Master of Sustainability Management
Institute for Management and Innovation
UNIVERSITY OF TORONTO MISSISSAUGA
SSM1080H Strategies for Sustainability Management
Winter 2019 Course Syllabus

Class Location & Time:	Room KN 132
Jan 17 – March 29:	Wednesdays, 9:30am – 11:30am
Instructor:	Nicola Lacetera
Office Hours & Location:	Wed 4-5pm; Thu 1-2pm. Room KN235, Kaneff Centre
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Course description and structure

Why are some companies more successful than others? Can we identify the roots of superior company performance and devise tools to leverage on these key drivers of success?

Strategic management consists in the ability to understand the attractiveness and dynamics of industries, the drivers of competitive advantage, the creation of value propositions, and the ability to both deliver and capture the value created by these propositions.

In the process of creating, delivering and capturing value, moreover, companies also affect the well-being of society. As such, strategic management also requires an analysis of the social responsibility and the environment sustainability of companies through their strategies.

Finally, strategic capabilities are of relevance not only for profit-seeking corporations, but also for non-profit organizations, public agencies, and countries (or supra-national organizations) as a whole.

This course will develop the following topics:

- Industry analysis
- Value chains and the coordination-incentives tradeoffs
- Entry and positioning
- Strategic interaction – or, games that companies play
- Business models
- Strategy and organization: incentives and motivations within companies
- Technology strategy
- Innovation strategies beyond technology
- Sustainability and corporate social responsibility
- The psychology of strategic decision making

The class will be **discussion-based** for the most part, and focused on one business case per meeting. There will also be readings (some required, some optional), mostly from academic articles. During the course of the term I will also point you to articles in the popular press that treat topics related to what we see in class (and you are welcome to contribute to this by sending further suggestions…).

The class is of relevance to **students interested in general management in profit-seeking, non-profit and public organizations; strategic consulting; entrepreneurship; as well students interested in pursuing research and graduate studies**. The class is a *necessary* step toward those goals, but not sufficient per se, of course. Students will be called to critically assess the major trade-offs managers and entrepreneurs face, and to evaluate the role and importance of various factors that affect their decisions and outcomes. There will also be one **guest speaker**: Sonya Fiorini, Sr. Director, Corporate Social Responsibility at Loblaws.

COURSE MATERIALS

A **course pack** available online contains all of the required cases. It can be purchased here: https://hbsp.harvard.edu/import/587422 . Additional readings are available on Quercus.

DETERMINATION OF GRADES

The **final grade** for each student will be the result of four major requirements.

First, you will be evaluated based on your active **participation** to the in-class discussion. Active participation requires coming to class prepared by having read (and reflected upon) the assigned material in advance, and contributed to the in-class discussion. *To make this clear, active participation to the class discussions is __necessary__ to receive a high grade in this course.*

Second, you will write 500-words **memos** about the material that we will cover in class. By 9am of the day when we discuss a given case or article in class, you will post your memo on Quercus. Of the discussion questions reported in the detailed schedule below, answer *TWO* of the bolded ones in your memo. In responding, you should also feel free to refer to your own (or others') business experiences (if any) that relate to the case or readings. Writing the memos is also a commitment device for you to prepare the class in advance.

I will then randomly pick, for each of you, *three memos* to evaluate. Note that this gives you a strong incentive to submit memos for *all* classes: if you are "selected" in a given week, and you did not submit a memo for that class, you will be missing a grade on it (the mark will be zero).

Third, you will perform a small search for news stories related to the topics that we treat in class. I expect you to look for articles from news outlets (major magazines, newspapers, etc.) that report on a company, non-profit or public organization that experienced some of the challenges that we discussed in the course. The material that you collect should be different from the one in the syllabus. Based on your search, you will provide a 1000-word report on your readings, how they relate to the material seen in class (e.g. specific cases, articles or topics), as well as your own opinion on how the companies described in the material should address their challenges.

The report is due by the end of the Reading Week.

The **fourth** part of the grade comes from the **final exam**, where you will be asked to answer three or four questions on a business case that I will hand to you one week in advance.

