Strategy Simulation: The Negotiator’s Dilemma

Students Learn Key Lessons in a Quick, 25-Minute Prisoner’s Dilemma Simulation

IN THIS NEW ONLINE SIMULATION, students learn how to identify patterns in negotiation strategy and then apply those lessons in a fast-paced group negotiation. The simulation teaches students about the importance of understanding and influencing their counterparts’ behavior in strategy and negotiation.

Practice Mode: Identifying a Counterpart’s Strategy
In Practice Mode, students learn an important—but often overlooked—skill in business and negotiation: recognizing a counterpart’s strategy. The student and his or her computerized counterpart decide whether to “cooperate” or “compete” simultaneously and after a few moves, the student tries to identify which of the 8 possible negotiation strategies the computer is playing.

Play Mode: 4-Person Prisoner’s Dilemma Simulation
In Play Mode, groups of 4 students play a fast-paced “prisoner’s dilemma” exercise. Each round is timed and students choose whether to cooperate or compete, with the goal of maximizing their own individual point scores. This classic, competitive simulation is played over 10 quick rounds, with optional bonus rounds that feature higher point values and group chat sessions.

The simulation is playable across device types, from desktops to mobile phones.

Registered Premium Educators can see a complete Free Trial online. Not a Premium Educator? Registration is free: educatoraccess.hbsp.harvard.edu

New Brief Cases
Brief Cases are rigorous and compact. Most are 6-8 pages plus exhibits and all are accompanied by a Teaching Note. Supplementary spreadsheets assist students with a quantitative analysis of the case, while instructor spreadsheets provide supporting data and editable calculations. Many Brief Cases have optional downloadable audio versions for students. New Brief Cases include:

Entrepreneurship
Hotel Vertu: Analyzing the Opportunity in the Boutique Hotel Industry #917501
Malenti Strings: Intrapreneurship within FLG, Inc. #917513
Promontory, Inc. #917535
Seaside Organics #916526

Human Resource Management
Fresh to Table #917541

International Business
Yushan Bicycles: Learning to Ride Abroad #917539

Marketing
CNS Worldwide #917531
Harmonie Water: Refreshing the World Naturally #917527
Magellan Boatworks #917547
Pintura Corporation: The Lena Launch Decision #917523

Operations Management
Cataumet Boats, Inc. #917509

SEE MORE BRIEF CASES:
hbsp.harvard.edu/briefcases
NEW ARTICLE
Teaching with Cases Online

Teaching in an online course is new to many instructors—and tools constantly evolve. A new article, *Teaching with Cases Online*, offers insights on ways to conduct case discussions in an online environment. Authors Espen Andersen of Norwegian Business School and Bill Schiano of Bentley University provide a practical look at teaching with cases in online courses. Below are a few excerpts:

**Foundation: Preparing The Course**

An online course requires more time from the instructor at the beginning than in the middle or at the end. If you are teaching the first case class your students have had or if you are using cases in a way that is different from what the students are used to, you will need to invest time in helping students adjust to the process of case discussion.

A sense of community enhances student engagement in the course and makes discussions more productive as students build trust and open up. Foster a community before the course begins by having students create profiles, including information that may be helpful in case discussions.

**Flow: Teaching the Course**

Engaging students is one of the greatest challenges in online teaching. The first step is to establish what constitutes engagement. Some practices we find helpful:

- **Start early.** Make the opening of your course as “case-based” and interactive as possible. Get students engaged in discussion at the outset. This sets a critical precedent.

- **Sell, sell, sell.** Promote the value of the case method vociferously. Linking to career skills and job-hunting successes can be helpful.

- **Use class assessment to motivate.** Make participation a significant portion of the grade.

**Feedback: Participation Grades**

**QUANTITY:**

If you use an LMS, it should be able to provide data on the number of times students have viewed pages and posted. This can be helpful in identifying students who have failed to meet minimum standards for activity, but of course, it does not address what students have contributed.

**QUALITY:**

Read and evaluate the comments of students in the context of the discussions. You can do this using the same method you use to evaluate class participation in traditional classrooms, except you can keep your gradebook open and pause whenever you like without disrupting the flow of the discussion.

- **Self-evaluations.** Have students identify their best comments for each case.

- **Peer rankings of posts.** Give some weight to what classmates thought of each other’s comments.

- **Summaries of discussions.** Have students summarize discussions and attribute the best comments to specific authors.

- **Groups.** Do at least some of your evaluation at the group level.

SEE THE COMPLETE ARTICLE: hbsp.harvard.edu/teachingcasesonline

**IMPROVEMENTS TO ONLINE COURSES**

Online Courses provide comprehensive overviews of key topics. Each course has now been updated to improve usability for instructors. Titles include Finance, Financial Accounting, Quantitative Methods, Spreadsheet Modeling: Excel 2013, Mathematics for Management, and Management Communication.

Key Updates Include:

- **Better Reporting**—A redesigned administrator section provides a deeper dive into student performance data, including proficiency by subject area.

- **Randomized Exams**—Exam questions appear in randomized order for each student.

- **A Certificate of Completion**—Students receive a Certificate of Completion upon passing the final exam.

- **LMS Upload Instructions**—Administrators can see how to upload student results into an LMS gradebook.

- **QA Updates**—Testing across content and browsers ensures stability and compatibility.

Courses are available in sections or as complete courses.

VIEW ONLINE COURSES: hbsp.harvard.edu/onlinecourses

Free Trial Access: Full access to Online Courses and Simulations is available to Premium Educators (a free service) on our website.
Innovation Simulation: Breaking News

Covers Innovation Management and Open Innovation

In this 25-minute simulation, students manage the innovation process for the Citizen Sun, a struggling newspaper company. The simulation begins with a mandate from the CEO to develop new ideas to counter the Sun’s declining sales, subscriptions, and web traffic. Working with constrained time and budget, students generate a list of potential innovations and submit the best idea to the CEO.

Simulation Play

Students begin by designing one or more innovation initiatives—open innovation campaigns, internal R&D projects, customer focus groups—to generate a pool of ideas. They then evaluate the available ideas, further testing them if needed, and submit their recommended innovation to the CEO. At the end, a Results screen summarizes the different types of innovation used and the quantity and quality of new ideas generated by each initiative. Students also receive feedback from the CEO about their submitted idea.

4 Mandates

There are 4 different versions of the original mandate given to students by the CEO, each representing different levels of risk tolerance within the organization (high or low) and the specificity of the problem presented (wide-open or narrow-specific). In the class debrief, the instructor can contrast the different choices made by students who were given different initial “missions.”

Teaching The Simulation

The learning objectives for Innovation Simulation: Breaking News include:

• Understand the challenges of innovation management, including the variety of options for sourcing and developing high-quality ideas
• Examine the different modes of innovation and the trade-offs between them
• Consider how scope and overall mission (or mandate) impact the direction and tone of an innovation process
• Explore the potential of open innovation to seed the innovation funnel and develop solutions

This simulation is accessible, mobile-friendly, and playable in approximately 25 minutes at home or in class. Administrators have access to a variety of tools, including simulation customization options, reporting screens, debrief PowerPoint slides, a comprehensive Teaching Note, and author commentary videos.

LEARN MORE AND SEE A FREE TRIAL: hbsp.harvard.edu

Tucker S. Marion, Northeastern University; Sebastian Fixson, Babson College | #8675 | TN
Single-player | Seat Time: 20-30 minutes

⇒ NOT A PREMIUM EDUCATOR? APPLY ONLINE: educatoraccess.hbsp.harvard.edu
One of Susan Shaw’s interests is investing in the stock market. She has copied some pages from the 2015, 2014, and 2013 financial statements of Facebook Inc., and the company sure seemed like an investment winner. But as she peruses these financial statements, she notices that in the 2014 statements there are some huge differences from the 2013 statements for a number of line items, such as Total Assets, Goodwill, Additional Paid in Capital, Revenue, Net Income, and Net Cash Used in Investing Activities. The reported dollar amounts for many of these items listed on the 2014 balance sheet, income statement, and statement of cash flows had more than doubled, so she wonders whether traditional financial statements and reporting conventions were robust and effective in communicating the intricacies and details of deals such as Facebook’s acquisition of WhatsApp, and whether all Facebook’s assets and its enterprise value were reflected in its balance sheets.

The Reading also shows how ROE is calculated using 3 ratios: profit margin, operation efficiency, and financial leverage. This Reading includes 6 Interactive Illustrations: “DuPont Framework,” “Efficiency Ratios,” “Inventory Turnover and Days in Inventory,” “Cash Conversion Cycle,” “Leverage Ratios,” and “Profitability Ratios.”

Financial Accounting Reading: Preparing Financial Statements—
the Balance Sheet
V.G. Narayanan
Harvard Business School Core Curriculum Reading
#5050 (47 pages) TN
Supplemental Slides Available

The objective of this Reading is to enhance the student’s understanding of basic business transactions and their impact on the financial position of a business. With a focus on the balance sheet, this Reading defines assets, liabilities, and stockholders’ equity and utilizes the accounting equation to help students think through the processing of everyday business transactions. Transaction analysis is presented, not to teach students to become bookkeepers, but rather to help them understand how these economic events affect the balance sheet. This Reading includes an Interactive Illustration, which introduces a graphical representation of the balance sheet. The user selects from a list of possible transactions and observes the effects on the balance sheet. This Reading also includes a short video, which centers on an interview of the owner of the small business (Ashmont Cycles) that is referred to as a running example throughout the Reading.

Financial Accounting Reading: Preparing Financial Statements—
Statements of Income and Cash Flows
V.G. Narayanan
Harvard Business School Core Curriculum Reading
#8608 (35 pages) TN
Supplemental Slides Available

The case presents an evaluation of a game played every year by the RCD Espanyol soccer team as a start to the season. The case provides the economic details of the game and the team so that students can analyze whether the game is profitable or not. The case is designed as introductory material for courses in managerial accounting and the economics of sports. It introduces the concepts of variable and fixed costs, direct and indirect costs, cost allocation, break-even point, opportunity cost, profitability, and cash flows.
The Toshiba Accounting Scandal: How Corporate Governance Failed

Mitsuru Misawa
University of Hong Kong Case
#HK1097 (21 pages) TN

In 2015, Toshiba, a conglomerate best known for its electronics products, announced to the world that it had overstated profits by 151.8 billion yen (US $1.2 billion) over a 7-year period. The conduct of Toshiba’s management and employees left a deep stain on Japan that threw corporate culture and corporate governance practices into turmoil. This case presents a comprehensive review of the Toshiba accounting scandal. It examines how the accounting irregularities in evidence at Toshiba spread from a relatively minor case of accounting misrepresentation to corporate-wide deception ingrained in the cultural fabric of the organization. The research highlights how issues of corporate culture can undermine even the most robust corporate governance strategies, and examines some of the challenges Toshiba faces in its attempts to recover from the biggest accounting scandal in contemporary Japanese history.

