

E202 A SPR24 Managing the Growing Business

Course Summary

The businesses that we will examine in Managing the Growing Business: An Entrepreneurial Perspective are relatively small firms that are aiming to become big ones. The challenges in these growing enterprises are different from those in the 'professionally' managed, large companies that we more usually examine at LBS. Not least, because the threat of failure is so much higher. We know that most new ventures fail within their first 3 years of existence and that most failures are related to inability to grow. My mission in MGB is to ensure that LBS graduates know where the major pitfalls are, how to avoid them and what to do to increase the chances of success 'after the start-up.'

In the course, we will take an entrepreneurial strategy perspective to examine how to navigate the intricacies of establishing growth-focused businesses in the face of real-world entrepreneurial challenges, such as limited resources, substantial uncertainty, rapid technological advancements, and a natural inclination towards taking action. The core assumption we will rely on is that a single technology or concept can give rise to entirely different ventures, each armed with unique growth strategies. To choose among these strategies, we will learn integrated and practical framework designed to foster growth-oriented entrepreneurship. Within this framework, we will explore four fundamental generic strategies that can be applied to nascent ideas during their early stages, transforming them into valuable and enduring companies: disruption, value-chain, architecture, and IP strategy.

We will learn how to choose between these alternate strategies and practice designing and executing them effectively within the context of specific companies and unique situations. By the end of the course, you will be well-equipped to tackle the challenges and opportunities that arise on the entrepreneurial journey, armed with a comprehensive toolkit for strategic decision-making and growth-focused entrepreneurship.

The course is designed to give you a road map of the likely issues that you will face in a high growth enterprise. The main objectives are to:

1. Give you an insight into what running an early stage growing business actually entails.
2. Provide an overview of the major strategic and operational issues that typically confront young growing businesses.
3. Provide a framework for anticipating the likely growth issues in the business.
4. Interact with founders and growing businesses through LBS cases, guests and a project on a live growth business.

The course combines interactive lectures, case analyses, and direct engagement with start-ups. The course draws on a rapidly emerging body of research in entrepreneurial strategy that moves beyond the "one size fits all" approach to start-ups and instead focuses on the key choices that founders face as they start and scale their business. The cases and assignments offer an opportunity to integrate and apply the entrepreneurial strategy framework in a practical way, and draws from a diverse range of industries and settings.

The course also provides an opportunity to engage with real entrepreneurial businesses to apply and practice the MGB tools. This culminates in a report and presentation on the project. In the past we have had some notable successes in not only providing new insights to these businesses but helping them resolve burning issues – and occasionally providing the management team with a new recruit!

CLASS BACKGROUND AND PREPARATION

The class may be particularly appropriate for those seeking to:

- (a) Found a growth-oriented start-up
- (b) Join a start-up company with influence on strategy development or implementation
- (c) Fund start-ups as an investment professional
- (d) Consult start-ups or innovation-driven firms in fast-moving environments

You should be prepared for every class. The class is highly interactive. For readings, consider how core choices facing entrepreneurs might be made in light of the framework in the reading, and how you might utilize key insights in practice. For cases, identify the key choices facing the protagonists, evaluate alternative approaches to these problems (including what additional information you might need to gather to make a clear decision), and think about the course of action you would recommend and why. Group work (and study groups) are critical; effective group cooperation is crucial to a valuable class experience.

Canvas will be used extensively as a course website. The site is a critical complement to the lectures. Canvas includes non-case-packet readings, links to points of interest (e.g., company and speakers' websites), and supplementary reading materials, reading guides, and lecture slides. Canvas includes key course information such as the syllabus, assignments, due dates, and updates. Material on Canvas will be assumed to have been reviewed and downloaded.

Credit: 11

Assessment Information and Policies

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1. Assessment Table

Assessment type	Weightings	Group/ Individual	Release date of assessment component	Deadline/ Time & Date of exam
Class Participation	15%	Individual	Now	To be submitted via Canvas before Session 4
Pre-class polls	10%	Individual	Now	
Individual Assignments (choose two of four)	35%	Individual	With course syllabus	
Group Project	40%	Group	Now	<u>Group Project - Final Report:</u> (Before Session 10)

[View All Course Assignments](#)

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2. Requirements to Pass

In order to successfully complete a Core or Elective Course, students will be required to achieve the following minimum requirements:

- i. A minimum of 50% overall; **and**
- ii. A minimum of 50% across the weighted average of individual assessment component/s excluding class participation; **and**
- iii. Satisfy any attendance requirements where applicable

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3. Academic Integrity Expectations

STUDENT DECLARATION

References:

- 5.3 Academic Integrity of the Academic Regulations.
- Student Disciplinary Policy

By submitting your assessment for this course, you are confirming that:

- 1. You have completed the assessment in accordance with the School's expectations in regard to academic integrity and the faculty's instructions for the assessment/course:**

- i. the work you are submitting is original and has been created by you (or your study group when applicable) for the purposes of the assessment.
 - ii. unless otherwise directed to by the faculty, you have worked individually (or with your study group when applicable) and not discussed the assessment with any other person(s) or study group(s).
 - iii. the work has been appropriately referenced and you (or your study group when applicable) have cited all sources including (but not limited to) published articles or online materials.
2. You accept the School's position on the use of artificial intelligence software and:
- i. you recognise that it is not appropriate to **use artificial intelligence software** in all circumstances, and will refrain from using it if and when directed by faculty.
 - ii. you have committed to using artificial intelligence software responsibly, reviewing and improving its output to ensure the accuracy and quality of information.
 - iii. you acknowledge that artificial intelligence software can provide low-quality and/or incorrect information, and it is your responsibility to critically engage with the outputs to demonstrate your own understanding of the subject matter.
3. You understand the School will seek to ensure the assessment is **safeguarded and fair** for all students and **its academic standards are maintained**, and:
- i. reserves the right to use a variety of methods including (but not limited to) academic expertise, technology solutions, and oral exams to monitor student's work and ensure academic integrity.
 - ii. faculty may, at their discretion, call any student in for a viva voce (oral exam) in which their understanding of the topics in the submission will be examined. If the student cannot adequately demonstrate their understanding of the subject matter, they may be awarded a lower or zero score for the assessment component.
 - iii. may investigate any cases of academic misconduct under the Student Disciplinary Policy and may apply sanctions including (but not limited to) a reduced score for the assessment component, failure of the course or expulsion from the School.

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4. Attendance Policy

Students are expected to attend and engage in all sessions at campus. Attendance and punctuality will be closely monitored by the electronic attendance monitoring system (SEAtS) and may also be monitored manually. Students must register their attendance themselves by using their student ID card to touch-in on entry to the session and remain in the lecture theatre for the duration of the session.

Students who are persistently late or absent may be contacted by their Programme Office and/or subject to disciplinary action if any attendance issues are not resolved to the School's standard. For students who hold Student Visas, poor attendance may lead to the student being withdrawn and their visa cancelled.

Students are reminded that any misuse or interference of the attendance systems will be treated extremely seriously. Please refer to 5.1 of the Academic Regulations and the Student Disciplinary Policy for more information.

5. Other Assessments

Form Group Project Teams and Pick a Business

- - Form a team of 3 or 4 via Canvas, & pick business for project by latest **11th January 2023 at 16:00 GMT.**

To form a team:

- Go to the [People](#) tab.
- Select 'Groups'.
- Add yourself to one of the project groups.
- If you know who you will be working with make sure you let your team mates know your group number so they can add themselves in.
- If you're looking for fellow teammates, please check the list of unassigned students and contact them directly.

- **Group Project - Questionnaire: 1st February 2023 16:00 GMT.**

- Ask your project Company to complete the [questionnaire](#).
- Submit [Questionnaire](#) via Canvas by **1st February 2023 16:00 GMT.**
- **Plagiarism Declaration**

All students completing this course should be aware that in submitting any assignment for this course, you agree to the following declaration:

"I certify that the coursework that I have submitted is entirely my own unaided work, and that I have read and complied with the School's guidelines on plagiarism and referencing as set out in the School handbook.

I understand that the School may make use of plagiarism detection software and that my work may therefore be stored on a database which is accessible to other users of the same software."

Students should be aware that, where plagiarism is suspected, a formal investigation may be carried out under the School's Student Disciplinary Procedure. This may result in penalties ranging from mark deduction to expulsion from the School.

- **Group Project - Draft Executive Summary:**

- **Deadline: 13th March 2023 12:45 GMT**

Only one group member needs to submit the draft executive summary on behalf of the group.

THIS IS A DRAFT ONLY TO GIVE THE PROFESSOR A PREVIEW OF YOUR FINDINGS.

Submit a single A4 page.

View the [Team Project Guide](#) [_Download Team Project Guide](#) for project instructions.

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- **Group Project - Presentation**

- **Presentation of Final Report**

- Presentations take place on the **15th March 2023 16:00 GMT**
- 15 minutes including Q&A.

