BUS 160a
Competitive Strategy

Course Syllabus

Fall 2018
Classroom TBD
Class days and times
T & F 9:30-10:50AM

Aldo Musacchio
Associate Professor of Strategy & International Business

Contact information
Office: Lemberg 252
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TA
Alyssa Beaton
Email: abeaton@brandeis.edu
Office hours: by appointment
BUS 160a COMPETITIVE STRATEGY

Purpose of the Course
This course teaches students the basic principles of competitive and corporate strategy, focusing mostly on the business models and competitive dynamics in technology companies. The course also examines strategy in entrepreneurial firms, in two-sided platforms, and competition among firms that rely on social strategy. Additional topics covered include corporate diversification, M&As in technology companies, and strategy in sports.
*Beginning in the fall of 2018 the course will have a quant component. Students will be required to turn in assignments intended to teach them advanced excel skills and data visualization with Tableau.

Who should be taking this course?
- students interested in strategy, consulting, entrepreneurship, and global management
- students interested in the challenges startup entrepreneurs face when launching new products or services

Learning Goals and Outcomes
1. You will learn the basics of strategic management; you will understand how strategists and CEOs tackle the main challenges they face when entering into a new market or launching a new product
2. You will develop oral communication and presentation skills
3. You will learn to think critically about business models
4. You will learn the basics of two-sided platforms (e.g., such as Uber or Tripadvisor.com) and you will develop tools to help you develop ideas using such platforms
5. You will develop advanced excel skills and basic data visualization using Tableau
6. Because the course has a strong focus on team work and decision-making with limited information, you will learn to:
   a. Use limited information to crack business cases (very useful for job interviews)
   b. Recognize personality traits that may handicap you in your future career and identify your own biases, stemming from both your background and your culture;
   c. Write short business memos about a variety of topics using simple frameworks that strategists worldwide use;
   d. Work with a team under pressure, with limited resources and information, and facing high uncertainty; and,
   e. Develop skills to prepare power points and presentations for investors or for boards of directors

Prerequisite: BUS 10a & BUS 152a (recommended)

Expected workload
Students should expect to invest 9 hours/week outside of class on the course.
Questions to prepare each session will be posted on Latte.

Materials for the Course
The course relies mostly on Harvard Business School case studies, which are available for purchase at https://hbsp.harvard.edu/import/558246. Course packs are comprised of copyrighted materials, so please respect intellectual property by purchasing your own copy of the materials (Through the Harvard page we keep track of who buys the materials)
Grading
Here is a breakdown of how we are going to grade all the different assignments of the course. The overall composition of the final grade is the following:

- Participation: 30%
- Excel + Tableau homework: 10%
- 2 business analysis writeups: 30%
- Final Project presentation: 15%
- Final Project assignment: 15%

GRADING GUIDE
Grades in Bus 160a are VERY different from what you may have experienced in other courses at Brandeis University. All of the work is graded relative to your peers. That is, it is all based on rankings of performance for each of the assignments. Why is this the case? Well, in the real world not everyone can get an A. On the contrary, people are competing fiercely in the work place to be the best. Your supervisors will have to evaluate you in relation to your peers (yes, more often than not ranking you). So take this course as your first contact with the harsh reality of the workplace.

How I calculate the final Grade:
At the end I will add up everything so that the maximum grade you can get is 100. I will then use these scores to rank students and to do a distribution of letter grades following a forced-curve (e.g., something like this: 4 A, 6 A-, 8 B+, 8B, 4 B-, 2 C+, 1 D, etc…). The mean should be centered around B, but the distribution can get stretched out to the right if people don’t turn in their assignments or miss too many sessions. In those cases the letter grades can go all the way to the Ds. So please do not assume you won’t get a D.

