

MBA Core Strategy Course Analysis

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HARVARD | BUSINESS | SCHOOL

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Objective

- To benchmark the core/quasi-core MBA strategy courses across top-ranked business schools in the United States and Europe
- This report summarizes the main findings
- All schools are anonymized and referred to as School 1, 2, 3, ..., 20. The order was generated randomly.

Methodology

- Collection and analysis of syllabi (2019-2020 academic year) from 20 top business schools around the world
 - 17 business schools in the United States and 3 business schools in Europe
 - Information on content, faculty/staffing, pedagogy, and reading materials
- 19 1-hour interviews with faculty in charge of course to
 - Corroborate/clarify syllabus information
 - Obtain quantitative course information
 - Understand context of course (positioning in MBA program, staffing, strengths and weaknesses)
 - Understand pedagogical approach
- Analysis and grouping of data in the following areas
 - Context
 - Faculty/Staffing
 - Content
 - Pedagogy/Grading

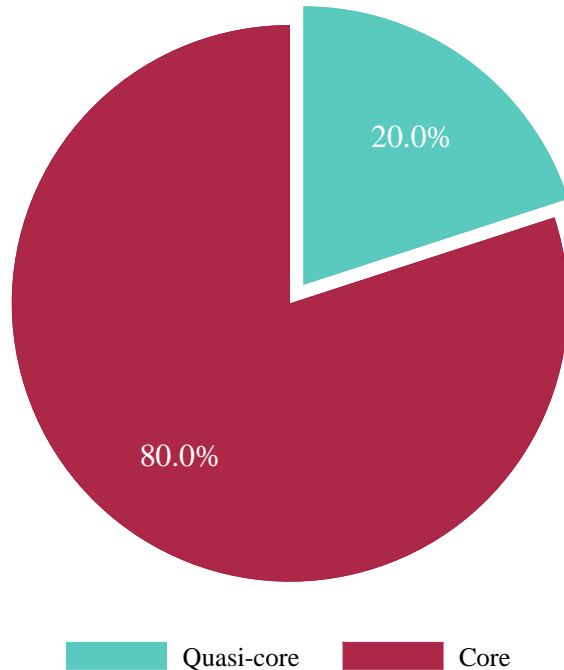
Main Findings

- Timing: the core strategy course is often a stand-alone course available in the 1st semester (80%) as the content is useful for internship interviews
- Courses have either one of two structures: marathon (several weeks with short sessions) or sprints (few weeks with long sessions)
- It is common for senior faculty to teach the course and to continue teaching it for long periods of time
- Relative homogeneity in the topics covered but heterogeneity in how topics are covered
 - Most schools (14 + 3) follow classic tradition and/or value-based strategy
 - Focus on core theoretical concepts of competitive strategy (e.g. price/cost strategies, alignment, 5 forces, and alike) discussed verbally and through cases
 - 3 of these schools have idiosyncrasies briefed in the report
 - Other schools (3) adopt an economic-driven course
 - Focus on game theory models of dynamic interaction (e.g. models of entry, price wars, and alike) or on formal economic models about competitive strategy (e.g. Hotelling model of diversification)

CONTEXT

Status of strategy course in the MBA curriculum

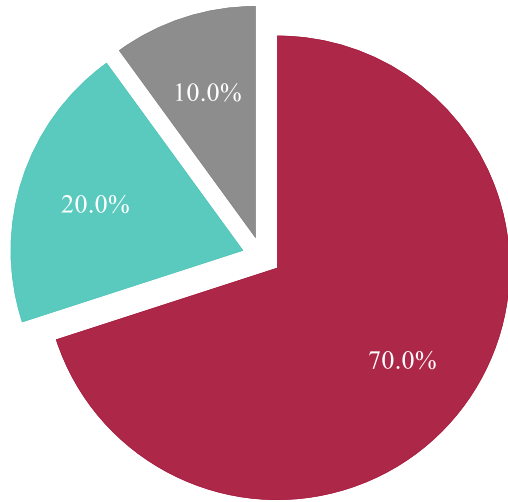
Course type within MBA curriculum



- Change of core status to quasi-core (if any) is often imposed by school
 - Core: mandatory to all full-time MBA students
 - Quasi-core: within a selected set of “menu” of courses which students must choose some from
- Even quasi-core courses are popular amongst students
 - Enrollment rates between 60 and 75% of the cohort

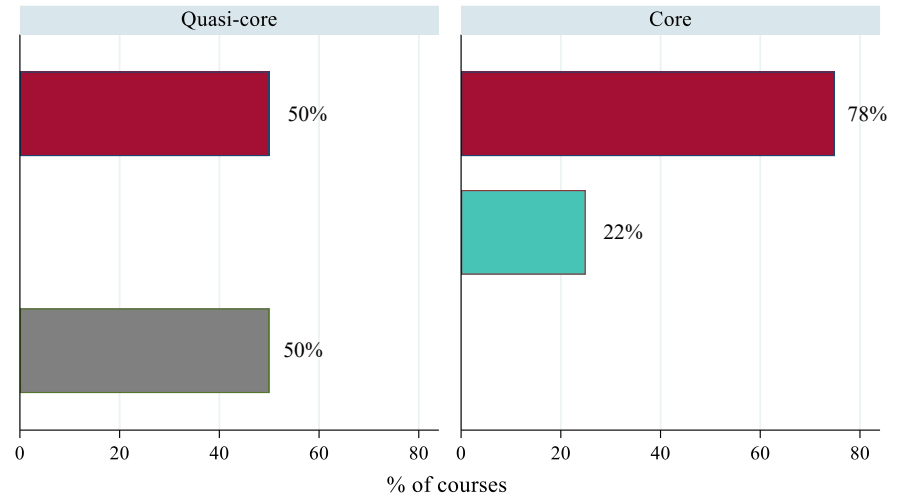
Timing of the main strategy course

Course timing within MBA curriculum



1st semester 2nd semester Both

By course type



1st semester 2nd semester Both

Graphs by Course type (Core or quasi-core)

- Why does it concentrate in the 1st semester?
 - Course covers concepts that will be important for internship interviews

Position of other courses in relation to main strategy course

Course	Before	Concurrent	After	None
Microeconomics	2	16	0	2
Finance I	4	14	2	0
Accounting	5	14	1	0
Business Analytics	4	14	1	1
Marketing	4	10	6	0
OB	7	10	3	0
Operations Management	1	8	11	0
Macroeconomics	0	7	6	7
Ethics	2	3	2	13
Entrepreneurship	0	2	0	18

Large variation in courses taught before and after strategy due to:

- (1) variation in when strategy is taught; and
- (2) variation in the structure of the MBA program

