**Manchester Business School**

**New Business Ecosystems: Infrastructure and Shared Economy (BMBA 60148)**

**- 2016/17 First Semester -**

**SYLLABUS**

**MODULE COORDINATOR**

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Timetable: Thursdays, Dover Street building. 1.004, 9am-4pm: 20th Oct; 27th Oct; 3rd Nov; 10th Nov; 17th Nov

**UNIT OVERVIEW AND OBJECTIVES**

This unit will introduce students to fundamental governance, strategy, and leadership issues in pluralistic settings. Unlike the firm or a public bureaucracy, in pluralistic settings, multiple legally independent and resource-rich actors share decision-making power over strategic choice. Power diffusion is rooted in the distribution of direct control over a critical resource necessary to achieve a collective end. Some of these resources are not for sale, which limits the power of market mechanisms to resolve differing interests. In turn, differences in belief-systems, knowledge bases, and interests impair the emergence of meritocracy-based hierarchies. Hence, under pluralism, many strategic choices are politically-charged and the outcome of mutual-gains bargaining and interests-based negotiation processes side by side with information processing and coordination efforts. Pluralistic settings are becoming increasingly pervasive as the world becomes more crowded and interconnected by technology. Indeed pluralism is a major characteristic of contemporaneous arenas formed to create public-private partnerships, to develop capital-intensive complex systems, to sustain ‘bossless’ firms, and to understand firms operating in regulated markets.

We will learn how to operate in consensus-oriented pluralistic arenas by studying contemporaneous business ecosystems formed to produce soft and hard large infrastructure systems around the world. Hence will study developments of capital-intensive infrastructure (transport, energy , water/sewerage systems, social assets such as hospitals, schools, and prisons), IT infrastructure, and soft infrastructure such as emerging markets. We will discuss the leadership and governance challenges in pluralistic settings in advanced economies rich in robust institutions, regulation, laws, and enforcement mechanisms. We will also discuss the leadership and governance of pluralistic arenas in developing economies characterized by weak institutions, blurred public-private divide, scarce resources, and multiple institutional voids.

The course will look at the opportunities and challenges created by pluralistic arenas by using literature in organisation design, (consensus-oriented) collective action, and complex systems. The case studies will focus on settings such as Heathrow Ltd, London Olympics 2012, Crossrail, the UK High-speed 2 programme, the Golden Quadrilateral in India, transport infrastructure in Lagos (Africa’s largest city by population), and the Chinese capital investment in Uganda. The emphasis will be on strategic decisions faced by the leadership teams at the helm of these capital-intensive programmes. The course aims to equip students with practical tools and conceptual frameworks useful to support the making of the difficult judgement calls at the essence of practising leadership in pluralistic settings.

A series of industry and academic guest speakers will complement the lectures and case study discussions. This elective will count with numerous guest speakers including leaders in Bechtel, Manchester City Council, GCP Infrastructure Investments Ltd, and Transport for London. The aim of the discussions and lectures will be to equip students with tools and cognitive frameworks useful to sharpen problem articulation, undertake analysis, and support the making of the difficult judgement calls which are at the essence of exercising leadership in pluralistic settings

To pursue these objectives, students will have to prepare **three case-analysis reports**, **participate in a group project, and develop an individual reflective essay**. There is no exam for this course. For the individual assignment, students will be asked to develop a reflective analysis over a strategizing process in a pluralistic setting. The overall aim of the course is to create as much hands-on interaction as possible with the subject-matter through case discussions, lectures, and guest speakers’ presentations. Students will be expected to develop skills and knowledge that they can leverage to: 1) frame and analyse complicated problems and emerging opportunities under pluralism; 2) formulate strategic recommendations; and 3) discuss implementation strategies and ways to monitor the effectiveness of the recommendations.