BUSINESS & GOVERNMENT RELATIONS

A Smart City Is a Collaborative Community: Lessons from Smart Aarhus

Charles C. Snow; Dorthe Dojbak Hakonsson; Borge Obel
California Management Review Article
#CMR637 (17 pages)

Initiatives to redesign cities so that they are smarter and more sustainable are increasing worldwide. A smart city can be understood as a community in which citizens, business firms, knowledge institutions, and municipal agencies collaborate with one another to achieve systems integration and efficiency, citizen engagement, and a continually improving quality of life. This article presents an organizational framework for such collaboration and employs it to analyze Smart Aarhus, the smart-city initiative of Aarhus, Denmark. Based on the experiences of Smart Aarhus to date, the article offers a set of lessons that can benefit the designers, leaders, and policymakers of other smart-city initiatives.

Cargill: The Risky Business of Integrating Climate Change and Corporate Strategy

Andrew Hoffman
WDI Publishing at the University of Michigan Case
#W05CO6 (14 pages) TN

The complex and fragmented agribusiness sector has been resistant to legislation surrounding greenhouse gas emissions and other climate change regulations. Cargill, one of the largest agribusiness companies and the largest privately held company in the U.S., has the ability to become a significant driver of the climate change conversation and set new industry standards. But in 2013, Cargill was a traditionally silent group with a negative environmental record. Cargill CEO Gregory Page must decide whether to push Cargill into the climate change spotlight by joining the Risky Business Project, a new and innovative initiative that sought to evaluate the economic impact of climate change on the U.S. economy. Page must weigh the environmental and business implications of his decision, as well as how it may affect company stakeholders.

CEO Activism (A)

Michael W. Toffel; Aaron Chatterji; Julia Kelley
Harvard Business School Case
#617001 (25 pages) TN
B Case Available

This case introduces CEO activism, a phenomenon in which business leaders engage in political or social issues that do not relate directly to their companies. The case uses several examples to describe why business leaders are engaging in CEO activism, and the potential benefits and drawbacks: (1) how Angie’s List’s CEO responded to the state of Indiana’s passing a controversial religious freedom law, (2) how Duke Energy’s CEO supported pending U.S. legislation addressing climate change, and (3) how Chobani’s CEO publicly supported refugees. Students are then provided with the situation faced by PayPal CEO Dan Schulman after North Carolina passed House Bill 2, which Schulman perceived as discriminatory against LGBTQ (lesbian, gay, bisexual, transgender, and queer) individuals. Students are asked to consider whether Schulman should engage in CEO activism and, if so, how best to approach the situation. The B Case provides an update on Schulman’s decision.

BUSINESS & GOVERNMENT RELATIONS

NEW!

Case Startup Kit: Business & Government Relations

This new Case Startup Kit in Business & Government Relations suggests 12 cases ideal for teaching as a “first case” for new instructors. Cases were selected for their brevity, ease of use, and teachability. Most cases are fewer than 15 pages and are accompanied by a Teaching Note that provides instructional guidance.

hbsp.harvard.edu/casestartupkit
should amend a draft consent decree to fix and upgrade the county’s sewage system by including investments in adaptation to climate change. The county has 3 sewerage treatment plants, all of which are built on the coast and thus vulnerable to possible sea level rise, particularly in an era of more intense storms. The case provides a basis to assess 3 key issues:

1. How certain are the possible impacts of sea level rise over the next 30 years? (2) What are the political and economic challenges of allocating present financial revenues for benefits in the future that could be significant but are uncertain? (3) If such investments are approved, who should pay for them?

**Muñoz Group Faces Brexit**

Forest Reinhardt; Annelena Lobb
Harvard Business School Case #717006 (25 pages)

In 2016, Muñoz Group, a multifaceted agribusiness company that develops, produces, packages, imports, and exports citrus, flowers, grapes, juice, and ice cream, faced an unexpected new challenge in the British public’s vote for the United Kingdom to exit the European Union. The outcome of the vote led to uncertainty around investment conditions, instability in the pound, growth in anti-immigrant sentiment, and other changes. This created unusual business conditions for Muñoz Group’s CEO, Alvaro Muñoz, who had to decide how to adjust his strategy for the coming years, given that his company is headquartered in the U.K. but does business all around the world.

**BUSINESS ETHICS**

**The Counterfeit Safety Label**

Anne T. Lawrence
North American Case Research Association Case 
#NA0423 (5 pages) TN

Jeff Spaulding, president and CEO of Specialty Products, Inc. (SPI), learned that one of the company’s Chinese suppliers had placed counterfeit UL (Underwriters Laboratories) safety certification labels on a popular line of decorative table lamps manufactured for the company. SPI designed and imported a wide range of seasonal, gift, and home décor products, including lighting. Further investigation revealed that many lamps bearing counterfeit UL labels had already been shipped to retail stores and sold to consumers. Spaulding assembled his top management team—the heads of product development, sales, compliance, and finance—to determine the appropriate course of action. Among the factors the team needed to consider were possible safety risks to consumers, legal and reputational risks to the company, the financial costs of recalling or destroying improperly labeled lamps, the company’s relationship with its suppliers, and the interests of the private investors who owned SPI.

**Follow Dubious Orders or Speak Up?**

Matthew Preble; Sandra Sucher
*Harvard Business Review* Web Article #H03MFG (1,835 words)

An intern contemplates whether she should compromise her values for a job.

**Rajat Gupta**

Paul M. Healy; Eugene Soltes
Harvard Business School Case #117004 (15 pages) TN

Rajat Gupta, former managing director of McKinsey & Company; a director of Goldman Sachs, Procter & Gamble, and AMR; and a well-known philanthropist, was convicted of engaging in insider trading. The case explores Gupta’s rise and the later legal problems he faced.

**The Ready-Made Garment Industry: A Bangladeshi Perspective (A)**

Nien-he Hsieh; Saloni Chaturvedi
Harvard Business School Case #317052 (28 pages) B and C Cases Available

Responsibility for working conditions in contract factories within the supply chain presents an ongoing challenge for managers and in an area of debate. Much of the debate approaches the challenge from the perspective of large global apparel brands. This case helps students take the perspective of a Bangladeshi contract factory that is part of numerous brands’ supply chain and must also deal with challenges in its own supply chain. The case leads up to the Tazreen factory fire of 2012, in which over 100 people died, and covers subsequent developments in Bangladesh and the apparel industry.

**Miami-Dade County and Sea Level Rise**

Henry Lee; Natalie Unterstell; Shauna Theel; Pinar De Neve
Harvard Kennedy School Case #KS1212 (14 pages) TN

Sequel Case Available

This case focuses on the politics and economics of local adaptation to the threat of climate change impacts. Specifically, it focuses on whether a jurisdiction—Miami-Dade County—
Responsibilities to Society
Nien-he Hsieh
Harvard Business School Module Note #317065 (6 pages)
This module note for students outlines an approach to help managers deliver on their responsibilities in relation to society. The approach frames these responsibilities in terms of harms to third parties beyond investors, customers, and employees. The approach aims to help managers identify relevant harms, analyze their responsibility for harms, and determine an appropriate response. The approach also considers limits on how far managers ought to go to address these harms. The module note was written for students in the first-year course “Leadership and Corporate Accountability.”

Why Ethical People Make Unethical Choices
Ron Carucci
Harvard Business Review Web Article #H03CRD (1,301 words)
Companies are unintentionally provoking bad behavior.

ECONOMICS
Business Liability and Economic Damages, Chapter 1: Business Liability
Scott D. Gilbert
Business Expert Press Chapter #BEP317 (16 pages)
In Chapter 1 of Business Liability and Economic Damages, the author begins by defining the scope of liability possible in the social contract between business and society. He explains that the range of potential liability in a social contract is wide, and he shows how to analyze potential liability in a 6-part model of relationships: customers, employees, owners, the public, government, and others. He explains the role that insurance plays in the social contract, as well as the relationship of insurance to business.

Did Apple Pay Too Little Tax? Appealing the EU Ruling on Illegal State Aid
Morten Bennedsen; Brian Henry; Mark Stabile
INSEAD Case #IN1340 (23 pages)
On August 30, 2016, Margrethe Vestager, the European commissioner for competition, ordered Ireland to recover $13 billion in illegal state aid that the state had granted Apple since 2003. In allowing Apple to pay close to zero in taxes, she ruled, Ireland had given the foreign company a selective advantage over other businesses, which paid the regular corporate tax rate of 12.5%. Tim Cook, CEO of Apple, and Enda Kenny, the Irish prime minister, appealed the ruling, a process that is ongoing. The case explores this event from 3 analytical pillars: (1) the role of Ireland’s low corporate tax rate in attracting FDI, (2) Apple’s decision to allocate its earnings to a paper company in Ireland with no physical presence in the country, (3) the repatriation of foreign earnings to the U.S., (4) the transfer payments that Apple makes to the U.S. to pay for R&D, and (5) the commissioner’s decision to impose a retroactive tax penalty on a foreign company that acted in accordance with the tax arrangements granted by its host country.

Hurricane Sandy: Supply, Demand and Appropriate Responses to the Gas Shortage
Morten Olsen; Emily McBride
IESE Case #IE5586 (4 pages)
This case focuses on understanding how markets work, supply and demand, market equilibrium, and the role of price as a coordination mechanism. To this end, we use the aftermath of the hurricane that hit New York and New Jersey in 2012, and in particular the gas shortages that caused long lines and frayed tempers. Hurricane Sandy interrupted gas supplies, resulting in many local stations’ shutting down when their supply ran out. New Yorkers became increasingly desperate to get hold of gas for a variety of reasons: to commute to work, to visit relatives in other areas of town, or to power generators in the case of lost power. New York and New Jersey both have laws prohibiting price gouging, but as the shortage stretched on, gas was being sold on Craigslist at many times its pre-hurricane price. Essentially, the government response to the gas shortage created a black market. Once the situation was resolved and prices had returned to normal, the 2 states began issuing fines to gas stations and hotels that had overcharged customers during the crisis, and Craigslist was subpoenaed for further information. Yet from an economic point of view, the shortage was a clear-cut case of supply problems. With that in mind, perhaps the government, rather than everyday citizens, should have acted differently.

Research: The Rise of Superstar Firms Has Been Better for Investors Than for Employees
Christina Patterson; John Van Reenen
Harvard Business Review Web Article #H03NN0 (985 words)
In America, the share of the economic pie going to workers has been on the decline for about 3 decades, and this has accelerated since the turn of the century. The fall has occurred in most other countries, too. In the U.S., the share of income workers take home each year now hovers around 60%. The leading theories to explain this trend—automation and competition from China—are inadequate. A recent paper puts forward a different story based on the rise of “superstar firms.” More and more industries have become “winner take most” over the past 40 years. The rise of the superstar firm isn’t simply a reflection of a rigged economy where the incumbents are colluding to rip off consumers and workers. But the risk is that the dominance of superstars will eventually contribute to a fall in economic dynamism and productivity that will further entrench their power. Left unattended, this may stoke popular resentment of big business or big government—or both.

