GSBA 552:
PROBLEM SOLVING & DECISION MAKING: AN INTEGRATIVE APPROACH
Term Three 2015-2016

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COURSE DESCRIPTION

This course is highly integrative, interactive, and challenging. GSBA 552 is an immersion and
integrative experience with exposure to actual unstructured business situations, imperfect data,
decision-makers and their organizations and a variety of analytical tools and critical thinking
methods that span multiple disciplines. Marshall MBAs are provided with a unique experience and,
ultimately, professional development and insights, into working collaboratively to address and solve
inter-related and unstructured challenges faced by actual organizations.

The operational environment is constantly changing, technology and data can be significant game
changers, once stalwart barriers to entry are falling, differentiation and exclusivity are fleeting, exit
costs are often prohibitive, the speed of change is accelerating, and social responsibility and
accountability are increasingly important. Leading or consulting to an organization requires
working with data and information that is often unstructured, incomplete and imperfect. Indeed, the
nature of most business challenges and problems are, initially unstructured, demanding definition,
scoping and structure. As a result, uncertainty is more prevalent and more challenging. Good
decisions are noted, but mistakes are often amplified and critically assessed by investors,
regulators, the media and employees.

The leaders of organizations, members of their boards of directors and consultants to management
must make decisions under uncertainty and with imperfect and unstructured data based on multiple
inputs, direct and indirect indicators, application of analytical methods and referential and
experiential perspectives, and collaboration. Organizations and individual executives and
consultants who are adept at working under uncertainty and anticipatory of changes often lead their
organizations to improved, if not superior, competitive positions and enhanced shareholder and
societal value. Those that do not, such as Circuit City and Borders Books, run the risk of becoming
footnotes in business cases.

COURSE MATERIALS

(See detailed description of each session below.)

ACADEMIC INTEGRITY

USC seeks to maintain an optimal learning environment. General principles of academic honesty include
the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles. SCampus, the Student Guidebook, (www.usc.edu/scampus or http://scampus.usc.edu) contains the University Student Conduct Code (see University Governance, Section 11.00), while the recommended sanctions are located in Appendix A.

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: http://www.usc.edu/student-affairs/SJACS/. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

No audio or video recording is permitted.

**STATEMENT OF ACADEMIC CONDUCT AND SUPPORT SYSTEMS**

**Academic Conduct**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards (https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, http://policy.usc.edu/scientific-misconduct/.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity http://equity.usc.edu/ or to the Department of Public Safety http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men http://www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

**Support Systems**

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute http://dornsife.usc.edu/ali, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information http://emergency.usc.edu will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

**COURSE OUTLINE**

There are two portions of the course that come together to form the enter experience of GSBA552: (1) Foundations, and (2) Project.

**Foundations:**

The foundations section of the course is comprised of 14 class sessions taught by Abbass Sharif (5 sessions), Cheryl Wakslak (4 sessions), Scott Wiltermuth (4 sessions) and Kyle Mayer (1 session). This section of the course provides a foundation for different aspects of decision-making. As this is an integrative, interdisciplinary course, we draw from different areas to examine various aspects of
decision-making. We begin with analytical decision-making (Prof. Sharif) that will build on your coursework in statistics (GSBA516 & GSBA545). Professor Wakslak will follow up the work on data by looking at cognitive issues from psychology that influence how individuals and groups make decisions. Finally, Professor Wiltermuth will examine ethical decision-making. Professor Kyle Mayer will run the last class that will include a visit from Noble Coker, an executive formerly with Disney and Dalina Wanda, to discuss how all the different aspects of decision-making come together in a discussion of how Disney and Dalian Wanda made some significant decisions.

Analytical Decision-Making (Professor Abbass Sharif)

Data are everywhere! Companies routinely collect large volumes of data on customer profiles, sales transactions, and operating performance at different units. How do companies use these data to make effective business decisions? The analytics portion of this course will give you the tools to answer these questions, providing you with a unique competitive advantage in an increasingly data-centric global business environment.

More specifically, we will investigate the following two areas of analytics:

1. Target Marketing (4 sessions): In these sessions, we will learn how to use data to segment the market and distinguish between profitable and not profitable ones. This will allow us to decide if someone is a potential customer or not.

2. Consuming Statistics (1 session): In this session, we will learn tools that allow us to determine whether or not the results of a certain study are valid, and if the data presented to us on the news should be taken seriously. We will also learn how to read various statistical graphics with a critical eye.

Software
In this portion, you are expected to bring your laptops to class. We will use JMP Pro, which is a software tool that is widely used in business intelligence. As a member of the Trojan family, you should be able to download this tool for free from USC’s webpage.

JMP Pro
If you are a Mac user:
• Download: https://itservices.usc.edu/stats/jmp/pro-mac/
If you are a Windows user:
• Download: https://itservices.usc.edu/stats/jmp/pro-win/

Assessment:
There will be one team project for the analytics portion. The project will be posted to Blackboard on October 19, and it is due November 2. More details about the project will be discussed in class.

