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What's New in Core Curriculum: Strategy – December 2022

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Introduction to Strategy (8097)

Summary:

This revision features expanded coverage of responding to external threats, a detailed framework for identifying internal forces that threaten a company's effective response, and updated examples and supporting data.

Detailed Revision/Release Notes:

Updates to content

- Section 2.4: Recognizing External Threats
    - New content on the challenges of responding to external threats adds details of *internal barriers to response,* with a framework and examples of how even well-established companies can fail to adequately respond to external threats.
- Section 4: Key Terms
    - Terms added include *substitutes*, *supplier opportunity cost*, *willingness to pay*, and *value capture* and *value creation*.

Updates to statistics and examples

- Added cases address changing business models and strategies for companies such as Ikea, Apple, Hilti, Netflix, and Walmart. Classic cases such as Wintel, Walmart, and Southwest Airlines have been put in clearer historical context.
- Updated examples reflect globalization and innovations in sectors such as retail, manufacturing, and communication.
- Recent customer trends, as well as COVID and global supply chain disruptions, are addressed in industries such as auto manufacturing and airlines.
- Section 2.1: A Historical Perspective on Competitive Strategy
    - Data on industry effects on firm profitability have been updated, based on recent research.
    - The examples in the introduction of the Five Forces analysis have been updated.
- Section 2.1.4: Threat of Substitute Products

- New examples expand coverage of *substitutes***,** reflecting changing industries such as transportation and new ride sharing and bike sharing entrants around the world.

Teaching support updates

- The **Teaching Note** has been updated, along with the listing of **Related Materials** referencing related notes and cases.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- Note that links to **Interactive Illustrations** have been updated. The figures presented in the **Slides** remain unchanged.
- The **For Further Reading** list has been updated with relevant notes, cases, and articles for students and faculty.

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Industry Analysis (8101)

Summary:

The core framework of the reading remains the same. Updates have been made to refresh company and case details throughout.

Detailed Revision/Release Notes:

Updates to content

- Section 2.1: The Methodology of the Five Forces Analysis
  - "The Five Forces' Roots in Economics and Game Theory" sidebar expands on the influence of game theory and microeconomics on Five Forces analysis.
- Section 2.2.6: Extending the Analysis to Address Cooperation and Complements
  - Table 6 and discussion no longer include "ease of unbundling" as a factor influencing the strength of complements.
- Section 2.4.1: Define the Industry
  - The sidebar includes additional guidance and dos and don'ts for defining an industry for analysis.
- Section 2.6.3: Does Industry Analysis Help Companies Identify New Opportunities and Anticipate Change?
  - Addresses scenario building as a formal process for planning for a range of future industry structural changes.
- Section 4: Key Terms
  - Now includes definitions for *competitive positioning*, *scenario*, and *scenario planning*. The definition of *price elasticity of demand* has been expanded.

Updates to statistics and examples

- The industry effects statistic cited in Section XX has been updated from 10-20% to 5-15%.

- Chinese bike-sharing enterprise Ofo replaces the Global Crossing example, and consolidation in the superconductor industry replaces examples of Wire & Plastics Products' acquisition of Ogilvy and other firms.
- Discussion of US Department of Commerce/NAICS categories has been changed to reflect recent NAICS updates.
- References to companies and products have been refreshed.
- Added a note on COVID-19's impact on the airline industry.
- Section 2.1: The Five Forces Framework
    - Adds detail on premium segment of the wine industry, its changing business models, and risks for profitability.
- Section 2.3.1: Turn Threats Into Opportunities
    - Adds example of Walmart and its strategy to counter Amazon's entry into grocery retail.
- Section 2.4.1, Table 8: Sources of Industry Information
    - Names and descriptions of resources for gathering industry information have been updated.

Teaching support updates

- In the Essential Reading, the **For Further Reading list** has been updated with relevant notes, cases, additional resources, and Key Terms.
- Note that links to **Interactive Illustrations** have been updated. The figures presented in the **Slides** remain unchanged.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.

