | <p>Another (final) topic that is currently on top management’s agenda and that is closely related to corporate governance issues and to the inequality/ equality debate highlighted in the previous session is gender & diversity, being also a hot topic in politics and in the academic literature. Business firms increasingly realize that it is not only a matter of justice between sexes, but also a question of how a company can make sure that it can attract enough talent to face future challenges in the knowledge-based economy. One company which has been a forerunner in this field was Deutsche Telekom, which announced in 2010 that it aspires to have at least 30 % of woman in leadership positions in 2015. Other companies have followed. After heavy discussions on the subject the German Bundestag voted in March 2015 for a female quota of 30% in German supervisory boards. We will examine the motivations and promises as well as the concerns of such an ambitious gender and diversity policy.</p> | <ul style="list-style-type: none"> • Kelan, E. K. (2018): Men Doing and Undoing Gender at Work: A Review and Research Agenda. <i>International Journal of Management Reviews</i> 20, 544-558. • Robertson, Q. / Holmes IV, O. / Perry, J. L. (2017): Transforming research on diversity and firms: A dynamic capabilities perspective. In: <i>Academy of Management Annals</i> 11, 189-216. |
| | | | <p>Case study “Glass Ceiling Effect”:</p> <ol style="list-style-type: none"> 1. What is the so-called “glass ceiling effect”? 2. What are reasons for the glass ceiling effect? Find empirical studies to prove your argumentation. 3. Find arguments for and against a legal gender quota! 4. If you could create a company’s (e.g. your future employers) agenda for gender orientation, what would it look like? | <p>Case study literature:</p> <ul style="list-style-type: none"> • Cotter, D. A. / Hermsen, J. M. / Ovdia S. / Vanneman, R. (2001): The glass ceiling effect. In: <i>Social Forces</i> 80(2), 655-682. • Snyder, R. A. / Verderber, K. S. / Langmeyer, L., & Myers, M. (1992). A reconsideration of self- and organization-referent attitudes as "causes" of the Glass Ceiling Effect. <i>Group & Organization Management</i> 17(3), 260-278. • Jeong, S.-H. / Harrison, D. A. (2017): Glass breaking, strategy making, and value creating: Meta-analytic outcomes of women as CEOs and TMT members. In: <i>Academy of Management Journal</i> 60, 1219-1252. • Grant Thornton International Business Report 2014: Women in business - From classroom to boardroom. Available online at http://www.grantthornton.global/en/insights/articles/Women-in-business-classroom-to-boardroom/(10/03/2018). |
| Thursday, May-23-2019 | Exam preparation | | | |
| Tuesday, May-28-2019 | Exam | Room H 0110 | | |

Competitive Strategies in Commodity Oligopolies (CSCO)

| Time | Case study | Topic | Lecture content | Literature (mandatory/ recommended) |
|--|--|---|--|---|
| Thursday, June-13-2019 09:30-11:00 | | Theories of oligopolistic competition | <p>Introduction to the course:</p> <ul style="list-style-type: none"> • Learning objectives, overview of lectures, topics covered • Required readings, case studies, proof of performance, support <p>Lecture content:</p> <ul style="list-style-type: none"> • Market mechanism in perfectly competitive markets • Market mechanism in monopolistically competitive markets • Equilibrium in an oligopolistic market • Cournot model of oligopolistic competition • First mover advantage: Stackelberg model • Price competition with homogeneous products: Bertrand model • Price competition with differentiated products • Competition vs. Collusion | <ul style="list-style-type: none"> • R.S. Pindyck / D.L. Rubinfeld: Microeconomics. 8th edition, Pearson 2012, Chapter 8.1-8.4 (pp. 279-292), Chapter 12.1-12.4 (pp. 451-472). |
| Thursday, June-13-2019 11:30-13:00 | <ul style="list-style-type: none"> • Lufthansa • Ryanair • Turkish Airlines | European airline industry | <p>Lead questions for all presenting groups:</p> <ol style="list-style-type: none"> 1. How do you assess the overall attractiveness of the European airline industry? 2. Which trends and changes impact the industry? 3. Describe the market position and competitive strategy of your airline company. 4. How do you evaluate the competitive strategies of your two rival firms? 5. How will the competitive landscape evolve in the coming ten years? Who will be the winners and losers? | <ul style="list-style-type: none"> • Case study "Lufthansa: Scaling New Heights of Success" (Amity Research Centers, 2016). • Case study "Ryanair: Navigating the Turbulent European Aviation Market" (Amity Research Centers, 2017). • Case study "Turkish Airlines: Widen Your World" (Harvard Business School, 2016). |
| Thursday, June-13-2019 14:00-15:30 | | Typology of strategies in commodity oligopolies | <ul style="list-style-type: none"> • Characteristics of commodity oligopolies • Evasion strategy: Changing the rules of the game • Hardball strategy: Discipline through deterrence • Cooperative strategy: Growing the pie | <ul style="list-style-type: none"> • R.M. Grant: Contemporary Strategy Analysis, 8th edition, Wiley 2013, Chapter 10 (pp. 277-291). |
| Thursday, June-13-2019 16:00-17:30 | <ul style="list-style-type: none"> • Tetra Pak vs. Greatview | Aseptic packaging industry | <p>Case study "Tetra Pak vs. Greatview":</p> <ol style="list-style-type: none"> 1. How would you describe the aseptic packaging industry and the positioning and development of the two competitors Tetra Pak and Greatview? | <ul style="list-style-type: none"> • Case study "Tetra Pak versus Greatview: The battle beyond China" (Asia Case Research Centre, 2013). |