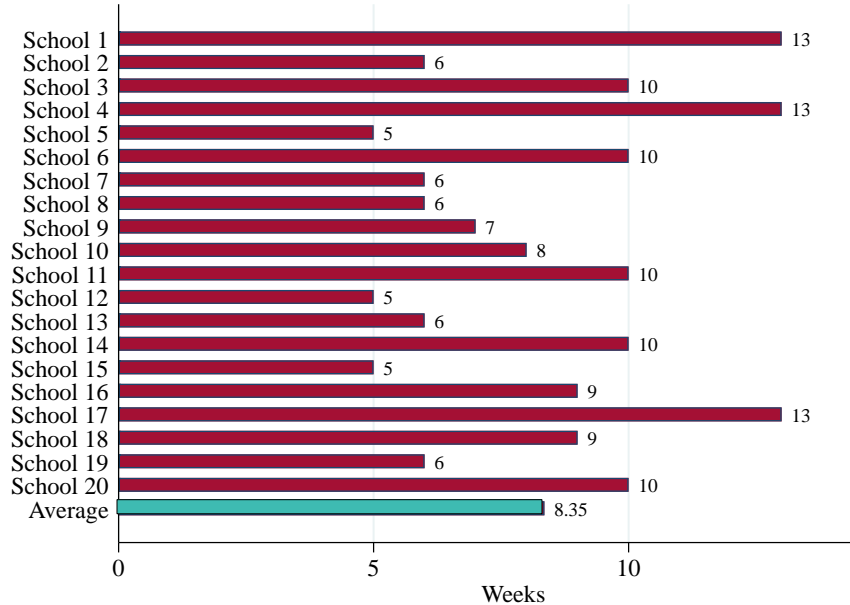
Technical courses are taught concurrently with strategy

Strategy is often the only case-based course in the semester in which it is taught

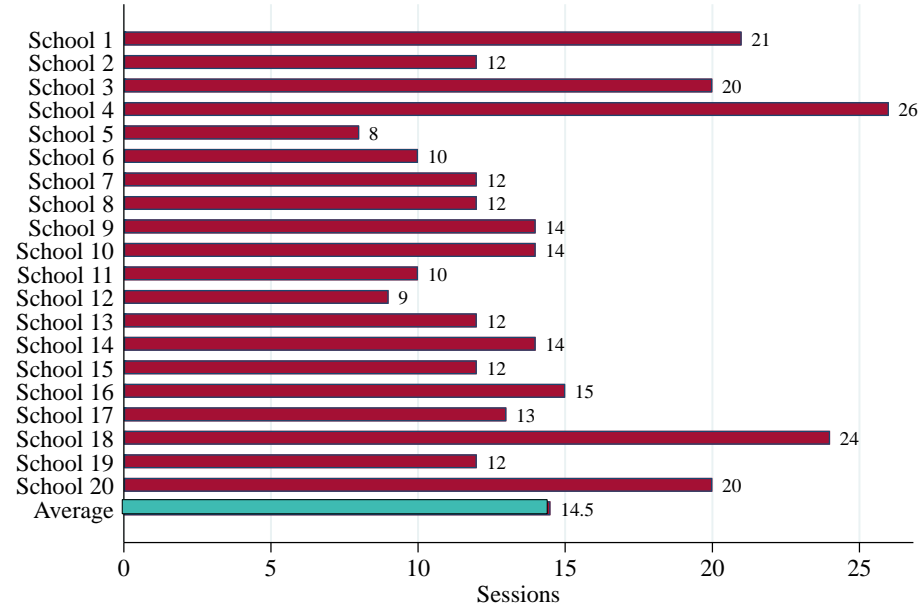
No evidence of coordination across courses

Schools vary in the length of the strategy course in terms of weeks and in sessions

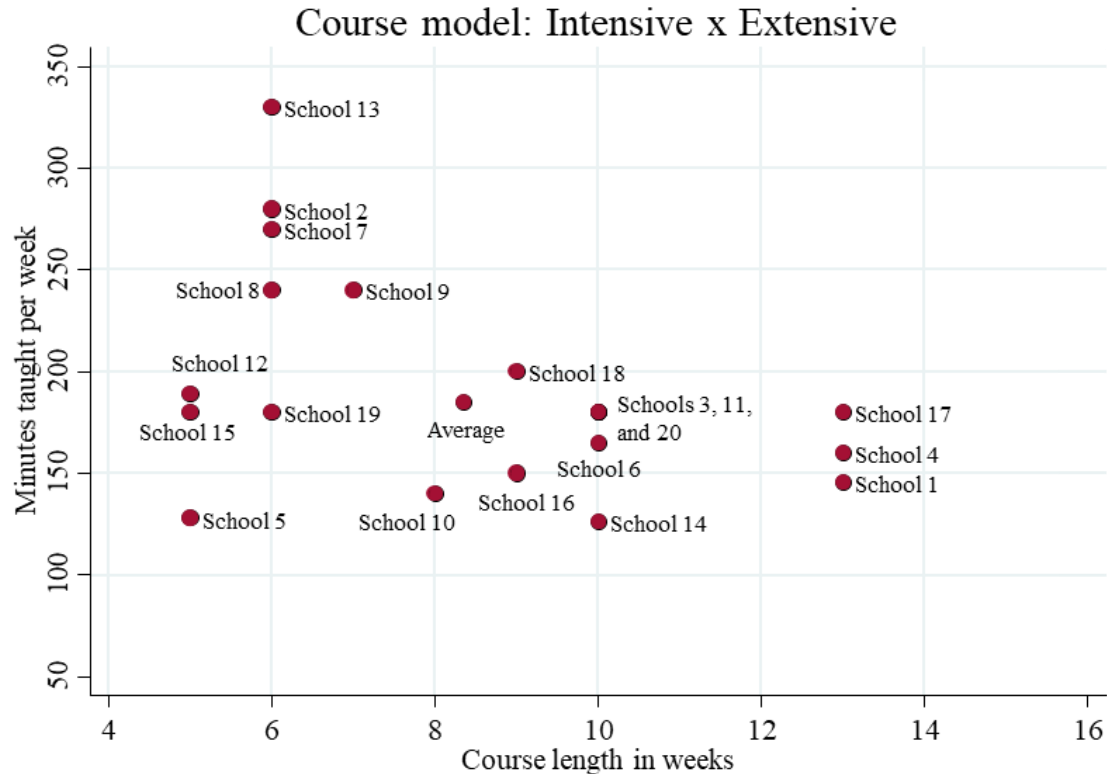
Course length in weeks



Course length in sessions



Strategy courses can be “marathons” (extensive) or “sprints” (intensive)



Context: other notes

- Most schools reported having experiences low student-evaluations in their recent past that led to a revamp in the course
 - Revamps punctuate periods of long stability with no changes in faculty and modest changes in topics

Summary of context

- Strategy is mostly taught as a core course in 1st semester, often concurrently with technical courses that do not use cases
 - No reported overlap with other courses
- Two types of strategy courses:
 - Sprints: long sessions in fewer weeks (most courses)
 - Marathons: short sessions spread over many weeks