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Competitive Advantage (8105)

Summary:

Examples and figures have been updated throughout the reading; however, the overall framework has remained unchanged. The example that opens the reading has been updated significantly, with newly acquired data (2005–2021), and now focuses on Lilly and Air Canada, replacing the original analysis of Merck and US Steel.

Detailed Revision/Release Notes:

Updates to content

- New industries, companies, data, and new Figures 1-4 are covered in the introduction.
- Section 2.3: Activity Analysis
    - Now discusses how online capabilities allow firms to increasingly experiment with pricing and WTP.
- Section 3: Analyzing Value Propositions
    - Expanded "The Link Between Value Proposition and Competitive Advantage" sidebar.
- Section 4: Key Terms
    - The terms *mass customization*, *unrestricted bargaining*, and *value chain* definitions have been updated. *Economic profit* was removed.

Updates to statistics and examples

- Lilly and Air Canada replace Merck and US Steel in introductory examples comparing profitability of companies across and within industries.
- Figures 1–4 are new. Figures 5 and 6 were renumbered (originally Figures 4 and 5).
- Data on industry-level effects on profitability (now 5-15%) is changed slightly from the original figures cited.
- iPhone pricing is now highlighted in the discussion of creating advantage and managing industry structure.
- Section 2.3: Activity Analysis

- Discussion of *vertical differentiation* now uses the example of book releases, rather than streaming service episode releases.

Teaching support updates

- In the Essential Reading, the **For Further Reading list** has been updated with relevant notes, cases, and articles, and Key Terms have been added.
- Note that links to **Interactive Illustrations** have been updated.
- Figures presented in the **Slides** have been updated.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.

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Setting Aspirations – Mission, Visions, and Values (8114)

Summary:

This revision features updates or additions to examples and cases, including McDonald's, PepsiCo, Carrefour, Barry-Wehmiller, and Southwest Airlines. References to Patagonia are updated to reflect recent changes in company ownership structure. This reading also clarifies the use of the terms *purpose* and *mission* and adds research on the impact of aspirations on financial performance.

Detailed Revision/Release Notes:

Updates to content

- Additions include an opening quote from Patagonia, as well as discussion of key terms *purpose* and *mission*. (Endnote 14 elaborates on the specific terminology used in the reading.)
- Section 2.4: Aspirations and Business Performance
    - Expands discussion of the links between financial performance and aspirations
    - Includes recent studies on the correlation between a strong sense of purpose and high company performance.
- Section 2.7.6: Conflict Between Aspirations and Financial Objectives
    - Adds analysis of values-based decision making by companies such as McDonald's and Pepsi in response to the war in Ukraine

Updates to statistics and examples

- Updated examples of mission and value statements are added for companies such as Patagonia, Meta, Coca-Cola, and Greenpeace.
- Section 2.6: Setting Aspirations
    - Updates survey results on employees' understanding of their company's mission statement, and a study on how organizations prioritize aspirational initiatives as transformation projects.

  - Updated or replaces examples (including Goldman Sachs, McKinsey, and Cigna Property & Casualty) with case details from Southwest Airlines, Barry-Wehmiller, and Carrefour.
- Section 2.7 Perils of the Misuse of Aspirations
  - Details Barry-Wehmiller's experience adopting new leadership principles

Teaching support updates

- The **Teaching Note** has been updated, along with the list of Related Materials.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- Figures presented in classroom **Slides** have been updated.
- Links to **Videos** have been updated. (Note that Video 3 has been omitted in this update, so the numbering of videos has changed.)
- The **For Further Reading** list has been updated with relevant notes, cases, and articles.

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Corporate Strategy (8118)

Summary:

The overall framework for the reading has remained unchanged. The examples have been updated, but the case calculations remain the same.

