



GMGT 716  
***Competition and  
Strategy:***  
***Strategic Analysis for High  
Technology Industries***  
Spring 1997

## Course Syllabus

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**Course Meets:** **Thurs 6:30-9:15 PM** Goldring/Woldenberg Hall Room 151

**Prerequisites:** All required 600 level courses and GMGT 715. Failure to meet these requirements may prevent you from receiving credit for this course.

**Required Text:** D'Aveni, Richard, *Hypercompetitive Rivalries*, Free Press, New York, 1995. Available at the University Bookstore.

Yoffie, David B., *Strategic Management in Information Technology*, Prentice Hall, Englewood Cliffs, NJ, 1994.

Gilder, George, *Telecosm*, (draft version) available at  
<http://homepage.seas.upenn.edu/~gaj1/ggindex.html>.

**Recommended:** Hamel, G., and C. K. Prahalad, *Competing for the Future*, Harvard Business School Press, Cambridge, 1994

Porter, M. E., *Competitive Advantage*, Free Press, 1985.

A regular reading of business periodicals (e.g., *Wall Street Journal*, *Fortune*, *BusinessWeek*, *Forbes*, *Barron's*, *Fast Company*) and industry periodicals (*Infoweb*, *PC Week*, *MacWeek*) is strongly recommended. Student (reduced price) subscriptions can be obtained the first week of the semester.

## Course Description:

**LEVEL:** MBA

**OBJECTIVE:** This MBA seminar will introduce students to the concepts, procedures, methods, and content of industry, firm, competitor and product analysis at a strategic level in the context of high technology industries--as illustrated by the information technology industries. The emphasis will be on hypercompetitive situations: where product life cycles are short, rivalry is intense, and strategic advantage is difficult or impossible to maintain.

At the conclusion of the seminar students should know how to conduct an in-depth industry, firm, competitor and product analysis in a high technology environment, should know how to apply the tools of industry analysis to predict competitors' behavior and future industry evolution, should know how to present the resulting information in the form of a computerized managerial slide-show presentation as well as in written executive summary form, and should have developed in-depth knowledge of the selected industry as well as of a number of firms.

GMGT 715 (Business Policy), the core strategy course, is a prerequisite.

**METHODOLOGY:** The course will be structured as a set of multifunctional team projects covering one or more aspects of industries such as the computer and telecommunications industries--analogous to the way such an analysis would be structured in the "real world." Readings will cover the basic through advanced material in industry analysis and competitive firm positioning, as well as extensive coverage of industry and trade publications. Strategic issues and questions will be solicited from firms in the information technology sector to provide relevant topics for student investigation, or students will choose their own issues to investigate.

Computerized data bases will be made available through the facilities of the Management Technology Center and the A.B. Freeman School of Business, and access to software packages such as Microsoft PowerPoint to analyze and present findings in the format of a managerial report will be provided. As available, guest lecturers from the industries being studied will be invited to address the seminar. Students will get hands-on experience analyzing high technology industries, firms and products.

**BACKGROUND:** Completion of the MBA core and GMGT 715 or the equivalent.

### Activities for a typical class:

- Strategy and Technology update
- Discussion of readings
- Case discussion and update
- Presentation of Analysis or Communication Tool
- Progress on Projects
- Industry Speaker

|                 |                                   |     |
|-----------------|-----------------------------------|-----|
| <b>GRADING:</b> | Seminar Class Participation       | 30% |
|                 | Dynamic Case Class Presentation   | 30% |
|                 | Issue Analysis Class Presentation | 30% |
|                 | Issue Analysis Executive Summary  | 10% |

## **Seminar Participation**

Seminar participants are responsible for reading the material assigned for each session. Reading of text material should be at the level of comprehension at which it is possible to give coherent analyses or, failing that, at least be at the level to enable the reader to ask intelligent questions. Case assignments should be prepared according to the suggestions in the section of this syllabus entitled, "Dynamic Case Analysis." Participants should be prepared to discuss the case as presented in print plus the updated material. Analysis should, at a minimum, include: current strategic position, position of competition, strategic alternatives, and recommended course of action. In addition, project group teams (described below) will serve as "boards of directors" for other team presentations (as described below), and this activity will form a portion of the participation grade for the seminar, which will be 30% of the final grade for the course.

