

MGMT 612: MANAGING THE EMERGING ENTERPRISESpring 2019

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 and social 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. On January 22, the course begins with a session 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 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 an emerging enterprise, though understanding likely strategic interactions with established firms will also be an important theme.

The second part of the course provides a framework for analyzing the issues associated with managing human and social capital in the emerging enterprise, including topics such as motivating employees, managing performance, finding and retaining talented people, designing jobs, improving organizational processes, designing a new organization to fulfill a founder's "blueprint", and the link between management practices 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. The course also provides concepts for analyzing how managerial approaches may vary in different organizational and industry settings. Based on these analyses, we will discuss how to develop and implement practices, policies, and systems that achieve competitive advantage through the management of people. In taking the point of view of an emerging enterprise, we will consider start-up firms, not-for-profits, professional partnerships, family businesses, as well as the early history of some now well-established companies. In addition, we will draw upon **your** work experiences in such settings to understand these issues.

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.

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 study questions provided on Canvas beforehand. 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. A high quality comment may make an insightful point, make a connection among points that others have made, raise an issue or perspective that hasn't yet been considered, or challenge a point that is not being examined closely because it is either assumed or accepted as apparent consensus.

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, smartphone and/or other communication devices; and 2) no laptops or tablets open during class.

Our attendance policy is to be relatively tolerant of a small number of **excused** absences but to assign **penalties for unexcused absences** that rise in proportion to their quantity. This semester-long course has three modules, each of which is six to eight sessions long. Being absent for two sessions of a module, for example, means missing 25-33% of the content of that module. There is no quota of "allowed" absences.

TEXT AND READINGS

Course readings and cases can be found on Study.Net, which can be accessed from the Canvas course website. After you purchase the coursepack, you can also order a printed copy from Wharton Reprographics.

The readings listed on the course outline below should be read and prepared before that class session.

GRADED ASSIGNMENTS – DUE DATES

Strategy quizzes: Each of the days of class (except for the wrap-up session) for the Strategy Module will include a short multiple-choice or true/false quiz to be administered during the last 5 minutes of class.

Proposal of focal firm for team project (1 page): **Sunday February 24 11:59pm** (submit on Canvas)

Human and Social Capital paper: **Sunday March 31** by 11:59pm (submit on Canvas)

Global Strategy tests: Each of the days of class for the Multinational Management Module will include a short multiple-choice test to be administered during the last 5 minutes of class.

Final paper presentation: **Tuesday April 17 and Thursday April 19**

Final paper: **Friday, April 27** by 5pm (submit on Canvas)

GRADING

Your grade will be based on Strategy quizzes (12.5%), a Human and Social Capital paper (12.5%), Global Strategy tests (12.5%), class participation (27.5%), team project presentation (7.5%) and final team paper (27.5%).

FACULTY LUNCHES

We have scheduled a number of informal lunches with the course faculty. These are totally optional. You may sign up for lunch on the Canvas page for your section.

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
- No laptops or tablets open during class

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.

	Materials							People				
MGMT 612 Managing the Emerging Enterprise	Approved calculator	Laptop / other electronics	Summary sheet	Current book / 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	n/a			A			A	W	W	W		
Team Assignments	n/a			A			A	W				
Individual Assignments	n/a			A			A					
	A = Allowed material Shaded Cell = Not allowed n/a = Not applicable							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
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. Should you have questions, please contact your ethics liaison or professor.												

GRADED ASSIGNMENTS

Strategy Section:

There will be a multiple-choice (or true/false) quiz administered during the last 5 minutes of class on each day of class for this section. The questions will be based on the concepts discussed during that day of class, which will also be explained in the readings for that day of class. Students must be present in order to take the test. Unjustified absences mean that no credit will be given for the test. (The University of Pennsylvania counts as justified absences those due to health, religious holidays, or family emergencies.) If you anticipate a justified absence, please email Professor David Hsu. Students who have been granted extra time for all assignments and exams by the Wharton School should contact the Professor before the Strategy Section starts.