Restoring Japan: Abenomics
Nuria Mas; Isaac Sastre
IESE Case #IE5587 (23 pages)
The case presents Prime Minister Shinzo Abe, whose economic policies, nicknamed “Abenomics,” aim to remedy the economic malaise Japan has suffered since the 1990s. The case jumps back to that era and describes the circumstances that surrounded the beginning of this “lost decade” and the actions of the Japanese authorities of the time in response to it. Those actions failed to prevent stagnation,
which has plagued the Japanese economy ever since. The case then returns to 2015 and examines Abe’s 3-pronged economic policy, built around monetary, fiscal, and structural reforms. The case describes the performance of the Japanese economy alongside these main policy lines, opening the discussion of whether Abe’s policies will finally be able to create sustained growth after many failed attempts by several previous Japanese administrations.

**Entrepreneurship**

**A Note on Franchising (Abridged)**
Paul A. Gompers
Harvard Business School Background Note #217059 (13 pages)

This note examines the motivations for franchising and presents the academic literature in the area. It also draws implications for franchising patterns and provides data on franchising patterns.

**Africa’s New Generation of Innovators**
Clayton M. Christensen; Efosa Ojomo; Derek van Bever
Harvard Business Review Article #R1701K (9 pages)

With a young, urbanizing population, abundant natural resources, and a growing middle class, Africa seems to have all the ingredients necessary for huge growth. Nevertheless, a number of multinationals have recently left the continent, discouraged by widespread corruption, a lack of infrastructure and ready talent, and an underdeveloped consumer market. Some innovators, however, have succeeded by building franchises to serve poorer consumer segments; tapping the vast opportunity represented by nonconsumption; internalizing risk to build strong, self-sufficient, low-cost enterprises; and integrating operations to avoid corruption. The difference, the authors believe, lies in the choice between “push” and “pull” investment. MNCs seek growth by “pushing” current products onto emerging middle-class consumers. They retain a large portion of their existing cost structure and operating style and thus set prices that limit market penetration. The winning strategy diverges from this approach in almost every respect. When innovators develop products that people want to “pull” into their lives, they create markets that serve as a foundation for sustainable growth and prosperity.

**BrightStar Care: The Evolution of a Leadership Team**
Boris Groysberg; Colleen Ammerman; John D. Vaughan
Harvard Business School Case #417020 (31 pages)

BrightStar Care was a rapidly growing franchise of home health care agencies. Husband-and-wife team JD and Shelly Sun founded BrightStar as a single agency near Chicago in 2002, and by 2016 nearly 300 BrightStar franchises were open across the U.S., generating over $300 million in annual revenue. BrightStar was now a very different company from the one Shelly and JD started up during their first year of marriage. Shelly, CEO, had decided to...
Franchise the business in 2004. As franchises began to sell, Shelly quickly set about building scalable operations and infrastructure, including a centralized technology function and custom software for franchisees. As more and more locations opened around the U.S., she focused on growing BrightStar’s national marketing profile and putting measures in place to distinguish BrightStar’s services as higher quality than those of its competitors. A shifting regulatory landscape and labor shortages posed challenges, but BrightStar continued to grow swiftly. As the company evolved and Shelly attempted to spend more time away from headquarters, she knew she needed a strong senior management team. In the early 2010s, Shelly was close to filling all of BrightStar’s crucial executive roles but had to consider whether some longtime leaders were the right fit for the company’s current needs.

Chemises en Coton
Josu Urrutia; Alberto Gomez Pajares; Luis Palencia
IESE Case
#IESS57 (16 pages)

A Barcelona-based entrepreneur in the textile sector (providing T-shirts to promoters) is presented with the opportunity to take over a small textile manufacturing company located in Tangier, Morocco, and he has to decide whether to take the opportunity or not. The analysis includes the study of the value chain and whether any part of it can be outsourced, alignment with the entrepreneur’s current business, and how the plan fits into his lifestyle.

The Medici Effect, with a New Preface and Discussion Guide: What Elephants and Epidemics Can Teach Us about Innovation
Frans Johansson
Harvard Business Review Press Book
#10129H (256 pages)
Available as an eBook

Why do so many world-changing insights come from people with little or no related experience? Charles Darwin was a geologist when he proposed the theory of evolution. And it was an astronomer who finally explained what happened to the dinosaurs. Frans Johansson’s The Medici Effect shows how breakthrough ideas most often occur when we bring concepts from one field into new, unfamiliar territory and offers examples of how we can turn the ideas we discover into path-breaking innovations. Clayton M. Christensen, bestselling author of The Innovator’s Dilemma, has described The Medici Effect as “one of the most insightful books about managing innovation I have ever read. Its assertion that breakthrough principles of creativity occur at novel intersections is an enduring principle of creativity that should guide innovators in every field.”

FINANCE

The Brexit Unknown—Britain’s Boom or Bust?
Yiorgos Allayannis; Jenny Craddock
Darden School of Business Case
#UV7279 (23 pages)

This case invites students to assess the impact that Brexit, the withdrawal of the United Kingdom from the European Union, might have on a New York-based hedge fund’s portfolio and, specifically, its U.K. assets. The case is designed to prompt students to make market assumptions and investment hypotheses based on a combination of numerical data and qualitative information. It requires no numerical computations; instead, it asks students to interpret both markets’ short-term reactions to the Brexit vote and strategy shifts from U.K. and European business leaders in order to evaluate longer-term implications for the economies of the United Kingdom, Europe, and the world.

Ferrari: The 2015 Initial Public Offering
Michael J. Schill; Jenny Craddock
Darden School of Business Case
#UV7259 (20 pages)

This case examines the October 2015 initial public offering pricing decision for legendary Italian sports car company Ferrari by Fiat Chrysler management. Students are invited to model the value of Ferrari in light of Ferrari CEO Sergio Marchionne’s interest in expanding production despite the company’s long-standing tradition of severely limiting production strategy to maintain an exclusive brand image. The case is designed to showcase corporate valuation using discounted cash flow and peer-company market multiples for a company that exists in 2 sectors: automotive and luxury goods.

Finance Reading: Risk and Return 1: Stock Returns and Diversification
Timothy A. Luehrman
Harvard Business School Core Curriculum Reading
#5220 (43 pages)
Supplemental Slides Available

This is the first in a set of 2 Readings on risk and return. It introduces the ideas of financial risk and return, at first intuitively, with a discussion of investor risk aversion and trade-offs, and then formally, with a basic explanation of pertinent statistics. It introduces probability distributions and their parameters—mean and standard deviation—as measures of expected return and risk. Using sample statistics from historical returns as coordinate pairs, it plots asset classes in mu-sigma space to give a graphical representation of risk and return, and defines dominance. To cement students’ understanding, the text steps through calculations of risk and return statistics from historical price data for Microsoft to mu-sigma space. The second half of the Reading covers the co-movement of stock returns using sample covariance, beta, and correlation computed for pairs of risky assets. Scatterplots and linear regression are introduced to calculate beta. The Reading introduces essential portfolio math, with portfolio weights and correlation coefficients. It shows that a portfolio’s risk is lower than the weighted average risk of its component assets if the assets are not perfectly positively correlated. This fundamental statistical property gives rise to the economics of diversification. The Reading contains 7 web-based Interactive Illustrations, including ones that demonstrate the central limit theorem, how to create a histogram, and portfolio mu and sigma over a range of correlation coefficient values.
of correlation among portfolio assets. Next, it compares portfolios and defines the concepts of efficiency and the efficient frontier. It introduces a riskless asset and uses it to identify the tangency portfolio and to define the Sharpe ratio as a way to compare excess returns to risk. The discussion demonstrates how borrowing and lending can create any portfolio, and it presents the 2-fund separation theorem. Finally, the Reading considers the problem of whether to add a small amount of a risky asset to an existing portfolio as a way to derive the Portfolio Improvement Rule, before concluding with general equilibrium and the capital asset pricing model (CAPM). The Reading contains 6 web-based Interactive Illustrations, including ones that show the decline in the volatility of a portfolio’s returns as the number of stocks in the portfolio increases from 2 to 30, the “broken eggshell”-shaped region in mu-sigma space that includes all possible portfolios for 5 risky assets, and how the tangency portfolio and Sharpe ratio are determined.

The Rise and Fall of Lehman Brothers
Stuart C. Gilson; Kristin Mugford; Sarah L. Abbott
Harvard Business School Case #217041 (36 pages)

The September 2008 bankruptcy of Lehman Brothers was the largest in U.S. history. In 2007, Lehman achieved record earnings. What happened? Who is to blame?

Royal Mail plc: Cost of Capital
Michael J. Schill
Darden School of Business Case #UV7254 (12 pages) TN

This case examines the cost of capital estimation for British postal service company Royal Mail plc in 2015, a time when company managers and government regulators were adjusting to private ownership after 500 years of government ownership. The case features a flawed cost of capital estimation analysis that includes common blunders. Students are invited to evaluate this analysis and provide their own alternative estimate for the cost of capital for Royal Mail.

Warren E. Buffett, 2015
Robert F. Bruner; Jake DuBois
Darden School of Business Case #UV7243 (20 pages) TN

This case was designed as an introduction to a finance course or a module on capital markets. Alternatively, it could be used as a basic introduction to methods of valuing a firm. A detailed Teaching Note provides instructors with a teaching plan for either scenario. In this case, set in August 2015, students are asked to evaluate Warren Buffett’s decision to acquire the aerospace parts supplier Precision Castparts Corporation (PCP), which would be the largest-ever deal for Berkshire Hathaway, Buffett’s holding company.

GENERAL MANAGEMENT

Are You Solving the Right Problems?
Thomas Wedell-Wedellsborg
Harvard Business Review Article #R1701D (8 pages)

In surveys of 106 C-suite executives representing 91 private- and public-sector companies from 17 countries, the author found that a full 85% of respondents agreed that their organizations were bad at problem diagnosis, and 87% agreed that this flaw carried significant costs. Fewer than 1 in 10 said they were unaffected by the issue. What they struggle with, it turns out, is not solving problems but rather figuring out what the problems are. And creative solutions nearly always come from an alternative explanation for—or a reframing of—the problem. The point of reframing is not to find the “real” problem but rather to see whether there is a better problem to solve. The author outlines 7 practices for effective reframing: (1) establish legitimacy, (2) bring outsiders into the discussion, (3) get people’s definitions in writing, (4) ask what’s missing, (5) consider multiple categories, (6) analyze positive exceptions, and (7) question the objective.

Autodesk in 2016: Transforming to Meet a Changing Industry
Robert Siegel; Peter A. Seibert
Stanford Graduate School of Business Case #E613 (27 pages) TN

The purpose of this case is to look at Autodesk’s cultural and technological challenges as the company faces a changing industry. With various innovations such as the cloud, the Internet of Things, and numerous new manufacturing processes affecting every aspect of the company’s future, students will be introduced to the myriad decisions and challenges a corporation has to face in order to remain ahead of massive industry disruption. The case analyzes Autodesk’s 3 major branches—Architectural and Engineering, Manufacturing, and Media & Entertainment—and how all 3 branches are adjusting to meet the future. Of particular focus are the shift to a subscription business model, the cultural ramifications of such a shift, the arrival of activist investors to the company’s stock, and the various disruptive innovations in Autodesk’s markets.

