

# *Syllabus*

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OIDD 6360

## **Scaling Operations: Linking Strategy and Execution**

### **Instructor**

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### **Course Overview**

The course is designed for students who plan to join rapidly growing ventures, who are preparing to scale their own ventures, or who plan to evaluate such ventures through the lens of investors or consultants.

THE GOAL OF THIS COURSE is to make strategic scaling decisions that are grounded in operational reality. The course adopts the perspective of the CEO and functional leaders in growing ventures and organizations and explores issues that leaders and managers encounter after a firm achieves product-market fit.

We will approach the challenge of scaling by taking a holistic view that incorporates competitive strategy, financial evaluation, and the customer experience. We focus on decisions and challenges that many firms that try to scale their operations face with the focus on assessing the readiness of the firm to scale, and the required steps to scale. In particular, we will discuss whether the firm needs to reformulate its strategy; whether the firm should build competencies in-house (for example, by investing in a portfolio of assets) or buy them (for example by developing and implementing a network strategy working with external suppliers) and the risks associated with scaling these. We will also discuss the organizational implications of scaling, focusing on designing the organizational structure and culture for growth, all while managing the challenges within and across the product, engineering, sales, marketing and sales functions.

### **Prerequisites**

There are no formal pre-requisites to the class.

## **Course Materials**

All course materials are either downloadable from Canvas or will be delivered over ForClass. ForClass is a platform that allows you to read cases and submit responses to basic questions that then will be used to enhance the discussion in the class.

## **Course Requirements and Grading**

Course grades will be based on class participation (20%), Group case write-ups (10%), Individual case (10%) and a final term paper (30%) and Take-home exam (30%)

### **Class Participation**

One half of this grade will reflect basic measures of participation. On-time attendance is mandatory. You are expected to do the pre-assigned readings and to be prepared to discuss the readings in class. Note that since we on every day the class meets we have several sessions, you will need to prepare multiple reading for each day.

The other half reflects my qualitative judgment concerning your effective contribution to class discussions and dynamics. You should be attentive to the class discussion. Your comments should respond to and “push forward” what is happening in class.

### **Case Write-Ups**

There is one case write-ups (Peapod), which should be done in groups of 4 or 5, and one individual mini case, Network Fleet.

For each case, I will post on ForClass a set of questions to be answered. Your group may answer the questions one at a time. While there is no need to write up the case as a memo, your answers to case questions should be crisp and complete. I will judge your answers based on the depth, clarity, and care with which you present them.

### **Take-Home Midterm (Individual)**

The midterm exam is going to be a take-home exam and is going to focus on the quantitative part of the course. It will have the format of a case study, requiring you to build a model to evaluate the readiness of the firm to scale, and suggest a scaling plan. You will need to build a financial-operational model to understand the viability of the plan. You will have around a week to work on it.

### **Term Paper/ Project (Group)**

The goal of the project is to use the tools and concepts we discussed in class to better understand firms' attempt to scale or ability to scale.

Steps:

1. Pick a firm that you can collect some data about from financial statements, as well as other sources (all public and private sources are legitimate).
2. **Scalable?** Discuss whether the model has demonstrated scalability and how it is reflected in the KPI's.
3. **Efficient? Aligned?** Identify the main operational and marketing metrics required to assess its scaling over time.
4. **Constrained?** Identify possible scalability constraints and risks and discuss how the firm can potentially mitigate them.
5. **Leadership?** To the extent you can, comment on the culture of the firm, its organizational structure, and its leadership
6. Based on your strategic and financial analysis, is the firm ready to further scale. Create a short memo, up to 8 pages, outlining your analysis.

There will be several milestones for the analysis:

- TBD: Steps 1 -2
- TBD: Steps 3-4
- TBD: Step 5-6

Feedback will be given at every stage, but only the final paper is going to be graded.

## Class Outline

Below is a summary listing of class topics and the assignment due in each class.

