March 6, 2024

COLUMBIA BUSINESS SCHOOL

**B7508―Corporate Growth & Organizational Development (Summer 2024)**

PROFESSOR HARRIGAN, *krh1@gsb.columbia.edu*

Office Hours can be held in ZOOM (Email Professor to schedule them beforehand.)

**Case Book**:     Collection of cases and readings has been curated. Please consult courseware for electronic location of assigned readings within CANVAS folders or links for each session. Write-ups, surveys and polls are based on the cases and readings. Library Reserves has copies of some of these materials.

**Deliverables:** Three conceptual papers, one final project, weekly 7:30 AM CANVAS surveys, Poll Everywhere questions occurring in class lecture, “Lessons Learned” occurring end of class via CANVAS, class discussions. Extra credit in-class presentations *(upload your PPT deck for credit)* are optional; look for sign-up sheet in CANVAS to schedule yours *(or email the Professor/ Course Assistant).*

**COURSE DESCRIPTION**

*Corporate Growth and Organizational Development* (CGD) is about corporate strategy—which means “multi-business” strategy and resource allocation decisions among a firm’s family of businesses. Diversification looms so large in how firms grow that it dominates headquarters’ activities—whether growth is from internal activities or external transactions.

Whether a firm grows organically or through transactions with other firms, its successful growth plan should match appropriate organizational investments with the growth path chosen so that the firm’s business units will have the skills needed to succeed. Headquarters must cope with the increased complexity of diversification and capture the benefits it generates. The cases chosen for this course investigate how the firm’s headquarters office supports the firm’s diversification strategy (*or not*).

**Objectives of Course**

The *Corporate Growth and Organizational Development* elective was created to investigate the formulation and implementation of corporate-level strategy.  The course provides readings about the analytical arguments behind corporate strategy.  It draws heavily on advances in economics, notably industrial organization, financial economics, and organizational economics.  Although it incorporates various theoretical perspectives, the course is ultimately designed to focus on the essential issues of corporate growth through organizational renewal.

**POINT ACCUMULATION** \* May be completed outside of class sessions.

Final Project (in lieu of in-class exam)\* 300 points MAX

Three Conceptual Write-ups\* 300 points MAX (100 points each)

Lessons Learned (submitted in CANVAS) 250 points MAX

Poll Everywhere Questions 250 points MAX

7:30 AM Solo Surveys\* 250 points MAX

Contributions in Class 250 points MAX

Voluntary presentations/ write-ups\* 400 points MAX (50/50 points each)

**REQUIRED WRITE-UPS *(May be Submitted in Teams of SIX or Fewer Members)*** Due before Sessions 4, 8, and 11 begin.

**OPTIONAL PRESENTATIONS/ WRITE-UPS *(Individual Short Assessments)***

There is time in class schedule for short presentations on each of the twenty-four case incidents that explain: (a) what is good about the corporate strategy described, (b) what needs improvement. Up to 50 points for presenting in class. Up to 50 points for uploading your PPT deck. Maximum of 400 points IF you presented in class four times. ONE presentation per topic. Maximum of 200 points if you uploaded your PPT deck without presenting in class.

**Eligible Cases to present *(in the context of strategy issues addressed in assignment)*:**

“Berkshire Hathaway”

“The Tata Group”

“General Electric”

“United Technologies”

“Danaher”

“Siemens’ ‘Private Equity’ Approach”

“Motorola”

“E.I. DuPont de Nemours”

“Loewen Group vs. SCI”

“Disney’s Synergy Group under Eisner”

“Newell Rubbermaid

“Microsoft”

“Microsoft/ Activision Blizzard”

“Facebook Pivots to Meta Platforms”

“Intel Corporation: Outsourcing”

“Cisco Systems: Outsourcing Collaboration”

“The Walt Disney Company Streaming”

“Netflix, Inc.”

“Warner Bros. Discovery”

“Komatsu and Smart Construction”

“Goldman Sachs: Consumer Finance”

“Amazon.com”

“Corporate Venture Capital at Eli Lilly”

“Alphabet’s ‘New Bets’ Group”

COURSE OUTLINE AND MATERIALS LIST

**Diversification and Conglomerates**

**Session 1:        Introductory Concepts**

Please go to courseware and do the surveys about **Berkshire Hathaway** and **Tata Group** by 7:30 AM on the day when Session 1 meets.

**Cases:** “Berkshire Hathaway” [9-709-449] and

“The Management of Berkshire Hathaway” [Stanford CG-16]

“Creating a Corporate Advantage: The Case of the Tata Group,” [ISB005]

**Readings**: Ramachandran, Manikandan, and Pant (2013) “Why Conglomerates Thrive (Outside the U.S.),” Harvard Business Review, December 2013, Reprint # 1312H, pp. 3-11.

