

MGMT893-001: Building Future Markets in Emerging Economies (0.5 cu)

Version 6.1: 03-01-2014

Faculty: Ian MacMillan

TAs:

Clare Leinweber (leinwebe@wharton.upenn.edu),

Alli Berliner (allison.berliner@gmail.com)

Martin Ihrig (ihrig@wharton.upenn.edu)

Location: Stellenbosch, South Africa (Greater Cape Town area).

In order to provide quality accommodations and conference facilities in one location, the course will be based at Spier Wine Farm (<http://www.spier.co.za/>) near Stellenbosch. On one evening during the course a round-trip transfer from Spier to Cape Town will be arranged for students and on another evening one round-trip transfer from Spier to Stellenbosch. All other transportation is to be arranged directly by students.

Dates: March 9 - 12, 2014

Collaborating University: University of Stellenbosch Business School (USB)

TEXTBOOK: *Winning in Emerging Markets* by Tarun Khanna and Krishna Palepu.
Harvard Business Press, Boston, Mass, 2010

Future Market Creation Plan due March 21, 2014

Course Description:

With serious economic slowdown in most of the developed world, major firms and investors are turning their interest to participating in the burgeoning growth of emerging markets around the globe. In this course we will be looking at how to enter, and in many cases actually create, markets in countries poised for growth.

Firms and entrepreneurs alike are typically ill-equipped to evaluate and execute new initiatives that provide healthy upside potential and simultaneously limit exposure to liability and loss. We shall provide tools and insights for entering, or creating and expanding future markets, applying radically different processes for planning and executing market creation under conditions of great uncertainty.

This course is not just about entering African markets. While the course will be delivered in South Africa as an exemplar region - the materials apply to all emerging economies.

The course will cover how to:

- **Identify, evaluate and create future market opportunities**
- **Embrace uncertainty and manage risk in the creation of a future market**
- **Plan and execute under uncertainty**
- **Analyze and anticipate the sociopolitical challenges of new market creation**

The course comprises lectures by Wharton instructors and executive briefings by executives who have actually managed the entry of their firms into emerging markets such as India, China, South America, Eastern Europe and Africa, and who will provide insights for market entry into those regions.

Wharton students will have the opportunity to take the course jointly with students from University of Stellenbosch Business School.

Grading structure: 30% class participation & 70% group future market creation plan.
P/F grading not permitted.

Class Participation:

Since this course is delivered in a highly concentrated format, there will be significant penalties for missing parts of the course.

Attendance will be strictly taken and any tardiness or absences will substantially impact your class participation grade; thus, your final grade for the course. In the past, absences and tardiness have sometimes dropped students' final grades by 1 to 2 grade levels.

Individual contribution to group effort:

In order to minimize the free rider problem with respect to group work, you will be asked to rate the contribution of each of the other group members by assigning a percentage score to each of them, using the GROUP MEMBER EVALUATION FORM on the last page of this document.. Note that you should assign each member a score between 1% and 100% for your perception of the contribution they made to the group effort: So if you feel that other group members and you all contributed equally **each** member would therefore receive a score of 100%. You do not rate your own contribution.

These scores will be used to calculate a weighting score that will be applied to the individual's group work scores as shown below.

	Percentage given to:		
Percentage given by:	To A	To B	To C
By A	N/A	100	65
By B	85	N/A	55
By C	75	100	N/A
Average	80	100	60

So you can see here that A felt that B had made 100% contribution, but C had only made 65%.

B felt that A had contributed only 85% and C only 55%

On the other hand C felt that B had made 100% contribution, but A had only made 75%

Grand Average: $(80+100+60)/3 = 80$

Final Weighting:

	A	B	C
Average/Grand Average	80/80	100/80	60/80
Weighted Points	1	1.25	0.75

So if the group report score was 50 points, then the weighting would be applied as follows:

Student	Points earned
A	$1.0 * 50 = 50$
B	$1.25 * 50 = 62.5$
C	$0.75 * 50 = 37.5$

Note: There have been (mercifully rare) occasions when one group member (a free-rider) got an F while another got an A.

Schedule and readings

Note that this schedule is not a contract; it is a game plan subject to modest changes contingent on local scheduling constraints and adjustments. In particular, executive briefings are contingent upon speaker availability.