The **composition of the final grade** will be as follows:

Class participation:	**15%**
Memos:	**25%**
Report:	**25%**
Final exam:	**35%**

COURSE OUTLINE

1. **Intro to the course + Industry analysis (Jan. 9)**

   a. "Cola Wars Continue: Coke and Pepsi in 2010", HBS case 711462 [Course pack]
   b. Porter, Michael. 1996. "What is Strategy?" Harvard Business Review, November-December Issue, pp. 61-78. [Quercus]
   c. Porter, Michael: "The five forces that shape strategy" [Quercus]

Questions for discussion (No memo due)

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

2. **Value chains and the coordination-incentives tradeoffs (Jan. 16)**

   a. Keurig, HBS case 899180 [Course Pack]
   b. Gibbons, Robert: Lecture Note 3: Hold-Up (May Be Your Friend) [Quercus]
   c. TTC doubts Bombardier will meet revised streetcar order schedule, The Globe and Mail [Quercus]
   d. Managing partners, The Economist [Quercus]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

> - Draw and analyze the "coffee brewing" value chain for Keurig, and Keurig's position in it
> - **What does really Keurig do/produce? What is it buying from other companies?**
> - **Are the relations with these other companies smooth and easy?**
> - **Would you consider, as an alternative, full integration by Keurig? What kinds of problems will it solve and which others might it create?**
>
> - **How can hold-up, as defined by Gibbons, affect the relationships in which Keurig is involved?**
>
> - **What lessons would have TTC learned from reading about Keurig as well as the other pieces assigned for today? What do you think TTC did wrong in setting up their relationship with Bombardier?**

3. **Entry and positioning (Jan. 23)**

   a. Tesla Motors, HBS case 714413 [Course Pack]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

   ➢ Is Tesla a major competitor to established automobile brands?
   ➢ What choices did Elon Musk make when he entered the automobile industry?
   ➢ **What were the strengths and weaknesses of the approach that Elon Musk took to launch Tesla's new automotive brand?**
   ➢ **Was Tesla's entry approach more of a niche strategy or a mass product strategy?**
   ➢ **What is peculiar about Tesla's value chain as opposed to other car makers? How would you evaluate these unconventional choices?**
   ➢ **Can Tesla's automotive operation become profitable in a sustainable way?**
   ➢ **Tesla has made openly available its patents, thus potentially creating more competition for them. Does this make any sense to you?**
   ➢ **Would you personally invest in Tesla, and why?**
   ➢ **Should BMW expect Tesla to grow into a strong competitor like Audi? Why or why not?**

4. **Games companies play -- 1 (Jan. 30)**

   No readings or memos due

5. **Games companies play -- 2 (Feb. 6)**

   a. Airbus vs. Boeing, HBS case 707447. [Course Pack]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

   ➢ **What are the drivers of value creation and value capture in this industry?**
   ➢ **As of 1992, who is doing better, Boeing or Airbus? Explain why**
   ➢ **What would be the value of a new VLCT company to both companies?**
   ➢ **If you were Airbus, how would you respond to Boeing? Should airbus collaborate with Boeing in the development of the VCLT?**
   ➢ **What of the game theory concepts and the example that you learned in the previous class are relevant to this case?**

6. **Business models (Feb. 13)**

    a. Zipcar: Refining the Business Model, HBS Case 9-803-096. [Course Pack]
    b. We told you that the Snap IPO was a sucker's bet, LA Times [Quercus]
    c. Dizzling ride may be ending for Tech Star-Ups, NY Times [Quercus]
    d. The Unbearable Lightness of Tweeting, The Atlantic [Quercus]
    e. 'Sharing economy' benefits may not live up to hype, CBC News [Quercus]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

> **What is Zipcar's <u>Business Model</u>?**
> > o **Major drivers of revenues, costs economic performance: play with some numbers! (Revenues/costs per car, subscribers...)**
> **How has the business model changed from Dec. 1999 to May 2000?**
> **Are the preliminary results encouraging?**
> **What would you tell an investor, in two minutes, to convince him/her to invest in Zipcar?**
> **As an investor, what would you ask to Zipcar?**

> **Please report on a business model from a company that you find particularly interesting and novel. Many internet companies are experimenting with different models – think of Groupon or Netflix, for example. Do you think the business morel of the company you chose is viable? Why or why not?**
> **Why do you think Twitter's business model is struggling, and what can be done to fix it?**
> **In the light of the Zipcar case and of the related articles, what do you think are the opportunities and challenges of "sharing-based" businesses?**
> **In the light of the lesson from the business model definition challenges at Zipcar, what do you think are the opportunities and challenges of the business models of the main social media platforms?**

No class on Feb. 20 – Reading week
Report due by Sunday, Feb. 24 at 11:59pm.