Session 1 (October 19): Introduction to Classification Methods
We introduce the basic idea of classification and measures of accuracy. At the end of this session you will be able to
• Explain the idea of classification in your own words
• Recognize opportunities to use classification in business contexts
• Compute various measures of accuracy of a classifier with Excel
• Judge the business value of a potential classifier
Readings:
• “How Target Figured out a Teenage Girl was Pregnant Before Her Father Did”

Session 2 (October 21): Logistic Regression Classifier
At the end of this session you will be able to
• Explain the mathematical foundation of logistic regression
• Use JMP to fit a linear classifier using logistic regression
• Assess the quality of fit for the logistic regression classifier and interpret the fitted models
Readings:
• “Introduction to Machine Learning” Visualization
  – Focus on the portions regarding the decision tree


Session 3 (October 26): Decision Tree Classifier
At the end of this session you will be able to
• Explain the mathematical foundation of decision trees
• Use JMP to fit a classifier using decision tree classifier
• Assess the quality of fit for the decision tree classifier and interpret the fitted models

Readings:
• Video: Predicting Supreme Court Decisions with Decision Trees
• Trojan Horse Style Case

Session 4 (October 28): Personalized Fashion Service for Men
We use logistic regression and decision trees to create a personalized marketing campaign for a Men’s Fashion retailer. At the end of this session, you will be able to
• Create and tune logistic-regression and decision-tree classifiers in JMP and Excel
• Interpret the accuracy of a classifier in terms of revenues and costs for a firm
• Formulate and argue for a particular business recommendation based on your analysis

Session 5 (November 2): Consuming Statistics
At the end of this session you will be able to
• Be a data detective
• Understand the seven components needed while consuming the news
• Distinguish between good and bad graphics and see how people can lie to use with statistical graphics

Cognition and Decision-Making (Professor Cheryl Wakslak)

In the first module, you explored the role of data in decision-making, gaining useful skills in target marketing and data visualization. Ultimately, however, a lot of the everyday decisions that you make will be influenced by how your brain processes information, especially when you do not have clear data to consult. The decision-psychology portion of this course will be devoted to understanding the nature, causes and consequences of deviation from optimal choice. Our goal will be to leverage psychological insights about how the brain works to enhance your ability to make better decisions.

More specifically, we will explore the following topic areas:

1. Overconfidence and Self-Serving Biases: In this session, we will focus on the many ways in which the desire to see ourselves positively has an impact on our decision-making. We will discuss how these tendencies impact both individual and organizational decision-making, and what we can do to ameliorate problematic outcomes.

2. Attention, Expectancies, and Memory: In this session, we will discuss how we attend to and remember information. We will highlight several consistent, but underappreciated, ways in which we fail to attend and to remember, and how our expectations shape both of these critical processes.

3. Choice in Context: Choices are strongly influenced by contextual factors that should be irrelevant to the decisions we make. In this session, we will discuss how our choices are influenced by a range of contextual features, including reference points, the other available options, and our mode of choosing. We will analyze how to use these insights to influence other people’s decisions and to better our own decision-making.

4. Improving Organizational Decision-Making: Given our cognitive tendencies, how can we make better choices? One solution is relying on data, but where does this data come from? In this session, we will first focus on field experimentation as one way to derive useful data for decision-making. We will end the module by more generally suggesting ways that managers and organizations can compensate for the individual-level decision-making flaws of their employees.

Assessment:
There will be one final team paper in which your team will analyze a case of unwise managerial decision making that involved one of the biased decision-making processes covered in this module. The project is due Tuesday, November 23.

**Session 6 (November 4): Overconfidence and Self-Serving Biases**


**Session 7 (November 9): Attention, Expectancies, and Memory**

- Watch: Community, Season 2, Episode 3 (instructions will be provided during Session 1)

**Session 8 (November 11): Choice Contexts**


**Session 9 (November 16): Improving Organizational Decision-Making**


**Ethical Decision-Making (Professor Scott Wiltermuth)**

Ethical scandals in business surprise almost no one these days. We have come to expect that tomorrow’s newspapers will uncover the next group of executives following in the shoes of Enron, Bernie Madoff, or FIFA. Does business attract unethical people? Or is there more to the story? In these sessions we will discuss the forces that make it easier for people to land themselves in ethical hot water than they might expect. We also discuss the analyses that you can conduct to protect yourself (or your employees) from finding your ethics questioned. Finally, we discuss how you can come to feel empowered to act on your values and what to do if you find your values conflicting with each other.

We will examine the following questions:

1. What does it mean to act ethically? In this session, we will learn about multiple approaches to moral decision-making. We will discuss whether business have obligations to do things that are beneficial for society, particularly when those actions do not increase firm profitability.

2. How do organizations (and employees) get themselves into trouble? We will discuss a host of situational factors that lead people to become more likely to act unethically than they otherwise would be. We will pay particular attention to how organizational settings can dilute feelings of responsibility.
3. How do we act on our values? We will discuss the factors that empower us to act or speak based on those values. You will have the opportunity to talk about instances in which concerns about ethics did or did not guide your behavior in the workplace.

4. What can/should organizations and managers do when values collide? We will discuss ethical dilemmas and the dangers that they can pose dangers to executives’ careers and consciences. We will discuss how our social networks can influence our judgments and behaviors. We will also address how pluralistic ignorance can cause groups to act less ethically than any of the individual actors alone would be inclined to act.

Assessment:
There will be one final team paper in which your team will analyze an ethical issue facing businesses by considering the issue from multiple perspectives. More information on the project will be discussed in class and posted to Blackboard by December 1. The project is due Tuesday, December 7.

Session 10 (November 18): What Does It Mean to Act Ethically?

Session 11 (November 23): How Do Organizations (and Employees) Get Themselves into Trouble?

To guide your preparation, please think about the answers to the following questions after you read the Vandivier article:
– What factors increased B.F. Goodrich’s commitment to the production of a flawed brake design?
– What, if anything, should Lawson have done differently to create change in the organization?

Session 12 (November 30): How Do We Act on Our Values?

Session 13 (December 2): What Can/Should Organizations and Managers Do When Values Collide?

