

MGMT 612: MANAGING THE EMERGING ENTERPRISE

Fall 2015

INSTRUCTORS

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COURSE OBJECTIVES

This course deals with central issues in the field of management as illustrated through the context of emerging enterprises and small businesses as they grow over time. We focus the attention on the human capital, strategic, and international opportunities and challenges confronting emerging enterprises. This course will provide you with an integrated view of these challenges and show you that successful management in the 21st century requires a combination of insights drawn from economics, sociology, psychology and political economy. The course has three main parts, and two “bookend” events. The course starts with a class in which you will meet your entire teaching team and receive a road-map for this semester-long journey.

The first part of the course provides a framework for analyzing the issues associated with managing people. It will introduce you to topics such as motivating employees, managing performance, understanding careers, and the interface between management decisions and strategy. The concepts covered in this course will help you gain insight into how to motivate and lead those you manage as well as better understand your own motivation and performance at work. Managerial and professional careers involve frequent changes in responsibilities, so the course also provides concepts for analyzing how managerial approaches may vary in different organizational and industry settings. We will discuss, based on these analyses, how to develop and implement organizational designs and systems that achieve competitive advantage through the management of people. After working for several years, individuals often have developed a number of insights into how people behave in organizations, and how organizations in turn shape that behavior. We will draw upon your experiences to develop ways of understanding and analyzing the issues around the management of people covered in this course.

The second part of the course will deal with fundamental issues of strategy, examining topics that are central to the long- and short-term competitive position of an enterprise. The goal of this module is to help you understand and analyze how firms compete and sustain their competitive advantage. We will discuss a set of analytical frameworks and concepts to identify the opportunities and threats within a given industry, and to formulate a firm’s strategy. The topics will include industry analysis, complements, competitive dynamics, competitive positioning, resources and capabilities, and boundaries of the enterprise. We will discuss these topics mainly from the point of view of emerging enterprises, taking into consideration the crucial strategic interactions with established competitors.

The third part of the course stresses the deep and persistent cross-national differences in economic, political, legal and social institutions that affect the strategy, business model, and performance of firms. Our primary focus will be on the opportunities and challenges of internationalizing young firms and operating in emerging markets. We begin by asking when crossing national borders creates value for the firm (the ‘why’). We then address where the firm should locate its activities and in what sequence it should expand (the ‘where’). Inseparable from location decisions are choices about how the firm should organize its activities in different countries and about the entry mode by which the firm enter new markets (the ‘how’). After covering these core global strategy topics, we end with a consideration of the unique issues firms must deal with when operating in markets with poorly developed or emerging institutions. By the end of the module, you will have a toolkit from which to identify and evaluate opportunities for improving a firm’s performance through internationalization.

The culminating event of this course is the class presentation of your team project, which will give you the opportunity to apply all the tools you have learned in the course to a company of interest to your self-selected team.

CLASS SESSIONS AND PARTICIPATION

Each class will consist of a combination of lecture and discussion of the day’s topic. On most days, we will use case analysis to explore the issues at hand. Careful preparation is essential. We expect you to read all of the assigned materials for each session in advance of the class. In class, you should be prepared to analyze the concepts from the case and the readings and to discuss any questions provided in the syllabus. If you cannot answer the questions, you are not prepared for class. We will use cold calling to ensure preparation and to establish an even level of participation throughout the course.

We expect you to participate actively in class to help your learning and that of your peers. A productive learning environment requires active engagement of all class members. Three factors determine good class participation. First, given thorough and careful preparation, you should be able to identify the important managerial issues related to the case and/or readings. Second, you should be able to use that analysis to define a concise and logical position on the issues. Please avoid pure repetition of case facts. You should be able to show how a particular concept is illustrated in the case or suggest how the substantive problem presented in the case can be solved. Third, you should be able to analyze constructively the positions your classmates take. Quality, not quantity, will determine the effectiveness of your comments. “Airtime hogs” will not be rewarded.