Fitbit
Regina E. Herzlinger; Christine Snively; Sarah Mehta
Harvard Business School Case #317007 (34 pages)

In 2016, Fitbit remained the world’s leading producer of activity trackers—an increasingly crowded space—with over 21 million units sold that year. Fitbit’s suite of products allows users to track the number of steps taken, calories burned, and heart rate activity. Fitbit devices are marketed to individual consumers as well as corporate wellness programs and employers. Though Fitbit has been focused primarily on wellness, should management now consider evolving into a chronic disease management company?

How Much Change Can a New CEO Demand?
Paul M. Healy; Mitch Krebs; Pinar Abay
Harvard Business Review Case #R1701N (5 pages)

The young CEO of a Turkish bank wants to experiment with a new way of reaching customers and doing business, but she’s meeting with resistance from employees and worries that they have had enough. Expert commentary comes from Mitch Krebs, president and CEO of Coeur Mining, and Pinar Abay, CEO of ING Bank Turkey. This case includes both the case and the commentary.
Netflix Inc.: Proving the Skeptics Wrong
Sayan Chatterjee; Wayne Barry; Alexander Hopkins
Ivey Publishing Case
#W16763 (12 pages) "

Netflix, a subscription-based movie and television show rental service, offers content to subscribers either via DVDs delivered by mail or through Internet-based streaming. After splitting the 2 services, the company lost subscribers and its stock price plummeted. Most observers were skeptical that Netflix could maintain its profit margins, given the increased cost of acquiring streamable content. However, Netflix not only reduced its cost per user but also increased its subscriber growth both in the U.S. and internationally. Were these moves sufficient to deliver the growth needed to support its rising stock price? Netflix also faced increased streaming costs because it used disproportionately more bandwidth than did other streaming companies. Would these costs mean that the Netflix business model would no longer be viable?

Sesame Workshop: Bringing Big Bird Back to Health (Abridged)
Rosabeth Moss Kanter; Ryan Raffaelli; Jonathan Cohen
Harvard Advanced Leadership Initiative Case
#317094 (24 pages) "

Sesame Workshop was transforming in 2016. CEO Jeff Dunn had reorganized and shifted the iconic institution to respond to digital disruption and a consensus culture. This case examines his efforts to turn Sesame Workshop around. It notes Sesame’s storied history and the underlying financial troubles that Dunn confronted upon taking over in 2014. It shows how Dunn’s leadership changes, increased communication, new partnership deals, and a focus on digital sought to leverage speed, innovation, and accountability to better fulfill Sesame’s educational mission. By 2016, Sesame was in the middle of its change, and Dunn contemplated how best to position the organization for success in the future.

Value Innovation by Chobani
Arpita Agnihotri; Saurabh Bhattacharya
Ivey Publishing Case
#W16686 (12 pages) "

Founded in 2005, Greek yogurt maker Chobani used value innovation to become the number 1 yogurt brand in the U.S. by 2011. However, due to some internal problems, such as a lack of seasoned professionals and financial resources, and external factors, such as competition and decline in demand, Chobani lost its market share to competitors starting in early 2013. With help from a private venture firm, Chobani took several steps to turn things around by 2016. Will Chobani be able to regain its leadership position going forward? If so, how will it fuel its growth?

HBR Guide to Performance Management

Understanding where employees are succeeding—and falling short—is a pivotal part of ensuring an organization has the right talent to meet organizational objectives. The HBR Guide to Performance Management provides students with a view into a new multi-step, cyclical process that can keep track of employees’ work, identify where they need to improve, and ensure they’re growing with their organization. Students will see how to set clear employee goals that align with company objectives, monitor progress, close performance gaps, understand when to use performance analytics, create opportunities for growth, and avoid/overcome employee burnout.

HUMAN RESOURCE MANAGEMENT

Don’t Give Up on Unconscious Bias Training—Make It Better
Joelle Emerson
Harvard Business Review Web Article
#H03MSM (1,118 words) "

There’s a growing skepticism about whether unconscious bias training is an effective tool to meet corporate diversity goals. Some studies have shown that traditional diversity trainings aren’t effective and can even backfire. Others have shown that some trainings can be effective. Clearly, not all trainings are equally good—and none are a silver bullet. But 3 things can help. First, strike a careful balance between communicating that all humans have biases and emphasizing the importance of eliminating biases. It’s best to imply that, because biases are common, we can’t do anything about them. Second, structure the content around workplace situations (like hiring or performance reviews), not psychological terms (like “confirmation bias”) or demographics (like “maternal bias”). Finally, make it action oriented. Give people tactics and tips about what they can do differently to make sure their companies offer a level playing field.
Falcon Maritime India Private Limited (FMI): Hiring a CEO
Sunil Kumar Maheshwari; Ramesh Bhat
Indian Institute of Management Case
#A00063 (11 pages) TN

The case deals with the hiring of a CEO for a newly established business by an existing group. The chairman of the group was of the view that the group should hire stars from various multinational companies and raise its professional level, even if it required changing the culture of the group. The case discusses the business plan and business risks, as well as an approach of linking the incentive system with the cash flow requirements and risks of the business.

Fresh to Table
Gautam Mukunda; Brooks C. Holtom
HBS Brief Case
#917541 (10 pages) TN

After the contentious firing of an office manager, the leadership at Fresh to Table, a software-as-a-service provider for luxury hotels and restaurants, makes an unpleasant discovery. While reviewing the office manager’s internal electronic communications, company leaders discover that several key employees, including 2 who were recently promoted, had been spending substantial time on internal social media channels disparaging other employees, citing days when they skipped work, and referring to other instances of unprofessional behavior. This 5-page case (plus 5 pages of exhibits) explores issues related to electronic communications; termination and disciplinary procedures; and leadership, culture, and values. It can be used in General Management, Organizational Behavior, Human Resource Management, Management Communication, Leadership, and Employee Relations courses. The case also allows students to consider how technology affects organizational interactions and culture.

Susan Cassidy at Bertram Gilman International
Jeffrey T. Polzer; Michael Norris
Harvard Business School Case
#417053 (8 pages)

In 2016, Susan Cassidy, VP of sales and marketing for the packaged foods division at CPG firm Bertram Gilman International, has to make a promotion decision. Should she choose the person she has been grooming for the position, or another candidate recommended by central HR based on the firm’s promotions algorithm?

Uber and Its Driver-Partners: Labor Challenges in the On-Demand Transportation Networking Sector
Janet L. Rovenpor; Lisa T. Stickney; Rita J. Shea-Van Fossen
North American Case Research Association Case
#NA0429 (23 pages) TN

This case explores the nature of the relationship between Uber Technologies, Inc., and its driver-partners. Uber touted itself as a technology company that licensed an app to independent contractors acting as drivers. However, some Uber driver-partners were unhappy about this, so their lawyers filed lawsuits seeking class action status. The driver-partners believed that Uber should have treated them as employees and should have given them benefits (e.g., workers’ compensation, reimbursement for their expenses). They complained that Uber unfairly denied them gratuities. The case provides a brief history of Uber Technologies, its competitors, and the taxi and limousine industry; discusses the requirements for working as an Uber driver-partner; and delves into litigation related to Uber’s labor practices. It raises substantial questions about how to classify workers (employee vs. contractor) and how to develop human resource practices in the sharing economy.

What I Learned from Transforming the U.S. Military’s Approach to Talent
Ash Carter
Harvard Business Review Web Article
#H0307Q (2,009 words)

The traditions and rules that have strengthened the U.S. military over the past 250 years can, at times, make recruitment and retention difficult. In the last 2 years of the Obama administration, leaders at the Department of Defense set out to change how the department thought about and treated talent through the full career cycle of uniformed and civilian personnel, from their recruitment through their training, advancement, retention, and retirement. The pool of available talent from which the department can attract and recruit young Americans is shrinking quickly, so the department overhauled many of its talent practices to better compete against the private sector. Improvements included offering shorter ROTC scholarships, speeding up the job offer process for civilian candidates, making requirements for promotion far more flexible, allowing women to serve in combat positions, and expanding the support the military offers to parents.

INFORMATION TECHNOLOGY

AI Adds a New Layer to Cyber Risk
Cliff Justice; Greg Bell; Ken Dunbar; Tony Buffomante
Harvard Business Review Web Article
#H03L7O (1,028 words)

Cognitive and AI technologies are a certainty of our future. While they have the power to bring immense potential to our productivity and quality of life, we must be mindful of potential vulnerabilities on an equally large scale. With humans, a security breach can often be localized back to the source and sealed. With cognitive and AI breaches, the damage can become massive in seconds. Balancing the demands of automation and information security should be about making cybersecurity integral—not an afterthought—to an organization’s information infrastructure.

Cloud Syzygy Technologies: Cloud-Based Computing
Mark Chun; Owen Hall; Charla Griffy-Brown
Ivey Publishing Case
#W16546 (5 pages) TN

The president of Cloud Syzygy Technologies (CST) had recently returned from the Pacific Telecommunications Council’s conference, where he discussed ways in which cloud computing had transformed industries. He knew that in the future, the real opportunities would lie in the cloud and not in traditional internal IT solutions. As the executive in charge of CST, he wished to develop a plan to grow the business, which would include a clear message to his customers about the merits of cloud computing. He recognized that cloud computing provided many opportunities and risks for corporations seeking to take advantage of new
and innovative technologies. He was tasked with presenting a ranking and assessment of CST’s new products to the board at the next meeting.

**Fixing Discrimination in Online Marketplaces**
Ray Fisman; Michael Luca  
Harvard Business Review Article  
#R1612G (8 pages)

Online marketplaces such as eBay, Uber, and Airbnb have the potential to reduce racial, gender, and other forms of bias that affect the offline world. And in the early days of Internet commerce, the relative anonymity of transactions did make it harder for participants to discriminate. But as listings began to include photos, names, and other means of identification, bias emerged in areas ranging from labor markets to credit applications to housing—sometimes made worse by a lack of regulation, the absence of in-person interactions, and the use of automation and big data. How can companies reverse the tide? The key lies in more-intentional platform design, say the authors, who offer a framework for creating a thriving marketplace while minimizing the risk of discrimination.

**LiveRamp (A)**  
Robert Siegel; Matthew Saucedo  
Stanford Graduate School of Business Case  
#E622A (10 pages)  
B Case Available

The LiveRamp case follows the story of Anneka Gupta, chief product officer of LiveRamp, from her early days with the company as a spin-off from Rapleaf to the present day, where she manages a large product management team responsible for developing cutting-edge data onboarding products.

**The Social Life of Information: Updated, with a New Preface**  
John Seely Brown; Paul Duguid  
Harvard Business Review Press Book  
#10088 (336 pages)  
Available as an eBook

*The Times Literary Supplement* raved about the original edition of *The Social Life of Information*, saying it “should be read by anyone interested in understanding the future.” We’re now living in that future, and one of the seminal books of the Internet Age is more relevant than ever. The future was a place where technology was supposed to empower individuals and obliterate social organizations. Pundits predicted that information technology would spell the end of almost everything, from mass media to bureaucracies, universities, politics, and governments. Clearly, we are not living in that future. *The Social Life of Information* explains why. John Seely Brown and Paul Duguid show us how to look beyond mere information to the social context that creates and gives meaning to it. Arguing elegantly for the important role that human sociability plays, even—perhaps especially—in the digital world, *The Social Life of Information* gives us an optimistic look beyond the simplicities of information and individuals.

