Financial Statement Analysis

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Text:

References book:

Prerequisite: To enroll in this course, a student must have successfully completed a three-credit course in financial accounting at the postgraduate level or its equivalent.

Course Objectives:
The primary objective of this course is to enable students to understand, analyze and use the information contained in corporate financial statements, especially those prepared by companies following Chinese accounting standards, for making economic decisions. The course will begin with a quick review of basic financial reporting concepts. It then shifts its focus to the understanding of how the financial statements are actually used in a variety of decision contexts with an emphasis on investment and lending decisions. Classes are designed to achieve three objectives.

I. Financial Statement Analysis: The course will start with a discussion of the economic foundation of financial reporting and development of accounting and auditing in China. We will study industry and economic environments and analyze financial statements using ratios and other tools to measure apparent profitability and risk. Advanced financial reporting issues such as off-balance-sheet financing and quality of accounting information will be discussed to enable students to improve their analysis by adjusting the raw data in the financial statements.

II. Environment for Financial Reporting: In order to facilitate our discussion of financial statement analysis, we will examine how regulatory environment, independent auditing and managerial financial reporting incentives affect the numbers reported in the financial statements.

III. Awareness of current financial reporting issues: Contemporary financial reporting and business issues as reported in financial press will be included in class discussion. All students are expected to participate in the discussion actively.
Performance Assessment:

- Class Participation 10%
  - Attendance ≠ Participation
- Individual Assignment 20%
- Team Project 30%
- Examination 40%
- Total 100%

Information sources:
For the major theoretical references and definitions, please opt to the main textbook “Essentials of Financial Statement Analysis” by Gibson (G) 12th edition. In the timetable, I provide the chapters in the book that you are expected to read before each session.

Class discussion on practical issues will be based on or related to financial reports from two Chinese companies listed in Hong Kong Stock Exchange, namely BYD Company Limited and China Huiyuan Juice Group Limited. The electronic version of 2009 and 2010 financial reports from these two companies will be available to you in Blackboard. It is also important to read newspapers to follow recent development of these cases. You can find FREE reliable accounting and financial news from these web sites:

After a sign-in, you get a free and full-text access to last ten day’s news.

Accounting Education Double Entry: www.accountingeducation.com

www.accountancyage.com

www.iasplus.com
Tentative Class Schedule

Due to the fact that the actual time devoted to in-class discussion of each topic may deviate from the plan, this schedule is indicative. However, we will try our best to follow it as closely as possible to ensure an orderly progress of this class.

<table>
<thead>
<tr>
<th>Session</th>
<th>Date/Day (Cases Due)</th>
<th>Topics</th>
<th>Readings (G)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TBA</td>
<td>Introduction</td>
<td>Ch. 1</td>
</tr>
<tr>
<td>2</td>
<td>TBA</td>
<td>Framework</td>
<td>Ch. 2</td>
</tr>
<tr>
<td>3, 4</td>
<td>TBA</td>
<td>Accounting Analysis</td>
<td>Ch. 3, 4 and 10</td>
</tr>
<tr>
<td>5, 6</td>
<td>TBA</td>
<td>Earnings and Earnings Management</td>
<td>Ch. 8</td>
</tr>
<tr>
<td>7, 8, 9</td>
<td>TBA</td>
<td>Financial Analysis</td>
<td>Ch. 6, 7 &amp; 9</td>
</tr>
<tr>
<td>10</td>
<td>TBA</td>
<td>Expanded Analysis</td>
<td>Ch. 11</td>
</tr>
</tbody>
</table>
# General Course Description

**Course objective:** The course is a comprehensive analysis of the reform and development of the Chinese economy since 1978 by using tools of modern economics, in particular, comparative institutional analysis and development economics, to provide students an adequate understanding of China’s institutional change and economic performance during the last three decades and their trends in the future.

**Learning Goal**

It is expected that the students should deepen their understanding of the opportunities and challenges faced by China, the key drivers of development and reform in China as well as the key players of the Chinese economy – SOEs, private enterprises, foreign-invested enterprises and governments – and the interactions among them, and consequently be able to analyze the current economic issues and to predict future of the Chinese economy.

**Pedagogical techniques:** By literature reading, formal lectures and classroom discussions.

**Literature:**

- **Main textbook:**
  - Title: Understanding and Interpreting Chinese Economic Reform
  - Author: Jinglian Wu
  - Publisher:
  - Edition: 2nd edition
  - ISBN:

- **Reference book:**
  - Title:
  - Author:
  - Publisher:
  - Edition:
  - ISBN:

- **Cases:**
  - Title:
  - Author:
  - Publisher:
Edition:
Supplementary materials.
Wang Jianmao (2009): Six Myths about China and the Century of Development
Wang Jianmao (2011): China’s Economic Outlook in 2011 and Beyond
Other articles by Wang Jianmao at:
http://www.ceibs.edu/faculty/wjianmao/wjianmao0.mht

Equipment: (Apart from the listed equipment, please indicate any other equipment that may be required for the course, if applicable)

• Classroom standard facilities:
  VCR, a portable wireless microphone, overhead projector,
  Computer projector, flip chart, blackboard.
  Other facilities required: ________________________________

• Office standard facilities:
  A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
  Other facilities required: ________________________________

• Equipment which students should prepare: ________________________________

Assessment: An open-book comprehensive final exam based on the main textbook, the class notes and classroom discussions (30%) and an individual written report (50%). Classroom participation 20%.

Prerequisite: Microeconomics, Macroeconomics

Proposed coverage: (Please indicate the areas that will be covered in this course)

Chapters of 2-11 of the textbook
**Detailed Timetable (Provisional)**

(Please indicate the sequencing of your course, and advise if there is any midterm exam).

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Discussion Room (if needed)</th>
<th>Required readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Evolution of China’s Reform Strategy</td>
<td></td>
<td>Chapter 2</td>
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<td>2</td>
<td>The Evolution of China’s Reform Strategy</td>
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<td>The Evolution of China’s Reform Strategy</td>
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<td>Chapter 2</td>
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<td>4</td>
<td>Rural Reform</td>
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<td>Chapter 3</td>
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<td>5</td>
<td>Reform of Enterprises</td>
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<td>Chapter 4</td>
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<tr>
<td>6</td>
<td>Development of Nonstate Sectors</td>
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<td>Chapter 5</td>
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<tr>
<td>7</td>
<td>Financial Reform</td>
<td></td>
<td>Chapter 6</td>
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<tr>
<td>8</td>
<td>Reform of the Fiscal and Taxation System</td>
<td></td>
<td>Chapter 7</td>
</tr>
<tr>
<td>9</td>
<td>Opening to the Outside World</td>
<td></td>
<td>Chapter 8</td>
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<td>10</td>
<td>Opening to the Outside World</td>
<td></td>
<td>Chapter 8</td>
</tr>
<tr>
<td>11</td>
<td>Establishment of a New Social Security System</td>
<td></td>
<td>Chapter 9</td>
</tr>
<tr>
<td>12</td>
<td>Macroeconomic Policies</td>
<td></td>
<td>Chapter 10</td>
</tr>
<tr>
<td>13</td>
<td>Macroeconomic Policies</td>
<td></td>
<td>Chapter 10</td>
</tr>
<tr>
<td>14</td>
<td>Social Relations and Political Reform</td>
<td></td>
<td>Chapter 11</td>
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</tbody>
</table>
Final Exam (2 hours)
1. INTRODUCTION

Starting New Ventures provides an overview of the process, challenges and problems associated with starting a new business.

My aim is to give you an insight into the reality of setting up a business. By the end of the course you should be well equipped to write a first class business plan, to assess whether or not the entrepreneurial route is for you, and to be able to embark with confidence on the process of converting aspiration into reality.

If you already have or are working on an idea for a new business, the course provides an ideal opportunity to develop, refine and test your concept, to write a business plan for it, and to get to the stage where you can raise finance. But the course will also be of interest to potential investors, and for managers in big businesses who want to understand the entrepreneurial process.

2. OBJECTIVES

The aim is in effect to tell the story of new venture creation tracing this through from the first perception of an opportunity to the point of value realisation or exit. En route as well as looking at the process of writing a business plan we shall look at testing/adapting the original business concept, gathering resources and raising finance, getting started and dealing with the challenges of early growth. Our focus will be on reality not theory. To do this we will work with contemporary case studies. We will also stress that setting up a new venture is an option open to each of you, now or in the future, and we will draw attention to the particular strengths that MBAs can bring to entrepreneurial projects, and the sorts of opportunities that are best suited to MBAs.

3. INSTRUCTOR

The course will be led by Rupert Merson, who is visiting CEIBS this term. Rupert is an Adjunct Associate Professor of Strategic and International Management and Entrepreneurship at London Business School, London, United Kingdom. Rupert has taught courses at LBS on new venture development and managing growth for eleven years. Rupert is also a visiting professor at INSEAD, Fontainebleau, France, where he teaches a course on new business ventures.

Rupert has advised entrepreneurs and owner managers for 25 years. He has worked with entrepreneurial businesses in the UK, Europe, the Middle East, South Africa, South America and South East Asia.

Rupert has published five books, the latest of which, Rules Are Not Enough, came out in February 2010. His next book, A Guide to Managing Growth, is due for publication by The Economist in the Summer of 2011.
4. COURSE REQUIREMENTS, SUBMISSIONS AND ASSESSMENT

Assessment will comprise of the following elements:

A. Short Paper 30% - to be submitted individually
B. Class Participation 30% - NB students assessed individually
C. Business Plan - NB team assessment
   - Written Plan 25%
   - Final Presentation 15%

A. Short Paper

Each student, acting independently, is required to identify and interview an entrepreneur or business founder and write up your findings in a short paper. The assignment goal is to analyse the experience of someone who has founded a business before and derive key learning points from the analysis. This piece of work accounts for 30% of your final grade.

You can choose anyone who has previously founded a new venture. The only restrictions are that he/she cannot be one of your class colleagues, nor an entrepreneur already interviewed by one of your colleagues. You can choose an entrepreneur from your own circle of friends and family contacts. However, it is more useful if you use this opportunity to establish a new relationship with an entrepreneur in an industry/area that you are interested in exploring.

Your paper should be 4 to 5 pages and should include the following items:

1. **Entrepreneur information:** Name, Nationality, Age, Background, etc.
2. Name, date of founding and brief **description of the company.** Does it still exist?
3. **Founding story:** why this venture, why that particular time, what motivated the entrepreneur? Who helped in the process? What were the entrepreneur’s greatest fears and desires?
4. What were the most surprising things and most important **lessons the entrepreneur learned about founding and running a company?** What were the greatest difficulties?
5. What were the **key reasons why the venture succeeded or failed?**
6. What were the most important **personal lessons learned** by the entrepreneur?
7. What would be his/her advice to someone starting his/her own business?
8. What were the **most interesting or useful learning points for you from your interview with the entrepreneur.**

Two hard copies of your paper should be submitted to Rupert Merson no later than the beginning of the fifth session of the course on X November 2011. As you will be busy in November with your business plans, you are encouraged to complete your interview and short paper long before X November!
B. Class Participation

Participation in the class room will be assessed and will account for 30% of the course grade. It is important that everyone prepares properly for each session and participates actively in class discussions. Make your contributions incisive, concise and constructive. Please be prepared to disagree with each other and also with the instructor. There are many right and wrong answers and there is plenty of room for disagreement! Please do not opt out of class discussions once you’ve made a couple of remarks. Please also be aware that ‘cold calls’ are very much a part of my approach to class work. Please remember to bring your name-card. If you experience difficulty in this area you should feel free to discuss this with me.

C. Business Plan

The most tangible skill that you should acquire during this course is the ability to write and present a coherent and convincing business plan. This accounts for 40% of the course grade (25% for the document, 15% for the presentation in the last class). Writing the plan and preparing and delivering the presentation are team activities, and you will be assessed as a team.

For the business plan assignment, you should do the following:

- Create a team of 4-6 class members with whom you want to work. Groups of 4 will not be accepted. You should identify a business opportunity that you wish to work on as a team.
- There will be time at the end of the first class (15 September) for individual class members to ‘pitch’ ideas they might have to the class and to recruit team members. If you already know of an opportunity you wish to explore you might wish to contact class members before the course starts.
- Notify Rupert Merson of your proposed business, providing a brief description (one paragraph) plus a list of members of your group. This must be in writing and delivered to me by the beginning of the fourth class on X September 2011.
- We will not allow teams to change after X September.

When selecting an idea, you should bear in mind the following questions:

- Does the business proposition represent a real opportunity, as distinct from something that is simply an interesting idea?
- Will the opportunity result in an ongoing business, or is it merely a one-time project?
- Is this an opportunity that we can research adequately?
- Are we confident that the business proposition would form the basis for a first rate business plan?

The final session of course will be devoted to the presentations. Each team will be required to make a 15 minute oral presentation of their plan to the class and to an invited panel. You are required to hand in one hard copy of your powerpoint slides (in addition to 2 copies of your business plan document) during the session. Your presentation and presentation slides will be assessed and will carry 15% of the final marks.
At the final class teams will also required to hand in their business plan documents (in addition to your business plan document). Business plan documents will carry 25% of the final marks.

5. KEY COURSE DATES

NOW
Establish a group of 4-6 and come up with a viable business idea.

X September (first class)
Opportunity to pitch your opportunity to the class and recruit additional team members

X September (fourth class)
Each team to hand in short note, outlining the project idea, team members

During October
Each student to find and interview entrepreneur and write up Short Paper

X November (fifth class)
Deadline for each student to hand in his / her Short Paper (2 copies)

X November (seventh class)
Teams required to submit 2 hard copies of their business plan.

X November (seventh class)
Each team required to present their plan to class (and hand in hard copies of powerpoint slides).

6. BACKGROUND READING

For every session students will be required to consider a case study and prepare answers to specific questions. Each case study will be accompanied by readings which should be read before each session.

There is no set textbook for the course, however the following are recommended for optional background reading:

*The Monk and the Riddle*. Komisar, R. HBS Press 2000. A short and compelling fable that goes to the heart of what it means to be an entrepreneur and how entrepreneurs can best balance their personal life and entrepreneurial career.


*Raising Venture Capital* by Rupert Pearce and Simon Barnes, Wiley Finance 2006. This book provides an invaluable insight into the VC process – essential reading for anyone considering VC as investor, practitioner or investee.
Opportunity is the well-spring of entrepreneurship. All new ventures start from and are anchored in a real opportunity. In this first session we focus therefore on the nature of opportunity and, more specifically, the way in which you might assess opportunities. We need to establish at the outset a clear understanding of the difference between an idea and an opportunity; the tests that you might apply to any opportunity; and the way in which investors may evaluate potential opportunities.

In assessing opportunities many of the analytical tools and insights acquired in your core strategy and marketing courses need to be brought to bear. Building on this, we shall sharpen the focus to address the distinctive features of an entrepreneurial opportunity and the questions that you should ask of it.

Case: Spectrum

Preparation: Spectrum is a short case. As you read it ask yourself:

Which of these business ideas do I like and dislike?
Why? Which ones would I support - or reject?

Reading: John Mullins: The New Business Road Test, Chapter 1
“A test for the Fainthearted”, Walter Kuemmerle, HBS 2002
“The Discipline of Innovation”, Peter Drucker, HBR, August 2002
Developing, writing and presenting a business plan is the centrepiece of the assessed work that you will do on the course. Business plans fulfill many different functions: providing a framework in which to assess an opportunity and the resources required to exploit it, raising finance, selling your idea to prospective partners, rejuvenating and re-focusing a business post start-up, launching a new venture from within an existing corporation. No matter the function, good business plans share a set of core characteristics.

**Business Plans:** Spectraseis

**Mi Viejita**

**Preparation:** The entire class should read the business plans for both Spectraseis and Mi Viejita. You should then undertake an evaluation of the plans. In assessing the plan you should assume the role of a prospective investor in this business.

Consider the following questions as you assess the plans:

- Is there a genuine business opportunity here?
- Do the proposers really understand that opportunity and have they researched it thoroughly?
- What is the key to success in this business? Do the proposers possess this key?
- Is the proposition clearly and persuasively presented in the plan?
- What's missing from the document?
- What questions would you ask the authors of the plan at an initial meeting with them?

Having answered these questions, you should decide whether or not, on the basis of the plan alone, you would invest. Be prepared to explain and justify your decision.

**Readings:**
- How to Write a Business Plan LBS-CS94-043-01
- How to Write a Great Business Plan HBR 97409
- Don’t Begin Writing Your Business Plan Project EN-8-E 0-605-010

**Website:** www.bizplans.co.uk
The financial deal that the entrepreneur strikes at the outset is the deal that he or she will live with for many years. Getting it right is therefore essential. But getting it right entails reconciling a number of different interests: those of the entrepreneur, other members of the founding team, the private investor and the banker. The interests, aspirations and expectations of these parties to a deal are not necessarily the same.

Case: WT Mobile, LBS-CS06-025

Preparation: Read the WT Mobile case and put yourself in, respectively, the positions of new management (Tim), the outside investors and the founders. From the perspective of each of these prospective parties to the venture, how do you assess the financial needs of the business, what concerns would be uppermost in your mind, and what deal structure would you find acceptable?

Case: Investic (A) INSEAD 2006

Preparation: The decisions and actions taken by the founder(s) in the early days will have lasting effects in the venture. One of the most important early activities is assembling a good team of people to launch the venture. Do you think Nicholas has assembled a strong founding team? Why? Do you think Investic will be able to compete effectively against Bondcom? Why?


Optional further reading: For those interested in pursuing this topic further, our recommendation would be for you to read through Raising Venture Capital by Rupert Pearce and Simon Barnes. Wiley Finance 2006.
What type of planning should entrepreneurs do? How much resource should they commit to a particular course of action? On the one hand entrepreneurs operate in very uncertain environments where strategic plans are difficult to make and can rapidly become obsolete. On the other hand, experimentation without any kind of direction may achieve nothing. In this session, we explore how the challenges of planning and launching a new business can be addressed in a disciplined way. The Zaplet case discusses the struggle of entrepreneurs in a young high-tech company as they attempt to shape their product offering and open a new market. The Zaplet experience will be contrasted with the case of Right Now Technologies.

Case study: Zaplet, Inc. (A), HBS 2001

“Start with Nothing”: Inc. Magazine, Feb 2001 (Intro to RightNow Technologies)

Preparation: Vinod Kosla, a very prestigious and experienced venture capitalist, spent a lot of time and energy mentoring the Zaplet founders. What do you think of the way Kosla shaped the development of the venture? Was this beneficial to the founders? Contrast the strategic approaches followed at Zaplet and RightNow technologies. How do they differ? Which one do you prefer and why / when?

Readings: Bootstrap Finance: The Art of Start-ups by Amar Bhide, HBR
Thorough analysis of a business opportunity is a pre-requisite of starting a business. Thereafter, no amount of preparation can fully equip the entrepreneur for all the unexpected, unanticipated difficulties and disappointments that will inevitably be encountered in getting the business going. However, many of the problems entrepreneurs meet at this stage are common to any new venture, and the experience of others provides an insight into the more obvious problems and pitfalls. The process of moulding and shaping a perceived opportunity into a viable business is one of the most fundamental entrepreneurial challenges.