Wrap Up/Conclusion (Professor Kyle Mayer)
Session 14 (December 7): A Look at Organizational Decision-Making from the Inside

In this course we have examined decision-making from several angles to provide a holistic view of how companies frame problems and make decisions to address them. An appropriate way to conclude this look at different aspects of decision-making is to look at decision-making from the inside and see how firms consider data, cognition and ethics in making real decisions. Noble Coker, formerly of Disney and Dalian Wanda, will be joining us to discuss some key decisions made by those organizations and how they occurred. Disney, as you all know, is a large US entertainment corporation, while Dalian Wanda is the largest real estate development firm in China and is moving hard into the entertainment industry—including theme parks.

Projects:

While the Foundations portion of the course is taught by the same faculty to all students, the Project portion of the course is broken down into six sessions, each taught by a different faculty member. Each of the six sections will focus on a different project company: DataScience, E&Y, Nestle, Newport, OnPrem, and Skyview Capital. The goal of the project portion of the course is to provide a problem-solving exercise in a specific company context. Each of the subject companies has provided us with a current issue that they are working on that could benefit from an outside perspective. This provides an opportunity to apply what you have learned in your other core classes and in the Foundations portion of this course to a specific company problem.

The Projects part of the course is less classroom based and more project-based. What that entails is fewer class sessions and more interaction with faculty to discuss the project. Interactions will mostly take the form of meetings between your project faculty member and the each group to go over the group's progress on the project.

Here is an outline of the class sessions for the project course. (A more detailed session outline for each course can be found at the end of this syllabus.)

(All sections) Tuesday, October 20: Project kick-off. Company representatives will come to class and discuss the project with you and provide a chance to answer any questions you may as you begin work on the project.

Fundamentals:
Second & Third Meetings (to occur during weeks 1 and 2): Discuss the industry of the subject company and the general area of the project in more detail. The purpose of these two sessions is to provide tailored content around the area of the project for each company. Through different mechanisms (e.g., cases, guest speakers, articles) the faculty will facilitate discussion of the industry and topic of the project to provide a broader but focused perspective that is not specific to the firm.

NOTE: Most sections will have these class sessions on Thursday October 22 and Tuesday October 27, but there is some variation across sections. See detailed schedule below for the specific dates for each section.

Week 4: Class session designed to discuss the specific deliverable and presentation to the project company. This provides a chance to get the entire class back together and have the professor address common issues and provide overall feedback to the entire class about the state of the projects to date. See detailed schedule below for the specific dates for each session.

Week 5 (approximately): A mid-course touch base with the subject company. Each group will provide a preliminary version of where they are to date in their efforts to one or more representatives from the subject company. This will take different formats in different sections due to the availability of the company representatives. This will be done in sessions in which one group presents to the subject company and the instructor but not to the entire class. This may or may not take place during regular class time due to the availability of the company representatives. More on this in the details for each section below.

Week 7 (approximately): Preliminary group presentations to the instructor. Again, this not in front of the entire class but rather just in front of the faculty member and will take place during class time on
December 1 and December 3 (for most sections). NOTE: This is a graded presentation (see Course Evaluation below).

Final Presentations to the subject company, the faculty member and the class will take place between December 11 and December 16. Each section will negotiate a time that will allow as many company representatives that have been involved in the project to attend as possible.

**Instructor – Group Meetings**

In lieu of regular class sessions, each group will have regular meetings with their instructor to discuss their progress on the project and ask any questions. As this will be presented to a company, we want to ensure that each group is on the right track and getting the support they need, so faculty will be involved in advising students throughout the duration of the course. See the detailed schedules for each section for the details of how instructor-group meetings will be scheduled.

### ASSIGNMENTS AND COURSE EVALUATION

Course grades will be determined by students’ relative performance on the following course components:

- Group Project (Prof. Sharif) 15%
- Group Project (Prof. Wakslak) 7.5%
- Group Project (Prof. Wiltermuth) 7.5%
- Course Participation (Wakslak, Wiltermuth, Mayer & Project Faculty) 20%
  - Participation breakdown: Wakslak 7.5%, Wiltermuth 7.5%, Mayer & Project Faculty 5%
- Final Company Report (Project Faculty Member) 22.5%
- Final Company Presentation (Project Faculty Member) 15%
- Final Report & Presentation (Company Assessment) 7.5%
- Initial Company Presentation (Project Faculty Member) 5%
- Peer Evaluation

NOTE: As most of the components of the course are group based, there will be a peer assessment to give everyone a chance to evaluate the contributions of your group members. The peer assessment will be used to create what equates to a multiplier to either augment or reduce your group grades. For example, if everyone in the group contributes equally, then everyone gets the same grade and there are no adjustments. If the group identifies one member as having made less than expected contributions, then an adjustment will be made to that person’s group work. For example, a modest

A failing grade in any individual course component (< 50%) may result in failing the course. Grading standards will conform to USC guidelines for required courses: a mean GPA of 3.3 GPA. *(Faculty Handbook, 1994: 30).*

### MARSHALL GRADUATE PROGRAMS LEARNING GOALS AND OBJECTIVES

GSBA552 is an **integrative** course with multiple learning & knowledge objectives. Marshall MBAs are exposed to real world business issues, organizations, personalities & data in a faculty supported and guided learning experience. Marshall MBAs will collect and work with data them allows them to test, experiment and apply relevant knowledge, academic frameworks, data analysis tools and their personal experiences to provide responsive and practical solutions to management. Specific objectives include:

- **Business Problem Solving:** Effective business problem solving is a continuous process of identifying, assessing & addressing unstructured issues, needs, regulations, threats, and opportunities often using incomplete and imperfect data and devising integrative solutions that address those issues.
• **Decision-making:** Learning how to create multiple decision paths & craft integrated options to make decisions under uncertainty with incomplete & imprecise data is a daily process in leading organizations. Key topics include: making decisions based on the results of analytical processes, understanding cognitive biases & frameworks in decision-making, decision-making using collaborative inputs, and ethical issues in decision-making.

