

COLUMBIA BUSINESS SCHOOL

Friday-Saturday Version

B7508—Corporate Growth & Organizational Development (Summer 2023)

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.

Textbook: **The best textbook went out of print.** It was Collis & Montgomery (2005), Corporate Strategy: A Resource-Based Approach, Irwin/ McGraw-Hill (paperback). *Salient chapters are in CANVAS folders for respective sessions, including “cliff notes” about their contents.*

Deliverables: Five papers (one is lengthy), 7:30 AM CANVAS surveys, Poll Everywhere questions in class, “Lessons Learned” via ZOOM chat, Reading Comprehension Tests (in CANVAS), class discussions. In-class presentations (of one of your write-ups) are optional; look for sign-up sheet in CANVAS to schedule yours.

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. Resource allocation looms so large in how firms grow that it dominates headquarters’ activities—whether growth is from internal activities or external transactions.

Starting with the “competitive advantage” that may be achieved at the business unit level, the multi-business firm seeks “corporate advantage” through the combined activities of its family of businesses. The course investigates how value is ultimately created when a firm expands—geographically, upstream, downstream, or into related (*or unrelated*) activities, including the mastery of new technologies.

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*). A metric is introduced to compare the elements of firms’ corporate strategies since every firm’s corporate strategy is different.

OBJECTIVES OF COURSE

The *Corporate Growth and Organizational Development* elective was created to let EMBA candidates 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. The *Corporate Growth and Organizational Development* course assumes that value is created at the level of the business unit since competition occurs there; incremental value that may be added by the corporate headquarters level must be beneficial enough to justify the costs of close coordination and sharing of activities among corporate family members that headquarters may encourage.

POINT ACCUMULATION

(SO MUCH HAPPENS IN CLASS. BE THERE. EARN POINTS.)

In addition to the tranche write-ups and Final Report (IN LIEU OF A SIT-DOWN EXAM), points are awarded for insightful **class contributions**, answering **7:30 AM surveys**, responding to **Poll Everywhere** questions in class, and submitting thoughtful “**Lessons Learned**” summaries via the ZOOM chat at the end of case discussions. PLUS there are points for successfully completing the **Reading Comprehension Tests**. Optional in-class presentations earn class contribution points. (*Email Professor to claim your topic to present.*) Points awarded are:

Final Project (in lieu of in-class exam)*	300 points
Four Tranche Write-ups*	400 points (100 points each)
Lessons Learned (in CANVAS)	250 points
Poll Everywhere Questions	250 points
7:30 AM Solo Surveys*	250 points
Reading Comprehension Tests*	300 points
Contributions in Class	250 points

* May be completed outside of class sessions.

WRITE-UPS

Tranche 1 write-up concerns conglomerate (*highly unrelated*) diversification. Discuss salient issues as per your case selections; remember to communicate the advantages and limitations of conglomerates by citing examples.

Tranche 2 write-up concerns diversification within salient industry clusters characterized by technological change. Discuss how chosen firm’s corporate strategy helps (*or hinders*) how well their corporate family competes.

Tranche 3 write-up concerns diversifications where substantial synergies may be possible. Discuss how (*if at all*) chosen firm exploits opportunities to realize synergies, and whether doing so improves corporate advantage.

Tranche 4 write considers divestiture and corporate venturing as a means of corporate renewal.

Write-ups are due **before** class begins and discussion of the firm under study occurs. Evaluate the firm’s corporate strategy, address the special topics of each tranche, and explain how elements of its strategy help (or hinder) the firm’s performance.

COURSE OUTLINE AND MATERIALS LIST FOR FOUR TRANCHES

Tranche 1: Diversification and Conglomerates

Assignment: Evaluate strategy of one of the conglomerates discussed in Tranche 1 (Sessions 1, 2, or 3) and upload paper before session begins. Write in teams of *no more than* six persons

Session 1: Introductory Concepts

Please go to courseware and do the surveys about **Loewen Group, Service Corporation International, and Activist Investors** by 7:30 AM on the day when Session 1 meets.