2. Which strategies did Greatview use to attack Tetra Pak in China? Which strategies did Tetra Pak use to defend its market position? How do you evaluate these different strategies?
3. What is the impact of the Chinese antitrust law on competition? Which arguments can Greatview and Tetra Pak use in their favor with respect to this antitrust law?
4. What are potential competitive strategies for Tetra Pak in Europe? Please identify and evaluate options and derive a recommendation.
5. What are potential competitive strategies for Greatview in Europe? Please identify and evaluate options and derive a recommendation.

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| <p>Friday, June-21-2019 09:30-11:00</p> | <p>Introduction to game theory</p> | <ul style="list-style-type: none"> • Cooperative vs. noncooperative games • Constant sum games vs. nonconstant sum games • Dominant strategies, Nash equilibrium, Pareto efficiency • Mixed strategies, maximin strategies • Prisoner's dilemma, battle of the sexes, hawk-dove game, Montmort game • Sequential games and the extensive form • Threats, commitments and credibility • Entry deterrence • Price competition in a duopoly | <p>• R.S. Pindyck / D.L. Rubinfeld: Microeconomics, 8th edition, Pearson 2012, Chapter 13.1-13.7 (pp. 487-516).</p> |
| <p>Friday, June-21-2019 11:30-13:00</p> | <ul style="list-style-type: none"> • Coca Cola • Pepsi <p>Cola wars</p> | <p>Lead questions for the presenting groups:</p> <ol style="list-style-type: none"> 1. Describe the development of competition in the US / global soft drinks market over the last 100 years. 2. Which competitive strategies did your company employ during the cola wars? How did your company react to strategic moves of its archrival? 3. What are new challenges for Coke and Pepsi at the beginning of the 21st century? 4. Which strategy does your company follow to cope with these new challenges? 5. Whose strategy will be more successful? Who will win the next round of the cola wars? | <p>• Case study "Cola wars continue: Coke and Pepsi in 2010" (Harvard Business School, 2011).</p> |
| <p>Friday, June-21-2019 14:00-15:30</p> | <p>The emergence of cooperation</p> | <ul style="list-style-type: none"> • Repeated prisoner's dilemma • Axelrod's first and second computer tournament • Characteristics of successful strategies • The evolution of cooperation in a world of egoists • Conclusions for companies and policy makers | <ul style="list-style-type: none"> • R. Axelrod: Effective choice in the Prisoner's Dilemma, Journal of Conflict Resolution 1980, 24 (1), pp. 3-25. • R. Axelrod: More effective choice in the Prisoner's Dilemma, Journal of Conflict Resolution 1980, 24 (3), pp. 379-403. |
| <p>Friday, June-21-2019 16:00-17:30</p> | <ul style="list-style-type: none"> • Airlines and antitrust • Intel's EU antitrust case <p>Competition policy</p> | <p>Case study "Airlines and antitrust":</p> <ol style="list-style-type: none"> 1. Please describe the history and rationale of the American Airlines-US Airways merger. | <p>• Case study "Airlines and Antitrust: Scrutinizing the American Airlines-US Airways Merger" (Harvard Kennedy School, 2015).</p> |

2. Describe the process of merger approval in the US. Which frameworks and criteria are used for evaluating a potential merger? Explain the Williamson tradeoff model.
3. Elaborate the arguments in favor and against the approval of the merger of American Airlines and US Airways.
4. What is your conclusion: Should the merger be approved?
5. What happened? Which agreement was reached? Which actual effects on competition could be observed in the years after the merger?

- Case study “Intel Corporation’s European Union Antitrust Case” (IBS Center for Management Research, 2018).

Case study “Intel’s EU antitrust case”:

1. Describe the market structure of the microprocessors industry and debate to which extent Intel was creating a monopoly.
2. Which competitive strategies and instruments did Intel apply to dominate the market?
3. Which legal policies, criteria and arguments did the European Union apply in its allegations? What were the counter-arguments by Intel?
4. Describe the historic development of Intel’s EU antitrust case. What was the outcome?
5. What is your personal assessment of the case? What are your conclusions for competitive strategies in oligopolies?

