

RSM 2019 – The 360° Corporation

Course Meets: May 7, 8, 10, 15, 16, 18 9:00 a.m.-12:30 p.m., room 133
May 9 10:00 a.m. - 2:30 pm – Field trip to Amazon
May 17, 9:00 a.m.-12:30 p.m., room L1060

Course location: RSM 133

Professor Sarah Kaplan

****Note that these syllabi were developed prior to the publication of *The 360° Corporation: From Stakeholder Trade-offs to Transformation*. I am in the process of developing a new syllabus that uses the book as the core of the course and will ask students to develop their own case studies on firms of their choice.****

Course Description & Learning Outcomes

Overview of the course

1. Integrate across multiple functional perspectives to understand complex business problems.
2. Understand both private and public value creation and capture in the context of one corporation.
3. Place yourself in the shoes of the senior executive in addressing management challenges for the corporation.
4. Get practice at seeing the world through multiple lenses and in coping with the paradoxes and tensions implicit in many management issues.
5. Learn to read like a manager, integrating information from multiple different sources and coming up with your own perspective.

Warning!

This course compresses all of the readings and assignments of a full semester course into two weeks. It is very difficult to do well in this course if you are taking another intensive course at the same time. This is an advanced course aimed at students who want to move beyond tightly structured problems and explore the fluid and complex aspects of real-world decision-making. It will be taught using the case/discussion method, which means the quality of the course will be highly dependent on the quality of the preparation of each student. There will be very limited lecturing as most of the issues and answers will be uncovered through discussions and debates structured and guided by the professor. Do not take this class if you plan on sitting back, relaxing and enjoying the ride.

Objectives

“The 360° Corporation” provides students a chance to analyze a firm from many perspectives (360 degrees). In business school, we tend to look at corporations in one facet or another by studying strategy, operations, marketing, organizational behavior, or finance. What new insights emerge when we examine one company from multiple perspectives? What can we learn through the intersections of the insights that come from each business discipline? And, further, what insights develop when we compare the corporation as an engine for creating and capturing *private* value (and thus providing returns to the shareholder) to that of the corporation as embedded in society and therefore affecting value creation (or destruction) at the *public* level. In this intensive course, we will take one company and study its many facets with the goal of developing an integrated understanding of both private and public value creation.

We will touch on many of the subjects covered in your core coursework, showing how we can mobilize the concepts and tools you have learned during the MBA to evaluate how a company creates and captures value for its shareholders. We will discuss the tensions that arise for the leader when attempting to manage across these different functional requirements. Further, we will examine the corporation in society, studying the impact of its choices about labor management, globalization, location, sourcing and other issues on social welfare. At the end of the course, we will take the perspective of the leaders of the corporation and seek to understand how they can make important strategic choices for their company in the face of the many challenges and obligations we uncover in the course.

In this intensive course, we will use the case of Amazon for our analyses. Amazon is a particularly rich subject of study given its breadth of activities, global expansion and impact on multiple industries. However, our goal is not to criticize or praise Amazon per se, but rather to learn analytical tools and ways of thinking that would apply to an evaluation of any company or business problem.

Learning to read like a manager – Keep in mind that the readings for every class session would be the amount of readings assigned for 3 regular semester class sessions. Please plan your preparation time accordingly.

I have assigned a varied set of materials for each class. These include theoretical frameworks, overviews on Amazon practices (e.g., from *The Everything Store*), original source materials (such as internal documents from Amazon) and academic reports. For each reading, I have indicated the specific page numbers on which to focus. Sometimes, I suggest you skim a background piece or look at a set of materials for further information. **This puts you in the typical seat of a manager** who has a number of inputs and must decide where to focus. You will exercise your skills in skimming for key

pieces of information and deciding when to dive deep to get all of the details. I do not expect that you read each of the materials word-by-word. On the other hand, I do expect that you understand the main arguments of each piece and the facts used to support those arguments. Pay attention to who is writing the pieces and what the author's motivation might be so that you can interpret the information effectively.

EXAMPLE Deliverables and Course Grade

Assignments and evaluation

Each student shall be judged on the basis of how well he or she has command of the course materials and can present analytical arguments based on these materials.

Item	Weight %	Due Date	Delivery	Note
Class Contribution	20%	Ongoing	N/A	Individual
Questions for Amazon field trip	5%	May 9, 9 am (morning)	Survey link under Class 3 in Rworld	Individual
Field trip analysis	25%	May 14, 12:30 pm (afternoon)	Turnitin.com	Individual
Amazon valuation survey	10%	May 17, 5 pm (evening)	Survey link under Class 8 in Rworld	Individual
Final exam	40%	May 21, 5 pm (evening)	Turnitin.com	Individual
Optional participation self-assessment	N/A	May 12, 5 pm (evening)	eDropbox using grading rubric posted in course documents	Individual

Assessment and Grading for Written Assignments

See all due dates above.

Surveys (15 total points) – In preparation for our guest speakers and visit to Amazon, please fill out the survey forms posted in Rworld.

1. **Amazon distribution centre visit (5 points).** Come up with two questions you would like to ask management at the Amazon distribution centre. Explain why these questions are important or useful to ask. Submit this assignment using the link provided in Rworld under Class 3 (link to a Google Form)
2. **Valuation assignment (10 points).** You will be asked to complete a set of questions about how we might value Amazon. Submit this assignment using the link provided in Rworld under Class 8 (link to a Google Form).

Field trip to Amazon distribution centre and write-up (25 points) – In order to understand what really goes on at Amazon in practice, students will participate in a field trip to Amazon on Wednesday, May 9.

Guidelines for visit:

1. We will travel together from Rotman. More details will be provided in class.
2. Remember the Rotman code of integrity that asks that you represent Rotman appropriately to the outside world
3. Pay attention to little details in the visit. In other words, act like a “Martian” who has just landed on earth and is seeing an Amazon distribution centre for the first time. What do you see? Participate in the discussion with management. How did they answer the questions? What did they say? What was missing?
4. Write down as many notes and observations as you recall so that you do not forget what you saw.

Guidelines for the write-up (one document, 3 pages long, double-spaced, 12-point font, 1 inch margins):

1. Based on your observations, write up 3 pages of analysis that reflects on how our discussions in class to date play out in practice in the distribution centre here in Canada. What insights do you gain from your observation? Specifically, how does this observation shed light on some aspect of Amazon’s strategy to create and capture value? What was surprising and why? What implications can you draw? The goal of this assignment is to use the raw data from your visit to make an insightful interpretation about Amazon’s strategy and operations. Please use specific information and details from the visit to support your arguments.
2. Submit the assignment to turnitin.com using the MBA coversheet. See assignment schedule for due date.

This assignment is deliberately a little ambiguous, because it is in the middle of ambiguity that creative insights emerge. I can’t tell you what to observe and what insights you might have. This is your chance to see the world in a new light and bring that perspective to a commentary on Amazon. This is your opportunity to be expansive and creative and then to hone the ideas into analytical insights.

Final exam (40 points) – The final exam will be a take home exam. I will hand out the questions on the last day of class. See assignment schedule for due date. The exam will be open-note and open-book. You can use any resources from the class or from other research you have done but please make proper attributions in your text to the sources of data or

insights. The exam will include one or more essay questions that will require you to reflect on the discussions and readings from the course.

Please follow this exam format. The exam response should be double-spaced with a 12-point Time Roman font and 1" margins. Answers should be no more than 6 pages plus any exhibits you might want to include. All materials, including text and exhibits, should be included in a single document. Please use the Rotman MBA coversheet for your response.

You may not communicate with any other student in the class regarding the exam during the exam period. Violations of this communications policy will result in a grade of FZ (failing grade) for the exam.

Criteria for evaluating written assignments

A holistic assessment will be made based on several criteria, including:

- Perspective: Do the assignments offer a clear perspective on the questions asked?
- Logic and persuasiveness: Do the essays make a coherent and persuasive argument? Do the essays account for alternative explanations or perspectives and show why the student's perspective is better?
- Analysis: Do the essays include analysis, or do they simply restate the facts? (For the observation assignment, the first portion should reflect your observations and the second portion should include your analysis).
- Responsiveness and Integration: Do the essays relate to, and build upon, course materials and discussions? Do they demonstrate your knowledge of the assigned readings and information introduced in class lectures and discussions?
- Creativity: Do the essays bring a new perspective to the issues, testing new ideas?
- Clarity of writing: Are the essays succinct and understandable?

Land Acknowledgement

We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the New Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.