Write-ups
There will be two write-ups (1000-2000 words) about three different current topics. The write-ups will require students to use the frameworks discussed in class to analyze a piece of business news selected by the professor. There will be one question or two posted in advance on Latte, a link to a short article or blog post. Two years ago one writeup was about whether Tesla should merge with SolarCity (a solar panel maker and distributor), another one was and about Telegram, an encrypted messaging system that is the preferred platform for terrorist organizations. Last year students analyzed the merger of Amazon and Whole Foods and the business model of Soundcloud, a streaming platform for new artists and dj’s. Students are required to do industry analysis (e.g., about the competitors, the suppliers, the buyers, etc…) and all of the strategy frameworks used in entrepreneurial firms (i.e., the lean startup, two-sided markets framework, or the social strategies note) to do their analysis of these examples and produce a 2000 word analysis with recommendations for the firm in question.

Group project:
Students will work in teams of 4 people on a final project. The group project consists of a 5-10 slide PowerPoint deck (with quantitative appendices if necessary) and a class presentation in which students will present a new product or service using the tools studied in class.

- Students need to setup their teams by early October
- Project outlines, with proposed topic and team member names, due in October
- First presentations right after the Thanksgiving break
- Final presentations will be on last day of classes in December
Disabilities

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately before or after the first class.

Academic Integrity

You are expected to be honest in all of your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at LTS - Library guides.

Office hours

Office hours are on Monday and Friday afternoons at Lemberg 252. Please email me to sign up for a 20 minute time slot.

LEARNING BY THE CASE METHOD

Because this course is based on the case method of learning, class participation by all students is critical. We will assume that everyone has prepared the case and readings thoroughly--there is simply no time to explain or reiterate case facts. Our discussions will aim to be analytical, not descriptive. This does not mean that we will ignore the facts; to the contrary, students should strive to back up their arguments with the facts of the case. In sum, I will expect three P’s from students in every class:

- **Presence:** You are expected to prepare for and attend all class sessions. It is your responsibility to catch up on material for any class that you miss.
- **Preparation:** You are expected to do the class assignments and be ready to start class or answer assigned questions if called on. In addition, it means that you have analyzed the case and exhibits, not just read them lightly. Where there is numerical analysis to be done to understand the financials or economics of the case, you will be expected to do this. It is often extremely useful to work in groups in preparing the cases for each class; you are encouraged to do this. **(THERE ARE COLD CALLS IN EVERY SESSION)**
- **Participation:** You are expected to share your views and questions in class. Your class participation grade will depend on the cumulative quality of your contributions in class.

**Laptops** and tables are ok as long as you are working with us and taking notes. It is easy to spot when someone is doing something else in the computer. If I see people doing that I am going to ask them to leave the classroom. I don’t mind technology, but I mind it when it distracts you from class. The classroom experience is created by all of us. A distracted student subtracts value to everyone.

**Cell phone use is not ok.** No texting please, it’s distracting for everyone. If you are expecting a call from a company or from a family (for an emergency) please tell me before class and I may sit you close to the door.
# Course Outline

- **Cases** and **required articles** are in case packet: [https://hbsp.harvard.edu/import/558246](https://hbsp.harvard.edu/import/558246)

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<th>Session</th>
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<td>Strategy and Competitive Advantage</td>
<td>“Creating Competitive Advantage”</td>
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<td>“Competitive Advantage: The Value Chain and Your P&amp;L” (Joan Magretta) + EXCEL SESSION</td>
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<td>Reading “Competitive-Cost Analysis Note” (until p. 4) and Tesla Motors case</td>
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<td><strong>Part II. Strategic Management in Entrepreneurial Firms</strong></td>
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<td>Lean startup framework</td>
<td>“Hypothesis-driven entrepreneurship” #Excel assignment review #Write up posted today</td>
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<td>Scale economies and startup financials</td>
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<td><strong>Framework #5:</strong> Strategy in Two-Sided Platforms</td>
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<td>“Uber in China: Driving in the Gray Zone”</td>
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**Part III. Social Strategies**

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<td>#Second Write-up Posted “Facebook”</td>
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<td>11/27</td>
<td>Workshop on presentations skills [optional]</td>
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<td>12/11</td>
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<td>#Second Write-up Due</td>
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**Part IV. Strategy in Large Corporations across borders, in acquisitions, and in sports**

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<td>”Haier’s U.S. Refrigerator Strategy&quot;</td>
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<td>”$19B 4 txt app WhatsApp...omg!”</td>
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<tr>
<td>12/11</td>
<td>Final student presentations</td>
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8/31 Introduction to strategy

Introduction to strategy

**Buy the Harvard Case Coursepack for the course please here**

*if you are not sure you will stay, please read this note for the first class, it explains the basics of strategy. Not reading is penalized with negative participation points.