Human & Social Capital Section:

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 H&SC Sessions 1-7 in which we cover such topics as motivation, job design, reward systems, recruitment and selection, organizational blueprint, and the interface between management decisions and strategy. Certain readings focus on specific theories (e.g. expectancy or equity theory) that provide a full 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). **This is an individual assignment.**

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 a **minimum of three theories/concepts and a maximum of five theories/concepts** from the human and social capital sessions 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.

- **In a relative comparison (which is how we evaluate these papers), applying more theories is better than applying fewer theories.** There are, however, two caveats: you need enough rich descriptive material about your job so we can understand it, and you need to cover each theory thoroughly enough that we are sure you know how to apply it. We will not give much, if any, credit if theories/concepts are covered so superficially that your knowledge cannot be convincingly displayed.
- **Choosing to apply fewer than five theories does establish a cap on how many points you can receive, since we give extra points for the 4th and 5th theories. However applying those extra theories does not guarantee that you earn those extra points and you could also lose points from not covering the first three theories effectively.**
- 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 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. **This paper is due on Sunday, March 31, by 11:59 pm, on Canvas.**

Global Strategy Section:

There will be a multiple-choice test administered during the last 5 minutes of class on each day of class for this section. The questions will be based on the concepts discussed during that day of class, which will also be explained in the readings for that day of class. Students must be present in order to take the test. Unjustified absences mean that no credit will be given for the test. (The University of Pennsylvania counts as justified absences those due to health, religious holidays, or family emergencies.) If you anticipate a justified absence, please email Professor Mauro Guillén. Students who have been granted extra time for all assignments and exams by the Wharton School should contact the Professor before the Global Strategy Section starts.

Team Project (Presentation and Final Paper): Analysis of a Focal Firm

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a focal firm, vis-à-vis the firm's employment practices and HR system, its corporate strategy, and its (possible) global strategy. 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, judo and entry strategies, the boundaries of the firm; such human and social capital topics as motivation, job design, reward systems, recruiting and selection, organizational blueprint, improving organizational processes, and links between the HR system and business strategy; and global strategy topics such as why (or why not) the firm should internationalize, to which location(s), by what entry mode (e.g. alliance, acquisition, greenfield), and other relevant considerations (e.g. the role of networks, entrepreneurial ecosystems, etc.). 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.

In full sections, each team will have 6 members; smaller sections may have smaller teams. We will assign teams on Canvas, as our experience suggests students appreciate the opportunity to work with new people. Team assignments will be made once class membership has stabilized. As the first step, your team should prepare a one page proposal that describes the company you are planning to study, what aspects your analysis will focus on, and how you plan to gather data; **this should be submitted on Sunday February 24th by 11:59 pm on Canvas.** After spring break, you will have the opportunity to meet with one of the faculty team or a teaching assistant to discuss

your progress. We will also post a FAQ mid-semester to provide further guidance on the team paper and presentation.

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.** In addressing the firm's global strategy, if the firm does not have cross-border activities to date, we ask that your team assess the attractiveness of a global strategy together with your prescribed expansion path.

Note that we have created an "off-limits" list for focal firms this year. Each year, certain firms are popular choices, selected by multiple student teams. To maximize the range and variety of firms analyzed for this assignment (and to avoid repetition in team presentations for students and faculty alike), we establish an "off-limits" list each time the course is taught. Typically the list is based on firms that were chosen by two or more teams in previous years. For this year's course, the "off-limits" list includes: **AirBnb, Bonobos, Chipotle, FitBit, GoPro, Lending Club, Linked In, Lululemon, Shake Shack, Snap, Spotify, Square, Tesla, Tough Mudder, Uber, and Yelp.**