Day 1: Sunday, March 9

Readings for day 1: Text book: Khanna and Palepu, Introduction

6:00 – 6:30 pm	Course Introduction
6:30 -- 8:30 pm	Opening Braai (Barbecue): Meet students, teaching assistants and faculty

Day 2: Monday, March 10

Readings for day 2:

1. Text Book: Khanna and Palepu, Chapter 1:
2. R. Gunther McGrath and Ian C. MacMillan “Discovering New Points of Differentiation” Harvard Business Review, Vol. 75, no. 3, July-August 1997. pp. 133-145
3. R. Gunther McGrath and Ian C. MacMillan “Discover Your Products’ Hidden Potential” Harvard Business Review, Vol. 74, no. 3, May-June 1996. pp. 58-73

Day 2 Schedule (Monday)

8:00 – 9:30
Introduction: Framework for Building Future Markets

9:45 – 11:15
Deliverable and experience tables

11:30 – 1:00
Executive briefing: Entering emerging markets with financial services: Sanlam expands into India: **Heinie Werth**

1:00 – 2:00
Lunch

2:00 – 5:00
Optional & Voluntary Bus Tour: Cape Town City Representative: **Alistair Graham**
(Approximate return time: 5:00PM)

6:00 – 9:00

Group formation and group work

DAY 3: Tuesday, March 11

Readings for Day 3:

1. Textbook: Khanna and Palepu, Chapters 2, 3
2. Larry Selden and Ian C. MacMillan "Manage Customer Centric Innovation Systematically" Harvard Business Review, April 2006

Day 3 Schedule (Tuesday)

8:00 – 9:30

Most Competitive Alternative (MCA) and Capability tables

9:45 – 11:15

Executive briefing - Shoprite: Taking grocery retailing into Africa: **Ciska Blair and Photy Tzellios**

11:30 – 12:45

Discovery Driven Planning and CheckPoint/Assumption Table

12:45 – 1:30

Lunch

1:30 - 3:00 : Executive briefing - Leopards Leap: (Taking Wine into China): **Hein Koegelenberg**

3:30 – 5:30

Stakeholder analysis

6:00 – 8:30

Group work

Day 4: Wednesday, March 12

Readings for day 4:

1. Textbook Khanna and Palepu: Chapter 5

Day 4 Schedule (Wednesday)

8:00 – 9:30

Politics of Execution

9:45 – 11:15

Executive briefing - SABMiller enters emerging markets. **Johann Nel**, former HR Director of SABMiller plc)

11:30 – 1:00

Sociopolitical strategy for new market creation

1:00 – 1:45

Lunch

1:45 - 3:00

Executive briefing: Launching and operating equipment ventures in Africa. **Richard Lord**, General Manager: North East Africa at Distell

3:15 – 4:30

Course wrap up

FINAL DELIVERABLE

Group report: Future Market Creation Plan **DUE March 21**

Form a team consisting of at least 5 and up to 7 members. Assume the role of a team charged with deciding on whether and how to enter a market in an emerging economy. Select an offering that really interests your team, and a region where there is potential for high growth for that offering. This may be for an existing firm or a for de novo start up.

Your goal is to learn enough about the future market opportunity, using whatever data sources you can, and then apply the course materials to prepare a draft plan and entry strategy for entering this future market.

The following outline should serve as a guide, but use your own best judgment as to the best way to present your work.

Confine your text to no more than 20 double-spaced pages of 10 point type excluding appendices. Appendices should not be more than another 15 pages.

1. Executive Summary (Maximum 1 page)
2. Impact statement Description of the future market, how your offering will be superior to the most competitive current alternatives, the expected performance of your program five years out, and expected financial benefits (about 3 pages).
3. Market analysis. Analysis of the emerging market for the offering, using the relevant institutional void frameworks proposed by Khanna and Palepu. Your selection of growth arenas - the size and growth rate of the target revenue arenas, or target application arenas, with value propositions. Your revenue model and profit model (about 6pp)
4. Market creation challenges Your articulation of the highlights of your experience, deliverables, MCA, capability and expense tables.(about 5 pp)
5. Sociopolitical analysis and stakeholder reactiveness. Recommended political strategy and tactics for stakeholders (about 3 pp.)
6. Recommendations and key risks. What the proposed entrant should do next, and why you feel this is the best way to proceed. (Your recommendation may be to not go forward, in which case your analysis should show why). Critical environmental risks, customer-response issues, competitor reaction scenarios, impact on your base-case assessment, (About 2pp.)
7. Appendices (Should not be more than another 15 pages): Your full experience table, deliverable table, MCA table, capability table, Cost and expenses table and funding table. Your DDP, including sensitivity analyses and Assumption/checkpoint Table, barebones NPV, Your Sociopolitical analyses. Other relevant exhibits and supporting materials.

GROUP MEMBER EVALUATION FORM: E-mail to TA on the day the final paper is submitted

GROUP NAME

GROUP LEADER

YOUR NAME: _____

GROUP MEMBER'S NAME (PLEASE PRINT)	PERCENTAGE EFFORT
DO NOT RATE YOURSELF	