Reading assignment:
"Creating Comparative Advantage" (read at least until p. 8, we will use the rest of the note on day 2)

Questions to prepare for class:

- What is comparative advantage? How do companies create value?
- What types of competitive advantage are there?

9/4 Apple Computer: Five Forces in High Tech Industries

Reading assignments

1. “The Five Competitive Forces that Shape Strategy” Porter
2. “Apple Computer 2006”

Assignment questions

- In this class we will review Michael Porter's five forces. We will use this framework a lot in class. For each of the “forces” in the market for computers think about whether their bargaining power is HIGH, MEDIUM, or LOW.
- Look at the financials of Apple. What story do they tell us? What’s Apple’s secret sauce before 2006?
- Before the launching of the iPod and the iTunes store, what explains the failure of Apple computers to become the dominant player in the industry?
- Was Steve Jobs a genius? What explains his success after 2006?
BEFORE CLASS PLEASE DO THIS

- Go to the following Google doc and fill in the information I need to remember you.

9/12 Strategy, Value Chain, and Profitability (Framework #3)

Reading assignment:
“Competitive Advantage: The Value Chain and Your P&L” (Joan Magretta)

Study questions:

1. What is competitive advantage? How do companies gain competitive advantage according to Porter?
2. What is value chain?
3. Use the Apple Computer 2006 case and think about how Steve Jobs thought about the value chain of the personal computer business Apple had. What parts did he let go? What parts did he add? Why?
4. Now think about the entire value chain of the iPod according to the case (or if you know about the iPhone go for it) and think about where Apple is inserted. What's the point of having the Apple online and physical store? Why not just let the distribution and repairs to third parties? Think about how value is captured in this market?

#EXCEL SESSION TODAY, PLEASE BRING YOUR LAPTOP...

9/14 Amazon and Resources: Core Competencies and Competitor Analysis

Reading assignments:

- “Competing on Resources”
- “Amazon 2015”
Study questions:

1. What business is Amazon in? Is it spreading itself too thin or is it well positioned for the future?
2. Who are Amazon's competitors? What is Amazon's competitive advantage? What are its core competencies?
3. Does it make sense for Amazon to have a Studio?
4. Amazon just bought WholeFoods for close to $20bn, does it make sense for its business model to have a brick and mortar store?

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9/18 Walmart: Capabilities and Competitor Analysis

Reading Assignment

- “Wal-Mart Stores in 2003”

Study questions

1. What are Wal-Mart's sources of competitive advantage in discount retailing? Examine the value chain at Wal-Mart and explain the advantages Wal-Mart has in each part of the value chain.
2. Compare the financial performance and cost structure of Wal-Mart to that of its competitors (focus on Target and K-mart) and explain the differences that you see (work with the exhibits). In fact, see if by looking at the comparison in financials you can come up with a story of why Wal-Mart is the leader retailer in the world.
3. Why are many communities so resistant to allow Wal-Mart to establish locally? Is Wal-Mart good or bad for the local community?

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9/21 Excel training (Pivot tables and graphs)

No reading for today, but please watch these videos before coming to class

1. [How to create a pivot table manually](#)
2. Watch also the videos here, especially how to create a pivot chart

*If the videos are not clear, search for tutorials online. To get really good at excel you need to learn to search for tips online.

If you want to start playing around with the data we will use in class, here is a taste of it. It is a sample of firms in the aerospace and defense industry. The database has a few firm characteristics and financial information. Try to use pivot tables to organize a table with the companies on the rows, the years as columns, and the ebitda for each firm as the main component of the table.

Then try to use pivot table to figure out for how many firms we have data missing on the number of employees.

Finally, try to create a table with the firms as rows, the years as columns, in which you tell us the percentage of employees that each firm has as a percentage of the total for that year and that sector.

In class, we will work on pivot tables and pivot charts and we will explore the main menus you need to know to master pivot tables. Please pay attention to the way in which the data is organized because it may be counter intuitive at first.