Please consider the following suggested sections to include in your report (NOTE: You are not required or expected to cover all of these questions in your paper—they are given just as a means to get your team thinking of possible issues to cover. In fact, trying to cover all these issues in one paper is not a good idea.):

- 1) Short history/overview of the focal firm, its strategy, and its management practices, including the influence of its home country's political, economic and social institutions;
- 2) Short history / overview of the economic, political, legal or social context in the focal country and the focal firm's perceptions of their likely evolution over time, as it pertains to the evolution of the focal firm's strategy and management practices;
- 3) Industry analysis, both (potentially) globally and in the focal national market;
- 4) Management challenges, including (but not limited to) organizational design, structure, and processes; culture, i.e., how the firm's culture deals with differences in national culture that affect its activities; and HR practices related to rewards, skills/talent, hiring and retention, job design, supervision and performance appraisal;
- 5) (Prospective or actual) global strategy (e.g. ADDING framework) of the firm in the focal market, including mode and sequence of entry;
- 6) Impact of different national laws, policies, institutions, and norms on the focal firm when (or if) it operates in different counties (i.e. CAGE framework);
- 7) What is the nature of the competitive forces within the industry currently and how are these dynamics likely to change in the near and medium term?
- 8) How is this firm positioned with respect to its industry competitors? Note that this analysis should include both external (i.e. execution of the strategy vis-à-vis customers) and internal (i.e. organizational practices that develop capabilities underlying the strategy) activities. Do these activities reinforce each other, per the concept of an activity system?
- 9) If relevant, how does the focal country or location position itself to attract firms and investment, from within and outside national borders? Why did the focal firm choose to locate in this particular place (if the firm is a startup, why are its headquarters in that location)? What location choices are competitors making?

10) Overall assessment of this firm's competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.

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. **The team paper is due on Friday April 26 by 5pm (posted on Canvas).**

You will also do a presentation to the faculty and your classmates of your report's primary themes and conclusions. **Presentations are scheduled for the final two class sessions of the semester: Tu April 23 and Th April 25.**

As noted above, the presentation will count for 7.5% of your course grade; the paper is worth 27.5%. In addition to providing an opportunity to present ideas before a group of peers, the presentations will also allow you to share the learning from your project. We will assign team presentation slots on a random basis. Each slot will be comprised of two components: the actual presentation (the same length for all teams in all sections, likely around 9-10 minutes) and Q&A (length adjusted depending on the number of teams in the section) where team members field questions from your fellow students. (Note that we will rely on students to step up and ask questions rather than posing queries ourselves. Indeed, we will assess your involvement in the Q&A as part of your participation grade.) With only 9-10 minutes for your presentation, you will have to be very selective in what you present. How you distribute the presentation time is up to you; there is no need to give everyone "air time". For the Q&A, it is best to have team members who have not presented step forward to field the questions. Of course, some questions relate to the specific research done by one team member, so this isn't an absolute rule. The idea is to get the whole team involved as much as possible. We tend to lower the grade when presentations plus Q&A (combined) are dominated by 1-2 people.

Remember that the in-class presentation is primarily for your classmates. Think of what about your team project has been most intriguing for you and would be most interesting for them. Tell them what key events or crucial decisions or important periods of growth and development you chose to analyze (emphasizing the "founding conditions" where appropriate), what course concepts you applied, and what future-looking recommendations (grounded in your analysis) you can offer. If you have any confidentiality concerns, just leave out anything that would be problematic. We recommend a slide-based presentation (e.g. Powerpoint or similar application) to communicate the most important material from your project. During the presentations, the faculty will take notes and use them in order to evaluate the clarity, insight, creativity and timeliness of what your team communicated in the presentation. We will also keep track of the questions asked by students, and team member responses, during the Q&A; as noted, these will be included when we calculate the individual participation grade.

