



MIM 2024-2025

2 credits

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## STRATEGY

### Introduction

One of the most important decisions any company or organization must make is to set the direction in which it wants to grow and develop. This decision (or set of decisions) is typically called a strategy. When formulating a strategy, the company makes commitments about the product and geographic markets in which it wants to compete and how it hopes to compete in those markets. In setting its strategy, the company also lays out what activities and functions it will carry out and for what other activities it will rely on other companies. The strategy stipulates also what investments in resources and capabilities the company needs to make.

A company is successful when it creates and captures economic value. Creating value means that the different stakeholders of the company or organization can earn at least as much by contributing to the company than they could earn in another activity. It is also likely that some of the stakeholders will earn substantially more than in other activities by contributing to the strategy of the company. Creating such a surplus for the stakeholders is only possible when the company can build and sustain a competitive advantage. Building and sustaining a competitive advantage is consequently an essential element in every strategy.

This course will focus on how to formulate a business strategy or competitive strategy. The formulation of a business strategy or competitive strategy involves analyzing the industry, determining how to position the firm within the competitive business environment, and identifying the core capabilities and the system of activities needed to create value and to be successful. Other elements of strategic management, such as corporate strategy (how to successfully combine different businesses units) or strategy execution (how to translate a formulated business strategy into action) are not covered in depth in this class.

### Objectives

Thinking strategically is a skill difficult to master. The main objective of this course is to push students to think strategically and critically in different competitive situations. The course introduces the students to a coherent framework of value creation, value capture

and the sustainability of competitive advantage, and develops related concepts and critical insights that are used to analyze the competitive environment of a firm and its internal strengths and weaknesses.

## Learning Outcomes

RA12. Equip students with learning skills that enable them to continue studying independently and self-directedly.

RA1. Possess and comprehend knowledge that provides a basis or opportunity to generate original ideas in the development and application of concepts, often within a research context.

RA19. Enable students to apply acquired knowledge and solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.

RA11. Enable students to integrate knowledge and address the complexity of making judgments based on incomplete or limited information, including reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.

RA20. Enable students to communicate their conclusions, along with the knowledge and rationale supporting them, to both specialized and non-specialized audiences clearly and unambiguously.

RA21. Listen, understand, and compare differing viewpoints to develop an objective understanding of a business situation. Communicate in a structured and persuasive manner (Interpersonal communication).

RA14. Critically evaluate information and the context of a business situation to reach prudent decision-making conclusions (Critical thinking).

RA2. Apply well-established ethical criteria in business decision-making, respecting the inherent dignity of each individual and the pursuit of the common good. (Integrity)

RA3. Identify relevant data to diagnose a business problem and generate sensible decision alternatives.

RA5. Model the impact of the global macroeconomic and industry-specific microeconomic environment on concrete business activities to formulate action plans for adapting to these contexts in uncertain conditions.

RA6. Develop rigorous business plans that achieve viability status under the scrutiny of real investors.

RA26. Identify a company's sources of competitive advantage to assess its sustainability in the future based on the industry's competitive structure, expected competitor responses, and the company's internal resources.

## Content

The course consists of the following three modules:

- I. Introduction. The purpose of this module is to become familiar with the basic definitions and concepts of competitive strategy.
- II. Building competitive advantage. In this module, we will explore the elements that compose the competitive strategy framework. First, we focus on how the industry affects the performance of an individual business. Understanding the pressure of industry characteristics on the value of the business is a first step in formulating a strategy that attempts to isolate the business from these pressures in the future. We then take a closer look at the business itself and develop an understanding of how to position a firm to create a competitive advantage. Finally, we will discuss how the activities and capabilities of a firm can lead to a sustainable competitive advantage.
- III. Competitive dynamics. In this module, we turn our attention to the dynamic aspects of strategy formulation, including competitive interactions.

Understanding your competitors' moves and reacting to them is important. However, making strategic decisions that anticipate competitors' reactions is even more crucial for the viability of your business.

## **Instructional Activities**

AF1: Training sessions and meetings with the teacher (classes, seminars, lectures, tutorials, company visits, simulations): 20hrs

AF2: Individual student work (personal study, preparation of assignments): 33hrs

AF3: Teamwork (preparation of group assignments and execution of simulations): 5hrs

AF4: Evaluation tests: 2hrs

## **Evaluation**

SE1 (Class Participation): 30%

SE2 (Midterm exam): 40%

SE3 (Simulation): 30%

The IESE Business School's Honor Code and Learning Partnership apply to all activities in this course. For individual assignments, unless explicitly stated, you should not interact with anyone else. For deliverables to be done in teams you should interact only with the members of your team.