Of course, the underlying condition for class participation is attendance. We expect you to attend all sessions. Specifically, according to the MBA office, there is no recruiting reason for which you should miss class. We will be taking attendance. Arriving late is disrespectful to your colleagues and, for attendance purposes, is treated as a distinct event from being present at the start of class. If you cannot come to class, you should notify your instructor by email in advance of the class. Finally, in order to facilitate lively, in-depth discussions and out of respect for each other, there are two simple ground rules regarding mobile devices and laptop computers: 1) please remember to turn off your phone, Blackberry and/or other communication devices; and 2) no laptops open during class.

CASE DISCUSSIONS

In preparing cases for discussion in class, you should be ready to comment on (1) the case’s background and context, (2) the key issues and problems, (3) a framework for analyzing the issues and problems, (4) the

implications of the assigned readings for understanding the case, and (5) a course of action for designing and implementing solutions.

ETHICS AND USE OF PRIOR MATERIALS

This is a core course for the Wharton MBA. As such, the course covers similar material from year to year. It is **never** appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, summaries of readings or other “cheat sheets.” We will work with your ethics liaisons to clarify any issues that may emerge. Below is the Ethics matrix for the course.

	Materials							People				
MGMT 612 Managing the Emerging Enterprise	Approved calculator	Laptop / other electronics	Summary sheet	Readings/ class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Readings & Cases	A	A		A			A	W	W	W		
Team Assignments	A	A		A			A	W				
Individual Assignments	A	A		A			A					
	A = Allowed material Blank Cell = Not allowed							W = Allowed to work together Blank Cell = Not allowed				
<p>The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

TEXT AND READINGS

Wharton Reprographics has a copy of the course pack for MGMT 612, which can be purchased from Study.Net. The readings listed on the course outline below should be read and prepared before that class session.

ASSIGNMENTS, QUIZZES AND EXAMS

(1) Human & Social Capital Write-up: Your assignment is to examine your last job (or an earlier job) and use theories and concepts from the course to analyze and explain your work experience. Essentially, in this assignment, you will use your job as the case material that allows you to demonstrate your understanding of course theories/concepts. You may use course materials from Sessions 1-8 in which we cover such topics as motivation, job design, reward systems, managing individual and group performance, and group and

organizational influences on decision-making. Certain readings focus on specific theories (e.g. expectancy theory; equity theory) that provide a full-fledged framework for explaining and predicting behavior; while other readings include concepts that may not be full theories but can be abstracted and applied to a wide range of situations, e.g. Rewarding A While Hoping for B (Kerr).

The choice about what issues to cover and what theories/concepts to apply is yours. In evaluating your answer, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the job situation you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate your situation).

In analyzing your job, focus on how you were **managed**, not how you behaved in managing others. It does not matter whether you had a good job experience or a bad job experience. You can talk about both the successful and the unsuccessful aspects of the job, and about what was missing for you. The paper presents you with an opportunity to explore in-depth the course readings, master them, and apply them to your experience. *Thus, very good papers do not simply present a lively and detailed description of your past job. Rather, they demonstrate in-depth understanding and application of course concepts and theories.* More specifically, they:

1. Demonstrate in-depth understanding of **five of the main concepts (four if you choose job design)** from Sessions 1-8 by making specific links between theories/concepts and key elements of your job experience.
2. Explore (and demonstrate your understanding of) the similarities, complementarities, or inconsistencies among the theories and concepts (i.e., do the theories/concepts fit together and reinforce each other or do they disagree? How do they complement each other? Conversely, how are they inconsistent or conflicting?)
3. Explain why the theories or concepts you've chosen are important and useful for understanding (and perhaps for suggesting changes to) your prior job or organization.

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance with his/her specific expectations and recommendations.

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- Be sure to explore your **personal** experience with your job, rather than writing generically about the experience of all people in positions like yours.
- Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your work experience. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of describing your job. Show how they apply to your situation.
- It may be useful to develop a comparative angle in the paper, i.e. compare how your job experience varied for two different tasks or compare your job before and after a change in your boss or a company restructuring.
- Comparing and contrasting how two or more different theories can be applied to the **same** aspect of your job situation is another effective strategy. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

The write-up should be printed double-spaced, using a normal font-size. The maximum length is 1,000 words (plus or minus 5%). Please include a word count on the front page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid the mid-semester crunch. This is feasible because the raw material (your work experience) is readily available to you, and each class session will introduce new concepts that are potentially applicable. The write-up is due,

submitted through Canvas, by Wednesday September 23rd submitted on Canvas by 11:59 pm. Please use 12-point font, single-spaced, and one inch margins as this makes it easiest to read.