****NOTE: DIFFERENT VERSIONS OF THE COURSE: Over the years, this course has been taught using different companies as the core example to follow during the 2 weeks. Below are examples of three different syllabi for three different cases: Amazon, Walmart and Nike.****

OPTION 1: AMAZON

Schedule, preparation materials and questions, assignments

= Materials with “” are PDFs available in the class RWorld site under “class materials.”

= Materials with “” are links under “class links.” The links are up-to-date and working as of April 11, 2018. However, links are known to change. If you find a link that is not working, please notify me immediately. A broken link is not an excuse to skip the reading.

=Materials with “” are available from Ivey Cases.

CLASS 1, MAY 7: INTRODUCTION AND AMAZON’S STRATEGY

1.1 Intro to the course

Preparation materials: The “360° Corporation” concept:

- Sarah Kaplan, *The 360° Corporation*, Chapter 1*

Background on the origins of Amazon:

- *The Everything Store*, Prologue and Chapters 1-4, 7

Preparation questions:

1. Who are the important stakeholders for Amazon?
2. What was Jeff Bezos’ perspective about each of these stakeholders?

1.2 Amazon’s strategy

Preparation materials: Farhad Manjoo, “How Amazon’s Long Game Yielded a Retail Juggernaut,” *The New York Times*, November 18, 2015, <https://nyti.ms/2jM9MXy> **

Amazon 2018 Letter to Shareholders by Jeff Bezos (includes a reprint of the original 1997 Letter to Shareholders) (you can optionally access the full annual report at this link) <http://phx.corporate-ir.net/phoenix.zhtml?c=97664&p=irol-reportsannual> **

Eugene Wei, “Amazon and the ‘profitless business model’ fallacy,” October 26, 2013, <http://www.eugenewei.com/blog/2013/10/25/amazon-and-the-profitless-business-model-narrative> **

Daniel Salmon and William Lowden, Amazon.com (Initiation), BMO Capital Markets, March 1, 2016, pp. 9-44 (note, we will come back to this and other of Daniel Salmon’s reports when he visits class via skype on the last day of class). *

Preparation questions:

1. What is the central element that distinguished Amazon from other internet companies that started in the mid-90s, but that either failed or were overtaken?
2. A key moment in the history of Amazon was Bezos’s decision to build the first Kindle e-reader. Did this diversification make sense? On what basis?
3. Amazon’s two largest businesses would appear to be very distinct – the online store and AWS. Are these related? If so, how? In other words, does Amazon achieve any economies of scope or is this just a result of Jeff Bezos’ personal preferences?

CLASS 2, MAY 8: THE SUPPLY CHAIN: LOGISTICS AND WAREHOUSE WORKERS

2.1 Supply chain and distribution

Preparation materials: Bahar Barami, “Productivity gains from pull logistics: tradeoffs of internal and external costs,” Paper presented at the Transportation Research Board Conference on Transportation and Economic Development, May 2002.*

The Everything Store Chapter 6, pp. 160-181 only

Zvi Schreiber, “Is Logistics about to get Amazon’ed?” *TechCrunch*, January 29, 2016, <https://techcrunch.com/2016/01/29/is-logistics-about-to-get-amazoned/> **

Tom Ryan, “Amazon gets mind reading/shipping patent,” *RetailWire*, January 20, 2014, <http://www.retailwire.com/discussion/amazon-gets-mind-reading-shipping-patent/> **

Preparation questions:

1. What tradeoffs is Amazon making when they speed up delivery to the consumer?
2. Why would Amazon build logistics capabilities rather than outsource them?
3. What about Amazon’s strategy gives us clues into the future of logistics beyond Amazon?

2.2

Workers in the warehouses and retail

- Preparation materials: Simon Head, "Worse than Wal-Mart: Amazon's Sick Brutality and Secret History of Ruthlessly Intimidating Workers," *Salon*, February 23, 2014, http://www.salon.com/2014/02/23/worse_than_wal_mart_amazons_sick_brutality_and_secret_history_of_ruthlessly_intimidating_workers/ **
- Skim: reviews of Amazon jobs on Glassdoor.com, <https://www.glassdoor.ca/Reviews/Amazon-Reviews-E6036.htm> **
- Olivia LaVecchia and Stacy Mitchell, "Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities," *Institute for Local Self-Reliance*, November 1, 2016. pp. 4-8 only (plus you can dig into the details of the rest of the report for parts that interest you). https://ilsr.org/wp-content/uploads/2016/11/ILSR_AmazonReport_final.pdf **
- Geoffrey A. Manne and Jennifer Maclean, "Sorry, but Amazon isn't actually annihilating retail jobs," *Wired*, March 1, 2017, <https://www.wired.com/2017/03/sorry-amazon-isnt-actually-annihilating-retail-jobs/> **
- Preparation questions:
1. If you were a manager at an Amazon distribution centre, how would you deal with the issues highlighted in the "Worse than Wal-Mart" article?
 2. As a consumer, what are your choices if you are worried about the information in the "Worse than Wal-Mart" article?
 4. Do you think that Amazon is "annihilating retail jobs"?

CLASS 3, MAY 9: FIELD TRIP TO AMAZON DISTRIBUTION CENTRE

Departure time from Rotman at 10:00 am sharp from front of building.

We will return at about 2:30 pm. Boxed lunches will be served on the bus on the way back from the visit.

3.1 Field trip preparation

Preparation materials: The Rise of Ethnography: How Market Research Has Gone Gonzo: Knowledge@Australian School of Business (<http://knowledge.asb.unsw.edu.au/article.cfm?articleid=1499>) **

Logistics See additional handout in class for field trip logistics.

We will be hosted by Marcelo Affonso who is General Manager of Amazon Robotics' 856K sq ft fulfillment centre in Brampton, ON, with responsibility for the fulfillment of customer orders in Canada and beyond, whilst ensuring the safety, well being, and development of the employees and the quality, efficiency, and continuous improvement processes. This includes responsibility for all salaried and hourly staff spread across all functional departments including inbound/outbound operations, safety and quality departments, as well as finance, loss prevention, HR, learning and development, facilities and engineering, IT, and procurement. Previously, he held a series of increasingly more senior roles in fulfillment operations at Amazon in Italy and the UK. He holds a BCom degree ('06) from the Rotman School and an MBA from the University of Glasgow.

- Assignment:
1. In preparation for the field trip, please submit your survey answers by 9 am today. (See link in Rworld or here: <https://goo.gl/forms/6XqKFD7zq1yNawng1>).
 2. After the field trip, write up your analysis and submit according to the guidelines above.

CLASS 4, MAY 10: (WHITE COLLAR) WORKERS AND SUPPLIERS

4.1 Management and technical workers

- Preparation materials: Jodi Kantor & David Streitfeld, "Inside Amazon: Wrestling Big Ideas in a Bruising Workplace," *New York Times*, August 15, 2015 <https://nyti.ms/1TFqcOG> **
- Nick Ciubotariu, "An Amazonian's response to 'Inside Amazon: Wrestling Big Ideas in a Bruising Workplace'," August 16, 2015 <https://www.linkedin.com/pulse/amazonians-response-inside-amazon-wrestling-big-ideas-nick-ciubotariu> **
- Emily Peck, "Amazon Has a Pay Gap It's Not Talking About," *Huffington Post, Inc. Magazine*, February 2017, <http://www.inc.com/huffington-post/big-problem-with-amazon-pay-gap-ratio-of-male-to-female-employees.html> **
- Sarah Kaplan, "Meritocracy: From Myth to Reality," *Rotman Magazine*, 2015. *

- Preparation questions:
1. What are the leadership qualities of Jeff Bezos, as presented in Brad Stone's book *The Everything Store*, that you most admire? That you find most troublesome? How have these translated into the work environment you read about in today's readings?
 2. What is your assessment of the Amazon workplace? Would you want to work there? Why or why not?
 3. Can Amazon continue to grow and retain employees if it maintains its current employee management strategy? Did stress foster innovation? Is stress destructive to the organization?

4.2 Authors and publishers

Preparation materials: *The Everything Store*, Chapter 8; Chapter 9, pp. 278-285 only.

George Packer, "Cheap Words," *The New Yorker*, February 17, 2014.
<http://www.newyorker.com/magazine/2014/02/17/cheap-words> **

Ed Pilkington, "Amanda Hocking, the writer who made millions by self-publishing online," *The Guardian*, January 12, 2012,
<https://www.theguardian.com/books/2012/jan/12/amanda-hocking-self-publishing> **

- Preparation questions:
1. What is your assessment of the relationship Amazon has with book publishers? Do you think their actions towards publishers (including the pricing model) were fair? What about Apple's approach?
 2. If you were to write a book, would you prefer to self-publish on Amazon or sell through a publishing house?