• **Business Analytics:** Learning how to analyze and adapt to incomplete, imperfect and changing data to construct insights and provide context that lead to meaningful & appropriate conclusions and recommendations is an essential component of organizational leadership. This course builds directly upon the two prior statistics and analytics courses in the Marshall MBA Program (i.e., GSBA516 and GSBA545) to direct the analytics towards customer-focused outcomes and recommendations.

• **Managing Effective Collaboration:** Learning to create, sustain and manage internal and external teams for effective collaboration, learning and problem solving is indispensable to leading any organization. Working as a team to address the project of the subject company will help you learn to work better in a team as well as apply many aspects of material from earlier classes and what you learn in this course about decision-making.

• **Critical Thinking:** Learning how to think critically, differently and having the ability to integrate issues, data and ideas are essential to making informed decisions. GSBA 552 will help you integrate different aspects of learning and provide a chance to direct that learning to working on the “live” problem for the subject company.
SECTION SESSIONS OUTLINE AND SCHEDULE

DataScience Project, led by Professor Miriam Burgos

Project Description:

About DataScience:

DataScience is a human and machine-powered solution for extracting actionable insights from large volumes of data. Our customers provide an open portal to their data sources and ask us questions about their business through our web application (ex: “how can we increase product sell through?”). Our team of internal data scientists then analyze their data and provide an answer through our web application. Our solution is on-demand in the sense that we’re continually fielding questions and completing analyses as they’re needed. Please refer to customer success stories for examples of our output.

The Challenge:

“Data Science” is a hot topic within technology, virtually every company is trying to hire Data Scientists or build the capabilities internally. Despite the demand there is a huge lack of supply. One McKinsey article projects that by 2018 demand for individuals with advanced analytical capabilities may be as much as 60% greater than supply. Due to the demand for this expertise, there are a growing number of companies seeking to fill this need, particularly consulting companies which focus on project based work, often for very large customers.

Your Role:

We are looking for a group of eager students to focus on market intelligence that will help shape our strategy within the field of data science. Specifically, the task is to complete a strategic analysis of the data science field (e.g., current and potential future competitors, customers, key suppliers), including a detailed assessment of where DataScience fits into the broader industry. Then, based on your assessment of our resources and capabilities and the strategy analysis, suggest a strategy to drive growth and improve our competitive position.

Section Schedule:

Session 1 (October 20): Project introduction will be given by two guests from DataScience:

Ian Swanson, Founder and CEO of DataScience: An expert in Big Data and analytics, an accomplished entrepreneur, and a successful executive for such Fortune 500 companies as American Express and Sprint, Ian Swanson is at home in both startups and enterprise-level organizations. Swanson founded Sometrics, which launched the industry’s first global virtual currency platform in 2008 and was acquired by American Express in 2011. That platform—for which he earned a patent—managed more than 3.3 trillion units of virtual currency and served an online audience of 250 million in more than 180 countries. Prior to Sometrics, Swanson worked for the secure chat and messaging startup, Userplane, which was subsequently acquired by AOL.

A sought-after speaker on data science, internet of things, digital currency, online advertising and marketing, Big Data and performance-based analytics, Swanson actively advises various companies on their product and marketing strategies. In addition he serves as a mentor to the Los Angeles startup incubators Amplify.LA and Launchpad.LA. Swanson won the 2013 American Express Chairman’s Award and was twice honored with the Direct Marketing News “30 Under 30” Award.

Ian founded DataScience in January 2014 with a vision to deliver actionable insights to clients using advanced data analytics. Data science has become critical for companies to stay competitive, and the data experts at DataScience are confident that their platform will enable more companies to grow through realizing the value in their data.

Justin Charness, Marshall MBA Class of 2017, and Marketing Intern at DataScience: With extensive experience in brand strategy development, advertising campaign development, and various other
areas in Marketing, Justin Charness has been a great addition to the DataScience team as the company works to position itself in a highly competitive and rapidly growing industry. At Marshall, Justin is an active member of the Graduate Marketing Association, Data & Analytics Club, High Tech Club, and the Marshall Case Competition Club.

Session 2 (October 22): The Rise of Data Analytics – An Industry Overview

This session will provide students with an overview of the industry and the rise of data analytics and data-driven decision-making in business. This session will be a starting point for student teams to develop strategies that will help DataScience grow and position itself to serve the right target market effectively within a B2B context. We will discuss a variety of topics, including segmentation in B2B markets (similarities and differences vs. B2C segmentation) and the impact of “big data” availability on decision-making.

Readings for October 22:


Optional Suggested Readings


Session 3 (October 27): A Closer Look at Successful, High-Growth Startup Companies

Vivian Rhoads, founder of Verge Strategy Inc., is a Marketing & Innovation Consultant whose background includes extensive experience in brand management, business development, and marketing management at companies such as Procter & Gamble, PepsiCo, and Mars, Inc. Her firm, Verge Strategy, Inc., is based in Sierra Madre, CA, and works with a wide variety of clients including entrepreneurs and small companies looking to identify growth opportunities. Vivian will be our guest speaker on this date, and she will share her expert advice on how to direct a new, fast-growing enterprise through the early-growth stages of a startup company. She will also offer advice on how to conduct market research & analysis that can help a firm like DataScience develop sound growth strategies and effective marketing tactics.