NOTE THAT THIS WILL BE AN EXTENDED SESSION OR AN ADDITIONAL SESSION WILL BE HELD TO GRANT EVERYONE ENOUGH TIME FOR THEIR PRESENTATIONS

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6. Late Submissions Penalty

Students are expected to submit all assessments for marking by the deadline stated in this course syllabus. However late submissions are accepted for the following assessment(s) of this course:

- **Written Assignment 1**
- **Written Assignment 2**
- **Group Project**

When late submissions are received for the above, the following penalties will be applied:

Type	Time period	Reduction (for the assessment)
Penalty 1	Up to 48 hours late	20% of total marks available
Penalty 2	Up to 96 hours late	40% of total marks available
Penalty 3	Over 96 hours late	Fail

The applied penalty will be calculated based on the total marks available for the assessment and not based on the score achieved by the student. Assessments that are submitted more than 96 hours after the stated deadline will not be marked and students are not entitled to individual feedback.

Sessions

1: Session 1

Format

- In class lecture
- Case discussion

Concepts covered

Growing Business Concerns

In this session we will introduce the broad themes that concern growing firms. The introductory papers preview some of the management dilemmas faced by growing businesses. A key conclusion is that gaps in the capabilities of managers account for many failures, more so than say a lack of finance. The case study highlights a success story from the UK concerning a food retail chain – Pret a Manger – that will be familiar to most London residents.

Required readings

- Case:
 - [Pret a Manger \(LBS Case\)](#)Download Pret a Manger (LBS Case)
- Reading:
 - [EntStrat2023, Chapter 1](#)

Some issues to consider in your preparation:

- What are the 'rules' for managing a successful food retail business and how do Pret's management address them?
- How fast and how big can this business grow?
- In Julian or Sinclair's position in 1998, what is your agenda now?

Before class:

- Session 1 pre-class survey

2: Session 2

Format

- In-class Lecture
- Guest Speaker:
 - Russ Tucker, Co-founders and CEO of Twig and Ivy Farm Technologies [Links to an external site.](#)
 - Company website: twig [Links to an external site.](#)

Concepts covered

Start-ups must choose between different customer segments when choosing to bring their product to market, as the value proposition received by one segment can be at odds with another. How should entrepreneurs choose their customers? Tailor the value proposition to their chosen customer? What factors do you think most important in customer segment choice, especially when your objective is to cross the chasm?

Required readings

- Case:
 - [Lytro](#) Download Lytro
- Reading:
 - EntStrat2023, Chapter 5.
- OPTIONAL READING:
 - Gourville, J. (June 2006) "Eager Sellers and Stony Buyers," Harvard Business Review, 84:6, pp. 98-106. [Links to an external site.](#)
 - Choose Your Customers Workbook

Before Class

Before coming to class, please reflect on the following questions:

- - Why has there been such a disconnect between the initial reception of Lytro in the "tech" community and the broader population?
 - What potential customer segments would you choose going forward?
 - What recommendations would you have for Jason Rosenthal?

WRITTEN ASSIGNMENT "A" is DUE before this class.

3: Session 3

Format

- Case discussion

Concepts covered

A central challenge for start-ups is choosing and implementing an effective entrepreneurial strategy. While some firms choose to develop the entire value proposition and disrupt established firms in the product market, other firms choose strategic approaches that involve significant cooperation with established firms, from simple licensing deals, to collaborative partnerships, to the development of technology platforms. This session will focus on the central strategic trade-offs entrepreneurs face in choosing an entrepreneurial strategy, and how the process of choosing and executing an entrepreneurial strategy helps entrepreneurs establish and sustain competitive advantage.

Required readings

- Case:
 - Avatech Download Avatech
- Reading:
 - EntStrat2023, Chapter 8

Before class

Before you come to class, please reflect on the following questions:

- Brint Markle is considering four alternative models for Avatech going forward. What are the strengths and weaknesses of each alternative?
- Which approach would you recommend going forward?

4: Session 4

Written Assignment 1 Deadline Before Session 4

Concepts covered

This class focuses on choosing a disruptive strategy – start-up investing intensively on executing their idea through hustle and “get-ahead stay-ahead” competition. Disruptive start-ups offer a novel value proposition to new types of customers (often those that were previously “unserved”) and use their ability to quickly leverage and iterate new technology to overturn traditional entry barriers. But, disruptive entrepreneurs must ensure that they are able to scale their venture more quickly than established firms can respond (and more quickly than a follow-on start-up can disrupt them!). What do you think are the key choices that allow a disruptive strategy to succeed?