Cases: “Loewen Group and SCI Compilation” [Caseworks #220415]
“Shareholder Activists and Corporate Strategy” [9-716-403]
“A Note on Activist Investors and the Tech Sector” [9-716-462]

Readings: “Acid Tests of Corporate Advantage,” [Caseworks #110406]
“Illustrations of Corporate Shape’s Dimensions,” [Caseworks #220411]

Optional Readings: “The Internal Arc” [Caseworks #160414] – a *remedial reading*
“Organizational Structure,” UV3041 – another *remedial reading*
Collis & Montgomery, 1998, “Creating Corporate Advantage,” Harvard Business Review, 76(3): 70-83. (*This article is the same as Chapter 7 of out-of-print textbook.*)

Book Chapter: Chapter 1: “An Introduction to Corporate Strategy,” and “Appendix A: Past Approaches to Corporate Strategy,” Collis & Montgomery (2005), Corporate Strategy: A Resource-Based Approach, Irwin/ McGraw-Hill, pp. 1-23

Session 2: Diversification: Conglomerates

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

Cases: “Berkshire Hathaway” [9-709-449] and
“The Management of Berkshire Hathaway” [CG-16]
“The Turnaround of General Electric” [Caseworks, 220414]

Readings: Grynta, Mann, and Lombardo, 2021, Larry Culp Rewired GE, Then He Unwound It,” Wall Street Journal, November 13, 2021.
Jensen (1989), “Eclipse of the Public Corporation,” Harvard Business Review, 67(4): pp. 61-73.

Session 3: Conglomerates and Financial Performance

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

Cases: “Yildiz Holding’s Corporate Strategy: Managing Diversification for Growth” [9-722-366]
“Danaher Corporation” [9-708-445]

Optional Readings: Strategies of Unrelated Diversification [9-705-480]
Jensen (1984), “Takeovers: Folklore and Science,” Harvard Business Review, 62(6): pp.

Tranche 2: Diversification and Industry Evolution

Assignment: Evaluate strategy of one of the diversified firms discussed in Tranche 2 (Sessions 4, 5, or 6) and upload paper before session begins. Write in teams of *no more than* six persons

Session 4: Choosing Growth Paths

Please go to courseware and do surveys about **Novartis** and **Facebook/ WhatsApp** by 7:30 AM on day when Session 4 meets

Cases: "Novartis: A Transformative Deal" [9-717-453]

"\$19B 4 txt app WhatsApp...omg!" [9-715-441]

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]

Optional

Reading: Strategies of Related Diversification [9-705-481]

Optional

Book Chapter: Chapter 2: "Resources and Rents" and "Appendix B: Business Strategy and Industry Analysis," Collis & Montgomery (2005), *Corporate Strategy: A Resource-Based Approach*, Irwin/ McGraw-Hill, pp. 25-55

Session 5: Strategic Repositioning

Please go to courseware and do **TWO** surveys about **Microsoft** by 7:30 AM on day when Session 5 meets

Cases: "Microsoft: New Wine in an Old Bottle" [HK 1039]

"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]

"Microsoft's Bid for Activision Blizzard," [CaseWorks #220416]

Reading: Goold & Campbell (1998), "Desperately Seeking Synergy," Harvard Business Review, 76(5), pp. 131-143.

Optional

Reading: Prahalad & Hamel (1990), "The Core Competence of the Corporation," Harvard Business Review, 68(3): May-June, pp. 79-90.

Optional

Book Chapter: Chapter 3: "Scale and Scope within an Industry," Collis & Montgomery (2005), *Corporate Strategy: A Resource-Based Approach*, Irwin/ McGraw-Hill, pp. 57-74

Session 6: Vertical Strategies, Adjacent Diversification

Please go to courseware folder "Testing" and do surveys about **Warner Bros. Discovery** and **Streaming Competitors** by 7:30 AM on day when Session 6 meets

Cases: "Disruptive Forces in the Media Industry," [Caseworks 220418]

"Warner Bros. Discovery," [Caseworks 220417]

"The Walt Disney Company: The 21st Century Fox Acquisition and Digital Distribution." [9-721-408]

“Is Netflix Building a House of Cards?” [IMD 1085]

Reading: Yoon, Lockhead, and Cole, 2021, “Gaming Isn’t Netflix’s Best Opportunity for Growth,” Harvard Business Review, November 5, 2021, [H06LQB]

Optional

Reading: Hargadon (1998), “Firms as Knowledge Brokers: Lessons in Pursuing Continuous Innovation,” California Management Review, 40(3): Spring, pp. 209-227.

Tranche 3: Diversification and Related Diversification

Assignment: Evaluate strategy of one of the diversified firms that are seeking synergy discussed in Tranche 3 (Sessions 7, 8, or 9) and upload paper before session begins. Write in teams of *no more than* six persons

Session 7: Synergy from Operations

Please go to courseware and do surveys about **Newell Rubbermaid** and **Walt Disney** by 7:30 AM on day when Session 7 meets

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

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

“Walt Disney Co. and Pixar: To Acquire or Not to Acquire?” [9-709-462]

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

Optional

Reading: Porter (1987), “From Competitive Advantage to Corporate Strategy,” Harvard Business Review, 65(3): May-June, pp.43-59.