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| <p>Friday, June-28-2019 09:30-17:30</p> | <p>Commpoly game</p> | <ul style="list-style-type: none"> • Introduction to the commopoly game • Eight rounds of commopoly in four teams (please bring a pocket calculator) • Joint analysis of the game, conclusions • Second game of eight rounds of commopoly (please bring a pocket calculator) • Application of the learnings from game theory and the emergence of cooperation • Joint analysis of the game, comparison between the two games, conclusions | | |
| <p>Friday, July-5-2019 09:30-11:00</p> | <p>Coopetition</p> | <ul style="list-style-type: none"> • The concept of coopetition: business as war and peace • Beyond Porter: the Value Net • The PARTS framework: Players, Added values, Rules, Tactics, Scope | <ul style="list-style-type: none"> • M. Brandenburger / B.J. Nalebuff: The Right Game: Use Game Theory to Shape Strategy, Harvard Business Review 1995, Jul-Aug, pp. 57-71. • G. Stalk / R. Lachenauer: Hardball: Five Killer Strategies for Trouncing the Competition, Harvard Business Review 2004, April, pp.62-71. | |
| <p>Friday, July-5-2019 11:30-13:00</p> | <ul style="list-style-type: none"> • Container shipping industry • Potash industry | <p>Competition in oligopolistic markets</p> | <p>Case study “Container shipping industry”:</p> <ol style="list-style-type: none"> 1. How do you assess the attractiveness of the container shipping industry? 2. To which extent is container shipping a commodity oligopoly? What are key success factors? 3. How did the price war in container shipping happen? What can Maersk Line as the industry leader do to restore the profitability of the industry? | <ul style="list-style-type: none"> • Case study "Maersk Line and the future of container shipping" (Harvard Business School, 2012). • Case study "Maersk Shipping: Is the Price Right?" (Columbia Business School, 2013). |

4. What should be Maersk's pricing strategy? Develop a model for price competition in monopolistically competitive markets (with differentiated products) and calculate the Nash equilibrium based on lecture 1 and the information of the case study "Maersk Shipping: Is the Price Right?". How useful is such a model in this industry?
5. What is Maersk Line's strategy? How successful will it be?

- Case study "Punch Up in the Potash Industry (A), (B), (C)" (Ivey Publishing, 2014).

Case study "Potash industry":

1. Describe the market structure and competitive landscape of the global potash industry. How attractive is the industry? To which extent can it be characterized as a commodity oligopoly?
2. What was the development of the potash price over the last 15 years? What were the major drivers of the observed price development?
3. What is the role of regional cartels in the industry? Why are they permitted? How well do they work? What is their impact on supply and prices? What was the effect of the BPC cartel breakup?
4. What are the strategic options of the different players after the Uralkali announcement and how do you evaluate them?
5. How will the potash price and the competitive landscape evolve in the coming ten years? Who will be the winners and losers?

Friday,
July-5-2019
14:00-15:30

- Lafarge-Holcim
- Bayer-Monsanto

M&A in oligopolistic markets

Case study "Lafarge-Holcim":

1. How would you describe the global cement industry? To which extent is it a commodity oligopoly? What are key success factors?
2. How did the competitive landscape look like before the merger? How were Lafarge and Holcim positioned?
3. What was the rationale for the merger from the two companies' perspectives? What were potential risks?
4. How do you assess the antitrust issues regarding the deal? What should be the arguments of the regulators and of the two companies?
5. How do you assess the impact of the merger on the competitive landscape and the future competitive dynamics in the cement industry?

- Case study "Lafarge-Holcim deal: A merger of equals" (Amity Research Centers, 2014).
- Case Study "Lafarge Holcim - From a global leader with French roots to a European MNC with global reach" (ESSEC Business School, 2014).
- Case study "Bayer-Monsanto: The challenges of a mega-merger" (Ivey Publishing, 2017).

Case study "Bayer-Monsanto":

1. Please give a brief overview of the agriculture industry and of the two companies Bayer and Monsanto before the announcement of the merger.
2. How do you assess the strategic rationale for Bayer to acquire Monsanto? How could Bayer justify the high takeover premium of 44 percent?
3. What are key challenges and risks for Bayer from acquiring Monsanto?
4. What will be the impact of the Bayer-Monsanto merger on the agriculture industry? What were the major concerns of the antitrust authorities? How did the approval process develop?

5. What are your recommendations for Bayer to move forward after the merger is approved?

Friday,
July-5-2019
16:00-17:30

Business model innovation

- What is a business model?
- How is business model innovation different from other types of innovation?
- Blue ocean strategies
- A framework for analyzing business model innovation
- Examples for different types of successful business model innovation

• **W.C. Kim / R. Mauborgne: Blue Ocean Strategy, Harvard Business Review 2004, Oct, pp. 173-181.**

• Z. Lindgardt / C. Hendren: Doing Something New With Something Old, The Boston Consulting Group 2014.

Tuesday,
July-9-2019
16:00-17:00

Exam

TC 006