#EXCEL ASSIGNMENT HERE

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9/28 Tesla and Economies of Scale

Readings:

Tesla Motors, HBS Case

“Competitive-Cost Analysis Note” (study well until p. 4)

Questions to prepare for class:

1. Should BMW expect Tesla to grow into a strong direct competitor like Audi or is Tesla a niche player? Is Tesla at a competitive advantage or disadvantage? Look at the cost structures of both companies. How much would Tesla have to grow its production to be competitive with BMW? (use what you learn in the Note on Competitive-Cost Analysis)... if you can.

2. Analyze the value chain in the automobile industry from autoparts to consumers. What activities does BMW do? What activities does Tesla do? What are the main differences?

3. What barriers to entry did Tesla have to overcome? Can other companies follow suit?

4. What are the biggest threats for the Tesla business model in the near future? Do 5 forces analysis and figure out where the weak points are. What resources does Tesla have that are capabilities?
10/2 Disney: Corporate Strategy (Economies of Scope)

Reading assignment:
"Choosing Corporate and Global Scope"
"The Walt Disney Company: The Entertainment King" HBS Case

Study questions:
1. Why has Disney been successful for so long (do full analysis using all frameworks)?
2. What were the key elements of success of Michael Eisner's rejuvenation plan?
3. Does Disney have the right corporate scope or is it too diversified? Think of each of the Disney businesses and think about whether they pass the better-off test and/or the ownership test?
4. Would you invest in Walt Disney Company?

#EXCEL ASSIGNMENT DUE TODAY

10/5 Strategy in Startups

Reading assignments
“Hypothesis-driven entrepreneurship” HBS NOTE

Study questions:
1. What are the steps entrepreneurs should follow to test a new idea/product/service?
2. What is MVP?
3. What is optimism bias? How can we prevent optimism bias?
4. If we were designing a site/app to facilitate the rental of skiing equipment among college students, how would we go about testing the idea? What would an MVP look like? What hypotheses would we need to test? What are the potential problems for such an idea?

***Excel assignment REVIEW at the end of class.
10/9 Dropbox: How to crack a case using startup figures

Reading assignment:
“Dropbox: It just works”

###First writeup posted here

Study questions:

1. How did Drew Houston and his team launch Dropbox?
   a. What was the original value proposition of Dropbox?
   b. What were the main hypotheses he tested?
   c. What was their MVP?
2. BUSINESS PLANS have four basic components: Value proposition, Operations plan, Go-to-market strategy, and the Profit formula. Think about these components. What was the operations plan of Drew Faust?
3. What was the go-to-market strategy? (how were they planning to make Dropbox go viral?) Was it worth it to use ad-words?
4. Let’s look at the profit formula. Were they making money at the time of the case? We need to come up with the sales, the variable costs and the fixed costs. All of the information is in the case (assume they spend $150,000 per employee including salary, office space, electricity, etc...)
5. Given your estimations would you invest in Dropbox? Are they going to make money based on your calculations?

**Wed 10/12 Rent the Runway: Fixed and variable costs in startups**

Reading assignment
Rent the Runway (RTR)

###Final project team sign up sheet HERE##

Study questions:
1. You will pretend to be a group of venture capital investors looking to invest in Rent the Runway. So you will need to think about whether you would invest in RTR.

Make sure you figure out the following:

a. how much does RTR make per dress it owns? What are total gross profits and net income per year (using the 2-month rental figures we have from January 2010)? (assume all salaries and admin costs are (SG&A) $2M per year). If fixed costs are $2M, how many rentals do they need per year to break even as a company?

b. Per dress: Calculate how many times they have to rent the average dress (cost $226) in order for it to pay for itself (to break even per dress)?

c. How many dresses do they have in stock at any point in late 2009? If they rent 2000 dresses, what's the turnaround per dress equivalent? What's the contribution per dress equivalent?

d. [OPTIONAL: This one is really hard] If it costs $300 in AdWords and FB ads to attract 250 members. Is it worth it for RTR to invest in this type of marketing? (Find the member to renter conversion rate in the case and then take into account 12.5% of renters actually rent dresses twice).

