



The Government of the Russian Federation

The Federal State Autonomous Institution of Higher Education “National Research University Higher School of Economics”

Faculty of Management

Course Title: International Strategic Alliances

Program 080200.68 “Management”
Master program in “Strategic Management and Corporate Governance”

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Higher School of Economics – Department of Management

International Strategic Alliances

March 2013

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Course Description and Objectives:

This course is designed to provide master of science/MBA-level students with practice-oriented, nuanced, in-depth knowledge of the aspects of the corporate strategy that deals with alliances. We define corporate strategy as a set of decisions and organizational mechanisms designed to manage the firm's scope – to manage a portfolio of businesses. Thus, the overarching question becomes: What businesses should the company pursue in order to maximize the shareholders' value?

Modern managers can use several powerful tools to shape the corporate strategy of their companies, such as acquisitions and alliances. While those tools have been widely used for decades, many corporate decisions, including those concerning strategic alliances, continue to lead the firms to spectacularly destructive results. Typically, there are two fundamental reasons for such poor performance: the managers' lack of understanding of how the value is created in their multi-business companies, and the managers' failure to successfully navigate the complexities of managing alliances.

To help you develop robust yet practically relevant knowledge of corporate strategy, we will structure the class in a linear, transparent way. First, we will improve our understanding of what makes a portfolio of businesses under a single corporate umbrella more or less valuable. While I assume that you are already familiar with the most popular frameworks that address such issues – like transaction cost economics – we will still have a review of the basic concepts and tools to make sure we are all on the same page. Second, we will develop and hone the decision-making tools for properly structuring and executing alliances under different business situations. The following are some of the topics we will discuss: proper selection of an alliance partner; the leader's perspective on planning and implementing the process of the alliance design; managing an ongoing alliance; learning from alliance partners; building an effective interorganizational network. In those and other discussions, we will move beyond a strictly technical, analytical, fragmented approach to the corporate decision making; instead, we will take an integral, "bird's-eye" view of the firm, thus helping you to become more effective and thoughtful managers.

Readings:

Articles and cases from the *course reading packet*. Additional academic articles will be occasionally distributed as e-mail attachments.

Evaluation:

Your final grade will consist of two parts: individual and team grade. Individual part will determine 50% of your final grade and will include the scores you receive on home assignment and class participation. The team grade will determine the remaining half of your final grade and will include the scores you receive on the group project and oral presentation of the project.

Individual grade:

Class Participation	40%
Individual Assignment	<u>20%</u>
	60%

Team grade:

Team Presentation: Interim	10%
Team Presentation: Final	<u>30%</u>
	40%

Your cumulative percentage score at the end of the course will be converted to the final grade using the following conversion guidelines:

Above 96%.....	10
Between 92% and 95.9%.....	9
Between 88% and 91.9%.....	8
Between 83% and 87.9%.....	7
Between 78% and 82.9%.....	6
Between 73% and 77.9%.....	5
Between 68% and 72.9%.....	4
Between 63% and 67.9%.....	3
Between 58% and 62.9%.....	2
Between 53% and 57.9%.....	1
Below 53%.....	0

I reserve the right to shift the grade distribution upwards (but it will not be shifted downwards – e.g., if your percentage grade is 87, you cannot receive a final grade below 7, but you could potentially receive a higher grade, depending on your performance relative to your classmates.

Preparation for the Class and Class participation (40%)

For the learning process to be effective, it is necessary that you carefully prepare the cases and readings before class and actively participate in class discussions. I expect you to be fully prepared for each class and may call upon you at any time, whether to start the discussion or answer a specific question during the class on any day. Preparation involves a thorough analysis

of the cases and assigned readings and developing an informed position on the issues they present. I will assign participation grades after each class.

Understanding and masterfully applying the standard tools of corporate strategy is not enough to be an effective top manager. You also need an ample ability to present your ideas concisely and persuasively, and to respond effectively to the ideas of others. Participation in the class discussions will help you to improve that ability. In addition, participation enables you to learn from your colleagues and to help them learn from you. I expect you to develop and constructively defend your position, as well as being willing to seek alternative perspectives on the class material. You should be able to analyze, comment, question, discuss, and build on others' contributions. It is therefore essential for you to be present in all of the class sessions: It helps developing your knowledge of corporate strategy in a more integral, logical way.

Individual Assignment (20%)

The assignment will test your level of comprehension and internalization of the class material by presenting you with a real-life alliance management problem. The assignment is a unique mini-case written by your instructor; the case describes a corporate strategy dilemma faced by actual firms in 2011. The assignment has a few concrete questions I want you to answer – hence your answers should not be free-flowing, free-form, generalized case analysis, but rather your reasoned, actionable, specific suggestions addressing the issues the company in the case faces.

The assignment will require you to make decisions in the corporate strategy / alliances area. I will distribute the assignment in one of the first class sessions. Given the compressed nature of our schedule, I will also make some time available during the class for you to work on the assignment. The due date for the assignment is Friday, March 22nd.

Team presentations (10% interim report + 30% final report)

While class discussions are important for developing your understanding of the broad world of the modern corporate strategy, you will also need an opportunity to concentrate more deeply on the topics that interest *you* the most. The team project provides such an opportunity. During our first class session (March 15, 2013), I want you to form teams of three to five members. I expect that each team in our class will find a corporate strategy / strategic alliance topic that all members consider interesting.