Reading for October 27


Session 4 (October 29), Session 5 (November 3), Session 6 (November 5), Session 7 (November 10): Project work

No classroom meetings in these sessions. Your team and Miriam will meet on a one-on-one basis in your classroom each week to review your progress and answer your questions. The exact schedule (when to meet what team) will be posted on Blackboard.

Session 8 (November 12): Review mid-point project progress with professor and discuss what to prepare and how to present in consulting project update meeting. We will meet in class on this date to review the project progress.
**Session 9 (November 17):** Mid-point project review with the client.

A representative from DataScience will be present to discuss progress to date on the project. Additional details will be posted on Blackboard.

**Session 10 (November 19) and Session 11 (November 24):** Project work

No classroom meetings in these sessions. Your team and Miriam will meet on a one-on-one basis in your classroom each week to review your progress and answer any questions. The exact schedule (when to meet what team) will be posted on Blackboard.

**Session 12 (December 1) and Session 13 (December 3):** Final presentations in class.

**Session 14 (December 8):** No class meeting. Finalize reports and final group prep for presentations to company.

**December 14 or December 15:** Final presentations with the client
Recruiting outstanding junior candidates is critical to the long-term success of all large, complex, global consulting firms such as the “Big 4” and others [collectively, these “Firms”]. Though historically it is estimated that only about 7-10% of new employees eventually make it to partner/non-equity partner, these Firms turn a profit on junior employees typically after their second or third year. In other words, these Firms invest heavily in their new employees to get them up to speed so that they may later provide outstanding, profitable services to their clients. Consequently, their overall business models are built on the fact that new employees typically stay with their Firm three to ten years before moving on to new opportunities.

The recruiting and training models deployed by these Firms have worked well for over fifty years. However, times are changing. Many of these Firms are experiencing challenges in attracting and retaining a new generation of candidates – the millennial generation\(^1\) (the “Millennials”). These firms have found the Millennials not to be interested in the apprentice model and impatient. Contrary to these Firm’s long-standing training programs, the Millennials want to do things their way from the beginning rather than learning the Firm’s way. Consequently, many of these Firms are concerned.

Questions to be answered:

1. Should these Firms continue with their traditional hiring and training/apprentice programs? Or, should they modify their programs?
2. What are the risks associated with staying the course? What are the risks associated with wholesale changes?
3. Is the Millennial issue transitory or a long-term issue?
4. What can/should these Firms do in the short term to continue to attract talent knowing it is hiring folks who might have divergent personal goals from those in the past?
5. What about these Firm’s managers and partners? Should they receive training as to how to best work with this new generation? Who “owns” the issue?

Please prepare a presentation addressing the questions above (and other issues you believe are important to the problem) that will be delivered to Ernst & Young management (and possibly to others in the consulting industry) in Los Angeles.

Ernst & Young Overview

EY is a global leader in assurance, tax, transaction and advisory services. Worldwide, 190,000 people in member firms in more than 150 countries share a commitment to building a better working world and are united by shared values and an unwavering commitment to quality, integrity and professional skepticism.

As a large, global professional services firm, EY continually seeks out talented candidates for internships to full-time positions. In return, EY offers candidates rewarding and challenging opportunities that will launch their careers that will open up a world of

\(^1\) **Millennials** (also known as the Millennial Generation or Generation Y) are the demographic cohort following Generation X. There are no precise dates when the generation starts and ends. Researchers and commentators use birth years ranging from the early 1980s to the early 2000s.
possibilities. Moreover, new EY employees take ownership of their careers through extensive learning and development programs and learn on-the-job from people at all levels of our business.

What Does Working at EY Feel Like?

Talk to anyone at EY and they’ll tell you what a rewarding place it is to work. EY attracts highly talented individuals from different backgrounds and cultures who bring a unique point of view and unique business skills. EY employees work with great people and are exposed to a range of alternative perspectives, building lifelong relationships and networks. EY employees also play an important part in fostering sustainable growth — helping to create the fundamentals that are vital to economic health right around the world.

Everyone’s opinion is valued. After all, diversity of thought and ideas enables EY to provide better services to its clients. In return for employee’s input and ideas, EY is committed to giving its employees the experiences they need to progress and develop as well as the learning and coaching to help them excel.

Section Schedule:

Session 1 (October 20): Project introduction by EY with Q&A. Class discussion of expectations and deliverables. Additionally, EY will instruct the class on its process of analyzing a client issue.

Guest: Scott Porter, Partner, Advisory Services, Ernst & Young. Scott will likely bring additional folks from EY.

Session 2 (October 22): We will discuss recruitment and retention in more detail drawing on export reports that will be posted to Blackboard. This will complement the EY perspective by discussing the overall issue of human capital and how to best utilize it during a time when the needs of the workforce are changing. Please come prepared to discuss the following readings. Students may also introduce other articles found in the literature.

- Readings:
  - EY: Building a Better Working World
  - EY: Global Generations
  - Facing the Millennial Wave
  - Recruiter Sentiment Study
  - Ultimate Guide to Recruiting and Retaining Millennials

We will seek two volunteers/article to lead a class discussion.

Session 3 (October 27): Guest speakers—human resource executive(s) to be confirmed.

In this session, human resource executives will lead a discussion of the problem statement from their professional perspective.

Session 4 (October 29), Session 5 (November 3), Session 6 (November 5), Session 7 (November 10): Project work

No classroom meetings in these sessions. Your team and I will meet to review your progress and answer your questions.

Session 8 (November 12): Full class session to discuss mid-point project progress, explain what to prepare and how to present in consulting project update meetings, and discuss overall progress on the projects. We will meet in class and review the project progress. We
will also go over how to prepare, what to prepare and how to present in project update meetings.