Case Study: Fresh Trading (A) LBS-CS04-000

Preparation: When assessing the case you should assume the role of a friend of one of the proponents of this business who has asked you to consider joining the team as an advisor and angel investor. You wish to consider and take a view on the following questions before proceeding further:

- How big is the market opportunity for smoothies in London and the UK as a whole?
- What is the value proposition for Fresh Trading?
- Should they manufacture in-house, or outsource?
- Should they sell through independents or major retailers?
- Should they run their own vans or outsource to a distributor or food broker?
- Can they hit 40% margins? If so, how?
- What sort of company should they be? What should the core competencies be? Who should run it and how?

Reading: Siding with the Angels NESTA Research report, May 2009

Informal Venture Capital LBS-CS96-013-01
At some point the founders and investors in a new company will have to consider if - and then how - they might realise some or all of their investment. In this session we focus on issues related to this decision.

Case: **Oxford Asymmetry International**

Preparation: If you were Dr. Moses, what recommendation would you make to the Board? Be prepared to explain and justify your choice. How would you implement your recommendation? In considering these questions you might want to reflect on the following (the list is not exhaustive).

- What are OAI’s sources of competitive advantage? How have these led to success so far?
- Analyse and compare the competing strategic alternatives facing Ed Moses to determine which has the best chance of maximising shareholder value? Estimate how existing shareholders would react to each of the proposed alternatives?
- Identify what additional resources would need to be mobilised to pursue each of the first two alternatives, and whether it would be feasible to do so?
- Consider Appendix 11; If an acquisition or sale were pursued with any of these companies what would be an acceptable deal structure? What would be the premium required? How could liquidity be ensured for current option holders? What view should be taken about cash vs. paper and in particular with paper that is not listed on a UK Exchange? How might the investment objectives of major shareholders fit with these alternatives?

Reading  *Exits for entrepreneurs and investors* – LBS-TN99-019-01
Session 7

X November

The Business Plan: Presentation and Assessment

Your chance to present your business plan to an audience.

Context: You should assume that you are making a first presentation to a group of investors who know very little about your venture. The presentation will be their introduction to your venture. While they will not read the entire written plan, you will find that they will examine it on the spot and will indeed have substantive questions about it. Your objective should be to engender their interest in backing your venture and thus convince them to spend time doing further assessment of your venture.

Preparation: Be sure to practice your presentations and remember that we will adhere strictly to the time limit on the presentations in order to allow time for questions from the panellists after the presentation.

Please remember to bring two copies of your business plan and two hard copies of your presentation slides.

Note: Often business plans state clearly what the capital need is but do not go so far as to suggest a deal structure. You may choose either to include or not to include a proposed financing structure in the plan. However, if you do not include the structure in the plan, be clear in your mind about what you believe is a fair equity split (and why). Be prepared to discuss the matter with the panel if the subject is raised.
Investments (Tentative)

Instructor: Professor Zhao Xinge  
Office: A2-315  
Email: zxinge@ceibs.edu  
Phone: 21-2890 5601

TA:  
Office:  
Email:  
Phone:

Term Dates:  
Office Hours: By appointment

Course Description: This course introduces the characteristics and pricing of a variety of financial instruments, including stocks, fixed-income securities, and derivatives (options, forwards, futures, etc.). The trading and application of these financial instruments, such as the use of derivatives in hedging, will also be covered. In addition to the discussion of these instruments in developed financial markets, the development of such instruments in the Chinese markets will also be investigated.

Note:  

- This course is a prerequisite for Mutual Funds & Portfolio Management, which is offered in the 2nd half of Term 5. Students with very strong backgrounds in investments, as evidenced by previous working experiences or courses taken elsewhere, may submit written application (by email) to the instructor of that course (also me) for a waiver.

Required Course Materials:

- Course packet, consisting of cases and required articles as listed for each session.

Group Case Write-ups: There will be three case write-ups. Each study group should only submit one copy of the write-up for each case. If necessary, include detailed calculation in an appendix. Case write-ups must be typed and submitted by the deadline as indicated in the syllabus - NO EXCEPTIONS.

Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Participation</td>
<td>20%</td>
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<tr>
<td>Case write-ups</td>
<td>45% (15% each)</td>
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<tr>
<td>Final Exam (in class, open-book)</td>
<td>35%</td>
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</tbody>
</table>

The course grade will be assigned according to CEIBS MBA and EMBA Grading and Evaluation Policy.

Class Schedule:
<table>
<thead>
<tr>
<th>Session (Date)</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>Course Introduction, Financial Instruments</td>
</tr>
<tr>
<td></td>
<td>Market Efficiency</td>
</tr>
<tr>
<td>3 &amp; 4</td>
<td>How Securities Are Traded</td>
</tr>
<tr>
<td>5 &amp; 6</td>
<td>Investor Behavior</td>
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<td></td>
<td>A Case on Stock Market Indexes</td>
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<td></td>
<td>Bond Basics and the Term Structure of Interest Rates</td>
</tr>
<tr>
<td>7 &amp; 8</td>
<td>Managing Bond Investments and the Chinese Bond Market</td>
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<tr>
<td></td>
<td>Options Strategies</td>
</tr>
<tr>
<td>9 &amp; 10</td>
<td>A Case on Bonds</td>
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<td></td>
<td>Forwards, Futures, and Swaps</td>
</tr>
<tr>
<td>11 &amp; 12</td>
<td>A Case on Derivatives</td>
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<tr>
<td></td>
<td>Derivatives in China: Structured Products, Warrants, Stock Index Futures, and KODA (Accumulators)</td>
</tr>
<tr>
<td>13 &amp; 14</td>
<td>Hedging</td>
</tr>
<tr>
<td></td>
<td>Review</td>
</tr>
<tr>
<td>15</td>
<td><strong>Final Exam</strong></td>
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Since 1973, individuals, corporations and governments have operated under a system of more or less floating exchange rates. Since the 1980s, international financial markets have become increasingly integrated. Meanwhile, corporations have continued to globalize their operations and individuals have increasingly expanded their portfolios beyond domestic horizons. The main purpose of this course is to examine what it means for a corporation (multinational, global or something in between) which may have assets, liabilities, costs and revenues in currencies other than its own, to operate in a world where the value of those currencies (the exchange rate) can fluctuate both in the short run and long run. Just as importantly, we examine what the appropriate response of the corporation should be to a world where the exchange rate is uncertain. Also distinguishing an international business from one with purely domestic concerns are issues such as transfer pricing, taxation and the cost of capital; these topics will also be discussed. In examining these latter topics, we will want to spend some time analyzing international asset pricing.

Along the way, we synthesize and build on a good many concepts which have been learned at Columbia - whether they be from finance, macroeconomics, statistics or international business. We learn about the foreign exchange market, foreign exchange trading strategies, exchange rate forecasting, exposure, hedging alternatives and international financial instruments and markets. Whenever possible, examples from Asian markets will be given. And of course, we will examine critical current issues in the international financial system.

**READINGS**

The main textbooks for this course are *International Financial Management (IFM)* (Reid W. Click and Joshua D. Coval, Prentice-Hall (2002)) and *International Financial Markets and the Firm (IFF)* (Sercu/Uppal). The former is more readable, the latter more technical. Students may want to spend more time with the Click/Coval and turn to Sercu if more technical detail is needed.

In addition, several readings and cases will be emailed/posted during the course of the term as a supplement to the lectures.

**REQUIREMENTS**
There will be an in-class final exam. In addition, students will be expected to prepare for the case discussions and complete 3-4 problem sets.

**Topics and Assigned Readings**

0. Overview and Introduction.
   - **IFM**, Chapter 1.1-1.4
   - **IFF** Sections 1.1-1.5.

I. Foreign Exchange Markets and Elementary Forex Trading Strategies.

1. Overview of FOREX markets.
   - **IFM** Chapter 1.5-1.7.

2. Spot markets, Forward markets and Interest Rate Parity.
   - **IFM**, Chapter 2.4-2.6
   - **IFF** Chapter 2.

3-5. Simple Covered and Uncovered (Speculative) Trading Strategies.
   - **Class Notes**.

   - **IFM** Chapters 2.5-2.7
   - **IFF** Chapter 14.

   China’s Foreign Exchange System Since 1979. Schramm and LIN.

7. **CASE:** Reforming Uganda’s FOREX System.

8-10. Building Blocks of Exchange Rate Theories.
   - **IFM** Chapter 2.2-2.3
   - **IFF** Chapters 11-13.

    - **IFM** Chapters section 8.3 and 12 (where relevant),
    - **IFF** Chapters 11-13 and 15 and Schramm class handout.

II. Key Issues in International Financial Management when the Exchange Rate is Uncertain.
12. Accounting Exposure.
   IFM Chapter 6.
   IFF Chapter 19.

   IFM Chapters 7 and 8
   IFF Chapter 17-18
   CASE: Compania Telefonica Mexicana

   IFM Chapter 7.4 (reread)
   IFF, Chapter 18.
   Class handouts.

   IFM, Chapter 10.3-10.4

19-20. Financial Hedging Instruments:
   a. Forwards and Swaps.
      IFM, Chapters 9.3-9.4,
      IFF Chapters 4 and 10,
   b. Futures and Options.
      IFM, Chapter 9.6-9.9, IFF Chapters 5 and 6.
      CASE: The Walt Disney Company’s Yen Financing.

   IFM Chapter 10
   IFF Chapter 16

III. International Financing and Investment Analysis

22. Capital budgeting and Cost of Capital.
   IFM Chapter 3,
   IFF Chapters 21.

23. International Portfolio Diversification and
   International Capital Asset Pricing Models (ICAPM).
   IFM Chapter 3.3-3.7.
IV. Special Topics (Time Permitting)

24. Issues in International Taxation and Planning.
   **IFM** Chapter 11
   **IFF** Chapter
25. Transfer Pricing.
   **IFM** Chapter 11.
   **IFF** Chapter 23
26. International Mergers.
   **IFM** Chapter 5,
   **IFF** Chapter 24.
FIN513E – Investment Banking – Fall 2011
Syllabus

Professor Henrik Cronqvist

E-mail: XXXX

Course Overview
The goal of this is to provide students with the opportunity to develop skills and understanding of the theory and practice that underlie complex financial deals that investment banks are involved in. To do this, I have designed the course to be broad and comprehensive. In particular, we will study several topics: mergers and acquisitions (M&A), including hostile takeover defenses and poison pills, financial distress and debt restructuring, leveraged recapitalizations and leveraged buyouts (LBOs), security offerings, and initial public offerings (IPOs). We will use a combination of interactive lectures, required readings, and case discussions to study these topics. The focus of the course is on academic empirical evidence and applications related to investment banking, rather than theory. The course is of interest to students who seek to work in investment banking, in corporate finance at a public or private firm, or consulting to corporations regarding financial policy and the structure of financial transactions.

Prerequisites
This course is an elective MBA course, and applies concepts, tools, and techniques from corporate finance. As a result, the prerequisite for the course is strong prior performance in a corporate finance course. This course assumes understanding of standard corporate finance concepts from day one.

Office Hours and Appointments
I am available in my office on Thursdays from 4:00-5:30pm. At those times, you can stop by without a scheduled appointment. If you want to meet with me at another time, please schedule an appointment by email. I schedule 15 minute appointments by default, but if you want more time, ask for a longer appointment. So that I can be prepared, please outline what you want to discuss.

Course Methods
Interactive lectures are used to develop and discuss concepts, tools, and techniques, and cases are used to apply those concepts. For lecture sessions, you are expected to have read the required reading and given consideration to their content and how the articles help us understand investment banking deals. For case sessions, you are expected to have prepared for the in-class discussion. Full preparation involves reading the case carefully, possibly more than once, and conducting the relevant analysis. You are allowed, and
in fact encouraged, to meet outside of class in your teams to discuss and analyze the cases. I expect that these teams will complement class discussion well. You should be prepared to make a recommendation for the decision at hand and be able to support your recommendation with your analysis.

The course is designed to be challenging and time-consuming. If you are not willing to make a commitment to preparation at a high level and consistently follow through on it throughout the course, do not take this course.

**Required Course Material**

**Class notes:** I will post relevant PowerPoint slides and other class notes after each class session. In my experience, posting slides prior to a class often reduced the amount of interactive discussion.

My view on PowerPoint presentations: I use PowerPoint so I disagree with the notion that “PowerPoint is bad.” Let’s do a reality check: no important investment banking deal (e.g., a merger of two firms) has been made in the last 10 years without PowerPoint presentation(s). The objective should not be to avoid PowerPoint but to use PowerPoint in a way that encourages discussion and critical assessment of the problems at hand. This is not easy! I tend to combine PowerPoint with writing on the board.

**Required readings:** There does not exist a book that covers all the material of this course the way I want to cover it. I have therefore sourced the required readings from academic articles, industry reports, books, business magazines, etc. The academic articles are non-technical and cover research relevant for the topics covered in the course. The required readings for a session will be available on the course website one week in advance.

**Recommended readings:** I can strongly recommend the following book to complement the readings:


**Cases & assignments:** The cases have to be purchased on Harvard Business School Publishing’s website. Assignments other than cases will be available on the course website.

**Course Requirements**

Your grade will be based on a weighted average of several components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance &amp; participation</td>
<td>30%</td>
</tr>
<tr>
<td>Cases &amp; assignments</td>
<td>30%</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
</tr>
<tr>
<td>Memos</td>
<td>Count if in-between two grades</td>
</tr>
</tbody>
</table>

**Attendance & participation:** On-time class attendance is required. If you are ill and cannot attend, or an emergency arises, please contact me as soon as possible by e-mail. I will ask for a Doctor’s note to excuse more than one sick day during the course. If you have to miss class for any other reason (e.g., interviewing), you have to get my permission in advance.

You should come fully prepared to discuss the required readings and cases for the session. You are expected to actively participate in class discussions, contributing original comments. I track your participation in each class, and I will evaluate your performance based on the quality and the quantity of
your comments. To get credit, you must actively engage in the course by contributing to discussions, and answering questions. If you engage in disruptive activities (sleeping, emailing, dominating the discussion, etc.) you will get no credit.

For some students, class participation can be a challenge. You have to overcome any initial inhibition about speaking in class. The class participation component of the grade is designed to give you an incentive to do so. Remember that in the real world, 100% of your “grade” is based on your communication with your clients, colleagues, etc.

**Cases & assignments:** For each case, I will assign “Study Questions.” They should be discussed in your teams prior to the in-class case discussion. At the start of each class that involves a case, each team has to hand in a written analysis, a “Memo,” in which you discuss the study questions (you should also retain a copy for yourself for the discussion in class).

You have to use a specific memo format, i.e., no cover page is permitted. The text is limited to at most two double-spaced pages of 11 inch font or larger, with at most two easily-readable 8 1/2 x 11” pages of calculations, graphs, and/or figures. The final page of this syllabus shows acceptable formatting. Write these as if you were writing a recommendation to the major decision-maker in the case. You should argue as if you are in a deal meeting rather than in a doctoral seminar. The process of arriving at the answer is as important as the answer itself. Initially, I will not grade the memos, but I will use them to determine the grades for students who are on the border between two grades.

Students sometimes ask that the professor's case analysis be handed out after the class has discussed the case. I will not do this, because there is usually no absolute right answers. The best cases are deliberately written to be ambiguous. While there are no right answers, there are good arguments and bad arguments. Handing out my analyses would reduce the ambiguity in the cases and partially defeat the purpose of the course. Handouts also tend to circulate which is a problem if I teach the case in another semester. If you are uncomfortable with ambiguity, do not take this course.

**Final exam:** The final is an in-class, closed book, exam. It covers all the required readings and cases and consists of conceptual questions as well as longer analytical questions. I will provide a “Study Guide for the Final” as well as a sample final exam.

**Policies**

**In-class policies:** Bring your name cards to each session. Communication devices such as cell phones, iPhones, Blackberries, etc., and all entertainment devices (e.g., iPods) are to be turned off throughout sessions. Laptops, iPads, or similar devices can be used only with the express permission of the professor. If you are permitted to use your laptop for note-taking purposes, Internet connections are prohibited unless otherwise stated by the professor.

**Assignments:** Assignments are always due at the start of class. Late, emailed, or faxed assignments will not be accepted.

**Extra credit work:** The course requirements are exactly the same for each student. As a result, it is not possible to make up for poor performance by “extra credit” work.

**Regrading:** Regrading is a rare event in this class. In the case of a regrade request, submit the entire assignment or exam with a “Regrade Request Form” (available on the course website) within one week of
the return of the assignment/exam. I will carefully consider such a request. An assignment or exam submitted for regrading will be subject to a complete regrade.

**Academic integrity:** You affirm to adhere to CEIBS's standards for academic integrity. If you have questions about what constitutes cheating or other violations of academic integrity, please ask me. In the case a violation occurs, I will follow the official policy of the School.
To: FIN513E students  
From: Professor Henrik Cronqvist  
Re: Acceptable format for case study memos  
Date: Today’s date

The goal of this page is to illustrate acceptable font, spacing, and margin usage for written work for FIN513E. Font size must be at least 11, the size illustrated here. Double spacing is required. Acceptable side, top, and bottom margins are shown here, which are to provide 1” all around. Memo format is required, using single spacing for the header and double spacing thereafter. Tabs are to be indented at least as far as they are on this page.

Exhibit fonts can be smaller, but must be easily readable (in my judgment).

This is the last acceptable line on this page.
Session 1 (9/16/2011)

i) Course Introduction

Introduction of the Course.

“History of Investment Banking,” (HBS)

Cases:  Investment Banking in 2008 (A): Rise and Fall of the Bear
        Investment Banking in 2008 (B): A Brave New World

ii) M&A – The Academic Evidence; Does M&A Create Value?

“Corporate Takeovers,” by Eckbo and Thorburn.

Chapter 8 from Kim, Nofsinger, and Mohr.


“Wealth Destruction on a Massive Scale? A Study of Acquiring Firm Returns in the Recent Merger
Wave,” by Moeller, Schlingemann, and Stulz.

“Termination fees in mergers and acquisitions,” by Officer.

“What Are Mergers Good For?,” from New York Times.

Session 2 (9/24/2011)

i) Corporate Strategy, Valuation, and Structuring in M&A Deals

Cases:  The Merger of Hewlett-Packard and Compaq (A): Strategy and Valuation
        The Merger of Hewlett-Packard and Compaq (B): Deal Design
“When to Walk Away from a Deal,” from Harvard Business Review.


“Measuring CEOs on the Hubris Index,” from Wall Street Journal.

Discussion of “Deals from Hell.”

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**Session 3** (9/30/2011)

i) **Hostile Takeovers; Poison Pills; Proxy Fights**

Case: “Oracle’s Hostile Takeover of PeopleSoft (A).”

“Poison Pill,” by Subramanian. (HBS)

“Poison or placebo? Evidence on the deterrence and wealth effects of modern antitakeover measures,” by Comment and Schwert.

ii) **Financial Distress, Reorganization; Debt Restructuring – Overview**


“When a Strategic Plan Includes Bankruptcy ,” by Pearce and DeLullo.

“Information Problems, Conflicts of Interest and Asset Stripping: Chapter 11’s Failure in the Case of Eastern Airlines,” by Weiss and Wruck.


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**Session 4** (10/12/2011)

i) **Debt Restructuring**

Case: “Bankruptcy and Restructuring at Marvel Entertainment Group.”
ii) Leveraged Recapitalizations: LBOs The Academic Evidence

“Corporate Restructuring: Breakups and LBOs,” by Eckbo and Thorburn.

“The Benefits of High Leverage: Lessons From Kroger’s Recapitalization and Safeway’s LBO,” by Denis.

“Leveraged Recaps and the Causes of Financial Distress,” by Denis and Denis.

