



Yale SCHOOL OF
MANAGEMENT

MGT xxx
INTERNATIONAL ENTREPRENEURSHIP
Dates: Mondays and Wednesdays, 8:30 - 10:00 a.m. (New York time),
August 30 - December 11, 2017

INSTRUCTOR: **Raymond Chang**
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Office Hours: By Appointment Only

INTERNATIONAL ENTREPRENEURSHIP

Time:
Date:
Classroom:

COURSE MATERIALS:

REQUIRED:

- **MGT 652 HBP Digital CoursePack (CP)** - Digital access with desktop printing
- **Yale Canvas** - Additional course materials will be posted on Yale Canvas throughout the course. The Yale Canvas site will also be used for assignments and class announcements. You should check the site on a regular basis, and are expected to upload designated deliverables to the site.

COURSE MISSION AND OBJECTIVE

Entrepreneurship is one of the most vital driving forces behind economic growth, social development, as well as individual and regional wealth. Entrepreneurship is occurring in developed as well as in emerging markets, across both commercial and social sectors, and in communist as well as democratic political systems. Although the U.S. is still ranked #1 in the Global Entrepreneurship and Development Index (GEDI), the gap is rapidly narrowing. In fact, in places like China, India, Latin America, Eastern Europe, and the former Soviet States, the speed of entrepreneurial growth is outpacing that in traditional entrepreneurial hotbeds like Silicon Valley, New York, and Boston.

This International Entrepreneurship course will explore the many dimensions and challenges of global venture creation and growth. The course offers a framework for understanding the entrepreneurial process in global contexts and exposes students to key issues and problems specific to international ventures. As the world becomes

increasingly global, this course hopes to (1) encourage students to consider exploring entrepreneurial activities outside the domestic setting, (2) prepare them to see through a different set of lenses in order to better and more accurately identify vast global opportunities, and (3) equip them with various skills to better meet and tackle complex global challenges.

INTERNATIONAL ENTREPRENEURSHIP – REDEFINED

The traditional US-centric mindset has narrowly defined International Entrepreneurship as simply starting a new venture “outside of the United States.” This course redefines International Entrepreneurship (IE) as: any new activity in an organization that extends beyond its domiciled national borders. Under this broader definition, neither the type nor size of the activities or organization matter. Examples of IE under this definition include (1) establishing and managing an international supply chain for a billion dollar IT company, (2) helping a Fortune 100 consumer product company penetrate multiple international markets, (3) leading a small startup venture dealing with intellectual property battles in different legal regimes, (4) forming business partnerships with large state-owned or small startup enterprises across borders, and (5) starting a new social venture in a completely unfamiliar foreign territory.

This course is relevant to both US and non-US students. It is designed to help students appreciate and understand that the world is becoming increasingly global and intertwined, and that what happens halfway around the globe could also have significant local impact. Major objectives are for students to learn how to identify and evaluate global business opportunities, assess and obtain the resources required to pursue international ventures, manage the launch and growth of global ventures, and recognize and overcome risks and challenges unique to international entrepreneurship.

COURSE STRUCTURE

This International Entrepreneurship course is organized into several interrelated modules:

Introduction: Defines International Entrepreneurship and provides an overview of the surfeit of opportunities that are being created by economic, technological, cultural, social, environmental, and political changes happening everywhere around the world.

- How do successful international entrepreneurs seek, identify, and evaluate new global opportunities?
- What are some common challenges uniquely faced by international entrepreneurs?
- What are some similarities and differences across (a) the state of economic development –developed, emerging, and transitional economies, (b) different geographic regions, (c) political regimes, and (d) cultural and religious settings?

