Electives Guide
This guide includes an overview of the various global elective tracks offered in the second year of IESE’s Executive MBA program.
After more than three centuries under Portuguese rule, Brazil gained its independence in 1822 and maintained a monarchical system of government until the abolition of slavery in 1888 and the subsequent proclamation of the republic by the military in 1889. By far the largest and most populous country in South America, Brazil underwent more than half a century of populist and military government until 1985, when the military regime peacefully ceded power to civilian rulers.

Brazil continues to pursue industrial and agricultural growth and interior development. Exploiting vast natural resources and a large labor pool, it is South America’s leading economic power today, a regional leader and one of the first in the area to begin economic recovery. Highly unequal income distribution and quality of education are major challenges to be overcome. In January 2010, Brazil assumed a non-permanent seat on the UN Security Council for the 2010-2011 term.

The economy and political aspects in Latin America are not uniform across the region and individual countries are very unique in the way they do business. Business managers must understand this diverse cultural landscape if they want to be successful in the region.

This course aims to provide an understanding of some of the key underpinnings of the practice of marketing in Latin America and how companies can address them. Marketing management consists of the process of creating, capturing, communicating and sustaining value for the firm’s selected customers. Does this have any particular connotations in Latin America? The context naturally plays a key role when defining appropriate market strategies and companies have learned – sometimes the hard way – how to identify, anticipate and serve customer and consumer needs in these economies.

The purpose of this course is to go beyond the purely circumstantial “flavor of the month” approach and discuss and understand some of the underlying issues and peculiarities of marketing practice in Latin America in order to propose criteria companies can use to address them.

It is a course designed for students who want to delve into specifics such as:

- Understanding cultural differences and the market connotations of adopting regional strategies.
- Identifying segments and customers at the base of the pyramid and defining marketing strategies to target these low-income consumers.
- Spotting trends in customers and newly incorporated consumers who trade up.
- Articulating brand portfolios and learning how to respond to competition from “b” and “c” brands.
- Adapting going-to-market strategies to an environment where informal business plays a major role.
Wall Street is the name of a street in downtown Manhattan between Broadway and South Street. Wall Street is now the epicenter of the financial markets and financial services spread over New York City. Most of the bulge bracket firms still have offices around Wall Street and some of the best-known and biggest exchanges are located in the Financial District (NYSE, NASDAQ, AMEX, NYBOT and NYMEX).

Wall Street and the financial markets in general are a driving and essential force behind our economy. A robust system of banks and markets backed by central banks and supervised by regulators provides the oxygen supply to our global economy. The 2008 credit crisis displayed what happens when that oxygen supply falters and the essential workings of our financial system fail. It can bring the economy to a halt and cause a severe and prolonged recession. Regardless of the sector where managers work, they need a thorough understanding of some elementary financial products and how their development can affect business.

### The objectives of Wall Street are five-fold:

- To understand the main markets and their products.
- To get an insight into the theoretical backbone of those products.
- To apply techniques and strategies to present-day situations.
- To get a feel for the relationships between products, markets and the general state of the economy and its outlook.
- To gain a better understanding of how financial markets work and how they affect our daily lives.

The final purpose of this course is to make you think and approach financial markets with a professional frame of mind. Great managers, bankers, portfolio managers and investors not only understand these techniques, but are also able to read the drivers, their interaction and possible outcome before others can. This course hopes to be a first step in this long, complex but always entertaining process of thought and action.

### Entrepreneurship

This class gives you the chance to delve deeply into developing an idea for a new venture. Over the course of the term, you will identify and select a business opportunity and develop a business model that you can potentially turn into a high-growth venture to pitch to investors. This project may be carried out individually or in small teams.

Ideas should have potential for wealth creation beyond the prospect of providing a normal salary for its founders. Students wishing to explore lifestyle businesses (typically low-growth ventures in the short-medium term such as a pizzeria or a small-scale consulting practice) are therefore recommended to contact the instructor before signing up for the course, as these businesses may not be in the spirit of the class. If you want to go the lifestyle business route, you’ll need an interesting and innovative approach.

The main objective of the course is to provide an opportunity for students to learn about:

- The process and methodology of new venture business development
- Foundational issues involved in starting up a company
- Exposure to the financing process and communicating with professional investors

The professor’s aim is not to persuade students to set up their own companies, but to provide an opportunity for them to reflect on their potential as entrepreneurs. In most cases, the best decision one can make at the end of an MBA is to get an interesting job with a good company. However, in many cases, the best decision one can make a few years later is to start one’s own business. Almost every year, some groups decide to start a company at the end of the course.

Some of these companies are success stories.