“Campeau’s acquisition of Federated: Value destroyed or value added?,” by Kaplan.

“What Really Went Wrong at Revco?,” by Wruck.

Session 5 (10/15/2011)

i) Leveraged Recapitalization Through a Special Dividend

Case: Sealed Air Corp.’s Leveraged Recapitalization (A)

ii) Security Offerings: IPOs, SEOs, and Debt Offerings – The Academic Evidence


Session 6 (10/19/2011)

i) IPOs – The Academic Evidence


“Why Do Firms Go Public?” by Pagano, Panetta, and Zingales.

- Section II of the paper discusses “competing theories” (costs and benefits) of going public. The rest of the paper reports the empirical evidence – it’s important to understand which of the competing theories are supported by the data (the Introduction and Conclusions have summaries).

“The Seven Percent Solution,” by Chen and Ritter.

“Why Has IPO Underpricing Changed Over Time?,” by Loughran and Ritter.
ii) The IPO Process: Nuts and Bolts of IPOs, IPO Pricing

Case: Netflix: Going Public

“Google IPO & Playboy Interview,” from Wall Street Journal.

“Inside an Internet IPO,” from BusinessWeek.

Session 7  (10/22/2011)

i) M&A Deal Making Practices

Guest lecture by Bob Yang.

Case: “Acquisition of Hummer: M&A Challenges Faced by Chinese Companies Overseas.”


ii) Course Wrap-Up

Review & Sample Final.
Mutual Funds and Portfolio Management (Tentative)

Instructor: Professor Zhao Xinge
Office: A2-315
Email: zxinge@ceibs.edu
Phone: 21-2890 5601

TA: 
Office: 
Email: 
Phone: 

Term Dates:
Office Hours: By appointment

Prerequisite: Investments

Course Description: This course first introduces the process and strategies of constructing and managing a diversified portfolio, and then focuses on the various aspects of the Chinese and US mutual fund industry, such as the structure, regulation, categories, expenses, distributions, performance, management, and taxation of mutual funds. This course also discusses special topics on closed-end funds, exchange-traded funds (ETFs), listed open-end funds (LOFs), the behavior of fund investors, and international diversification. A portfolio management simulation will also be a major component of this course.

Required Course Materials:

- Course packet, consisting of cases and required articles as listed for each session.

Group Case Write-ups: There will be two case write-ups. Each study group should only submit one copy of the write-up for each case. If necessary, include detailed calculation in an appendix. Case write-ups must be typed and submitted by the deadline as indicated in the syllabus - NO EXCEPTIONS.

Portfolio Management Simulation: The class will be divided into ten simulation/study groups. Using http://www.stocktrak.com/, a leading portfolio simulation site, each group is to serve as the portfolio manager for another group (client), constructing a portfolio and managing the portfolio through the course. In the meantime, each group will also serve as the client for a third group. Each group is required to submit an investment policy of the portfolio at the beginning of the simulation and a term report of the portfolio at the end of the simulation (see deadlines in the syllabus). Each group should also present their investment policy and term report. Details of simulation and requirements for investment policy, term report, and presentation will be distributed in class.
**Grading:**

- Participation: 15%
- Case write-ups: 20%
- Simulation (reports & presentation): 30%
- Final Exam (in class, open-book): 35%

The course grade will be assigned according to *CEIBS MBA and EMBA Grading and Evaluation Policy.*

**Class Schedule:**

<table>
<thead>
<tr>
<th>Session (Date)</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1 &amp; 2</td>
<td>Course Introduction, Simulation Introduction</td>
</tr>
<tr>
<td></td>
<td>The Process of Portfolio Management</td>
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<tr>
<td></td>
<td>Asset Allocation Strategies</td>
</tr>
<tr>
<td>3 &amp; 4</td>
<td>A Case on Diversification</td>
</tr>
<tr>
<td></td>
<td>Mutual Funds: Structure, Regulation, and Categories</td>
</tr>
<tr>
<td>5 &amp; 6</td>
<td>Mutual Funds: Expenses, Distributions, and Performance</td>
</tr>
<tr>
<td></td>
<td>Mutual Funds: Management and Taxation</td>
</tr>
<tr>
<td>7 &amp; 8</td>
<td>A Case on Fund Management Company Strategy</td>
</tr>
<tr>
<td></td>
<td>Closed-end Funds</td>
</tr>
<tr>
<td>9 &amp; 10</td>
<td>Exchange - Traded Funds (ETFs) and Listed Open-end Funds (LOFs)</td>
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<tr>
<td></td>
<td>Behavior of Mutual Fund Investors</td>
</tr>
<tr>
<td>11 &amp; 12</td>
<td>A Case on Fund Investors</td>
</tr>
<tr>
<td></td>
<td>International Diversification</td>
</tr>
<tr>
<td></td>
<td>Review</td>
</tr>
<tr>
<td>13 &amp; 14</td>
<td>Simulation Presentation</td>
</tr>
<tr>
<td>15</td>
<td><strong>Final Exam</strong></td>
</tr>
</tbody>
</table>
Course: Introduction to Derivative Markets
Instructor: Professor Zhu, Yu
Term Dates: Oct. 31 - Dec. 10, 2011

Course Description: This course covers derivatives such as options, forward contracts, futures contracts, and swaps. We will discuss how these financial products work, how they are priced and how they are applied esp. in risk management. As derivatives have become an integral part of financial markets, a good knowledge of derivatives will be important whether working for a financial or a non-financial institution.

Pre-requisite: Corporate Finance, Excel training


Assessment: Participation: 20%
Homework: 20%
Final Exam: 60%

Class Schedule (tentative)

<table>
<thead>
<tr>
<th>Sessions</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
</table>
| 1&2      | Introduction  
Forwards and Futures Markets | Chap. 1, 2, 3 |
| 3&4      | Determinants of forwards and futures  
Index futures and commodities futures  
Discussion topic: Hedge fund Amaranth Advisors | Chap. 5 |
| 5&6      | Interest rate & currency swaps  
Credit default swap  
Securitization  
Financial Crisis 2007-2008  
Discussion topic: GS Abacus 2007 AC-1 | Chap. 7, 8, 23 |
<table>
<thead>
<tr>
<th>Chapter Range</th>
<th>Topics</th>
<th>Additional Reading/Reference</th>
</tr>
</thead>
</table>
| 7 & 8         | Characteristics of options  
Warrants and convertible bonds  
Discussion topic: Bank of China Convertible | Chap. 9, 10 |
| 9 & 10        | Option pricing: binomial model  
Greeks  
Option replication  
Discussion topic: Portfolio insurance | Chap. 12, 17, 18 |
| 11 & 12       | Black Scholes Model  
Volatility smiles  
Exotic options and structural products  
Discussion topic: Citic Pacific Accumulator | Chap. 13, 19, 22 |
| 13 & 14       | Topics of risk managements  
Market risk, VaR  
Credit risk, operational risk  
Liquidity risk  
Enterprise Risk Management | Chap. 20, 25 |

1 Additional reading/reference materials will be distributed in class and/or posted in Blackboard.
Course: Entrepreneurial Finance  
Instructor: Dr. Hua Zhang

**Course description:**

Entrepreneurial finance is aimed at providing an understanding of the financed-related issue associated with incubating and growing new ventures. In particular, the course will focus on the interaction with entrepreneur and VC investors. Following the life cycle of an entrepreneurial firm, this course will cover the following issues concerning the financial management of new ventures: business plan and strategy, financial forecasting, valuation, deal structuring, harvesting.

**Course Objective:**

The objective of this course is to equip student with conceptual knowledge and relevant analytical tools which will enable them to make better investment and financial decisions in the entrepreneurial setting either as entrepreneur or as VC investor.

**Teaching Methodology:**

Lectures, case studies, and group discussions/presentation

**Textbook:**


**Other materials:**

A course packet containing cases and notes will be provided.
Teaching schedule:
<table>
<thead>
<tr>
<th>Session</th>
<th>Topics</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to entrepreneurial finance</td>
<td>S&amp;S ch1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note on the Financial Perspective HBS 9-293-045</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S&amp;S ch2</td>
</tr>
<tr>
<td>3</td>
<td>Discussion: “How VC evaluate a new venture”</td>
<td>Investment summary of a VC</td>
</tr>
<tr>
<td></td>
<td>The business plan</td>
<td>S&amp;S ch3</td>
</tr>
<tr>
<td>4</td>
<td>The business plan</td>
<td>Some Thoughts on Business Plan (HBS 9-897-101)</td>
</tr>
<tr>
<td></td>
<td>Presentation &amp; discussion: &quot;The business plan of Jiu-jiu-ya&quot;</td>
<td>The business plan of Jiu-jiu-ya (case)</td>
</tr>
<tr>
<td>5</td>
<td>New Venture Strategy</td>
<td>S&amp;S ch4,5</td>
</tr>
<tr>
<td>6</td>
<td>New Venture Strategy</td>
<td>S&amp;S ch4,5</td>
</tr>
<tr>
<td></td>
<td>Discussion: &quot;The expansion of Jiu-jiu-ya&quot;</td>
<td>The expansion of Jiu-jiu-ya (case)</td>
</tr>
<tr>
<td>7</td>
<td>Financial Forecasting</td>
<td>S&amp;S ch6</td>
</tr>
<tr>
<td>8</td>
<td>Assessing financial needs</td>
<td>S&amp;S ch7</td>
</tr>
<tr>
<td>10</td>
<td>Valuation</td>
<td>S&amp;S ch8,9,10</td>
</tr>
<tr>
<td>11</td>
<td>Discussion: “The valuation of a venture ”</td>
<td>S&amp;S ch8,9,10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valuation of a new venture (case)</td>
</tr>
<tr>
<td>12</td>
<td>financial contracting</td>
<td>S&amp;S ch11,12,13</td>
</tr>
<tr>
<td>13</td>
<td>financial contracting</td>
<td>S&amp;S ch11,12,13</td>
</tr>
<tr>
<td>14</td>
<td>case discussion: &quot;The term sheets of three VC/PE investment&quot;</td>
<td>The term sheets of three VC/PE investment</td>
</tr>
<tr>
<td>15</td>
<td>Obtaining external financing</td>
<td>S&amp;S ch14,15</td>
</tr>
</tbody>
</table>
| 16 | harvesting | S&S ch16  
  |    |           | Amazon.com: Going Public HBS 9-899-003 (case) |
Grading:

- Four group presentations: 40%
  - The business plan
  - Financial forecasting
  - Valuation
  - Financial contracting

- Final examination: 60%

- Total: 100%

Office hour:

Wednesday 2:00PM-4:00PM (AC#II, Room 301)

Though you are encouraged to come at office hour, you can always come for counseling when I am in office. Email and phone call is also welcome.

Email: zhua@ceibs.edu
Tel: 28905613
Course Overview

This course uses a combination of interactive lectures, required readings, and case discussions to study the market for private equity (PE), composed of both venture capital (VC) and buyouts. The focus is on how PE investors evaluate, select, value, and structure their investments. The course is motivated by worldwide increases in both the supply and the demand for private equity. On the supply side, the amount of private equity under management has increased from under $5 billion in 1980, to over $2.5 trillion in 2010. The success of many well-known companies, including Microsoft, FedEx, Google, and Facebook, has relied critically on private equity funding. On the demand side, an increasing number of MBAs are interested in pursuing careers related to the private equity industry.

The course has three goals. First, the course will deepen students’ understanding of corporate finance by applying central concepts, tools, and techniques to a new and interesting environment. Second, the course seeks to introduce students to the institutions of the private equity industry. This involves examining how institutions and contracts are structured to reduce agency costs and asymmetric information problems that are endemic to PE investments. Third, a crucial goal is to understand the valuation process used by PE investors. Valuations are often an issue of intense and contentious disputes in PE deals.

Who should take this course? Students seeking any of three goals would benefit from the course. First, students who want to work for a buyout or VC firm. Second, those interested in investment banking, law, consulting, or accounting, because it often involves advising clients in the PE industry. Even students who may not work directly with PE will find this course interesting – PE deals can be complex financial transactions, which means that you will gain a deeper understanding of deal making and structuring by studying PE deals. Third, students who want to become entrepreneurs and seek VC financing should also consider this course.

Prerequisites

This course is an elective MBA course, and applies concepts, tools, and techniques from corporate finance. As a result, the prerequisite for the course is strong prior performance in a corporate finance course. This course assumes understanding of standard corporate finance concepts from day one.
Office Hours and Appointments

I am available in my office on Thursdays from 4:00-5:30pm. At those times, you can stop by without a scheduled appointment. If you want to meet with me at another time, please schedule an appointment by email. I schedule 15 minute appointments by default, but if you want more time, ask for a longer appointment. So that I can be prepared, please outline what you want to discuss.

Course Methods

The focus of the course is on applications related to the real world of private equity, and on academic empirical evidence, rather than theory. The course uses a combination of interactive lectures, required readings, and case discussions.

The interactive lectures are used to develop and discuss concepts, tools, and techniques, and the cases are used to apply those concepts. For lecture sessions, you are expected to have read the required reading and given consideration to their content and how the articles help us understand private equity investments and the industry. For case sessions, you are expected to have prepared for the in-class discussion. Full preparation involves reading the case carefully, possibly more than once, and conducting the relevant analysis. You are allowed, and in fact encouraged, to meet outside of class in your teams to discuss and analyze the cases. I expect that these teams will complement class discussion well. You should be prepared to make a recommendation for the decision at hand and be able to support your recommendation with your analysis.

The course is designed to be challenging and time-consuming. If you are not willing to make a commitment to preparation at a high level and consistently follow through on it throughout the course, do not take this course.

Required Course Material

Class notes: I will post relevant PowerPoint slides and other class notes after each class session. In my experience, posting slides prior to a class often reduced the amount of interactive discussion.

Required readings: There does not exist a book that covers all the material of this course the way I want to cover it. I have therefore sourced the required readings from academic articles, industry reports, books, business magazines, etc. The academic articles are non-technical and cover research relevant for the topics covered in the course. The required readings for a session will be available on the course website one week in advance.

Cases & assignments: The cases have to be purchased on Harvard Business School Publishing’s website. Assignments other than cases will be available on the course website.

Course Requirements

Your grade will be based on a weighted average of several components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Attendance &amp; participation</td>
<td>30%</td>
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<tr>
<td>Cases &amp; assignments</td>
<td>30%</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
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<tr>
<td>Memos</td>
<td>Count if in-between two grades</td>
</tr>
</tbody>
</table>
**Attendance & participation:** On-time class attendance is required. If you are ill and cannot attend, or an emergency arises, please contact me as soon as possible by e-mail. I will ask for a Doctor’s note to excuse more than one sick day during the course. If you have to miss class for any other reason (e.g., interviewing), you have to get my permission in advance.

You should come fully prepared to discuss the required readings and cases for the session. You are expected to actively participate in class discussions, contributing original comments. I track your participation in each class, and I will evaluate your performance based on the quality and the quantity of your comments. To get credit, you must actively engage in the course by contributing to discussions, and answering questions. If you engage in disruptive activities (sleeping, emailing, dominating the discussion, etc.) you will get no credit.

For some students, class participation can be a challenge. You have to overcome any initial inhibition about speaking in class. The class participation component of the grade is designed to give you an incentive to do so. Remember that in the real world, 100% of your “grade” is based on your communication with your clients, colleagues, etc.

**Cases & assignments:** For each case, I will assign “Study Questions.” They should be discussed in your teams prior to the in-class case discussion. At the start of each class that involves a case, each team has to hand in a written analysis, a “Memo,” in which you discuss the study questions (you should also retain a copy for yourself for the discussion in class).

You have to use a specific memo format, i.e., no cover page is permitted. The text is limited to at most two double-spaced pages of 11 inch font or larger, with at most two easily-readable 8 1/2 x 11” pages of calculations, graphs, and/or figures. The final page of this syllabus shows acceptable formatting. Write these as if you were writing a recommendation to the major decision-maker in the case. You should argue as if you are in a deal meeting rather than in a doctoral seminar. The process of arriving at the answer is as important as the answer itself. Initially, I will not grade the memos, but I will use them to determine the grades for students who are on the border between two grades.

Students sometimes ask that the professor's case analysis be handed out after the class has discussed the case. I will not do this, because there is usually no absolute right answers. The best cases are deliberately written to be ambiguous. While there are no right answers, there are good arguments and bad arguments. Handing out my analyses would reduce the ambiguity in the cases and partially defeat the purpose of the course. Handouts also tend to circulate which is a problem if I teach the case in another semester. If you are uncomfortable with ambiguity, do not take this course.

**Final exam:** The final is an in-class, closed book, exam. It covers all the required readings and cases and consists of conceptual questions as well as longer analytical questions. I will provide a “Study Guide for the Final” as well as a sample final exam.

**Policies**

**In-class policies:** Bring your name cards to each session. Communication devices such as cell phones, iPhones, Blackberries, etc., and all entertainment devices (e.g., iPods) are to be turned off throughout sessions. Laptops, iPads, or similar devices can be used only with the express permission of the professor. If you are permitted to use your laptop for note-taking purposes, Internet connections are prohibited unless otherwise stated by the professor.
Assignments: Assignments are always due at the start of class. Late, emailed, or faxed assignments will not be accepted.

Extra credit work: The course requirements are exactly the same for each student. As a result, it is not possible to make up for poor performance by “extra credit” work.

Regrading: Regrading is a rare event in this class. In the case of a regrade request, submit the entire assignment or exam with a “Regrade Request Form” (available on the course website) within one week of the return of the assignment/exam. I will carefully consider such a request. An assignment or exam submitted for regrading will be subject to a complete regrade.

Academic integrity: You affirm to adhere to CEIBS's standards for academic integrity. If you have questions about what constitutes cheating or other violations of academic integrity, please ask me. In the case a violation occurs, I will follow the official policy of the School.
The goal of this page is to illustrate acceptable font, spacing, and margin usage for written work for FIN522E. Font size must be at least 11, the size illustrated here. Double spacing is required. Acceptable side, top, and bottom margins are shown here, which are to provide 1” all around. Memo format is required, using single spacing for the header and double spacing thereafter. Tabs are to be indented at least as far as they are on this page.

Exhibit fonts can be smaller, but must be easily readable (in my judgment).
Session 1  (9/17/2011)

i) Course Introduction

Introduction of the Course.

ii) Overview: What is Private Equity and Venture Capital?

Case: “ONSET Ventures.”

“Venture Capital and Other Private Equity: A Survey,” by Metrick and Yasuda.

- Read for overall content and findings, and do not obsess with the details of the study. Focus on: Introduction & Summary and Implications.
- The article documents and explains performance persistence in the PE industry, and also finds a positive, concave performance-flow relations. It contrasts this evidence from PE with evidence from the mutual fund industry.


“So You Want to Be a Venture Capitalist?,” from The Wall Street Journal.


Session 2  (9/20/2011)

i) Private Equity as an Asset Class; Who Invests in PE and Why?

Case: “Yale University Investments Office: August 2006.”

ii) Structure of PE Funds: Partnership Agreements; How Are PE Funds Incentivized and Compensated?

“Note on Private Equity Partnership Agreements,” by Lerner, Hardymon, and Leamon (HBS)

The paper analyzes the use of three types of restrictive covenants in “Partnership Agreements”: (i) Covenants relating to the management of the fund; (ii) Covenants relating to the activities of the GPs; and (iii) Covenants relating to the types of investments.

“The Economics of Private Equity Funds,” by Metrick and Yasuda.