**“**Strategies of Unrelated Diversification” [9-705-480]

Optional: Harrigan (2011), “Acid Tests of Corporate Advantage,” [Caseworks #110406] *highly recommended*

**Session 2: Unwinding Conglomerate Diversification**

Please go to courseware and do surveys about **General Electric** and **United Technologies** by 7:30 AM on day when Session 2 meets

**Cases:** “The Turnaround of General Electric,” [Caseworks, 220414] and

“GE: A New Way Forward?” [9-723-373]

“United Technologies: Are the Parts Worth More Than the Whole?” [9-220-018]

**Readings:** “Corporate Divestitures and Spin-Offs,” [9-722-384]

Grynta, Mann, and Lombardo, 2021, “Larry Culp Rewired GE, Then He Unwound It,” Wall Street Journal, November 13, 2021.

**Session 3: Conglomerates and Financial Performance**

Please go to courseware and do surveys about **Danaher** and **Siemens** by 7:30 AM on day when Session 3 meets

**Cases:** “Danaher Corporation (Abridged)” [9-722-370] and

“Danaher Corporation: 2007-2017,” [9-717-464]

“Siemens AG: A Private Equity Approach within an Industrial Corporation,”

[9-723-420]

**Readings:** Eccles, Lanes & Wilson (1999), “Are You Paying Too Much for That Acquisition?” Harvard Business Review, 79(4): July-August, pp. 136-146.

"The Synergy Limitation Paradox," [Caseworks #120409]

**REMINDER: CONCEPTUAL ESSAY #1 IS DUE WHEN SESSION 4 BEGINS**

Teams limited to six persons.

***Due at start of Session 4:*** Which elements of an unrelated diversified firm’s corporate strategy are most important for successfully realizing the benefits of their operating strategies? (Using examples covered in class—as well as private equity firms used as a “straw man” basis for comparison with firms discussed in class—please explain your assessment of how unrelated diversification fosters value capture.)

**Session 4: Downsizing and Spin-Offs**

Please go to courseware and do surveys about Motorola Spins Off Cellphones and DuPont’s Spin-Off by 7:30 AM on day when Session 4 meets

**Cases:**  “Motorola Spins Off Cellphones” [Caseworks 120404]

“E.I. DuPont de Nemours: Cleaning House” [Caseworks 120401]

**Readings:** Dranikoff, Koller and Schneider (2002) “Divestiture: Strategy’s Missing Link,” Harvard Business Review, 1016, pp. 1-12.

Owen & Harrison (1995), "Why ICI Chose to De-Merge," Harvard Business Review, 73(2), pp. 133-142.

**Related Diversification**

**Session 5: Models for Related Diversification**

Please go to courseware and do surveys about Loewen Group vs. SCI, Disney’s Synergy Group under Eisner, and Newell Rubbermaid by 7:30 AM on day when Session 5 meets

**Cases:** “Loewen Group and SCI Compilation” [Caseworks #220415]

“Disney’s ‘The Lion King’ (B): The Synergy Group,” [9-899-042]”

“Newell Company: Corporate Strategy,” [9-799-139]

**Readings:** “Strategies of Related Diversification,” [9-705-481]

“Acid Tests of Corporate Advantage,” [Caseworks #110406]

“Illustrations of Corporate Shape’s Dimensions,” [Caseworks #220411]

“The Internal Arc” [Caseworks #160414]

“Organizational Structure,” UV3041

**Session 6: Strategic Repositioning**

Please go to courseware and do surveys about Microsoft and Cloud Computing by 7:30 AM on day when Session 6 meets

#### **Cases:** “Microsoft’s Turnaround” [EMBA case 1]

“Microsoft Azure and the Cloud Wars,” [9-720-409]

“Cloud Wars Go Global: How Amazon, Microsoft, Google, and Alibaba Compete in Web Services,” [INSEAD IN1628]

**Readings:** Goold & Campbell (1998), “Desperately Seeking Synergy,” Harvard Business Review, 76(5), pp. 131-143.

Eisenhardt & Galunic (2000), “Co-Evolving: At Last, A Way to Make Synergies Work,” Harvard Business Review, 78(1): January-February, pp. 91-101.

**Intrafirm Coordination**

#### **Session 7: Vertical Strategies, Adjacent Diversification, Virtual Firms**

#### Please go to courseware folder “Testing” and do surveys aboutMicrosoft Activisionand Facebook’s Pivot to the Metaverseby 7:30 AM on day when session 7 meets

**Cases:**  “Microsoft’s Bid for Activision Blizzard,” [Caseworks #220416]

“Meta: Facebook’s Pivot to the Metaverse—A Path to Dystopia or Blue Ocean Utopia?” [INSEAD IN1812]

**Readings**: “The Scope of the Firm,” [9-795-139]

Campbell, Goold & Alexander (1995), "Corporate Strategy: The Quest for Parenting Advantage," Harvard Business Review, 73(2), pp. 120-132.

“Metaverse Wars,” 9-723-431

**REMINDER: CONCEPTUAL ESSAY #2 IS DUE WHEN SESSION 8 BEGINS**

Teams limited to six persons.

