

**INSTRUCTOR(S)**

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**COURSE OBJECTIVES**

The management of enterprises creates a range of multi-faceted challenges for the general manager. A general manager needs to understand the internal workings of a firm, how to assess and create a strategy, and how to take into account increasing globalization. While these issues are distinct, they are very much intertwined. As a result, this course will provide you with an integrated view of these challenges and show you that successful management in the 21<sup>st</sup> century requires a combination of insights drawn from economics, sociology, psychology and political economy.

The first part of the course will deal with fundamental issues of strategy, examining issues central to the long- and short-term competitive position of an enterprise. We will develop a set of analytical frameworks that will enable you to explain performance differences among firms and that provide a structure for strategic decisions to enhance firms' future competitive positions. We will cover strategy both at the business unit level, introducing tools of industry analysis and competitive positioning, and at the corporate level, examining the economic logic for firms to diversify across businesses and for vertical integration decisions across stages of the industry value chain.

The second part of the course stresses the fact that organizational life is built around a complex interplay of social forces. Networks of cooperation, group conflicts, systems of power and influence, career paths, and reward systems shape how people and organizations manage and are managed. In this part of the course, we will create a framework for analyzing the impact of these social forces on individuals, groups, and the organization. In particular, we study how to motivate and lead those you manage. Moreover, we will study how to develop and implement organizational designs and human resource systems that achieve competitive advantage through the management of people.

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 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.

## **TEXT AND READINGS**

All readings are part of the course pack for MGMT 613, which will be provided to you by the WEMBA program office.

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

## **ASSIGNMENTS: MID-TERM and FINAL PAPERS (all submissions through Canvas)**

Proposal of focal firm for team project (1 page): Monday, June 13, by 11:59pm PDT

Strategy paper: Monday, June 20, 11:59pm PDT

Human and Social Capital paper: Monday, July 18, 11:59pm PDT

Draft of team paper: Sunday, July 31, 11:59 PDT

Global paper: Monday, August 15, 11:59pm PDT

Final team paper: Sunday, August 28, 11:59pm PDT

## **GRADING**

Your grade will be based on a Human and Social Capital paper (16%), a Strategy paper (16%), a Global paper (16%), class participation (21%), and the team final paper (31%).

## **CLASSROOM EXPECTATIONS**

- Class starts and ends on time, with late entry or reentry only under exceptional circumstances
- Name tents always displayed and seating as defined by the class seating chart
- All phones and electronic devices turned off

## **ETHICS AND USE OF PRIOR MATERIALS**

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, or summaries of readings.

## COURSE OUTLINE

Mon, May 23

### Class 1: Industry Analysis (Strategy Class #1)

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

Case: Cola Wars Continue: Coke and Pepsi in 2010 (9-711-462)

Please read the Porter article, then read the "Cola Wars" case.

Please keep the following questions in mind as you read the case:

1. Why, historically, has the soft drink industry been so profitable?
2. Compare the economics of the concentrate industry to that of the bottling industry: Why is the profitability so different?
3. How has the competition between Coke and Pepsi affected the industry's profits?
4. How can Coke and Pepsi sustain their profits in the wake of the flattening demand and the growing popularity of non-CSDs?

### Class 2: Value Creation & Appropriation (Strategy Class #2)

Brandenburger, Adam M., and Barry J. Nalebuff. 1996. Co-opetition pp. 11–22.

Brandenburger, Adam, and Harborne Stuart. 1996. "Value-Based Business Strategy." *Journal of Economics and Management Strategy* 5 (1): 5–24.

First please read the short excerpt from Brandenburger and Nalebuff's book on complementors. Then read Sections 1-6 of the Brandenburger and Stuart paper. I know it's not easy reading, but the concepts discussed are quite central. To check your understanding of value creation and added value, answer the following question:

Consider a set-up with four suppliers, three firms, and two buyers. Each supplier can transact with at most one firm, and vice versa. Similarly, each buyer can transact with at most one firm, and vice versa. Each supplier has an opportunity cost of \$10 of providing resources to a firm. Each buyer has a willingness-to-pay of \$40 for the product of two low-quality firms (say firms 1 and 2) and a willingness-to-pay of \$50 for the product of one high-quality firm (say firm 3). What are the possible price ranges for the products sold by the high-quality and low-quality firms? Pick prices outside these ranges and convince yourself that these prices are not possible.