(2) Strategy Case Write-up: This is an individual assignment of answering the study questions associated with the Vizio case that will be distributed in class on Oct 21 (Class 5). The case is a simple yet powerful demonstration of the value of systematic strategic analysis. The main task is to match questions with frameworks/concepts and then to use the information in the case to provide a conclusion. Each of the questions is related to the specific topics that we have studied within the strategy module. It is important not just to describe the facts but to analyze (and to demonstrate that you know how to use the tools from the course to do this analysis). The write-up is to be uploaded on Canvas by Nov 1. Your answers should be a maximum of 3 pages of text (12 pt. Times Roman font, single spaced, with margins no less than 1 inch). You may attach 1 or 2 exhibits based on your analysis if they directly support the arguments you make.

(4) Global Strategy Memo: You will be given a short article (posted on Canvas) describing an emerging business opportunity. Your task is to write a concise memo addressed to the CEO of a firm who is considering the issues described in the article and has hired you to explore foreign expansion opportunities. The purpose of this brief memo is to apply three of the main global strategy frameworks: CAGE, AAA, and the internalization model of entry mode choice. I will post specific instructions for this assignment on Canvas on the day the article is made available.

Your memo is due on Sunday, November 15 by 11:59 pm, submitted on Canvas. You are allowed a maximum of 1,000 words. **Please include a word count at the very beginning** (the memo header does not count towards the word limit). The memo should be **single spaced with 12-point font and 1 inch margins**. This is an individual assignment. No teamwork is allowed.

(5) Team project (details at the end of the syllabus).

GRADING

- Human & social capital write-up due on Sept 23 (16.67%).
- Strategy case write-up due on Nov 1 (16.67%).
- Global strategy memo due on Nov 15 by 11:59 pm (16.67%).
- Class participation (25%).
- Team project (25%).
 - Teams formed by Oct 1
 - Proposal due on Oct 20
 - Presentations on Dec 1 and Dec 3
 - Final paper due on Dec 9

CLASSROOM EXPECTATIONS – CONCERT RULES

- Class starts and ends on time
- Sit according to seating chart
- Remain in attendance for the duration of class, except in an emergency
- Name tents displayed
- All phones and electronic devices should be turned off

COURSE OUTLINE

Introduction: Aug 27th Thursday, Overview of the Semester

PART I: HUMAN & SOCIAL CAPITAL MODULE

Class 1: Motivating Individual Performance Tuesday Sept 1

- Description: We begin with an obvious truism about human behavior in organizations – that people will behave according to what actions they perceive are being rewarded. We then begin our exploration of the theme “behavior is not that simple” by pointing out how often organizations “reward A while hoping for B”. We also introduce various motivation theories from the behavioral sciences and contrast them with more economics-based views of motivation (e.g. agency theory) which emphasize financial incentives and contract-based goal alignment.
- Readings: Steven Kerr, “On the Folly of Rewarding A While Hoping for B,” *Academy of Management Journal*, Vol. 18, pp. 769-83.

Stephen P. Robbins and Timothy A. Judge, excerpts from “Motivation” (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.
- Case: **Automated Travel Systems**
 1. How did ATS get itself in this situation?
 2. What should they do at the end of the case?

Class 2: Designing Reward Systems Sept 3 Thursday

- Description: Here we focus on the design of reward systems, keeping in mind various cognitive processes that affect motivation. We introduce concepts from equity theory, which describes how individuals assess the ratio of outcomes (pay, recognition) in relation to inputs (of effort, skill, experience) for themselves in comparison with others. We then consider the actions (and shifts in perception) individuals may undertake to establish a sense of equity. The case discussion emphasizes how the compensation and reward system of an organization must balance incentive and equity concerns. We also explore the role of the labor market in constraining the kinds of compensation systems firms can implement. Please come prepared with examples of reward systems you have encountered and we will examine them for cross-industry and cross-cultural differences.
- Readings: Elliot Aronson, “The Rationalizing Animal,” *Psychology Today*, p. 67-77.