***Due at start of Session 8:*** How can related diversification be a value-creating corporate strategy? Using examples covered in class as well as private equity firms (as a “straw man” basis for comparison with firms discussed in class), please explain the reasons for your assessment of related diversification. Please include some discussion of what elements of corporate systems are most efficacious for parenting a firm that is comprised of diverse lines of business and discuss other salient factors that are most important for creating corporate advantage.

#### **Session 8: Virtual vs. Vertical Integration**

Please go to courseware and do surveys about Intel and Cisco by 7:30 AM on day when Session 8 meets

Cases: “Intel Corporation: Outsourcing Dilemma,” [Ivey #W25607]

“Cisco Systems, Inc. Collaborating on a New Product Introduction,” [GS-66]

Readings: Margretta, J. (1998) “The Power of Virtual Integration: An Interview with Dell Computer’s Michael Dell,” Harvard Business Review, March-April, pp. 71-82.

Chesebrough & Teece (1996), "When Is Virtual Virtuous? Organizing for Innovation," Harvard Business Review, 74(1), pp. 65-73

Harrigan, K.R. (1986) “Matching Vertical Integration Strategies to Competitive Conditions,” Strategic Management Journal, 7(6): pp. 535-555.

**Session 9: Vertical Strategy and Disruptive Technologies**

Please go to courseware and do surveys about Walt Disney Streaming and Netflix by 7:30 AM on day when Session 9 meets

**Cases:** “The Walt Disney Company Streaming Services,” [5-523-034]

“Netflix, Inc.,” [McGraw-Hill MHE-FTR-080]

**Readings**: “Disruptive Forces in the Media Industry,” [Caseworks 220418]

Krause, S. (2022) “Netflix Partners with Microsoft for New Advertising-Backed Option,” Wall Street Journal, July 13, 2022

**Session 10:**        **Diversification and Mobility Barriers**

Please go to courseware and do surveys about Warner Bros. Discovery and Komatsu by 7:30 AM on day when Session 10 meets

**Cases:** “Warner Bros. Discovery,” [Caseworks 220417]

“Komatsu and Smart Construction” 9-521-042

**Readings**: Harrigan, K.R. (2023) “Endgame in the Internet Era,”Strategic Management Review, 4(2): 231-260. http://dx.doi.org/10.1561/11.00000058

Eisenhardt & Brown (1999), “Patching: Restitching Business Portfolios in Dynamic Markets,” Harvard Business Review, 77(4): May-June, pp. 72-82.

**REMINDER: CONCEPTUAL ESSAY #3 IS DUE WHEN SESSION 11 BEGINS**

Teams limited to six persons.

***Due at start of Session 11:*** Using the continuum bounded by 100% “make” versus 100% “buy” to describe how vertically related activities that firms might bring in-house could be organized, please explain which attributes of potential value-chain activities would make them more (less) appropriate for inclusion in some aspect of vertical integration strategy (and why)?

**Session 11:      Diversification into New Frontiers**

Please go to courseware and do surveys about Goldman Sachs and Amazon.com by 7:30 AM on day when Session 11 meets

**Cases:**  “Goldman Sachs: Corporate Strategy and Corporate Growth,” [IN1908]

“Goldman Sachs: Building Capabilities to Enter Consumer Finance,” [IN1909]

“Amazon.com, 2021” [9-716-402]

**Reading**: Harrigan, K.R. (2024) “Rise of the New Conglomerates,” Strategic Management Review, 3(3): pp.

**Session 12:      New Models for Corporate Renewal**

Go to courseware and do surveys on Lilly Ventures and Alphabet’s “New Bets” by 7:30 AM on day when Session 12 meets

**Cases:**  “Corporate Venture Capital at Eli Lilly” [9-806-092]

“Alphabet Eyes New Frontiers” [9-717-418]

**Reading:** Chesbrough (2002), “Making Sense of Corporate Venture Capital,” Harvard Business Review, 80(3): March, pp. 90-99.

**Final Project due at start of Session 13**

**(Upload Final Report before the designated exam period)**

**Final Projects**

**Go to CANVAS for instructions about Final Project. Write a case about a strategy problem in company PLUS your analysis and recommendations thereof. Write it in a team (or solo). Note that several Columbia Caseworks cases used in course started as a Final Project. Examples include “Time Warner Divests TIME,” “AT&T’s Acquisition of Time Warner,” “Corporate Venture Capital at General Electric,” “General Electric’s Turnaround,” “DuPont Cleans House,” “Motorola’s Spin-off of Its Cell Phone Business,” “Google’s Acquisition of Motorola Mobility,” “General Electric’s Turnaround,” “Corporate Strategy Implications of Google Becoming Alphabet,” and “Warner Bros. Discovery.”**

**Every good Final Report addresses a corporate strategy problem, provides context, offers analysis, suggests alternatives, and makes recommendations with associated supporting arguments.**