MGMT 612 (FALL 2020)
MANAGING THE EMERGING ENTERPRISE

PROFESSORS

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COURSE OBJECTIVES

This course is about managing enterprises during the scaling phase. These emerging businesses have typically moved past the early, chaotic entrepreneurial phase but need to develop formal strategies and organizational processes to reach a more mature, stable phase. We will focus on the managerial challenges faced by emerging firms in three distinct but related areas of scaling: human capital, strategy, and global strategy.

The first part of the course, taught by Professor Hsu, 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 strategic thinking, industry analysis, value creation and capture strategies, scaling, and boundaries of the enterprise. We will discuss these topics from the perspective of emerging enterprises while taking into consideration the possible strategic reaction of incumbents.

The second part of the course, taught by Professor Greenberg, 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 interfaces linking organizational structures, processes, management decisions, and strategy. The concepts covered in this course will help you gain insight into how to attract and select employees, and motivate and lead those you manage. In the process, you will also develop a better understand your own motivation and drivers of 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 third part of the course, taught by Professor Hernandez, 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. We will focus on the core questions managers need to answer in the process of scaling in foreign 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 (the 'where'). Inseparable from location decisions are choices about how the firm should modify its business model to conditions in different countries and about the entry mode by which the firm enter new markets (the 'how'). After covering these timeless global strategy issues, we consider timely global topics: how globalization helps firms innovate, how to operate in emerging markets with poorly developed institutions, and how to manage relations with governments and other stakeholders. The module will give you a toolkit to evaluate opportunities for improving a firm performance through internationalization.

CLASS SESSIONS AND PARTICIPATION

In compliance with the university's COVID-19 policies, this class will be delivered remotely. Despite the challenges of not being able to meet in-person, our collective experience with remote teaching is that we can still have an engaging and high-quality experience. To make that possible, we will adhere to the following principles and policies.

Preparation. We expect you to read all the assigned materials for each session in advance. All reading materials are available on the course Canvas site (in the Study.net section).

Attendance and participation. This class will be delivered synchronously. Students living in the same time zone as Philadelphia, or those in a reasonably close time zone, should participate in live sessions. For those students, attendance is mandatory and graded.

Active participation in a conceptual class like this one is crucial to learning. Thus, we will track and grade participation every day of class. We will use two simple criteria to evaluate participation: (1) Did you speak up? (2) Was the contribution of high quality? We are not expecting you to say something in every single class, but we will be looking for a pattern of sustained quality participation throughout the course. This can be accomplished by answering the questions we will ask in class, by reacting to the comments of your peers in ways that generate healthy debate, or by asking questions that help us or your peers better explain or understand a concept. Not every comment made in class merits points. For example, answers to some basic questions (e.g. certain facts of from case or reading) are simply a reflection of good preparation. Please be assured that we are conscious of the limitations that remote learning imposes on group dialogue. At the same time, in our experience the technology currently available for remote learning provides novel opportunities for all students to participate.

For example, online teaching allows for multi-channel contribution to class discussion via verbal and also typed comments, questions, and suggestions.

In-class expectations. We will follow these basic principles to maximize the learning experience:

- Class will start and end on time
- Students should keep their cameras on at all time, unless technological (e.g. poor connectivity) or physical constraints make it impractical or distracting.
- Cell phones and other devices besides the computer being used for class should be put aside to avoid distractions. Students should be in a quiet location (to the extent possible)

Students who cannot attend live classes. We will record class for students living in time zones or circumstances that make live attendance unreasonable and find other ways for those students to gain participation credit. ***Please contact the professors immediately if you will be unable to participate live.***

GRADING & ASSIGNMENT DETAILS

Your grade will be composed of the following elements:

- Strategy daily quizzes (15%)
- Human & social capital write-up due on November 2nd by 11:59 pm EST (15%)
- Global strategy memo due on December 6 by 11:59 pm EST (15%)
- Class participation (25%)
- Team project (30% total; 5% for presentations, 25% for paper)
    - Proposal due on September 27 by 11:59 pm EST
    - Presentations on December 3 and Dec 8 during class
    - Final paper due on December 14 by 11:59 pm EST

(1) Strategy Daily Quizzes: Short quizzes will be administered after each class session. The purpose is to check your mastery of the key module concepts.