Required readings

- Case:
 - Rent the Runway
- Reading:
 - EntStrat2023, Chapter 10
- OPTIONAL:
 - Suster, M. (2016) “How to Decrease the Odds that Your Startup Fails,” Both Sides of the Table. [Links to an external site.](#)

Before class

Before you come to class, please make sure to reflect on the following questions:

- What have been some of the key reasons that Rent the Runway has been able to establish itself so quickly? What are some of the key lessons they learned through the process of rapid experimentation?
- Does Rent-the-Runway have a profit potential?
- Do you think that their approach is likely to engender a direct competitive response from established players? Which players might they worry about the most, and over what time frame?
- What are the benefits and costs of focusing on operational improvement prior to scaling, versus raising a new round of financing to take advantage of the current momentum? If they do choose to accelerate more quickly, what other changes will they need to make in order to scale?

WRITTEN ASSIGNMENT "B" is DUE before this class.

Session 4 Pre-class Survey

5: Session 5

Format

- Case discussion

Concepts covered

The final entrepreneurial strategy we will consider is an architectural strategy – where firms choose to compete with established players and also invest in maintaining control over their idea. Though this strategy is consistent with traditional competitive strategy ideas (e.g., McDonald's!), this strategy is has become particularly relevant in the context of designing and establishing a platform. What are the core drivers of value creation and capture in a platform approach to architectural strategy?

Required readings

- Case:
 - TreeApp Case, LBS Download TreeApp Case, LBS
- Reading:
 - EntStrat2023, Chapter 12
 - [Beepi](#)Download Beepi
- HBS Core Curriculum Reading:
 - Yin, Pai-Ling, “Strategy Reading: Technology Strategy,” Sections 2.2 pp. 18-23 (“Retain Competitive Advantage and Bargaining Power” until “Maturity”) & 3.1 pp. 33-35 (“Platform Technologies”)
- OPTIONAL:
 - How can VCs help startups set and meet ESG goals[Links to an external site.](#)

Before class

Before you come to class, please reflect on the following questions:

- As Treeapp founders build out their platform for planting trees, they face fundamental choices about how to design the platform, and also which side of the platform to focus on first to first core and then tip the platform. How are you going to core this platform?
- How are you going to attract different “sides” to the platform? Who is going to pay, and how does choosing the customer impact the evolution of the platform itself?
- How can the founders grow the platform without losing their mission?

Session 5 Pre-Class Survey

6: Session 6

Format

- Case Discussion

Concepts covered

This class focuses on choosing a value chain strategy – start-up investing on working with and through established players to provide value-added services to existing customers. Value chain start-ups depend on their ability to develop unique competencies and build unrivaled teams that allow them to maintain their ability to capture value even after their proprietary control over technology and their idea erodes. How can value chain start-ups avoid being overwhelmed by larger and more established players in global supply chains? What do you think are the key choices that allow a value chain strategy to succeed?

Required readings

- Case:
 - [Skin Analytics.pdf](#)Download Skin Analytics.pdf
- Reading:
 - EntStrat2023, Chapter 11

Before Class

Before coming to class, please reflect on the following questions:

- What are the key early choices that have allowed Skin Analytics to begin to gain traction in the complex world of dermatology and medical technology?
- As they consider their choices going forward, should they focus their scarce time and resources on doubling down on their current model or should they instead pivot toward disruption?
- Should they expand their operations abroad?

Session 6 Pre-Class Survey

7: Session 7

Format

- Case discussion

Concepts covered

This session focuses on the central elements and challenges of an intellectual property strategy – where a start-up invests upfront in control over their idea and orients themselves towards collaboration with industry partners. The success of an intellectual property strategy depends on the ability of the start-up to deliver compelling value to existing consumers of established firms while maintaining enough control over their idea to ensure their ability to capture value over time. This often depends on establishing control over formal intellectual property rights such as patents. What do you think are the key choices that allow an intellectual property strategy to succeed? How would you know whether a patent offered you the ability to “control” your technology?

Required readings

- Case:
 - [Licensing Agreement](#)Download Licensing Agreement
 - [Appendix A, B, C](#)Download Appendix A, B, C
 - [Bionymn](#)Download Bionymn
- Reading:
 - [EntStrat2023, Chapter 9](#)

Before class

This session will focus on a negotiation exercise between a start-up and a university, who both entered in a licensing agreement. As you prepare for this negotiation (details will be provided in class), consider the following questions:

- Do you think the royalty statement is accurate and compliant?
- Should the university take responsibility for the third-party lawsuit?
- Do you think the primary reason that Bright Summit wants the patent invalidated is stated in the letter? What do you think the real reason is?