**CLASS PREPARATION**

You are advised to form study groups and meet with your group each week to prepare for class discussion. This approach increases learning, develops a sense of teamwork, and encourages good preparation for class discussion. In a typical class session, one or more students will be asked to begin discussion of a selected topic. If you have prepared thoroughly the case and/or readings, you should have no difficulty in handling such a lead-off request. You want to use the study questions for each class session that are provided at the end of this document to guide your thinking about the cases. During case discussions, we will analyse the case situation and address the problems and issues it presents. We will ask students to make recommendations and discuss their implementation. Frequently, a portion of the class will be a lecture/discussion of concepts and methods brought out in the case, but useful to multiple settings.

Development of argumentative, verbal skills is a priority in this module. The classroom will be an opportunity where you can test your ability to present your analyses and recommendations clearly, to convince your peers of the correctness of your approach, and to illustrate how the desired results can be achieved by implementing your approach. Please display a nameplate on your desk in each session. Whilst class participation is not graded, the criteria that I would use to judge effective class participation are:

* Is the participant a good listener? is there willingness to participate?
* Are points made relevant to discussion and linked to comments of other?
* Is there willingness to test new ideas, or are all comments “safe”?
* Do comments show clear evidence of appropriate and insightful analysis of the case data?
* Do comments clarify and highlight the important aspects of earlier comments?

**MODULE MATERIAL**

This module will be mainly taught using selected materials posted on Blackboard.

**CASE ANALYSIS REPORTS**

Each group will have to submit at least three written case reports marked in the detailed course outline. *The final mark will be the average of all the reports submitted*. The written assignments will be due in the beginning of the class on the day when the case will be taught. A good report should state clearly and succinctly the recommendations in the first paragraph or two to provide the reader with a framework. The rest of the report should present the rationale for the recommendation in terms of the desirable and undesirable consequences of adopting it. Some common problems in preparing the reports result from inadequate analysis. Analysis for a report is a time consuming and intellectually challenging task. Each case has a set of questions that are a guide to help you with the analysis. Do not structure, however, the report as a set of answers to those questions. The objective is that each group evaluates a range of alternatives, chooses a recommendation, and discusses their implementation. **Papers should be typed double-spaced, 12 Times New Roman font, 1-inch margins, and cannot exceed 5 pages**. **Late submissions won’t be accepted.**  Peer assessment will be run if at least one group member so it asks.

**GROUP PROJECT**

The theme for this year’s group project is the shared economy, and the way emerging businesses need to develop relationships with regulators in order to ensure their sustainability. Groups should select one model, e.g., Uber, Airbnb, Lyft, , and develop a report discussing the challenges and opportunities facing the emergent business model, and how public and private actors are (or are not) working together to resolve the issues. Each group must develop a report and deliver a presentation. Typical questions groups want to ask include: is there a superordinate goal unifying the resource-holders? Is there a shared understanding of what the problem is? Are there emerging disputes? Is the business model sustainable? How can disputes be resolved? Which decisions are politically-charged and why? **The report is due on the last session (Nov 17th) with the presentation slides. No format or length restrictions apply.**

**INDIVIDUAL ASSIGNMENT**

Each student is expected to write a reflective paper on a strategizing process within a pluralistic setting. Students are encouraged to think about the strategic choice, the claimants to the strategic choice, the constraints over the solution space, the institutions governing the strategizing process, the individual costs and benefits of the claimants, and the extent different needs and preferences can be reconciled to develop mutually advantageous solutions. Students also want to reflect about the extent the strategic choices have potential to create individual and collective value, and can be sustainable. Examples of strategizing processes can be: how should Uber deal with antagonistic regulators? How can Airbnb handle New York City threats to make the platform illegal in New York? How should HS2 Ltd resolve the conflict over the Sheffield Station? How should Heathrow Ltd respond to the uncertainty over the third runway? **The brief should be typed double-spaced, with size 12 Times New Roman font, 1-inch margins, and should not exceed 6-pages. The assignment is due on November 25, Friday, close of play**

**MARKING SCHEME**

Your module mark will be determined by an evaluation of your performance on the following activities:

* Individual Assignment 30%
* 3 Case Studies 35%
* Group project 35%

**OTHER ADMINISTRATIVE INFORMATION**

You should be prepared for every session. Since I frequently call on individuals whose hands are not raised, you should let me know before the session if an emergency has made it impossible for you to prepare adequately. In these situations, I still encourage you to attend.