(2) 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.
- For this assignment, a "theory" is defined as a coherent system of ideas used to explain something. For example, we will cover several theories of motivation.
- NOTE: "Practices" are not considered theories. Practices are ways of doing or implementing theories.

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.
   a. 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).

b. 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 and analyze 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:

a. Demonstrate in-depth understanding of **five of the main concepts (four if you choose job design, noting the five separate concepts within it)** from Sessions 1-8 by making specific links between theories/concepts and key elements of your job experience.

b. 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 experience with your job, rather than writing generically about the experience of all people in positions like yours.
- Remember to articulate course concepts precisely. Use "expensive real-estate" such as subheadings strategically to identify what theories you are using, as well as how. Be clear and precise about the source, definition, and application of the concept to the particulars of your experience.
- Draw 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.

The write-up should be printed double-spaced, using a legible font-size (e.g., 11/12). 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, **by November 2nd at 11:59 pm est (submit via Canvas)**.

(3) Global Strategy Memo: The professor will post a short article (on Canvas) describing the global strategy of a company. Your task is to write a concise memo addressed to the CEO of the firm, critiquing the global strategy based on the concepts learned in class. Detailed instructions regarding the assignment can be found on Canvas. **Your memo should be submitted by Sunday, December 1 at 11:59 pm**. 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.

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

ETHICS AND USE OF PRIOR MATERIALS

We will follow the university's policies on academic integrity. No group work is allowed for individual assignments. All submitted assignments will automatically be checked for plagiarism by a software program (see https://guides.library.upenn.edu/copyright/plagiarism).

COURSE OUTLINE

Tue, Sep 1　　**Course Introduction (all three professors present)**

　　　　　　　　Reading: Syllabus

PART I: STRATEGY MODULE (Professor Hsu)

Tue, Sep 3　　**Industry Positioning & Competitiveness (Strategy Class #1)**

　　　　　　　　Reading: 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 question: Analyze the attractiveness of entry into the venture capital industry at the time Andreessen Horowitz is considering entry using the 5 Forces framework.

Thu, Sep 8　　**"Judo" Strategy (Strategy Class #2)**

　　　　　　　　Reading: 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?

Tue, Sep 10　　**Value Chain Strategy (Strategy Class #3)**

　　　　　　　　Reading: 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?

Optional podcasts (value chain strategy companies):
Classpass: https://www.npr.org/2020/06/25/883560732/classpass-payal-kadakia
StitchFix: https://www.npr.org/2019/09/10/759594143/stitch-fix-katrina-lake

Thu, Sep 15   Disruption Strategy (Strategy Class #4)

Reading: J.L. Bower and C.M. Christensen. 1995. "Disruptive Technologies: Catching the Wave." *Harvard Business Review*, January-February.

J. Gans. 2020. "To Disrupt or Not to Disrupt?" *Sloan Management Review*, Spring, pp. 40-45.

Study questions: What are the main benefits and challenges for new ventures in adopting a disruption strategy? Please come to class with at least one example of a successful or failed new venture disruption strategy along with your speculation as to the root cause for the outcome.

Optional podcasts (disruption strategy companies):
Warby Parker (Wharton-related): https://www.npr.org/2018/03/26/586048422/warby-parker-dave-gilboa-neil-blumentha l
Peloton: https://www.npr.org/2019/04/05/710439824/live-episode-peloton-john-foley
Impossible Burger: https://www.npr.org/2020/04/22/841269281/impossible-foods-pat-brown
Stripe: https://www.npr.org/2020/03/06/812853591/stripe-patrick-and-john-collison-2018
Away luggage: https://www.npr.org/2019/03/08/701651787/away-jen-rubio

Tue, Sep 17   Blue Ocean Strategy (Strategy Class #5)

Reading: 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?