The topic, methodology and format of the project are left to the discretion of each team, with only one requirement: the project must include a significant alliance component. For instance, you may decide to look in-depth at a particular alliance between firms; alternatively, you can decide to analyze an industry dynamics that causes a wave of alliances; or you can compare two firms' choices on the corporate strategy in order to conclude whose choices proved to be more effective and why; you can also provide an in-depth look at your company's corporate strategy and suggest the ways to improve it. The methodologies can differ: you can primarily rely on the secondary data (press reports, financial and accounting performance figures), or you can use any combination of personal experiences and interviews with the managers of the firms you study.

What makes a team project a success? The project must have a clear objective and the discussion should not veer too much from addressing the central topic of your work. You should have some empirical backing for your conclusions. You also should exhibit critical thinking by questioning the press reports or managerial accounts of the decisions – not automatically taking them for their face value. It can be especially interesting if you uncover conflicting, inconsistent evidence, and try to either reconcile it or show why one of the perspectives appear more valid.

The teams will present their project topic and focus in our second class session, on March 16. The final presentations of your findings will take place on March 22nd. All team members should participate actively in both sessions. I would like to limit the duration of the interim report to 10 minutes (perhaps less), and the duration of the final presentation to about 20 minutes. We will also have time for questions and answers. In my experience, the team presentations that are thoughtful and creative are one of the most useful ways to expand our understanding of the corporate strategy issues and to relate what we learn from the class material to the real-world problems.

I encourage you to start working on the project as soon as possible; I also encourage you to talk to me about your ideas for the project, so that we can shape the project topic better. I am always happy to communicate with teams and individual students to answer your questions and to discuss your progress.

COURSE SCHEDULE

Important: While I will make every effort to keep the schedule as described below, we may need to change/shift contents of some classes. The due dates for the assignments, however, will not change.

Friday, March 15, 16:40-21:00

Setting the stage: Introduction(s), policies and expectations, class format

Corporate Strategy: Review

International aspects of the alliance decision making

Reading: When you shouldn't go global

Case: Nissan-Renault Alliance

Students should form teams for work on the project

Saturday, March 16, 10:30-15:00

Alliances: Definitions and Overall Framework

Time for group work on presentations

Case: Nissan-Renault Alliance

Interim presentations

Monday, March 18, 16:40-21:00

Alliance Design and Formation

Reading 1: Managing Strategic Alliances: What Do We Know Now and Where Do We Go From Here

Reading 2: The Architecture of Cooperation: Managing Coordination Costs and Appropriation Concerns in Strategic Alliances

Reading 3: Choice And Performance Of Governance Mechanisms: Matching Alliance Governance To Asset Type

Reading 4: Breaking Up is Never Easy: Planning for Exit in a Strategic Alliance

Tuesday, March 19, 16:40-21:00

Ongoing Alliance Management

Time for individual and group work

Reading: The Role of Incentives and Communication in Strategic Alliances: An Experimental Investigation

Case: Bayer & Millennium Pharmaceuticals: Success Based on Perfect Interaction

Wednesday, March 20, 16:40-21:00

International Alliances in the Russian Context

Case 1: Journey to Sakhalin: Royal Dutch/Shell in (A, B and C)

Case 2: BP in Russia: Settling the Joint Venture Dispute

Alliance Portfolios

Case 3: General Motors' Asian Alliances

Thursday, March 21, 16:40-21:00

Interorganizational Networks: Informal Alliances

Reading 1: Using Supplier Networks to Learn Faster

Reading 2: Search-Transfer Problem: The Role of Weak Ties in Sharing Knowledge

Alliances and Acquisitions; Choosing between those resource acquisition modes

Reading 3: When to Ally and When to Acquire

Friday, March 22, 16:40-21:00

Reflections on Alliance management

Time for individual and group work

Final team presentations

Individual Assignment Due

Saturday, March 23, 10:30-15:00

Additional time for final presentations (if needed)

Class wrap-up

Grades finalized

About your professor

Alexander M. Sleptsov received his Master of Science degree (Low Temperature Physics and Technology) from the Moscow Power Engineering Institute, MBA from the University of Northern Iowa and Ph.D. in Business Administration (Corporate Strategy) from the University of Michigan. Alex has more than ten years of experience teaching a wide variety of business courses at the undergraduate, graduate (MBA/M.Sc.), and the Executive MBA levels at University of Michigan, Tulane University, Higher School of Economics (Moscow), ICESI (Columbia), Universidad de Chile, and University of Illinois in Urbana-Champaign, where he is currently a visiting professor of Strategy. He has taught classes on corporate strategy, mergers and acquisitions, international alliances, multinational management, entrepreneurship, strategy formulation and implementation, etc.

Dr. Sleptsov's research focuses on the performance effects of the interorganizational relationships in the corporate strategy context, including mergers and acquisitions. His research appeared in the *Strategic Entrepreneurship Journal*, *Strategic Management Journal* (forthcoming in 2013) and *Advances in Mergers and Acquisitions*. He is a member of the Academy of Management and Strategic Management Society.