**The Truth about Blockchain**  
Marco Iansiti; Karim R. Lakhani  
Harvard Business Review Article  
#R1701J (10 pages)

Contracts, transactions, and records of them provide critical structure in our economic system, but they haven’t kept up with the world’s digital transformation. They’re like rush-hour gridlock trapping a Formula 1 race car. Blockchain promises to solve this problem. The technology behind bitcoin, blockchain is an open, distributed ledger that records transactions safely, permanently, and very efficiently. For instance, while the transfer of a share of stock can now take up to a week, with blockchain it could happen in seconds. Blockchain could slash the cost of transactions and eliminate intermediaries like lawyers and bankers, and that could transform the economy. But as with the adoption of more Internet technologies, blockchain’s adoption will require broad coordination and will take years. In this article, the authors describe the path that blockchain is likely to follow and explain how firms should think about investments in it.

## INTERNATIONAL BUSINESS

### Mapping Frontier Economies
Aldo Musacchio; Eric Werker  
Harvard Business Review Article  
#R1612B (9 pages)

Global players in search of double-digit growth are running out of opportunities. Emerging-market giants such as Brazil, Russia, and China are experiencing an economic slowdown. They are increasingly expensive as a base for operations, and it’s harder to export to and import from these countries than it used to be. As a result, multinationals are paying more attention to low-income, high-risk countries both as new markets for selling goods and services and as platforms from which to export them elsewhere. Even in industries where competition is skewed by government manipulation, foreign players that target the right sectors with the right strategies can prosper.

**Nintendo: Game On!**  
Parul Purwar; Andrew Karl Delios  
Ivey Publishing Case  
#W16600 (16 pages)  

In 2015, Nintendo, the iconic Japanese video game company, was faced with the decade-long challenge of responding to an industry that had changed in ways it had not anticipated. Under its new president, Nintendo had to contend with large-scale changes in the global gaming market. By not adapting to changing customer needs, Nintendo had lost the customer loyalty it had once enjoyed, as was evident from the decline in the number of units sold. It faced daunting challenges in the traditional console gaming segment from Sony and Microsoft, as well as more recent threats to its competitive position from the mobile gaming segment, which had become a preferred platform for game developers. Nintendo needed to decide how to revise its business model and strategies to move away from the decline that had been part of the company for years. Could the once-dominant Nintendo connect with its customers as it had done in the past, or was it better off as an acquisition target by a large entertainment company?

**Telemetrix (A)—North-South Exports Lends a Helping Hand to Telemetrix: Mexico or Brazil?**  
Aurelia Durand; Eleonore Kuentz  
HEC Montreal Case  
#HEC149 (18 pages)  

In this case, the authors examine the decision of a Quebec-based export management firm that had changed in ways it had not anticipated. Under its new president, Nintendo had to contend with large-scale changes in the global gaming market. By not adapting to changing customer needs, Nintendo had lost the customer loyalty it had once enjoyed, as was evident from the decline in the number of units sold. It faced daunting challenges in the traditional console gaming segment from Sony and Microsoft, as well as more recent threats to its competitive position from the mobile gaming segment, which had become a preferred platform for game developers. Nintendo needed to decide how to revise its business model and strategies to move away from the decline that had been part of the company for years. Could the once-dominant Nintendo connect with its customers as it had done in the past, or was it better off as an acquisition target by a large entertainment company?

**Telemetrix (A)—North-South Exports Lends a Helping Hand to Telemetrix: Mexico or Brazil?**  
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HEC Montreal Case  
#HEC149 (18 pages)  

In this case, the authors examine the decision of a Quebec-based export management firm that
helps SMEs with international expansion. The analyst must make recommendations as to the best way for the company’s client Telemetrix to rapidly achieve sales in Latin America, and whether to focus on Brazil or Mexico. Case B, “Telemetrix in Brazil: Indirect Export, Outsourcing, or License?” focuses on the choice of an entry mode to penetrate a foreign market—in this case, Brazil—and, based on this choice, on the selection of a local business partner. It also addresses the difficulty of developing international supplier-customer relations. Just like Case A, Case B is a decision-making case. The analyst must determine the best entry mode and which partners will lead Telemetrix to success in Brazil and, subsequently, elsewhere in South America.

Wine in China: The Wild West of the Far East
Alyssa Rapp; Emily Turco
Stanford Graduate School of Business Case #SM261 (14 pages)

The purpose of this case is to illustrate why Napa Valley wine producers find it both irresistible and challenging to enter the growing Chinese wine market. Over the course of the 2000s, China went from being the 51st-largest wine importer in the world to the fifth. While the Chinese consumer has both an interest and significant discretionary income, logistical, regulatory, and cultural barriers prevent Napa Valley wineries from easily entering the market and achieving economic success. Frederick Family Vineyards, a fictional, family-run Napa Valley wine company, is interested in expanding distribution into China. The company must determine whether this geographic expansion is economically viable and then determine which go-to-market strategy will best position the firm for success.

Xiaomi’s Globalization Strategy and Challenges
Gang Zheng; Yanting Guo; Robert A. Burgelman
Stanford Graduate School of Business Case #SM262 (30 pages)

Xiaomi, the Chinese smartphone company founded in 2010, quickly became an industry leader in the Chinese market. By 2016, it had started to expand internationally, and this case lays out the company’s globalization strategies and challenges moving forward. Xiaomi’s founder and CEO, Lei Jun, said the company’s ultimate goal was “making good but cheap things,” a low-pricing strategy that had succeeded in China. The company sold over 70 million mobile phones in 2015 while aggressively building out a robust ecosystem. However, Xiaomi had expected to sell 80 million to 100 million units that year; it was facing a declining domestic market and increased competition. Therefore, international expansion had become an important part of the company’s overall strategy. But expanding to other countries would be a challenging road. Xiaomi’s patent portfolio was thin compared to those of large competitors, and it ran the risk of lawsuits from companies that held patent rights in the countries Xiaomi wanted to enter. The next year or two would be critical for Xiaomi—and it needed to make the right strategic decisions to succeed in its globalization efforts.

Yushan Bicycles: Learning to Ride Abroad
Christopher A. Bartlett; Paul S. Myers
HBS Brief Case #917539 (9 pages)

Yushan Bicycles, one of Taiwan’s leading bicycle manufacturers, is pursuing an international expansion strategy by increasing demand for its range of traditional and electric bicycles and by shifting its product mix toward higher-margin models sold through specialty bicycle retail stores. However, the manager of its new Australian subsidiary has taken a different approach that focuses on selling lower-priced models through large sporting-goods retailers. The manager’s strategy has yielded disappointing financial results so far, and he and company executives disagree on the cause and next steps. The Yushan case was specifically developed for international management and international business courses, but it can also be used in competitive strategy, corporate strategy, and general management programs. It is especially useful for analyzing situations in which issues of strategy, organization, and management converge.

MARKETING

Cilkray Graphics
Frank V. Cespedes; Alisa Zalosh
HBS Brief Case #916512 (10 pages)
Audio Version Available
Student and Instructor Spreadsheets Available

Marcus Crosby, president of Cilkray Graphics, convened an emergency meeting with Cilkray’s senior managers in order to respond to an unexpected development. Cilkray sold 3 lines of specialized graphics processing units (GPUs). Each line targeted a segment of the professional market for hosted virtual desktops (HVDs). Grovex, Cilkray’s key competitor, had just announced the impending launch of the GSpeed, a new GPU. It said that the GSpeed would exceed the performance of competitive products, including Cilkray’s most advanced product line, the CP3000. Industry rumors suggested that the GSpeed’s price would be 20% to 30% below that of the CP3000. Crosby and his team saw 2 options: Cilkray could drop the CP3000’s price immediately, or it could delay its planned release of its new CK300, scheduled for December 2013, in order to make its products more competitive. Crosby and his team had to decide what Cilkray should do next.

CNS Worldwide
Robert J. Dolan; Karthik Easwar
HBS Brief Case #917531 (9 pages)
Audio Version Available
Student and Instructor Spreadsheets Available

CNS Worldwide has long been the market share leader in the IaaS cloud server market, yet it has remained unprofitable for years. Industry capacity utilization is low, and prices have declined more than 70% over the past decade. CNS is considering withdrawing from the market if it cannot find a way to increase prices. As a large public bid is about to be held, CNS must decide whether to bid and, if so, at what price. This case is intended for use as an introductory marketing management course that involves an in-depth analysis of pricing. It can also be used in courses on pricing, business-to-business (B2B) sales, or competitive strategy. The case introduces students to specialized pricing mechanisms, oligopolistic markets, the challenges of avoiding a price war, the concept of price leadership, and the pos-
sible effects of a firm’s taking this role, including what it needs to do to succeed. There is a direct analogy to the airline industry that can be discussed during the last part of the case.

**Eco7: Launching a New Motor Oil**
John A. Quelch; Sunru Yong

HBS Brief Case
#915607 (11 pages) TN
Available in Spanish
English Audio Version Available
Student and Instructor Spreadsheets Available

Aaron Jonnerson, vice president of marketing at the automotive division of Avellin, must make marketing mix decisions for the launch of Eco7, a new environmentally friendly motor oil. The company’s performance has been mediocre, shareholder pressure is increasing, and expectations are high for Eco7. However, Jonnerson faces significant challenges in ensuring a successful launch. The market for passenger car motor oil (PCMO) is mature, and consumers are price-sensitive. Furthermore, the independent oil change outlets that are Avellin’s core customers have declined relative to other channels. Jonnerson must design the best pricing strategy to ensure a successful launch. The Eco7 case asks students to examine consumer behavior and channel conflict and then factor them into a product launch. The launch comes at a time when the company may need to adapt to changes in a market that is increasingly commoditized and in which the relative importance of different distribution channels is changing. Students are asked to make recommendations on pricing and distribution and to consider which trade-offs the company should make.

**Harmonie Water: Refreshing the World Naturally**
John A. Quelch; John L. Teopaco

HBS Brief Case
#917527 (6 pages) TN
Student and Instructor Spreadsheets Available

The marketing director of Harmonie Mineral Water, the second-best-selling bottled water in the world, is using findings from 2 project studies to assess how to establish a global brand identity for Harmonie via television advertising. He must decide what product attributes are sufficiently important across countries and how they can be used for global brand communications. He also must determine the extent of local customization he should allow and the roles of headquarters and country managers in these communications. The case can be used in both introductory marketing classes and elective courses in Brand Management, Global Marketing, and Integrated Marketing Communications; in a module on marketing communications in an Advertising class; or as the global module of a Marketing Management class.

**Magellan Boatworks**
John A. Quelch; James Kindley

HBS Brief Case
#917547 (9 pages) TN
Student and Instructor Spreadsheets Available

Magellan Boatworks is a midsized manufacturer of customized power cruising yachts. In the face of economic and political uncertainty in late 2016, Magellan’s VP of sales and marketing, Walt Robinson, wonders whether he should request a budget increase for 2017. Important questions abound. Can Robinson’s team increase sales even with a lower budget? Should the company reallocate its advertising and promotion budget? Should Robinson consider changing Magellan’s marketing message and narrowing its target market? Why are Magellan’s 2 best salespeople so significantly outperforming their colleagues? This case can be used in an introductory or executive course that covers integrated marketing communications (IMC), including sales. It is also suitable for elective courses in advertising strategy and sales force management. The case’s focus on a luxury item that symbolizes success for many individuals should generate lively discussion.