Optional podcasts (blue ocean strategy companies):
Allbirds (Wharton-related): https://www.npr.org/2019/06/07/730695224/allbirds-tim-brown-joey-zwillinger
S'well: https://www.npr.org/2020/04/03/826838601/swell-sarah-kauss
Dyson: https://www.npr.org/2019/07/19/743512256/dyson-james-dyson
Canva: https://www.npr.org/2019/01/24/688299882/canva-melanie-perkins
La Colombe coffee (local interest): https://www.npr.org/2020/07/17/892312195/la-colombe-coffee-roasters-todd-carmichael-and-j-p-iberti

Thu, Sep 22   Corporate Scope & Expansion Strategy (Strategy Class #6)

Reading: P. Ghemawat and J. Rivkin. 2010. "Choosing Corporate Scope," Strategy and the Business Landscape (3rd ed.), Ch. 6, *Read* pp. 123 – 139; *Skim* pp. 139-147.

Case: Electric Scooter Wars (Wharton case, April 2019)

Study questions: on what basis will Lime, Bird and others in the electric scooter market compete going forward? Who is likely to "win" the war, and why?

Tue, Sep 24   Entrepreneurial Strategy Wrap-Up (Strategy Class #7)

Case: Pressed Juicery (Wharton case)

PART II: HUMAN & SOCIAL CAPITAL MODULE (Professor Greenberg)

Tue, Sep 29   Motivating Individual Performance (HSC Class #1)

Summary: We begin with an obvious truism about human behavior in organizations, to wit: 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 start with the central topic of motivation, introducing a number of different behavioral theories (e.g. needs, goal-setting, expectancy, cognitive evaluation), and applying them to the case. We also introduce various motivation theories from the behavioral sciences and contrast them with more economics-based views of motivation which emphasize financial incentives and contract-based goal alignment.

Overarching question: *What can the study of human resources tell us that is 'above and beyond' common sense? What are some of the ways new technologies may change the way we are thinking about HR theories and systems?*

Reading:

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.

Steven Kerr, "On the Folly of Rewarding A While Hoping for B," *Academy of Management Journal*

Case:

Uber: Repaying Technical and Organizational Debt. Stanford GSB Case. Access at: http://web.stanford.edu/~lradloff/inklingreviews/uber.html. *Note: Please use the link as this is a multi-media case with videos and interactive exhibits.*

Study Questions:

1. What signals did the leaders of Uber's engineering division have in 2015 and 2016 that things may be heading in a bad direction for the company?

2. What were the primary needs of Uber employees? How did technical and organizational debt influence these needs being (not) met?

3. Could Thuan Pham and his team have done a better job of picking up on signals that the company's technical and organizational debt was reaching a critical point? What might you have done differently?

4. How can Pham and his team measure and manage technical and organizational debt going forward? How can Pham motivate workers to consider the two in their everyday activities?

Thu, Oct 1   Designing Reward Systems (HSC Class #2)

Summary: 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. We will discuss reward systems in the context of Updown and its distinctive culture and management practices using an in-class equity split negotiation exercise.

Overarching question: *What other types of rewards systems have you encountered (e.g., piece-rate, commissions, tournament systems) and how do you think it would affect some of the concepts of motivation we discussed in the previous class?*

Reading:

Stephen P. Robbins & Timothy A. Judge, "Equity Theory," from *Organizational Behavior,* 12th edition, Englewood Cliffs, N.J.: Prentice Hall, pp. 203-207.

Elliot Aronson, "The Rationalizing Animal," *Psychology Today*, p. 67-77.

Case + Exercise: Negotiating Equity Splits at Updown (HBS Case No. 809-020)

Instructions: Read the case introduction so that you derive an understanding of the business. Pay close attention to the social relationships

among the founders, as well as what you think motivates each of them. In advance of class, you will be sent specific instructions for a role-playing exercise, along with a scoring template, that will be conducted in class in small break-out rooms of three players. Students will be randomly assigned to break-out rooms. *To ensure there are enough players for each role, please be sure to let the professor know of any planned absence at least 24 hours in advance of class.*

Tue, Oct 6   Designing (Fulfilling) Jobs (HSC Class #3)

Summary: 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.

Overarching question: *How might technology and, more specifically, algorithms shape the way that organizations may design jobs and how workers may craft their jobs?*

Reading:

"Frederick Winslow Taylor: Father of Scientific Management," selection from *Business: The Ultimate Resource*, Cambridge, MA: Perseus Publishing, pp. 1054-55.