Read for overall content and findings, and do not become overwhelmed with all the technical details of the article (particularly in sections 2 and 3). You should be able to figure out the main findings from the Introduction and the Conclusions sections. Section 1.2 provides important definitions of VC concepts. Sections 4.1 and 4.2 provide the empirical evidence (you may skip Section 4.3) and section 5 provides the conclusions.

Practice Problems (in class): “Fund Model.”

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**Session 3** (9/27/2011)

i) Fund Raising

Case: “Accel Partners VII.”

ii) Term Sheets; Convertible Preferred Stock; Co-Investment/Syndication

“Note on Term Sheets & Convertible Preferred,” by Cronqvist.

“Venture Capitalists as Principals: Contracting, Screening, and Monitoring,” by Kaplan and Strömberg.

Introduces three ways venture capitalists can reduce the conflicts of interest between an agent (the entrepreneur) and a principal (the VC fund): (i) Contracting, (ii) Screening, and (iii) Monitoring.

“The Syndication of Venture Capital Investments,” by Lerner.

Why do VCs syndicate? What is the empirical evidence? The Introduction, the sections Rationales for Syndication, and Discussion have most of the relevant information.

Practice Problem (in class): “Term Sheet.”

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**Session 4** (9/29/2011)

i) Term Sheet Negotiations

Case: “Term Sheet Negotiations for Trendsetter, Inc.,” by Kuemmerle and Coughlin.

ii) The VC Method for Valuation

“Note on The Venture Capital Method for Valuation,” by Cronqvist.

Practice Problem (in class): “The VC Valuation Method.”
Session 5 (10/11/2011)

i) How do VCs Evaluate Investments?; Deal Making & Structuring


“How Venture Capitalists Evaluate Potential Venture Opportunities,” by Roberts and Barley (HBS).
- Four venture capitalists from prominent Silicon Valley firms are interviewed about the frameworks they use to evaluate investments.

“How Venture Capitalists Evaluate Potential Venture Opportunities,” by Roberts and Barley (HBS).

“Should Investors Bet on the Jockey or the Horse? Evidence from the Evolution of Firms from Early Business Plans to Public Companies,” by Kaplan, Sensoy, and Strömberg

ii) International Private Equity; Private Equity in Developing Economies

Guest speaker on “Private Equity in China in 2011.”

“Seven Disciplines for Venture Investing in China,” from Deloitte & Touche.

Session 6 (10/13/2011)

i) Private Equity in Developing Economies – Application to Latin America

Case: “The Exxel Group”


“A Note on Private Equity in Developing Countries,” by Lerner and Leamon. (HBS)

ii) How Buyout Funds Create Value (Operationally and Financially)

“Leveraged Buyouts and Private Equity,” by Kaplan and Strömberg.


“Consequences of Leveraged Buyouts,” by Palepu.
- Read for overall content and findings, and do not obsess with the details of the studies reviewed. Skip Section 3 as it discusses future research.

“Do Buyouts (Still) Create Value?,” by Guo, Hotchkiss, and Song.

“The New Kings of Capitalism,” from The Economist.
Session 7 (10/20/2011)

i) Leveraged Buyout Deal Making & Structuring

Case: “Bidding For Hertz: Leveraged Buyout.”

ii) Course Wrap-Up

The Impact of the 2008 Financial Crisis on the Private Equity Industry.

Review & Sample Final.
Instructor : Dr. Tae-Yeol Kim
Office/Office hour : A3-314, Monday 10-11, Wednesday 10-11; Or by appointment
Phone : 2890-5643
E-mail : tykim@ceibs.edu
Teaching Hours : 21 hours (7 weeks)
Class meet : AC2-105

Course Objectives:

This course is designed to introduce students to the area of international and cross-cultural organizational behavior. By learning about the dilemmas and opportunities that are presented in international and multi-cultural work environments, students will be better able to function in an increasingly global business world.

On completion of the course, students are expected to:

1. Develop students’ understanding of the major management and organizational behaviour issues, with an emphasis on intercultural issues.
2. Provide students with knowledge of managerial practices within cultural settings, particularly comparing East Asia with Western countries.
3. Develop students’ practical skills to analyze the current issues in international business organizations.

Course Coverage:

• Influence of culture on management
• Communicating and negotiating across cultures
• Cultural relativity of management theories such as decision making, motivation, leadership, and conflict management
• Issues involved in the design and functioning of multinational teams
• Cross-cultural adjustment

Required Readings:

1. Textbook
2. Other materials will be distributed in class.
**Course Organization:**

The methods used in this course will include lecture, class discussion, exercises, written assignments, and case analysis. Students are expected to be active participants in the learning experience as opposed to passive receptacles for information. Students are expected to master material assigned in readings, presented in class lecture and discussion.

**Grades and Requirements:**

Student requirements and their corresponding grades are summarized as follows:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>% Weight toward Final Grade</th>
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</thead>
<tbody>
<tr>
<td>Cultural interpretation of media article</td>
<td>20%</td>
</tr>
<tr>
<td>Team Case Analysis</td>
<td>20%</td>
</tr>
<tr>
<td>Team Case Presentation</td>
<td>20%</td>
</tr>
<tr>
<td>Individual Cross-cultural Process Report/Journal</td>
<td>25%</td>
</tr>
<tr>
<td>Class participation</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

1. **Cultural Interpretation of Media Article (Individual): 20%**

You will interpret one situation from a cultural perspective based on an article in the current business press. Sources should be from the press (e.g., the Wall Street Journal, the International Herald Tribune, etc.). Identify and explain the relevance of the underlying cultural dynamics which are influencing the situation. Explain how the article is related to the course. A 4-5 page, double spaced executive summary of the situation and your analysis must be handed in and a copy of the article (with full citation) must be attached. The business press article of your choice must be published after January 1, 2011.

2. **Team Case Analysis: 20% (2@10%)**

**Due: Day case is scheduled at beginning of case discussion**

Teams will contain 4 or 6 persons. I will assign students to groups so as to insure that maximum cultural diversity exists within each group. Each team is required to do a three page (maximum, 11 font, 1.5 space) written analysis of any TWO of the cases excluding the assigned case which you will present in class. Teams should do the following in their analyses (numbers in parentheses are the percentage of grade assigned to that section):

1. Summarize the case. (5)
2. Identify and discuss the main problems or issues. (20)
3. Apply ideas from the class (lectures, readings) to the case situation. (25)
4. Recommend what the company and/or the manager should do now and in the future (not what should have been done to avoid the problem). (25)
5. Justify why you think your recommendations will work from both practical and theoretical perspectives. (25)

2
3. **Team Case Presentation: 20%**

Your team will present the main findings of one of the cases, as randomly assigned. The assignment will be done by the instructor based on partial random assignment and be announced in the second week of class. While all students are strongly expected to read and master all cases, for each case, the designated groups will act as case leaders and will assume a greater personal responsibility. We will discuss this element a bit more in class but, in general, the groups responsible for the intensive preparation of a given case will be expected to know the case thoroughly, to provide a brief introduction to the case and to lead its discussion in class (it should prepare relevant discussion questions ahead of time). Each group can decide on who and how many of its members will actually speak and while not all group members are expected to talk, broad participation is encouraged. Groups will have about 25-30 minutes for this purpose. After the presentation, your group will also be responsible for answering questions raised by classmates. Teams should do the following in their presentation (numbers in parentheses are the percentage of grade assigned to that section):

1. Summarize the case. (20)
2. Identify and discuss the main problems or issues. (20)
3. Apply ideas from the class (lectures, readings) to the case situation. (25)
4. Recommend what the company and/or the manager should do now and in the future (not what should have been done to avoid the problem). (25)
5. To what degree was it fun and interesting? (10)


Students will be assigned to project groups, the goal of which is to establish culturally mixed, gender-balanced teams. A written report, based on a summary of participants’ weekly observations, is to be handed in at the end of the semester. The report will focus on the experiences of working with the multicultural group and in a multicultural society, and must be related to the concepts discussed during the course. This assignment is aimed at making students more aware and understanding of cross-cultural differences and more tolerant of working with such differences. The assignment should have four journal entries (altogether 10 pages typed, double spaced). Two observations must be on your experiences with your project group in this class and two may be on situations outside this class but must be within this semester.

The following points, plus any others that may be relevant to your particular group, may be included:

1. How did you feel about working with the other members of your group when you first heard who you would be working with (i.e., in the first class)? Why? Did this change by the end of the assignment? Why/why not?
2. Describe the values of each member of your group that were relevant to the group task, as you perceived them. Give the basis for your perceptions.
3. Describe your own values which were relevant to the group task.
4. What differences did you notice between your work style/values/motivation/decision-making/etc. and those of others in the group? What do you think is the basis for these differences? What effect did those differences have?
5. What similarities did you notice? What effect did those similarities have?
6. What were the group dynamics? What roles did each person play?
7. What difficulties did you encounter? How did you handle them? (If you did not encounter any difficulties, why do you think this was so? Do you think the other members of your group would have the same view?)
8. What areas did your group need to improve to work together more effectively as a team? How could you have done better in these areas (i.e., recommendations for future)? (If your team worked well together, why did this happen; how did you maintain this; and could you have increased the effectiveness even further?)
9. In your opinion, how successful were you as a group, compared to: a) other groups in the class; and b) how successful you thought you would be at the beginning of the course? Why? (Be specific.) What are you basing your opinion on?
10. What have you learned from this process? How can you apply this learning in other areas of your life (e.g., other courses, your work term, interactions with colleagues, etc.)

5. Class participation: 15%

All students are expected to participate actively in class discussion. This includes evidence of thorough prior preparation of course materials, engaging in class exercises, case discussion, etc. Class participation will be evaluated based on both class attendance and the quality of the comments you raise in class acknowledged by the instructor. When raising comments in class, comments that apply theoretical concepts are valuable. Comments that tie together previous points and move the discussion forward are appreciated. You should get prepared before coming to class because one of the most important things about interactive learning is preparation.

Instructor’s Responsibilities:

I will do my best to make the course and the material as understandable, interesting, and relevant as possible. In combination with the textbook for the course, I will do this by using brief lectures, examples from cases, in-class exercises, and applied readings. I will also commit to being here at each class on time, fully engaged and prepared to cover the material. I will also seek and respect your comments and suggestions. Please do not hesitate to ask any question or present opinions and perspectives that are different from mine. Please also inform me any challenge or barrier that you may be facing in the course.

Students’ Responsibilities:

This course will be run on the basis of students’ self-responsibility, self-leadership, and self-learning. However, I believe that the classroom is a real organization that students can develop and practice more effective behaviors, and that it is the responsibilities for all of us to build a classroom environment that fosters mutual respect and mutual learning. To encourage and protect a class environment of mutual respect and mutual learning, the students need to take at least the following three responsibilities. First, we will be expected to show up to every class, on time, fully prepared and engaged. Frequent absence, lateness, under-prepared discussions all will hinder effective learning. Second, we all are also expected to be not engaged in any unethical behaviors, such as cheating, plagiarism, and insulting other colleagues, that also discourages a learning environment. Finally, all the electronic devices are prohibited.
<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Readings</th>
<th>Case/Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Culture and Management</td>
<td>Chap 2 &amp; 3</td>
<td>In-class exercise: The Culture Quiz</td>
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<td>Simulation: Bafa-BaFA Exercise</td>
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<tr>
<td>2</td>
<td>Fundamentals of Cross-Cultural Interaction</td>
<td>Chap 4</td>
<td>In-class exercise: Cross-cultural interactions</td>
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<td></td>
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<td></td>
<td>Case: Karen Leary (A)</td>
</tr>
<tr>
<td>3</td>
<td>Decision Making and Motivation across Cultures</td>
<td>Chap 5 &amp; 7</td>
<td>Case: How Much Sleaze is too Much?</td>
</tr>
<tr>
<td>4</td>
<td>Motivation and Leadership across Culture</td>
<td>Chap 7</td>
<td>Case: Michelin China</td>
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<tr>
<td></td>
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<td></td>
<td>Role-Play: Leaders in Your Country</td>
</tr>
<tr>
<td>5</td>
<td>Cross-Cultural Communication &amp; Negotiation</td>
<td>Chap 6</td>
<td>Case: Mr. Chan and Mrs. Robertson</td>
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<td></td>
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<td>Case: Negotiating across the Pacific</td>
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<tr>
<td>6</td>
<td>Managing Multicultural Work Groups &amp; Teams and Conflicts</td>
<td>Chap 8</td>
<td>Case: Development of a multinational personnel selection system</td>
</tr>
<tr>
<td>7</td>
<td>International Assignments</td>
<td>Chap 10</td>
<td>Case: Andreas Weber's Reward for Success in an Expatriate Assignment - A Return to an Uncertain Future, G. Stahl &amp; M. Mendenhall</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: The Floundering Expatriate</td>
</tr>
</tbody>
</table>
Other Recommended References

1) Culture and Management


2) Fundamentals of Cross-cultural Interaction


3) Decision Making across Cultures


4) Cross-Cultural Communication & Negotiation


5) Motivation and Leadership across Culture

Javidian et al. (2006). In the eyes of the beholder: Cross cultural lessons in leadership from project GLOBE. *Academy of Management Perspectives*, 20, 67-90.

6) Managing Multicultural Work Groups & Teams


7) International Assignments

CEIBS

MBA PROGRAMME 2010/2012

Term 5

Course: GMGT522E. New World Global Business

Instructor: Professor Bruce McKern, Professor of International Business &
Co-Director, CEIBS Centre on China Innovation
bmckern@ceibs.edu Office AC3 – 318. Ph. 2890-5623.

Research Assistant: Jess Zhang, zjess@ceibs.edu Office AC3–
203 Phone 2890-5136

TA: TBA

Term Dates: From September 17 to October 18 (7 classes of 3 hours)

OVERVIEW

Course objective: The focus of this course is on innovative new firms based in the rapidly
developing economies of the “New World”, including China. The course has three objectives:

(1) to understand the often disruptive business models and capabilities
these firms deploy in their home countries;

(2) to discover how the experience of these firms in their home market
provides the basis for expansion to global markets;

(3) to address how MNEs based in the developed world can compete
with New World challengers.

Learning Goals
The course objectives are:

- To help you develop an analytical framework for understanding
and analysing the strategies of innovative New World
companies.
- To prepare you to deal with the strategic and operational issues
of growing a global company.
- To understand how to implement effective strategies in an
international context.

Methodology: The primary teaching methodology will be lectures developing the
course framework, combined with class discussion of case studies on innovative companies, prepared by Professor McKern and other researchers. In several classes we will have a visitor from the company, either in person or by videoconferencing. You’ll be encouraged to think broadly about each session and to integrate the themes of the course, evaluating how a leader would in practice deal with the issues faced in each case.

**Course Materials:**

No required text. Optional readings include:

- Ming Zeng and Peter Williamson, *Dragons at Your Door*, HBS Press, 2007

Cases studies and other materials will be provided in the syllabus package.

**Assessment:**

- Group research project & presentations on a New World company: 40%
- Individual written case analysis: 20%
- Class participation: 40%
(No mid-term or final exam)

**Prerequisite:**

None

**Coverage:**

**Focus:** The focus of this course is on firms from the “New World”, with the aim of understanding the business models and capabilities they deploy in their successful expansion. Integral to developing their global capabilities is establishing competitive positions in the home country, using strategies which include product, process and cost innovation, and often by addressing under-served local markets. The big challenge for New World firms face is when they seek to extend their innovative capabilities into more developed markets, where they encounter long-established MNEs and the hurdles of institutional, cultural, technological and market distance. Although some have failed, many companies from diverse regions are becoming global forces and we will learn from their experience.

**Themes:** The course has three themes which are notionally separable,
but which will be integrated into each session. You will therefore be encouraged to think broadly about each session, to integrate the three themes, and to evaluate how a leader would in practice deal with the issues faced in each case.

The first theme is concerned with the strategies and business models used by New World challengers to gain competitive positions in their home markets. How do these new firms use their domestic environments to become strong competitors, and how dependent is their success on the special institutional and market conditions of the home country? What is the role of culture and leadership in the growth of these firms? We will articulate an analytical framework for assessing and implementing strategies in rapidly growing economies building on the concepts of capabilities (competences), positioning and the value chain, and incremental & disruptive innovation.

The second theme deals with how a challenger builds on its capabilities to overcome the “distances” faced in expanding into the territory of incumbent MNEs, including developed markets. How do challengers counter weaknesses such as brand, technology, management skills, market and institutional distance? To what extent does their home market experience fit them for new markets, or hold them back? The framework in this section is based on an analytical view of “distances” between countries, coupled with strategic fit and dynamic learning.

The third theme concerns how established MNEs can counter the growing strength of global challengers. Are incumbents inevitably doomed to cede market positions to a new global order led by New World challengers, or can they learn from their experience to strengthen their positions, both at home and in the New World? In this section we’ll be using frameworks from competitive analysis, game theory and organisation, and leadership.

**Companies:** The companies studied will be drawn from the following cases:

*Dabur India Ltd* (India, Nigeria)

*Haier*, China

*MMD Asia Pacific Ltd. And the Development of a Global Business* (China, UK)

*Arcor: The Challenge of Becoming a Global Competitor* (Argentina)

*Infosys Technologies Ltd.*, India

*Studio Moderna*, (Slovenia)

*Natura: Exporting Brazilian Beauty* (Brazil)

*Microsoft in China and India* (US, China & India)
Group Project:

During the first week of class, you will be asked to form 3- or 4- person teams.

Your project assignment is EITHER:

(A) to pick a Chinese company which has grown rapidly in China, and has already established overseas operations, or has begun to internationalise: OR

(B) to pick a non-Chinese company (which you are familiar with) from a rapidly developing economy which has grown rapidly in its home market, and has already established overseas operations, or has begun to internationalise: OR

(C) to pick a foreign multinational company which has entered China successfully.

If you choose option A or B, your task is to discover how the company has managed entry into a specific foreign country. Make an assessment of how well (or badly) the company has done this, and why. Please determine the basis for the company's success, in terms of its business model, the competences or capabilities it has developed in its home market of China, and the way in which it has approached foreign market entry.

If you choose option C, your task is to discover how the company has managed its entry into China. Make an assessment of how well (or badly) the company has done this, and why. Please determine the basis for the company's success, in terms of its positioning, business model, the competences or capabilities it has developed in its home market, and the way in which it has approached entry into the China market.

Time is short in this course, so you will need to start work on the project immediately. You should gather publicly available material initially, and make arrangements to interview company executives to add to the accuracy of your understanding.

Class Participation

Because your contribution to the class is essential, your attendance at every class is expected. I realize that personal issues necessitating an absence can occasionally intervene, so if you find it unavoidable to miss a class, please notify me ahead of time if at all possible. If you miss a class due to illness or some emergency and cannot give notice beforehand, please let me know as soon as possible. Unexcused absences will result in a lowering of your grade. If you are absent under any of these circumstances, it is your responsibility to prepare the assignment for that class and to hand in a one page
summary analysis of the issues for that session (bullet points are OK). It is also your responsibility to obtain whatever materials were handed out at the session, most of which will be on the course website.

Biography

PROFESSOR BRUCE McKERN

Professor Bruce McKern is Professor of International Business at the China Europe International Business School and Co-Director of the CEIBS Centre on China Innovation. His research and teaching interest are in the fields of international business, strategic management and the globalisation of firms from rapidly developing economies.