Fri, May 27

### **Class 3: Positioning & Activity Systems (Strategy Class #3)**

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

Milgrom, Paul, and John Roberts. 1992. Economics, Organization, and Management Chapter 4, pp. 108–116.

Milgrom, Paul, and John Roberts. 1995. "Complementarities and Fit: Strategy, Structure, and Organizational Change in Manufacturing." Journal of Accounting and Economics 19: pp 191-196, 199-205.

Optional: Siggelkow, Nicolaj. 2002. "Evolution toward Fit." Administrative Science Quarterly, 47: 125-159.

Optional: Porter, Michael E. and Nicolaj Siggelkow. 2008. "Contextuality within Activity Systems and Sustainability of Competitive Advantage." Academy of Management Perspectives, 22 (2), pp. 34-56.

1. What, in your view, are the five key points in Porter's article?
2. What is the definition of complementarity as given by Milgrom and Roberts?
3. Using the information given in Section 5 of the "Complementarities and Fit" paper, draw an activity system of Lincoln Electric. **Please turn in a copy of your activity system at the beginning of class.** (It can be hand-drawn as long as I can read it; don't waste time on fancy graphics.)

The last two readings are optional. The Siggelkow (2002) paper provides a more longitudinal perspective to the topic of activity systems. The Porter & Siggelkow (2008) article goes into more depth into issues involving complementarities and interactions in general and reviews recent academic research that has been done on this topic. We will not discuss these papers explicitly in class, but obviously I would be happy to talk about them.

### **Class 4: Positioning & Activity Systems Applied (Strategy Class #4)**

Case: Progressive Corporation, 9-797-109

When reading the Progressive case, please have the following questions in mind:

1. What is Progressive's positioning?
2. What are the characteristics of Progressive's customers?
3. How are Progressive's activities tailored to its position?
4. How do the activities fit with one another?

**Fri, June 10**

**Class 5: Competitive Interactions (Strategy Class #5)**

Dixit, Avinash, and Barry Nalebuff. 1991. Thinking Strategically Ch. 2, pp. 31–55.

Porter, Michael E. 1980. Competitive Strategy Ch. 3, pp. 47–74.

Case: Philips' Compact Disc Introduction (B), 9-792-036

Optional: Coyne, Kevin P. and John Horn. 2009. "Predicting your competitor's reaction." Harvard Business Review, April, pp. 90-97.

I would first read the Dixit and Nalebuff piece and then the Porter chapter. You don't need to read the Porter chapter in detail, just get the flavor of it. The Coyne et al. piece is optional. It gives a nice overview of how to use game theory in practice.

In solving the Philips case, be aware of what assumptions you are making, and whether your results are robust to (small) changes in these assumptions.

1. Compare and contrast the frameworks for competitor analysis proposed in the readings from Porter and from Dixit and Nalebuff.

2. Should Philips establish a U.S. plant at the beginning of 1983 or wait a year before deciding? Why or why not? (You need to crunch numbers here!) Do not try to draw a game tree! In this case, solving the problem without a tree is much easier.

**Class 6: Corporate Strategy (Strategy Class #6)**

Ghemawat, Pankaj and Jan Rivkin. 2010. "Choosing Corporate Scope," Strategy and the Business Landscape (3<sup>rd</sup> ed.), Ch. 6, pp. 123 – 147.

Case: The Walt Disney Company: The Entertainment King, 9-701-035

Please read the book chapter by Ghemawat and Rivkin. Make sure you understand the "two tests" they are describing.