FACULTY/STAFFING

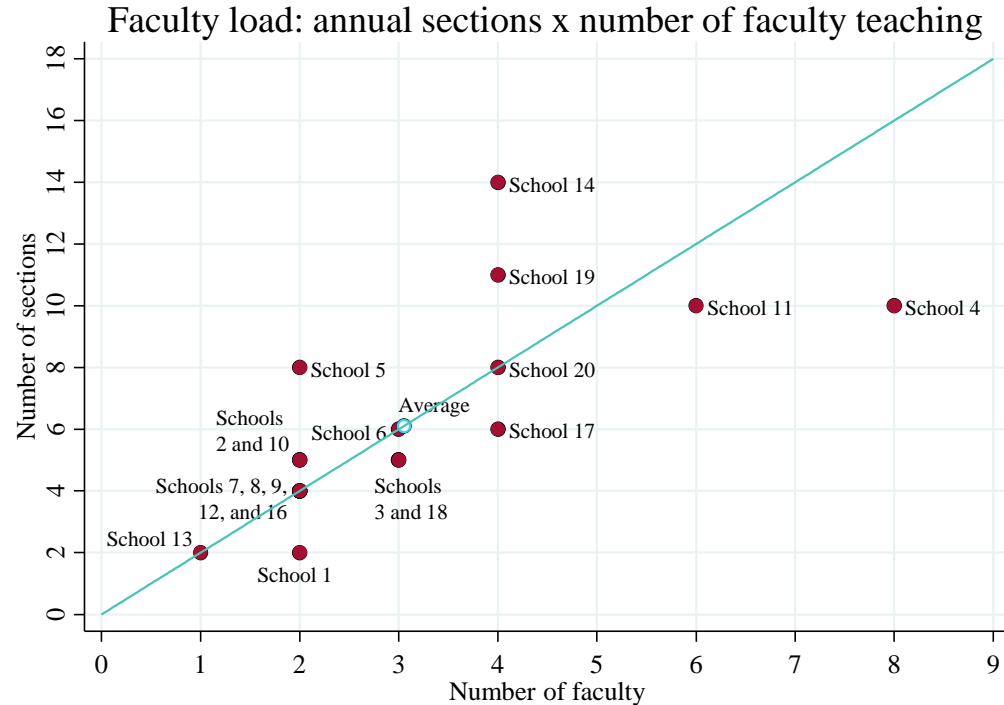
Staffing – More seniors, less juniors

- In all schools but one, there is at least one senior faculty member teaching the core class
 - In 10 schools, out of 19 interviewed, all teaching faculty are seniors
- Only 4 schools assign juniors automatically to core strategy
 - Most schools place juniors in undergrad course, part-time MBA course or elective
 - Only these 4 schools have a process to rotate faculty in and out of the core class
- Only 3 schools reported to have some form of course head across sections taught; most schools have only an informal coordination

Staffing – other notes

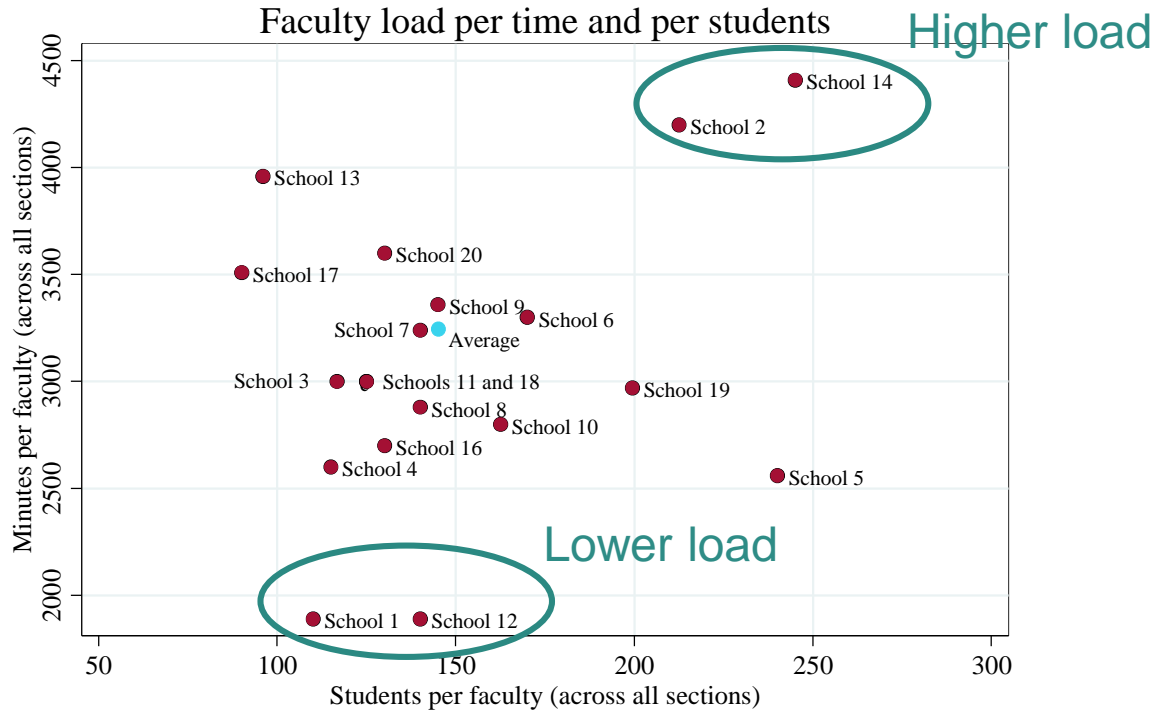
- Often the faculty teaching the core class do so for a long time
 - Schools reported having senior faculty teaching the same course for between 10 and 14 years
- When juniors start teaching the course, schools eventually report having some mentoring process, though often informally
- 8 out of 19 schools use teaching assistants
- Schools rarely report formal coordination across faculty teaching different sections of the same course

Instructors typically teach 2 sections at a time



- Higher faculty leverage above that line, lower faculty leverage below that line
- Tradeoff between teaching multiple times for the same course for short period of time vs. teaching once for a long period of time

Faculty load also varies in terms of time and students



- The figure does not adjust for time spent in preparing the classes or spent in elective courses
- Most schools stay close to the mean

CONTENT

What we did...

- Characterize courses in multiple dimensions:
 - Overall framing:
 - HBS classic (Porter, Ghemawat, Collis/Montgomery, Rivkin)
 - Value-based strategy (Brandenburger/Stuart)
 - Resource-based view (RBV) (Barney, Wernerfelt, Prahalad/Hamel)
 - Economics (Spulber, Besanko, Cabral, Saloner)
 - Behavioral strategy (Gavetti, Fang)
 - Topic analysis:
 - Coverage of topic per school (extensive margin)
 - Time intensity per topic (intensive margin)
 - Clustering/Grouping of schools based on topic coverage
 - Quantitative and formal orientation:
 - Use of numerical evidence to sustain case-discussion
 - Use of formal models to explain concepts

Five frameworks are often used to teach strategy

- **Classic Strategy**
 - E.g.: Porter, Ghemawat, Collis/Montgomery, Rivkin
- **Value-based strategy**
 - E.g.: Brandenburger/Stuart
- **Resource-based view**
 - E.g.: Barney, Wernerfelt, Prahalad/Hamel
- **Economics**
 - E.g.: Spulber, Besanko, Cabral, Saloner
- **Behavioral strategy**
 - E.g.: Gavetti, Fang