**Session 9 (Likely November 17):** Mid-point project review with the client (tentative).

NOTE: Exact date and format of mid-point review is still TBD

**Session 10 (November 19) and Session 11 (November 24):** Project work

No classroom meetings in these sessions. Your team and I will meet to review your progress and answer your questions.

**November 26** Thanksgiving Holiday

**Session 12 (December 1) and Session 13 (December 3):** Final presentations in class

**Session 14 (December 8):** No class meeting. Incorporate feedback from practice presentations (from Sessions 12 and 13) before presenting to the company.

**Likely December 14:** Final presentations with the client—exact date and time TBD.
Nestle Project, led by Professor Julia Plotts

Project Description

Research and identify several segments or territories that Nestlé USA should consider for a possible joint venture, merger, strategic investment or acquisition. Include specific targets. Perform a market analysis and develop a strategic rationale for your recommendation. Assess overall fit with Nestlé. This will involve the consideration of Nestlé’s ability to leverage existing resources, capabilities and core competencies to align with consumer trends and needs. Teams should also address potential benefits with an emphasis on growth, profitability and strategic fit. Address whether the recommendation is actionable and feasible. Identify any critical questions that should be considered in both the diligence process and execution of a deal.

Company Description

Named one of “The World’s Most Admired Food Companies” in Fortune magazine for fifteen consecutive years, Nestlé S.A. is a Swiss multinational food and beverage company headquartered in Vevey, Switzerland. It is the largest food company in the world measured by revenues.

Nestlé in the United States is committed to being a trusted leader in nutrition, health and wellness. The company’s diverse portfolio of food and beverage products provide nutritious options for every member of the family, including infants, toddlers, teens and adults, mature adults, and dogs and cats. Nestlé in the U.S. consists of seven main businesses: Nestlé USA, Nestlé Purina PetCare Company, Nestlé Waters North America, Nestlé Nutrition, Nestlé Professional, Nespresso and Nestlé Health Science. Together, these companies operate in more than 120 locations in 47 states and employ over 51,000 people. The United States is Nestlé S.A.’s largest market with combined product sales in the United States totaling more than $26 billion in 2014.

Nestlé USA, with 2014 sales of $10 billion has more than 23,000 employees and seven divisions: Baking, Beverage, Confections & Snacks, Ice Cream, International Brands, Pizza and Prepared Foods. Well-known Nestlé USA brands include: Toll House, Nesquik, Coffee-mate, Stouffer's, Lean Cuisine, Hot Pockets, Nescafe, Buitoni, Dreyer's/Edy's, Nestlé Crunch, Nestlé Butterfinger, Wonka, DiGiorno, Tombstone and California Pizza Kitchen.

Nestlé believes that for the business to prosper in the long term, they must create value for employees, customers, stakeholders, consumers and the communities where they employees live and work. Nestlé embeds Creating Shared Value (CSV) into every part of its business, from nutrition and wellness to environmental sustainability and responsible sourcing.2

Session Schedule

Tuesday October 20th Session 1: Project Kick-Off
Nestlé Client Contact: Bob Gatto, Vice President of Corporate Strategy and Development, Nestlé USA

Bob Gatto is Vice President of Corporate Strategy and Development for Nestlé USA. He is responsible for leading the strategy process, management reporting and generating new business opportunities through acquisitions, partnerships, licensing and product innovation. Bob began his career providing financing for acquisitions. In 1995, he joined Nestlé as a Marketing Associate in the Culinary Division working on the Toll House, Ortega and Contadina brands. In 1997, Bob moved to Nestlé USA’s Merger and Acquisition group as a Manager and later became the Vice President in charge of the group. In 2005, Bob’s role was expanded to include new product development, and shortly thereafter, he led an exclusive licensing agreement with Jamba Juice for a line of healthy, ready-to-drink beverages as well as the launch of a line of Lean Cuisine, meat-free meals, co-branded with Gardein. In 2010, Bob initiated and led the $3.7 billion acquisition of Kraft’s frozen pizza business. Bob’s other transactions include the acquisitions of Chef America (Hot Pockets), PowerBar and Joseph’s Gourmet Pasta as well as the divestitures of Ortega, Kerns, and David & Sons. Bob assumed his current role in 2012. Bob received a BS and MBA from the University of Southern California Marshall School of Business. Bob serves on the Dean’s Undergraduate Advisory Board, the Board of Advisors for USC’s Center for Global Innovation and as a CAP Mentor.

2 http://www.nestleusa.com/creating-shared-value
• Review: The Nestlé Strategy and the Strategic Roadmap, which shows the strengths the company leverages to drive performance and deliver competitive advantage. http://www.nestle.com/aboutus/strategy

Tuesday October 27th Session 2: Value Creation and Value-Based Management (VBM)
The goal of the firm is value creation. Return on invested capital and growth drive value creation. Value creation is fundamentally more important than that of growing revenues, earnings per share, maximizing volume and/or market share. Firms create value by investing capital in positive net present value (NPV) projects.

The thinking behind VBM is simple. The value of a company is determined by its discounted future cash flows. Value is created only when companies invest capital at returns that exceed the cost of that capital. VBM extends these concepts by focusing on how companies use them to make both major strategic and everyday operating decisions. Properly executed, it is an approach to management that aligns a company's overall aspirations, analytical techniques, and management processes to focus management decision making on the key drivers of value.