When reading the Disney case, please have the following questions in mind:

1. Why has Disney been successful for so long?
2. What did Michael Eisner do to rejuvenate Disney? Specifically, how did he increase net income in his first four years?
3. Has Disney diversified too far in recent years?

**Sat, June 11**

**Class 7: Firm Scope & Strategy (Strategy Class #7)**

Case: Monitor's Opportunities in India (A), 9-708-482

When reading the Monitor case, please have the following questions in mind:

1. What are the benefits and costs to Monitor of moving each of its back-office functions to India? In light of those benefits and costs, what would you recommend to Mark Fuller, Monitor's CEO, about the location of each function?
2. Should Monitor tap into the Indian pool of talent somehow, perhaps by conducting business research there? If so:
  - a. Should it conduct research only for Monitor case teams or sell its research services directly to external clients?

### **Class 8: Strategic Planning and Strategy Wrap-Up (Strategy Class #8)**

Gavetti, Giovanni, and Jan Rivkin. "The Use and Abuse of Analogies" (9-703-429)

Gavetti, Giovanni, and Jan Rivkin. "Analogical reasoning at Lycos"

Optional: Lafley, A.G., Roger L. Martin, Jan W. Rivkin, Nicolaj Siggelkow. 2012. "Bringing Science to the Art of Strategy" *Harvard Business Review*, Sept., pp. 56-66.

Optional: Competition and Business Strategy in Historical Perspective, 9-798-010

Please read the two short pieces by Gavetti and Rivkin. The other two readings are optional. I will present in detail the HBR article. The last reading provides a nice overview of the field of strategy from both an academic and consulting point of view. I believe you will enjoy it as a "capstone" reading for this class.

1. What are the pitfalls of analogical reasoning?
2. Read the Lycos mini-case. Do you buy the analogy to traditional media Lycos's management team used to arrive at their decision? Does this analogy provide Lycos's managers with valid guidance?

<b>Mon, June 13</b>	<b>TEAM PROPOSAL OF FOCAL FIRM DUE (11:59PM PDT, ON CANVAS)</b>
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<b>Mon, June 20</b>	<b>STRATEGY PAPER DUE (11:59PM, PDT, ON CANVAS)</b>
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#### **Strategy mid-term paper**

Select a firm that has engaged in a "connected strategy" business model innovation. (This term will become clear after the first weekend of strategy classes.) Address the following questions:

1. Briefly describe the business model innovation.
2. What industry does the firm operate in? Conduct an industry analysis (5 Forces + complementors) and evaluate the overall industry attractiveness.
3. How has the innovation affected WTP? (What specific drivers of WTP are involved?)
4. How has the innovation affected (unit) cost? [For both questions 3 and 4, conceptual arguments are sufficient; if you can quantify, that's great but not necessary.]

5. Describe a few of the particular activities chosen by the firm to implement its strategy.
6. Pick at least two pairs of activities and show that they are complementary.

The paper should be no more than 1000 words, i.e., about 3 pages.

**Fri, June 24**

**Class 9: Motivating Individual Performance (HSC Class #1)**

We start with the central topic of motivation, introducing a number of different theories from economics (e.g. agency theory) and organizational behavior (e.g. needs, goal-setting, expectancy, cognitive evaluation), and applying them to the case “Nordstrom Department Store”. Please think about these questions.

1. Who sets performance goals, and how are they set?
2. How does Nordstrom meet the needs of different employees?
3. What are the major positive and negative effects of how Nordstrom motivates employees?

Stephen P. Robbins and Timothy A. Judge, excerpts from “Motivation” (needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, 12<sup>th</sup> edition

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

Case: Nordstrom Department Store

**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. Next read the Stanford case, which explains the policy of giving employees complete discretion to choose whether to receive their compensation as cash or stock options. (Netflix gives no bonuses). Jobs in not-for-profit organizations are often described as offering high intrinsic motivation, while offering fewer sources of extrinsic motivation. Articles on equity theory and rationalization 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, and help achieve, its 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*, 12<sup>th</sup> edition

Elliot Aronson, “The Rationalizing Animal,” *Psychology Today*

Netflix Freedom and Responsibility Culture (company document)

Case: Equity on Demand: The Netflix Approach to Compensation

Sat, June 25

### **Class 11: Designing Jobs and Organizing Work (HSC Class #3)**

Jobs in not-for-profit organizations are often described as offering high intrinsic motivation, while offering fewer sources of extrinsic motivation.

