

Mini-case BabyNes

After inventing the espresso capsule machine in 1986, declining the capsule machine in 2010 for tea (Special-T), the Swiss company Nestlé is tackling a new market with its capsule machine: powdered milk for babies aged 0 to 3 years. After a year of testing in their R&D laboratory and a 100% production in Switzerland, the BabyNes is commercialized in France.

The principle is simple. It is inspired by Nespresso coffee machines: it takes the technology used for Nespresso and reconfigures it to replace the coffee capsules with powdered milk capsules and therefore to be able to prepare a baby bottle in less than a minute.

To be able to create BabyNes, Nestlé needed specific know-how in infant nutrition, also known as “powdered milk”. Nestlé obtained this know-how through the acquisition of Wyeth (the infant nutrition business of the pharmaceutical company Pfizer).

Like Nespresso and Special-T, BabyNes is positioned high-end, sold for around 200 euros. The box of 26 capsules costs around forty euros. The bottle prepared with BabyNes therefore costs two to three times more than with a standard can of milk. The BabyNes has been invented, now that it is commercialized, all that remains is to see whether or not the BabyNes meets a need for young parents.

1) At what stage of the innovation process is the BabyNes?

- a) At the innovation stage (100%)**
- b) At the invention Stage (-50%)
- c) At the idea stage (-50%)
- d) None of the three stages (-50%)

- 2) What is Nestlé's internationalization strategy when Nestlé markets BabyNes in France?
- a) **Export strategy (100%)**
 - b) Global strategy (-50%)
 - c) Multinational strategy (-50%)
 - d) Integrated Network Strategy (-50%)
- 3) How can we describe the impact of BabyNes?
- a) Incremental innovation (-50%)
 - b) Radical innovation (-50%)
 - c) **Architecturale Innovation (100%)**
 - d) Disruptive innovation (-50%)
- 4) What is Nestlé's growth strategy with the acquisition of Wyeth?
- a) Vertical growth (-50%)
 - b) None of the three answers (-50%)
 - c) **Patrimonial Growth (100%)**
 - d) Contractual Growth (-50%)
- 5) What is Nestlé's innovation strategy when Nestlé acquires Wyeth to innovate?
- a) Outside-out open innovation (-50%)
 - b) Inside-out open innovation (-50%)
 - c) **Outside-in open innovation (100%)**
 - d) Inside-in open innovation (-50%)
- 6) What theoretical framework explains Nestlé's acquisition of Wyeth?
- a) Transaction Cost Theory (0%)
 - b) **Resource-Based View (100%)**
 - c) Quality Control Theory (-50%)
 - d) Porter's Value Chain Theory (-50%)
- 7) What is Nestlé's strategy with the BabyNes ?
- a) Horizontal refocusing strategy (-50%)
 - b) Conglomerate diversification (-50%)
 - c) **Concentric diversification (100%)**
 - d) Vertical growth (-50%)
- 8) How do you explain the creation of BabyNes?
- a) Market push (-50%)
 - b) Technology-pull (-50%)
 - c) **Technology-push (100%)**
 - d) Market pull (-50%)

Mini-case Orpea

The French retirement home giant, the Orpea group, will come under the control of the French State through the Caisse des Dépôts (CDC). At the end of the process, the CDC will hold 50.2% of Orpea's capital. How did we get here ?

It all starts with the publication of the investigative book *Les Fossoyeurs*, on January 24, 2022. The investigation carried out by journalist Victor Castanet, highlights a system of widespread mistreatment in many nursing homes (medical retirement homes), particularly in the private group. Orpea.

Supporting testimonies and documents, the journalist denounces numerous dysfunctions as well as the obsession with profitability within the group, at the origin of ethical and health problems. Victor Castanet also claims that the nursing home giant offered him 15 million euros so that the investigation would not be published.

Orpea immediately contests the accusations, especially since all the decisions criticized by Victor Castanet are legally irreproachable (the giant Orpea cannot be prosecuted). But the company experienced a sudden drop in its stock price. Its stock lost more than 16%, before its trading was suspended at the company's request. The general director of Orpea, Yves Le Masne, was dismissed from his position on January 30 and replaced by Philippe Charrier, then chairman of the group's board of directors.