Talya Bauer, Berrin Erdogan "Motivating Employees Through Job Design," Section 6.2 in *Organizational Behavior*, Flat World Publishing

Exercise: Complete the Job Crafting Exercise and be prepared to discuss your results. To complete this exercise please think about the last job you held before entering Wharton.

Thu, Oct 8   Recruiting and Selecting Employees (HSC Class #4)

Summary: 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 three shorter cases provide an opportunity to analyze one company's attempt to integrate algorithms into their recruiting and selection practices.

Overarching question: *When would you follow a recommendation from an algorithm about who to hire? In what types of hiring decisions would you trust the algorithmic more or less?*

Reading:

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

(Optional/might be of interest) Jason Greenberg and Roberto Fernandez, "The Strength of Weak Ties in MBA Job Search: A Within-Person Test. "

Cases:

1.   Grow: Using Artificial Intelligence to Screen Human Intelligence. HBS Case

2.   (Mini-case) "A startup claims to have finally figured out how to get rid of bias in hiring with brain games and artificial intelligence": Business Insider, Sept 2017

3.   (Mini-case) LinkedIn and Modern Recruiting (Part b). Stanford Case.

Study Questions:

1. How objective (or not) are the hiring procedures used by Grow, Pymetrics, and LinkedIn?

2. What are some of the potential benefits of integrating these AI-practices into each case? Pitfalls?

3. How serious is the threat of potential biases for each of these systems and how would you mitigate them?

4. How might you integrate these AI practices into traditional hiring practices (e.g., interviews soft referrals)?

Thu, Oct 22   Performance Appraisals (HSC Class #5)

Summary: We will discuss appraisal of individual employees as an important but difficult-to-manage component of any effective performance management system, including: why performance appraisal is crucial to maintaining motivation and aligning incentives; why nobody likes the process due to built-in conflicts within the individual, within the organization, and between the individual and the organization; and "best practices" for performance appraisal. A specific focus will be the recent trend to eliminate traditional performance appraisal in favor of a variety of new approaches at companies such as Adobe and Deloitte as well as the use of people analytics.

Overarching question: *What types of appraisal systems have you experienced in your prior jobs and how was it perceived by employees and leadership? How might people analytics positively or negatively impact performance appraisals?*

Reading:

John J. Gabarro and Linda A. Hill, "Managing Performance" (9-496-022)

Peter Cappelli and Anna Tavis, "The Performance Management Revolution"

Case: Two Brothers, Two Methods: "Happiness Index" vs. "Data & Analytics"

Study Questions:

1. How do you think the brothers' upbringing, education, and prior work experience shaped their management styles?

2. What was the impact on the "Happiness Index" on performance? How does it differ from engagement and customer service surveys?

3. How would you characterize the hiring and compensation practices of both companies? How would that impact operations and performance?

4. Which company (ARK or WCC) is more scalable? A better place to work? A place where you would want to work?

Tue, Oct 27   Organization Design and Architecture (HSC Class #6)

Summary: Organizational design is hard to get right. This is especially true in the aftermath of rapid growth. In this class, we will explore different types of organizational designs and how they affect information flows and people processes. A specific focus will be how artificial intelligence (AI) is shaping organizational design choices.

Overarching question: *How might an organization's structure change as it moves through periods of growth? What transition between structures might be most challenging for workers? How can different work arrangements (e.g., contract/temp work) and technology (e.g., AI, remote work) shape organizational design choices?*

Reading:

Richard M. Burton, Borge Obel and Gerardine DeSanctis "Organizational Design, a Step-by Step Approach, Chapters 4 (pp.59-84)

Cases:

1. Algorithms to Style People: StitchFix applies Data to Fashion
2. Focus on the empirical examples of flash teams & bring your laptop for an in-class exercise. Retelny et al. (2014). Expert Crowdsourcing with Flash Teams. *ACM.* 978-1-4503-3069-5/14/10.

Study Questions:

1. What were some of the tasks for which algorithms were employed by Stitch Fix?

2. Were there tasks that algorithms executed better than human beings?

3. How did the human stylists augment the tasks performed by algorithms?

4. How might algorithms shape the way StitchFix adapts its organizational design going forward?

Thu, Oct 29   **Managing HR for Organizational Performance (HSC Class #7)**

Summary: 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 historically and comparatively high performance of Southwest Airlines. 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. We will also consider Netflix for an example of another high-performance work system in a different industry context. Class discussion may also include discussion of other well-known companies in different industries (e.g., hedge funds, tech) to underscore how differently human capital assets can be selected and organized to achieve competitive advantage.