2. So, would you invest in RTR?

10/16 SoundCloud: Streaming and Financials

Soundcloud

The case today is about the music streaming company Soundcloud, which is rumored to be near death for lack of funds and because of its weak business model. It is not a public company, so there are no official financials since 2015. Its valuation has been declining, from a peak of $700M, to something in the realm of $150M in 2017. According to Techcrunch.com they have something like 175 million active users per month in 2016 (vs. 75M in Spotify) and close to $100M in revenues in 2017 (some people think that with some cost reductions they could breakeven). Still, Spotify has about 30M paid subscribers, while it is not clear Soundcloud has more than 10% of users paying.

Given their financial trouble, in August of 2017 Soundcloud's management had to fire 173 people, equal to 40% of their staff, but it is not clear whether that was enough to stop the bleeding. Soundcloud apparently has propelled artist careers, such as that of Chance the Rapper (there is even a genre called Soundcloud Rap), so it is puzzling that this service is not being able to monetize its business model.

Read/skim the following articles to prepare (also make sure to visit Soundcloud.com and perhaps get a free trial and experience its service), but for the financial analysis below rely only on the figures I provide to avoid confusion in class.


4. https://consequenceofsound.net/2016/04/five-reasons-soundcloud-go-is-set-up-to-fail/

Questions to prepare for class:

1. Describe and analyze the SoundCloud’s business model using the relevant frameworks we have seen in class. Focus on understanding their profit formula, competition landscape, and positioning
a. How do they monetize their business model? What are their main business lines?

b. Who are their competitors? What advantages and disadvantages does SoundCloud have vs. their competitors? Please make sure to define a good set of characteristics to compare and show why Soundcloud may or may not have competitive advantage.

c. What are the main weaknesses of their business model?

2. If you were hired in their strategy team, what would you suggest to correct its main issues?

3. Let’s look at the financial situation of the company.

a. You need to create the profit and loss statement for SoundCloud before they do the massive layoffs. Assume cost of sales remains the same as a % of sales as it was in 2015 and that fixed costs grow in proportion to the number of users. Also, assume there are economies of scale that allow all fixed costs to fall 10% every time the number of users doubles—assume the number of users has doubled from 2015 to the moment in which you are doing the analysis. Now, note that in 2015 they were spending in SG&A close to $200,000 per employee, which includes salaries, marketing and other fixed costs. Assume there is some inflation, so by 2017/18 this should be close to $220,000 Also, assume sales for 2017 are close to $120M USD. Other expenses include interest payments of around $2M per year and taxes are about $1M. [I made up a few of these numbers because I couldn’t find them, so just go with it]. Show the entire P&L (pre-layoffs). What is the net income?

b. Do they have a positive contribution per sale made? Assuming fixed costs stay constant and assuming the average customer has a basic subscription to Soundcloud Go of $5 per month, how many users do they need to break even?

c. Are the layoffs enough to help them breakeven?

d. Would you invest in Soundcloud if you were a venture capitalist?

10/19 Strategies in Two-Sided Platforms

Reading assignment:

“Strategies for Two-Sided Markets”

Study questions:

1. What are the components of a two-sided platform?

2. What are network externalities? What role do they play in two-sided platforms?

3. Think of a site/app like YouTube. Does it fit the framework of two-sided platforms? If so, can you explain it’s success using this framework? What’s the money side in the case of YouTube?

4. Why can’t YouTube just charge us a fee upfront like Netflix? (in fact, they are already trying to do that, so the relevant question is: Will it work?)
# Today we will have our data visualization class so bring your laptop. We will do an introduction to Tableau. Please make sure to have Tableau installed in your computer. The license number we will use will be posted here.

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## 10/23 Trip Advisor: Crowdsourcing value

Reading assignment:

“TripAdvisor”

**TEAM PROJECT OUTLINE DUE:** Follow this template (send to aldom@brandeis.edu)

### Study questions

- What’s the business model of trip advisor?
- Why would travelers use TA? What’s the value proposition for users? Why are hotels particularly suitable for reviews?
- Why would travelers write reviews in TA? What’s the value proposition for them?
- What’s the competitive advantage of TA?
- Profit Formula: At the end of 2010 TA makes $350M in revenue. Try to figure out where the money comes from. (You may need to assume a few things, but tell us from which business lines the bulk of the money comes from)
- Does it make sense for them to get into the vacation rentals business?