Dr. McKern was previously the Director of the Stanford Sloan Master's Program in the Stanford University Graduate School of Business where he co-designed and taught a new international core course in the MBA Program and two MBA electives in international business. He concurrently holds appointments as a Visiting Fellow at Stanford University's Hoover Institution and Director of the Research Program on Innovation in the University of Sydney. His research work focused initially on foreign investment in the mining industry and he provided policy advice on the minerals industry to the Australian government, the United Nations and OECD. He continues to be concerned with issues of foreign investment policy and the debate regarding renewable energy.

Dr. McKern was previously Professor of International Business and President of the Carnegie Bosch Institute at Carnegie Mellon University and Dean of two Australian business schools. He has written extensively on international direct investment and is the author or co-editor of eight books including *Multinational Enterprise and Natural Resources, Limits to Prediction, The Handbook of Australian Corporate Finance, Transnational Corporations in the Exploitation of Natural Resources* and *Managing the Global Network Corporation*.

Professor McKern has been a Visiting Professor at INSEAD, IMD, other European and U.S. management schools and the Chinese Academy of Social Sciences. His first degree was in Chemical Engineering and he worked as an engineer and manager for multinational corporations before completing a PhD in International Business at Harvard University. He is a member of the Editorial Board of *Management International Review* and a consultant and commentator on global business and US international affairs. He is also an angel investor in several start-up firms in Silicon Valley.
Sustainability means making provision for 3 billion more people living well and within the resource limits of our shared planet in 2050. Applying sustainability to business means producing products and services in ways that replenish people and planet profitably.

Applied Sustainability is a practical course on how sustainability can be applied in a variety of business contexts, from start-up social enterprises to multinational corporations embracing sustainable business as strategy. Whilst social enterprises may have not-for-profit goals, multinational corporations are constrained by a range of motivations to embrace sustainable practices that tie Profit with Planet and People.

Companies that are able to adapt to the world of sustainable business and the sustainable society will offer solutions towards sustaining life on our planet. A good example is how Coca-Cola has dealt with water sustainability challenges. Coca-Cola has increased its involvement in community efforts to ensure access to clean drinking water, watershed protection projects, especially in water-stressed regions, and efforts to mobilise the international community to anticipate and deal with ever more severe water crises worldwide. Coca-Cola’s approach is not philanthropic, but rather based on a realistic assessment of what is required to continue to operate a beverage company in an increasingly water-stressed world.

Ultimately, sustainability in the 21st century will require companies to “go deep, go wide, go local”. “Going deep” means institutionalising sustainability into the company’s DNA to the extent that it becomes part and parcel of strategy. “Going wide” implies a full understanding of how sustainability impinges on every aspect of the organisation’s value chain. Finally, “going local” paradoxically goes hand-in-hand with globalisation, forcing companies to examine their global operations in order to identify and ameliorate specific local issues that affect the company’s operations, customers, competitive position, brand image, political standing or any aspect of its ability to do business.

(Daniel Vermeer and Robert Clemen, “Why sustainability is still going strong”, Financial Times, 12 February, 2009.)

In a recent global survey of 3,000 executives by BCG and MIT Sloan Management Review, identifying the benefits from addressing sustainability strategically, 49% of executives referenced improved brand reputation, 28% cited reduced costs and 26% thought it could yield a competitive advantage.

“Just as climate change has stimulated carbon markets and new business models, biodiversity and ecosystem services also offer opportunities for investors and entrepreneurs.” (TEEB¹ Report p13).

The MBA Applied Sustainability Course will provide opportunities to explore some of the inspiring themes of sustainable business and demonstrate how sustainability can be applied through strategy and innovation to strategic advantage and to measurable social and environmental benefits.

Mike Thompson
Professor of Management Practice
CEIBS, Shanghai

MBA PROGRAMME 2010 / 2012

Course: Applied Sustainability (GMGT523E)
Instructor: Prof. Mike J. Thompson: mthompson@ceibs.edu
TA: tbc
Class Dates: tbc

COURSE OVERVIEW

Course objective: The purpose of this course is to provide students with an understanding of how sustainability is being applied by mainstream businesses and social enterprises. They will be invited to critically review the financial and strategic questions surrounding investments made by companies in cleantech, sustainable products and enterprises. Specifically, the objectives of the course are:
- To provide students with the opportunity to engage in the strategic and financial questions inherent in the moves by businesses to integrate sustainable business investments into their operations.
- To engage students in the worlds of social enterprise and sustainable innovation.

Learning Goals:
At the end of the course, students should be able to:
- Demonstrate an understanding of how sustainability can be applied through a range of strategic investments.
- Apply a sustainable innovation process to arrive at strategic options for a board to consider.
- Understand how multinational corporations are applying sustainability to their operations and competitive context.

Pedagogical techniques:
- Active Learning: The main format of the classes will be an active learning approach: mini case group discussions, mini lectures and class discussions.
- Group work within class and case preparation out of class.
- Readings: The course pack consists of cases and readings for each session. Each day will require some reading preparation and the degree to which the preparation material has been understood by the student will be assessed through class participation.

Literature: There is one required reading for the course: Porter M. E. and Kramer, M. R., 2011, “Creating Shared Value”, Harvard Business Review, January, pp.2-17. It is important for participation assessment that students are prepared to discuss this article for the first session. Additional literature will be provided in the course pack.

Websites
- Unilever Sustainable Living Plan: www.sustainable-living.unilever.com
- Network for Business Sustainability: www.nbs.net
- Carbon Nation: The Climate Change Movie That Doesn’t Care if You Believe in

**Assessment:**
- Class Participation: 30%
- Group Cases: 30%
- Written Assignment: 40%
- Further details below.

**Prerequisite:** The course will not explore: definitions of sustainability, stakeholder engagement / management / mapping, life cycle assessment (LCA), regulatory frameworks, sustainability reporting, ecological footprinting and Wal-mart’s Sustainability Strategy.

**Proposed coverage:** Sustainable business as strategy; social business cases; clean-tech solutions; social (and sustainable) enterprise; the economics of ecosystems and biodiversity; sustainable innovation; finance and sustainability.

**ASSESSMENT**

**Class Participation (30%)**

1. **Contribution to class discussion and self-evaluation (20%)**

Please sit in the seat assigned for you in the section seating chart and ensure that you have the CEIBS name plate (I cannot read “home-made” name plates). You are expected to attend every class, on time and prepared for informed discussion. Prior preparation of all pre-class assigned readings / cases is required.

We shall have interactive, informed discussions of the material we cover in class. Everyone is expected to contribute. Although I shall give the final assessment I want my assessment to be informed by your own self-evaluation. I would like you to assess your own contribution after each class based on the quality of your contribution rather than the time you take to say it. I do not need to receive your own self-assessment after each class, but I would like to receive your own participation assessment (scored out of 10) at the end of the course. Please use the scoring guidelines below for your participation self-evaluation score but if you are asked to present your group’s report you should not include this within your self-evaluation score.

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
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<tbody>
<tr>
<td>10</td>
<td>Contributed to at least three sessions with the highest quality of insight and analysis concisely expressed.</td>
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<tr>
<td>9</td>
<td>Contributed to at least three sessions with high quality of insight and analysis concisely expressed.</td>
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<td>8</td>
<td>Contributed to at least three sessions</td>
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<td>2-7</td>
<td>Assess the number of sessions you contributed to, whether you were asked or whether you volunteered, and the quality of the contribution</td>
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<td>1</td>
<td>Contributed once when asked.</td>
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<td>0</td>
<td>Did not contribute</td>
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2. **Attendance and Punctuality (10%)**

Ten percent of the final mark is awarded for full attendance (ie no missed class time eg arriving late or leaving early).

"Absence in more than 25% of the total sessions of one course will result in a mandatory reduction of the final grades (ie full letter grade reduction) or exclusion from the class, regardless of the reason for absence." (MBA Student Handbook 2010, p.10)
Group Cases (30%)

There are two group assessed case studies: “Grameen Danone Foods Ltd., a Social Business” and “Care Kenya: Making Social Enterprise Sustainable”. Every member of the group should work to produce a report answering the questions of the case either in PPT slides or in a text report. The limit in PPT format is five PPT slides and in text / WORD format in no more than two sides of A4 – no variance to this rule is permitted. PPT slides should not include a cover or “thank you” slide but should include the group number and each member’s name in the “footer” of each slide. The group reports should be handed to the TA at the beginning of class or will be marked down.

I shall choose one member from four groups in the session to present the group’s answer to one of the questions posed in the case. It is important that each student is prepared to speak knowledgeably about the case as there will be no advance warning of who will be invited to present the group’s report.

There will be other group tasks throughout the course which will be assessed as part of the participation score.

Course Assignment (40%)

Students may choose one assignment topic from the following four assignment briefs:

1. What is “sustainable business strategy” and how can it be justified on economic and investment grounds? Give examples of companies that have embraced sustainable business strategies.

2. Select two companies that are developing cleantech products for the Chinese home market. Compare their business models and assess their sustainability impacts.

3. Select two social enterprises. Compare their business models and assess their social and sustainability impacts.

4. You are the marketing director of ……… [your choice, real or imagined]. You and your team have developed a social marketing concept and programme which has received favourable consumer and stakeholder feedback. You must prepare a presentation in Word format to describe the concept to the Board and justify the opportunity you see to create both a market opportunity and a social or environmental ‘return’. You should pay particular attention to a sceptical financial director who needs to approve an increase in next year’s budget for the programme to succeed and will require a financial argument to satisfy investors and market analysts.

The course assignment should demonstrate good use of references and examples, quality insight and clear arguments. Articles that are relevant to the assignments will be provided in the course pack but you are encouraged to research beyond the materials and references in the course pack. Quotations from websites, books, journals or papers should only be used to support an argument and should be clearly identified as a quotation by the use of quotation marks.

Your paper should be between 1,500 and 2,500 words and should include all sources referenced at the end of the paper. (Font size should be 12). Powerpoint slides may only be used as an appendix to your paper. You should use quoted material from websites or publications SPARINGLY.

Your paper will be evaluated using the following criteria: (1) how clearly and thoroughly you identify and analyse the issues of the assignment; (2) how well you use the relevant reading materials in your paper; and (3) the persuasiveness and technical accuracy of your paper.
Course Session Topics and Cases

The course consists of seven three-hour sessions.

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<tr>
<th>date</th>
<th>Session Topic</th>
<th>Cases / Minicases</th>
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<tr>
<td>1 tbc</td>
<td>Sustainable Business as Strategy</td>
<td>Unilever’s Sustainable Living Plan</td>
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<td>Nespresso Ecolaboration</td>
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<td>2</td>
<td>Valuing CleanTech Investments</td>
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<td>3</td>
<td>The Social Business Cases of Groupe Danone</td>
<td>*Grameen Danone Foods Ltd., a Social Business</td>
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<td>4</td>
<td>The Economics of Ecosystems and Biodiversity</td>
<td>P&amp;G Pur Water</td>
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<td>Volvic 1 liter for 10 liters</td>
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<td>Bottled Water Pits Nestlé vs. Greens</td>
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<td>Evian Water Protection Institute</td>
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<td>5</td>
<td>Social (and sustainable) enterprise</td>
<td>*Care Kenya: Making Social Enterprise Sustainable</td>
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<td>6</td>
<td>Sustainable Innovation</td>
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<td>7</td>
<td>Finance and Sustainability</td>
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<td>* Cases for group assessment</td>
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COURSE OUTLINE

1. Sustainable Business as Strategy

How can business incorporate the symbiotic relationship between business and society in its strategy? How can a sustainability related value proposition enhance strategic advantage? Should stakeholders be considered in strategy and which groups? Michael Porter has gained notoriety for his Creating Shared Value (CSV) strategic approach. CSV which focuses on the connections between societal and economic progress has, according to Porter, “the power to unleash the next wave of global growth.” We shall critique CSV and also the EROSEI model in reviewing how sustainable business is being integrating into strategy. We shall also review the developments in 2011 of Unilever’s sustainability strategy.

Session Minicase Preparation

Minicase 1: Unilever’s Sustainable Living Plan – “a hard nosed approach to business”?
Read the case and come ready to critique Unilever’s strategy from (i) An investor’s perspective and (ii) from a Greenpeace perspective.
Minicase 2: Nestlé Nespresso Ecolaboration
Review the website: www.ecolaboration.com
Identify the strategic intent behind ecolaboration and the key ‘levers of sustainability’ that are being utilised.

2. Valuing CleanTech Investments

In this session we shall benefit from a CEIBS Alumnus with expertise in clean technology projects in China. Eduardo Casado is the CEO of Outright International, a consulting and investment firm focused on China-Europe operations and specialises in technology transfers and business internationalisation for the cleantech industry. Mr Casado will lead us in a review of business cases and policy for sustainable technologies in China, Europe and the US. We shall also look at the implementation of clean technologies:
• How the different clean technologies available in the market can support businesses to reach their sustainable goals
• Which areas can be more sustainable within the company: outside stakeholders, company operations, company governance.
• Roadmap for business implementation

Preparation
Read the interview with Kai Johan Jiang of Dragon Power: "An Entrepreneur’s High Hopes for China’s Biomass Energy Industry."

3. The Social Business Cases of Groupe Danone

In this session we shall explore the sustainability initiatives taken by Groupe Danone, a $2 billion (revenues) French food company. Their approach includes social, environmental and “bottom of the pyramid” strategies within their mainstream brands and also through social enterprise ventures such as Danone Grameen Foods and “bottom of the pyramid” nutrition projects in China (YingYangBao, NutriGO Project) and Poland (Mleczny Start). We shall critically discuss and assess the way in which Danone’s corporate strategy seeks to meet both economic and sustainability goals.

This session will give extended time to the HBS case: Grameen Danone Foods Ltd., a Social Business.

Grameen Danone is a joint venture between the Grameen Group (a sister company of Grameen Bank) and Danone. The company’s goal was to provide nutritional yogurt for the nearly 50 million Bangladeshi children using an innovative Social Business model. The case describes the progress as of 2008 and poses questions regarding how the company might achieve sustainability.

By investing in this joint venture with Grameen Group, Groupe Danone can help to eradicate malnutrition in Bangladesh, one of the least developed countries in the world, by doing business, not simply by donating money. (Mohammed Yunus, 2008)

Group representatives will be invited to present their responses to the following case questions:
1. What were the prime motivations for Yunus and Riboud in forming the joint venture?
2. Evaluate the Danone Communities financing model – what are the investment advantages and disadvantages of what Riboud calls a “new business model” compared with traditional investment models?
3. Do you think that the joint venture’s localised production and distribution operations and their marketing, pricing and product strategies, production and distribution are replicable by multinational corporations?

Group Case Preparation

Grameen Danone Foods Ltd., a Social Business (HBS Case 9-511-025).
Review the Danone Communities website and projects for class discussion: www.danonecommunities.com

4. The Economics of Ecosystems and Biodiversity

We shall discuss the global challenges to the sustainability of the planet and its ecosystems and examples of challenges faced by China. Will environmental risks in China overwhelm its opportunities? All business depend on biodiversity and ecosystem services, directly or indirectly, and most businesses also have impacts on nature, positive or negative. Businesses that fail to assess their impacts and dependence on biodiversity and ecosystem services carry undefined risks and may neglect profitable opportunities. According to a McKinsey 2010 survey, 59% of executives see biodiversity as an opportunity for their company – but how?
The session will give group time to review the role of companies in addressing water stewardship and water sustainability: Nestlè and the P&G Pur Water Case. What strategies have the mainstream bottled water brands taken to tackle concerns about negative impacts on the ecosystem? Minicases of Nestlè Waters and Danone Waters.

A Water Question / Challenge
WWF and the German development bank Deutsche Entwicklungsgesellschaft (DEG) have created a water risk filter - a questionnaire based on geographical location and industry type. This tool apparently opens up new investment opportunities in water that would otherwise have been considered too risky. Can anyone explain to the class how this tool actually achieves this?
(See article in course pack: Water risk filter helping to answer crucial questions for investors.)

Case Preparation
Read at least one of the following cases:
- P&G Pur Water minicase
- Volvic “1 liter for 10 liters” minicase
- “Bottled Water Pits Nestlé vs. Greens”

5. Social (and sustainable) enterprise

Social entrepreneurship as a practice that integrates economic and social value creation has a long heritage and a global presence. The global efforts of Ashoka, founded by Bill Drayton in 1980, to provide seed funding for entrepreneurs with a social vision; the Grameen enterprises of Muhammad Yunus and the story of how Jessica and Matt Flannery set up Kiva are examples. We shall review different models of social and sustainable entrepreneurship with a focus on the Kiva model and its challenges (www.kiva.org) and REAP, an agribusiness social enterprise in Kenya.

This session will give extended time to the Ivey case: Care Kenya: Making Social Enterprise Sustainable. In 1999 CARE started a project in Kenya called Rural Enterprise and Agribusiness Promotion (REAP), which it hoped would eventually be self-sustaining. REAP was a market-driven horticultural project that targeted smallholder irrigation farmers living below the poverty line in Kenya. Rather than offering traditional aid to buy new irrigation equipment, for example, REAP addressed the structural barriers to entrepreneurship that prevented smallholders from entering the formal economy.

Group representatives will be invited to present their responses to the following case questions:
1. George believes that REAP’s Central Management Unit (CMU) is not commercially viable over the long-term and that the projections in case Exhibit 4 are optimistic. Is CARE’s financial model for the CMU feasible?
2. Why is REAP’s CMU running a loss?
3. Identify the key stakeholders, their strengths and weaknesses, and determine what they stand to gain or lose from REAP.
4. As George, what would you do to make REAP sustainable?

Group Case Preparation

6. Sustainable Innovation
This is a group-based project session in which groups will go through a sustainable innovation process which will involve fabricating research, data and strategic options for their imaginary company. Groups will share their ideas with the class and give opportunity to their classmates to improve on and develop their ideas before they finalise their social innovation product / service / concept.

**Group Preparation**

Each group should prepare in advance a sustainable business opportunity / innovation which should be defined in no more than 80 words on a paper to be submitted to the class TA at the beginning of the class. You may consider innovations for a product or brand or an industrial / technological innovation but they should offer an economic return on a social or (and) environmental investments.

7. **Finance and Sustainability**

How should we incorporate sustainability related variables into investment management? Theories and the practical applications which financial professionals can leverage to simultaneously earn a profit and have a positive impact on society.

The class will discuss:
- Sustainability as a stock selection criterion for responsible corporate citizens: ESG (Environmental, Social and Governance) issues and analyse investments
- Financial industry benchmarks and tools for determining, assessing and managing social & environmental risk in project financing
- Socially Responsible Investment (SRI)
- Capital Markets and how they address environmental issues including emissions, climate change, and renewable energy.

**Preparation**

To be confirmed at the beginning of the course.
Course: Marketing Research
Instructor: Professor Tina He
Term Dates: From to

General Course Description

Course objective: The course focuses on the initiation, design, and interpretation of research as an aid to marketing decision making. Case studies and projects are used to provide students with practical research experiences.

Learning Goals
1. Develop problem analysis skills and ability to translate a management problem into a marketing research problem.
2. Provide with a working knowledge of concepts and methods of marketing research.
3. Familiarize with qualitative and quantitative approaches to marketing decision making.
4. Increase sensitivity to the biases and limitations of marketing data.