Reading:

Jeffrey Pfeffer, "Producing Sustainable Competitive Advantage Through the Effective Management of People," *Academy of Management Executive*, Vol. 19 (4): pp. 95-106.

Cases:

1. Netflix Freedom and Responsibility Culture (company document)
2. Southwest Start-up

Study Questions:

1. What are the strategies of Southwest and Netflix? How would they answer the question, 'What business are we in?"

2. How do Southwest and Netflix's system for managing people and its culture link to the execution of its strategy?

3. What would cause Southwest to fail? Netflix? What are different safeguards they have in place to lessen that possibilities?

4. What are similarities between Southwest and Netflix? Differences? Can either of their successes of Southwest and Netflix be easily replicated? Why or why not?

HSC PAPER DUE: November 2nd at 11:59 pm est (via Canvas)

PART III: GLOBAL MODULE (Professor Hernandez)

Tue, Nov 3   **Why should firms (not) internationalize? (Global Class #1)**

Reading:
1. Introduction & Summary of ADDING Framework (in "Summary of Global Strategy Frameworks")

2. If needed, review the concept and calculation of net present value (NPV) analysis: "A Refresher on Net Present Value" by Amy Gallo (https://hbr.org/2014/11/a-refresher-on-net-present-value). If you have a strong background in NPV analysis, you can skip this.

3. OPTIONAL Research Example: Chang, Kogut, and Yang (2016) "Global diversification discount and its discontents: A bit of self-selection makes a world of difference." *Strategic Management Journal*, 37(11): 2254-2274.

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

Study questions:
1. What made Haier so successful in China during its startup phase (from 1984 to the mid 1990's)?
2. Do those same factors help Haier succeed internationally as the company matures (post mid 1990's)?
3. Did Haier make the right decision by globalizing first into developed markets?

Thu, Nov 5   **Where should firms internationalize? (Global Class #2)**

Reading:
1. Pankaj Ghemawat, "Distance Still Matters," *Harvard Business Review*, Sep. 2001

2. OPTIONAL Research Example: Exequiel Hernandez (2014), "Finding a Home away from Home: Effects of Immigrants on Firms' Foreign Location Choice and Performance." *Administrative Science Quarterly, 59 (1): 73-108.* (A summary of this article can be found at http://knowledge.wharton.upenn.edu/article/foreign-firms-immigrant-workforce/).

Case:
1. "Uber Growth: The Globalization of a Startup" Wharton School Case (BEFORE CLASS: Download the spreadsheet that goes with this case from Canvas (Files > Global Module > Uber Spreadsheet.xlsx.)

2. "Uber to Sell Its Southeast Asia Business to Grab, a Regional Rival" *New York Times*, 25 March 2018.

Study Questions:
1. How did Uber choose foreign markets in its first several years?
2. Do you agree with Uber's attempts to standardize its globalization playbook? Why?
3. What types of CAGE "distances" are most (and least) impactful for expanding Uber's business into new countries?
4. Why did Uber scale back its foreign expansion ambitions—selling its operations in China, Russia, and SE Asia?

Tue, Nov 10 How should firms internationalize—Strategy? (Global Class #3)

Reading:
1. Summary of AAA framework (part of the "Summary of Global Strategy Frameworks" document.)

2. OPTIONAL Research Example: Siegel JI, Larson BZ. 2009. Labor Market Institutions and Global Strategic Adaptation: Evidence from Lincoln Electric. *Management Science* 55(9): 1527–1546.

Cases: (NOTE: Each is a brief mini-case rather than a full-length case)
1. "How Amazon Adapted Its Business Model to India" by Vijay Govindarajan and Anita Warren, *Harvard Business Review*.

2. "Netflix, Amazon Take Divergent Paths to Reach Indian Audience" by Shalini Ramachandran*, Wall Street Journal* (1 Nov 2016).