IN YOUR PAPER, 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

You should plan to explore a wide variety of sources of information. You will be able to access a large set of suggested resources through a dedicated portal for this course established by Penn's Lippincott Library; the link is: <http://guides.library.upenn.edu/mgmt612>. You'll also find contact information there for Marcella Barnhart, the assigned Business Research Librarian. Let us know if you have any questions about the portal or any difficulties using the resources available there.

COURSE OUTLINE

Tues Jan. 22 **Class 1: Course Introduction, Meet the Teaching Team**

Reading: M. Chu, "Play It Safe at Home, or Take A Risk Abroad?" *Harvard Business Review*, January-February 2012.

PART I: STRATEGY MODULE

Thurs Jan. 24 **Class 2: Industry Positioning & Competitiveness (Strategy Class #1)**

M.E. Porter. 2008. "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*, January, pp. 79-93.

Case: Andreessen Horowitz (HBS Case 9-814-060)

Study questions: How is the 5 Forces framework valuable in light of the successful entry of Andreessen Horowitz in the venture capital industry?

Tues Jan. 29 **Class 3: Judo Strategy (Strategy Class #2)**

D. Yoffie and M. Kwak. 2002. "Mastering Balance: How to Meet and Beat a Stronger Opponent." *California Management Review*, Winter, pp. 8-24.

Case: Judo in Action (HBS Case 9-703-454).

Study questions: Using judo strategy, how can new ventures compete against established firms, which have both more resources and an established reputation? What allowed Redbull to successfully enter the market while Freeserve was less successful in entering the market?

Thurs Jan. 31 **Class 4: Value Chain Strategy (Strategy Class #3)**

P. Milgrom and J. Roberts. 1992. Economics, Organization, and Management, pp. 28-33.

Case: FreshTec: Revolutionizing Fresh Produce (HBS Case 9-511-059)

Study questions: As FreshTec, what is your preferred entry strategy? Why? To what extent does your analysis of transaction costs factor into your preferred entry strategy?

Tues Feb. 5

Class 5: Disruption Strategy (Strategy Class #4)

C.M. Christensen, M.E. Raynor, R. McDonald. "What is Disruptive Innovation?" *Harvard Business Review*, R1512B-PDF-ENG, December 2015.

Study questions: We will consider both the incumbent's viewpoint, and especially the entrant's perspective on disruption. What might be the major entrepreneurial issues associated with adopting a disruption strategy?

Note: We will have a team-based exercise in class; no prior preparation is required.

Thurs Feb. 7

Class 6: Blue Ocean Strategy (Strategy Class #5)

W.C. Kim and R. Mauborgne. 2005. "Blue Ocean Strategy: From Theory to Practice," *California Management Review*, Spring, Vol. 47, No. 3: 105-121.

M.E. Porter. 1996. "What is Strategy?" *Harvard Business Review* (November-December): 61-78.

Study questions: How do the two articles relate to each other? According to each article, what is at the core of strategy?

Tues Feb. 12

Class 7: Corporate Scope & Expansion Strategy (Strategy Class #6)

P. Ghemawat and J. Rivkin. 2010. "Choosing Corporate Scope," *Strategy and the Business Landscape* (3rd ed.), Ch. 6, pp. 123 - 141.

Optional:

"Blitzscaling: An Interview with Reid Hoffman," *Harvard Business Review*, April 2016.

D. Hsu. 2018. "Entrepreneurial Scaling Strategy: Managerial and Policy Considerations," Wharton School paper.

Study questions: What are the key managerial considerations in choosing venture scope and direction of expansion generally? What are the more specific considerations for horizontal expansion (diversifying across industry verticals)?

Note: We will discuss applied cases in class; no prior preparation is required.

Thurs Feb. 14

Class 8: Entrepreneurial Strategy Module Wrap-Up (Strategy Class #7)

A. Wu and D. Hsu. "Pressed Juicery," Wharton School case.

Study questions: Assess Pressed Juicery's entry strategy and relate it to its scaling strategy.

Note: please bring your computing devices to class today; I will reserve the last 5 minutes for your module feedback.