Edward Lazear, “Relative Compensation,” Chapter 3 in *Personnel Economics*, Cambridge, MA: MIT Press, 1995, pp. 25-37.

Stephen P. Robbins & Timothy A. Judge, “Equity Theory,” from *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.
- Case: **Brainerd, Bennis, and Farrell – Partnership model**

1. How should the lawyers listed at the back of the case (A-F) be paid?
2. Please meet with your learning team and decide how to apportion 100 points between them. Come to class ready to present and defend your choice.

Class 3: Designing Jobs Tuesday September 8

- **Description:** We next examine job design – one important source of implicit rewards at work. We compare Frederick Taylor’s scientific management approach, first put forth in the early 1900s but still influential today, with Hackman and Oldham’s job design theory, which analyzes the five characteristics of a job that contribute to its motivational potential. We then explore how poor job design can kill motivation even when explicit incentives are well-designed – or how even an excellent job design can’t overcome poor incentives or poor leadership.
- **Readings:** “Frederick Winslow Taylor: Father of Scientific Management,” selection from *Business: The Ultimate Resource*, Cambridge, MA: Perseus Publishing, pp. 1054-55.

J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, “A New Strategy for Job Enrichment,” *California Management Review*, Vol. 17, pp. 57-71.
- **Case:** **Jennifer Henderson and the International Division at Trustworthy Trust**
 1. Why are analysts such as Henderson demoralized?
 2. How do you explain the motivation level of senior managers? What do you draw upon for your assessment?
 3. What recommendations would you offer the Executive Vice President Marshall Wilde?

Class 4: Recruiting and Selecting Employees Sept 10 Thursday

- **Description:** In this class, we turn our attention to employee recruitment and selection. Researchers have identified a number of strategies likely to yield fair, valid, and effective hiring decisions. We review these strategies and discuss possible reasons why many companies do not put these strategies into place. We then explore the attraction-selection-attrition cycle and the implications of recruiting and selection for organizational culture and performance. The SG Cowen case provides an opportunity to analyze one company’s MBA recruiting and selection practices; to “select” two of their applicants for hire; and to examine our own beliefs and assumptions about what makes for an effective hire.
- **Readings:** Ann Marie Ryan & Nancy T. Tippins, “Attracting and Selecting: What Psychological Research Tells Us”, *Human Resource Management*, Vol. 43: p. 305-318.

Benjamin Schneider, “The People Make the Place,” *Personnel Psychology*, Vol. 40, pp. 437-53.
- **Case:** **SG Cowen: New Recruits**

1. Who would you hire and why?
2. How will the change in recruiting strategy proposed by Chip Rae affect the nature of the company and its culture?
3. What are SG Cowen's goals for its recruiting process? Is SG Cowen meeting its goals?

Class 5: Driving Performance Sept 15 Tuesday

- **Description:** Here we emphasize the power of group norms and information provided by coworkers, subordinates, and bosses as influences on individual behavior. These social influences can, if well-managed, help align group and individual goals with organizational goals, yield higher performance than individuals provide, especially when tasks are complex and demand complementary skills, and build a common language and shared experience base to facilitate coordination and creativity. If poorly managed, however, group norms and information can foster inappropriate conformity and compliance, diminishing individual, team, or organizational effectiveness and integrity. We explore both the potentially positive and the potentially negative consequences of social influence in this class and take a close look at how managers create (and respond to) groups that are “hot” – lively, high-achieving, dedicated groups, usually small, whose members are turned on to an exciting and challenging task.
- **Readings:** “Social Influence,” from Thomas Gilovich, Dacher Keltner, and Richard E. Nisbett, *Social Psychology*, NYC: WW Norton and Co., two excerpts, pp. 213-230 and pp. 240-253.
- **Case:** **Soul of a New Machine**
 1. Why is the Eclipse group working so hard?
 2. In what ways does West give and receive feedback from his group and the organization?
 3. Do you think West's leadership of the group is successful in the short-run? In the long-run? What are the risks involved in his style?