3. "The Globalization of R&D by US Multinationals: What Are the Effects at Home?" by Theodore Moran and Lindsey Oldenski (https://piie.com/blogs/realtime-economic-issues-watch/globalization-rd-us-multinationals-what-are-effects-home)

Study Questions:
1. What are the differences in the global strategies of Amazon, Netflix, and the US firms doing R&D abroad described in the mini-cases?
2 .How do these companies create and capture value in each case?
3. What risks is each company taking by the kind of strategy they are following in foreign markets?

Thu, Nov 12 How should firms internationalize—Entry Mode? (Global Class #4)

Reading:
1. "The Resource Pathways Framework," Chapter 1 of *Build, Borrow, or Buy: Solving the Growth Dilemma* (by Laurence Capron and Will Mitchell).

2. OPTIONAL Research Example: Sanjeev Agarwal & Sridhar N. Ramaswami, "Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors." *Journal of International Business Studies*, March 1992:1-27.

Cases (each is a mini-case):
1. "An Insider's Account of the Yahoo-Alibaba Deal," by Sue Decker, *Harvard Business Review* (August 2014)

2. "How a 10-month-old startup's founders convinced investors to give them millions of dollars to buy a 93-year-old German razor factory," *Business Insider*, 13 June 2015

3. "Lyft, Didi, Ola And GrabTaxi Partner In Global Tech, Service Alliance To Rival Uber," *TechCrunch*, 3 December 2015

Study Questions:
1. Why did Yahoo! go from building its own operation in China, to acquiring another firm, to partnering with Alibaba? Do you agree the Alibaba partnership was successful?
2. Why did Harry's acquire Feintechnik? Why not manufacture it's own razors or, if Feintechnik makes unusually good razors, sign a simple supply contract to get the razors it needs?
3. Why did Lyft, Didi, Ola, and GrabTaxi establish an alliance? Why not build their own ridesharing services in foreign markets, like Uber has done?

Tue, Nov 17   Venture Capital Across Borders

Guest Speaker: Arun Mathew, Partner at Accel

We'll have the privilege of learning about the globalization of venture capital from Arun Mathew, a Partner at Accel—one of the most globally oriented VC firms in the world. Accel has offices in the Bay Area, London, and Bangalore and has successfully invested in startups all over the world. Some of its most well-known foreign investments include Spotify, Flipkart, Deliveroo, Rovio, Ola, and Curefit.

NOTE: Due to scheduling constraints, Arun will only be able to participate in one live 90-minute session. The session time will be determined based on a survey to determine what works for the majority of students enrolled in the three sections of MGMT 612. Students who cannot attend the live session will watch a recording of the session.

Reading:
1. Please spend time learning about (1) Accel (https://www.accel.com) and (2) Arun (https://www.accel.com/team/arun-mathew). Focus on the international (non-U.S.) startups in which they have invested.

2. At least a week before class, I will circulate an article about the state of the global VC industry chosen by Arun.

Quiz:
Participation for this class will be based on a quiz due before class. The quiz will have two components: (a) a few questions about the state of the global VC industry (based on reading #2) and (b) a place where you can write your questions for Arun, which the professor will use in the live meeting.

Thu, Nov 19   Class 22: Markets with Poorly Developed Institutions (Global Class #6)

Reading:
1. Summary of Institutional Voids (part of the "Summary of Global Strategy Frameworks" document.)

2. OPTIONAL Research Example: Tarun Khanna, Krishna Palepu, & Jayant Sinha, "Strategies that Fit Emerging Markets." *Harvard Business Review*, June 2005:4-18.

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.)
3. How would you modify the business models of WIZZING and M-PESA if you were to take these products into other emerging markets?

THANKSGIVING BREAK (Nov 20-29)

Tue, Dec 1   Class 23: Managing Non-Market Stakeholders (Global Class #7)

Case: "Uber's Challenges in Foreign Markets (A)" (Wharton School Case)

Study Questions:
1. What were Uber's main challenges in foreign markets as of late 2014?
2. Who were the key stakeholders making demands on Uber in each market? What did they want? Did Uber do a good job of responding to those stakeholders?
3. If you were Travis Kalanick, what changes would you make to Uber's approach towards dealing with regulators, the public, and other stakeholders?