Core Competencies:

- Legal
 - How should international ventures be structured to maximize returns to shareholders who may reside in different countries and may thus be subject to different tax domiciles?
 - What alternatives are there for structuring cross-border investments?
 - Crossing ethical boundaries – what is acceptable and not acceptable?
- Cultural

- How important is culture and how best to overcome cultural and language barriers?
- Financing
 - How and where to secure funding?
- Building and operating a global supply chain
 - What are key considerations when choosing manufacturing or operational supply strategies?
 - How to optimize speed, quality, customer service, and efficiency in delivering value from suppliers to customers, while simultaneously protecting valuable intellectual property?
- Forming and operating effective global partnerships
 - Partnership vs. solo? If partnership, what structure (JV, licensing, BOT, franchise)? Who to choose as a partner?
 - How to structure and negotiate win-win partnership deals?
 - Ways to minimize and resolve conflicts?
- Building and managing a Global organization
 - Going solo vs. co-founders? If choosing co-founders, where to find them?
 - How to hire, manage, and fire key executives across regions?
 - How to manage a cross-cultural and distributed organization?
 - How to use IT and other management tools to run and manage cross-border multi-locational offices?
 - How to build a seamless company culture across different geographic boundaries and cultures?
- Exit
 - Anticipate the end game from the beginning: How best to structure when there are global partners so that returns are maximized for all parties?

Leadership & Personal Issues

- How to overcome adversity and how to turn adversity into opportunity?
- Life as an expat
- Family vs. work
- Wealth vs. fame

CLASS GUIDELINES

This is a case-based course, and the centerpiece of all our activities in class will be our case discussions. In general, we will do one to two case discussions per class. For many of the case study readings, there will be a corresponding online poll that must be completed by 10pm on the day **before** class. These polls serve as a starting point for our class discussions. The **online polls** and case discussion **study questions** should help you find the most important information in the cases. In most of the cases, there is both valuable and extraneous information for the questions at hand. Sorting through the information in order to conduct your analyses and craft your recommendations is one of the skills to be developed in this course. In preparing for the case discussions, we ask that you deal with the cases as you find them; do not seek outside or post-case data on the firm or industry.

The success of this course will depend on the level of engagement from all of us as a learning community. The cases, exercises, lectures, and your classmates' experiences all combine to provide a unique opportunity for us to achieve the course mission. We

expect everyone to have read each case, thought about the study questions, completed any required assignments, and to be ready to actively participate in the discussions. We strive to continually improve this course and to remain flexible while welcoming your feedback and suggestions.

ATTENDANCE POLICY

Many of the benefits of the course will be obtained in the class discussions that take place. Especially in an area like entrepreneurship, learning occurs through interaction. Beyond one absence, failure to attend class will have a significant impact on your class participation grade. Missing two or more of the seven sessions is not generally acceptable in a class of this length. Attendance will be taken at each class by passing around an attendance sheet that must be signed. Absences may be excused only in the case of serious illness, family emergency, religious observance, or civic obligation.

LAPTOPS, ETC.

Laptops and other technology in the classroom should only be used when relevant to the material being discussed. Please refrain from using your laptop and other electronic devices during class time to engage in non-class-related activities.

ASSIGNMENTS & GRADES

Your final grade will be based on the following:

Class Participation (individual)	25%
One Case Analysis Memo(individual)	25%
Mid-term Group Presentation (team)	20%
Final Group Presentation (team)	30%

TOTAL 100%

CLASS PARTICIPATION (25%)

Attendance, preparation, and participation are essential in this class, as in any class based on the case method. Quality class participation is a significant part of the learning process in this class, and the chief criterion for this part of the grade is your contribution to the learning of others. Accordingly, quality comments include, but are not limited to: a) Contributing to moving the discussion forward, b) Building on the comments of others, c) Providing insights that show evidence of analysis and go beyond repetition of case facts, d) Offering a different, unique, and relevant perspective on the issue, e) Including some evidence or analysis of inherent trade-offs, f) Connecting related personal experiences to the discussion, and g) Asking good and thought provoking questions.

