Business Strategy and Entrepreneurship

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Course Description

Firms are increasingly faced with rapidly changing competitive environments and the need to redefine their offerings to customers. These trends are certainly driven by the increasing rate of technological change. Yet, they are not limited to what is traditionally described as “high-tech” industries. Diverse sectors in the economy have witnessed shakeouts and the replacement of established incumbents by new entrants. It is crucial then for managers and entrepreneurs to understand and manage the processes that contribute to value creation and firm innovativeness.

This course is designed to familiarize students with the challenges entrepreneurs and corporations face when making strategic choices related to resource allocation and value creation. It draws from a variety of fields such as organizational economics, strategic management, and entrepreneurship. Our focus will be on new and established firms that have been successful and unsuccessful in developing and implementing their growth strategies.

Objectives & Methodology

In working through this course it is important to realize the purpose and limitations of studying strategy and entrepreneurship. Unlike in physical sciences like chemistry or physics, it is impossible to describe certain steps or decisions that will ensure a certain outcome (e.g. increased profitability). That is to say, there are no rules for riches. The study of strategy and entrepreneurship can be more usefully understood as a collection of tools and frameworks that help analyze certain strategic questions or the “right” thing to do in a particular business setting. But these answers may have limited applicability to other situations. Strategy and entrepreneurship is therefore, to a certain extent, a study of contingencies. This course is designed to present a number of these contingencies along with various empirical regularities in order to help students develop (heuristic) modes of thinking about strategy and entrepreneurship.

In this vein, this course emphasizes the study of real life situations and case studies. This methodology gives students the opportunity to understand and analyze a particular business situation through the lenses of the individual decision maker. Groups of students will be asked to present different case studies and lead the discussion but everyone is expected to actively participate. In addition, groups of students will present scientific articles, discussing their applicability and limitations.

The purpose of these activities is to complement the insights gained from the lectures but also to help students internalize the language and discourse of strategy and entrepreneurship.
Successful completion of the course will help you consolidate the knowledge you have acquired so far regarding organization-level actions, their antecedents, their implementation and their impact on firm performance. This course is therefore an essential part of your degree as it combines and builds on insights from a variety of courses you have attended so far. Importantly, strategy and entrepreneurship will equip you with the skills necessary to understand business behavior and help improve your responses to various business problems. This is key for your career progression and your own self-development.

Evaluation criteria

Course assessment will be based on the following:

1. **Case studies** (35%): All teams must prepare for each case study a short presentation (10-12 slides) along with a brief commentary where you highlight the main points of interest and/or suggestions. Simply recounting the story and character actions is not sufficient. It is important to apply theories and demonstrate the links between theory and practice in each particular setting.

2. **Paper presentation** (15%): the presenting group will deliver a 20min presentation of the assigned article. In doing so, it is important to position the article within the broad context of studying strategy and entrepreneurship as well as identify relevant practical insights from the article. Moreover, the presenting team should discuss some of the article’s limitations and ideas for further research.

3. **Class participation** (15%): class participation is important because it provides the best and most frequent indication that you have prepared for class. In addition, it is important because your participation in class discussion teaches others. For both reasons you need to make every reasonable effort to be in class on time and well prepared. In grading class participation, both the quantity and quality of your contributions are taken into account.

4. **Final exam** (35%): the final exam consists of two parts: 1) a mini-case study where you analyse the strategy and specific situation of a real-world company and 2) questions (mix of open and multiple choice) about the concepts and business problems we studied in this course.

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program.

As with all courses taught at the UPF BSM, students who fail the course during regular evaluation will be allowed ONE re-take of the examination/evaluation. Students that pass any Retake exam should get a 5 by default as a final grade for the course. If the course is again failed after the retake, students will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and
signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.”

Calendar and Contents

Part 1: Key concepts

1. Introduction (class 1)
   - Competitive and corporate strategy
   - Strategic entrepreneurship

2. Firm performance and competitive advantage (class 2-4)
   - The external environment: Market and competitive analysis
   - The internal organization: Strategic positioning and resources
   - How much do external and internal factors matter?

Part 2: Strategic entrepreneurship: How do firms develop and scale-up successful business models?

1. The business model as a source of competitive advantage (class 5-6)
   - Business model design
   - Business model innovation

2. Replication of a successful business model (class 7)
   - Replication dilemma
   - The learning curve, knowledge transfer, and competitive imitation

3. Managing a business model portfolio (class 8-9)
   - Sources of organizational benefits and challenges
   - Organizational ambidexterity

Part 3: Corporate strategy: How do firms grow and manage their scope?

1. Market entry and exit (class 10-11)
   - Dimensions of market entry and exit
   - Entry and exit barriers
   - The value of real options investments under uncertainty

2. Horizontal diversification (class 12-15)
   - Sources of operating and financial synergies
   - Inter-temporal economies of scope
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- Sources of diseconomies of scope
- Organizational structure and decision rights

3. Vertical integration (class 16-18)

- The vertical chain of production
- Transaction costs and the make-or-buy decision
- Information asymmetry and opportunities for entrepreneurs

Part 4: Course summary and final exam

1. Big picture questions and course summary (class 19)
2. Final exam (class 20)

Bibliography

Text book

Articles

Bio of Professor

Timo Sohl is an assistant professor of Strategic Management at the Department of Economics and Business at Universitat Pompeu Fabra and an affiliated professor at the Barcelona School of Management. He holds a PhD from the University of St. Gallen, Switzerland. His research interests include corporate strategy, resource allocation, and business model innovation.