Most schools follow a mix of approaches

	Classic Strategy	Value-based strategy	RBV	Economics	Behavioral Strategy
School 1	✓✓	✓✓			
School 2	✓✓	✓✓			✓
School 3	✓✓✓	✓✓			
School 4	✓✓✓	✓✓	✓		
School 5	✓✓✓	✓			
School 6	✓✓	✓✓			
School 7	✓✓	✓✓			
School 8		✓✓✓			
School 9	✓	✓		✓✓✓	
School 10		✓✓		✓✓✓	
School 11	✓	✓		✓✓✓	
School 12	✓✓	✓✓			
School 13	✓✓	✓	✓✓		
School 14	✓✓	✓✓	✓		
School 15	-	-	-	-	-
School 16	✓✓	✓✓			✓
School 17	✓✓	✓✓			
School 18	✓✓	✓✓			
School 19	✓	✓✓			
School 20	✓✓	✓✓✓		✓✓	

- Checkmarks mean the intensity of each approach within the course syllabus
- Value-based strategy is the most common framework
 - Often it supersedes traditional classic HBS view
 - Industry analysis is minimized in at least 2 schools
- 4 schools use economics to complement and support Classic HBS and Value-based strategy
- Collis/Montgomery is still predominant framing for corporate strategy
- Strategy is often a “stand-alone” course that discusses its own concepts without necessarily connecting them to a larger set of fields in management (rather than “integrative” course that connects management fields)

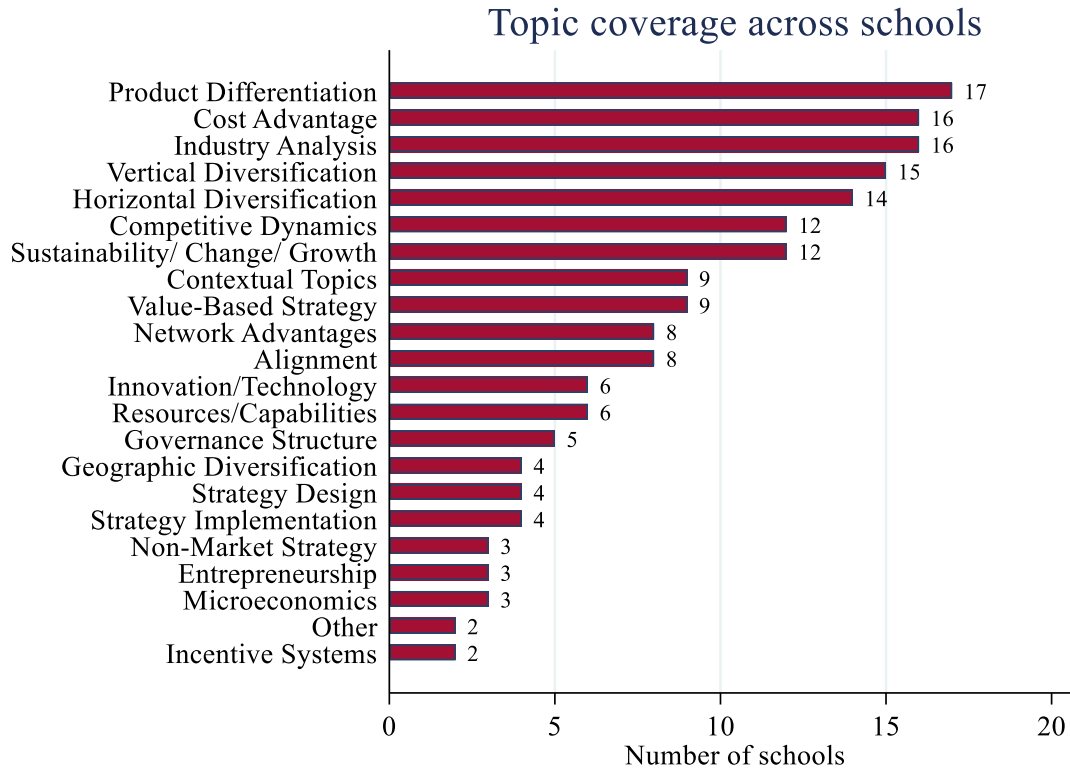
Classifying course sessions into strategy topics

- Started with common labels in syllabi
- Numerous trials of applying classification to existing syllabi
- Consulted with colleagues and received feedback
- Harmonized a refined version of the labels
- Two independent raters evaluated each syllabus and classified sections according to their main topics
- Differences between classifications resolved through discussions and interviews



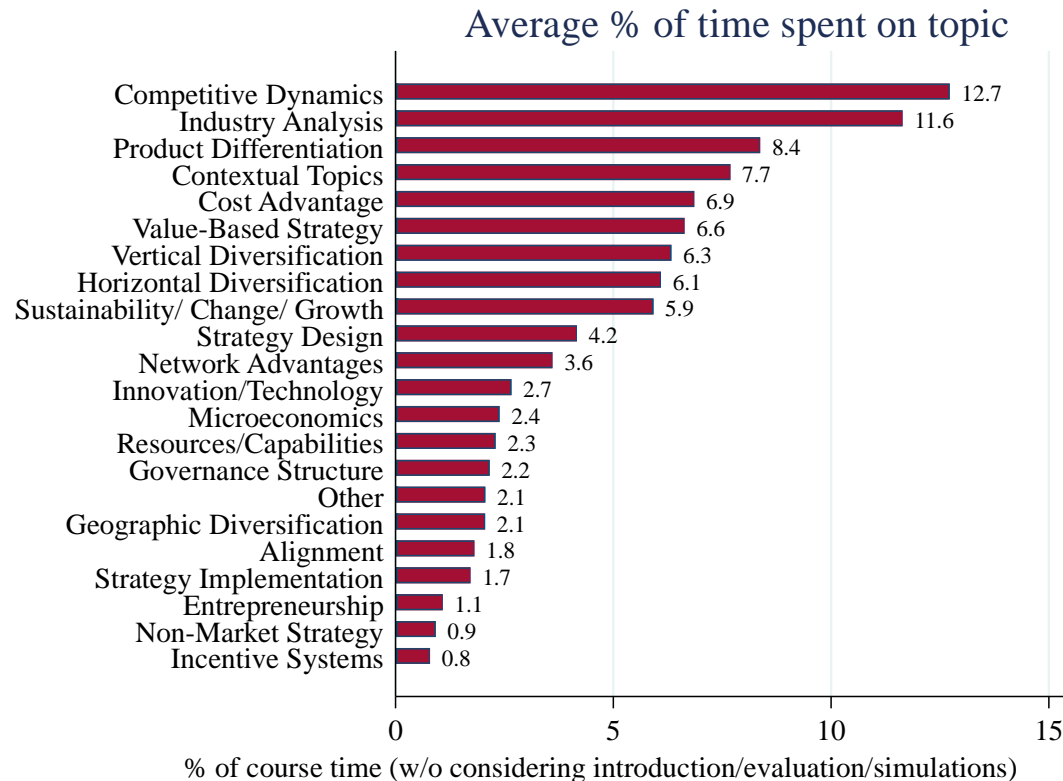
- Value Based Strategy
- Industry Analysis/External Forces
- Resources/Dynamic Capabilities
- Product Differentiation
- Cost Advantage
- Alignment
- Network Advantages
- Innovation/Technology
- Entrepreneurship
- Non-Market Strategy
- Strategy Implementation
- Strategy Design
- Sustainability/Change/Growth
- Competitive Dynamics
- Horizontal Diversification
- Vertical Diversification
- Geographic Diversification
- Structure/Governance
- Incentive Systems
- Microeconomics
- Contextually-driven topics
- Others- Introduction/summary/exam/presentation