Session	Topic	Due
<b>Introduction</b>		
1	<b>What</b> is scaling: Introduction	
2	SCALE: Framework for Scaling	
<b>Scalable?</b>		
3	<b>Why</b> firms scale	
<b>Aligned?</b>		
4	Product Market Fit	
5	Where to Scale: Scale vs Position	Kitopi (Read and Prep)
<b>Efficient?</b>		
6	Efficiency: Identifying Scaling Metrics	
7	<b>When</b> to scale?	Peapod Case (Group)
8	Scaling Metrics	
<b>Review Session (online)</b>		
<b>Constrained?</b>		
9	<b>Modelling and Managing Cash</b>	ReffP (Read and Prep)
10	<b>What</b> pace to scale?	
11	<b>How</b> to Scale: Assets and Risks	Network Fleet Case (Individual)
12	<b>How</b> to Scale Assets: Hedging	
<b>Review Session</b>		



14	Speaker	
15	Platforms: Resourceless Scaling	
16	<b>How</b> to scale: Social Networks	Friendster (Read and Prep)
17	<b>Scaling</b> Two-Sided Networks	Catalant (Read and Prep)
18	Speaker	
19	Introduction to People and Processes: The Challenges	CloudFlare(Read and Prep)
20	<b>How</b> to scale: Structure and Processes (early stage)	
21	Scaling Culture (in a growing organization)	
22	<b>How</b> to scale: People and organizations (Mature)	Pal's (Read and Prep)
<b>Leadership?</b>		
23	Decentralized vs. Centralized Processes	Careem (Read and Prep)
24	The role of the founder and Wrap Up	

## Detailed Description

Below is a summary listing of class topics and the due dates for case write-ups. To prepare for a given session, you should go to Canvas and follow the appropriate link for instructions for the given class.

### I. Introduction:

Session 1: **What is Scaling: Introduction**

Objectives:

- (i) Why is the course relevant today?
- (ii) What is scaling (and how is it different than growth)?
- (iii) What are the main challenges and risks firms face as they scale

Session 2: **SCALE framework**

Objectives:

- (i) Introduce the main framework for the course.

### II. Scalable?

Session 3: **Why firms scale?**

Objectives:

- (i) Understand that (rapid) growth should not be the goal of every firm
- (ii) Explore the main business model drivers that encourage (rapid) growth and how they are related to the notion of scaling
- (iii) Introduce the main framework to test for readiness to scale?

### III. Aligned?

#### Session 4: [Product Market Fit](#)

##### Objectives:

- (i) Understand the idea of Product Market Fit as condition for scaling
- (ii) Understand the key questions of “alignment”: ability to differentiate, ability to continue and deliver value and ability to scale.

#### Session 5: [Where to Scale: Scale vs Position](#)

##### Objectives:

- (i) Understand the operational implications of Product Market Fit (or lack thereof)
- (ii) Understand when a firm should scale beyond its core.
- (iii) Reflect on how digitization of the value chain creates opportunities for new entrants to create and capture value in new ways at different points in the value chain.
- (iv) Understand complex stakeholder interactions and interests when making strategic scaling decisions.

Prepare: Read the Kitopi case on ForClass and submit your responses on the platform. This should be done individually.



## IV. Efficient?

Session 6: **When to scale:**

Objectives:

- (i) Discuss the notion of “Efficiency” and explore the financial and consumer related aspects of it.
- (ii) Develop a framework tying operational and marketing data together with personal estimates and projections of key resources and process to assess the readiness of the firm to scale.
- (iii) Understand how to identify key scaling metrics

Sessions 7 and 8: **When to scale:**

Objectives:

- (i) We will use the Peapod case as our main discussion vehicle to discuss readiness to scale and apply the frameworks we discussed until now.
- (ii) Understand the critical operational capabilities needed to scale and the metrics needed to measure these.

Prepare: Prepare the Peapod on ForClass and submit your responses on the platform. This a graded group submission.

## V. Constrained? How to Scale: Operational Assets

### Session 9: **Modelling and Managing Cash**

Objectives:

- (i) Understand the main risk of cash burn
- (ii) Understand the main components of scaling models

Prepare: Prepare the REffP Case on ForClass and submit your responses on the platform. This should be done individually.