- 9) What does a 16% drop in Orpea's market share price mean?
- a) A financial figure calculated by extrapolating Orpea's profitability problems over the previous 5 years (-50%)
 - b) Shareholders' sanction linked to Orpea's lack of ethics (-50%)
 - c) Shareholders' confidence in the future of the company and the company's strategy (-50%)
 - d) Loss of shareholder confidence in the future of the company and the company's strategy (100%)**
- 10) Before the scandal, what was Orpea's growth logic?
- a) Financial Logic (100%)**
 - b) Ethical Logic (-50%)
 - c) Industrial Logic (-50%)
 - d) Philanthropic logic (-50%)
- 11) Can Orpea be considered a responsible company according to Milton Friedman?
- a) No, Orpea is not a responsible company according to Milton Friedman because Orpea behaved unethically (-50%)
 - b) No, Orpea is not a responsible company according to Milton Friedman because Orpea did not take into account the impact on the environment in its decisions (-50%)
 - c) Yes, Orpea is a responsible company according to Milton Friedman because Orpea was pursuing a profitability objective only (-50%)
 - d) Yes, Orpea is a responsible company according to Milton Friedman because Orpea pursued a profitability objective and complied with the law (100%)**

12) What does it mean for Orpea when the State acquires 50.2% stake ?

- a) **The company becomes a public company and its mission becomes a public service mission (100%)**
- b) The company changes into an entrepreneurial governance model (-50%)
- c) The state is a shareholder of Orpea. The governance model remains shareholder governance model. (-50%)
- d) The company becomes a "mission-driven company" (-50%)

Mini-case Threadless

Threadless was recently named the "America's most innovative small company" by Inc. magazine. Founded in 2000, this Chicago-based company sells a very simple product with great success: printed t-shirts. Together with just 20 employees, the company's founders sell more than fifty thousand t-shirts and earn profits amounting to over one hundred thousand dollars per month.

The innovation is achieved by transferring two essential productive tasks to their customers. First : the design of the t-shirts (customers design their own t-shirts; Threadless receives more than 500 new designs from around the world per week). Second: the selection of the products to produce (customers screen, evaluate, score new designs and commit themselves to buying the product before any production). These two innovations – targeting customer empowerment –are powerful mechanisms to reduce flops of new products

Threadless prints the five most liked user designs each week and rewards the winning designers with a \$2,000 check.

Since then, Threadless evolved into a fully remote company with full of products going well beyond the initial t-shirt product. They offer the same process and the same community of designers to create apparel, accessories, and home décor. They are constantly searching for more products for our artists to use as canvases for their best, weirdest, nerdiest, most beautiful art.

Furthermore, they realized that their competitive advantage rested on (1) managing a community consumers-designers and not on production (2) that there were many suppliers in the world able to produce their printed products at lower cost and (3) that their products were standard (with little production risk). Thus, they decided not to produce their products and to use external suppliers for production. Although most printing is done by external suppliers in the United States, some of the non-apparel products are manufactured in Vietnam.

They ensure that all the suppliers, in US or internationally, are behaving in a humane, and ethical way.

- 13) What is the nature of the innovation proposed by Threadless (consumer use for essential activities)?
- a) **Process Innovation (100%)**
 - b) Product Innovation (-50%)
 - c) Social Innovation (-50%)
 - d) Business Model Innovation (-50%)
- 14) How to qualify the open innovation strategy implemented by Threadless (when they use ideas coming for consumers)?
- a) Inside-out Open Innovation (-50%)
 - b) It is not open innovation (-50%)
 - c) **Outside-in Open Innovation (100%)**
 - d) Inside-in Open Innovation (-50%)
- 15) Every new product at Threadless is characterized by:
- a) Technology Pull (-50%)
 - b) Technology Push (-50%)
 - c) Market Push (-50%)
 - d) **Market Pull (100%)**
- 16) What is Threadless' growth strategy when it decides not only to make t-shirts but cushions, lamps etc.?
- a) Vertical Growth (-50%)
 - b) Horizontal growth (-50%)
 - c) Conglomerate diversification (-50%)
 - d) **Concentric diversification (100%)**
- 17) What is Threadless' internationalization strategy with Vietnam?
- a) Integrated network strategy (-50%)
 - b) Multi-national strategy (-50%)
 - c) **Global strategy (100%)**
 - d) Export strategy (-50%)
- 18) What theory explains best the decision not to produce themselves and have suppliers for production?
- a) Resource based View (0%)
 - b) **Transaction Cost (100%)**
 - c) Control of quality (-50%)
 - d) Value chain of Porter (-50%)
- 19) What is Threadless' CSR strategy when the company ensures that its products do not negatively impact suppliers' employees (i.e. good working conditions)?
- a) **Weak Integration (100%)**
 - b) Decoupling (-50%)
 - c) Strong Integration (-50%)
 - d) Human Integration (-50%)