**MODULE OUTLINE**

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| **#** | **Date** | **Reading/Assignment** | **Topic Area** |
| **1** | **20/10** | **Class exercise** Biesek, G., Gil, N. (2010). The Project Front-end Strategizing Exercise*. Centre for Infrastructure Development, The University of Manchester***Read** Gil, N. Beckman, S. (2010). Infrastructure meets Business: Building New Bridges, Mending Old Ones. *California Management Review,* Winter, 6-29.**Read** Ostrom, E. 2010. A Long Polycentric Journey. Annual Review of Political Science 13(1) 1-23Hardin, G. ( 1968). The Tragedy of the Commons, *Science. New Series, 162 (3859) 1243-1248*Olson, Mancur (1965). Introduction in the Logic of Collective Action. Public good and the Theory of Groups. Harvard Economic Studies, Vol. CXXIV**Additional Read** Frischmann, B.M. (2005). An Economic Theory of Infrastructure and Commons Management. *Minnesota Law Review*, 918-960.Baldwin, C. (2012). Organization Design for Business Ecosystems. *J. of Organisational Design* 1 (1) 20-23.**Guest Speaker** (12-13pm) Ian W. Reeves CBEChairman of GCP Infrastructure Investments *Financing infrastructure developments (12-13pm);Infrastructure development in developing economies*Ltd (14-15pm) | **Introduction to Pluralistic Settings**The Development Life-cycle of Complex Socio-technical Systems;Infrastructure Business EcosystemsCommons Logic |
| **2** | **27/10** | **Case** Lundrigan, C. Gil, N. (2013). London 2012: The Regeneration Games (A) (B)**Read** Lundrigan, C., Gil, N. Puranam, P. (2014). *The (Under) Performance of Megaprojects: A meta-organization Approach.* Working paper, University of Manchester. Flyvbjerg, B. (2005). Policy and Planning for Large Infrastructure Projects: Problems, Causes, Cures. *World Bank Policy Research Working Paper 3781***Additional Read** Gulati, R., Puranam, P., Tushman, M. (2012). Meta-organization design: Rethinking Design in Interorganizational and Community Contexts. *Strategic Management Journal*, 33, 571-586.Gil, N and Pinto, J. (2016). Pluralism at the Front-end of Complex Systems: Governance and Performance Implications**Guest Speaker** : **Martino Picardo, CEO, Stevenage Bioscience Catalyst****CASE ANALYSIS REPORT DUE** | **Governing Pluralistic Arenas** Meta-organizations; optimistim bias; strategic misrepresentation; the performance myth; Polycentric Governance; referees; slack |
| **3** | **3/11** | Case: Gil, N. , Lundrigan, C. (2012). London Crossrail: The Perfect Storm **Read** Fichman et al. (2005). Beyond Valuation: ‘Options Thinking’ in IT Project Management. California Management ReviewBaldwin, C. Y., and K. B. Clark. "Managing in an Age of Modularity." Harvard Business Review 75, no. 5 (September–October 1997): 84–93.Gil, N. (2007). On the Value of Project Safeguards: Embedding Real Options in Complex Products and Systems. Research Policy, 36 (7) 980-999.**Additional Read** Mitchell, R.K., Agle, B.R., Wood, D.J. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts, *Academy of Management Review*, 22 (4) 853-886.Guest speaker: **Michael Colella**, *Challenges Facing London*, TfL HS2 Interface Lead Sponsor, Transport for London (TfL)**CASE ANALYSIS REPORT DUE****INTERMEDIATE PROJECT PRESENTATION (5minutes)** | **Designing under Pluralism** Options logic; modularity, design safeguards, future-proofing; mirroring theory |
| **4** | **10/11** | **Case**  Gil, N. , Lundrigan, C. (2014) *BAA: The Intelligent Client* (A) **Read** Gil, N. (2009). Developing Project Client-Supplier Cooperative Relationships: How much to Expect from Relational Contracts? *California Management Review*, Winter, 144-169.Jacobides, M.G. ,Winter, S.G. (2005). The Co-evolution of Capability and Transaction Costs: Explaining the Institutional Structure of Production, *Strategic Management Journal*, 26 (5) May, 395-413**Additional Read** Williamson, O.E. (1979). Transaction-Cost Economics: The Governance of Contractual Relations. *Journal of Law and Economics*, 22 (2) 233-261Santos, F, Eisenhardt, K. 2005. Organizational boundaries and theories of organization*. Organization Science 16 (5) 491-508***Guest speaker: Pat Bartoli, Head of City Centre Growth & Regeneration Team, Strategic Development Directorate Manchester City Council (12-13pm)****CASE ANALYSIS REPORT DUE** | **Procuring in pluralistic settings** organizational boundary setting; efficiency logic; capabilities logic; environmental interdependencies; organizational identity  |
| **5** | **17/11** | **Case Study** Msulwa, R. Gil, N. (2014). *India’s Golden Quadrilateral. The Mother of All Projects.* The University of Manchester (A)**Read** Levy, Brian (2011). Can Islands of Effectiveness Thrive in Difficult Governance Settings? The Political Economy of Local-level Collaborative Governance. The World Bank. Poverty Reduction and Economic Management Network. Public Sector Governance UnitEdgar H. Schein, E. (2009). Helping: an urgent new role for leaders. Leadership. Ivey Business Journal. September/October**Guest speaker: Andrew Patterson, Region President for Africa****Bechtel International (12-13pm)****CASE ANALYSIS REPORT DUE****PROJECT PRESENTATIONS (15 min + 15min Q&A)****PROJECT REPORT AND PRESENTATION SLIDES DUE** | **Pluralism in Developing Economies**Institutional voids, Intermediaries; The Helping Hand; China vs. Western models |