### Session 10: **What's the right pace to scale?**

Objectives:

- (iii) Understand the main risk of cash burn
- (iv) Understand the tradeoff between growth and financial return and viability.
- (v) Understand how to build a basic (yet detailed) model for a SaaS business and test different hypotheses on the scalability.

Session 11: **How to scale: assets**

Objectives:

- (i) Understand that a critical operational capability is the ability to deal with risk while remaining agile.
- (ii) Understand the need to invest in a portfolio of assets and understand what makes a portfolio scalable.
- (iii) Understand the need to identify and focus on operational constraints.
- (iv) What are the main risks of scaling and how should firms plan for them?

Prepare: Read the NetworkFleet case on ForClass and answer the questions. This is an individual case.

Session 12: **How to scale assets (continued)**

Objective:

- (i) Understand the need to model risk and data-driven capabilities.
- (ii) Understand how ventures should scale while hedging against risks.
- (iii) Explore the implications for ventures scaling globally.

Session 13: **Midterm**

## VI. Constrained? How to Scale: Platform and Networks

Session 14: [Speaker](#)

Session 15: [Platforms: Resourceless Scaling](#)

Objectives:

- (i) Understand the shift from asset ownership to orchestration.
- (ii) Understand the unique challenge of choosing the right pace of scaling a platform. What are the factors that motivate firms to pursue or avoid accelerated growth strategies in such settings?
- (iii) Explore the unique scaling metrics of a platform.

Session 16: [How to Scale: Social Networks](#)

Objectives:

- (i) Understand the unique challenges of scaling a social network
- (ii) Understand how to evaluate readiness to scale for a platform.

Prepare: Read the Friendster case on ForClass and submit your responses on the platform. This should be done individually.

Session 17: [How to scale in a platform world](#)

Objectives:

- (i) Understand that network effects and their strengths vary across platforms.
- (ii) Explore how to manage a shift to top-down enterprise selling, especially the impact on product and company culture.
- (iii) Recapitulate analysis of whether/when to focus on accelerating growth in core business vs. diversifying in new directions in a context of a two-sided market.

Prepare: Read the Catalant case on ForClass and submit your responses on the platform. This should be done individually.

## VII. Constrained? How to Scale: People and Processes

### Session 18: [Introduction to People and Processes: The Challenges](#)

#### Objectives:

- (i) Discuss the organizational challenges that firms face when they begin to scale rapidly.

Prepare: Read the CloudFlare case on ForClass and submit your responses on the platform. This should be done individually.

### Session 19: [How to scale: Processes and Structure](#)

#### Objectives:

- (i) Discuss when and how to scale organizational structure
- (ii) Discuss the process to scale processes
- (iii) Discuss the right time to scale processes

### Session 20: [How to scale: people and culture](#)

#### Objectives:

- (i) Discuss the balance between growth, people hiring and process streamlining.
- (ii) Understand the implication of growth to the culture of the venture.

### Module 22: [How to scale: people and organizations](#)

#### Objectives:

- (i) We will discuss the organizational challenges that firms face when they aim to reignite growth in a mature industry.
- (ii) We will discuss the role of processes and the interaction between processes and culture in an operationally driven market.
- (iii) Understand the role of the manager as an educator in a scaling organization.

Prepare: Read the Pals case on ForClass and submit your responses on the platform. This should be done individually

## VIII. Leadership? How to Scale: People and Processes

### Session 23: **How to scale: Decentralized vs Centralized**

Objectives:

- How should firms allocate decision rights as the organization grows with focus on central versus local decision rights.

Prepare: Prepare the Careem case on ForClass and submit your responses on the platform.

### Session 24: **How to scale: role of the founder**

Objectives:

- (i) Indicate how scale changes the role of a founder/CEO
- (ii) Discuss the need to modify reporting structures and clarify decision rights as the organization grows with focus on central versus local decision rights.
- (iii) Emphasize the importance of culture, communications and other soft interventions to mitigate the effects of structural changes.

**Wrap up**