1. What are the dimensions of such jobs that might have particularly high “motivating potential”?
2. How might such jobs fail to meet all the criteria for a highly motivating job?

Mercy Corps grew dramatically from 2002-6, following its visible and effective responses to the 2004 Indian Ocean tsunami; Hurricane Katrina’s devastation of the Gulf Coast in 2005; and the large magnitude 2005 earthquake in Pakistan.

1. What does rapid growth reveal about the strengths and weaknesses of Mercy Corps’ organizational structure? Its key processes?
2. What would you recommend to Steve Zimmerman about changes in job design and organizational structure or processes to improve Mercy Corps’ future effectiveness?

J. Richard Hackman, Greg Oldham, Robert Janson, and Kenneth Purdy, “A New Strategy for Job Enrichment”

Jay R. Galbraith, Chapter 4: “Linking Processes to Coordination Needs,” in *Designing Organizations*

Case: Mercy Corps

### **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 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 them into place. We then explore the attraction-selection-attrition 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 of their 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”

Optional: Ann Marie Ryan & Nancy T. Tippins, "Attracting and Selecting: What Psychological Research Tells Us", Human Resource Management, Vol. 43: 305-18.

Case: SG Cowen: New Recruits

**Fri, July 8**

### **Class 13: Managing and Appraising Performance (HSC Class #5)**

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.

We will discuss retention dilemmas at Naukri (India's leading online recruitment company) and the implications for performance appraisal. Then we will discuss the recent trend to eliminate traditional performance appraisal in favor of a variety of new approaches at companies such as Adobe, Deloitte, and General Electric.

Please consider the following questions about Naukri:

Of these top performers, which individuals are the most critical to retain?

Mala Podar (sales team)?

Amit Bose (technical team)?

Shiv Iyer (heading up a new venture within Naukri)?

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

"Is It Time to Put the Performance Review on a PIP?" HR Magazine, April 2015

"Deloitte Joins Adobe and Accenture in Dumping Performance Reviews,"

from <http://blog.impraise.com/360-feedback>

Case: Naukri: Three Retention Dilemmas

### **Class 14: Organizational Culture and the Founder's Blueprint (HSC Class #6)**

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). Finally, we will consider the advantages that start-ups have, i.e. their freedom to disrupt (business models; technology) and disadvantages associated with the "liability of newness"; the latter explains why so many new organizations fail.

We will then discuss the enormous impact that the founder has on a start-up organization, using the concept of 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, via these questions:

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?

Edgar H. Schein, “Organizational Culture”

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

Case: Automated Travel Systems

Sat, July 9

### **Class 15: Improving Organizational Processes (HSC Class #7)**

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. The Washington Post article shows TPS applied in a hospital setting.

Excerpts from *The Lean Start-up* show how to apply the principles of lean production/TPS to the management of a new entrepreneurial firm.

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

Ceci Connolly, “Toyota Assembly Line Inspires Improvements at Hospital,” *Washington Post*, June 3, 2005

Eric Ries, excerpts from Intro, Chapters 9 and 11, Epilogue from *The Lean Startup*  
NB: *Skim Intro and Epilogue; read “Batch” (Ch. 9) and “Adapt” (Ch. 11) more carefully.*

## Class 16: Aligning People and Business Strategy (HSC Class #8)

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.

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"

*Optional: MacDuffie, John Paul. "Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry"*

Case: Southwest Airlines: Using Human Resources for Competitive Advantage

Mon, July 18

**HUMAN & SOCIAL CAPITAL PAPER DUE (11:59PM PDT, ON CANVAS)**

### Human and Social Capital Assignment: Analysis of Current (or Previous) Job

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

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.
- 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.