GLOBAL MEMO DUE: Sunday, Dec 6 at 11:59 pm (via Canvas)

TEAM PROJECT DEADLINES

Thu, Dec 3   Team project presentations (in class)

Tue, Dec 8   Team project presentations (in class)

Mon, Dec 14   Team paper due by 11:59 pm (via Canvas)

Team Project

You will be randomly assigned to a team for purposes of this project. Your assignment is to analyze a company of your choice from the lenses of the three major themes of this course: strategy, human and social capital, and global. The purpose of the project is twofold: (a) to showcase your ability to apply concepts (frameworks, theories, models) covered in class to a real company and (b) to integrate concepts covered in separate modules by exploring the relations and interactions across strategic, human/social capital, and global issues faced by your chosen company. While we will be teaching each module separately and sequentially for didactic purposes, management is a holistic discipline in which strategic, human, and international factors have to be dealt with jointly. This project gives you a chance to develop and showcase such a holistic view.

This assignment has three main deliverables:

1. **Proposal** (due September 27): You will submit, via Canvas, a very brief document (1-page maximum) proposing the company your team will analyze, offering a rough outline of the main topics and concepts you intend to cover, and providing a sense of what sources of information you will draw upon. This proposal will not be graded, but you will receive feedback on whether the choice of company is appropriate and some brief comments on your proposal. The most important issue at this point is to make sure you select a company that fits with the "emerging" theme of MGMT 612: choose an emerging company (e.g. startup or relatively young) or choose an emerging issue faced by a more established company (e.g. entry into a new product space, adoption of a novel technology, etc.).

   You may not select any of the companies that we will be covering during case discussions in class.

   In addition, the following companies are off limits because they have been extensively covered by student groups in past years: ActivisionBlizzard, AirBnb, Beyond Meat, Bonobos, Blue Bottle, Chipotle, Chobani, Etsy, Expedia, FitBit, GitHub, GoPro, Groupon, GrubHub, GymPass, Impossible Foods, Jet.com (Walmart e-commerce) Kind, Lending Club, LinkedIn, Lululemon, Netflix, NVIDIA, Peloton, Regeneron, Rent the Runway, Shake Shack, Shopify, Spotify, Square, TaskRabbit, Tesla, Tough Mudder, Uber, Wayfair, Wealthfront, Yelp.

   A company can only be studied by one team within each section of MGMT 612. If multiple teams within a section propose studying the same company, we will randomly choose one of the teams.

2. **Team Presentation** (December 3 and 8 in class): The presentation, worth 5% of your final grade, provides an opportunity for your team to showcase the main findings of your analysis to the entire class. You will have approximately 8-10 minute to present, followed by a few minutes of Q&A from your classmates. With limited time, you will have to focus on the most important and interesting aspects of your analysis—we do not expect you to cover as much ground as your final paper will. We will be grading the presentations based on the following criteria:

a. Did you cover topics representing all three modules of the course (strategy, human and social capital, and global)? The coverage need not be equal across modules—often the most interesting issues apply to some modules more strongly than others.
b. Did you apply at least one concept (theory, framework, model) from each module?
c. Did you provide clear conclusions or recommendations? In other words, did you actually analyze instead of just describe?
d. Was there something particularly interesting or creative about the analysis or conclusions?

We will also pay attention to how well your team organized and crafted the presentation itself. While we will not be grading your presentation skills per se, a poor presentation will make it harder for you to deliver on the criteria outlined above. We expect all team members to contribute to the presentation (most if not all members should present, and all should help prepare the presentation). We will provide logistical details—schedule, time limits, etc.—as the presentation day approaches.

3. **Team Paper** (due December 14): The paper is your main deliverable for the project and worth the most points (25% of your final grade). It should be between 6,000 and 6,500 words maximum (approximately 25 pages long double spaced, 12-point Times New Roman font, 1-inch margins). You are allowed to include additional materials (tables, charts, figures) in an appendix that does not count toward the length limit.

This project and paper are intentionally somewhat open ended because each company and the issues it faces are unique, and thus you should tailor your analysis accordingly. We prefer not to straitjacket you into a certain format or to tell you exactly what kinds of concepts to use to evaluate the company. 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. We will evaluate your paper based on whether the concepts you use in the analysis are relevant to the situation (i.e. did you pick the theories/concepts that best illuminate the firm's situation), applied appropriately (i.e. fit the context you describe), and connected within and across the strategic, human, and global portions of the paper.