Written Assignment "C" due the night before by 6PM

Session 7 Pre-Class Survey

8: Session 8

Format

- Growth Panel guest speakers:
 - Elisa Petris, Partner at Syncona Limited [Links to an external site.](#)
 - Rick Fagan, Director at BioPharm @ UCL Business [Links to an external site.](#)
 - Matt Carpenter, Deputy Head of Licensing & Ventures - Life Sciences at Oxford University Innovation Ltd. [Links to an external site.](#)
 - Tom Goodman, Partner at Cooley LLP [Links to an external site.](#)
 - Matt Foy, Partner at SR One [Links to an external site.](#)

Concepts covered

In the first part of this session, we will hear from different stakeholders - i.e, investors, lawyers, and tech transfer offices - on how to successfully navigate the landscape of a growing business. This is a great opportunity to ask questions not only about growth strategies but also about entrepreneurship and the growth phases of a company.

In the second part of the session will pertain to founders and their changing roles. Emerging growth companies benefit from a well-chosen Board of Directors, and from knowing how to use the Board once it has been assembled. But there can often be tension, or even open conflict, between board members or the board as a whole, and the executives. Such battles have the potential to derail a venture. In the first part of this session, we will discuss how to form and manage the board.

Required Readings

- Reading:
 - Pixability: Bettina's Board Walk (please read pages 4-8 only)

Before class

Before you come to class, please reflect on the following questions:

- What are your goals for this board meeting? How will you know whether you achieved them?
- What are the most important things Bettina has done to prepare for the board meeting? Is there anything else Bettina should have done to prepare?

Session 8 Pre-Class Survey

Written Assignment 2 (Option 2: SearchPro) Deadline Before Session 8

Format

- Case discussion

Concepts covered

Leading the Entrepreneurial Venture

This session focuses with some depth on case about a still-evolving business in a relatively new sector of the economy – a quite ‘fashionable/modern’ business. The case invites us to consider the role of the leader in building a business in a sector where the ‘rules’ are not yet set and where winners might emerge from either entrepreneurial businesses or bigger established rivals.

At this point in the course it's possible to apply lessons from just about everything we have touched on so far. Can you do that and still synthesize an incisive appraisal and action plan?

Preparation

Case:

- [SearchPro \(A\)](#)Download SearchPro (A)

Case preparation:

Some issues to consider for your analysis:

- After reading the case read the Bhide article and consider to what extent it explains the history and predicts the future of SearchPro?
- Does it make you more or less optimistic about the chances of success?
- You May want to assess the business’ development in phases (growth models?) and critique Duncan’s approach at each stage; what has created the success the company was enjoying by 2007? Should Duncan write a business plan or not?

Before Class Readings

- [“How Entrepreneurs Craft Strategies that Work” A Bhide, HBR # 94202](#)

In-Class Readings

- Revealed during the session.

9: Session 9

Format

- In-class Lecture
- Negotiation Exercise (Nantucket Nectars)

Concepts covered

While the founders play a central role in growing and managing a new venture, their role often begins to change as the venture starts to grow and scale. In this session, we will explore the conditions under which founders are most likely to be replaced and we will discuss strategies behind their succession and exit. Finally, we will uncover your own preferences and strategies related to managing growth.

Required readings

- Case:
 - Wiley Technology: HBS Case:
 - Skip pages 8-12: sections "The Search and "The Finalists." Make sure to read the last section: "Closing the Deal"
 - Nantucket Nectars (skim)
- Watch: two videos about the history of Nantucket Nectars:

Before class

Before you come to class, please reflect on the following questions:

For Wiley Technology:

- Has Lew Cirne been a good CEO so far? Why or why not?
- As Lew Cirne, why would Richard Williams want to replace you?
- As David Strom, if Lew rejects Richard Williams' demands and threatens to leave Wiley, what should you do?

For Nantucket Nectars:

- Roleplay preparation:
 - If you were Tom and Tom, what kind of bid would you accept for Nantucket Nectars?
 - Imagine you are a potential acquirer who is pitching Tom & Tom to accept your offer. Given Tom & Tom's motivations, how could you convince them to sell their company to you?
 - What strategic and cultural reasons would you consider?

- Would you structure your bid as all-cash, all-earn out, or a mix?
- We will negotiate your bids in class so come prepared!

Written Assignment "D" due the night before by 6PM

Session 9 Pre-Class Survey

10: Session 10

Before class

This session is devoted to Capstone Presentations. Please remember to be ready to present in class as soon as your group is called on to do so, by sharing your PPT. Please also remember to submit your PPT deck on Canvas.

You will receive feedback on your ideas from founders and managers: Billy Ingram (Interface), Richard Jenkins (Hello Neighbour), Dan Gallagher (Stoford), George Thaw.[Links to an external site.](#)