**Case questions**

Case: Gil, N. (2012). London 2012 Olympic Games: The regeneration games

Study questions:

1. How do you assess the quality of the bidding documents?
2. Who are the key stakeholders involved in the design of the Olympic stadium and the Olympic park more broadly?
3. What is the position of the Olympic Delivery Team in the London2012 broader programme?
4. How do you characterize the roles of the IOC, Locog, and OPLC in the overall programme ?
5. What was the approach that ODA and CLM adopted to deliver against an immovable deadline?

Case: Gil, N. , Lundrigan, C. (2012). London Crossrail: The Perfect Storm

1. Who are the key actors involved in the Crossrail programme?
2. What are the implications of getting Royal Assent?
3. Who is designing Crossrail?
4. Who is the ultimate client of Crossrail?
5. How do you characterise Crossrail’s performance?

Case: Gil, N., Lundrigan, C. (2012). BAA: The Intelligent Client

Study questions:

1. How would you describe BAA’s Intelligent Client approach?
2. Why did BAA decide to overhaul its sacrossant asset acquisition strategy?
3. In which way delivering a terminal for STAR Alliance is different from the T5 terminal project?
4. How much voice should BAA give to STAR Alliance in the design of Heathrow East?

Case: Msulwa, R. Gil, N. (2014). India’s Golden quadrilateral: The Mother of All Projects. The University of Manchester

Study questions:

1. Characterize the institutional environment surrounding the Dedicated Freight Corridor
2. Evaluate the Performance of DFCCIL
3. Compare the inputs from JICA and the World Bank
4. What is the goal that unifies all the players?
5. How do you see the future of the Golden Quadrilateral?