There will be ten online polls (Polls # 1-10) that also contribute nominally to your class participation grade. No late polls will be accepted, and the polls will close once the 10pm deadline has passed. Answering the poll questions should not take much time beyond your normal preparation for class. As a guideline, you should aim to spend no more than 15 minutes answering the poll questions (not including the time needed to read and prepare the cases) – some polls may take you as little as 5 minutes to answer, while others may take you up to 10 minutes, depending on how comfortable you are

with the particular subject matter. For the short answer questions in the polls, I am looking for only 1-3 succinct sentences or bullet points.

ANALYSIS MEMO (25% TOTAL, 12.5% EACH)

Each student is responsible for completing one written analysis paper. You may choose from any of the below cases,

- **CASE:**
- **CASE:**

The length of the memo should not exceed 1000 words (equivalent to about 4 pages double-spaced or 2 pages single-spaced). Additionally, you are allowed (but not required) to submit up to 3 pages of exhibits. You can feel free to format your memo in any way you prefer. Please submit your memo via Yale Cavas.

GROUP PRESENTATIONS (20% + 30%)

You are required to do two group presentations this semester. The first will be your country/regional study (10 minute presentation followed by 5-minute Q&A). The group is required to present to the class information/data you believe are necessary to be successful for the venture of your choice in the country/region of your choice, **(20%)**.

On the last two class sessions, you will do a final group presentation (10 minute presentation followed by 5-minute Q&A) of a real or hypothetical international venture that you are planning. You are expected to apply the key concepts discussed in this course. You should assume that you are pitching your venture to a group of angel investors for "seed" capital. Convince us to accept your terms and write you a check on the spot. We will follow the allowable time (10+5 minutes) strictly. Please upload an electronic copy of your presentation to Babson Blackboard before class on xxx, **(30%)**.

The first group team will be assigned randomly. You are required to form your own team for the FINAL group presentation. The minimum number of team members will be four and the maximum will be five. I reserve the final right to add additional members to the in case of a short-fall. **(This may be modified depending on course enrollment)**. Teams should form by the beginning of class on

Required Readings

<http://cb.hbsp.harvard.edu/cbmp/access/52689148>

SUPPLEMENTAL READINGS (OPTIONAL)

Global Entrepreneurship Monitor 2015 Global Report

<http://www.gemconsortium.org/report>

Global Entrepreneurship: The Contrasting Cases of China and India

<http://www.hbs.edu/centennial/businesssummit/global-business/global-entrepreneurship-the-contrasting-cases-of-china-and-india.html>

Why Emerging-Market Companies Acquire Abroad

http://www.mckinsey.com/insights/corporate_finance/why_emerging_market_companies_acquire_abroad?cid=other-eml-alt-mip-mck-oth-1507

COURSE SCHEDULE

I have attached a detailed 8 page course schedule. This lists the required cases and optional readings for each session and the due dates for your assignments. Please read

the course schedule carefully. The sequence in which we will discuss cases in class can be slightly different from the sequence in which the cases are compiled in the coursepack. I reserve the right to make occasional adjustments to the scheduling. This may include, on occasion, the reduction or elimination of a case discussion.

Session	Cases & Readings	Teaching Objectives	DUE
1	COURSE INTRODUCTION		
2	<p>CASE: From Beijing Jeep to ASC Fine Wines: The Story of an American Family Business in China</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • How did the St. Pierres' previous connections help them with the founding of ASC? • What were some of ASC's early struggles and how did the St. Pierres resolve them? • What are ASC's core strengths? • What can we learn from ASC's later challenges (SARS epidemic, warehouse fires, Don Jr.'s detention) and from the way ASC responded and grew its business post these unusual challenges? • What does the Suntory acquisition mean for ASC? Will ASC be to Suntory what AMC was to Chrysler? • Right exit for the St. Pierres? 	Introduce challenges of doing business in foreign markets (e.g., adapting to rapidly-changing consumer tastes, managing risk in volatile regulatory environments)	CV + 1 page on (a) tell me something special about you (b) why you want to take this class and what you hope to get out of this class?
3	<p>International vs. domestic entrepreneurship</p> <p>Required Reading: HBR ARTICLE - The Global Entrepreneur - Daniel J. Isenberg, Dec. 01, 2008</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • What are the key differences between international and domestic entrepreneurship? • Why go Global? • Traits of an international entrepreneur? 	Explain key differences between international and domestic entrepreneurship, (if any)	
4	<p>CASE - Alibaba's Jack Ma: Rise of the new Chinese entrepreneur</p> <p>Required Reading: HBR Article – Chinese Approach to Management - Thomas M. Hout; David Michael, Sept. 2014</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • What is unique about Ma's vision? 	Characteristics of International Entrepreneur	Do your independent research and prepared to answer the business model of