4.3 3rd party suppliers

Preparation materials: Feng Zhu and Nathan Furr, "Products to Platforms: Making the Leap," *Harvard Business Review*, April, 2016, <https://hbr.org/2016/04/products-to-platforms-making-the-leap> **

Jennifer Rankin, "Third-party sellers and Amazon – a double-edged sword in e-commerce," *The Guardian*, June 23, 2015,
<https://www.theguardian.com/technology/2015/jun/23/amazon-marketplace-third-party-seller-faustian-pact> **

- Preparation questions:
1. If you were a product company, would you want to be a third-party supplier on Amazon? Why or why not?
 2. What are the advantages and disadvantages for Amazon of building a third-party seller platform?

CLASS 5: MAY 15: DISRUPTION

5.1 Field trip debrief

Be prepared to share key insights from your field study. I will call on 3-4 of you to come to the front of the class to summarize your ideas (no Powerpoints!). We will then have a broader class discussion about the insights you gleaned from your visit to the distribution centre.

5.2 Competitors

Preparation materials: Richard Foster and Sarah Kaplan, "Creative Destruction," *McKinsey Quarterly*, September 2001 *

Jason Del Rey, "Amazon and Walmart are in an all-out price war that is terrifying America's biggest brands," *Recode*, March 30, 2017,
<https://www.recode.net/2017/3/30/14831602/amazon-walmart-cpg-grocery-price-war> **

Marc Levinson, *The Great A&P and the Struggle for Small Business in America*, New York: Hill and Wang, 2011, pp. 3-12.*

James Titcomb, "Cloud wars: Google, Amazon and Microsoft battle to own the future of computing," *The Telegraph*, March 26, 2016.
<http://www.telegraph.co.uk/technology/2016/03/25/cloud-wars-google-amazon-and-microsoft-battle-to-own-the-future/> **

Shira Ovide, "Amazon's Bottomless Appetite Became Corporate America's Nightmare," *Bloomberg BusinessWeek*, March 14, 2018, <https://www.bloomberg.com/graphics/2018-amazon-industry-displacement/> **

- Preparation questions:
1. Who is/are the competitor(s) Amazon should worry about? Why?

2. Who should be most threatened by Amazon as a competitor? Why?

5.3

Global growth

Preparation materials:

“Amazon in Emerging Markets,” WDI Publishing case W94C01 [Purchase from www.iveycases.com. Go to “Express Order,” enter product #: W94C01. Select digital download and then check out.] ***

Vijay Govindarajan and Anita Warren, “How Amazon Adapted Its Business Model to India,” *Harvard Business Review*, July 20, 2016, <https://hbr.org/2016/07/how-amazon-adapted-its-business-model-to-india> **

William Kerr, “Harnessing the Best of Globalization,” *Sloan Management Review*, Fall 2016. <https://sloanreview.mit.edu/article/harnessing-the-best-of-globalization/> **

Preparation questions:

1. Does Amazon’s business model work everywhere?
2. What are the most important differences in global markets that affect Amazon’s ability to succeed?

CLASS 6, MAY 16: GROWTH AND COMMUNITIES

6.1

Web services and beyond

Preparation materials:

BMO Equity Research, “Is Anything Safe from Being ‘Amazoned’?” September 8, 2017, pp. 1-34 only *

Noah Robischon, “Why Amazon is the World’s Most Innovative Company of 2017,” *Fast Company*, Feb. 13, 2017, <https://www.fastcompany.com/3067455/why-amazon-is-the-worlds-most-innovative-company-of-2017> **

Spencer Soper & Josh Eidelson, “Amazon Takes Fresh Stab at \$16 Billion Housekeeping Industry,” *Bloomberg*, March 28, 2018, <https://www.bloomberg.com/news/articles/2018-03-28/amazon-takes-fresh-stab-at-16-billion-housekeeping-industry> **

Preparation questions:

1. Considering Amazon is growing rapidly and launching new services almost every month – like AmazonFresh, its grocery delivery business – where do you think Amazon will be in 10 years?
2. Why is Amazon pursuing such a diverse list of different growth opportunities? Which ones make strategic sense? Which do not?

6.2

HQ2

Preparation materials:

Michelle McQuigge, “Amazon HQ2 short list: Toronto the only non-U.S. city,” *CTV News*, January 18, 2018, <https://www.ctvnews.ca/business/amazon-hq2-short-list-toronto-the-only-non-u-s-city-1.3764946> **

Ratna Omidvar, “Amazon HQ2 Would Be Yet Another Great Canadian Immigration Story,” *Huffington Post*, February 12, 2018, http://www.huffingtonpost.ca/ratna-omidvar/amazon-hq2-would-be-yet-another-great-canadian-immigration-story_a_23359390/ **

Amy Pollard, “What Amazon’s HQ2 Could Mean For Housing In East Boston,” *WBUR*, December 17, 2017, <http://www.wbur.org/bostonmix/2017/12/21/east-boston-housing-amazon> **

Nathan Jensen, “238 cities are wooing Amazon. The winner may end up with a very bad deal,” *Washington Post*, October 24, 2017, <https://www.washingtonpost.com/news/monkey-cage/wp/2017/10/24/238-cities-are-bidding-to-tempt-amazon-to-build-the-winner-may-end-up-with-a-very-bad-deal/> **

Richard Florida, “The disturbing part about Amazon’s HQ2 competition,” *CNN*, January 20, 2018, <https://www.cnn.com/2018/01/20/opinions/amazon-headquarters-competition-disturbing-richard-florida-opinion/index.html> **

“Amazon’s HQ2 and the Rise of Big-Ticket Megadeals,” *Good Jobs First*, September 11, 2017, <https://www.goodjobsfirst.org/news/amazons-hq2-and-rise-big-ticket-megadeals> **

Richard Florida, et al, “Support a Non-Aggression Pact for Amazon’s HQ2,” *Change.Org*. <https://www.change.org/p/elected-officials-and-community-leaders-of-amazon-hq2-finalist-cities-support-a-non-aggression-pact-for-amazon-s-hq2> **

Preparation questions:

***We’ll be joined by Prof. [Richard Florida](#) today. Richard Florida is University Professor and Director of Cities at the Martin Prosperity Institute at Rotman; Distinguished Visiting Fellow at NYU’s Shack Institute of Real Estate; and the co-founder and editor-at-large of *The Atlantic’s CityLab*. He is the author of the *New Urban Crisis* and the best-selling *The*

Rise of the Creative Class. Please come prepared with your questions for him and consider the following:

1. Should cities or other governments offer subsidies to corporations to locate their facilities there?
2. If Amazon HQ2 comes to Toronto, would it be good or bad for you personally? Why? Would it be on average good or bad for the city?

CLASS 7, MAY 17: CONSUMERS AND PRIVACY (note: class is in room 1060 today)

7.1

Privacy

Preparation materials:

Sapna Maheshwari, "Hey, Alexa, What Can You Hear? And What Will You Do With It?" *New York Times*, March 31, 2018, <https://www.nytimes.com/2018/03/31/business/media/amazon-google-privacy-digital-assistants.html> **

Jay Stanley, "The Privacy Threat from Always-On Microphones like the Amazon Echo," *ACLU Blog*, January 13, 2017, <https://www.aclu.org/blog/free-future/privacy-threat-always-microphones-amazon-echo> **

Lisa Austin, "Enough About Me: Why Privacy is About Power, not Consent (or Harm)" in *A World without Privacy: What Law Can and Should Do?* Cambridge University Press, 2014. pp 131-top of 162 only https://www.cambridge.org/core/services/aop-cambridge-core/content/view/BC0D2D0718C26E75630548ED64B0E6C9/9781139962964c3_p131-189_CBO.pdf/enough_about_me_why_privacy_is_about_power_not_consent_or_harm.pdf **

Avi Goldfarb and Catherine Tucker, "Why Managing Consumer Privacy Can Be an Opportunity," *Sloan Management Review*, March 19, 2013, <https://sloanreview.mit.edu/article/why-managing-consumer-privacy-can-be-an-opportunity/> **

Preparation questions

***We'll be joined today by Professor Lisa Austin. Her research and teaching interests include privacy law, property law, and legal theory. She is co-editor (with Dennis Klimchuk) of *Private Law and the Rule of Law* (Oxford University Press, 2015). Her privacy work has been cited numerous times by Canadian courts, including the Supreme Court of Canada. She is also active in a number of public policy debates in Canada. Most recently, she collaborated on a report for the Office of the Privacy Commissioner of Canada entitled *Seeing Through the Cloud: National Jurisdiction and Location of Data, Servers, and Networks Still Matter in a Digitally Interconnected World*. Previous policy work includes consulting for the Canadian Judicial Council on their *Model Policy for Access to Court Records in Canada*. Please come prepared with your questions for her and consider the following:

1. What responsibilities does Amazon have to its customers address the impact of their products, e.g., on the erosion of privacy?
2. Do you have an Amazon Echo or related device in your home? What are the tradeoffs for you in having one (or not)?