**OnePlus: Crossing the Chasm in the Smartphone Market**
Mohanbir Sawhney; Pallavi Goodman
Kellogg School of Management Case
#KEL981 (28 pages) TN

In early 2016, after the success of its first 2 smartphones, the OnePlus One and OnePlus 2, China-based start-up smartphone maker OnePlus was deciding how to build on its early success and grow into a global contender in the highly competitive smartphone market. Technology enthusiasts and geeks had flocked to purchase the first 2 generations of its smartphones, and expectations were high for the company’s next product. The company’s founders, Pete Lau and Carl Pei, faced the challenge of broadening the appeal of OnePlus to address the mainstream market without alienating its core customer base. “Crossing the chasm” from the early adopters to the mainstream market involved addressing 3 interrelated questions: First, what segments should OnePlus target in seeking to grow beyond its loyal fan base? Second, what value proposition and positioning strategy should it adopt to appeal to these target customers? Finally, what distribution and marketing communications strategy should it employ to make the best use of its limited financial resources?

**Pink Tax: Price Discrimination and Product Versioning Exercises**
Aradhna Krishna

WDI Publishing at the University of Michigan Case
#W04C98 (8 pages) TN

Diana Kelly is the brand manager for a company that has a new cream that gives consumers brighter, shinier nails. It will be sold in major retail outlets like Target, Walmart, CVS, and Walgreens. Kelly is given various segmentation schemes produced by consultancy teams to evaluate. Students are asked to evaluate the segmentation schemes and determine how the product should be versioned and priced. These exercises complement this case.

**Pintura Corporation: The Lena Launch Decision**
John A. Quelch; Katherine B. Hartman

HBS Brief Case
#917523 (10 pages) TN
Student and Instructor Spreadsheets Available

A maker of paints and product coatings is considering introducing a new high-performance, environmentally friendly hardwood coating called Lena. To proceed with the next phase of development, Pintura’s VP of new product development must present a convincing analysis of the product’s feasibility, along with a proposed marketing program. The VP must consider the relationship of the proposed product to the rest of the Industrial Finishes Group’s product line, as well as how it would contribute to corporate and divisional objectives. The Pintura case can be used in a variety of classes, including an introductory marketing course, a capstone course, or a business-to-business (B2B) marketing course. The primary focus is on product-policy decisions. The most likely use for the case is in a module on
product-line planning. It also can be used as a case on marketing planning.

**Samsung Mobile: Market Share and Profitability in Smartphones**
John Dinsmore
Ivey Publishing Case
#W16620 (11 pages)

In December 2015, South Korean technology giant Samsung announced a new head of its mobile division. The announcement came on the heels of a challenging year for Samsung. Two handset launches that year had received criticism in the press for the way they were handled. The appointment was interpreted by many in the industry as Samsung’s signaling a desire to further intensify innovation in an increasingly commoditized product area. This was a time of intense challenge but also great promise. Complex questions involving significant trade-offs had to be answered: Should the mobile division push for profitability or market share? Were those objectives mutually exclusive? What was the best strategy for obtaining the chosen objective? And how could Samsung differentiate itself in an increasingly crowded, competitive, and commoditized market?

**What’s the Value of a Like?**
Leslie K. John; Daniel Mochon; Oliver Emrich; Janet Schwartz
*Harvard Business Review* Article
#R1702H (8 pages)

Brands spend billions of dollars a year on lavish efforts to establish and maintain a social media presence. But do those campaigns actually increase revenue? New research provides an answer to this question, which has vexed marketers ever since social media burst onto the scene. In a series of experiments, the researchers tested 4 increasingly interactive ways in which Facebook might affect customers’ behavior. First, they explored whether liking a brand—passively following it—makes people more likely to purchase it. Second, they examined whether people’s likes affect their friends’ purchasing. Third, they looked at whether liking affects things other than purchasing (for example, whether it can persuade people to engage in healthful behaviors). And fourth, they tested whether boosting likes by paying to have branded content displayed in followers’ news feeds increases the chances of meaningful behavior change. The results were clear: merely liking a brand neither increases purchasing nor spurs friends to purchase more. Supporting likes with branded content, however, can prompt meaningful behavior change.

**NEGOTIATION**

**Card Master Exercise**
Kandarp Mehta
IESE Exercise
#IES612 (6 pages)

Five Tricks is a modified version of the game Barnga, originally developed by Thiagrajan (1980). The original version of the game offered an insight into cultural differences and resulting confusions and miscommunications. In this exercise, more behavioral complexities have been incorporated in order to make the cultural simulation more real.

**Decision Analysis**
George Wu; Kathleen L. McGinn
Harvard Business School Background Note
#917018 (12 pages)

This note describes decision analysis, a systemic approach for analyzing decision problems. A running example illustrates problem structuring (decision trees), probability assessment and endpoint evaluation, folding back the tree as a method of analysis, and sensitivity analysis.

**Negotiating in a Team**
Kandarp Mehta; Guido Stein Martinez
IESE Background Note
#IES613 (7 pages)

This technical note describes the advantages of negotiating in a team, as well as the major challenges that a team has to tackle while negotiating. It also sets out a preparation guide for negotiating in a team. It discusses in detail how negotiating in a team differs from negotiating solo, and how an individual needs to consider these differences.
Shere Khan—Buyer
Kandarp Mehta
IESE Exercise
#IES610 (2 pages)

This case is about buying and selling an antique ceramic statuette of Shere Khan, the tiger character from Rudyard Kipling’s *The Jungle Book*.

To Move or to Wait? Everything You Need to Know about Making the First Offer
Brian Gunia
*Business Horizons* Article
#BH779 (4 pages)

Most people believe that negotiators should avoid making the first offer. Yet decades of research have documented the first-offer effect, wherein the person who moves first achieves a better outcome than does the person who moves second. This gap between lay beliefs and research evidence may stem, in part, from the fact that studies on the first-offer effect are scattered across numerous scientific articles and journals. In hopes of bridging the gap and providing useful guidance to negotiators, this article seeks to synthesize the evidence in one place. Reviewing many of the major articles on the first-offer effect, it concludes that negotiators should generally strive to make the first offer for specific reasons, in specific situations, and in a specific fashion.

ABC Shipyards: The Facility Layout
Vijaya Dixit; Piyush Raj; Jitendra R. Sharma
Ivey Publishing Case
#W16803 (8 pages) [TN]
Student Spreadsheet Available

In October 2014, the chief operating officer of ABC Shipyards was trying to decide how to respond to a request from a renowned marine logistics company for 5 large naval bulk carriers. The shipyard could manufacture the ships, but with the shipyard’s current layout and throughput, the ships could not be completed within the requested 2-year delivery time. A modular approach was necessary to build large and complex products such as ships, complicating the required flow of material between the shipyard’s shops and affecting the spatial resources needed. Could ABC Shipyard’s existing facility layout be improved, and would the change increase throughput, allowing the new ships to be built within the required 2 years?

ClearEyes Cataracts Clinic
Roy D. Shapiro; Paul E. Morrison
HBS Brief Case
#916503 (12 pages) [TN]
Audio Version Available

Dr. Julia Connors has a busy, successful cataract clinic and wants to expand to meet demand. She is considering 2 alternatives: keeping her physical facility as it is and extending office hours, or renting additional space within her current building. The first appears to be less disruptive to operations but risks alienating her workforce. The second is more disruptive to current operations during construction and will require more capital investment. This case is designed to be taught in a single class session with students who have practiced process analysis.

Leban as a Universal Model of Excellence: It is Not Just a Manufacturing Tool!
Elliott N. Weiss; Donald Stevenson; Austin English
Darden School of Business Background Note
#UV7231 (8 pages)

This is a technical note that describes the history of Lean and explains why it is not just a manufacturing tool. It is used in Darden’s “Management of Service Operations” course elective.

Mass Customization in Haifei Bus Company
Zhiduan Xu; Tianyang Wang; Xiaowen Hu; Yan Lu
Ivey Publishing Case
#W16756 (17 pages) [TN]

The Haifei Bus Company, the leader in bus manufacturing in China, specialized in research and development, production, and sales of passenger buses. In 2010, Haifei’s general manager was concerned with the
business process re-engineering project the
corporate new mode would deliver a
competitive advantage for Haifei. However, the
desk general manager in charge of the project
failed to create any improvement in the
company’s performance. Instead, he had managed
to intensify the existing conflicts within the
company. The resulting decrease in production
output, increase in production inefficiencies,
shrinkage of market share, and deteriorating
financial position meant the general manager
had to find a solution to deal with his vice
general manager’s performance.

Managing for the Long Term
(Article Collection)
Joseph L. Bower; Lynn S. Paine;
Sarah Cliffe; Dominic Barton;
James Manyika; Sarah Keohane
Harvard Business Review Article Collection
#R1703B (19 pages)
The article collection examines how a focus on
maximizing shareholder value—which leads to
short-termism for management and boards—
can threaten companies’ health and financial
performance. In “The Error at the Heart of
Corporate Leadership,” Joseph Bower and
Lynn Paine examine the foundations and flaws
of agency theory, which views shareholders as
the “owners” of a company and is behind
the current widespread idea that corporate
managers should make shareholder value
their primary concern. The authors propose
an alternative, “company centered” model
that would have at its core the health of the
enterprise instead. Their model would return
companies’ attention to innovation, strategic
renewal, and investment in the future. In “The
CEO View: Defending a Good Company from
Bad Investors,” David Pyott, former chief of
Allergan, describes how he fended off a hostile
takeover bid and what companies need to do to
reorient themselves toward long-term growth.
In “The Board View: Directors Must Balance
All Interests,” Barbara Hackman Franklin,
an expert in corporate governance, proposes
important changes boards need to make to
deal with the new and worrying complication
of activist shareholders. Finally, in “The Data:
Where Long-Termism Pays Off,” 5 charts
reveal how long-term-focused companies
surpass their short-term-focused peers on
several important financial measures and
create significantly more jobs.

The Neuroscience of Trust
Paul Zak
Harvard Business Review Article
#R1701E (7 pages)
Managers have tried various strategies and
perks to boost employee engagement—all
with little impact on long-term retention and
performance. But now, neuroscience offers
some answers. Through his research on the
brain chemical oxytocin, shown to facilitate
合作 and teamwork, Zak has
developed a framework for creating a culture of
trust and building a happier, more loyal, and
more productive workforce. By measuring
people’s oxytocin levels in response to various
situations—first in the lab and later in the
workplace—Zak identified 8 key management
behaviors that stimulate oxytocin production
and generate trust.