7. Delivering value: Incentives and motivations in organizations (Feb. 27)

    a. GiveDirectly, HBS Case 918036 [Course Pack]

    b. Gustavo Manso, "Creating Incentives for Innovation", California Management Review (Quercus)

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

➢ **Suppose you are going to make a charitable contribution of $500 towards an organization that helps people in poverty in sub-Saharian Africa. You are choosing between GiveDirectly and the Canadian Red Cross. Which organization would you choose and why?**

➢ **Imagine you are on the leadership team of GiveDirectly. Would you want to implement a compensation plan featuring financial incentives that directly tie pay to the amount that GiveDirectly delivers?**

➢ **What data would you want to collect to inform your decision on the question above?**

8. Strategy, sustainability and corporate social responsibility (Mar. 6)

<mark>**Guest Speaker: Sonya Fiorini, Sr. Director, Corporate Social Responsibility, Loblaws.**</mark>

9. Technology Strategy (Mar. 13)

    a. Netflix, HBS Case 918036 [Course Pack]

    b. Christensen, Clayton M. 1997. "How Can Great Firms Fail? Insights from the Hard Disk Industry.", Chapter 1 in The Innovator's Dilemma. Cambridge, MA: Harvard Business School Press, [Course pack]

    c. Jill Lepore, "The Disruption Machine", The New Yorker [Quercus]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

➢ **In what ways did Netflix's DVD-by-mail business act as a disruptive innovation to video stores like Blockbuster?**

➢ **What were some critical management decisions that helped Netflix be successful versus Blockbuster?**

➢ **In what ways did the advent of digital video delivery represent a disruptive innovation to Netflix's DVD-by-mail business?**

➢ **What are reed Hastings big decisions at the end of the case? How should he assess the relative merits of Netflix's options?**

➢ **What are the most convincing arguments about the main pitfalls in the "disruption" theory, according to Jill Lepore's article "The Disruption Machine"?**

10. Innovation strategies beyond technology (Mar. 20)
      a. The evolution of the Circus Industry [Course Pack]
      b. Even a Clown Can Do It: Cirque du Soleil Recreates Live Entertainment [Course Pack]
      c. "Massive layoffs and mediocrity: Has Cirque du Soleil lost its way?" Globe and Mail [Quercus].

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

➢ **How would you assess the attractiveness of the circus industry in the early 1980s? What would you conclude from your industry analysis?**
➢ **What were the factors the traditional circus companies competed on? What do you like or dislike about traditional circus?**
➢ **Compared to traditional circus, which factors were newly created by Le Cirque di Soleil and what do you think the inspiration for them came from?**
➢ **How does Cirque du Soleil create superior profits? How does it improve industry growth and generate greater revenues? How does it raise profitability and reduce its cost structure?**

11. The psychology of strategic decision making (Mar. 27)
      a. Group process in the *Challenger* launch decision, HBS Case 603068 [Course Pack]

Questions for memo and discussion -- for the memo, please provide answers to TWO of the bolded questions (a questions includes also the sub-bullet points)

➢ **How would you characterize the broader context surrounding the January 1986 teleconference? What impact might that have on the group's decision-making process?**
➢ **Put yourself in Roger Boisjoly's shoes. The teleconference is scheduled for tonight. What approach will you take with the group to get support for your perspective? What will you actually say during the meeting?**
➢ **What issues face Bob Lund? What might he be concerned about in the teleconference meeting?**
➢ **What issues face Larry Mulloy? What might he be concerned about in the teleconference meeting?**

(If you read the syllabus up to this point, please email me a picture of a capuchin monkey ☺)