Session 8: Evolving Management Systems for Competition

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

Cases: “Infosys 3.0: Building Tomorrow’s Enterprise” [Caseworks #110411]

“Cisco Systems, Inc: Acquisition Integration for Manufacturing (A)” [5-600-134]

“Cisco Systems and OpenDNS: Strategic Integration [9-718-489]

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

Optional

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

Session 9: Vertical Integration

Please go to courseware and do surveys about **Celulosa Arauco** and **Li & Fung** by 7:30 AM on day when Session 9 meets

Cases: “Celulosa Arauco: Forward Integration or Horizontal Expansion?” [9-705-474]

“Li & Fung 2012,” [9-312-102]

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

Tranche 4: Extreme Measures in Diversification

Assignment: Evaluate radical diversifications of one of the firms discussed in Tranche 4 (Sessions 10, 11, or 12) and upload paper before session begins. Write in teams of *no more than six* persons

Session 10: Divestiture as Corporate Renewal

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 10 meets

Cases: "E.I. DuPont de Nemours: Cleaning House" [Caseworks 120401]
"Motorola Spins Off Cellphones" [Caseworks 120404]

Optional

Readings: Owen & Harrison (1995), "Why ICI Chose to De-Merge," Harvard Business Review, 73(2), pp. 133-142.
"Strategic Decline," [9-708-497]

Session 11: Corporate Advantage in Venture Capital

Please go to courseware and do surveys about **Alphabet** and **Corporate Venture Capital at Eli Lilly** by 7:30 AM on day when Session 11 meets

Cases: "Corporate Venture Capital at Eli Lilly" [9-806-092]
"Alphabet Eyes New Frontiers" [9-717-418]

Readings: Chesbrough (2002), "Making Sense of Corporate Venture Capital," Harvard Business Review, 80(3): March, pp. 90-99.
Rigby & Zook (2002), "Open-Market Innovation," Harvard Business Review, 79(10): pp.

Session 12: Corporate Renewal

Go to courseware and do surveys on **Amazon** and **Walmart** by 7:30 AM on day when Session 12 meets

Cases: "Amazon.com, 2021" [9-716-402]
"Walmart Inc. Takes On Amazon.com," [9-718-481]
"Walmart Ecommerce (A): Picking Up the Pace" [9-720-425]
"Walmart Ecommerce (B): Omnichannel Pursuits" [9-720-426]

Optional

Book Chapters: Chapter 4, "Diversified Expansion." Collis & Montgomery (2005), Corporate Strategy: A Resource-Based Approach, Irwin/ McGraw-Hill, pp. 77-100.

Chapter 5: "Organizational Limits to Firm Scope," Collis & Montgomery (2005), Corporate Strategy: A Resource-Based Approach, Irwin/ McGraw-Hill, pp. 103-130.

Chapter 6: "Managing the Multi-business Firm" and "Appendix C: Mechanisms for Achieving Corporate Coherence," Collis & Montgomery (2005), Corporate Strategy: A Resource-Based Approach, Irwin/ McGraw-Hill, pp. 133-172.

Final Project due at start of Session 13 (aka Friday Make-up Date)

(Upload Final Report before the designated exam period)

Go to CANVAS for instructions about Final Project. You write a case about a strategy problem in company that you know 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. “Time Warner Divests TIME,” “AT&T’s Acquisition of Time Warner,” General Electric’s Turnaround,” “DuPont Cleans House,” “Motorola’s Spin-off of Its Cell Phone Business” and “Warner Bros. Discovery” all started as EMBA final projects.

Other Past Final Projects have included:

“Microsoft’s Turnaround”

“Google Acquires Motorola Mobility,”

“Corporate Strategy Implications of Google Becoming Alphabet,” and

“Corporate Venture Capital at General Electric”

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

Three Reading Comprehension Tests are due at same as Final Project

Although Reading Comprehension Tests could be done ANYTIME before the Final Project due date, they must be completed by the same date/ time deadline. The Reading Comprehension Tests reflect the fact that there are points for understanding the content of the Corporate Growth & Organizational Development readings. YOU determine how much you can comprehend and when to take the tests. The questions for the three reading comprehension tests are in a WORD file in CANVAS. Look at them. You can take the tests at any time up to the due date/ time of Final Project. Sometimes it is helpful to look at the “cliff notes” offered in the CANVAS folders. You can pass the course without doing the Reading Comprehension Tests (which are mostly used to determine honor grades since they constitute accumulation of extra points for EMBA’s who take the tests).