Pedagogical techniques: Formal lectures, case analysis, projects and presentations

Literature:

Main textbook: N/A
Title: 
Author: 
Publisher: 
Edition: 
ISBN: 

Reference book: 
Title: Marketing Research
Author: Aaker, D. A., Kumar, V., Day, G. S., and Leone, R. P.
Publisher: Wiley
Edition: 10

Cases:
Title: Nestle Refrigerated Foods (A)
Author: Marie Bell (under supervision of Kasturi Rangan)
Publisher: HBS
Edition: 9-595-035
Title: Sa Sa Cosmetics
Supplementary materials.

**Equipment:** (Apart from the listed equipment, please indicate any other equipment that may be required for the course, if applicable)
- Classroom standard facilities:
  - VCR, a portable wireless microphone, overhead projector,
  - Computer projector, flip chart, blackboard.
- Other facilities required: ________________________________
- Office standard facilities:
  - A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
- Other facilities required: ________________________________
- Equipment which students should prepare: ________________________________

**Assessment:**
- Group Projects: 50%
- Class Participation: 30%
- Homework Problem Sets: 20%

**Prerequisite:** (Please indicate any specific knowledge, if relevant, participants should have, prior to your course)

**Proposed coverage:** Qualitative and quantitative marketing research skills.

**Detailed Timetable (Provisional)**

(Please indicate the sequencing of your course, and advise if there is any midterm exam).

Each session has 3 hours.

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<th>Session</th>
<th>Topic</th>
<th>Discussion Room (if needed)</th>
<th>Required readings</th>
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<tr>
<td>1</td>
<td>Introduction: Importance of Marketing Research</td>
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<td>2</td>
<td>How to Collect Data and Design Data Collection</td>
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<td>3</td>
<td>How to Collect and Analyze Data: Qualitative</td>
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<td>4</td>
<td>How to Collect and Analyze Data: Qualitative (Cont.)</td>
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<td>How to Collect and Analyze Data: Quantitative</td>
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<td>6</td>
<td>How to Collect and Analyze Data: Quantitative (Cont.)</td>
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<td>7</td>
<td>How to Collect and Analyze Data: Quantitative (Cont.)</td>
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<td>8</td>
<td>Marketing Strategy &amp; Marketing Research</td>
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<td>9</td>
<td>Marketing Strategy &amp; Marketing Research (Cont.)</td>
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<tr>
<td>10</td>
<td>Project Presentations &amp; Discussion</td>
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Book chapters and supplemental materials will be recommended though not required.

Case: Nestle Refrigerated Foods (A)
Case: Sa Sa Cosmetics
Presentation slides and reports of other students’
Course: Managing Business Marketing and Branding  
Instructor: Professor Yi XIANG  
Term Dates: From Oct 31, 2011  
To Dec 11, 2011  

### General Course Description

**Course objective:** Business markets refer to those where both the sellers and the buyers are business entities, rather than individual consumers. This course will focus on the set of generic strategies that are proven, well founded, and unique to the business markets.

This course allows you to experience, first hand, the application and value of concepts and techniques in a complex B2B environment. Through this experience, you will learn (1) the strengths and weaknesses of the strategic tools with which you are already familiar and will be using in your career, and (2) new tools specific to this context.

**Pedagogical techniques:** The pedagogical approach will be two-fold: a competitive simulation and the use of classroom meetings. We shall be using "INDUSTRAT": The Strategic Industrial Marketing Simulation. Many business schools in North America (Wharton, Stanford, Columbia and others) and Europe have adopted INDUSTRAT for their MBA and senior executive programmes. Several Fortune 500 corporations use the simulation for the training of their top management, including members of the executive boards, adapting the parameters of the simulation to enable them to simulate "scenarios" specific to their industry.

Our classroom sessions will be devoted to discussions of Business-to-Business cases from various industries, as well as specific discussions of selected concepts and techniques pertaining to business markets. These will be closely related to the simulation, as well as covering other important strategic issues.

**Literature:**

Cases:

- **Title:** I.M.A.G.E. International  
  - **Author:** Derek A. Newton  
  - **Publisher:** Darden Business Publishing  
  - **Edition:** UVA-M-0417
Supplementary materials.

**Equipment:**

(Apart from the listed equipment, please indicate any other equipment that may be required for the course, if applicable)

- Classroom standard facilities:
  - VCR, a portable wireless microphone, overhead projector, computer projector, flip chart, blackboard.
  - Other facilities required: 10 breakout rooms with a Windows PC in each room. The simulation software: INDUSTRAT should be installed in each room.
- Office standard facilities:
  - A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
  - Other facilities required: __________________________________
- Equipment which students should prepare:
  _______________________________________________________

**Assessment:**

- 40% Simulation performance
- 10% Quality of Final Presentation
- 25% Case analyses
- 25% Class participation
**Prerequisite:** Participants should have finished the basic marketing management course in the MBA programme.

**Proposed coverage:** B2B marketing and branding, competitive dynamics, strategic decisions and implementation, customer relationship management, pricing, new product launch.

**Detailed Timetable (Provisional)**

(Please indicate the sequencing of your course, and advise if there is any mid-term exam).

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<tr>
<th>Session</th>
<th>Topic</th>
<th>Discussion Room (if needed)</th>
<th>Required readings</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction to business marketing</td>
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<td>2</td>
<td>Design and Management of Sales Force</td>
<td>Decision 1</td>
<td>Case: IMAGE</td>
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<td>3</td>
<td>The powerful and the vulnerable: Pricing strategies in business markets</td>
<td>Decision 2</td>
<td>Case: Signode</td>
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<td>4</td>
<td>Strategic decisions and market intelligence</td>
<td>Decision 3</td>
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<td>5</td>
<td>Value offering and value chain</td>
<td>Decision 4</td>
<td>Case: R&amp;H</td>
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<td>Decision 5</td>
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<td>7</td>
<td>Building and sustaining business brands</td>
<td>Decision 6</td>
<td>Case: B.D. Vacutainer</td>
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<td>8</td>
<td></td>
<td>Decision 7</td>
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<td>9</td>
<td>Dynamics of customer relationship</td>
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<td>Case: CMR</td>
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<td>10</td>
<td>Final presentation and course wrap up</td>
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CEIBS

MBA PROGRAMME 2010/2011

Course: Game Theory and Strategic Marketing
Instructor: Professor Dongsheng Zhou

General Course Description

Course objective: The objective of this course is to teach students how to apply game-theoretic analysis to develop effective marketing/business strategies. The ultimate aim is to strengthen students’ ability to think strategically in business situations, rather than to teach them facts or theories.

In the course, the ethical implications of some game tactics (for examples, framing stakeholders’ expectations, hiding critical information to gain upper hand, making a linkage between seemingly unrelated games so as to make profits) will be discussed and debated.

Pedagogical techniques: Formal lectures, case analysis and presentations, group discussion, etc.

Literature: Reference books:
Title: Thinking Strategically
Author: Avinash K. Dixit and Barry J. Nalebuff
Publisher: Norton
Edition: 1st
ISBN: 0-393-31035-3

Title: Co-opetition
Author: Barry J. Nalebuff and Adam M. Brandenburger
Publisher: HarperCollins
Edition: 1st
ISBN: 0 00 255654 5

Cases: Nintendo, Tweeter, eBay, DoCoMo, Browser Wars; Brighter Smiles, mini cases

Equipment: (Apart from the listed equipment, please indicate any other equipment that may be required for the course, if applicable)
• Classroom standard facilities:
  VCR, a portable wireless microphone, overhead projector,
  Computer projector, flip chart, blackboard.
Other facilities required: ___________________________________

- Office standard facilities:
  A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
- Other facilities required: __________________________________

Assessment:  
- Class attendance and participation 20%
- Group case analyses 20%
- Group project 20%
- Final exam 40%

Prerequisite:  Marketing management

Proposed coverage:  Most strategic issues related to marketing

**Timetable (Provisional, and subject to change)**

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Discussion Room (if needed)</th>
<th>Required readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 2</td>
<td>Introduction of Game Theory</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>3 - 5</td>
<td>Case: Nintendo</td>
<td></td>
<td>Nintendo</td>
</tr>
<tr>
<td>6 - 8</td>
<td>Players</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 - 10</td>
<td>Added Values</td>
<td>No</td>
<td>eBay</td>
</tr>
<tr>
<td>11 - 13</td>
<td>Rules</td>
<td>No</td>
<td>Tweeter</td>
</tr>
<tr>
<td>14 - 16</td>
<td>Game Tactics</td>
<td>No</td>
<td>DoCoMo</td>
</tr>
<tr>
<td>17 - 19</td>
<td>Game Scopes</td>
<td>No</td>
<td>Browser Wars</td>
</tr>
<tr>
<td>20 - 23</td>
<td>Group Presentations</td>
<td>No</td>
<td>Brighter Smiles</td>
</tr>
<tr>
<td>24</td>
<td>Summary</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Course: Luxury Branding  
“Sensitivity to Luxury and Successful Brand Building in China”

Instructor: Charles de BRABANT

Term Dates: Term 5B 2011 MKT516E

Course Objective & Content

This course will provide guidelines and insights to successful brand building, with a special focus on China.

All sessions will be structured to cover the following 3 areas:

- The specificities of luxury brand management
- The increasingly important role of China and Chinese consumers in the world of luxury
- And a more personal journey into the intricacies of the luxury world

The specificities of luxury brand management

Professor Henry Mintzberg tells us that the art of outstanding leadership lies in the balanced articulation of the 3 dimensions illustrated below. Nowhere is this more true than the luxury industry.

In other industries, you can be successful with strong analytical, visioning and communication skills. In luxury, it is not enough. The true leaders in luxury need to nurture and develop both the art and craft dimensions of outstanding leadership to be successful.
As shown by the illustration above, the course will focus more on these latter two dimensions (art & craft), as most students will have spent most of their time in previous MBA classes on the analytical and visioning skills.

In other words, this course will focus more on how luxury companies drive top line sustainable growth, rather than in bottom line effectiveness.

Moreover, many of the teachings have strong implications in other industries. Many creative brands, such as Apple, Nespresso, Pixar, … have used similar brand marketing approaches to become game changers and leaders in their respective industries.

The increasingly important role of China and Chinese consumers in luxury

In luxury, like in other industries, China is the ultimate battleground where successful players need to build their presence and organisations to sustain their growth and their position in the industry.

A number of factors are making the luxury industry not only very exciting, but also challenging in China. Among them, we can note:

1) **Growth**
   - Mainland China has become the no 2 market for luxury consumption in the world. It is set to become the biggest market within the next five years.
   - Moreover, the luxury sector is the fastest growing consumer sector in China, with estimated annual growth rates of over 25% during the next five years. This compares to average annual growth rates in overall consumer expenditure in China of about 12% (*source: Euromonitor, CLSA Asia Pacific Markets 2011*).

2) **Directly owned retail has replaced third party distribution.** This means that luxury brands organisations are evolving from simple distribution models to multi-faceted brand management organisations. And a growing number of China organisations are no longer reporting to regional Asia-Pacific corporate structure but, more and more, China is a territory that reports directly to the brand’s global headquarters.

3) **The emergence of the One Child generation both as consumers of luxury brands, but also as employees.** With six people (parents and grand-parents) focusing on one child, we could quite safely say that a majority of these children in China are potentially luxury consumers. As employees, the Chinese Gen Y are very different from previous generations, representing important challenges, but also opportunities for those companies who know how to best integrate and develop them.

4) **Chinese luxury consumers buy more abroad than in Mainland China.** This impacts strongly brand organisations in destination countries, as they cope with this growing affluence of Chinese consumers.

5) **China is also pushing the boundaries of luxury with world class projects** (eg. Park Hyatt Shanghai, Legation Quarter in Beijing, the new flagship stores of LV,
Chanel, Zegna, …) and world class actors who are making China home base for their international operations.

6) The progressive emergence of Chinese brands - eg. Shanghai Tang, Shang Xia, Ports International (fashion), Design Republic (product design & retail), Qeelin (jewellery), …

Challenges facing luxury brands in China
Given these conditions, the actors in luxury face a number of challenges to be successful in China, namely

- Building sustainable local brand leadership and organisations,
- Finding, developing and retaining the needed talent,
- Cherishing the quality and craftsmanship dimensions of luxury,
- Developing a service culture / mentality,
- Stimulating and accelerating the aesthetics sense of employees in luxury.

We will attempt to address each one of these challenges in the course.

A more personal journey into the intricacies of the luxury world
In China at least, managers & students seem to be interested in this type of course not only from a management standpoint, but also as individual consumers who want to better understand and appreciate luxury.

Course Structure & Timetable (subject to change)

The objective for each session is to present / discuss general concepts and best practices in the world and then, relate them back to China.

Here is the proposed course timetable.

<table>
<thead>
<tr>
<th>Session</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>What is luxury ?</td>
</tr>
<tr>
<td>Week of Oct. 31st</td>
<td>- Definition of luxury</td>
</tr>
<tr>
<td></td>
<td>- Key facts &amp; figures</td>
</tr>
<tr>
<td></td>
<td>- Key differences and key success factors between luxury and other industries</td>
</tr>
<tr>
<td>3 &amp; 4</td>
<td>The luxury consumer &amp; communication</td>
</tr>
<tr>
<td>Week of Nov. 7th</td>
<td>- Typology of luxury</td>
</tr>
<tr>
<td></td>
<td>- Cultural dimensions and differences</td>
</tr>
<tr>
<td></td>
<td>- Luxury Consumers in China</td>
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<tr>
<td></td>
<td>- Communication strategies</td>
</tr>
<tr>
<td>5 &amp; 6</td>
<td>Luxury Branding</td>
</tr>
</tbody>
</table>
| Week of Nov. 14th | • Brand leadership – Changing value paradigms  
• Brand identity and the importance of story telling in luxury  
• Effective local implementation |
|------------------|--------------------------------------------------------------------------------------------------|
| **7 & 8**        | **Creation and emergence of Chinese Luxury Brands**  
• The nature of creative activities  
• Luxury Products – craftsmanship, quality, staging, …  
• KSF for the emergence of Chinese Brands |
| Week of Nov. 14th | **Luxury products & service**  
• The role of the product & staging  
• Luxury Products – craftsmanship, quality, staging, …  
• Dimensions of luxury service  
• Luxury service in China – issues & recommendations |
| **9 & 10**       | **Distribution and Retail Operations**  
• Different distribution strategies  
• Own stores : flagships, outlets, …  
• The emergence of e-business  
• Retail operations |
| Week of Nov. 21st| **Field Project Preliminary Presentations & Course Conclusion** |
| **11 & 12**      | **Field Project Preliminary Presentations & Course Conclusion** |
| Week of Nov. 28th| **Field Project Preliminary Presentations & Course Conclusion** |
| **13 & 14**      | **Field Project Preliminary Presentations & Course Conclusion** |

**Guest Speakers**
For each session, we will bring in executives / experts working in China to share their experience and knowledge. They will add unique insights to the takeaways from this course.

In 2010, we had guest speakers from Bain, Maserati, Zegna, Shanghai Tang, Ralph Lauren, Glamoursales.com, …

**PERFORMANCE EVALUATION**

There will three components to the course grade:

(1) Individual Participation 50%
(2) Group work for classroom discussion 20%
(3) Field project work 30%

**Field Project**
Each group of 5-6 students will be assigned a luxury brand (eg. Burberry, Christian Dior, Ralph Lauren, Shang Xia, Dunhill, Maserati, Shanghai Tang, …) to focus on. They will
meet with the top management of the company in China and be giving a brand assessment assignment. They will have to make a final 45 minutes presentation of their findings and recommendations to a jury composed of the professor and 2-3 members of the company’s management.

TEACHING APPROACH

This course will use different teaching techniques throughout the sessions, including:

• Case studies, eg. Shanghai Tang, Glamoursales.com, … which will be discussed and debated in class.
• Classroom lectures to present and discuss the key elements and frameworks in luxury brand management
• Different in-class and outside assignments using different techniques from the luxury world, eg. Brand mood boards, Mystery shopping assignments, …
• As mentioned before, we will also invite guest speakers working in China who will share their insights, expertise and challenges with the luxury industry.

TEACHING MATERIALS

This course will use different reading materials which will be pre-assigned before each session.

The core books for the class will be:


Required case studies and articles will include:

• “Shanghai Tang : The First Global Chinese Luxury Brand ?”, The University of Hong Kong, 2007

We may also use extracts from the following supplementary books:

Course: Pricing MKT521E  
Instructor: Seth Werner  
Term Dates: From 12 September To 30 October

General Course Description

Course objective: The purpose of this course is to prepare managers to be more effective at capturing the value that has been created by their firm’s marketing mix activities. Pricing is how we capture the value created by product, promotion and place decisions.

After completing this course students will:
- Have a framework through which they can analyze pricing decisions
- Be able to identify and critique various pricing strategies
- Understand current pricing practices
- Be better equipped to make profitable pricing decisions
- Ensure that returns on the marketing mix activities are maximised

This course is designed for managers from all functional areas of a firm. The goal is to introduce the key concepts and topics of pricing so that they can be incorporated into your area of supervision. Even if pricing is not your key area of responsibility, understanding pricing will make you a more cross-functional and valuable asset to the firm.

Creating great value through innovative products, promotions and place decisions is worthless if the value is not captured and maximised through proper pricing.

Pedagogical techniques: This course will be a combination of lectures, field experiments, in-class active learning exercises, cases and exams.


Cases and articles to be determined
**Equipment:**  
No additional equipment is needed

**Assessment:**  
- Class Participation 20%
- Assignments 40%
- Quizzes 20%
- Final Exam 20%

**Prerequisite:**  
Basic level of statistics.

**Proposed coverage:**  
This course will introduce students to the various pricing frameworks such as: Cost-Based Pricing, Customer-Driven Pricing, Competition-Driven Pricing, Value-Based Pricing and Life Cycle Pricing. Also covered will be an introduction to how consumer behaviour and psychology affects pricing decisions. Conjoint analysis will be used to demonstrate how product attribute value can be measured. Finally we will look at price discrimination activities such as: Price Customization, Versioning, Discounting and Bundling.

**Detailed Timetable (Provisional)**

(Please indicate the sequencing of your course, and advise if there is any mid-term exam).

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Discussion Room</th>
<th>Required readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>4 Cs Framework for Analysis</td>
<td></td>
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</tr>
<tr>
<td>Week 2</td>
<td>Pricing Frameworks</td>
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<tr>
<td>Week 3</td>
<td>Consumer Behaviour and Psychology</td>
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<tr>
<td>Week 4</td>
<td>Conjoint</td>
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<tr>
<td>Week 5</td>
<td>Price Discrimination</td>
<td></td>
<td></td>
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<tr>
<td>Week 6</td>
<td>Implications for Managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Final Exam (2 hours)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Course: Retailing Strategies and Selected Implications for Suppliers
Instructor: Professor Charles Waldman
Term dates: 31st October – 10th December 2011

**General Course Description***

The retail sector of the economy has been in a continuous state of modernization, consolidation and internationalization over the last two decades. Consequently, a number of retail giants – international and national ones – have emerged, with an impressive power in their ability to build very large market shares, great knowledge of their shoppers and strong negotiation skills vis-à-vis suppliers. This new breed of retailers hence are often referred to as “power retailers”. This elective will dig into understanding some of their key winning strategic postures. It will also provide some “snapshots” or how suppliers can build “win-wins” with those power retailers. The elective will deal only with non-luxury product and service retailing since it wants to avoid potential overlaps with the “luxury branding” elective that some of the students may take simultaneously.