The most popular topics are still within competitive strategy



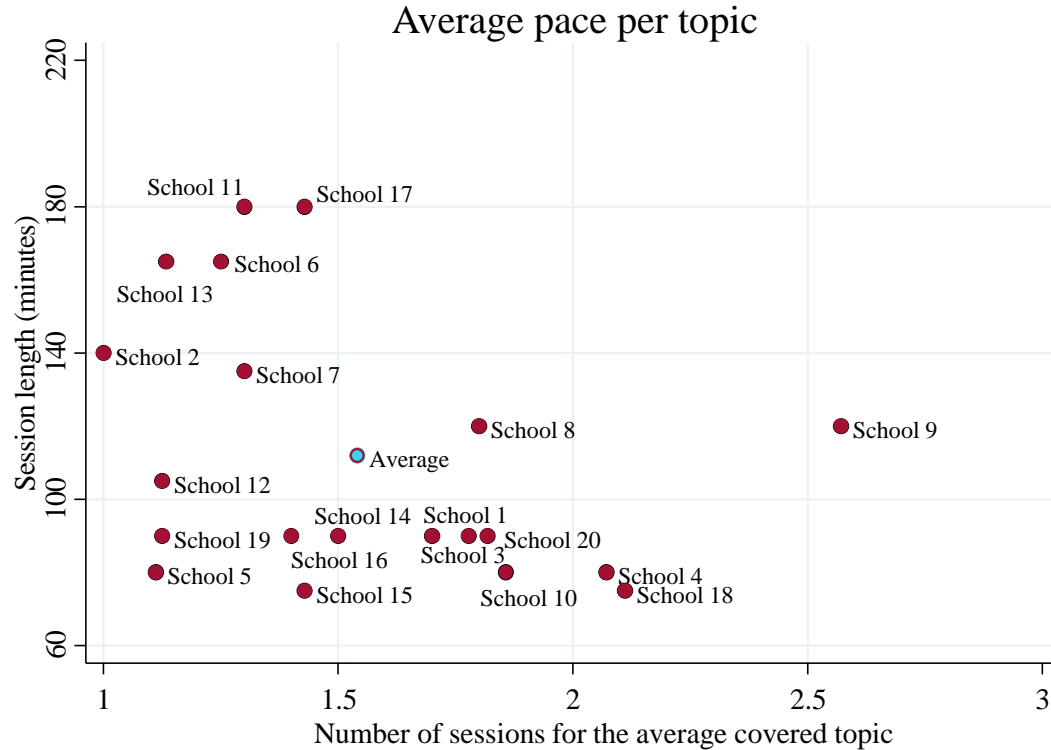
- Graph shows the count of schools with at least one session about the topic
- Industry analysis, cost advantage and product differentiation still most common topics
- Large divergence on how to incorporate topics such as ecosystems, platforms, networks
- Innovation/Technology topics mostly covered through phenomenon-driven sessions

The most time is spent on topics within competitive strategy

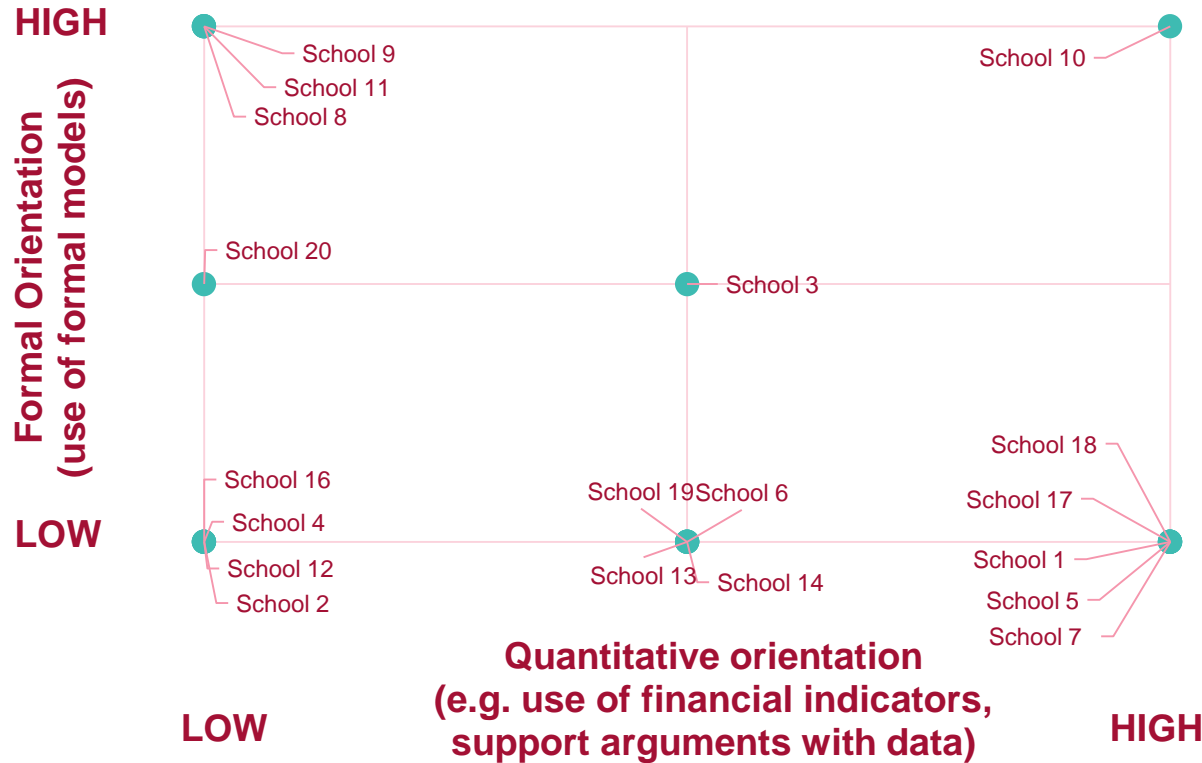


- Course time is, on average, divided across ~10 topics
- Competitive dynamics is skewed by one school that uses 50% of the course to cover the topic
 - Several “sub-topics”: Entry, Exit, Price Wars, etc.
 - Nonetheless, 12 schools still cover competitive dynamics
- Schools diversify in terms of other topics
- This figure assumes that sessions with multiple “core” topics divide their time equally across topics