Detailed Revision/Release Notes:

Updates to content

- Section 1: Introduction
  - Figure 1 was updated to illustrate the initial spot market exchange parameters between the companies in the Interactive Illustration.
  - BU1 and BU2 calculations are formatted differently but have not changed in content.
- Section 2.1: Corporate Strategy and Value Creation
  - Subheads have been added to introduce concepts.
  - Aisin's company name has been updated (from Aisin Seiki).
  - The analogy of marriage (to describe exclusive/long-term relationships among firms) was omitted.
  - A brief addition introduces uncertainty as a factor in moving from spot exchange to long-term exchanges and contracts. More detailed discussion appears in Section 2.3.
- Section 2.2.1: Why Is the Ownership Test Often Not Satisfactory?
  - This section adds a note that vertical integration is a strategy to help assure supply during supply chain disruption.
- Section 2.3.1: The Incompleteness of Contracts
  - The example of IBM's use of integrated components in the 1990s has been condensed and the longer quoted text was omitted.
- Section 2.3.2: The Influence of Context on Corporate Strategy
  - Updated language about "underdeveloped' economies.
- Section 2.4.2: Defensive Measures
  - Updates to Google and Microsoft product names (Alphabet, Surface) have been

made.

- Section 4: Key Terms
    - The terms *value creation* and *value capture* were added.
    - The term *first-tier supplier* was clarified in Section 2.1.3 and added to the Key Terms.

Updates to statistics and examples

- In Sections 1 and 2, company and product names and formatting for calculations have changed. The calculated values are unchanged.
- Section 2.1: Corporate Strategy and Value Creation
    - AT&T-DirectTV acquisition was added to the discussion of mergers with anticipated synergies that did not live up to expectations.
    - Milk Co. (replacing Acme in the original) is now the name of the company that must determine which product to produce for three companies (now Grocery Co., Restaurant Co., and Savory & Sweet Co.)
- Section 2.2.1: Why Is the Ownership Test Often Not Satisfactory?
    - Apple and Tesla's uses of forward integration and backward integration in their business model are included.
- Section 2.2.2: The Use of Alliances and Joint Ventures in Corporate Strategy
    - Walt Disney's partnership with a Japanese company to create Tokyo Disneyland has been added as an example.
- Section 2.3.1: The Incompleteness of Contracts
    - Apple's M1 chip has been added as an example of integrated components.
- Section 2.4.2: Defensive Measures
    - Verizon is no longer included as an example of a search advertiser and competitor to Google.
- Section 3.1: The Diversification Discount
    - Danaher revenue data has been revised.
- Section 3.2 Open Innovation and Changing Organizational Boundaries
    - Siemens and Eli Lilly have been added as examples of companies using open innovation to drive product development.

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Teaching support updates

- In the Essential Reading, the **For Further Reading** list has been updated with relevant cases and articles.
- The **Teaching Note** has been updated, along with a listing of Related Materials.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- Figures are now available in **Slides** for this core reading.

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Competing Globally (8123)

Summary:

The overall framework for the reading has remained unchanged. Cases have been added to refresh the reading and update references to the impact of economic disruptors and geopolitical events on global business strategy.

Detailed Revision/Release Notes:

Updates to content

- Figure 3 and Section 2.4 have been updated to reflect a change in terminology. References to "government incentives" have been changed to "government policies" to better address both the positive and negative aspects of government intervention in foreign investment.
- Section 2.4.2: Government Policies
    - The section title has been changed from "Government Incentives" to "Government Policies," and subheads have been added in the discussions of "Incentives for Foreign Investment" and "Restrictions on Foreign Entrants."
- Section 2.1: Why Do Organizations Struggle in New National Markets?
    - Company statistics for Walmart were updated.
    - The sidebar expands the Walmart example, with details from its exit from Brazil and Germany.
- Key Terms
    - The terms *inshoring* and *insourcing* were added.