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*The programme presented in this document is tentative in the sense that minor changes may be performed between now on October, in particular when it comes to cases proposed.*
Course Pedagogy

- The course will blend lectures (meant at providing guidelines for analysis of business situations) and, first and foremost, cases. Cases were selected because they’re giving clues on how to adopt the right strategic postures for the “future”. Besides a few recommended – and optional – textbooks that could (and probably should) be used as “post-readings” after my lecture, I will not give significant pre-readings to the students since I want them to concentrate heavily on preparing the cases.
- Another “parallel” learning process would be group projects to be performed in pre-designed work groups. The philosophy of those group projects is to find applications in the Chinese context of the topics tackled in the elective.
  Selected topics should be:
  - Relevant (linked to the course)
  - Practical (linked to real-life challenges / stories currently observable in China)
  - Managerially-flavoured (no need to reinvent a new “academic” concept)

Performance standards

Let’s now turn to the least “glamorous” aspect of the story: students’ evaluations

Grade elements will be as follows:
- One third for class participation: judging the quality and not the quantity of individual remarks
- One third for group projects
- One third for the final exam (written case analysis)
Course contents*

Sessions 1 & 2
- Lecture: Winning Strategic Postures of Power Retailers
- Case: Tesco Plc + Updates (Theme: Building Market Dominance through Consumer Centricity)

Sessions 3 & 4
- Case: Best Buy (Theme: Switching away from Mass Market Positioning into a Segmented/Multi-Focused one)
- Case: Gome Electronics: Evolving the Business Model (Theme: How does the giant Chinese retailer business model differ from its US counterparts... and how should that business model evolve in the future?)

Sessions 5 & 6
- Cases: Ikea and Nordstrom (Theme: How is service excellence becoming a critical element for business success?)
- Case: QB house- 10 minutes just cut (Theme: Specific challenges in service retailing)

Session 7
- Lecture: How will Internet be a Fundamental Feeder of (Product) Retailing Growth? Which are the respective assets of “bricks and clicks” versus “pure players” in that competitive battle?

Sessions 8 & 9: Globalization / Internationalization of Retailing
- Case: Fresh n’ Easy (Theme: Betting on a new “exported” retail concept in a mature market)
- Case: Tesco China (Theme: Is Tesco’s philosophy on how to penetrate the Chinese market convincing? Comparing the Tesco and Carrefour approaches)
- Lecture: Challenges and Pitfalls in Internationalizing Retail Concepts

Sessions 10 & 11
- Lecture: How can FMCG suppliers build win-wins with power retailers? (with a special focus on Category Management)
- Case: Henkel: From Category Management to Customer Relationship Management

Session 12
- Case: Royal Canin (Theme: Not considering retailers as channel members but as stakeholders in a shared strategic vision)

Sessions 13 & 14
- Group projects presentations, Q&A’s, wrap-up remarks

*A more detailed version on contents (including case synopsis and guidelines) will be issued in the coming weeks, including also the exact schedule of sessions.
APPENDIX:
Some potential project topics:

- Which are the perspectives on B2C internet product retailing in China? Major contenders and their strategic approaches?
- Fashion retailing in China: opportunities and challenges of the “made in Beijing” to “created in Beijing” current trend?
- Can/should “fast retailing” (à la Zara or H&M) be applied to more upmarket banners?
- Industrial retailing (stores and/or internet) (à la WWGrainger) in China?
CEIBS MBA Course Syllabus

Course Name: Strategic Human Resource Management
Course Dates: November 7 to December 9, 2011
Instructor: Pablo Cardona

Course Description

The aim of this course is to learn how to align the talent of an organization to its business strategy. We will take both the perspectives of the general manager and the HR executive, since they have to work together in the design and implementation of a workforce strategy. In this course, we will see how HR policies are keys to developing an organizational culture, building talent, attracting and retaining proactive employees, and creating change.

During the course, we will take a global perspective analyzing multinational companies in different countries, with a special attention to the Chinese context. In the first half of the session, we will discuss the case. In the second half of the session, we will discuss how to apply the learning points of the case in the current Chinese environment.

Learning Goals

During this course students will learn how to:

1. align the organizational culture to the business strategy
2. develop a talent strategy to build competitive advantage
3. implement and sustain change
4. build and retain talent capabilities
5. create a committed and proactive organization

Teaching Methodology

This course will include a variety of teaching methodologies such as case studies, small group discussions, role-plays, simulations, and classroom lectures. Students will be expected to participate actively in the learning process and contribute to the development of their colleagues by sharing their knowledge and experiences.

Reference Book and Course Materials

Text book:

Supplemental readings:

**Course Pre-requisites and/or Other Restrictions**

None

**Student Assessment**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>40%</td>
</tr>
<tr>
<td>In-class team assignments</td>
<td>30%</td>
</tr>
<tr>
<td>Final exam</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Detailed Course Outline/Timetable**

**SESSION 1: CREATING CUSTOMER-CENTRIC ORGANIZATIONS**

*Objectives:* The purpose of this session is to learn how to align the different HR processes to the mission, values, and business strategy of the organization.

*Case: Victorinox.* This case describes the 125 years of history of the Swiss company and how they have evolved from making knives to building a fashion brand with a broad portfolio of products. The company has been able to sustain over the years and different crises a culture that puts employees and customers first.

*Reading and discussion:* Asian Leadership. Part One: Creating customer-centric actions.

**SESSION 2: ALIGNING PEOPLE WITH BUSINESS STRATEGY**

*Objectives:* The purpose of this session is to learn how successful managers lead people to implement the mission, values, and business strategy of the organization.

*Case: Sony.* This case describes how the Spanish subsidiary of Sony develops a new management system in order to change the culture of the organization so that the company can implement a new strategy. The case
shows how the CEO and the HR executive work together to achieve the desired objectives.

Reading and discussion: Asian Leadership. Part Two: Implementing strategy.

SESSION 3: LEADING CHANGE

Objectives: The purpose of this session is to learn how to implement important changes that involve new talent skills and change the established power-balance in the organization.

Case: SAP. This case describes how SAP is trying to develop new talent for their new business model. Traditionally, SAP has developed a pool of high-level engineering talent. In the next years, however, they need to build a new pool of strategic consulting talent that can reach the top decision-makers of companies.

Reading and discussion: Asian Leadership. Part Three: Getting past the past.

SESSION 4: CREATING A HIGH-ENGAGEMENT COMPANY

Objectives: The purpose of this session is to learn how to develop employee's commitment in organizations and identify the characteristics of an engaging workplace.

Case: Yongye. This case describes the fast growth of a Chinese biotech company in the agribusiness sector. The case shows how the CEO's leadership style, together with some innovative Human Resource policies, create an environment of high-motivation and empowerment.


SESSION 5: MANAGING AND DEVELOPING TALENT

Objectives: The purpose of this session is to learn how companies can help managers grow and develop, and also to reflect on your own professional career.

Case: Sunil Joshi. This case describes the career development of a middle manager in an Indian IT subsidiary of a Western multinational. Different changes in the organization -both in technology and leadership styles- and Sunil's own behavior, limit his career development and lead him to a difficult career choice.
SESSION 6: GLOBAL HUMAN RESOURCE MANAGEMENT

Objectives: The purpose of this session is to learn how globalization is moving companies to operate globally, and this creates new demands on how to select and manage talent.

Case: Cisco in China. This case describes the establishment of a new Cisco Systems R&D facility in Shanghai. The company has to select and hire the workforce, develop local managers, build teams, and evaluate performance. All these HR practices have to be aligned and serve a global organization with a US culture.

SESSION 7: SIMULATION AND WRAP UP

Objectives: The purpose of this session is to put in practice all the concepts learned during the course in a simulated company. Students will work in small teams and will have to develop Human Resource systems and guidelines that are coherent with the company’s mission and strategy.
CEIBS

Course: Purchasing and Supply Management
Instructor: Dr. Martin Lockstrom
Term Dates: From Oct 31st to Dec 10th

General Course Description

Course objective: This is a course in purchasing and supply management. The basic purpose of the class is to convey understanding of the strategy and policies inherent in supply management, as well as descriptive views of the purchasing cycle, functions and procedures. We will explore decision making and the value added from effective and efficient decisions by senior purchasing managers.

Learning Goal
Course Learning Objectives:

Introduction to the fundamental concepts which are the key to successful purchasing and supply management—strategy, organization, processes and performance measurement.

Specific Learning Objectives include:
1. Is able to inter-relate the impact of developments made in the purchasing and supply area with other functional areas and with overall corporate strategy.
2. Is able to understand process analysis and process improvement tools in a purchasing context.
3. Able to differentiate between types of operational processes and understands the fundamentals of strategic sourcing planning.
4. Understand the concept and implications of supply management especially in the global context.
5. Understand the tools instrumental in improving purchasing practices and performances in organizations.

Pedagogical techniques:
- Formal lectures
- Case analysis and presentations
- Group discussions
- Company visits

Cases:
Title: Pre-Selecting Die Casting Suppliers at Hilti Corporation
Author: Weidman, M. et al.
Publisher: ECCH
Edition: 1

Title: Value Added Buying at LSG SkyChefs
Author: Moser, M. et al.
Publisher: ECCH
Edition: 1

Title: The Quest for the Holy Grail in Supply Chain Management: How IBM Achieved Supply Chain Transparency
Author: Traudtmann, G.
Publisher: ECCH
Edition: 1

Title: Is it Core or is it Strategic? Outsourcing as a Strategic Tool
Author: Chamberland, D.
Publisher: Ivey
Edition: 1

Title: City Furniture and Mattress
Author: Singh-Randhawa, B.
Publisher: Ivey
Edition: 1

Title: Coloplast A/S: Organizational Challenges in Offshoring
Author: Nielsen, B. et al.
Publisher: Ivey
Edition: 1

Title: Owens & Minor Inc.
Author: Narayanan, V.G, Brem, L.
Publisher: HBS
Edition: 1

Title: Frequon – Buyer-Supplier Evolution?
Author: Ellergaard, C.
Publisher: IMD
Edition: 1
Equipment:

- Classroom standard facilities:
  VCR, a portable wireless microphone, overhead projector,
  Computer projector, flip chart, blackboard.
  Other facilities required: ________________________________

- Office standard facilities:
  A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
  Other facilities required: ________________________________
Equipment which students should prepare:

Assessment:
- Two exams @ 100 points each (80%)
- Case studies (20%)

Prerequisite:
Prerequisites for this course include Production and Operations Management and its prerequisites. It is assumed that you are familiar with statistics, inventory management (including JIT and MRP), production processes, etc, as well as accounting principles, marketing, and economics.

Proposed coverage:
- Strategic planning in purchasing and supply
- Strategic sourcing
- Supplier relationship management
- Inbound support operations

Detailed Timetable (Provisional)

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Discussion Room (if needed)</th>
<th>Required readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to Purchasing and Supply Management</td>
<td></td>
<td>Chapter 1 – The Challenge of Purchasing and Supply Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: Value Added Buying at LSG SkyChefs</td>
</tr>
<tr>
<td>2</td>
<td>Purchasing and Supply Management Strategy</td>
<td></td>
<td>Chapter 18 – Strategy in Purchasing and Supply Management</td>
</tr>
<tr>
<td>3</td>
<td>Organization for Effective Purchasing and Supply Management</td>
<td></td>
<td>Chapter 2 – Supply Organization</td>
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<tr>
<td></td>
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<td></td>
<td>Case: Coloplast A/S: Organizational Challenges in Offshoring</td>
</tr>
<tr>
<td>4</td>
<td>Global Sourcing</td>
<td></td>
<td>Chapter 14 – Global Supply</td>
</tr>
<tr>
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<td></td>
<td>Case: City Furniture</td>
</tr>
</tbody>
</table>
5 Public Supply Management, Acquisition of Capital Goods and Services

Chapter 15 – Public Purchasing, Chapter 16 – Capital Goods, Chapter 17 – Services

6 Managing and Optimizing the Sourcing Process

Chapter 3 – Supply Processes

Case: Pre-Selecting Die Casting Suppliers at Hilti Corporation

7 Quality Management and Service

Chapter 5 – Quality, Specification and Service

Case: Jones Box and Label: The Recall

8 Strategic Costing and Negotiations

Chapter 8 – Price, Chapter 9 - Cost Management, Discounts, and Negotiations

Case: Owens & Minor Inc.

9 Supplier Evaluation and Selection

Chapter 10 – Supplier Selection

Case: Navistar

10 Review for Mid-Term Exam


11 Mid-Term Exam

12 Outsourcing, Supplier Relations and Supply-Chain Management

1st part of Chapter 18 – Make or Buy, Insourcing, and Outsourcing

Case: Scott’s Miracle Gro: The Spreader Sourcing Decision
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Supply Performance Measurement</td>
<td>389</td>
<td>Chapter 13 – Research and Metrics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: Techno Systems Corporation: Benchmarking Sourcing</td>
</tr>
<tr>
<td>14</td>
<td>Legal Aspects of Purchasing</td>
<td>390</td>
<td>Chapter 12 – Supply Law and Ethics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: Mattel and the Toy Recalls</td>
</tr>
<tr>
<td>15</td>
<td>Inventory Management</td>
<td>391</td>
<td>Chapter 6 – Quantity and Delivery</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: Martin Trailers Ltd.</td>
</tr>
<tr>
<td>16</td>
<td>Supply Logistics</td>
<td>392</td>
<td>Chapter 7 – Transportation and Delivery</td>
</tr>
<tr>
<td>17</td>
<td>Materials Scrapping and Disposal</td>
<td>393</td>
<td>Chapter 11 – Investment Recovery</td>
</tr>
<tr>
<td>18</td>
<td>Information Flows and Communication</td>
<td>394</td>
<td>Chapter 4: Information Systems and Technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case: The Quest for the Holy Grail in Supply Chain Management: How IBM Achieved Supply Chain Transparency</td>
</tr>
<tr>
<td>19</td>
<td>Review for Final Exam</td>
<td>395</td>
<td></td>
</tr>
</tbody>
</table>
Final exam
Negotiation Skills

Fall 2011   Term 5B
STRAT505E

Updated on May 11, 2011

Professor: Yu Yang
Office: AC3-315
Office hour: By appointment
Phone: (021) 2890-5648
E-mail: yyu@ceibs.edu

Course Overview

For most of us, our days are filled with negotiation and conflict. They range from low stakes disputes about meeting schedules to high stakes clashes about hiring or strategic direction, and from casual debates to formal board-room contractual agreements. Effective negotiators get the most out of disputes, not just in terms of the instrumental value they carry away, but also in terms of the relationships and reputations they leave behind. Virtually everyone could stand to improve their negotiation skills and, fortunately, virtually everyone can.

This course aims to help students improve their skills in two fundamental ways. One is knowledge-oriented: students learn frameworks and concepts for analyzing conflict. Students acquire terms and models for identifying the type of conflict that exists in a situation and the potential costs and benefits of different strategies and tactics. Based on this, students should be able to interpret situations, plan tactics, and recognize and react to partner behavior. A second and complementary route to improving as a negotiator is practice-oriented: students complement their analytical tools with behavioral skills. Negotiation and conflict ultimately come down to behaviors—how a manager opens a potentially-volatile conversation, how a mediator uncovers information, how a negotiator frames an offer or a concession. Practicing these behaviors, and understanding how other parties perceive and react to them, is essential to improving as a negotiator. The course provides continuing opportunities for hands-on practice and also provides feedback, discussion, and occasions for reflection.

Through role-play exercises, lecture, reading, and discussion, the course begins with basic dynamics in negotiation and adds complexity in stages, including multiple issues, multiple parties, mediation, agents, and coalitions. Some exercises involve numerical analyses, others revolve around qualitative conflicts. By the end of the course, students should be able to comfortably and confidently approach most any conflict or negotiation: analyzing its nature, understanding their own objectives, and plotting an approach that will give them the best shot at achieving their goals.
Course Format and Materials

This will be a highly interactive course. It is premised on a basic assumption that understanding and appreciation of negotiations are best achieved via hands-on experiences, so long as these experiences are grounded in a combination of lecture, discussion, reading, and reflection on the underlying concepts of negotiation. There will be one or more role-play exercises in nearly every class period. These exercises have been selected to help illustrate points in lectures and readings and to motivate further reflection and reading. These exercises will put you in new, and potentially uncomfortable, situations, but within the relatively safe environment of the classroom. In these exercises, you are urged to try out new and creative behaviors and tactics that have suggested themselves to you from your own reading and reflection. There is no required textbook for this course. All materials will be distributed in class and/or on Blackboard.

Honor Code

Honor code applies to this class as follows:

- You are expected to be prepared and on time for all negotiation exercises.
- You are expected to participate actively in class discussions.
- You may not show your confidential role information to others before or during the negotiation, though you may tell others what you desire from the negotiation. Never assume material is identical even if a classmate is playing the same role, unless you are told that you can share information and strategize together. When you have completed a simulation, please do not reveal your information to the other party before returning to the classroom.
- You may use any strategy, short of physical violence, to reach an agreement, including misrepresentation. However, in selecting a negotiation strategy it is important to remember that a strategy may have ramifications that go beyond the particular negotiation in which it was used.
- You may not create facts that materially change the power distribution of the exercise, even if such information may be plausible in real life. For example, you cannot claim that your family has just purchased the company with which you are negotiating about a job.
- It is not appropriate to borrow notes, discuss cases, or share exams with people outside of class.
- Material used in this class including but not limited to handouts, exercises, cases, discussion questions, charts, and graphs are copyrighted and may not be used for purposes other than the education experience of this class without the written consent of the instructor.
- Class discussion stays in class.

I ask each student to contribute to this course through his or her professional behavior. The quality of the course is greatly enhanced by students who are professional in their in-class behavior and in their interactions with faculty and other students. Treat the exercises and cases seriously. If you are at all frivolous about what we do in the class, you will learn less and provide less opportunity for others to learn. You should do as well as you can within the constraints of the situation.
Course Grades

There are four distinct components to grading that add up to 100% as indicated below:

1. Attendance, Participation, and Professionalism 30%
2. Planning Documents and Surveys 20%
3. Application Paper 20%
4. Group Project 30%

(1) Attendance, Participation, and Professionalism (30% of your grade)

Negotiation Skills at CEIBS has an attendance policy that is uniformly applied to all sections of the course. You may miss one negotiation exercise without penalty if you email me (yyu@ceibs.edu) with advance notice (minimum 48 hrs) and, if requested, make arrangements for a substitute to negotiate in your stead. If you miss a second exercise, you will lose a letter grade. If, in conjunction with any absence, you do not provide advance notice or fail to provide a substitute when required to do so, you will lose a letter grade. Please consider your schedule in light of the attendance policy when deciding whether to enroll in this course.

If a negotiation role is assigned in advance, you are expected to come to class fully prepared to negotiate. You are also expected to actively participate in all negotiation exercises and class discussions. Your participation in class discussion will be evaluated on the quality of your contributions and insights. After each negotiation exercise, a debriefing session will include sharing information about results, sharing information about strategies attempted, and sharing reactions to the process. Quality comments possess one or more of the following properties:

- Transcend the “I feel” syndrome (i.e., include evidence, demonstrate recognition of basic concepts, and integrate these with reflective thinking).
- Offer a different and unique, but relevant, perspective based upon analysis and theory (not intuition or casual observation).
- Contribute to moving the analysis forward.
- Link relevant concepts to current events.
- Build upon the comments of your classmates.

Professionalism—in word and in behavior—is a critical part of any business situation. You are expected to behave professionally in this class. Please make sure to come to class on time and return from breaks and from negotiating on time. The use of laptops in class can disrupt students and presenters. My policy is that laptops be closed at all times during class sessions, unless I ask you to use your laptop.