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## 10/26 Uber vs. Governments

Reading assignment:

“Uber in China: Driving in the Gray Zone”

### Study questions:

1. What is Uber’s value proposition? Explain their business model using what we know about 2-sided platforms.
2. What are the major risks to their business model in the United States and Europe?
3. Would you invest in Uber if you could?
4. Now, explain why Uber failed at outcompeting its Chinese peers?
5. Why did they end up doing a joint venture with Didi (explain it using what we know of strategy)?
First write up due today

- Does it make sense for them to get into the vacation rentals business?

### 10/30 Social Strategies

**Reading assignment**

“Competing with Social Networks:”

**Assignment questions:**

- 1. What are social failures? Why do they exist?
- 2. What two main types of social failures are there? What subtypes of social failures are out there?
- 3. Now think of sites like eHarmony, matching people for serious relationships, what type of social failure are they solving? How do they solve it? What’s their social strategy? (if you don’t know eHarmony do a quick visit to their site)
- 4. What about gaming platforms such as Zynga (FarmVille, Words with Friends)? What social failures do they solve? How? What’s the business model? What’s their social strategy?

### DATA VISUALIZATION PROJECT DUE TODAY

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### 11/2 Safer Taxi

**Reading assignment:**

“Safer Taxi” (an Uber like App for taxi rides in South America)

**Study questions:**

How would you do a minimum viable test for Safer Taxi? What confirmation would you need to avoid biases?

Using the lean startup framework, what did Safer Taxi do right? What did they do wrong?

As Safer Taxi thinks about scope and competitive advantage, please think about what the right mix of business lines is for them. The case mentions they have two types of business models, one is for corporates and the other one is for people on the street. Does it make sense for them to be on both? Shouldn’t they focus on competing with Easy Taxi (their biggest competitor in South America) and Uber, where they need more resources to do marketing? Should they consider the corporate market at all?

What’s the biggest risk you see for a startup like Safer Taxi in the near horizon?

SECOND WRITE UP POSTED HERE
11/6 Facebook

Assigned reading

“Facebook” HBS Case Study

Study questions:

Why do people use Facebook and what do they do when they are there? (Think about which of the subtypes of social failures Facebook solves?)

Look at the financials of Facebook and analyze them (here)

Make sure to understand the advertisement strategy of facebook. Are they effective? Do they monetize ads better than Twitter and Google? Which advertisement lines seem to be more effective to get people engaged with brands? Why?

Will they be the leading social platform in 10-15 years?

11/9 Team Meetings with the Professor

In this session each time will spend 10-15 minutes with the professor going over the presentation slides.

Please bring at least a laptop to show the PowerPoint to Prof. Musacchio

The order of meetings will be posted here (no need to arrive before your meeting).

11/13 Social Strategies @ NIKE

Reading assignment:

“Social Strategy at Nike”

Study questions:

Evaluate the Nike+ ecosystem as a foundation for the company’s social strategy

What’s unique about the way Nike uses Facebook, Twitter and YouTube for its digital strategy?

What’s its digital strategy? What is its social strategy? Why are these two different? How does Nike integrate its digital strategy with its social strategy?

What kind of capabilities did Nike have that allowed it to develop a rich, integrated social and digital strategy? Can Reebok or New Balance replicate it?

Was the social strategy of Nike+ a success?
11/16 Student pitch day

PROJECT PITCH DAY

ALL TEAMS WILL PRESENT TODAY. EACH TEAM HAS 6 minutes to make the first pitch & there will be 4 minutes for Q&A (prepare a 5 minute pitch that will give you 1 minute of slack).