With that in mind, here are some tips and guidelines based on several years of collective experience with this assignment:

o Be analytical and evaluative! Because you will choose a company that you find interesting, it will be tempting to get carried away with telling the story of the company or with describing its product or business model. Be careful not to "drink the Kool-Aid" and see everything the company does as good. This is especially the case for young/startup companies that don't have a long track record of performance. To avoid these pitfalls, remember that the purpose of the assignment is to evaluate (not describe) the company: take a stand and defend it using class concepts.

o The paper must cover concepts from all three modules of the class. But not all modules need to receive equal coverage. Do not think that the more concepts, theories, and frameworks you apply, the better. Indeed, if you tried to apply all the concepts covered across all three modules of MGMT 612, you would end up with a shallow paper full of

buzzwords! Instead, apply a handful of concepts from each module according to the issues most salient and interesting for your company. Remember to mention course concepts specifically. We shouldn'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—show how they apply.

- An important corollary: Beware of over-relying on one favorite or easy-to-use framework. This can lead to a myopic and uninsightful analysis. For example, we see this happen frequently with the use of Porter's 5 Forces in the strategy portion of papers and presentations. Teams engage in an overly lengthy and tedious coverage of the 5 Forces model because it is intuitive, easy to apply, and familiar. This often comes at the expense of many other issues that are much more interesting and relevant to the specific company you have chosen. While the 5 Forces may be very important in some cases, they may not in others. The same applies to any framework.

o These first two points lead to our next recommendation: you do not need to cover everything about the company or its history (although providing adequate context is important). The best papers focus on one or very few key events or challenges or opportunities, and then take a holistic look at the chosen issue from the three angles represented by each module. For example, one team may choose to focus on their company's choice to enter a new product space, another team may focus on the challenges of scaling from 100 to 2,000 employees, and another on their company's difficulties in expanding into foreign markets. In all three cases, those companies are likely facing or faced other issues that the wisest teams chose to not focus on.

o Rely on data and documented facts as much as possible. Surely you will do your own fact-finding using Google and other sources with which you are familiar. An excellent list of sources of information on companies, industries, and countries is available at http://guides.library.upenn.edu/mgmt612. Gathering some "primary" data through interviews and discussions with company insiders can be a powerful way to add richness and insight to your paper, though doing so is not required. Inasmuch as you provide quantitative and qualitative data to support your ideas, do not expect the reader to "crunch the numbers" that you display exhibits to see what is really happening. You have to provide the data *and* the analysis.

o Make sure to choose a company for which you can get sufficient data and information. This is often a challenge for the human and social capital aspects of the firm, because information about the internal workings of a company are not always disclosed— especially for very young firms. In the past, teams get around that challenge by having an inside connection to the company, by conducting interviews with key personnel, and by using the Wharton alumni network to gain access.

o Because many young or emerging enterprises have not internationalized, students commonly ask if the chosen company needs to have global operations. The short answer is no, the company need not have international operations. You can still apply

the frameworks of the global module to determine if it might make sense for the company to internationalize certain activities and, if internationalization makes sense, which locations, strategies, and entry modes would be most appropriate.

- o In addition to applying concepts from each module independently (e.g. Porters 5 Forces, motivation theories, CAGE), you should demonstrate the ability to integrate concepts *across* modules (e.g. What implications does a certain strategy have for human and global issues? How does the company culture support the firm's general strategy? As the firm scales globally, can it and should it replicate the organizational- and people-related systems it currently uses?). Such integration can be interspersed throughout the paper or concentrated in one designated portion of the paper. As you work on such integration, don't just state that concept A affects concept B—be explicit about why those interactions across issues arise and how the company should deal with the interactions.

- o Have a section in the paper in which you bring it all together by providing clear conclusions and recommendations.

- o Make sure to appropriately cite and give credit for any material upon which you draw. To avoid plagiarism, follow these guidelines: https://guides.library.upenn.edu/copyright/plagiarism.

We believe the team project is an excellent vehicle for you to consolidate your learning from a complex and multidimensional class like MGMT 612, and we hope that these guidelines help make this a rewarding assignment. You and your team should feel free to reach out to the TAs and the professors with any additional questions.