## **Dynamic Case Analysis**

Project teams of 2 to 3 students will be formed at the beginning of the semester. These teams will each be responsible for presenting one dynamic case analysis and leading the subsequent discussion of the case. Each team will also serve as a "board of directors" for another team's case, and will be expected to act as the primary audience for the presentation, and be adequately prepared to ask questions and serve as secondary leaders of the subsequent discussion. The case presentation will also be submitted on diskette. The case presentation will form 30% of the final grade for the course.

## **Issue Analysis**

**Presentation:** Each project team will be responsible for selecting an appropriate strategic issue in consultation with the instructor, and preparing a 30 to 45 minute presentation of the strategic analysis of the issue, utilizing the analysis techniques covered in the course. Where possible, these issues will be real problems facing real companies, and representatives of the company will attend the presentation. Each team will also serve as a "board of directors" for another team's case, and will be expected to act as the primary audience for the presentation (in the absence of company representatives), and be adequately prepared to ask questions and serve as secondary leaders of the subsequent discussion. The issue analysis presentation, which must also be submitted on diskette, will form 30% of the final grade for the course. Participants will evaluate each other to assess contribution to team effort.

**Executive Summary:** Each project team will submit at least six copies of a written 5 to 10 page executive summary of their strategic issue analysis. These executive summaries will be prepared in advance of the presentations, and will be given to the corresponding "board of director" teams (and company representatives, if applicable) prior to the presentation. The issue analysis executive summary will form 10% of the final grade for the course.

## DYNAMIC CASE ANALYSIS

Traditional case analysis, in which the reader is presented with all the information needed to develop a managerial context for strategic analysis, is an inadequate approach for conveying the managerial problems faced in environments in which technology and/or competition are moving a rapid pace -- a situation characterizing more and more industries. In these environments, a sense of the pace and nature of change is required, and current (or near-current) information is desirable if the strategic analysis is to have any relevance to the real world. Thus, in this course, even though the selected book of cases was published in 1994, the written case will be merely the starting point for setting the context.

In preparing a dynamic case, the first step for the reader is to thoroughly read and understand the issues in the case material in the book--including the industry analysis segment (if any). The reader should then use the case as a guide to generate an update by accessing the on-line and CD-ROM data bases (see the attached lists) as well as reviewing the current trade literature. Topics for updating would include technology developments, the current state of the economy--in general as well as in the target segment, a current status outline of the firm in question, changes in management or other key players, new product characteristics (including pricing), recent developments in competition, the status of the supplier and customer segment of the target segment, developments in government regulation, as well as forecasts in each of the foregoing areas.

Key strategic events and issues should be identified in the update material and put into a summary form for discussion in class. Special attention should be paid to characterizing the nature and pace of technological and competitive change. Two of the characteristics that distinguish high technology environments from low technology environments are the pace and rhythm of change in the underlying technology and the pace and rhythm of competitive actions in bringing that technology to market, so these elements should clearly appear in a case update. Currently available technology presently restricts classroom dissemination in the classroom to paper handouts and transparencies, but electronic information can be circulated to the other participants in the class via the Internet mail system. Graphs, charts, summary statistics and diagrams that compress the data into readily comprehensible material are especially suitable for a case update.