• Review Online article: Creating value: An interactive tutorial (November 2010). In this video presentation, McKinsey partner Tim Koller explores the four guiding principles of corporate finance that all executives can use to home in on value creation when they make strategic decisions. Only the first two segments are required: 1) The four cornerstones of corporate finance and 2) the Core-of-value principle McKinsey & Co. http://tinyurl.com/qd5hdnf

Thursday October 29th Session 3: Mergers and Acquisitions
One mission of this project is to survey the drivers of success in mergers and acquisitions (M&A) and develop your skills in the design and evaluation of an acquisition.

• Read: Ferrer, Uhlaner and West (August 2013) M&A as competitive advantage: Treating M&A as a strategic capability can give companies an edge that their peers will struggle to replicate. McKinsey & Co. Insights & Publications http://tinyurl.com/nm8bh9n
• Read: Caudillo, Houben and Noor (July 2015) Growing beyond the core business: Most companies are seeking growth outside their core business, according to a new survey. But few have made revenue gains as a result - or have the right capabilities to support it. McKinsey & Co. Insights & Publications http://tinyurl.com/pce56vk

Tuesday November 10th Session 4: Deliverable and Project Presentation Discussion
Tuesday November 17th Session 5: Mid-course Project Status Check with Nestlé
Thursday December 3rd and Friday December 4th: Preliminary Group Presentations
Monday December 14th: Final Presentations
Newport Project, led by Professor Murat Bayiz

Project Description:

Newport (NASDAQ: NEWP) is a global manufacturer of sophisticated components and sub-systems generating approximately $600 million with a market capitalization of approximately $650 million. Newport operates a variety of businesses, is profitable and generates strong cash flow. However, the company’s share price and multiples have consistently trailed comparable companies and has recently experienced a further decline in market capitalization due to lower than expected sales and profit and a deteriorating outlook for future sales. The company is interested in involving the student groups in a project to evaluate Newport’s strategic alternatives.

There are two projects alternatives and three student teams will be randomly assigned to each project.

Project # 1
• Are there any divisions of the company that don not fit well with the others and would be good candidates to spin off or sell off?
• Are there opportunities to do strategic acquisitions to strengthen certain portions of the business to improve their performance? Or just certain divisions of the company that have potential that is not being fully tapped.

Project # 2
• Are there geographic regions or market opportunities that the company should invest in?

Section Schedule:

Session 1 (October 20): Project introduction

Newport project sponsor, Charles Cargile, CFO, will introduce Newport, student projects and expected deliverables

• Readings:
  o Newport 10K in 2014 and 2015

Session 2 (October 22): Introduction to strategy projects

Owen Hall and Gyula Kangiszer from E&Y will review several approaches for market analysis and high level strategy projects including what data to collect, what frameworks to use, what analyses to run. They will also review one or two similar projects carried out at E&Y in the past

• Readings:
  o TBD

Session 3 (October 27): Review of strategic consulting engagements in similar industries and explain how to prepare a project plan

We will review several articles that explore market analysis and strategy projects in similar industries. We will also learn how to prepare a project plan, how to approach to the consulting engagements

• Readings:
  o Blackboard articles
Session 4 (October 29), Session 5 (November 3), Session 6 (November 5), Session 7 (November 10): Project work

No classroom meetings in these sessions. Your team and I will meet on a one-on-one basis in my room each week to review your progress and answer your questions. The exact schedule (when to meet what team) will be posted on Blackboard

Session 8 (November 12): Review mid-point project progress with professor and explain what to prepare and how to present in consulting project update meetings

We will meet in class and review the project progress. We will also go over how to prepare, what to prepare and how to present in project update meetings.

Session 9 (November 17): Mid-point project review with the client

We will review the project progress with the clients via Webex. Each team will have 15 min with the client and dial-in at separate times. We will review our progress and collect client's feedback. The exact meeting schedule (in 15 min intervals) will be posted on Blackboard.

Session 10 (November 19) and Session 11 (November 24): Project work

No classroom meetings in these sessions. Your team and I will meet on a one-on-one basis in my room each week to review your progress and answer your questions. The exact schedule (when to meet what team) will be posted on Blackboard

Session 12 (November 26): Thanksgiving Holiday

Session 13 (December 1) and Session 14 (December 3): Final presentations in class

December 14 or December 15: Final presentations with the client
OnPrem Project, led by Professor Kyle Mayer

Project Description:

OnPrem, with a focused strategy on providing solutions for the entertainment industry, has adopted a more focused strategy than most of their competitors in the consulting industry. They also have a unique business model that involves a design center in Austin, TX but has no central office for their other employees as they are at client sites most of the time. They are doing very well right now.

OnPrem’s challenge for you is to examine how to keep their strong culture intact as they grow. They want to know your thoughts on how other companies have built successful cultures that fit with their strategy and what that might imply for OnPrem moving forward. Your task, more specifically, is to examine some other companies who developed strong cultures and some that failed to do so and suggest what OnPrem might do going forward to maintain a strong culture as they continue their high rate of growth. Part of the recommendations should address whether OnPrem should get a central office space or continue to have all non-Austin employees based from home when not at the client site.

Company Description:

OnPrem is a Southern California consulting and technology innovation startup. Founded in 2013 by four consulting industry leaders, we work with some of the most innovative companies in the world including major studios, large broadcasters, and leading technology companies. OnPrem's focus on top talent, company culture, and creating the next generation consulting firm makes it an exciting place to work for anyone with an entrepreneurial mindset. We differentiate ourselves by being experts in our fields. We are relentlessly good at what we do, will always put our clients first, and we only hire passionate, forward thinking, intelligent, and personable people.