(2) Planning Documents and Surveys (20% of your grade)

To help you prepare fully for the role you will play in each negotiation, you are required to submit a negotiation planning document at the beginning of several classes (details to be announced in class). You or your team (if you are negotiating in a team) should bring 2 copies of your planning document to class so that you can turn one copy in at the beginning of class and use the other as a reference during your negotiation.
Constructive feedback facilitates experiential learning. I have designed other surveys for you to summarize your opinion of your partner and other aspects of the negotiations. At the end of the course, I will compile these data, and you will receive an anonymous summary of your partners’ judgments of you to help you further evaluate your negotiation styles on personality and behavioral dimensions. Note that the nature of the feedback you receive will not affect your course grade. You will receive full credit for completing all surveys and feedback reports; your grade will be lowered if these are not completed.

(3) Application Paper (20% of your grade)

To encourage you to think about the many everyday opportunities you have to negotiate, and to improve your negotiation skills, you will go out and negotiate! You can negotiate for anything you would like: a good or service from a merchant, a salary or bonus with an employer, a discount from a service provider, or anything else. Also, note that you do not have to buy anything to complete this assignment (e.g., you can negotiate with a child over bedtime). Similarly, your negotiations do not need to be a success – often, we learn as much from negotiations that fail as from those that succeed.

After you have completed negotiating, you should write an analysis of the negotiation that includes a planning document, scoring system (if applicable), and a post-negotiation analysis. The analysis should be 3-4 double-spaced pages, 12-point font, Times New Roman, with 1-inch (or 25mm) margins. The key is to focus on an analysis rather than a description of the negotiation. Your grade for this project will be based on your creativity and your analysis of the preparation, process, and outcome of the negotiation. More details of this assignment will be announced in class. Late papers are not accepted.

There are only two rules for this assignment:
• You are not allowed to engage in a negotiation that you do not intend to follow through with if the outcome you are desiring is obtained.
• You may not tell the person you are negotiating with that this is for a class project until the negotiation is complete (and then you can decide whether or not you want to tell them this).

(4) Group Project (30% of your grade)

You will be working in a group with other classmates on a multi-round negotiation. Your group will be paired with another group for three rounds of negotiations. The optimal group size will be based on the number of students enrolled. Your group will work together to develop negotiating strategies and complete the negotiations.

Before each of the three negotiations, you will receive detailed information regarding the negotiation. After each negotiation, your group should turn in the outcomes of the negotiation. In addition, after the first round your group will be asked to turn in the scoring system you developed for the round 1 negotiation. (We’ll talk more about scoring systems in class.)

Round 1 Scoring System (5% of grade)
The scoring systems developed by your group for the first round will be evaluated as part of your overall grade and constitute 5% of your grade. Your scoring systems will be graded based on your understanding and application of an additive scoring system and your integration of issues in the case.
Round 2 Outcome for Ongoing Group Negotiation (10% of grade)
Each group’s outcomes for the second round will also constitute 10% of your grade. This grade will be based on how well your results compare to those of your peers in the same role. This ongoing group negotiation might be the only instance in which your performance in a negotiation exercise will affect your grade.

Round 3 Case Analysis (15% of grade)
The final component of your group negotiation grade will be based on an analysis of the entire negotiation. You will complete this assignment as a group and each group will submit one paper. The paper should be 8-10 double-spaced pages, 12-point font, Times New Roman, with 1-inch (or 25mm) margins. More details of this assignment will be discussed in class. Late papers are not accepted.

I expect all members to contribute equally to the group project throughout the semester. The highest possible individual grade is the group project grade. If you contribute less than other team members, your individual grade will be lower than the group grade. You will have the opportunity to evaluate the performance of your group members, and I will consult those evaluations in determining your individual grades for the group project.

(5) Extra Credit (1-2 points)
You can earn up to two extra credit points (which will be added to your final grade—each counts as 1%) by bringing in articles on negotiations in the popular press or examples of interesting negotiations from movies, newspapers, television shows, comic strips, etc. To receive two bonus points, the references need to come from different mediums (e.g., if one is from a movie (fictional), the other has to come from a nonfiction source). A newspaper article, radio report, web article or television coverage of an actual event are all considered to come from the same medium. The references must illustrate a concept from the course and you must write a one-paragraph description of the negotiation and a one-paragraph description of how it relates to the concepts discussed in class. To receive any extra credit, you must submit before the last day of class.

Special Note on Research
The results of the exercises and feedback will provide rich material for class discussion. These data also may support valuable research. Analysis of such data has contributed to the on-going evolution of negotiation theory. In fact, some of work that I will cite in this course can be directly traced to learning that took place in prior versions of this course.

I want to inform you of the potential research use of these data. Only aggregate, statistical information would ever be published. Complete anonymity would be guaranteed. No personal information is ever involved. If you are not comfortable with this, please contact me to ensure that your data are removed from any archived results that might be used for future analysis.
Course Schedule

Class 1  Introduction
In Class:  Prepare, negotiate, and debrief Exercise #1

Class 2  Distinguishing Positions from Interests
In Class:  Prepare, negotiate, and debrief Exercise #2

Class 3  Multiple Issue, Two-Party Negotiations
In Class:  Prepare, negotiate, and debrief Exercise #3
After Class:  Prepare for Ongoing Group Negotiation Round 1

Class 4  Ongoing Group Negotiation
In Class:  Negotiate Ongoing Group Negotiation Round 1
After Class:  Prepare for Exercise #4

Class 5  Beyond “Win-Win”
In Class:  Negotiate and debrief Exercise #4
After Class:  Prepare for Ongoing Group Negotiation Round 2

Class 6  Ongoing Group Negotiation
In Class:  Negotiate Ongoing Group Negotiation Round 2
After Class:  Prepare for Exercise #5

Class 7  Agents
In Class:  Negotiate and debrief Exercise #5
After Class:  Prepare for Ongoing Group Negotiation Round 3

Class 8  Ongoing Group Negotiation
Turn in:  Application Paper (submit to Blackboard)
In Class:  Negotiate Ongoing Group Negotiation Round 3
After Class:  Prepare for Exercise #6

Class 9  Surprise!
In Class:  Negotiate and debrief Exercise #6
After Class:  Prepare for Exercise #7

Class 10  Multiple Issue, Multi-Party Negotiations
In Class:  Negotiate and debrief Exercise #7
Grand Finale

Note: Final Case Analysis due over exam period (submit to Blackboard)
PLANNING DOCUMENT FORM

Negotiation: _______________________ Role: _______________________________

What issues are most important to you? (list in order of importance)

1.
2.
3.
4.
5.

What is your BATNA? Reservation Point? Target?

What are your sources of power?

What issues are most important to your opponent? (list in order of importance)

1.
2.
3.
4.
5.

What is your opponent’s BATNA? Reservation Point? Target?

What are your opponent’s sources of power?

What is your opening move/first strategy? Other important information?
Name: ______________________________  Student ID: ______________

PLANNING DOCUMENT FORM

Negotiation: ______________________  Role: ______________________________

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<thead>
<tr>
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Interests

________________________________________________________________________

BATNA

________________________________________________________________________

Reservation Point

________________________________________________________________________

Target/ Goals

________________________________________________________________________

Sources of Power

________________________________________________________________________

Weaknesses

________________________________________________________________________

Opening Move/
Other information

________________________________________________________________________
Course: International Business Strategy (STRAT512E)
Instructor: Professor Klaus Meyer
Term Dates: From October 31, 2011 To December 10, 2011

General Course Description

Course objective: This module is concerned with the opportunities and challenges faced by multinational enterprises (MNEs) when operating on the international stage, as opposed to national operations. MNEs develop strategies to exploit these opportunities, which then set the context in which business units, subsidiaries and individual leaders strategize and operate. A special focus will be on emerging economies, both as a place of doing business, and as the origin of new competitors on the global stage.

Our main emphasis will be on working with cases of MNEs aiming to establish and exploit competitive advantage with business models that exploit opportunities created by the international dimension of business, or react to challenges arising on this ‘global stage’. A key question in the background of our discussions thus is: how can MNEs develop and implement strategies that generate superior performance in their global operations?

In addition to developing analytical skills and an understanding of the global economy, this course is also about developing an ‘international business mind-set’. In other words, the course aims to foster the development of cognitive awareness and practical skills that enable managers to simultaneously pursue ‘Global breadth’ and ‘China depth’.

Learning Goals
- Understand the context within which international business activity takes place, the variations across countries in terms of their political, cultural, and economic environments, and how these effect the investment opportunities that they provide for companies.
- Have a better understanding of a range of opportunities available for companies to create value worldwide, as well as the complexities associated with managing global international operations.
- Acquire tools and frameworks to craft strategies and create value from improved international activity.
• Enhance your ability to deal with cultural and personal career issues in international business.

Pedagogical techniques: The main learning method in this course will be case studies that have been selected across a wide range of different national and international contexts. In addition, there will be lectures and group assignments related to the cases to be discussed in class.

Literature: Main textbook:
Title: *Redefining Global Strategy*
Author: Ghemawat, Pankaj
Publisher: Harvard Business School Press
Edition: 2007
ISBN: 978-1591398660

Reference book:
Title: *International Business*
Author: Peng, Mike & Meyer, Klaus
Publisher: Cengage Learning
Edition: 2011
ISBN: 978-1-4080-1956-6

*I expect students to be more advanced than the target audience for this textbook. Therefore students are not expected to read this book. However, I will be using some cases and concepts from this book.*

Cases: see detailed schedule

Equipment: • Classroom standard facilities:
VCR, a portable wireless microphone, overhead projector,
Computer projector, flip chart, blackboard.
Other facilities required: ________________ n/a ________________
• Office standard facilities:
A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
Other facilities required: ________________ n/a ________________
• Equipment which students should prepare: __ n/a ________________

Assessment: • Three 1-2 page case write ups (group assignment) 30%
• Class Participation 20%
• Final Exam 50%

Prerequisite: The course is designed for final-term MBA students. It builds in particular on the core course in Strategic Management.
Detailed Timetable (Provisional)

This timetable is very preliminary and will be updated after I arrive at CEIBS in September 2011. The readings and cases are indicative of the type of material to be used, but may be changed before the start of the course.

Session 1: Globalization and Global Strategy

The course begins with a discussion of the notion of ‘globalization’ and its implications for business. We will explore the tensions between convergence across countries, and the persistent differences and distances that generate obstacles and opportunities for companies acting on the global stage. On this basis, we shall explore how regional and global strategies can create value by linking operations at different locations.

Case:

Readings:
Ghemawat, Chapter 1, 2

Supplementary Reading:
Peng & Meyer, Chapters 1, 9

Session 2: Institutions: Regulation and Culture

This session will explore in which way countries are different, and how that affects international businesses. We will applying the CAGE framework to explain the obstacles that business experience when crossing borders, and the strategies and practices they develop to manage such differences, minimizing costs whiles exploiting opportunities.

Case:
Yola: Managing Multiple Challenges, by H Bernard and B. Muir (Ivey/ECCH # 9B10M031)

Readings:
Ghemawat, Chapter 3

Supplementary Reading:
Peng & Meyer, Chapters 2, 3
Session 3: Adaptation Strategies and Foreign Entry
This part will explore opportunities for value creation arising from adaptation to the unique idiosyncrasies of different host market contexts, thus accommodating rather than overcoming differences. We will explore levers that allow localization of aspects of the operation, while retaining benefits of global synergies. This leads to the discussion of foreign market entry strategies.

Case:

Readings:
Ghemawat, Chapter 4

Supplementary Reading:
Peng & Meyer, Chapters 11, 12

Session 4: Aggregation Strategies and Global Innovation
This part will explore business opportunities and challenges of operating as a globally or regionally-integrated company. We will explore how such ‘aggregation’ strategies allow greater scale economies and generate synergies of global innovation systems, and discuss the operational challenges arising in such organizations, for example for knowledge management.

Case:
“Acer: Taiwan’s Rampaging Dragon” (HBS 9-399-010)

Readings:
Ghemawat, Chapter 5

Supplementary Reading:
Peng & Meyer, Chapters 14, 15

Session 5: Arbitrage Strategies and Global Supply Chains
This part will explore the opportunities of creating value by taking advantage of different resource endowments and cost conditions across countries. Businesses may use such cross-country differences to locate their production to exploit comparative advantages. We will explore when such dispersion is appropriate, and how such worldwide operations can be managed in a global supply chain.

Case:

Readings:
Ghemawat, Chapter 6, 7

Supplementary Reading:
Peng & Meyer, Chapters 4, 17

Session 6: Multinationals from Emerging Economies
This session will focus on the rise of MNEs from emerging economies and their competitive interactions with established MNEs from Europe and North America. It will provide an open forum to discuss issues arising in companies that you are working with.

Case:
Baosteel Europe, by Linke & Klossek (in Meyer & Peng, p. 611-618)

Readings:

Supplementary Reading:
Peng & Meyer, Chapter 14, 15
Session 7: Business Ethics in the Global Economy
When operating in multiple countries, multinationals are exposed to multiple sources of pressures to engage in socially responsible behaviours, and some of these pressures relate to activities in other countries. In this session, we will explore how companies decide what practices to implement, and how to communicate that to relevant stakeholders.

Case:

Readings:

Supplementary Reading:
Peng & Meyer, Chapters 10
Bio of Professor Klaus Meyer

Klaus Meyer (www.klaussmeyer.co.uk; k.meyer@bath.ac.uk) is joining CEIBS as a Professor of Strategy and International Business in September 2011 from the University of Bath, England. He is also an Adjunct Professor of the Copenhagen Business School, Denmark. Previously he has also been full-time faculty member at Copenhagen Business School, the University of Reading, England, and held visiting appointments at the Hong Kong University of Science and Technology and at National Cheng-chi University, Taipei.

Professor Meyer is a leading scholar conducting research on the strategies of multinational enterprises, especially foreign entry strategies, in emerging economies, especially Eastern Europe and East Asia. His work has been published, among other outlets, in Journal of International Business Studies, Strategic Management Journal and Journal of Management Studies, and he published five books, most recently the textbook “International Business” (with Mike Peng, published by Cengage Learning). Prof Meyer holds an MSc from the University of Göttingen and a PhD from London Business School. He is currently a senior editor of the Asia Pacific Journal of Management and a consulting editor for the Journal of International Business Studies, and he served as track chair of Academy of International Business conferences 2006 (Beijing), 2011 (Rio de Janeiro) and 2011 (Nagoya).
Course: Current Topics in Chinese Strategy and Investment
Instructor: Jonathan Woetzel and Jeffrey Towson
Term Dates: From September 13 To October 20

General Course Description

Course objective: To provide an understanding of the key issues facing managers and investors in China today, based on practical experience and insights

Pedagogical techniques: This series of lectures will cover current topics in Chinese strategy and investment from a practitioner’s point of view. It will draw heavily on the lecturers’ experiences across China and Asia - and will primarily use case studies

Literature:

- Reference book:
  Title: What would Ben Graham Do?
  Author: Jeffrey Towson
  Publisher:
  Edition:
  ISBN:

- Reference book:
  Title: Operation China: From Strategy to Execution
  Author: Jonathan Woetzel and Jimmy Hexter
  Publisher: Harvard Business Press
  Edition:
  ISBN:

- Reference book:
  Title: Valuation: Measuring and Managing the Value of Companies
  Author: Timothy Koller
  Publisher: Wiley
  Edition:
  ISBN:

- Reference book:
  Title: The Essays of Warren Buffett: Lessons for Corporate America
  Author: Warren Buffett / Lawrence Cunningham
  Publisher: Cunningham Group
  Edition:
  ISBN:

- Reference book:
  Title: You Can Be A Stock Market Genius
Equipment: (Apart from the listed equipment, please indicate any other equipment that may be required for the course, if applicable)
- Classroom standard facilities:
  VCR, a portable wireless microphone, overhead projector,
  Computer projector, flip chart, blackboard.
- Other facilities required:
- Office standard facilities:
  A desktop computer with Windows 95 software and Internet email account, a telephone with IDD, DDD functions using pincode, and office stationery.
- Other facilities required:
- Equipment which students should prepare:

Assessment: Class participation and attendance 50%
Final paper 50%

Prerequisite: (Please indicate any specific knowledge, if relevant, participants should have, prior to your course)

Proposed coverage:
- Investing in China from an MNC Perspective
- Developing Corporate Strategy for a State Enterprise
- The Current State of Chinese Investing
- Special Situations Investment in China
- Rising Investment Stars in China
- Strategy for a City
- Valuation in a Chinese Context

Detailed Timetable (Provisional)

(Please indicate the sequencing of your course, and advise if there is any mid-term exam).

<table>
<thead>
<tr>
<th>3-hour</th>
<th>Topic</th>
<th>Discussion Room</th>
<th>Required</th>
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<tr>
<th>Slot</th>
<th>(if needed)</th>
<th>Readings</th>
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<tr>
<td>1</td>
<td>Investing in China from a Multinational Perspective</td>
<td>Operation China (excerpts to be identified)</td>
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<td>We will assess trends in MNC investments in China and present perspectives on the key issues shaping their strategies including government regulation, market development, and industry structure. Students will work through a case example of MNC decision-making to establish a China business case to identify key decision-making issues and possible sensitivities [J. Woetzel, Lecturer]</td>
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<td>2</td>
<td>Building a Corporate Strategy at an SOE.</td>
<td>Excerpts from McKinsey Quarterly to be provided</td>
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<td>This lecture will focus on current strategic challenges for SOEs in defining their portfolio of businesses. It will use a case study of the restructuring of a leading Chinese conglomerate. Students will work through a case study to define the issues and options in developing a corporate strategy [J. Woetzel, Lecturer]</td>
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<tr>
<td>3</td>
<td>The Current State of Chinese Investing.</td>
<td>What Would Graham Do Now? (excerpts to be identified)</td>
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<td>This lecture details the current activities of China-based companies that operate in private equity, real estate, venture capital, mutual funds and other investing approaches. It includes both local and international private equity firms, state-owned-enterprises, insurance companies and others. It also analyzes emerging opportunities such as quantitative investing, outbound investment and RMB funds. Students will work through case studies for investment approaches that are both currently succeeding and failing. [J. Towson Lecturer]</td>
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<td>4</td>
<td>Special Situations Investing.</td>
<td>You Can Be a Stock Market</td>
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This lecture will provide a perspective on evolving strategies for special situations investing in China and Asia. Generally focused on events that can cause rapid changes in valuation, special situations (mergers and acquisitions, bankruptcies, spin-offs, etc.) depend on local circumstances and are a compelling field given the unique characteristics of the Chinese market and its rapid development. [J. Towson, Lecturer]

5 Global Tycoons and Rising Chinese Investment Stars.
This lecture focuses on some of the world’s most successful global investors (Buffett, Soros, Waleed) and some of the rising Chinese investment stars. It analyzes and compares strategy, tactics, operations, organizational structure and success factors. Students will work through a several case studies in which they assume the role of the lead investor in both domestic investments / mergers and outbound acquisitions. [J Towson Lecturer]

6 Strategy for a City
This lecture will provide a perspective on how a Chinese city develops a strategy including thinking through key drivers of performance of a city, how to diagnose the city’s economic performance, and developing an actionable strategy city economic development [J. Woetzel – Lecturer]

7 Valuation.
This lecture will provide an overview of valuation methodology particularly as applied in a Chinese context through case studies and experience. [J. Woetzel, J. Towson, Lecturers]