PART II: HUMAN & SOCIAL CAPITAL MODULE

Tues Feb. 19 Class 9: Motivating Individual Performance (HSC Class #1)

We start with the central topic of motivation, introducing multiple behavioral theories (e.g. needs, goal-setting, expectancy, cognitive evaluation) and applying them to the case.

1. What motivates Teena Lerner, during her early career and in founding the hedge fund Rx Capital?
2. What did Lerner want to establish at Rx Capital, in terms of strategy, organizational culture, and motivating employees?
3. Is the compensation system at Rx Capital well-aligned with the firm's strategy? With the goals Lerner wants to set for employees? With the organizational culture and other management policies?
4. What compensation decisions should Lerner make for the upcoming year? What about the underperforming employee? Could her current situation have been avoided and, if so, how?

Stephen P. Robbins and Timothy A. Judge, excerpts from "Motivation" (needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 192-198, 208-210.

Case: Teena Lerner: Dividing the Pie at Rx Capital

Thurs Feb. 21 Class 10: Designing Reward Systems (HSC Class #2)

We will discuss reward systems in the context of Netflix and its distinctive culture and management practices. Start with their Powerpoint presentation "Reference Guide on our Freedom and Responsibility Culture". Skim the whole thing (many text slides but a quick read), noting in particular the sections "Pay Top of Market" and "Promotion and Development", slides 92-117. Articles on equity theory and "Rewarding A While Hoping for B" will provide perspective on the difficult balance in reward system design between incentive and equity concerns.

1. How well does the Netflix approach to compensation and promotions succeed at meeting "strong incentive" and "equity/fairness" criteria?
2. In what ways does the reward system at Netflix fit with, and help achieve, the firm's strategy?
3. What might be vulnerabilities or problems that could arise from the Netflix approach to reward systems? From its overall approach to culture?

4. Would you want to work at Netflix? Why or why not?

Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior*, 12th edition, pp. 203-207.

Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*, Vol. 18, pp. 769-83.

Netflix Freedom and Responsibility Culture (company document)

Sun February 24 **ONE-PAGE PROPOSAL OF FOCAL FIRM FOR TEAM PROJECT DUE
(submit on Canvas by 11:59pm)**

Tues Feb. 26 **Class 11: Designing Jobs (HSC Class #3)**

Readings: Talya Bauer, Berrin Erdogan (2013) "Motivating Employees Through Job Design". Section 6.2 in *Organizational Behavior*, Flat World Publishing

- Please fill out the Job Diagnostic Survey (available on Canvas) for the first job that you held after graduating from college. Bring the results to class.
- Consider the worst job you've ever had, or perhaps a job in your most recent workplace that seemed particularly dissatisfying and dispiriting. Apply the "Job Characteristics Model" (Hackman and Oldham's framework, covered in Bauer et al) to the job. What would you change? Are such changes feasible? If not, why not? If so, why haven't such changes been implemented to date?
- Then think about the best job you've ever had. Can you identify the dimensions from Hackman and Oldham's framework that provided motivation in that job?

Thurs Feb 28 **Class 12: Recruiting and Selecting Employees (HSC Class #4)**

Recruiting, selecting, and retaining employees who have the right mix of motivation, talent/skill, capacity for career development, and fit to the culture is crucial for organizational effectiveness. Researchers have identified strategies likely to yield fair, valid, and effective hiring decisions. We review these strategies and discuss reasons why many companies do not put them into place. We then explore the Attraction-Selection-Attrition (ASA) cycle and the implications for organizational culture and performance. The SG Cowen case provides an opportunity to analyze one company's recruiting and selection practices and to "select" two applicants to hire.

1. Who would you hire and why?
2. How will the change in recruiting strategy proposed by Chip Rae affect SG Cowen and its culture?