7.2

Consumers and consumerism

Preparation materials:

Recall from first day: *The Everything Store*, pp. 110-113

Juliet Schor, "The New Politics of Consumption," *Boston Review*, Summer 1999, <http://bostonreview.net/archives/BR24.3/schor.html> **

Hiroko Tabuchi, "Amazon Dreams Up a Sale in a Calendar Bursting With Them," *New York Times*, July 14, 2015, <http://nyti.ms/1IYZD0d> **

Morgan Quinn, "12 sneaky ways Amazon gets you to spend more money," *Las Vegas Review-Journal*, June 17, 2016, <https://www.reviewjournal.com/business/12-sneaky-ways-amazon-gets-you-to-spend-more-money/> **

David Ingold and Spencer Soper, "Amazon Doesn't Consider the Race of Its Customers. Should it?" *Bloomberg*, April 21, 2016, <https://www.bloomberg.com/graphics/2016-amazon-same-day/> **

Preparation questions:

1. Go to your account history on Amazon: what was the first product you bought on the site, and when did you buy it? How much money have you spent on Amazon in the past year?
2. What does Amazon do to increase its sales to you?
3. Does Amazon have any obligation to serve customers in marginalized communities?

CLASS 8, MAY 18: THE FUTURE

8.1

What is Amazon worth?

Preparation materials: Recall from the first day of class: Daniel Salmon and William Lowden, "Amazon.com" *BMO Capital Markets report*, March 1, 2016. You already read pp. 9-44, now read the valuation discussions on pp. 1-8 and 45-52. *

Daniel Salmon and William Lowden, "Target to \$1200, New Top Pick; From Duopoly to Triumvirate," *BMO Capital Markets report*, April 4, 2017 *

Farhad Manjoo, "Amazon Not as Unstoppable as It Might Appear," *New York Times*, December 17, 2014, <https://nyti.ms/13aCRR3> **

Aswath Damodaran, Musings on Markets blog: read the following two blog posts on Amazon

- "‘If you build it (revenues), they (profits) will come’: Amazon’s Field of Dreams!" October 29, 2014 <http://aswathdamodaran.blogspot.ca/2014/10/if-you-build-it-revenues-they-profits.html> **
- "The Disruptive Duo: Amazon and Netflix!" February 17, 2016 <http://aswathdamodaran.blogspot.ca/2016/02/the-disruptive-duo-amazon-and-netflix.html> **

Preparation questions: ***We will be joined today by Daniel Salmon, Managing Director and Equity Research Analyst at BMO Capital Markets. A native Canadian, he works for BMO in New York. He covers the tech sector, including: Alphabet, Facebook, Amazon, Disney, 21st Century Fox, Time Warner, Netflix, eBay, CBS, Twitter, Viacom, WPP, Omnicom, Publicis, Nielsen, Alliance Data Systems, Interpublic, IAC, Match Group, ANGI Homeservices, Switch, Criteo, Pandora, Acxiom, MDC Partners, and Chegg.

In preparation for our discussion, consider the following questions:

1. What does Amazon's future look like?
2. Is its competitive advantage sustainable?
3. Is its valuation reasonable?

Assignment: In preparation for our conversation about valuation, please submit your survey answers by 5 pm on May 17. (See assignment description above and link in Rworld or here: <https://goo.gl/forms/X2xw7D8V6ty34bLH3>)

8.2

Course evaluation, please bring your laptops

8.3

Wrap up: 360 degrees of Amazon

Preparation questions:

1. What do we learn about a company by looking at it from all angles?
2. How would the "360°" methodology change something you have done or are doing at work?

OPTION 2: WALMART

Schedule, preparation materials and preparation questions

All materials with an “*” are available in the class RWorld site under “class materials.” Everything else is available under “links” or is a reading from one of the required books for the course. Make sure you have covered all of the readings and have developed answers to each of the preparation questions before coming to class. Please note the specific pages or chapters for which you are responsible.

CLASS 1, JANUARY 5: INTRODUCTION AND WALMART’S STRATEGY

1.1 Intro to the course

Preparation materials: The “Corporation 360°” concept:

- Richard N. Foster and Sarah Kaplan. *Creative Destruction: why companies that are built to last underperform the market -- and how to successfully transform them.* London: Prentice Hall, 2001, pp. 7-24, 116-124.*
- R. Edward Freeman et al, “The problems that stakeholder theory tries to resolve,” in *Stakeholder Theory: The State of the Art*, Cambridge: Cambridge University Press, 2010, pp. 3-29*

Background on Sam Walton’s Wal-Mart:

- Sam Walton, *Made in America: My Story.* 1993. Bantam Books. Read: Foreword, Chapters 1-4, 7-9 and 11-14.

1.2 Wal-Mart’s strategy

- Preparation materials:
- “Meet the CEO of the Biggest Company on Earth,” *Fortune*, Sept. 9, 2010. <http://money.cnn.com/2010/09/07/news/companies/mikedukewalmartfull.fortune/index.htm>
 - *Wal-Mart Stores, Inc.* (794024). See instructions above for purchasing at www.iveycases.com. Some of you may already have this case from your Strategy I course, in which case, you do not need to order it again.
 - Michael E. Porter. “What is strategy?” *Harvard Business Review*, 1996, 74(6): with special attention to pages 70-78*

- Preparation questions:
1. How does Wal-Mart make money? Describe the activity system (see the Porter article for examples of activity systems). Start with the decision to assure “Everyday Low Prices” and think about all of the processes and activities connected to that decision. What are the most important links? What are the vulnerable spots in the system?
 2. Does Wal-Mart have a competitive advantage? What is your evidence (financial and qualitative) one way or the other? If you think it does have an advantage, what are the sources of this competitive advantage?
 3. Reflecting on Sam Walton’s autobiography about the development of Wal-Mart, how much do you think Wal-Mart’s success is due to luck vs. deliberate strategy and foresight? What specific examples can you provide to support your argument?

CLASS 2, JANUARY 6: WORKING WITH SUPPLIERS: BUYING, SUPPLYING AND LOGISTICS

2.1 Supplying to Walmart and other large retailers

Preparation materials: ***Shelley Martin, CEO and President of Nestlé Canada will be joining class today. She has executive responsibility for Nestlé in Canada which includes the following divisions: Beverages, Confectionery, Frozen (meals, Ice Cream and Pizza), Nestlé Professional, Nestlé Purina PetCare, Nestlé Waters, Nestlé Health Science and Nestlé Nutrition. Nestlé in Canada businesses employ approximately 3,600 people in 23 facilities, including manufacturing sites, sales offices and distribution centres nationally <http://www.corporate.nestle.ca/en/aboutus/nestleincanada>. Please come prepared with your questions. Also, read the following materials:

Skim: background on Nestlé:

- <http://www.nestle.com/asset-library/documents/investors/nis-2014-boston/nis-boston-q-and-a-transcript.pdf>
- <http://www.nestle.com/investors/strategy>

The Wal-Mart Effect, pp. 51-59, 70-78, 79-91, 111-129.

Lorna Pappas, "Nestlé Purina PetCare: A Supplier's View of Collaboration," *Retail TouchPoints*, February 25, 2013, <http://www.retailtouchpoints.com/in-store-insights/2325-nestle-purina-petcare-a-suppliers-view-of-collaboration>

Kim Gerard, "Supply chain partnerships: How Levi's got its jeans into Wal-Mart," *CIO Magazine*, July 15, 2003. <http://www.cio.com/article/2439956/supply-chain-management/supply-chain-partnerships--how-levi-s-got-its-jeans-into-wal-mart.html>

2.2

Supply chain and global sourcing

Preparation materials:

Bahar Barami, "Productivity gains from pull logistics: tradeoffs of internal and external costs," Paper presented at the Transportation Research Board Conference on Transportation and Economic Development, May 2002.*

The Wal-Mart Effect, pp. 167-195.