TIPS for your presentation

1. Do not prepare more than 5 slides
2. Make sure you explain the pain point clearly
3. The hypotheses and MVP have to be there and you need to explain how you're going to test your idea
4. What's the monetization strategy? What's the go to market strategy?
5. Do not just say "we will talk to x people"... actually say how many and WHO... or if you've been working on your test why not set the example and show us your test
6. If you're going to run a survey/focus groups tell us what questions you want to ask
7. Obviously you are not supposed to have EVERYTHING, but you need to have thought of every step.
8. DO NOT GO OVER TIME, you need the feedback from your peers.
9. We will have a secret ballot to choose the three best projects and three best pitches (that is the three best projects vs. three best presentations)... they will get extra credit.

11/20 Presentation skills workshop and career day

11/27 Tencent: Social Strategies in Diversified Social Firm

Readings:
"Tencent" HBS Case

Questions:

- For each of the businesses of Tencent think about: How attractive is the business? What does it take to win in this specific business?
- Are there synergies between Tencent's businesses?
• What resources does Tencent have that give it competitive advantage? Is it a leader? How effective has the company been at adapting to change?
• Should Mark Zuckerberg be afraid of Tencent?
• Why is Facebook not in the same businesses as Tencent? Why is Facebook not in payments?

#SECOND WRITE UP DUE TODAY

11/30 Haier Fridge Strategy

*****Warning, this case may take longer than normal as you need to work with the numbers more than normal. So take more time to prepare it*****

###WRITEUP #2 DUE TODAY###

Reading assignment:
“Haier's U.S. Refrigerator Strategy” HBS Case

Study questions:
1. Why did Haier enter the US Market with compact refrigerators? Did it pay off?
2. Why didn’t other competitors get into the compact refrigerator market? Does it make sense for the biggest three producers to focus on larger refrigerators and let Haier dominate the compact fridge market?
3. Work the financials of refrigerators to explain Haier’s decision to play in the compact segment and not in the large fridge market? (complete the spreadsheet with Exhibit 10 using information from the case... we will work directly with those figures in class). Does Haier have the product or the cost position to compete in large refrigerators (18.2 cu ft)? How about in small refrigerators (1.8 cu ft)? What are its margins compared to those of its competitors in each of these two segments?
4. What advantages/disadvantages did Haier have for being a Chinese company?

12/4 Mergers & Acquisitions: Facebook's WhatsApp Acquisition

Reading assignment:
“$19B 4 txt app WhatsApp…omg!” HBS Case

Study questions:
1. Using the frameworks we have studied, explain the business model of WhatsApp and how it monetaizes or can monetize value?

2. If you were working for Facebook, how do you come up with the valuation of WhatsApp? How do companies value target firms for acquisitions?

3. Was Facebook's acquisition of WhatsApp for $22 billion the most outrageous waste of shareholder funds or the deal of the century? (explain the analysis that supports your position)

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**12/7 Real Madrid Club de Futbol**

Reading Assignment

"Real Madrid Club de Futbol"

**Study questions**

1. What’s the business model of Real Madrid?

2. Who is Real Madrid's customer?

3. What’s the competitive advantage of Real Madrid (please do five forces analysis and figure out competitive advantage and capabilities)?

4. What are the weaknesses of Real Madrid's business model?

5. The biggest news in the Summer of 2017 is that Paris Saint Germain (a team from France) bought Neymar Jr., a Brazilian player, from the team Barcelona FC for over $200M. Neymar's contract with Paris St. Germain gives him a salary of close to $40M per year. Some celebrated this as a sign that soccer is becoming more important in global markets, others complained that this would ruin the business of soccer because it would inflate the players salaries. Where do you stand?

6. Is the business model and its weaknesses exclusive of Real Madrid/soccer, or can your analysis apply to sports teams in general?

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**12/11 FINAL PITCH DAY**

FINAL PROJECT PITCH DAY

TEAMS WILL PRESENT TODAY. EACH TEAM HAS 10 minutes to make a presentation & there will be 5 minutes for Q&A
Class logistics:

- Please arrive early and upload your presentation to the classroom's computer (no laptops will be allowed to facilitate smooth transitions)
- Seat with your team
- Do not waste time switching presentations. You should be ready to go as soon as the previous team finishes their presentation.
- Be respectful of other people's presentations. After class starts DO NOT talk to your team mates, do not open your computer (STRICTLY PROHIBITED), do not work on your team's presentation, and smile :)