## Schedule of Classes

| <b>Date</b> | <b>Day</b> | <b>Subject</b>   | <b>Reading</b>  | <b>Other</b>                        |
|-------------|------------|--|---|-------------------------------------|
| 1/16        | Thur       | Overview, distribution of syllabus, introductions, database overview (COMPUSTAT, Internet resources, PowerPoint, other), review of Porter, Scenario Analysis | <b>Porter:</b> Chapter 1 “Competitive Strategy: The Core Concepts” and Chapter 2 “The Value Chain and Competitive Advantage” and Chapter 13 “Scenario Analysis”   |                                     |
| 1/30        | Thur       | Strategy and Competition Introduction, Introduction to Hypercompetition  | <b>D’Aveni:</b> Introduction & Chapter 1 “Cost-Quality”   |                                     |
| 2/6         | Thur       | Hypercompetition: Timing and Know-How<br><b>Industry: Semiconductors</b><br><b>Firms: Intel/Motorola/AMD /TI</b><br>Case: <i>Intel</i>                       | <b>D’Aveni:</b> Ch. 2 “Timing and Know-How”<br><b>Yoffie:</b> Introduction; The Global Semiconductor Industry, 1987; Intel 1988 and Intel 1992; Intel Corporation (C): Strategy for the 1990s                                   |                                     |
| 2/13        | Thur       | Hypercompetition: Strongholds<br><b>Industry: Personal Computers I</b><br><b>Firm: Apple</b><br>Case: <i>Apple</i>   | <b>D’Aveni:</b> Ch. 3 “Strongholds”<br><b>Gilder:</b> “The Coming Software Shift”<br><b>Yoffie:</b> The Global Computer Industry; Apple Computer 1992; Reshaping Apple Computer’s Destiny 1992                                  |                                     |
| 2/20        | Thur       | Hypercompetition: Deep Pockets<br><b>Industry: Personal Computers II</b><br><b>Firm: IBM</b><br>Case: <i>IBM</i>   | <b>D’Aveni:</b> Ch. 4 “Deep Pockets”<br><b>Yoffie:</b> Note on Microcomputers: Overview of PC’s and Workstations; The Transformation of IBM   |                                     |
| <b>2/22</b> | <b>SAT</b> | <b>Group Meetings</b>  |   |                                     |
| 2/27        | Thur       | <b>Industry: Network Systems</b><br><b>Firms: Microsoft/Compaq/Novell</b><br>Case: <i>Microsoft</i>  | <b>Gilder:</b> “Metcalfe’s Law and Legacy,” “Into the Fibersphere,” “Ethersphere”<br><b>Yoffie:</b> Note on the PC Network Software Industry, 1990; Microsoft’s Networking Strategy; Bill Gates and the Management of Microsoft | <b>Group A</b><br>(Group C ‘Board’) |
| 3/6         | Thur       | <b>Industry: Workstations I</b><br><b>Firms: MIPS/ SUN/ DEC/ SGI/HP</b><br>Case: <i>MIPS and Sun</i>   | <b>Yoffie:</b> MIPS Computer Systems; Sun Microsystems, Inc. 1987   | <b>Group B</b><br>(Group D ‘Board’) |

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| 3/13        | Thur        | <b>Industry: Telecommunications</b><br><b>Firms: AT&amp;T, MCI, Bell-Atlantic</b><br>Case: <i>McCaw Cellular</i> | <b>Gilder:</b> “From Wires to Waves,” “Auctioning the AirWaves,” “Mike Milken & the Two Trillion Dollar Opportunity,”<br><b>Yoffie:</b> The Global Telecommunications Equipment Industry; McCaw Cellular Communications, Inc. in 1990 | <b>Group C</b><br>(Group E ‘Board’)                                 |
| 3/20        | Thur        | <b>Industry: Personal Computers III</b><br><b>Firms: Compaq/Dell /Acer</b><br>Case: <i>Acer</i>                  | <b>Yoffie:</b> Acer Incorporated  | <b>Group D</b><br>(Group A ‘Board’)                                 |
| <b>3/27</b> | <b>Thur</b> | <b>NO CLASS -- Spring Break</b>  |   |   |
| 4/3         | Thur        | <b>Industry: Components</b><br><b>Firm: Sharp</b><br>Case: <i>Sharp</i>  | <b>Yoffie:</b> Sharp Corporation  | <b>Group E</b><br>(Group B ‘Board’)<br><i>Executive Summary due</i> |
| 4/10        | Thur        | <b>Group presentations A, C</b>  |   | (Groups B, D ‘Board’)   |
| 4/17        | Thur        | <b>Group presentations B, E</b>  |   | (Groups C, A ‘Board’)   |
| 4/24        | Thur        | <b>Group presentations D</b><br>Course Summary<br>Evaluations  |   | (Group E ‘Board’)   |