David Barboza, "China Shifts From Emphasis on Low-Cost Factories," *The New York Times*, September 15, 2010, <http://www.nytimes.com/2010/09/16/business/global/16factory.html>

For Wal-Mart's perspective, look at their "2014 Global Responsibility Report," (pp. 50-61).

Preparation questions:

1. Explore two cases from the *Wal-Mart effect*.
 - If you were in Mariotti's shoes at Huffy, would you give your designs to your competitors to produce the Wal-Mart demand you couldn't produce yourself? Why or why not? What would be an alternative approach?
 - If you were in Wier's shoes at Snapper lawnmowers, would you choose to pull your products from Wal-Mart stores? Why or why not? What would be an alternative approach?
2. Looking at Barami's framework for thinking about logistics, how does Walmart substitute information for inventory? How do they substitute transportation for inventory? What requirements does this put on suppliers?
3. How are Wal-Mart's supply chain management procedures connected to its relationships with its product suppliers?

CLASS 3, JANUARY 7: WORKERS

3.1

Discrimination

Preparation materials:

Liza Featherstone. *Selling women short: the landmark battle for workers' rights at Wal-Mart*. New York: Basic Books, 2004, Chapter 4 ("Always low wages").*

Look at materials from the Wal-Mart class action suits (the general site, for your information is: <http://www.walmartclass.com/publichome.html>). Read the first five summaries of declarations by Wal-Mart employees (1 page): <http://walmartclass.com/walmartclassdeclarationsummaries.html>. You may be interested in looking at their full declarations.

Expert testimony by Prof. William Bielby on discrimination.*

For Wal-Mart's current initiatives, look at their "2014 Global Responsibility Report," (pp. 68-72).

Alison Wood Brooks, et al, "Investors prefer entrepreneurial ventures pitched by attractive men," *Proceedings of National Academy of Sciences*, <http://www.pnas.org/content/early/2014/03/06/1321202111>

Summary of research on implicit bias from Rutgers University Philosophy Dept website: "What is implicit bias?*" (3 pages)

- Preparation questions:
1. What are the possible explanations for the gender inequities observed at Wal-Mart?
 2. Does your reading of Sam Walton's autobiography (from Class 1) give you any insight into the sources of discrimination?
 3. Is Professor Bielby's assessment of the dynamics of discrimination only applicable to Wal-Mart? Have you seen any of these issues in other contexts?

3.2 Labor and unionization

Preparation materials: "Supplemental Benefits Documentation" Board of Directors Retreat, FY06, Wal-Mart Stores, Inc. internal document, <http://www.nytimes.com/packages/pdf/business/26walmart.pdf>

Briefing on Wal-Mart's practices vis-à-vis unions from "No Sweat" a UK organization aimed at fighting sweatshop exploitation (3 pages)*

Skim: "A Manager's Toolbox to Remaining Union Free," Wal-Mart internal document from 1997 (53 pages) <http://www.uncw.ca/Theme/UFCW/files/ManagersToolbox.pdf>

Arindrajid Dube, Dave Graham-Squire, Ken Jacobs and Stephanie Luce, "Living Wage Policies and Wal-Mart: How a Higher Wage Standard Would Impact Wal-Mart Workers and Shoppers," UC Berkeley Labor Center White Paper, December 2007. **Pages 1-3.** <http://laborcenter.berkeley.edu/retail/walmartlivingwagepolicies07.pdf>

Liza Featherstone, "Wage Against the Machine," *Slate*, June 27, 2008. <http://www.slate.com/id/2194332/> (comparison between Costco and Wal-Mart HR strategies) (4 pages).

"Quebec unionized Wal-Mart workers win Supreme Court victory," CBCNews, June 27, 2014, <http://www.cbc.ca/news/canada/montreal/quebec-unionized-wal-mart-workers-win-supreme-court-victory-1.2689646>

- Preparation questions:
1. If you were the Executive Vice President of Human Resources (the People Division) at Wal-Mart, how would you think about your priorities?
 2. How can you reconcile your understanding of the sources of competitive advantage at Wal-Mart and what we know about their human resource practices? Can Wal-Mart follow CostCo's HR strategy?
 3. Should Wal-Mart cease its opposition to the unionization of its associates?

CLASS 4, JANUARY 8: STORES AND CONSUMERS

4.1 Stores and store operations

Preparation materials: ***Mauro Pambianchi (Rotman MBA '81), EVP & Chief Development Officer of SmartCentres will be joining us in class today. He is responsible for the company's development program across the country, including all aspects of development, from land acquisition through to zoning approvals, design development, leasing and construction. Prior to joining SmartCentres in September 2001, Mr. Pambianchi served as Senior Vice-President, Retail Division at Brookfield Properties, and, prior to that, he held progressively senior development positions over 18 years at The Cadillac Fairview Corporation, most recently as Senior Vice-President, Retail Development. Please come prepared with your questions for him. In addition, please read the following materials:

- Sean Silcoff, "Wal-Mart's Silent Partner," *Canadian Business*, January 10, 2000, <http://search.proquest.com.myaccess.library.utoronto.ca/docview/221397319/fulltext/1D15FC401814C65PQ/1?accountid=14771>
- Hayley Peterson, "Wal-Mart Is Drastically Cutting Back On Building Supercenters," October 14, 2014 <http://www.businessinsider.com/walmart-slows-supercenter-growth-2014-10>
- Deloitte and Retail Council of Canada, "Omni-channel: rethink, reshape, revalue," Retail Study 2014, <http://www.retailcouncil.org/sites/default/files/documents/Deloitte-RCC-Retail-Study.pdf>, pp. 8-15

4.2 Consumers and consumption

Preparation materials: Benjamin Schneider & David E. Bowen. "Understanding customer delight and outrage." *Sloan Management Review*, 1999, 41(1), <http://simplelink.library.utoronto.ca/url.cfm/326847>

The Wal-Mart Effect, pp. 219-222.

Wal-Mart market segmentation*

"Not all brand-consumer relationships are created equal." U of T study: <http://www.rotman.utoronto.ca/news/detail.asp?ID=669>*

Juliet Schor, "The New Politics of Consumption," *Boston Review*, Summer 1999, <http://new.bostonreview.net/BR24.3/schor.html>

Paco Underhill, *Why We Buy*, pp. 77-88.*

Liza Featherstone. *Selling women short: the landmark battle for workers' rights at Wal-Mart*. New York: Basic Books, 2004, pp. 211-222 ("Attention Shoppers").*

- Preparation questions:
1. Who are Wal-Mart's shoppers in North America? How would you characterize them?
 2. What is the relationship between the EDLP strategy and Wal-Mart's customers?
 3. How would you describe the connections between 'who the shopper is' and 'who the employees are'?

CLASS 5: JANUARY 12: STORES AND IMPACT ON COMMUNITIES

5.1 Report back from store visits

Preparation: Be prepared to share key insights from your field study. I will call on 3-4 of you to come to the front of the class to summarize your ideas (no Powerpoints!). We will then have a broader class discussion about the insights you gleaned from your visits to Walmart stores.

5.2 Impact on communities

Preparation materials: *The Wal-Mart Effect*, pp. 137-146, 222-236.

Srikanth Paruchuri, Joel A.C. Baum, & David Potere. "The Wal-Mart Effect: Wave of Destruction or Creative Destruction?" *Economic Geography*, 2009, 85(2): 209-236. <http://onlinelibrary.wiley.com/doi/10.1111/j.1944-8287.2009.01023.x/full>. Read the abstract plus pp. 210-212.

Andrea M. Dean & Russell S. Sobel, "Has Wal-Mart Buried Mom and Pop?" *Regulation*, April 2008, pp. 38-45. <http://www.cato.org/pubs/regulation/regv31n1/v31n1-1.pdf>

Marc Levinson, *The Great A&P and the Struggle for Small Business in America*, New York: Hill and Wang, 2011, pp. 3-12.*

Report on subsidies: <http://www.goodjobsfirst.org/sites/default/files/docs/pdf/wmtstudy.pdf>. Read pages 7-10 (the executive summary only)

Matthew Hoekstra, "Wal-Mart Makes 'Significant' Concessions," *The Richmond Review*, September 17, 2013. <http://www.richmondreview.com/news/224110231.html>

For a perspective from outside the U.S., read Margath A. Walker, David Walker, Yanga Villagómez Velázquez, "The Wal-Martification of Teotihuacán: Issues of Resistance and Cultural Heritage," *Wal-Mart World*, New York: Routledge, ed. Stanley D. Brunn, 2006, pp. 217-224.*

- Preparation questions:
1. Does Wal-Mart have a positive or negative effect on the communities in which it operates? Upon what criteria do you base your assessment?
 2. What is the justification for states/provinces or towns to provide subsidies for Wal-Mart to set up operations? Under what conditions do subsidies make sense?

