Rotman

Course Syllabus

Course Name:	Foundations of Strategic Management	Year, Term:	2023 Term 2
Course Code:	RSM 1201H	Instructor Offices:	Bryan: 7034 Liu: 7036
Instructor Names:	Kevin A. Bryan Shannon X. Liu	Instructor Office Hrs:	Bryan: Tue 3-5pm, or by appointment Liu: Fri 3-5pm, or by appointment
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Course Description

Why do some firms consistently earn higher profits than others? The field of strategy was spawned by a paradox. On one hand, long-held economic intuition predicted that firms earning above-normal profits would invite entry and imitation, which eventually would drive all firms' economic profits to zero. On the other hand, both casual and formal empiricism indicated that some industries consistently outperformed others and, within industries, some firms consistently outperformed their rivals. Understanding the causes of persistent performance differences between firms is the central concern of strategic management. Maximizing the performance of your firm is the central objective of the strategic manager. We are looking to identify sources beyond "luck" which explain why firms with equally good products and equally competent employees nonetheless perform so differently. This course will equip you with the most sophisticated and up-to-date research-based explanations on the causes of superior firm performance and empowering you to apply this knowledge to make better strategic decisions in your careers.

Course Learning Outcomes

In this course, you will gain fluency in fundamental concepts, frameworks and methodologies useful to managers in crafting and executing business strategy. In particular, you will learn

- Why firms differ in their long-run profitability

- A series of "tools" with which firms can gain a persistent productivity advantage

- The importance of strategic positioning relative to rivals and strategic fit between firm activities

- The reason firms exist at all, and why certain activities are internal rather than bought in the market

- How suppliers, partners, and workers can be incentivized, formally and informally

- How firms gain dynamic advantages that are difficult for entrants to replicate

- How entrants and entrepreneurs nonetheless compete, and what incumbents can do in response

Course Grade Components

The final course grade reflects your level of demonstrated achievement of the Course Learning Outcomes listed above. Deliverables provide feedback on your progress towards the course grade. For each assignment you will receive a raw score that will be mapped to the A+ to FZ scale based on the difficulty of the assignment. Note:

Deliverables that are to be submitted in class are due at the beginning of class unless otherwise noted. For situations in which students are not granted an academic accommodation for a missed or late deliverable, the missed or late deliverable will not be accepted.

Item	Weight (%)	Due Date /Time	Delivery
Weekly writeups	10%	Before classes 2,4,6,9,11	Quercus
Participation	10%		In class
Midterm	30%	Enter text	In class
Final Exam	50%	Dec 15th, 10am-1pm	In class

Deliverables Descriptions

1. Weekly writeups (10%)

   Before classes 2, 4, 6, 9, and 11 we will ask you to do a short two-paragraph writeup applying concepts in strategic management to a topic in the business press. This is to help you practice applying these ideas to real business situations prior to the exams and to graduation.

2. Participation (10%)

   This class is discussion-oriented. Your responses during class help your classmates learn. Hostile, rude, or uninformative discussion degrades from their learning. For this reason, we have a very small component of class grades related to participation. We do not take attendance, but participation is not optional.

3. Midterm exam (30%)

   The midterm exam involves a series of short answer questions where you will be asked to apply concepts learned in class to a new business case. You are not asked to memorize cases, but you must be able to apply the lessons from prior readings and classwork to a new situation. That is, the exam tests exactly the strategic management knowledge you will use in the workplace. The exam is taken in-class and typed.

4. Final exam (50%)

   Nothing is different from the midterm aside from length. The final exam involves a series of short answer questions where you will be asked to apply concepts learned in class to a new business case. You are not asked to memorize cases, but you must be able to apply the lessons from prior readings and classwork to a new situation. That is, the exam tests exactly the strategic management knowledge you will use in the workplace. The exam will take place on December 15 at 10am.

Readings and Materials

You are expected to have read the assigned reading **before** class unless explicitly stated otherwise.

Item	Title	Required or Recommended	Location
Reading package	RSM1201 Readings and Cases	Required	posted on Quercus on the relevant session page

Schedule

We have 11 sessions of coursework, one in-class midterm, and one final exam. Classes 2 and 3 concern what firms choose to produce, Classes 4 and 5 how they interact over time with other firms, Classes 6 and 8 how firms align incentives with other actors, Classes 9 and 10 how firms gain an advantage over time, Class 11 on how to compete with firms who have an existing strategic advantage, and Class 12 how to analyze industries given these tools. All readings are on Quercus or in the case packet as noted.

