



MSc Degree in Corporate Finance Academic Year 2015/16

Finance and Strategic Management (Corporate Strategy) (Year: II; Semester: I; Total nr. of credits: 6)

Name of the teacher: Prof. Giovanni Battista Dagnino (PO)

Student receiving place: Stanza 3, Third Floor, Palazzo delle Scienze – C.so Italia, 55 - Catania

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Students' office hours: Tue: 16.00-16.45; Wed: 10.30-12.00

General Objectives of teaching in terms of expected results of learning

- 1. Knowledge and understanding:** At the end of the coursework, students will have a good understanding of the links between finance and business strategy, as well as the basic logic underlying firms value creation. In particular, this course encourage the students to learn the theoretical principles concerning corporate strategy decisions and financial decision-making support. Moreover, the course will instill adequate professional skills to facilitate the application of the methods and models studied in the job market, to encourage further discussion of operational issues addressed, as well as to stimulate specific analysis and original applications.
- 2. Applying knowledge and understanding:** Students will acquire knowledge and understanding theoretical and practical of the implementation of financial decisions which have strategic value for the firm. The course aims to develop participants' attitude to the strategic thinking applied to firms intended as a dynamic and complex system and the formulation of decisions by which financial issues contribute to the realization of the firm strategy. Particular attention is therefore directed to the acquisition of the analytical tools and concepts proposed in the classroom. Through the presentation of a series of real cases, the aim is to develop critical thinking skills of the participants useful, once at work, to apply the issues studied in different contexts, including interdisciplinary and multidisciplinary settings.
- 3. Making judgements:** Students will acquire autonomy in making judgments and ability to link theoretical arguments and their applications, with a particular focus on the strategic choices bearing value and firm growth as well as to the specific contribution of strategy and finance to the their realization. In order to do so, the participants' ability to self-reflection and evaluation of the issues studied is highly stimulated in the classroom.
- 4. Communication skills:** Students will acquire communication skills and appropriate use of technical language regarding the main corporate strategy decisions and resources and the results given by financing processes and functions. Each participant will be placed in the position to relate and transfer to third parties, with clarity and precision, information, analysis, plans and proposals that concerns complex strategic and financial issues.
- 5. Learning skills:** Students are provided with advices and encouragements for active participation in the education process and for improving their methodology of study in order to make it more effective the learning experience of the discipline. During the course the teacher will assess the acquisition of the knowledge transmitted by modulating the method and pace of learning according to the actual composition of the classroom. In this way, students will acquire a high capacity of learning, both theory and applications, and this will be able to make them autonomous in updating the issues discussed in the classroom and apply them in job contexts.

Pre- requisites None

Teaching organization/ methods

The course of Finance and Strategic Management focuses on the strategic and financial logics underlying top manager s' key choices. Generally speaking, firm strategy is the result of the set of choices that it operates. They usually find constraints in the availability of financial resources. Strategy is therefore defined as the set of managerial initiatives that tend to achieve performance that are superior vis-à-vis the other players. Students are required to display an in-depth understanding and to articulate an informed and coherent discussion on the principal features that concerns these relevant issues. The course is divided in two modules. Module One (3 credits) will cover such corporate-level tools as the management for value creation, the systemic nature of the choices of corporate strategy and the relationships between the firm's



internal and external variables, the relationship between strategy, governance and finance and strategic and financial positioning. Module Two (3 credits) will look at a few relevant types of creative strategic decisions, including blue ocean strategies, diversification strategies, coopetition strategy, M&A strategies and strategies for metanational and international growth. In line with the general objectives of the degree curriculum, particular attention will be given to the economic evaluation of strategy.

Teaching methods:

Lectures, applied activities, in-class presentations and discussions with executives and entrepreneurs operating in a variety of firms, progress reports and final tests.

Attendance	Tue and Wed: 14.00-16.00; Normally compulsory
Reference texts	1. Collis D.J., Montgomery C.A., Invernizzi G., Molteni M., <i>Corporate Level Strategy</i>, McGraw-Hill, Milan, 2012 (chapters 1, 2, 6, 7, 8, 12 and 13) . <u>STUDENTS ARE ADVISED TO LOOK AT THE ORIGINAL VERSION IN THE ENGLISH LANGUAGE</u> 2. Coursepack of Finance and Strategic Management 2015-16 (prepared by the instructor) - Managing the multibusiness firm (Walker) - Economic-financial strategies - Real Options (Adner & Levinthal) - Techniques for investment evaluation (Grahama & Harveya) - Redefining global strategy (Ghemawat) - Metanational advantage (Doz, Santos & Williamson) - Acquisition and international strategies (Hitt, Hoskisson & Ireland) - Blue ocean strategies (Kim & Mauborgne) - Diversification (Martin & Sayrak; Wan, Hoskisson, Short & Yiu) - Coopetition strategy (Dagnino; Dagnino & Padula) - General Electric Case Reading Suggested 3. Rothaermel, F.R. (2012). <i>Strategic Management: Concepts</i>. McGraw-Hill/Irwin. Additional teaching material and readings edited and/or suggested by the instructor