CLASS 6, JANUARY 13: GLOBALIZATION

6.1 China

Preparation materials: "Wal-Mart Stores: 'Every Day Low Prices' in China," Asia Case Research Centre case #HKU590, read pp. 1, 9-27 only. See instructions above for purchasing at www.iveycases.com.

- Preparation questions:
1. What are the opportunities for profits in retailing in China? What aspects of the industry structure and competitive landscape are the same or different from the U.S.?
 2. Can Wal-Mart compete successfully with local players?

6.2 Canada

Preparation materials: "Wal-Mart looks to Canada for growth," *Associated Press*, March 21, 2007, <http://www.cbc.ca/news/business/story/2007/03/21/walmart.html>

Andy Georgiades, "Wal-Mart Canada to Close Sam's Club Division," *Wall Street Journal*, February 26, 2009*

Marina Strauss, "Wal-Mart Canada beefs up for retailers' food fight," *The Globe and Mail*, April 12, 2012, <http://www.theglobeandmail.com/globe-investor/wal-mart-canada-beefs-up-for-retailers-food-fight/article4101681/#dashboard/follows/>

Marina Strauss, "A tough turnaround ahead for Target in Canada," *The Globe and Mail*, February 28, 2014, <http://www.theglobeandmail.com/report-on-business/targets-tough-turnaround/article17181868/?page=all>

Marina Strauss, "Target's new Canadian chief: 'You have to be priced right'," *The Globe and Mail*, May 23, 2014, <http://www.theglobeandmail.com/report-on-business/targets-new-canadian-chief-you-have-to-be-priced-right/article18819943/>

- Preparation questions:
1. Canadian shoppers were eager for Target to enter Canada and other retailers were worried. Why hasn't Target been as successful as it wanted to be in this market? Why has Wal-Mart been more successful?
 2. In reading the various descriptions of the Canadian retailing market, what about Wal-Mart's model in the US should work in Canada and what doesn't translate across the boarder?

6.3 Mexico

Preparation materials: Mexico: Chris Tilly, "Wal-Mart in Mexico: The Limits to Growth," in *Wal-Mart: the face of twenty-first-century capitalism*. New York: New Press, ed. Nelson Lichtenstein, 2006, pp. 189-209.*

David Barstow, "Vast Mexico Bribery Case Hushed Up by Wal-Mart After Top-Level Struggle," *New York Times*, April 21, 2012*

Thomas Donaldson & Thomas Dunfee, "When ethics travel: The promise and peril of global business ethics," *California Management Review*; Summer 1999; 41, 4
<http://myaccess.library.utoronto.ca/login?url=http://search.proquest.com.myaccess.library.utoronto.ca/docview/216135098?accountid=14771>

- Preparation questions:
1. What is your explanation for the different rates of success for Walmart in other countries?
 2. Does your analysis of Wal-Mart's geographic expansion change how you think about the sources of competitive advantage for Wal-Mart?
 3. What standards should Wal-Mart apply when operating in countries around the world?
 4. Is it ok for Wal-Mart to make bribes if that is standard practice in the country?

CLASS 7, JANUARY 14: WAL-MART EFFECT AND SUSTAINABILITY

7.1 Environmental sustainability

Preparation materials: Ram Nidumolu, C.K. Prahalad, & M.R. Rangaswami, "Why Sustainability is Now the Key Driver of Innovation," *Harvard Business Review*, September 2009, pp. 56-64*

Skim "Wal-Mart 2014 Global Responsibility Report," (pp. 82-107).

Stacy Mitchell, "Walmart's Greenwash," Institute for Local Self-Reliance, <http://www.ilsr.org/wp-content/uploads/2012/03/walmart-greenwash-report.pdf> pp. 4-17 (the rest of the report is worth a read too, but not required!).

Heather Somerville, "Wal-Mart asks suppliers to stop using harmful chemicals," *San Jose Mercury News*, February 27, 2014. <http://www.mercurynews.com/health/ci25243009/wal-mart-asks-suppliers-stop-using-harmful-chemicals>

Orville Schell, "How Wal-Mart is Changing China," *The Atlantic*, December 2011. <http://www.theatlantic.com/magazine/archive/2011/12/how-Wal-Mart-is-changing-china/8709/>

- Preparation questions:**
1. Is Wal-Mart doing enough to address sustainability concerns?
 2. Does your answer differ depending on perspectives of different stakeholders?
 3. Does your answer differ depending on which country Wal-Mart is operating in?

7.2 Reflections on the Wal-Mart effect

Preparation materials: ***Author Charles Fishman will be joining our class today. See his bio here: <http://www.walmarteffectbook.com/theauthor.html>. He will be speaking about his research for *The Wal-Mart Effect*. Please come prepared with your questions for him. Please also read:

The Wal-Mart Effect, pp. 236-247.

Pankaj Ghemawat, "Business, Society, and the 'Wal-Mart Effect'." *Academy of Management Perspectives*, 2006, pp. 41-43, <http://search.ebscohost.com.myaccess.library.utoronto.ca/login.aspx?direct=true&db=buh&AN=21903480&site=ehost-live>

CLASS 8, JANUARY 15: FUTURE GROWTH

8.1 Sustainability of Wal-Mart's competitive advantage: future growth

Preparation materials: ***Kathleen McLaughlin, President, Walmart Foundation and Chief Sustainability Officer, Walmart Corp. (<http://corporate.walmart.com/news/photos/kathleen-mclaughlin-president-foundation-svp-sustainability-speaks-to-walmarts-goals-at-the-2014-global-sustainability-milestone-meeting>) will be joining class today. She will be speaking about her dual role at the Foundation and in the corporation and how these two work synergistically together. Please come prepared with your questions.

Claire Cain Miller and Stephanie Clifford, "To Catch Up, Walmart Moves to Amazon Turf," *New York Times*, October 19, 2013, <http://www.nytimes.com/2013/10/20/technology/to-catch-up-walmart-moves-to-amazon-turf.html>

Kim Souza, "Wal-Mart's big tech bets focused on content, attracting Gen Y," *The City Wire*, April 1, 2014, <http://www.thecitywire.com/node/32440>

Deirdre Fernandes, "More relying on Walmart for financial services," *Boston Globe*, July 10, 2014. <http://www.bostonglobe.com/business/2014/07/09/walmart-isn-bank-but-consumers-are-choosing-its-financial-services/0oJtrqVKI8OXTuQ3SBtrSl/story.html>

Anne D'Innocenzio, "Wal-Mart brings one-stop shopping to car insurance," *Associated Press*, April 30, 2014, <http://bigstory.ap.org/article/wal-mart-brings-one-stop-shopping-car-insurance>

Brad Stone, "Adding Wal-Mart's Clout to Streamed Shows," *The New York Times*, February 23, 2010.
<http://query.nytimes.com/gst/fullpage.html?res=9C06E6D9173AF930A15751C0A9669D8B63&fta=y>

Alison Griswold, "Walmart's Affordable Care Act," *Slate.com*, October 22, 2014,
http://www.slate.com/articles/business/moneybox/2014/10/walmart_and_health_care_partnership_with_directhealth.com.html

- Preparation questions:
1. What does Wal-Mart's future look like?
 2. Is its competitive advantage sustainable?

8.2

Wrap up: 360 degrees of Wal-Mart

- Preparation questions:
1. What do we learn about a company by looking at it from all angles?
 2. How would the "360°" methodology change something you have done or are doing at work?

OPTION 3: NIKE

Schedule, preparation materials, preparation questions & assignments

All materials with an “*” are available in the class RWorld site under “class materials.” Everything else is available under “links” or is a reading from one of the required textbooks (T) for the course. Make sure you have covered all of the readings and have developed answers to each of the preparation questions before coming to class. Please note the specific pages or chapters for which you are responsible.

Class #1 – May 1

Intro to the course and discussion of Nike’s strategy

Preparation materials:

Note: there is a large amount of reading for today’s class. Please plan accordingly.