Session	Cases & Readings	Teaching Objectives	DUE
	<ul style="list-style-type: none"> • Could Ma's personal traits and characteristics be credited with his phenomenal success? • Could these same assets help him sustain his miracle for ONE THOUSAND and ONE NIGHT to come? • Would it be possible for another entrepreneur to duplicate Ma's success on the strength of similar traits and characteristics? • Would the requirements of a chief executive or entrepreneur be different during the various business phases, both internal and external, of a company, and if so, what would they be? • What you think of Ma's letter to Alibaba employees? What stands out? • What you think of Ma's customer first, employee second and shareholders third argument? 		Alibaba & characteristics of its founder Jack Ma
5	<p>CASE: WildChina: Taking the Road Less Traveled</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • What can we learn from Mei Zhang's path to entrepreneurship? What impressed you the most? • What do you think of her decision to scale down from \$525,000 to \$100,000 in startup capital? • What do you think of Zhang's gutsy pivot during the SARs epidemic? What did she learn from this? • Family vs. personal conflict? When to pass the baton? How to identify and recruit the "ideal candidate"? • What are WildChina's core strengths? • How can Zhang best manage her key suppliers? What leverage does she have, if any? 	Show the key "hows" – how you translate your passion into action? how to manage different types of conflicts? how to pivot due to unexpected macro environment changes? how to deal with supplier conflict?	Poll #1
6	<p>CASE: Spottfire: Managing a Multinational Start-up</p> <p>Required Reading: Blitzscaling – an Interview with Thomas M. Hout, April 2016</p> <p>Study Questions:</p>	Explore the managerial challenges that arise as an early-stage startup receives venture capital funding and reassesses	Poll #2

Session	Cases & Readings	Teaching Objectives	DUE
	<ul style="list-style-type: none"> • What is the nature of the opportunity for Spotfire? What should Spotfire focus on over the next 3-5 years? • Spotfire expected to raise additional capital in December 1998. How much capital is needed? What is a reasonable valuation of the company? Under what terms should Spotfire seek to raise capital? • Spotfire's development group and the rest of the firm work in geographically separate locations. Is this sustainable? 	its target markets and selling processes. Assess pros and cons of multi-location strategy in a startup environment.	
7	GUEST SPEAKER #1		
8	<p>CASE: MOBILE TELECOMMUNICATIONS: TWO ENTREPRENEURS ENTER AFRICA</p> <p><u>Study Questions:</u></p> <ul style="list-style-type: none"> • What was the fundamental opportunity that Adesemi and Celtel saw prior to entry into African markets? • Why was Celtel successful where Adesemi ultimately was not? Overall what lessons do you draw about understaking successful entrepreneurship in these countries? 	Better define and comprehend key challenges to successful entrepreneurship in emerging markets. Evaluate the potential for government officials and established competitors to trigger regulatory obstacles, hold-up problems, and other disputes.	Poll #3
9	<p>CASE: ENTREPRENEURIAL FINANCE LAB</p> <p><u>Study Questions:</u></p> <ul style="list-style-type: none"> • Why it is so difficult for entrepreneurs in developing countries to gain access to financing? Evaluate EFL's approach to bridging the entrepreneurial finance gap faced in developing countries. • Should EFL continue its expansion or should it retrench and re-evaluate its business model? If it decides to continue scaling, should it enter into new countries or should it expand into adjacent markets such as the consumer loans market? 	Identify the key factors that a start-up should consider as it faces the decision of whether to continue their fast expansion or, alternatively, weather they should retrench to conserve resources and re-evaluate their biz model	Poll #4