3. What recommendations would you make to Chip Rae to improve SG Cowen's recruiting in the future?

Benjamin Schneider, "The People Make the Place," *Personnel Psychology*, Vol. 40, pp. 437-53.

Optional: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", Human Resource Management, Vol. 43.

Case: SG Cowen: New Recruits

******* Sat. March 2 – Sun. March 10: SPRING BREAK*******

**Tues March 12
and Thurs March 14**

NO CLASS – QUARTER THREE EXAMS

Tues March 19

Class 13: Organizational Blueprints: Impact of the Founder's Vision on Organizational Design and Culture (HSC Class #5)

We will discuss organizational culture and how it emerges as a new organization solves early challenges to its survival, both external (vis-à-vis customers and competitors) and internal (i.e. how successfully employees are organized and motivated). We will then discuss the enormous impact that the founder has on a start-up organization, i.e. the founder's "blueprint" -- the idea/vision (conscious or unconscious) of what kind of organization he/she wants to build, including values, culture, and management practices.

We will discuss these issues, as well as motivation, alignment of interests, and the organization of work, in the Automated Travel Systems case:

1. What are the most urgent problems facing Andy Boyland?
2. What "blueprint" best describes ATS? How does that affect what management actions you think Andy Boyland should take?
3. How should Andy deal with the problem of teams "holding up" ATS to get their demands met?
4. What about the founder (Seth Perelman) and his imprint on ATS?

James Baron and Michael Hannen, "Organizational Blueprints for Success in High-Tech Start-ups"

Case: Automated Travel Systems

Thurs March 21

Class 14: Improving Organizational Processes (HSC Class #6)

Successful strategies don't only involve "innovations". Even new/emerging organizations can pursue competitive advantage through strategies based on achieving operational excellence on multiple performance metrics, e.g. cost, quality, speed, responsiveness, customization, or by combining an innovation with operational excellence. Mastering processes of improving organizational performance while pursuing such strategies can be a powerful contributor to overall competitive effectiveness.

For this session, I will first cover key ideas, principles, and management practices from "lean production", aka Toyota Production System (TPS), based on my research in the auto industry. We will then consider the application of this approach to organizational process improvement in other settings – including start-ups.

The first reading provides the mini-case example of NUMMI (GM-Toyota JV) – a rare industrial experiment that conveys powerful lessons not just about the transplantation of TPS to the U.S. but also about culture and organizational change. Excerpts from *The Lean Start-up* show how to apply the principles of lean production/TPS to the management of innovation at a new entrepreneurial firm.

John Shook, "How to Change a Culture: Lessons from NUMMI"

Eric Ries, excerpts from Intro, "Batch" (Ch. 9) and "Adapt" (Ch. 11) from *The Lean Startup*

Tues March 26

Class 15: Aligning People and Business Strategy (HSC Class #7)

***** Team report from People Express simulation exercise due at beginning of class *** [This is a computer simulation for your learning team to do. Please schedule 60 minutes in the week prior to this class to do it together. Instructions for the web-based exercise will be provided in class.]**

We will wrap up the H&SC module with this capstone session. We will review Pfeffer's reading on the 7 key elements of high-performance work system and discuss why there is no magic to his (or any) list of "best practices" but rather the importance of choosing "bundles" of practices that are internally consistent and well-aligned with business strategy.

Our case is Southwest Airlines, focusing first on its early years and founding imprint; then on its distinctive culture and management practices; and on the challenges facing Southwest currently given that its long-time strategy and business model no longer provides as much competitive advantage as in the past. The People Express simulation gives another way to look at the challenges of managing a rapidly growing airline, with attention to both "managing people" and operations issues.

1. What is Southwest's strategy? How would it answer the question, "What business are we in?"
2. Why has it been successful for so long? 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. What would cause Southwest to fail?