Mini-case Uber

Take Uber. The ride-hailing app is hailed for the revolutionary mark it has left on the world. So much so 'to Uber' is now a verb and feels so natural to say, even when you are waiting for your Lyft or Bolt ride (Uber's competitors).

Interesting fact, Uber was not the first in the ride-share game. Lyft was founded two years before Uber and provided the first regulatory window in San Francisco to test ride-sharing. It was Lyft that first introduced tipping for drivers, which Uber adopted years later in 2017. Lyft even beat out Uber to ride pooling, yet it is Uber which dominates the market and has a valuation 5 times greater than Lyft.

Though it may be fair to say Uber imitated Lyft in several ways, the key reason of its financial success and its capacity to outdid its first-mover competitors was execution. Uber took several more risks (in part because they were able to raise more money). With an 'ask for forgiveness, not permission' attitude, Uber was able to accelerate its market-share by starting up operations locally without all the necessary permits, and then by the time authorities objected, they would have become popular enough that a highly engaged group of supporters would lobby to have the rules changed in their favour. Said differently, they succeeded by not respecting the rules.

One sad fact, in its safety report released Thursday, Uber said it received 3,824 reports of the five most severe categories of sexual assault, which range from "non-consensual kissing of a non-sexual body part" to "non-consensual sexual penetration," or rape. When it comes to rape reports, such incidents made up 0.00002% of total trips.

The report highlights the effectiveness of various safety measures the company implemented over the years. In 2018, it introduced continuous background checks on drivers using technology that monitors for new criminal offense reports. It said in the report that this feature has resulted in more than 80,000 drivers being removed from its platform to date.

In March 2021, Uber and Lyft announced they would cooperate and share the names of drivers who were deactivated over the most severe safety incidents including sexual assaults, which range from non-consensual kissing of a non-sexual body part to rape. The Uber's new report provides no updates on this partnership and results since its launch.

20) The arrival of Uber on the riding despite Lyft having the first mover advantage ...

- a) Was predicted by the 4th I of the "4 I" model of Innovation (100%)
- b) Was predicted by the inside-out Open Innovation model (-50%)
- c) Was predicted by the CAGE internationalization model (-50%)
- d) Was predicted by the bottom-up approach of Innovation model (-50%)

21) What is Lyft challenge when a consumer can use simultaneously Uber and Lyft?

- a) Multihoming (100%)
- b) Double bottom up challenge (-50%)
- c) Chicken and egg challenge (-50%)
- d) CSR challenge (-50%)

- 22) What is the network effect going on when some drivers with bad behavior join the platform and riders stop using the app?
- a) Positive indirect network effect (-50%)
 - b) Negative indirect network effect (100%)**
 - c) Negative direct network effect (-50%)
 - d) Positive direct network effect (-50%)
- 23) What level of CSR is Uber respecting?
- a) Economic and Legal Levels (-50%)
 - b) Econonomic level (100%)**
 - c) Economic , Legal and Ethic levels (-50%)
 - d) Economic, Legal, Ethic and Philanthropic levels (-50%)
- 24) When Uber and Lyft decide to cooperate, how is their relationship ?
- a) Pure competition (-50%)
 - b) Coopetition (100%)**
 - c) Complementors relationship (-50%)
 - d) Supplier relationship (-50%)