Class 6: Improving Organizational Processes Sept 17 Thursday

- **Description:** A central topic in management is how to change organizations. We consider the processes needed to make changes stick as well as the organization of work and the human resource policies associated with “lean” production systems pioneered by Toyota. These practices are increasingly seen as useful in many contexts for improving quality and productivity.
- **Readings:** James P. Womack, Daniel T. Jones, and Daniel Roos, “How Lean Production Can Change the World,” *New York Times*, pp. 20ff.

James N. Baron and Michael T. Hannan, “Organizational Blueprints for Success in High-Tech Start-Ups,” *California Management Review*, Vol. 44, No. 3, pp. 8-36.

Charles O'Reilly, “Corporations, Culture, and Commitment: Motivation and Social Control in

Organizations,” *California Management Review*, p. 9-25.

• Case: **Leaping Tiger**

1. What would your plan be for turning around this guest house?
2. Specifically, how would you try to ensure that quality customer experiences we put in place and executed over time?

Class 7: Aligning Human Resources and Business Strategy Sept 22 Tuesday

***** Team report from People Express simulation exercise due at beginning of class *****
[This is a computer simulation. You will be running a start-up airline. It needs to be done in a team, so schedule at least two hours this week when you are available to do it. The simulation will be loaded on every Huntsman computer.]

- Description: In this capstone session, we highlight the alignment (or misalignment) between human resources systems and business strategy as a source of competitive advantage. We also discuss debates over whether there is “one best way” for all companies in all industries to organize their systems for managing people. In the case discussion, we will untangle the factors behind the high performance of Southwest Airlines, perhaps the most successful airline in the U.S. over the past 10-15 years. We will compare Southwest with examples, past and present, of airlines that have taken different approaches to combining their “managing people” practices with their business model and operational practices, and discuss the significance of these differences for achieving sustainable competitive advantage in this very tough industry.
- Readings: Peter Cappelli and Anne Crocker-Hefter, “Distinctive Human Resources Are Firms’ Core Competencies,” *Organizational Dynamics*, Vol. 24, No. 3.

Jeffrey Pfeffer, “Producing Sustainable Competitive Advantage Through the Effective Management of People,” *Academy of Management Executive*, Vol. 19 (4): pp. 95-106.
- Case: **Southwest Airways: Sustainable Start-up**
 1. What is Southwest’s strategy? How would it answer the question, “What business are we in?” Why has it been successful for so long?
 2. Can its success be replicated by a competitor? Why or why not?
 3. How does Southwest’s system for managing people link to the execution of its strategy?
 4. How would you describe the culture of the organization?
 5. What would cause Southwest to fail?

PART II: STRATEGY MODULE

Thu Sep 24

Strategy Class #1

What is Strategy? Markets, Rents, and “Sustainable Advantage”

Reading:

Porter, M, 1996, What is Strategy? HBR 74 (6) 61-78

Additional (optional):

Mahoney, J. T., & McGahan, A. M. 2007. The field of strategic management within the evolving science of strategic organization. *Strategic Organization*, 5: 79-99.

Case: Google, Inc. September 13, 2014 #: 915004-HCB-ENG

Case Discussion Questions:

1. Is Google’s leadership position in online search sustainable? What actions should they take?
2. Can Microsoft leverage its position in PC operating systems to dominate online search? Why? Why not?
3. Five-years from now, will any firm generate substantial profits from online search?
4. Are old-fashioned frameworks like SWOT still useful in thinking about a modern case like Google?

Tue Sep 29

Strategy Class #2

Strategic Thinking in Emerging Enterprises

1. Reading: Giovanni Gavetti and Jan. W. Rivkin, “How Strategists Really Think: Tapping the Power of Analogy” (HBS R0504C)

Case: Rent the Runway HBS 812077-PDF-ENG

Case Discussion Questions:

1. Is this the “Netflix” of fashion? What parts of the analogy hold more (less)?
2. What is their product?
3. If successful, how easy is this to imitate?

Thu Oct 1

Strategy Class #3

Technology and Value Creation for Entrants

Readings Brandenburger, Adam, and Harborne Stuart. 1996. “Value-Based Business Strategy.” *Journal of Economics and Management Strategy* 5 (1): 5–24. Davis, Murray S. "That’s interesting." *Philosophy of the social sciences* 1.2 (1971): 309.