Jeffrey Pfeffer, "Producing Sustainable Competitive Advantage Through the Effective Management of People"

Case: Southwest Airlines: Using Human Resources for Competitive Advantage

Sunday March 31 HUMAN & SOCIAL CAPITAL PAPER DUE ON CANVAS BY 11:59PM

PART III: GLOBAL MODULE

Thu March 28 Class 16: Global Market Trends (Global Class #1)

Readings: "The Future of Global Consumer Markets," Wharton Magazine (Fall 2016).

David Rotman, "How Technology is Destroying Jobs." *MIT Technology Review* (June 2013).

Executive Office of the President, *Artificial Intelligence, Automation, and the Economy* (December 2016).

Discussion Questions:

1. How are shifting demographics changing global consumer markets?
2. Which areas of technology might develop faster to cater to the needs of the 60+-year-old segment?
3. Which areas of technology might develop faster to cater to the needs of urban consumers?

Tue April 2 Class 17: Global Industry Dynamics (Global Class #2)

Readings: SNL Kagan, Economics of Global Music 2017. IFPI, Global Music Report 2018.

Discussion Questions:

1. Is the music streaming industry a commodity business?
2. What are the ways in which companies can differentiate themselves?
3. In your view, who has a better chance of dominating this business, Spotify or Apple?

Thu April 4 **Class 18: Prioritizing Markets (Global Class #3)**

Case: "Tinder: From Swiping Right to Scaling Up." Columbia Business School, Case 170408 (2017).

Reading: Tinder Supplemental Readings (a compilation of recent articles with data).

Case discussion questions:

1. As a dating app, in which parts of the world does it have greater growth potential?
2. How can Tinder win over local competitors? Is localization essential to Tinder's success?
3. As a "lifestyle" app, what should be Tinder's diversification strategy?

Tue April 9 **Class 19: Managing in the Global Sharing Economy (Global Class #4)**

Reading: Jonathan A. Knee, "All Platforms Are Not Equal." *Sloan Management Review* (September 15, 2017).

Case: "Airbnb: Disrupting the Hotel Industry." IE Business School case 317-0270-1.

Discussion Questions:

1. Which demographics like to host and which like to rent on Airbnb?
2. Are Airbnb's network effects local, national, regional or global?
3. Which countries in the world do you see as big growth opportunities for Airbnb?
4. Should Airbnb diversify more broadly into travel services?

Thu April 11 **Class 20: Managing Regulatory and Political Risk (Global Class #5)**

Readings: "Uber's Brilliant Strategy to Make Itself Too Big to Ban." *Wired* (July 8, 2014)
WEHU, "Why Everyone Hates Uber."

Cases: "Uber's Challenges in Foreign Markets (A)." The Wharton School (2015)
"Uber's Challenges in Foreign Markets (B)." The Wharton School (2015).

Discussion Questions:

1. What were the advantages and disadvantages of Uber's initial strategy concerning regulation?

2. How would you justify Uber's confrontational approach?
3. Is there anything structural about Uber's business that made the company more willing than Airbnb to adopt a confrontational approach to regulators in local markets?

Tue April 16 Class 21: Managing in Africa (Global Class #6)

Case: "Frabho: The Cassavapreneur." Lagos Business School Case 817-0046-1

Discussion Questions:

1. Why is the development of small farming in Africa so important?
2. Challenges faced by small farmers: low yields, lack of seeds, fertilizers, processing, transportation
3. How does cassava farming help overcome those challenges?

Thu, April 18 Class 22: Managing New Technology (Global Class #7)

Case: "Coursera in India." Amity Bangalore 916-0032-1

Readings: Coursera Supplemental readings (a compilation of recent articles).

Discussion Questions:

1. What are the main drivers in the individual online learning space?
2. And in the corporate online learning space?
3. What should Coursera do in Africa if it wanted to capitalize on its demographics?

Tues April 23 Class 23: Team Presentations (first day)

Thurs April 25 Class 24: Team Presentations (second day)

Fri April 26 Team paper due by 5pm (posted on Canvas)