Schools vary in their pace in covering topics

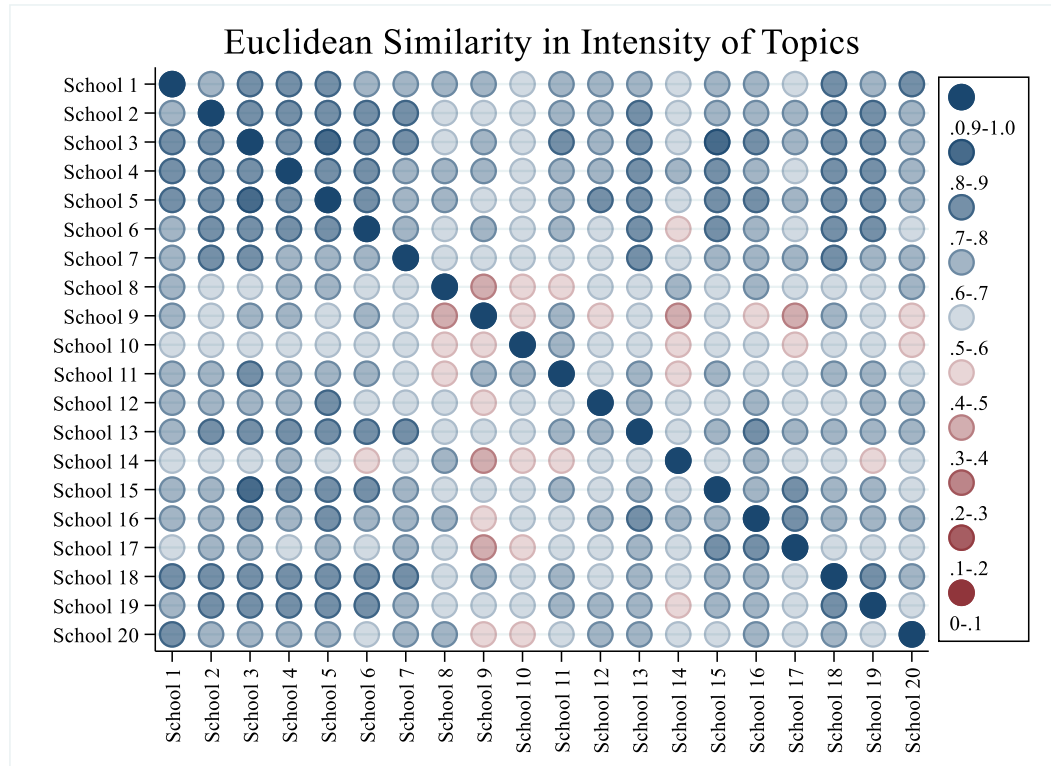


Schools vary in their orientation when covering topics



- Schools with economics-trained faculty favor a higher formal orientation
- No clear driver of quantitative orientation
- Anecdotal evidence that faculty would like more quantitatively-driven cases
 - Two schools reported supplying their own quantitative materials

Similarity of topics across strategy courses: high overall



- Schools 9, 10, and 14 are the most dissimilar for different reasons:
 - School 9's course is heavily econ-based focused on competitive dynamics and game theory
 - School 10's course is heavily econ-based and a mix of microeconomics/IO and strategy
 - School 14's course emphasizes strategy design and implementation
- Formal models about product differentiation, cost advantage, and competitive dynamics appear in a few schools where the faculty's background is mostly economics

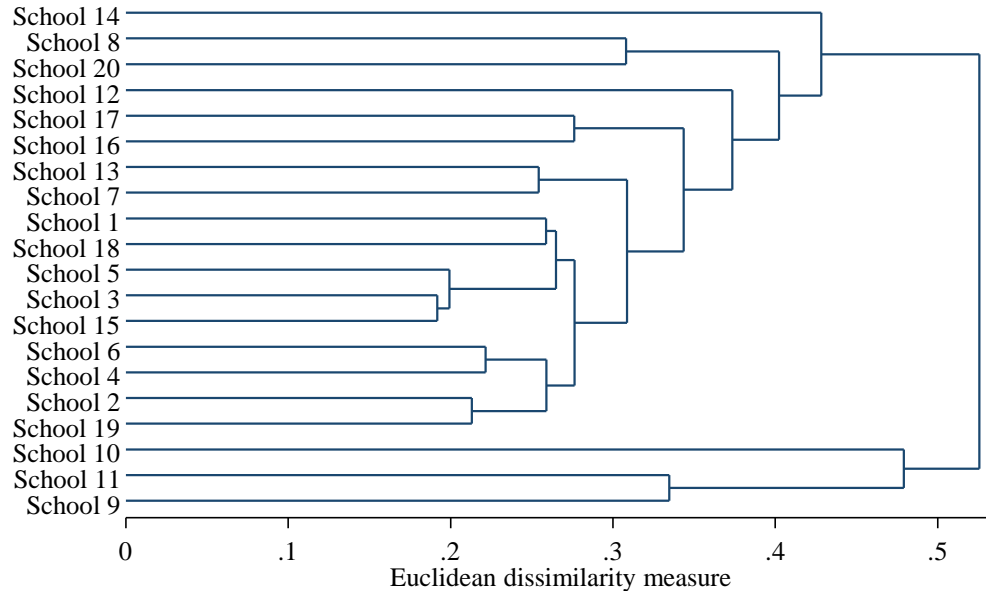
Measure: pairwise Euclidean similarity comparing vectors of share of course time spent on each topic.

Clusters: classic-strategy schools (14 + 3) and economics-based strategy schools (3)

Hierarchical clustering of schools by composition of course
(similarity in share of course dedicated to topics)

(Dis)similarity measure: Eucliden

Clustering method: weighted average linkage



- 14 schools aligned around classic HBS and value-based strategy (and RBV)
- 3 classic but with different paradigms
 - School 14: innovative pedagogy, focus on strategy design and implementation
 - School 8: strong formal orientation and 100% value-based
 - School 20: blend of many strategy ideas, with some emphasis on value-based and economics
- 3 heavily econ-driven schools (schools 9, 10, 11)