Pre-reading on the “Corporation 360°” concept:

- Richard N. Foster & Sarah Kaplan (2001). *Creative Destruction: why companies that are built to last underperform the market – and how to successfully transform them*. London: Prentice Hall, pp. 7-24, 116-124, 184-196, 209-212.*
- R. Edward Freeman et al, “The problems that stakeholder theory tries to resolve,” in *Stakeholder Theory: The State of the Art*, Cambridge: Cambridge University Press, 2010, pp. 3-29*

Background on Nike and the athletic footwear industry:

- J. B. Strasser & Laurie Becklund (1993). *Swoosh: Unauthorized Story of Nike and the Men who Played There*. New York: Harper Paperbacks. pp. 1-233. This book is an easy read and gives you a terrific background on how Nike was started. (T)
- Tom Vanderbilt (1998). *The Sneaker Book*. New York: The New Press. “A Short History of the Sneaker” pp. 2-25. (T)
- Nike (A), *Harvard Business Case #9-385-025*. <http://cb.hbsp.harvard.edu/cb/access/13488250>
- Robert Goldman & Stephen Papson (1998). *Nike Culture*. Thousand Oaks, Ca.: Sage Publications, pp. 4-16.*

Strategic concepts:

- Remind yourself about activity systems as described in: Michael E. Porter (1996). “What is strategy?” *Harvard Business Review*, 74(6): 61-78. This was assigned to you in your Strategy core course, so you may have it in your files, otherwise you can download it here: <http://simplelink.library.utoronto.ca/url.cfm/225679> .

Preparation questions:

1. What is Nike’s strategy? How has it changed over the years? Contrast Nike’s strategy in the early 1980s and more recently. What are the key activities and how are they linked?
2. What about the founders and the culture of Nike help you understand Nike’s strategy?

Assignment:

Nike financial analysis due at 12 noon before class tomorrow (May 2)

Class #2 – May 2

Competition, crises and renewal

Preparation materials:

On Nike’s competitive successes and failures:

- J. B. Strasser & Laurie Becklund (1993). *Swoosh: Unauthorized Story of Nike and the Men who Played There*. New York: Harper Paperbacks. On dislodging Adidas, pp. 286-302. On the rise of Reebok, pp. 395-400. (T)
- Jack Friedman, “Who’s Casual? Not Nike. It’s Running Again,” *The Business Journal (Portland)*, July 8, 1985.*
- Kenneth Labich & Tim Carvell, “Nike Vs. Reebok: A Battle for Hearts, Minds & Feet,” *Fortune*, September 18, 1995, http://money.cnn.com/magazines/fortune/fortune_archive/1995/09/18/206103/index.htm
- Nike, Inc.—Entering the New Millenium, *Harvard Business Case #9-299-084*. <http://cb.hbsp.harvard.edu/cb/access/13488250>

- Tom Vanderbilt (1998). *The Sneaker Book*. New York: The New Press. "Sneakers and Nothingness" pp. 120-133. (T)
- Seth Stevenson, "How to Beat Nike," *New York Times Magazine*, January 3, 2003. <http://www.nytimes.com/2003/01/05/magazine/how-to-beat-nike.html>
- Laura Petrecca & Theresa Howard, "Adidas-Reebok merger lets rivals nip at Nike's heels," *USA Today*, August 4, 2005. http://www.usatoday.com/money/industries/manufacturing/2005-08-04-adidas-1b-cover-usat_x.htm
- Table on "How Adidas and Reebok stack up against rival Nike" *USA Today*: <http://www.usatoday.com/money/industries/manufacturing/2005-08-04-adidas-reebok-chart.htm>

On mental models, luck and strategy:

- Rebecca Henderson (2000). "Luck,' 'Leadership' and 'Strategy.'" In J. A. C. Baum & F. Dobbin (Eds.), *Economics meets sociology in strategic management: Advances in Strategic Management*, v. 17: 285-289. Stamford, Conn.: JAI Press.*
- Richard N. Foster & Sarah Kaplan (2001). *Creative Destruction: why companies that are built to last underperform the market -- and how to successfully transform them*. London: Prentice Hall, "Cultural Lock-In," pp. 61-87.*

Preparation questions:

1. Be prepared to discuss the results of your financial analysis of Nike. We will make the link between yesterday's strategy discussion and the financial perspective.
2. Does Nike have a competitive advantage? What is your evidence? If you think it does have an advantage, what are the sources of this competitive advantage?
3. What performance crises did Nike face in the 1980's and 1990's? What were the causes? What are the similarities and differences?
4. Reflecting on the history of Nike, how much do you think Nike's success is due to luck vs. deliberate strategy and foresight? What specific examples can you provide to support your argument?

Class #3 – May 3

Preparation materials:

Marketing the Nike brand

Branding and Nike's approach:

- Naomi Klein (2002), *No Logo*, New York: Picador. Chapter 1: "New Branded World," pp. 3-26, Chapter 2: "The Brand Expands," pp. 27-61. (T)
- Tom Vanderbilt (1998). *The Sneaker Book*. New York: The New Press. pp. 25-47, 116-119, 134-138. (T)
- Geraldine E. Willigan (1992), "High-Performance Marketing: An Interview with Nike's Phil Knight," *Harvard Business Review*, July-August 1992, pp. 91-101. <http://simplelink.library.utoronto.ca/url.cfm/144636>
- Rukmini Callimachi, "Nike Sneaks into Wal-Mart Sans Swoosh," *Seattle Post Intelligencer*, April 15, 2005. http://www.seattlepi.com/business/220212_cheapnike15.html
- Helen Walters, "Nike's New Downmarket Strategy," *BusinessWeek*, February 27, 2007. http://www.businessweek.com/innovate/content/feb2007/id20070227_004086.htm

"Culture jamming":

- Naomi Klein (2002), *No Logo*, New York: Picador. Chapter 12: "Culture Jamming," pp. 279-309. (T)
- Joseph Heath & Andrew Potter (2006), *The Rebel Sell: How the Counterculture became the Consumer Culture*, New York: Harper Collins, "I Hate Myself and Want to Buy," pp. 98-134.*

Athletes/celebrities

- Roy Johnson, "The Jordan Effect: The World's Greatest Basketball Player is also One of its Great Brands. What is his Impact on the Economy?" *Fortune*, June 22, 1998, http://money.cnn.com/magazines/fortune/fortune_archive/1998/06/22/244166/index.htm
- Lisa DiCarlo, "Six Degrees of Tiger Woods," *Forbes*, March 18, 2004. http://www.forbes.com/2004/03/18/cx_id_0318nike.html
- Robert Goldman & Stephen Papson (1998). *Nike Culture*. Thousand Oaks: Sage Publications. pp. 47-56.*
- National Public Radio (2010), "Nike Drops Vick, But Keeps Roethlisberger?" April 22, 2010 interview of Timothy Egan by Neal Conan. Listen to the 17 minute story or read the transcript here: <http://www.npr.org/templates/story/story.php?storyId=126194493>

Preparation questions:

1. Why did branding develop as a business practice?
2. What role does branding play in Nike's strategy and activity system?
3. What is the concept of "culture jamming"? Why was it developed? Is it effective?
4. What role do celebrity athletes play in Nike's branding strategy? What are the pros and cons of using celebrity athletes?

Assignment:

After class commentary due to eDropbox by noon tomorrow, May 4.

Class #4 – May 4

Part 1: Product design

Part 2: Retailing

Part 1: Product design:

- Tracy Carbasho (2010), *Nike*, "High-Tech is High Stakes," pp. 63-76.*
- Tom Vanderbilt (1998). *The Sneaker Book*. New York: New Press, pp. 50-73. (T)
- Randy Gragg, "Domination by Design," *Metropolis*, June 1997, pp. 63-83 only.*
- Malcolm Gladwell, "The Coolhunt," *The New Yorker*, March 17, 1997. Available at: <http://www.gladwell.com/pdf/coolhunt.pdf>

Part 2: Nike's retailing strategy:

- Christine Bucklin, Pamela Thomas-Graham & Elizabeth Webster (1997), "Channel conflict: when is it dangerous?" *McKinsey Quarterly*, #3, pp. 36-43. <http://www.brickmeetsbyte.com/images/uploads/mckinseychannelconflict.pdf>
- Knowledge@Emory, "Nike Seeks to Change the Way the World Shops," August 10, 2005. <http://knowledge.emory.edu/article.cfm?articleid=862#> (may require free registration to access the article)
- Kerry Hannon, "The 1992 Store of the Year: Nike Town combines the razzle-dazzle of show biz with first-rate service to get customers to pay full price—happily," *Money*, December 1, 1991, http://money.cnn.com/magazines/moneymag/moneymag_archive/1991/12/01/86949/index.htm
- Randy Gragg, "Domination by Design," *Metropolis*, June 1997, pp. 83-85 only.*
- Tom Vanderbilt (1998). *The Sneaker Book*. New York: The New Press. "Learning From Niketown" pp. 146-155. (T)
- Rose, Barbara. "Workers took on Nike and won," *Chicago Tribune*, 13 Aug 2007: 3.2. <http://simplelink.library.utoronto.ca/url.cfm/225379>

Preparation questions:

Questions about product design:

1. What role has technology played in Nike's strategy?
2. What is the connection between branding, the athletes and new product design?