If provided, in itinere evaluation

Yes

Evaluation

If provided, final term evaluation

- **written test:** yes
- **oral test:** yes, usually as alternative to the written test
The final evaluation will be performed by the application of the following criteria: knowledge of the assigned topic, appropriateness of technical language,



relevance of the answers to the questions, ability to forge links between the themes discussed and other issues related to the program outline, logic capacity to argue about the assigned topic, the ability to contextualize the topic with practical examples drawn from the business reality, critical thinking skills and active participation in the classroom.

How and when to do the written test

Students will be assessed by an oral test which will take place in the exam sessions scheduled in the official journal of the Department exams. However, at the end of the course it will be offered to all students attending the course an additional written test session covering the entire course program and focused on content developed during the course. The opportunity to take this test provides a minimum attendance of 75% of the lectures taught in the course.

It will not be possible to take an oral exam supporting or integrating the result of the written test. A negative assessment taken in the written test will not prevent students to take oral exams scheduled in the official journal of the Department exams. The formation of student working groups for the development of structured essays on specific topics of relevant business issues and cases that apply the concepts and tools learned in the course is warmly encouraged. Students who attend the classes of the course will be required to prepare and deliver some thematic reports during the course. Registration deadline is at least three days in advance to the exam dates and is always considered a necessary condition for taking it.

<http://www.economia.unict.it/Didattica/Diario-esami>

Evaluation dates

Way of delivery

web link and/or description, better in STUDIUM



Course Syllabus

Show with a *star*, *, all topics are mandatory to succeed in the exam

Topics	Reference text
*1. Introduction to the Course of Corporate Strategy	Syllabus and Teaching Material
*2. Corporate strategy, synergies and value creation	Text 1: chapters 1, 2, 6
*3. Systemic nature of corporate strategy decisions	Text 1: chapters 1, 2, 6
*4. Strategic Planning	Text 1: chapters 6, 7, 8
*5. Strategic Planning: SBAs and SBUs	Text2 and Teaching Material
*6 and 7. Portfolio Analysis: Growth-Share and Attractiveness-Strength Matrixes	Text 2
*8 and 9. Diversification strategy	Text 2
*10 and 11. Economic and Financial Strategies	Text 2
*12. Real Options	Text 2
*13 and 14. Corporate resource analysis	Text 1: chapters 7, 8, 12, and 13
*15. International & metanational growth strategies	Text 2
*16. Blue ocean strategies	Text 2
*17. M&A strategies	Text 2
*18 and 19. Competition strategies	Text 2
*20. Wrap up and written questions practice	Teaching material

Typical/frequent questions/exercises

The questions reported below are intended only as a examples of the ones that will be asked on the occasion of the exam sessions.

1. Achieving financial goals tends to be a "lagging indicator" of corporate performance, while achieving the strategic objectives tends to be an indicator of future financial performance. True or false? Justify your answer.
2. Strategic choices involve a process of ex-ante assessment of the economic and financial convenience. Describe the evaluation process conducted through the following instruments of corporate finance: (a) DCF; (b) real options technique. For each method highlight the conceptual strengths and



weaknesses.

3. What do you mean by semi-global world?
 4. Explain the differences between multinational strategy and global strategy, indicating the pros and cons of each of them.
 5. Identify elements that a company must necessarily take into account in order to form strategic alliances with foreign partners.
 6. Identify and describe briefly each of the strategic options of entering new business areas.
 7. Identify the relationship between corporate governance and diversification strategy.
 8. Describe briefly the three tests which have been introduced by Porter in order to comprehend whether diversification strategy leads to create value for the shareholders .
 9. Describe the differences between " red ocean" and " blu ocean" strategies.
 10. What do you mean by coopetition?
 11. Explain what are the drivers of coopetition strategies.
 12. Describe briefly the evolution of strategic management studies in the last 30 years.
 13. What do you mean by strategy? What are the levels of a strategy?
 14. Describe the relationship between strategy formulation and strategy implementation.
 15. What is the Resource Based View and its link to the diversification strategy?
 16. What is the relationship between Growth Share Matrix and BCG matrix?
 17. What are the pitfalls and the benefits of the McKinsey Matrix?
 18. What are the pillars of meta-national advantage?
 19. What are the advantages and disadvantages of a vertical integration strategy?
 20. How can resources influence the formulation of a strategy?
 21. What are the levels of competences?
 22. What are the skills of an entrepreneur?
 23. What is a SBU and how could you identify it?
 24. Explain benefits and dangers of each type of strategic alliance.
 25. What position should a firm aim to in the market in which operates?
 26. How could an innovative firm create and capture value?
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