Organizational Behavior Reading:
Leading Organizational Change
Ryan Raffaelli
Harvard Business School Core Curriculum
Reading #8324 (47 pages)
Supplemental Slides Available
This Reading combines conceptual frame-
works and research-based knowledge to
provide practical guidance about how to lead
organizational change. The Essential Reading
outlines key choices leaders must make when
managing a change, as well as the common
taps that can cause a change effort to fail. It is
organized into 4 sections, each building on the
last to provide a road map for change that is
effectively tailored to the organization and the
situation: (1) diagnosis: why is change needed?
(2) design: what sort of change is called for?
(3) delivery: how can change best be im-
plemented? Who will most likely be affected?
What skills and support do leaders need as
they manage the process? and (4) evaluation:
how can the impact of the change be assessed
and measured? The Essential Reading closes
with a brief discussion of how new practices
such as crowdsourcing, open innovation,
and social media campaigns are speeding up

Organizational Behavior
Katherine Schuler at Boxes & Bins,
Inc.
Linda A. Hill; James Kindley
HBS Brief Case
#916501 (8 pages) Audio Version Available
Katherine Schuler is soon to become senior
vice president of marketing at a fast-growing
retail organization, Boxes & Bins (B&B). Part
of Schuler’s success has been due to her “fit”
into a company with clear values and princi-
pies. In particular, B&B always put its employ-
ees first, and eschewed debt in order to grow
only as the company could afford it. Several
years ago, the founders sold most of their stock
to a private equity firm, the Weichel Group,
which leveraged B&B heavily in order to ac-
celerate the opening of more stores and to pay
off the founders. Even after a recent IPO, the
Weichel Group remained a major shareholder,
and it urged B&B to hire 2 senior managers
from large discount retailers to run operations
and merchandising. Schuler’s move into her
vice general manager’s performance.

In March 2016, India-based information
technology start-up MD Solutions was facing
a human resources challenge. Since 2012, the
company had offered a 3-day-a-month flexible
work arrangement to its employees. Because
of a family emergency, a star performer, who
was the key person on a high-value project,
needed to be relocated to his hometown, which
was over 1,000 miles away. The company faced
several challenges: how could it devise a new,
flexible work arrangement policy for retaining
the star performer without hurting the cost
structure and team morale; deal with virtual
complexities; and develop a sustainable human
resources framework that would benefit the
company in the long run in terms of perfor-

ance excellence and talent retention?

MD Solutions: Working from Home
Atri Sengupta; Anuj Gupta; Pankaj
Singh
Ivey Publishing Case
#W16841 (10 pages) Audio Version Available
In March 2016, India-based information
technology start-up MD Solutions was facing
a human resources challenge. Since 2012, the
company had offered a 3-day-a-month flexible
work arrangement to its employees. Because
of a family emergency, a star performer, who
was the key person on a high-value project,
needed to be relocated to his hometown, which
was over 1,000 miles away. The company faced
several challenges: how could it devise a new,
change in many industries and altering change processes.

**Organizational Behavior Reading: Negotiation**

Max H. Bazerman; Francesca Gino; Katherine Shonk
Harvard Business School Core Curriculum Reading
#8408 (51 pages) Supplemental Slides Available

Managerial, executive, and entrepreneurial success requires the ability to negotiate. The Essential Reading and recommended module plan will help students become more effective negotiators by teaching them how to (1) master a negotiation framework that will help them analyze, prepare for, and execute negotiations more systematically—and hence, more effectively—in a wide variety of contexts; (2) build a negotiation tool kit that consists of practical strategies for creating and capturing value in negotiation; and (3) create a negotiation environment that helps diagnose individual needs, and allows negotiators to identify techniques for mitigating weaknesses and leveraging their strengths.

**SALES**

**Atlassian: Sales**
Matthew Saucedo; Kirk Bowman; James Lattin
Stanford Graduate School of Business Case
#E625 (14 pages)

This case examines the company’s unique, no-touch sales model for enterprise products that help teams track projects, collaborate, and build products. The case explores how the company developed and sold its first product, JIRA, and how early lessons helped shape the company’s no-touch sales model for all subsequent products. It then discusses the organizational effects of a low-price, volume-based model, and how the advocacy team and channel partners serve as keys to success for the approach.

**HBR’s 10 Must Reads on Sales**

*Harvard Business Review; Philip Kotler; Andris A. Zoltners; Manish Goyal; James C. Anderson
Harvard Business Review Press Book
#10147 (192 pages)
Available as an eBook

Sales isn’t about pushing products or being efficient; it’s about building the right systems to manage and empower your salespeople. HBR has combed through hundreds of *Harvard Business Review* articles and selected the most important ones to help students understand how to create the conditions for sales success.

**Introduction to Incentive-Based Sales Compensation Systems**

Willy Shih
Harvard Business School Background Note
#617037 (6 pages)

This background note explains the structure of incentive-based sales compensation systems.

**The New Sales Imperative**

Nicholas Toman; Brent Adamson; Cristina Gomez
*Harvard Business Review* Article
#R1702J (8 pages)

B2B suppliers increasingly believe that their customers are highly empowered and need sellers only at the very end of the purchase process. But customers today are overwhelmed by information and choice, and they struggle to make good purchase decisions. To make buying easier, suppliers must create relevant tools, messaging, and guidance that help customers at every stage of the process.

**Sewells Group: Building Sales Process Excellence at Automotive Dealerships in India**

Piyush Kumar; Geetika Shah
Indian School of Business Case
#18064 (13 pages)

Sewells Group India, a leading provider of retail solutions to automotive original equipment manufacturers (OEMs) and their dealers in the Indian market, developed an innovative engagement model for its clients. The model offers solutions based on the performance management of franchised automotive dealers using measurement, analysis, education, and development. The first client for which Sewells Group developed the dealer sales and service system was a late entrant into the Indian market and had about 100 dealerships across the country. It wanted to ensure that the brand promise communicated through its innovative and expensive marketing campaigns was supported at its dealerships when customers arrived to explore the cars. The client sought a comprehensive model of dealer management that did not suffer from the limitations of traditional models that were heavily focused on training and process compliance. In response, Sewells Group developed a novel 5-step dealer management model that applied principles of retail process efficacy to deliver 3 key outcomes: customer experience, productivity, and profitability across all the departments of a dealership.

**SERVICE MANAGEMENT**

**A Better Way to Manage Customer Experience: Lessons from the Royal Bank of Scotland**

Stan Maklan; Paolo Antonetti; Steve Whitty
*California Management Review* Article
#CMR644 (24 pages)

Customer experience is heralded as the competitive battleground; however, it is defined so broadly that companies often struggle to define, implement, and measure it. Based on the experiences of the Royal Bank of Scotland, this article develops an effective approach to scoping and managing customer experience, identifying typical pitfalls, and providing guidance to organizations trying to understand where to start.

**Companies Like United Need to Cultivate Good Judgment, and Free Their Employees to Use It**

John Deighton
*Harvard Business Review* Web Article
#H03M2X (808 words)

United Airlines has pledged to improve its training programs and empower its employees to put customers first in the wake of a video showing a passenger being dragged from a plane. Of all the U.S. air carriers, United should have known the power of social media and public outrage. It had learned years earlier in a prominent case about how fast viral content spreads and the ability of consumers...
Core Curriculum Readings in Organizational Behavior

Authors: faculty at Harvard Business School. These Readings cover fundamental concepts and frameworks that business students must master. Readings in Organizational Behavior include video clips and interactive illustrations that help students quickly master complex theories. All Readings come with a Teaching Note, exhibit slides, and a list of related cases. Other features include mobile access and online note-taking for students.

A complete set of introductory Organizational Behavior Readings is forthcoming. 

hbharvard.edu/corecurriculumob

How Design Thinking Turned One Hospital into a Bright and Comforting Place

Dirk Deichmann; Roel van der Heijde

Harvard Business Review Web Article #H03AM0 (1,011 words)

Rotterdam Eye Hospital transformed its patients’ experiences.

SREI Sahaj e-Village (A)

Rajesh Chakrabarti; Digvijay Singh Sujlana

Indian School of Business Case #ISB070 (22 pages) TN

B Case Available

Sahaj e-Village Limited, an initiative of SREI Infrastructure Finance Limited, hoped to answer the need of the Indian government’s National e-Governance Plan to set up 100,000 Common Service Centers (CSCs) across rural India in 2006. This figure was subsequently revised to 250,000 CSCs in 2009. Sahaj aimed to bridge the digital divide between urban and rural India and set up one of the largest brick-and-mortar—and human—networks in rural India. With close to 27,000 IT-backed centers in villages with a population of less than 10,000, plus 50 critical services in the domains of microinsurance, education, utility, and government-to-citizen services to over 300 million rural people, Sahaj e-Village was taking urban services to the remotest nooks of rural India. Sahaj CSCs would provide rural consumers with direct access to modern, state-of-the-art technological facilities and computer education, thus dovetailing with its long-term plans of providing Internet connectivity across rural India.

Social Enterprise

Garrett Moran and Scaling Year Up to Close the Opportunity Divide

Rosabeth Moss Kanter; Emma Franking

Harvard Advanced Leadership Initiative Case #ALI014 (22 pages) TN

Garrett Moran joined Year Up, a workforce development program, in late 2013. Tasked with systematizing and scaling operations, Moran spearheaded a number of changes that allowed Year Up to serve 3,000 youth in 2016, up from 1,800 youth annually when he started. While preparing for the future, he expected that Year Up would have the ability to serve 10,000 students annually by 2021. This goal would demand a pace of growth that YU had not yet experienced—increasing annual growth from an already accelerated 400 students per year over the past 3 years to an average of 1,000 students per year through 2021. The path forward was complicated, and this case covers YU’s challenges and opportunities of reaching scale by expanding its direct service program and exploring other ways to close the opportunity gap.
Prototyping a Scalable Smart Village to Simultaneously Create Sustainable Development and Enterprise Growth Opportunities
Solomon Darwin; Henry W. Chesbrough
UC Berkeley Haas School of Business Case #B5886 (24 pages)

This case focuses on the development of a Smart Village in the village of Mori, in the state of Andhra Pradesh (AP), India. The chief minister of the state, N. Chandrababu Naidu, has recently completed a series of visits to rural villages in his state of 60 million residents, 35 million of whom live in rural areas. Minister Naidu seeks to create a new policy mechanism to address the many unmet needs of his constituents in AP. He has decided to launch an experiment called Smart Villages. The case describes the many unmet needs of rural villagers in India and discusses some of the approaches that the chief minister had tried in an earlier period, before his party lost power. Back in office as chief minister, he is now motivated to try something new.

Robert Goodwin: Accelerating Social Impact at Mattel
Marianne Szymanski; Megan Strawther
Greif Center for Entrepreneurial Studies at USC Marshall Case #SCG525 (16 pages)

Robert Goodwin simultaneously serves as the executive director of the Mattel Children’s Foundation and the director of corporate affairs and philanthropy for Mattel, Inc., one of the largest toy companies in the world. His goal is to “integrate purpose” into the overall business strategy of the company to increase its social and financial value. One initiative he spearheads is Speedometry, a curriculum that incorporates the popular Hot Wheels brand to provide STEM education to elementary school students. Goodwin must figure out how to effectively scale and sustain this program while navigating Mattel’s complex bureaucracies and appealing to the company’s commercially focused brands.