Questions about retailing:

1. What was innovative about Nike's initial retailing strategy in the 1980s?
2. Why would Nike launch Niketown stores? What were/are the risks and benefits? Does this same logic apply to nike.com?
3. Who are Niketown employees? Who are Niketown's customers? Is there a connection between the two?

Assignment: Field study assignment. Details about assignment will be handed out in class. Due May 7 at 9 a.m. to turnitin.com.

Class #5 – May 8

Part 1: Report back on field study

Part 2: Perspective from Nike

Preparation materials:

Part 1: We will discuss the results of your field study. You will be given a strategy challenge based on the information you gathered in your field study.

***Part 2: Eric Grimes, General Manager for Nike Canada will join our class today. He will discuss Nike's strategy worldwide and for Canada specifically. There will also be time for Q&A.

Preparation questions:

Please come prepared with questions for Eric Grimes.

Class #6 – May 9

Green business and sustainability

Preparation materials:

On corporate responsibility:

- Refer back to reading for first class session: R. Edward Freeman et al, "The problems that stakeholder theory tries to resolve," in *Stakeholder Theory: The State of the Art*, Cambridge: Cambridge University Press, 2010, pp. 3-29*
- Skim: Deloitte Touche Tohmatsu & World Economic Forum (2009) *The Business Case for Sustainability*, http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Bus-Sustainability-print_OK.pdf.
- Michael E. Porter and Mark R. Kramer (2006), "Strategy and Society," *Harvard Business Review*, 84(12), pp. 78-92. <http://simplelink.library.utoronto.ca/url.cfm/145102>
- Nina Mazar and Chen-Bo Zhong (2010), "Do Green Products Make Us Better People?" *Psychological Science*, 21: 494-498. <http://myaccess.library.utoronto.ca/login?url=http://pss.sagepub.com/content/21/4/494.full.pdf+html>

On Nike's approach to sustainability:

- Rebecca Henderson, Richard Locke, Christopher Lyddy, Cate Reavis (2009). "Nike Considered: Getting Traction on Sustainability," free case available at: <https://mitsloan.mit.edu/MSTIR/sustainability/NikeConsidered/Pages/default.aspx>
- Eugenia Levenson, "Citizen Nike," *Fortune*, November 17, 2008, http://money.cnn.com/2008/11/17/news/companies/levenson_nike.fortune/index.htm?postversion=2008111712
- Nike on the Air Jordan XX3, the 1st basketball shoe designed with the "Considered" rubric: http://www.nikebiz.com/responsibility/considered_design/features/jordan_XX3.html
- Look at Nike's Environmental Design Tool: <http://www.nikebiz.com/responsibility/nikeenvironmentaldesigntool>

Preparation questions:

1. Why is Nike making such a push to pursue sustainability initiatives?
2. Does this strategy make sense? Said differently, does it play to any of Nike's strengths or help cope with any weaknesses? How?

3. Should Nike be a model corporate citizen or should it focus on serving its shareholders? Are these tradeoffs?

Assignment:

After class commentary due to eDropbox by noon tomorrow, May 10.

Class #7 – May 10

Supply chain and sweatshops

Preparation materials:

****Bring your computers to class in order to fill out course evaluations today****

Background on global manufacturing trends and Nike's manufacturing approach:

- Ellen Israel Rosen (2002), *Making Sweatshops: The Globalization of the U.S. Apparel Industry*, Berkeley & Los Angeles: University of California Press, Chapter 2, pp. 13-26.*
- Tom Vanderbilt (1998). *The Sneaker Book*. New York: The New Press. "Executing the Play: Manufacturing and Distribution" pp. 76-113. (T)
- Naomi Klein (2002), *No Logo*, New York: Picador. Chapter 9: "The Discarded Factory," pp. 195-229, part of Chapter 16, "The Swoosh: The Fight for Good Jobs," pp. 365-379. (T)

Nike's 1997 crisis:

- David Moberg, "Just doing it: Inside Nike's new-age sweatshop," *L.A. Weekly*, June 20, 1997. Available at: http://www.crlabor.org/alerts/1997/nike_indonesia.html
- Phil Knight speech on "New Labor Initiatives," to National Press Club, May 12, 1998. <http://business.nmsu.edu/~dboje/NIKphilspeech.html>

Approaches to solving the "sweatshop" problems:

- Richard Locke & Monica Romis (2007). "Improving Work Conditions in a Global Supply Chain," *Sloan Management Review*, Vol. 48, No. 2. <http://simplelink.library.utoronto.ca/url.cfm/225714>
- Robert Ross (2009), *Slaves to Fashion: Poverty and Abuse in the New Sweatshops*, Ann Arbor: The University of Michigan Press, Chapter 11 "Combatting Sweatshops from the Grass Roots," pp. 249-274, 282-283.*

Preparation questions:

1. Nike got its start as an innovator in supplying footwear manufactured under contract in Asia. Does this approach still create a competitive advantage for Nike?
2. What responsibility should Nike take for workers in plants owned by others who contract to Nike?
3. What approaches to ameliorating poor labor conditions are most effective?

Class #8 – May 12

Nike succession planning and challenges for the future

Preparation materials:

On corporate performance:

- *McKinsey Quarterly* video on "The four cornerstones of corporate finance," http://www.mckinseyquarterly.com/Creating_value_An_interactive_tutorial_2698?page_num=1#interactive. (May require free registration to view). View the first principle: "core-of-value principle" section only (10 minutes) and think back on your assignment on the financial analysis of Nike.

On CEO succession:

- Claudio Fernández-Aráoz, "Getting the Right People at the Top," *Sloan Management Review*, July 15, 2005, <http://simplelink.library.utoronto.ca/url.cfm/154197>

On Nike's succession planning challenges:

- J. B. Strasser & Laurie Becklund (1993). *Swoosh: Unauthorized Story of Nike and the Men who Played There*. New York: Harper Paperbacks. On Woodell becoming President, pp. 393-394, 401-405. (T)
- D. Roth, "Can Nike Still Do it Without Phil Knight?" *Fortune*, April 2, 2005. http://money.cnn.com/magazines/fortune/fortune_archive/2005/04/04/8255930/index.htm

- S. Holmes (2006), "Nike's CEO Gets the Boot," *BusinessWeek*, Jan. 24, 2006. http://www.businessweek.com/bwdaily/dnflash/jan2006/nf20060124_6652_db016.htm
- S. Holmes (2006), "Inside the Coup at Nike," *BusinessWeek*, January 26, 2006. http://www.businessweek.com/bwdaily/dnflash/jan2006/nf20060126_9724_db016.htm

On current growth and leadership challenges at Nike:

- Monte Burke, "On the Run," *Forbes*, February 11, 2008. <http://www.forbes.com/forbes/2008/0211/082.html>
- Ellen McGirt, "How Nike's CEO Shook Up the Shoe Industry," *Fast Company*, September 1, 2010. <http://www.fastcompany.com/magazine/148/artist-athlete-ceo.html>
- Plus a timeline of Mark Parker's career: <http://www.fastcompany.com/magazine/148/nikes-all-star-designer.html>
- Nike's press release on 2015 growth plan: <http://investors.nikeinc.com/Investors/News/News-Release-Details/2011/NIKE-Inc-Raises-FY15-Revenue-Target-to-28-30-Billion/default.aspx>

Preparation questions:

1. Why is succession such a problem at Nike? How is this connected to issues related to Nike's growth?
2. What are the levers for improving value? Which of these have more potential for Nike? Is its competitive advantage sustainable?
3. Wrap up: What are lessons learned from looking at one company from 360°?

Exam – May 11-14

Please see the information above for guidelines on the final exam. Handed out at end of class on May 11. Due May 14 at 9 a.m. to Turnitin.com.