Case: Performance Indicator, HBS 702480-PDF-ENG

Case Discussion Questions:

1. Whom should PI target its technology in the market?
2. Why do you think the PI technology has not gained traction?
3. How does PI technology create value? For whom?

Tue Oct 6

Strategy Class #4

Competitive Positioning

Reading: P. Ghemawat, “Creating Competitive Advantage,” Chapter 3 in *Strategy and the Business Landscape*, pp. 44-54.

Case: Matching Dell, HBS 9-799-158

Case Discussion Questions:

1. How and why did the personal computer industry come to have such low profitability?
2. Why has Dell been so successful despite the low average profitability in the PC industry?
3. Prior to the efforts by competitors to match Dell (circa 1997), how big was Dell’s competitive advantage? See if you can use the numbers in the case and reasonable estimates to quantify the

advantage on a per-PC basis. How has Dell used this advantage in the market? (Think about the customer willingness to pay.)

4. How effective have competitors been in responding to the challenges posed by Dell's competitive advantage?

-----Fall Break-----

Tue Oct 20

Strategy Class #5

Resources and Capabilities

Reading: C. Montgomery and D. Collis, Chapter 2 "Resources and Rents" in *Corporate Strategy: Resources and the Scope of the Firm*. Irwin: New York, NY.

Case: Tesla Motors, Wharton Case

Case Discussion Questions:

1. What are Tesla Motors' key resources and capabilities? How were they developed? How are they being leveraged?
2. Is Model S a good or a bad idea?

Thu Oct 22

Strategy Class #6

Managing Growth in the Early Years

Case: *Leerink Swann & Co: Creating Competitive Advantage*

Case Discussion Questions:

1. What are the key elements of Leerink Swann's business operations during its first 10 years? How did the firm a) establish its business, b) gather expertise, c) organize its operations, and d) coordinate its interdependent production process?
2. What implications for Leerink Swann's future are posed by changes a) in health-related industries, b) in the talent market, c) among the firm's competitors, and d) among the firm's customers?
3. How well positioned is Leerink Swann for future challenges in the investment banking business? Is this the right time to expand that business, or would you recommend a different growth strategy to Jeff Leerink? Why?
4. What will you further recommend to Jeff Leerink in order to both, a) secure Leerink Swann's existing competitive advantage, and b) seize the full value of the strategic opportunity in investment banking? Given your choice, what organizational design choices does Leerink Swann have to make?

Tue Oct 27

Strategy Class #7

Corporate Scope

Reading: P. Ghemawat, "Choosing Corporate Scope," Chapter 6, *Strategy and the Business Landscape*, pp. 124-140.

Case: Extending the "easy" Business Model: What should easyGroup do Next?, INSEAD Case 303-093-1

Case Discussion Questions

1. Evaluate easyGroup's corporate scope. Whether and how would the different businesses (airline, car rental, internet cafes) be profitable? To what extent are these businesses leveraging common resources?
2. Should easyGroup enter the Cinema business? If so, how?

PART III: GLOBAL MODULE

Thu Oct 29: Global Strategy—Why Internationalize (Global Class #1)

Reading: Pankaj Ghemawat, “Global Value Creation: The ADDING Value Scorecard”

Study questions:

1. What kind of involvement do you have with the internationalization of the firm in which you work?
2. Why did your firm internationalize? (Even if you weren't involved in the process, think of why certain activities were located where they were around the world.)
3. In hindsight, is there anything your firm should have done differently?
4. If your firm has no international presence, does the ADDING framework suggest reasons it may benefit from going abroad or is it better off staying domestic? Explain your reasoning.

Tue Nov 3: Location Choice—Where to Internationalize (Global Class #2)

Reading: Pankaj Ghemawat, “Distance Still Matters,” Harvard Business Review, Sep. 2001; Summary of AAA (from Canvas)

Case: “Home Essentials: Building a Global Service Business with Local Opportunities.” HBS 9-811-078

(NOTE: Case spreadsheet can be found on Canvas)

Study Questions

1. What was Exline’s rationale for expanding into foreign countries?
2. What types of “distances” are most (and least) impactful for expanding Home Essential’s core furniture rental business to expatriates into new countries?
3. How did Home Essentials change its business model as it expanded into different countries? How did the change(s) impact which ‘distances’ were most relevant?