Updates to statistics and examples

- References to statistics for global IP costs (Section 2.1), as well as Apple and Ikea store data (Section 2.2.1), were updated.
- Section 2.2.1: Deployment Strategies
    - Tesla is added as an example of deployment.
    - DO & CO added as an example of a company using a deployment strategy.
- Section 2.2.2: Development Strategies

  - Walmart's acquisition of Flipkart in India and application of the Indian company's technology in other locations were added as an example of a development strategy.
  - The partnership of Majid Al Futtain Retail and Jumia Nigeria were added as an example of partnership in a development strategy.
  - In the discussion of P&G's development strategy in Japan, the specific reference to MaxFactor Japan was omitted.
- Section 2.2.3: Deepening Strategies
  - Volkswagen's use of platforms in manufacturing various automobile models was updated to a more recent platform (MQB).
- Section 2.4: Using Location Choices to Create and Capture Value
  - Discussion of the U.S. ban on Huawei hardware is updated to include 2021 legislation.
- Section 2.4.4: Competitive Effect
  - The example of a geographic cluster is new in this section.
- Section 2.5.1: Location Characteristics
  - Companies' relocation from Britain in response to Brexit uncertainty is added as an example of strategies based on location and changing country characteristics.
  - Myanmar has been omitted as an example of a country opening to foreign firms.
- Section 2.6: Sustaining a Global Strategy
  - Added discussion of supply chain uncertainty during business expansion into post-Communist Russia in the 1990s; Nissan's Brexit uncertainty after its commitment to manufacturing in the UK for the EU market; and Zara's response to pandemic supply chain and manufacturing challenges.

Teaching support updates

- In the Essential Reading, the **For Further Reading list** has been updated with relevant notes, cases, and articles.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.
- The **Slides** have been updated to reflect the change in Figure 3.

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Technology Strategy (8127)

Summary:

This reading has been updated with additional examples and concepts, while leaving the overall framework intact. New concepts have been introduced in the Essential Reading as well as the Supplemental Reading on building a platform strategy.

Detailed Revision/Release Notes:

Updates to content

- Links to all interactive illustrations and videos have been updated.
- The image presented in the reading from Interactive Illustration 1 has been updated; however, the interactive content is unchanged.
- Section 2.1 What's Different About Technology Strategy?
    - Added discussion on crafting strategies that "define the future;" the concept of "battling vs. befriending" the competition; the complementary relationship of mobile app developers, smartphone makers, and carriers; and the acquisition of new customers.
- Section 2.2.4: Growth
    - Added details from the case of Ubers and Grab's competition in Southeast Asia, and a new reference to Qualcomm's IP strategy.
    - Further clarifies that taking a platform approach may involve creating a platform from an existing product.
- Section 2.3: To Lead or to Follow?
    - Expands discussion of "leading" or "following" the market, the adoption curve, winner-take-all markets, and first-mover advantages.
- Section 3.1 Platform Technologies
    - Adds a new caution against assuming that any product can become a platform.
    - Includes discussion of using multi-homing and switching costs as a coring tactic.
- Section 4: Key Terms

- Terms introduced or expanded upon include *increasing returns to scale, chicken-or-egg problem, multi-homing costs,* and *switching costs.*

Updates to statistics and examples

- Section 1: Introduction
  - Zoom and FaceTime are now included in the example of videoconferencing technology, and details on CRT technology innovation have been updated.
- Section 2.2: Technology Strategy for Innovators
  - Apple Watch offers an example of product innovations where value was not initially apparent to customers.
- Section 2.2.2: Identifying the Customer
  - Apple is added as an example of a firm that relies on its own complementary assets in entering an industry such as wearables and streaming services.
- Section 2.2.5: Maturity
  - The example of Amazon now includes its acquisition of Whole Foods and other areas where Amazon applies its technology to additional product categories
- Section 2.5: Strategies for Existing Markets
  - In the section Watch for Convergence, Apple iPhone is added as an example.
- Section 3.1 Platform Technologies
  - New examples of companies with successful "hybrid" approaches.
  - The case of EbonyLife Media is new, with considerations for transitioning a product to a platform and possible tradeoffs of working with an outside platform.

Teaching support updates

- The **For Further Reading list** has been updated with relevant notes, cases, and articles.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.
- The **Slides** have been updated to include the new image for Interactive Illustration 1.