From day one, the OnPrem Partners made a commitment to create and maintain a truly unique company culture. Our culture reflects our values of transparency, collaboration, meritocracy, and exhibiting a passion for everything we do

OnPrem Values:

Stand out from the crowd through exceptional people and service. Be the best team that companies ever work with
We differentiate ourselves because we are experts in our fields, are really good at what we do, always have our clients’ best interest in mind and only hire passionate, forward-thinking, intelligent and personable people.

Be the best partner
We will always do what is best for our clients and not our bottom line. We work collaboratively and with integrity, and will only take on work if we feel that we can be successful.

Suggest, suggest, suggest and innovate, innovate, innovate
We are a culture of discussion and ideas. It is only through a focus on recommendations and problem solving that we are able to drive our clients and teams to discover new ways to exist.

Work with the best and enable growth
Continually challenge ourselves to grow. Build a place that emphasizes initiative, entrepreneurship and meritocracy, and provides opportunities for team members to take on all levels of responsibility to meet professional and personal goals. We want to develop the next industry leaders.

Invest heavily in our culture
We believe that culture is fostered and not trained. It comes down to hiring the right team and creating an environment built on transparency, trust, fun, creativity, and rewarding hard work. We want this to be the best place that our employees have ever worked at.

OnPrem was recently named one of Consulting Magazine’s Seven Small Jewels in the consulting industry. (Here is the link to the article—I strongly recommend reading it.)
Section Schedule, Topics and Readings:

**Session 1 (October 20):** Project introduction by OnPrem (Candice Lu and John Stewart) with Q&A. Discussion of expectations and deliverables.

- **Readings:**
  - PowerPoint presentation on Netflix culture (posted to Blackboard)

**Session 2 (October 22):** We will discuss the fit between culture and strategy and how service firms seek to create strong cultures. You are used to discussing one case per class (and that is my usual approach), but I want to be ambitious and do cases in one day. The reason for this is that we will be looking at two very different situations—one company that has successfully built a strong company culture (Zappos) and one that is struggling to turnaround a less functional culture (Microsoft). The comparison between the two and what it might imply for consulting firms will be the focus of the class. The Tushman and O'Reilly article will provide some background for you as you think about both the cases for today and the project for OnPrem. The PowerPoint presentation from Reed Hasting about Netflix culture is just really

- **Readings:**
  - Zappos 2009: Clothing, Customer Service and Company Culture (HBSP# 9-610-015)
  - Microsoft: New Wine in an Old Bottle? (HBSP# HK1039)
  - Leveraging Culture for Competitive Advantage – Michael Tushman and Charles O'Reilly (HBSP# 2431BC)

**Session 3 (October 27):** No class session. This is time to use for the project.

**Session 4 (October 29):** We will meet and discuss the consulting industry and what it takes to succeed.

- **Readings:**
  - McKinsey and the Globalization of Consultancy (9-806-035)

**Session 5 (November 3), Session 6 (November 5), Session 7 (November 10):** No formal class meeting. Project work.

No classroom meetings in these sessions. Your team and I will meet to review your progress, provide feedback and answer your questions.

**Session 8 (November 12):** Full class session to discuss mid-point project progress, explain what to prepare and how to present in consulting project update meetings, and discuss overall progress on the projects. We will meet in class and review the project progress. We will also go over how to prepare, what to prepare and how to present in project update meetings.

**Session 9 (November 17):** No formal class meeting. Project work.

No classroom meetings in these sessions. Your team and I will meet to review your progress, provide feedback and answer your questions.

**Mid-point review with OnPrem (Friday, November 20):** The exact time and type of interaction (in person versus technology-mediated) is TBD, but each group will have 15 minutes to tell OnPrem what they have so far and get feedback. That is 15 minutes total—so plan for a very brief outline of your findings to date and your plan going forward so they have time to give you feedback.

**Session 10 (November 19) and Session 11 (November 24):** No formal class meetings. Project work
No classroom meetings in these sessions. Your team and I will meet to review your progress, provide feedback and answer your questions.

**November 26**  Thanksgiving Holiday

**Session 12 (December 1) and Session 13 (December 3):** Presentations in class. This is a graded presentation that is designed to be a first run of what you will present to OnPrem on December 14. I will give you feedback and you will then update the presentation based on that feedback before the 14th. I will schedule follow up meetings with some groups to discuss the changes to their presentation.

**Session 14 (December 8):** No class meeting. Incorporate feedback from practice presentations (from Sessions 12 and 13) before presenting to the company. I will schedule meetings with some groups to discuss changes to their presentations that may occur during this time.

**December 14, 10:00-2:00:** Final presentations to OnPrem (Room TBD)
Skyview Capital Project, led by Professor Siddarth Sivaramakrishnan

Project Description:

Skyview Capital is a private equity firm based here in Los Angeles. They acquired a firm with a secondary product called Nimblevox. Nimblevox has revenues of over $500K with no marketing support—the revenue just comes from customers calling the company and asking about the product. Skyview is interested in determining how to grow Nimblevox. This includes a detailed market analysis (e.g., competitors, different potential types of customers), accompanying suggestions for additional functionality (e.g., additional social networking features), and related growth strategies. There is a lot of freedom to think about different ways to grow this business, but they need to be backed up with clear analytics to show the market opportunity and how Skyview could move forwards to take advantage of the opportunity in a competitive market.

The Nimblevox product is a web-based, IP service which can support cloud-based Interactive Voice Response (IVR). Nimblevox allows customers to create IVR applications that can be used for creating simple PBX phone trees for small businesses and outbound calling initiatives. So it could allow a small business to run its voicemail and call-in phone trees. It could also allow marketers or campaigners to set up outbound calling/telemarketing efforts (this has been used in political election campaigns to reach voters).