Fri, July 22

**Class 17: Global Strategy—Why Internationalize (Global Class #1)**

**Reading:**

1. Introduction and summary of ADDING Framework from “Summary of Global Strategy Frameworks” Document.

**Study questions:**

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

**Class 18: Location Choice—Where to Internationalize (Global Class #2)**

**Reading:**

1. Pankaj Ghemawat, “Distance Still Matters,” Harvard Business Review, Sep. 2001 2. Summary of AAA framework (part of the “Summary of Global Strategy Frameworks” document.)

**Case:** “Uber Growth: The Globalization of a Startup” Wharton School Case (NOTE: Case spreadsheet can be found in the Global Strategy folder on Canvas, not on study.net)

**Study Questions:**

1. How does Uber choose foreign markets?
2. What types of CAGE “distances” are most (and least) impactful for expanding Uber’s business into new countries?
3. Is Uber expanding too fast? Why?

Download the spreadsheet that goes with this case from Canvas (Files > Global Module > Uber Spreadsheet.xlsx). Make sure you understand how the spreadsheet works. The professor will provide more instructions before day 1 of class. Bring your laptop/tablet with the spreadsheet to class.

Sat, July 23

**Class 19: Location Choice 2.0—Sequencing and Learning (Global Class #3)**

**Reading:**

1. Skim (just get the main points) “The American Model of the Multinational Firm and the ‘New’ Multinationals from Emerging Economies,” Academy of Management Perspectives, May 2009 by Mauro F. Guillen & Esteban Garcia-Canal.

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

**Study Questions:**

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

## **Class 20: How to Internationalize: Entry Mode (Global Class #4)**

### **Reading:**

1. Summary of Internalization Framework (part of the “Summary of Global Strategy Frameworks” document.)

**Case:** Cherrypicks, HBS 9-807-106

### **Study Questions:**

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

**Sun, July 31**

**DRAFT OF TEAM PAPER DUE (BY 11:59PM PDT, ON CANVAS)**

**Fri, Aug 5**

## **Class 21: Markets with Poorly Developed Institutions (Global Class #5)**

### **Reading:**

1. Summary of Institutional Voids (part of the “Summary of Global Strategy Frameworks” document.)

**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.)

## **Class 22: Location Choice 3.0—Where to Establish HQ (Global Class #6)**

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

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

*Study Questions:*

1. Why does it matter where firms establish headquarters? If you were starting a firm in the industry in which you work where would you do it? What are the top 3-4 things you would be looking for in that place?
2. Keep you hypothetical startup in mind. How does Chile measure up to the ideal location? Does Start-Up Chile make sense for your startup?
3. Now take the perspective of one of the managers of Start-Up Chile. What aspects of the design of the program would you keep? Which would you change to make Chile a successful, self-sustaining location of choice for new firms?

**Sat, Aug 6      Class 23: Managing Non-Market Stakeholders (Global Class #7)**

**Reading:** “Managing government relations for the future: McKinsey Global Survey results” (link to article provided by professor before class)

**Case:** “Uber’s Challenges in Foreign Markets (A)” (Wharton School Case)

*Study Questions:*

1. What are Uber’s main challenges in foreign markets?
2. Who are the key stakeholders making demands on Uber in each market? What do they want? Has Uber done 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?

**Class 24: Wrap-Up—Putting Global Strategy Together (Global Class #8)**

**No reading required**

**Mon, August 15**

**GLOBAL PAPER DUE (BY 11:59PM PDT, ON CANVAS)**

You will be given a short article (posted on Canvas) describing an international business opportunity. Your task is to write a concise memo addressed to the CEO of a firm who is considering the issues described in the article. The purpose of this brief memo is to apply the core global strategy frameworks covered during July 29-30 by making a recommendation of where a firm should internationalize, what global strategy it should follow, and by what entry mode the firm should invest in the new location. Detailed instructions regarding the assignment can be found on Canvas under Assignments > Global Strategy Memo. **Your memo should be submitted on Canvas by the deadline.** 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.