Session	Cases & Readings	Teaching Objectives	DUE
	<ul style="list-style-type: none"> • How should EFL react to the potential loss of Large African Bank as a client? How concerning would this loss be and could it have been avoided? • What are the opportunities and challenges of being a global start-up? How did EFL leverage the benefit and how did it manage the challenges? 		
10	<p>CASE: EVERTRUE MOBILE TECHNOLOGY DEVELOPMENT (A)</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • Assess the technology development options available for EverTrue. What criteria should Brent use to evaluate them? Should Brent outsource technology development abroad so early? Which technology development strategy should EverTrue pursue? • Are some technology development options more appropriate for the short- versus long-run? Should Brent plan to transition across his four options? How costly would these disruptions be? • What are the business models of oDesk and Dashfire? What are their similarities and differences? What are the keys to success for each model? Putting aside differences in how old the companies are, in which model would you prefer to be an investor? 	<p>Evaluate the advantages & liabilities of being a globally-distributed company at a very early stage. Evaluate the advantages and liabilities of each technology development option. Evaluate the short & long-term use of outsourced technology development in new ventures.</p>	Poll #5
11	<p>CASE: BLINK BOOKING</p> <p>http://www.wired.co.uk/magazine/archive/2012/04/features/inside-the-clone-factory?page=all</p> <p>http://www.businessweek.com/articles/2012-02-29/the-germany-website-copy-machine</p> <p>http://techcrunch.com/2012/09/16/rocket-internet-is-there-a-method-to-its-madness-or-is-it-justbad-for-innovation/</p>	<p>Explore founder issues and management challenges. Analyze the international replication of business models.</p>	Poll #6

Session	Cases & Readings	Teaching Objectives	DUE
	<p>Study Questions:</p> <ul style="list-style-type: none"> • Evaluate Rebeca's launch of Blink Booking in Europe. What should Rebeca do next with respect to the management team? • What attributes make a venture a viable candidate for being successfully replicated across countries? • Why are cloning/replication models springing up in Europe? What are the key success factors for these models? 		
12	Country/Region Presentation Day 1		
13	COUNTRY/REGION PRESENTATION DAY 2		
14	<p>CASE: CHERRYPICKS</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • Assess the founding of Cherrypicks and the firm's progress to date • What are the advantages and disadvantages of a partnership between Cherrypicks and SK Telecom (SKT) regarding Ring Back Tones (RBT)? What resources can each party bring? • How should Cherrypicks pitch the RBT opportunity? How should Cherrypicks try to structure the partnership with SKT? 	<p>Highlight the partnership opportunities between entrepreneurial and large firms. Highlight the international dimension to opportunity identification. Highlight the benefits and weaknesses of starting technology ventures from a management consulting background.</p>	Poll #7
15	<p>CASE: Home Essentials: Building a Global Service Business with Local Operations</p> <p>Required Reading: HBR Article – Companies don't go global, people do, an interview with Andy Molinsky, Oct., 2015</p> <p>Study Questions:</p>	<p>Analyze factors that should be considered in location choice decisions. Understand growth opportunities and the organizational implications of rapid</p>	Poll #8