Runa: Driving Social Change through Passion and Profit
Laura Hattendorf; Ryan Kissick
Stanford Graduate School of Business Case #E549 (21 pages)

Near the end of 2008, Tyler Gage and Dan MacCombie enrolled in an entrepreneurship course at Brown University. During the class, they refined the business plan for Runa, a beverage company that would make drinks from guayusa, a little-known leaf that grew in the Amazon. Beyond the potential of the business to make money, the two believed in Runa’s social mission: respecting the cultural traditions of Ecuadorian Kichwa communities, providing sustainable income streams to small farmers, and helping the Amazon rainforest thrive. Just months after delivering their final classroom presentation for Runa, Gage and MacCombie found themselves in Ecuador, pursuing the idea full time. This case explores Gage and MacCombie’s journey from class project to a fast-growing start-up.

Seventh Generation and Unilever: Would an Acquisition Affect Sustainability?
Andrew Hoffman
WDI Publishing at the University of Michigan Case #WO5C07 (18 pages)

Seventh Generation, a sustainable cleaning and personal care products company, has received a purchase offer from Unilever. Seventh Generation’s CEO is deciding whether to accept the offer and, if so, under what terms. The deal would open many new avenues for growth and expansion for Seventh Generation, but would the company be able to continue to pursue its mission “to inspire a consumer revolution that nurtures the health of the next seven generations” under the ownership of Unilever? Could Seventh Generation impact the values of Unilever to make both organizations more sustainable?

Vox Capital: Pioneering Impact Investing in Brazil
Julie Battilana; Marissa Kimsey; Falko Paetzold; Priscilla Zogbi
Harvard Business School Case #417051 (23 pages)

Vox Capital was the first certified impact investing fund in Brazil. Founded in 2009, it provides early-stage capital for companies offering innovative and scalable solutions to enhance the lives of low-income Brazilians while aiming to generate attractive market-rate financial returns for investors. This case examines the evolution of Vox Capital: understanding the landscape, launching, raising funds, selecting investees, structuring deals, building investee capacities, tracking performance, developing internal systems, and advancing the field of impact investing.

STRATEGY

A Dark Horse in the Global Smartphone Market: Huawei’s Smartphone Strategy
Yangao Xiao; Tony Tong; Guoli Chen; Kathy Wu
INSEAD Case #IN1324 (25 pages)

This case sets China’s Huawei Technologies, a Chinese telecom giant, in the context of the evolving global smartphone industry, with a particular emphasis on its positioning and the links between its competitive strategy and its corporate (global) strategy. It describes the origin, growth, and structure of the smartphone industry; addresses evolving industry trends and dynamics; and profiles the major players, including Apple and Samsung (originally hardware manufacturers), Google and Microsoft (originally software developers), and new entrants such as HTC and Xiaomi. It focuses on the factors behind Huawei’s stunning rise from success, from a traditional telecom equipment provider to the third-largest smartphone maker in the world (after Samsung and Apple), while pointing to the challenges that lie ahead. The unique characteristics of smartphones—multifunctionality, high degree of technology integration, and fast-moving ecosystems—make them an ideal choice for analysis of industry change. The tale of Huawei’s entering and succeeding in the highly competitive global smartphone industry allows for discussion of the competitive strategy and organizational transformation of an emerging economy multinational enterprise.

BlackRock (A): Selling the Systems?
Ranjay Gulati; Jan W. Rivkin; Kelly McNamara
Harvard Business School Case #717484 (10 pages)

As the case opens in 1999, several key leaders at BlackRock, Inc., then a relatively small asset management firm, are trying to convince CEO Larry Fink and others that the firm should begin to offer Aladdin, its proprietary analytics and trading platform, to other asset managers.
While some members of the senior team saw “selling our systems” as an opportunity, others likened it to “selling weapons to the enemy” or “giving away the crown jewels.” What should Fink do? The case provides an overview of the asset management industry, the beginnings of BlackRock, and details around the Aladdin platform. This case includes videos.

**Climate Change and the Napa Valley Wine Industry**
Andrew Hoffman
WDI Publishing at the University of Michigan Case
#W05C10 (22 pages) TN

Jon-Mark Chappellet, director of operations at Clos Du Val winery in Napa Valley, is developing a 50-year plan. The effects of climate change are forcing Chappellet and other Napa Valley vineyards to adopt various adaptation strategies to protect the quality of their grapes and wines. Climate change impacts can include decreased water availability, temperature variations outside optimal growing conditions, and increased threat of pests. Napa Valley is a strong, competitive market for grape growers and vintners and is most known for its ideal growing conditions for Cabernet Sauvignon grapes, on which estate wineries like Clos Du Val focus their production efforts. Will Clos Du Val have to abandon its signature brand of Cabernet Sauvignon wines and adopt other grape varietals capable of thriving in the changing climate conditions? What kind of diversification strategy will Chappellet need to implement to address climate change?

**Cumulative Advantage**
A.G. Lafley; Roger L. Martin; Rita Gunther McGrath; Scott Cook; Jorgen Vig Knudstorp; David Champion
*Harvard Business Review* Article
#R1701B (20 pages)

Why do companies routinely succumb to the lure of rebranding? Because, say A.G. Lafley and Roger L. Martin, the authors of *Customer Loyalty Is Overrated*, they believe they must continually update their business models, strategies, and communications to respond to the explosion of consumer options. Research suggests that what makes competitive advantage truly sustainable is helping consumers avoid having to make a choice. They pick the leading product in the market primarily because that’s the easiest choice. And each time they do so, that product’s advantage increases over that of the products consumers didn’t choose, creating what the authors call “cumulative advantage.” They offer guidance for building it.

**Curing the Addiction to Growth**
Marshall Fisher; Vishal Gaur; Herb Kleinberger
*Harvard Business Review* Article
#R1701C (10 pages)

In pursuit of double-digit top-line growth, many retailers relentlessly open new stores, even when doing so destroys the profitability of their businesses. This addiction is fueled by Wall Street and a capitalist culture that’s obsessed with growth. It’s hard to kick, primarily because companies don’t know when or how to turn off the growth machine—or what to replace it with. To explore the problem, the authors studied the financial data of 37 U.S. retailers with recent sales of at least $1 billion whose growth rate had faltered. They found that the less successful retailers had continued to chase growth by opening new stores far past the point of diminishing returns. By contrast, the more successful retailers had drastically curtailed expansion and instead relied on making operational improvements at their existing stores to drive additional sales. This allowed them to increase revenues faster than expenses, which had a powerfully positive impact on earnings. This article lays out a framework for determining when to switch to a low-growth strategy and how to put it into practice.

**The De Beers Group: Exploring the Diamond Reselling Opportunity**
Benjamin C. Esty; Daniel P. Gross; Lauren G. Pickle
Harvard Business School Case
#717430 (22 pages) TN
Student Spreadsheet Available

In September 2014, Tom Montgomery, SVP of strategic initiatives at the De Beers Group, and his team launched a pilot program in the U.S. to explore the $1 billion diamond market for
preowned (recycled) diamonds. According to Montgomery, the motivation for the pilot program was to improve the consumer reselling experience and to enhance “diamond equity.” Somewhat paradoxically, consumers typically received very low prices when they tried to sell diamonds (5%-20% of the original retail price), leaving them reluctant to purchase diamonds in the future and making them into ambassadors of ill will. At a meeting in November 2015, the De Beers Executive Committee had to decide whether to end the pilot program, extend it for another year to gather more information, or convert it into a new stand-alone business unit. De Beers had historically focused on producing rough diamonds (the “upstream” business), yet the new business unit offered an opportunity to enter and enhance the market for polished diamonds (the “downstream” business), so the decision was particularly noteworthy.

**Elon Musk’s Big Bets**

David B. Yoffie; Eric Baldwin

Harvard Business School Case

#717431 (31 pages) [TN]

Between late 2014 and late 2016, Tesla and CEO Elon Musk undertook several major— and risky—initiatives that would dramatically expand the scale and scope of Tesla’s business. In late 2014, Tesla began construction on a $5 billion “gigafactory” that would manufacture the lithium-ion batteries used in Tesla’s electric vehicles on an unprecedented scale. In early 2015, Tesla announced a new product line of battery packs designed for large-scale energy storage for residential, commercial, and utility-scale installations. In 2016, the company acquired SolarCity, a leading solar energy firm, creating what Musk called “a vertically integrated energy company.” These moves, representing billions of dollars in investment and extension into new industries, came at a time when Tesla was still losing money and struggling to scale up production of its electric vehicle lines to meet ambitious delivery targets. Meanwhile, Musk was also CEO of SpaceX, which, while growing its business of launching satellites and cargo into space for commercial and governmental clients, was preparing to take astronauts into space, pioneering the use of reusable rockets, and announcing plans to colonize Mars.

**Job Design Optimization Tool (JDOT)**

Robert L. Simons

Harvard Business School Tutorial

#JDOT (60 minutes) [TN]

hbsp.harvard.edu/jdot

The free, online Job Design Optimization Tool (JDOT) by Professor Robert Simons, Harvard Business School, can be used to design, or test the design of, any job in any organization. It accompanies the Strategy Execution series of 15 module notes that integrates the latest performance measurement and control techniques with the new realities of competition, strategy, and organization design. Use the tool with “Strategy Execution Module 10: Using the Job Design Optimization Tool to Build Effective Organizations” (#117110). View the full Strategy Execution series at hbsp.harvard.edu/strategyexecution.

**Leading the Tata Group (A): The Ratan Tata Years**

K.S. Manikandan; K. Rajyalakshmi; J. Ramachandran

Indian Institute of Management Bangalore Case

#IMB597 (24 pages) [TN]

B Case Available

This 2-part case traces the evolution of the Tata Group, one of India’s largest and best-known business groups, from inception until today. The first case focuses principally on Ratan Tata’s leadership of the Tata Group from 1991 to 2012. “Tata Group History,” the first section of the case, traces the early years of the Tata Group, its management philosophy, the leadership years of legendary chairman J.R.D. Tata, and the elevation of Ratan Tata as chairman of the group in 1991. “Leading Change” details the group’s transformation under Ratan Tata’s leadership. “Passing the Baton” describes the succession process that led to the appointment of Cyrus Mistry as chairman of the group in late 2012. Case B describes Cyrus Mistry’s leadership of the group until it ended abruptly with his sudden removal as chairman of Tata Sons on October 24, 2016, and the reinstatement of Ratan Tata as interim chairman.
GLOBAL COLLABORATION SIMULATION

Tip of the Iceberg

Students Experience Cross-Cultural Communication

In this multi-player simulation, students experience the challenges of global collaboration and cross-cultural communication. Assigned in either a native English speaker role or non-native English speaker role, students collaborate on a venture capital presentation—via an online chat functionality—and quickly realize how communication problems interfere with work goals.

The difficult task of collaborating with a geographically dispersed team is further complicated by simulated language and cultural barriers. Forced to take another’s perspective, students experience an “aha” moment as they understand how their own behaviors impact the experiences of others.

Multi-Player | Seat Time: 30-45 minutes plus debrief
Tsedal Neeley | #7101 | TN

Registered Premium Educators can access:
- A full Free Trial online
- A video of Tsedal Neeley debriefing the simulation

Not a Premium Educator? Registration is free: educatoraccess.hbsp.harvard.edu