**Sun, August 28**

**TEAM PROJECT PAPER DUE (AT 11:59PM PDT, ON CANVAS)**

## Team Project

Your assignment is to use theories and concepts from the course to analyze and explain the activities of a given firm located in a given country, vis-à-vis the firm's employment practices and organizational and human-resource systems, its corporate strategy, and its global strategy. Essentially, in this assignment, you will use an actual firm as the case material that allows you to demonstrate your understanding of and ability to apply course theories/concepts. The project can incorporate such competitive strategy topics as industry analysis, positioning, firm capabilities and resources, and the horizontal, vertical and geographic boundaries of the firm; such human and social capital course topics as motivation, job design, reward systems, recruiting and selection, managing individual and group performance, improving organizational processes, and links between the HR system and business strategy; and global strategies of aggregation, adaptation and arbitrage, the role of business groups and the tension between shareholder value maximization and stakeholder demands. This assignment requires you to prepare a draft and a final report (25 pages in length). In your paper, you should consider the drivers of the firm's recent relative performance as well as the sustainability of these drivers over time.

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 Monday June 13<sup>th</sup> by 11:59 pm on Canvas**. During the semester, you are always welcome to contact the teaching assistants to discuss your progress. We will also post a FAQ mid-semester to provide further guidance on the team paper.

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

Please consider the following suggested topics to cover in your analysis:

- 1) Short history/overview of the focal firm, its strategy, and its culture and management practices, including the conditions of its founding and the influence of its home country's political, economic and social institutions;
- 2) Management choices, including (but not limited to) organizational design (structure and processes); reward systems (both extrinsic, e.g. compensation, benefits, promotions, and intrinsic, e.g. job design, professional recognition); recruiting, selection, and retention of talent; training and skill development; supervision and performance appraisal; and how the system of practices contributes (or doesn't) to firm capabilities and competitive advantage;
- 3) Mechanisms for coordination and collaboration, including teams for front-line work; cross-functional or cross-business unit teams; and supply chain relationships;
- 4) Organizational culture, how it was shaped by founders, how it has evolved over time, how it is affected by the national culture of the firm's home (HQ) market, how it relates to firm strategy;
- 5) 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?
- 6) How this firm is 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?
- 7) Overall assessment of this firm's competitive advantage – its sources, distinctiveness, imitability, and the sustainability of its competitive position.
- 8) An assessment of the firm's globalization in terms of (a) why, (b) where, and (c) how the firm internationalized using the appropriate global frameworks (ADDING, AAA, CAGE, internalization).

(If the firm is not yet in foreign markets, this could be a prospective analysis of whether, where, and how the firm could or should internationalize.)

- 9) A consideration of the non-market stakeholders the firm has to deal with across markets and how the firm can effectively engage with those stakeholders.

NOTE: Your paper does not have to cover all of these suggested sections. These are offered only as initial considerations. You should select what topics are most appropriate given the nature of the firm and the main issues it faces.

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](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)

The write-up should be printed double-spaced, using 12-point Times New Roman Font. The maximum length is 25 pages not including Exhibits. Please include an Executive Summary and Word Count on a title page. You will have to be concise and make choices about what issues to discuss. We recommend that you begin work on the paper early, to avoid a last minute crunch. This is feasible because some corporate and national material is readily available and each class session will introduce new concepts that are potentially applicable. **You will submit a draft of your team paper on Sunday, July 31<sup>st</sup>.** Between then and the due date for the final team paper (Sunday, August 28<sup>th</sup>), you will have a Skype meeting with the MGMT 613 TA assigned to your team for feedback on the draft and guidance on how to integrate your analyses across the three course modules.

You may want to explore and draw from the resources available through a dedicated portal for this course established by Penn's Lippincott Library; the link is: <http://guides.library.upenn.edu/mgmt613>.

**The final version of the team paper is due, posted on Canvas, on Sunday, August 28<sup>th</sup> by 11:59 PDT.**