Class #	Date	Topics	Case	Reading
1	Oct 30/31	Introduction	Click here to enter text.	Click here to enter text.
2	Nov 2/3	Strategic Fit and Complementarities	Walmart (focus on pp. 1-11)	Porter, "What is Strategy?" Gavetti and Rivkin, "The Use and Abuse of Analogies"
3	Nov 6/7	Differentiation	Natura	Optional: Borenstein and Netz, "Why do All the Flights Leave at 8 am?"
4	Nov 9/10	Collusion/Repeated Interaction	American Airlines: The Mother of All Pricing Battles	Cabral, "Collusion" in "Introduction to Industrial Organization"
5	Nov 13/14	Theory of the Firm	Arauco (A) (focus on pp. 1-18)	Bryan, "Notes on Theory of the Firm"
6	Nov 16/17	Formal Incentives	Lincoln Electric (focus on pp. 1-18)	Kerr, "The Folly of Rewarding A while Hoping for B" Fisman & Sullivan, "Excellent Police"
7	Nov 20	Midterm	Click here to enter text.	
8	Nov 23/24	Relational Incentives	Lincoln Electric's Harsh Lessons from International Expansion	Helper & Henderson, "Management Practices, Relational Contracts…" Optional: Macaulay, "Non-contractual Relations in Business"
9	Nov 27/28	Scale/Scope/Network Effects/Platforms	Meituan-Dianping's Super App	Zhu & Iansiti, "Why Some Platforms Thrive and Others Don't"
10	Nov 30/Dec 1	Strategic Dynamics and Learning Curves	GSK/Sirtris	Abernathy and Wayne, "Limits of the Learning Curve"
11	Dec 4/5	Entry and Disruption	Porter Airlines	Gans, "The Other Disruption"
12	Dec 7/8	Industry Analysis	Crown Cork & Seal (focus on pp. 1-14)	Ghemawat and Collis, "Mapping the Business Landscape"
Final Exam	December 15, 10am-1pm			

Class Recordings

Courses may not be recorded by students. **In exceptional circumstances**, audio recordings of classes may be made available by the professors.

Artificial Intelligence Policy

In the past couple years, LLMs like ChatGPT, Palm, and Claude have been released allowing AI to produce writing, code, images, audio, and video. These technologies are incredibly useful, but can also be misleading for naive users.

In this class, you are allowed to use generative AI/LLMs to assist in your classwork, under the following restrictions:

- You may use LLMs to proofread or improve your writing

- You may use LLMs as a tool to help you understand concepts, interactively; indeed, we will be making available a specialized LLM trained on the content from this class for this exact purpose

- You may use LLMs to help you generate code or images, if necessary

- You may use LLMs to get feedback on your essays or other assignments

However, **you may not have LLMs "do" your assignment**. That is, from an academic dishonesty perspective, you may use LLMs exactly as you would use advice from an intelligent friend: you may get feedback from them, ask their opinion, get help when you are stuck...but you may not have friend write your assignment for you. You are responsible for the ideas in anything you submit. Further, you are responsible for being able to explain any writing or other artifacts you submit. You may NOT simply pass to an AI your homework or essay components alongside relevant readings, and then hand in the AIs output - doing so would be considered cheating in the same way as handing in work your friend wrote for you is cheating.

- In the end, you are fully responsible for any assignments you hand in, including their accuracy.

- In order to ensure that student use of LLMs is productive and not simply a method for passing along middling-quality work generated entirely by an AI, you must write at the top of every assignment where you used an LLM precisely how you used it. For instance, "I passed my original essay into an LLM in order to perform a grammar check" or "I wrote my code for this project with the help of Github Copilot" or "I used the in-class Virtual TA to check my conceptual understanding of experimentation in startups." That is, we encourage you to use LLMs and Generative AI in this class to improve your learning, but we do not permit you to use these tools merely to avoid doing your assignments. If anything in this policy in unclear, please contact the professor.

Academic Integrity

Below is the standard boilerplate about not cheating. We should warn you that we take cheating in our course very seriously. In the broadest sense, cheating means representing the work of others as your own, whether on exams or on homework. **DO NOT CHEAT IN THIS COURSE.**

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously. The University of Toronto's Code of Behaviour on Academic Matters outlines the behaviours that constitute academic dishonesty and the processes for addressing academic offences. Each Quercus "Home" page menu (right-hand side) also contains a link to AI.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, please reach out to me. Note that you are expected to seek out additional information on academic integrity from me or from other institutional resources (for example, the University of Toronto website on Academic Integrity).

Normally, students will be required to submit their course essays to the University's plagiarism detection tool (now Ouriginal) for a review of textual similarity and detection of possible plagiarism. In doing so, students will

allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (https://uoft.me/pdt-faq).

Standard Policies.

The following are policies students should assume are in force with all Rotman courses. Full details for each of these policies can be found on the Registrar's Office website:

5. Academic Integrity
6. Code of Behaviour on Academic Matters
7. Team Work and Academic Integrity
8. Accessibility Services
9. Academic Accommodations
10. Class Attendance
11. Use of Technology
12. Assignment Cover Sheet
13. Scent-Free Environment
14. Grading Policies
15. Course Drop Deadline Policy, for MBA electives dates check relevant course schedules