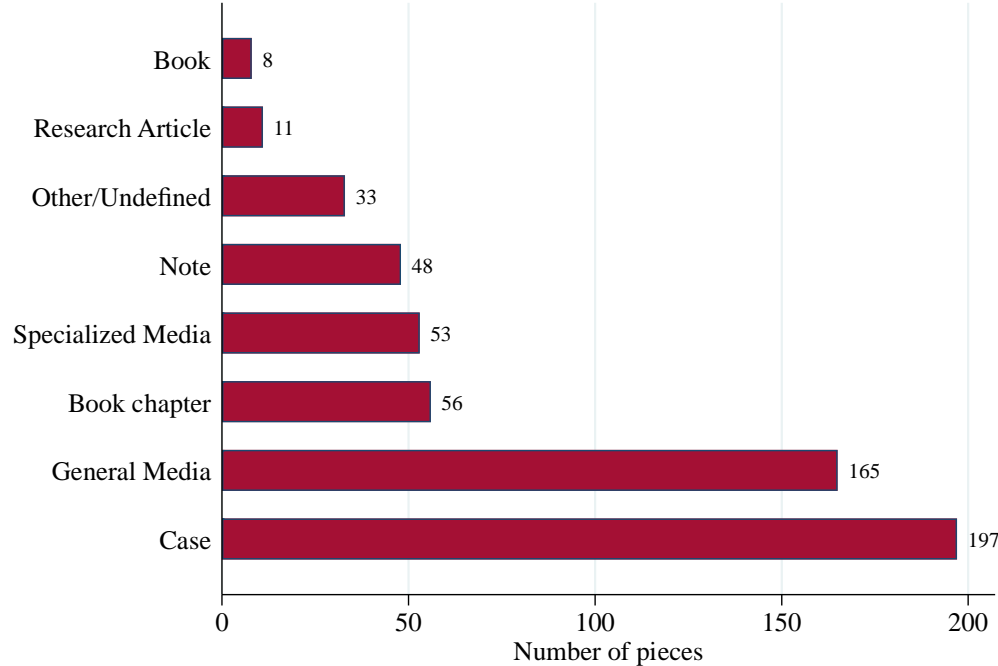
Summary of Content

- **Although there are not striking differences in topics covered across schools, there are important differences in depth**
 - Strategy is often a stand-alone, self-contained, course without clear connection with other MBA courses
 - Most schools distribute time across topics relatively evenly, and the average topic is covered by something between 1 and 2 sessions for all but one school
 - Schools vary in terms of their pace
 - Sprint through topics x deepen topics
 - Few schools go through formal models
 - More are starting to emphasize quantitative debates (e.g. reliance on financial indicators)

PEDAGOGY

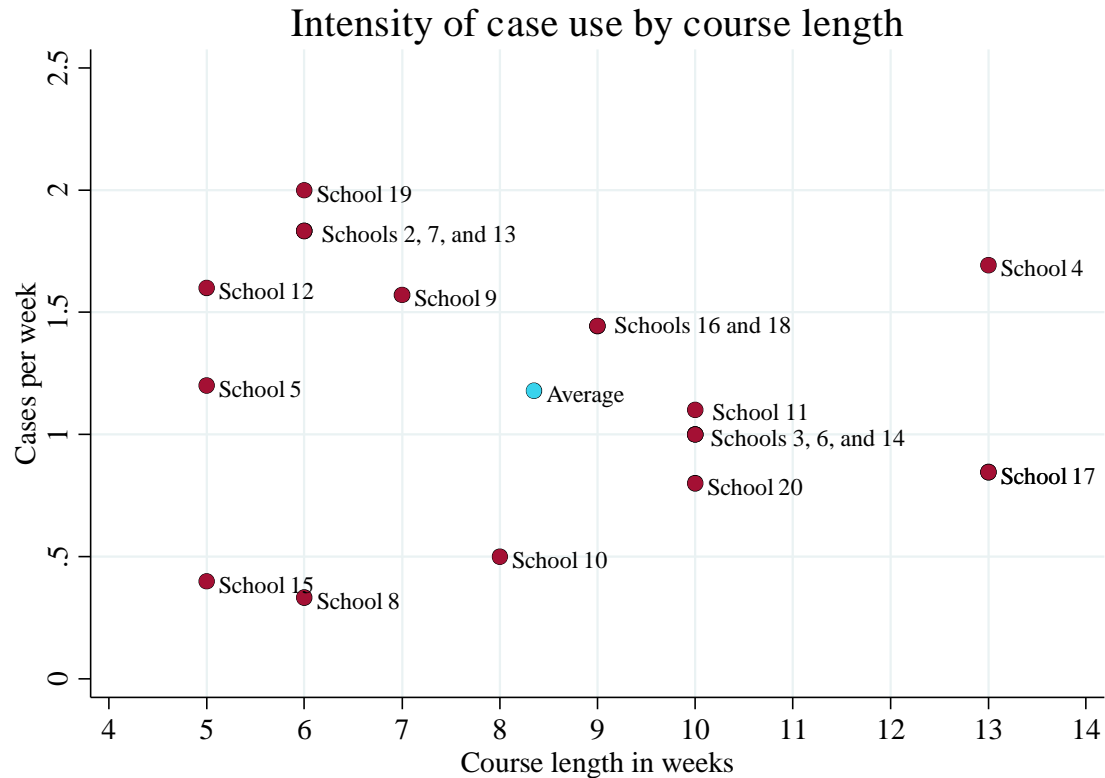
Traditional cases are most popular course material

Pooled number of readings in syllabi (across 20 schools)



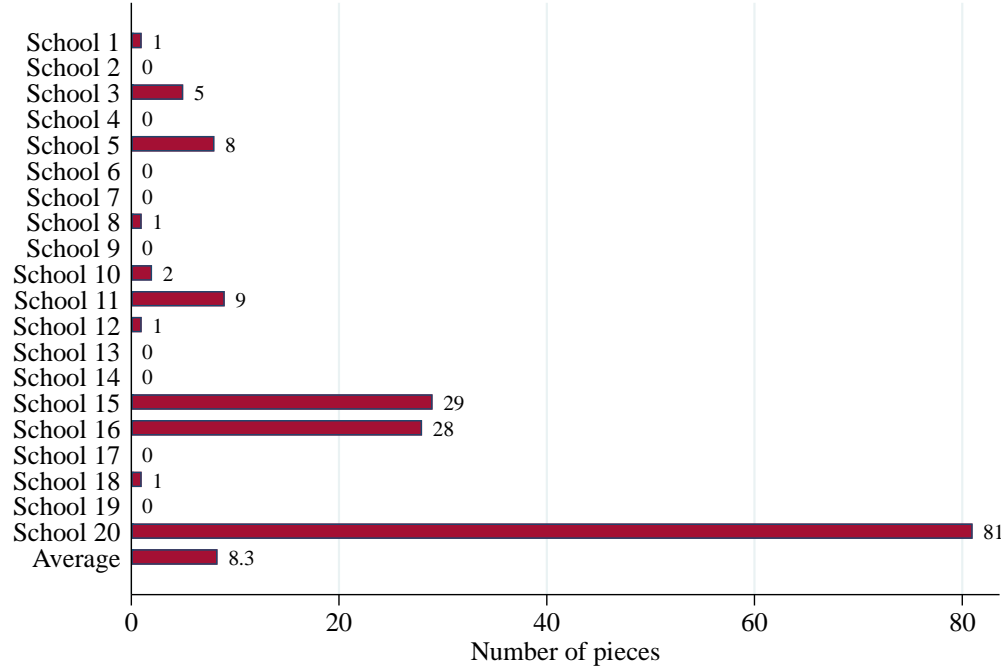
- Cases are not upgraded often.
 - Average case year: 2008
- Non-case materials are upgraded more often
 - Average year of news articles: 2012

However, the intensity of case-use varies across schools



Schools are increasingly using press articles as “mini-cases”