Download the spreadsheet based on Exhibit 6 from Canvas (Files --> Home Essentials Spreadsheet).

Become familiar with it and bring your laptop/tablet with the spreadsheet to class. Be read to discuss the following:

- A. Do you agree with the criteria that Home Essentials considered when evaluating foreign locations (Exhibit 6)? Which would you emphasize or deemphasize (play around with the “importance” weights in column C of the spreadsheet)?
- B. What other criteria would you add? To get data for the countries considered in the spreadsheet, use the resources listed at the end of this syllabus. (NOTE: You do NOT need spend lots of time on this. Pick 1-3 additional criteria that you believe are relevant and add them to the spreadsheet.)
- C. How well does your analysis fit with the markets Home Essentials entered in the past? Which market(s) should the firm enter next?

Thu Nov 5: Location Choice 2.0—Sequencing and Learning (Global Class #3)

Reading: Mauro F. Guillen & Esteban Garcia-Canal, “The American Model of the Multinational Firm and the ‘New’ Multinationals from Emerging Economies,” Academy of Management Perspectives, May 2009: 23-35

Case: “Haier: Taking a Chinese Company Global.” HBS 9-706-401

Study Questions:

1. What made Haier so successful in China?
2. Can those same factors help Haier succeed internationally?
3. Did Haier make the right decision by globalizing first into developed markets (US, Europe)?

4. Is the “three thirds” strategy reasonable?

Tue Nov 10: Global Networks—How to Internationalize (Global Class #4)

Reading: Summary of Internalization Framework (from Canvas)

Case: Cherrypicks, HBS 9-807-106

Study Questions:

1. Does a partnership between Cherrypicks and SKT to take RBT into Asia-Pacific make sense?
2. Pretend you are part of Cherrypick’s management team:
 - Prepare an “elevator pitch” (2-3 minutes) to convince SKT that this partnership to take RBT to other countries is mutually beneficial.
 - For which countries do you want the rights to RBT? Which telecom operators will you target in each country? How will you brand the service? What other considerations are relevant?
3. Now pretend you are part of SKT’s management team hearing Cherrypick’s pitch:
 - What questions and concerns do you have? Why not ‘go it alone’ and take RBT to other countries by yourself?
 - Which countries are you willing to “give” to Cherrypicks? Which telecom operators should they target in each country? How will you brand the service? What other considerations are relevant?

Thu Nov 12: Location Choice 2.0—Where to Start Your New Venture (Global Class #5)

Reading: Isenberg, Daniel, “How to Start an Entrepreneurial Revolution,” Harvard Business Review

Case: Start-Up Chile, HBS 9-812-158

Study Questions:

1. Why does it matter where you establish headquarters? If you were starting a firm in the industry in which you worked before your MBA, where would you do it? What are the top 3-4 things you would be looking for in that place?
2. Keep your hypothetical startup in mind. How does Chile measure up to the ideal location? Go to startupchile.org and get to know one of the companies in the program a little. Is Chile a good location for this firm (consider the business model and industry)?
3. Now take the perspective of one of the managers of Start-Up Chile. What aspects of the design of the program would you keep? Which would you change to make Chile a successful, self-sustaining location of choice for new firms?

Fri Nov 13 (OPTIONAL BUT STRONGLY ENCOURAGED): Panel on “The expansion of technology firms to Latin America” during the Wharton Latin America Conference (moderated by Professor Hernandez). The panel will include Amazon’s Mexico Country Director ([Juan Carlos Garcia](#)) and Uber’s Head of Expansion for the Americas ([Megan Zoback](#)), among others. For those interested in the global expansion of startups, technology firms, and global strategy in general this will be a fascinating event. Feel free to spread the word!