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Competitive and Cooperative Dynamics (8131)

Summary:

There have been minor updates to the figures in the reading, and cases have been added to update and refresh the reading. The overall framework for the reading and details of the central case have not been changed.

Detailed Revision/Release Notes:

Updates to content

- Clips from *Dr. Strangelove* and the *Golden Balls* episode are no longer included. The descriptions of the clips were expanded.
- The discussion of the ultimatum game has been expanded in Section 2.2, though the reference to the U.S. television series *Numb3rs* is now omitted.
- Section 2.2.2 Anticipating the Game: Interdependencies, Player Analysis, and Game Theory
    - The Wintel example now notes that Intel and Microsoft are competitors as well as complements. It includes the steps both companies took to keep the other in check.
    - Other responses to a new entrant have been expanded.
    - More detail has been added to the discussions of *bounded rationality* and the *ultimatum game*.
    - The section on Game Theory now defines the term *payoff* and adds an example based on the Innovator mini-case.
- Section 2.3.1: Changing Added Value: Commitments and Capabilities
    - Now includes additional detail on the concepts of *commitment* and *deterrence*.

Updates to statistics and examples

- Specific case examples have been updated throughout the reading.
- The links to Interactive Illustrations 1 and 2 have been updated.
- Figure titles have changed slightly throughout.

- A key now appears in Figures 3-7 to clarify the elements and interdependencies in these models.
- The payoffs in Figures 12-15 are now color-coded, consistent with Figures 10 and 11.
- Section 2.1.2: Competition and Cooperation
    - Includes a more detailed reference to mobile network operators and MVNOs as collaborators that could also be competitors.
    - Now features the case of UK betting exchange Betfair as an example of competitors who were also collaborators.
- Section 2.3.1: Changing Added Value: Commitments and Capabilities
    - Adds examples including Walmart's early commitment to rural stores, and Lego's investment in customer relationships as competitive advantage.
- 2.3.2: Changing the Scope of the Game
    - Tesla's advantage over incumbent automakers was added as an example of *judo strategy***.**

Teaching support updates

- In the Essential Reading, the **For Further Reading list** has been updated with relevant notes, cases, and articles.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.
- Figures presented in the **Slides** have been updated.

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Executing Strategy (8136)

Summary:

This revision features updated examples, expanded discussion of barriers to successful execution, and updated corporate survey results on drivers of strategic and organizational change.

Detailed Revision/Release Notes:

Updates to content

- Section 2.1: Turning Strategy Into Organizational Action
    - Expands discussion of structural responses to successful strategy execution, including creating strategic development teams and exploring alternatives to top-down implementation.
    - Introduces Jan Rivken's framework on *internal barriers to response*, including *failures of perception* and *failures of coordination*.
- Section 2.4.2: Formal Organization: Metrics, Rewards, and Organizational Structure
    - The reading adds to suggestions for deploying talent in strategic initiatives, now presented as a sidebar.

Updates to studies and examples

- Section 2.1: Turning Strategy into Organizational Action
    - The sidebar "Recognizing the Challenges of Strategy Execution" now includes updated survey results.
- Section 2.1.2: Why Does Strategy So Often Fail?
    - Includes updated findings to replace 2010 CEO and corporate survey results.
- Section 2.2: Execution Requisites
    - Provides additional details and updates on LEGO's turnaround.
- Section 2.4.3: Skills and Competencies
    - Updates discussion of GE, and invites discussion of how company culture can support or hinder organizational transformation.
- Section 3.1.2: Three New Structures for Executing Strategy

- Updates the IBM example to reflect changing elements of its core business.

Teaching support updates

- In the Essential Reading, the **For Further Reading list** has been updated with relevant notes, cases, and articles.
- New **Test Bank questions** have been added to reflect changes in the core reading.
- The **Teaching Note** has been updated, along with the list of Related Materials.
- Note that links in the **Videos** have been updated.