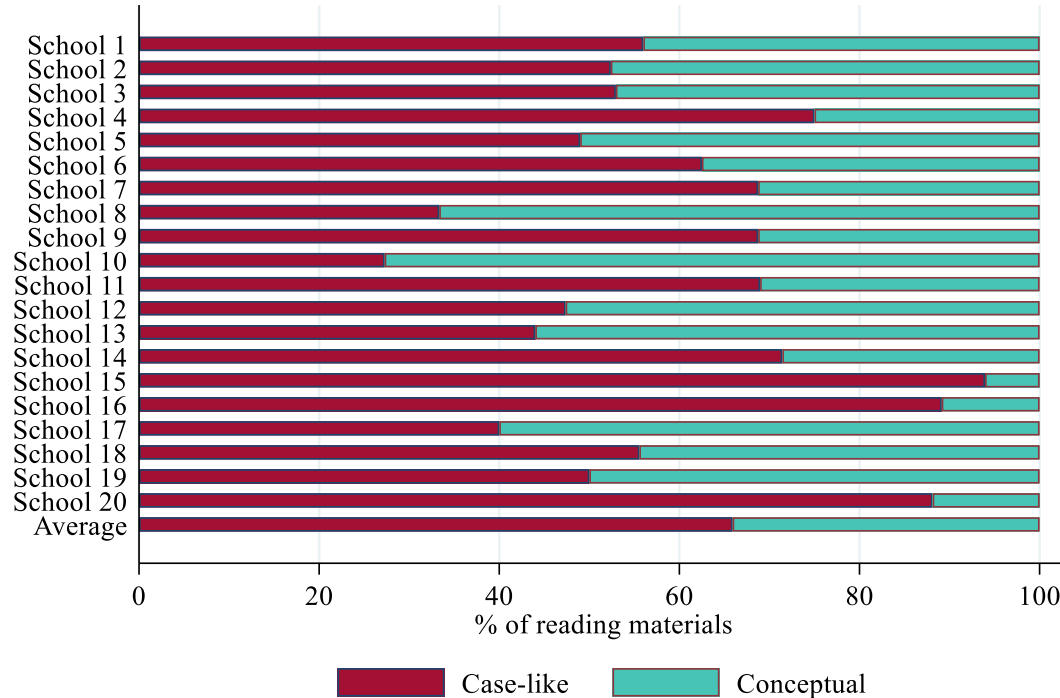
Numbers of articles from general media in syllabus



- Why?
 - Complement/update an existing case
 - Substitute for a case
 - Articles are often used to cover topics without good cases, such as platforms, ecosystems, network effects
 - Articles as examples of concepts

Cases and news articles (case-like materials) constitute most of the teaching materials

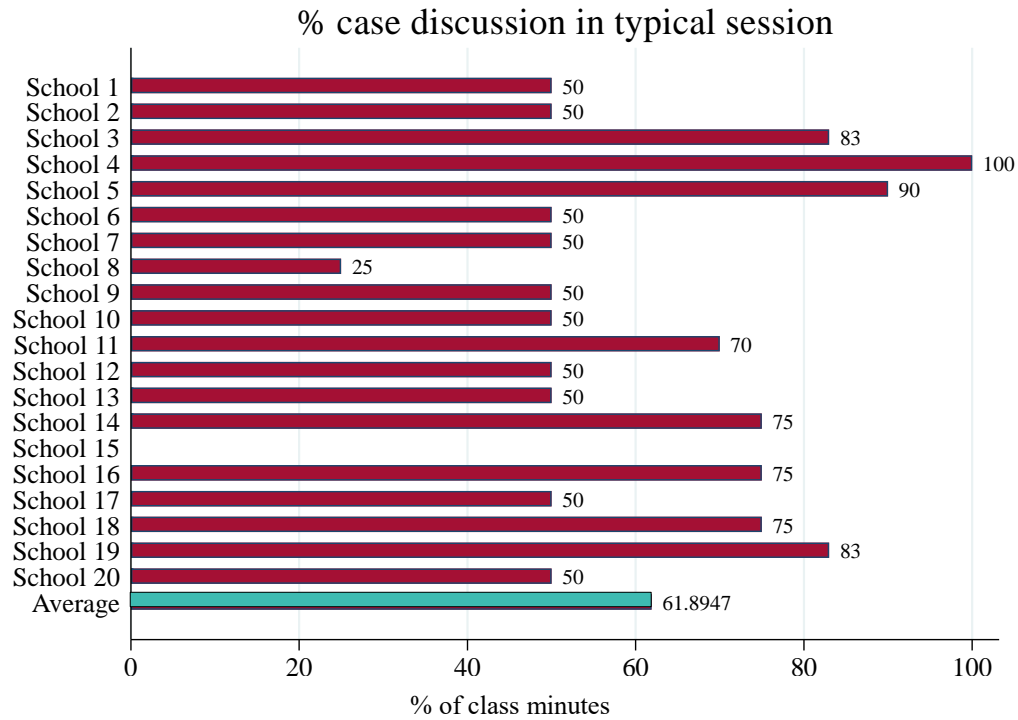
% assigned readings by type



Conceptual material:

- No textbook is widely accepted
- Apart from Brandenburger (most popular book), most books are textbooks in the economics of organizations (e.g. Besanko et al)
- Most popular source of conceptual materials is magazine articles (e.g. HBR, MIT Sloan)
 - “What is strategy” by Porter is most popular article
- Increasing number of school-specific material

On average, sessions are a mix of case-based discussion and conceptual exposition



- Lower case-led discussion associated with either formal orientation (3 schools) or longer class sessions (2 schools)
- We did not have information about school 15
- How many conceptual slides per session?
 - 13 slides on average
 - Large variation:
 - Some schools with 0-10; other schools with 20+ slides

Grading and pedagogical tools vary across schools

- Large variation in what is graded
 - On average, 5 evaluation formats (max 7, min 2)
 - Large diversity of exam formats
 - Case-based exams are seldom used. Combination of small vignettes and conceptual questions in different formats (multiple choice, free response questions).
- On average, 24% of final grade is associated with groupwork (e.g. group projects, simulations)
 - Only two schools do not have a team-work activity composing the final grade
- Majority of schools have some version of experiential learning
 - Most common type of experiential learning: group projects
 - Only 4 schools do not have a team project
- Six schools have simulation as pedagogical tool; five of these use it in the final grade
- On average, 8% of the sessions are not used for case-discussion or lectures (i.e. for simulations, exams, and presentations).

Summary of Pedagogy

- **Although case-led discussion is still the backbone of strategy classes, there are three relevant trends**
 - Schools rely either on HBS cases or, more recently, on own cases
 - Schools are using news articles in addition to and instead of traditional cases in discussion-led sessions
 - Most schools are using other tools to teach strategy, especially experiential learning to illustrate strategy design and implementation
- **Few schools rely intensively on case-method teaching**
 - Often, schools complement cases with
 - Lectures to cover concepts
 - “Mini-cases” (newspaper articles)
 - Almost no exam is entirely case-based
 - Team activities and/or experiential learning are used in ~70% of courses and included in students’ grade

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