Sun Nov 15: Global Strategy Memo Due at 11:59 pm, via Canvas

Tue Nov 17: Social Responsibility & The Bottom of the Pyramid (Global Class #6)

Reading: Summary of Institutional Voids (from Canvas)
Case: Mobile Banking for the Unbanked, HBS 9-511-049

Study Questions:

1. Which was the better business model: the third-party-led (WIZZIT) or the MNO-led (M-PESA) model? Why?
2. What country-specific factors influenced the performance of WIZZIT in South Africa and M-PESA in Kenya? (Consider infrastructure, institutions, population, regulations, etc. Use information from the case but also seek out other relevant data.)
3. Both WIZZIT and M-PESA expanded to Tanzania.. Which do you think will be more successful in that country? (Use information given in the case and gather some other information or data of your own to justify your answer.)

Thu Nov 19: Stakeholder Management in Foreign Markets (Global Class #7)

Reading: Managing government relations for the future: McKinsey Global Survey results ([click here](#))
Reading: Uber's Legal Woes in Foreign Markets (from Canvas)

Study Questions:

1. What are Uber's main legal challenges in various foreign markets?
2. If you were CEO Travis Kalanick, what are the top 2-3 things you would do in response to these challenges?

No class Nov 24 and Nov 26

Tue Dec 1: Team project presentations

Thu Dec 3: Team project presentations

Wed Dec 9: Team Project Final Paper due

Term Team Project

The project should be worked on in a team of six students. Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual and group performance, improving organizational processes, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands.

This assignment requires you to prepare a **report** (25 pages in length) and a **presentation** summarizing its main themes and findings. For both, you should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time. To ensure that the project meets the course objectives, each project team would submit a brief project **proposal** (through Canvas) that will include the name of the company, the industry that the company is in and the course topics that will be covered in the project..

The choice about the relative weight to put on different issues, theories and concepts in explaining the firm's activities and its performance is yours. In evaluating your paper, we will look to see whether the theories/concepts you use are described accurately (i.e. substantively correct), applied appropriately (i.e. fit the context you describe), and most relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation). In choosing a focal firm, remember that you may not choose a firm highlighted in the cases from the course; and that the firm must, to some degree, be global, i.e. involved in cross-border activities (not only serving a domestic market).

Here are some tips based on our collective experience with this course assignment. Each instructor will offer additional guidance vis-à-vis specific expectations and recommendations.

- Don't forget that this is an exercise that must be graded. It is easy to get carried away with an interesting story and forget that this is also a way to test your knowledge of and ability to apply the course material.
- The paper must cover material from all three modules of class, including concepts/frameworks from each module. However, not all modules need to receive equal coverage. Your decision of what to emphasize will depend on the issues most salient and interesting for your company. Remember to mention course concepts specifically, so we don't have to read your mind to figure out what concepts you are applying to your case. Drawing explicit links between the concepts you identify and the case material is the key. Don't just drop in the names of a few theories or concepts into the midst of a description. Show how they apply.
- Do not expect the reader to "crunch the numbers" that you display in your exhibits to see what is really happening; this is the difference between a case and a paper: you have to provide the data *and* the analysis.
- When facing a choice as to whether to narrow your paper to a more focused topic, recognize the benefits of this strategy in terms of richness, thoroughness and completeness but balance these benefits against the costs of reduced data availability and difficulty in legitimately speaking to all three elements of the course. Choose the narrowest possible topic that offers sufficient data and allows you to describe and integrate a discussion on corporate strategy, human and social capital and global

strategy.

- It may be useful (though it is not required) to
 - Develop a comparative angle in the paper, i.e. compare your firm to another firm in the same country or your firm's operations in the focal country to those in another country. Doing so, however, enhances the risk of spreading yourself too thin so be cognizant of this risk if you choose this approach.
 - Compare and contrast how two or more different theories or frameworks can be applied to the same case. Be sure you make it clear to us why you chose those theories and which you felt provided more insight.

PLEASE NOTE THAT ANY QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN FORMAL CHARGES OF PLAGIARISM TO THE OFFICE OF STUDENT CONDUCT. IF YOU HAVE ANY QUESTIONS ON POLICY, SEE http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 25 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid a last minute crunch. This is feasible because some corporate and national material is readily available and each class session will introduce new concepts that are potentially applicable. You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions.

You may want to explore and draw from the following sources of information (this is a partial list, to which we will be adding other suggested resources). An updated list of the available sources is available at <http://guides.library.upenn.edu/mgmt612>.