Session	Cases & Readings	Teaching Objectives	DUE
	<ul style="list-style-type: none"> Evaluate Home Essentials' initial business model and Hong Kong location. How well positioned is Home Essentials for rapid international growth? What aspects of its business model encourage or hamper it from achieving a global footprint? Which of Home Essentials' growth opportunities are most promising? What criteria should be used to select locations for Home Essentials' future expansion? Which of the countries/cities being considered are the more promising candidates? What factors have made Home Essentials successful or not in its past global expansion efforts, and what can we learn from that to help choose among current candidates? 	<p>global expansion. Identify potential pitfalls when managing businesses in unfamiliar foreign environments.</p>	
16	GUEST SPEAKER #2		
17	CASE: Venture Financing – LuckyPai (in class)	Illustrate key founder considerations in a VC-backed venture in an international setting	
18	CASE: Chai-Na-Ta (Asia) Ltd. (CP) <u>Study Questions:</u> <ul style="list-style-type: none"> What are the key marketing decisions that Billy Wong needs to make? What analysis should be undertaken to support these decisions? What are the implications for different distribution channels? 	Develop analytics and decision skills needed to bring products into new markets, including basic pricing and financial analysis skills.	Poll #9

Session	Cases & Readings	Teaching Objectives	DUE
19	<p>CASE: Levedary Café: The China Challenge (CP)</p> <p>READING: Hisrich ch. 6, ch. 10 (<i>optional</i>)</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • What is your evaluation of the way Levedary Café has entered the China market? • What changes (if any) should Mia Foster make? Specifically, what should she do about Louis Chen? And what changes (if any) would you propose at headquarters? • Prepare a specific action program for Foster to help her deal with the need for continued growth in China. What should be on the agenda for her meeting with Chen and what should be in her contingency plan if things don't work out? 	<p>Understand various dynamics between HQ and international subsidiaries: (1) the evolving roles over time, (2) the nature of control, and (3) standardization vs. local adaptation, and the structures, systems, and processes needed to manage this tension.</p>	<p>Poll #11</p>

Session	Cases & Readings	Teaching Objectives	DUE
20	<p>CASE: The Ascendancy of AirAsia: Building a Successful Budget Airline in Asia (CP) READING: Hisrich ch. 11</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • What is the macro and industry environment in the Asia-Pacific region for the entrance of new budget airlines? What opportunities and challenges are associated with this environment? • How might demand for low-fare service differ in the Asia-Pacific region from North America and Europe? • Compare AirAsia's generic strategy (cost leadership, differentiation, focus) with the strategies of other incumbent carriers and with Southwest and Ryanair. How is it similar to and different from the strategies of those carriers? • How should AirAsia respond to the challenges posed by (a) new low-fare carriers and (b) low-fare strategies pursued by incumbent carriers? How would you characterize the competitive dynamics in this market? • How do you think the Asian passenger air transport marketplace will shake out? What lessons can you draw from the North American and European experience? 	<p>Illustrate how strategic entrepreneurs identify and exploit market opportunities and deal with subsequent growth and competition. Examine the strategy development process and the challenges and opportunities of creating and rapidly internationalizing a company.</p>	Poll #12
21	<p>Case: TCS – An Entrepreneurial Air-Express Company in Pakistan</p> <p>Study Questions:</p> <ul style="list-style-type: none"> • Should Khalid Awan stay, sell part, or sell all of TCS? • How should Awan expand? Supply chain management/export intermediary/expand TCS's current business abroad? 		
22	<p>CASE: VACATIONSPOT.COM & RENT-A-HOLIDAY: NEGOTIATING A TRANS-ATLANTIC MERGER OF START-UPS</p>		Poll #14

Session	Cases & Readings	Teaching Objectives	DUE
	<p>Study Questions:</p> <ul style="list-style-type: none"> • What is the nature of this opportunity for the two companies? • What is the context for Internet entrepreneurs in the US and Europe in early 1999? • What is the value of VacationSpot.com in 6/99? What is the value of Rent-A-Holiday in 6/99? • Should the two companies merge? If yes, under what terms? Where should the company be headquartered? What should the new name of the company be? • If you were Steve Murch would you keep Peter Ingellbrecht and Laurent Coppieters on board? For how long? If yes, what kind of incentives would you offer them? Be as specific as possible in your proposal of an incentive structure. • If you were an investor in Rent-A-Holiday, what would your concerns about the merger be? What would you propose to the entrepreneurs in both companies to mitigate your concerns? 		
23	FINAL GROUP PRESENTATION		