- Startup team formation. Explores the formation of startup teams, including dealing with issues related to equity splits and other provisions in an initial shareholders’ agreement.
- Designing and testing business opportunities. Explores sources of value creation and the elements for crafting sustainable business opportunities. Evaluates the advantages and disadvantages of different business models. How do you find out if a specific business opportunity is economically attractive? What does real-world data say about the specific model you are considering?
- Documenting and communicating your new venture project to investors. What do investors expect? Do I need a business plan? What is a good business plan? How should I communicate with investors?
MANAGING GLOBAL OPERATIONS

There are many reasons why companies go global in their operations: growth (finding new, untapped markets for the company's existing products), efficiency (looking for economies of scale or economies of scope, using lower-cost resources), knowledge (attracting skilled labor and talent from other countries, acquiring technologies), competition (grasping first-mover advantage in new markets), etc.

The trend toward globalization usually occurs at selected stages in the value chain: the company can decide to enter a new market in a different country and start by opening a representative office or a distribution center; it can decide to procure its products and services internationally and set up a purchasing unit closer to its new suppliers; or it can decide to outsource part of production. But if the company is successful in its growth strategy, it will probably end up having to manage operations in a global context.

The course will leverage on the fact that it is taught in Shanghai and will use China as an example. We will therefore explore global operations issues for Western companies operating in China and Chinese companies going to Europe and the Americas.

Other objectives of the course include understanding the key concepts and issues for manufacturing and service companies of managing operations in a global context, exploring the globalization strategies of different companies, and discussing some of these learning points with company leaders who have applied these strategies.

The following points will be covered during the course:

- Factory networks: roles played and optimizing knowledge sharing.
- Reversing offshoring trends. Is manufacturing and service delivery returning to Western countries?
- The globalization of solutions. How companies that decided to move from offering products to offering solutions are facing their own global growth.
- Global R&D strategy. Centralization vs. integration of R&D within different network nodes.
- The globalization of sourcing, manufacturing, selling, distributing and servicing.
- Globalizing from a developed country to an emerging economy and vice versa. What are the key challenges?
- Managing a globalized supply chain network; global business risks.
- Managing quality in a globalized supply chain network: preventing problems, inspections and recalling defective products.

CHINA GLOBALIZATION AND THE WORLD

The course begins with a comparative description of Western thought vis-à-vis Confucian tradition that eventually overflows into management practice. This is followed by an exploration of the effects and consequences of globalization on management as a profession. The focus is placed on China as a reference point for globalization and China’s strengths and weaknesses. Further exploration leads to China’s geopolitical features as a leading factor in globalization. The effects and influence of China are then discussed, covering the regions of Southeast and Northeast Asia. The course ends with what can be considered flash points of the Greater China region, which may eventually disrupt global commerce, trade and business.

The objectives are:
- To acquaint students with how management realities intersect with other factors, including geopolitical circumstances.
- To enable students to handle decision making in business in the context of the uncertainties caused by multiple, seemingly conflicting, complex conditions.
- To familiarize students with the current interlocking interests among Asian countries as impacted by the leading role played by China since 2001, when it joined the WTO.

The content of this course includes:

- China-Confucian vis-à-vis Western in terms of management – globalizing management; intertwining Western and Eastern features.
- China in the era of globalization: strengths, weaknesses.
- China’s effects and influence on Southeast Asian economies (the ten ASEAN countries: Indonesia, Singapore, Malaysia, Thailand, Philippines, Myanmar, Vietnam, Laos, Cambodia, Brunei) and Northeast Asian economies (Hong Kong, Japan, North and South Korea, Taiwan).
- Flash points for the Greater China region.

CROSS-CULTURAL MANAGEMENT

In the past, the international arena used to be the exclusive domain of large multinational companies. However, even many smaller companies are now operating across geographic, economic, political and cultural boundaries. In this context, it is now common for managers to coordinate activities with colleagues in subsidiaries located in several countries, travel intensively to visit business partners in different continents, and negotiate contracts with suppliers and clients of different cultural backgrounds. This course is designed to provide focused learning on key areas of cross-cultural management and to enhance business leaders’ intercultural effectiveness today.
ELECTIVES WEEK
(BARCELONA)

In this intensive week, you can take two of the four most voted courses in the selection system described below. Described below are five courses, so the least popular course of these five will be eliminated. Two courses will be held in the morning and the other two will be held in the afternoon so there are four possible combinations.

NEW FRONTIERS
IN FINANCE

This course follows two others on Corporate Finance and addresses specialized topics that help complete the financial conceptual framework in use in companies of all kinds. The objective is to develop financial decision-making skills in an increasingly complex scenario where one of the requirements is knowing the full potential of the most advanced and specialized financial instruments and analysis models.

The most specialized topics can arise in different points of the conceptual framework of finance. When designing the course, three main fields were identified:

• International finance, where different regulations, currencies and business practices often raise new problems that require the conceptual model to be redefined or fine-tuned.

• This time, capital markets will be seen from the company's perspective, unlike the course on Wall Street, which focuses on investors.

• Financial innovation that does not fit into neat categories, but can help us understand the evolution of financial markets.

This last point includes a major group of financial instruments that often take the form of derivative financial instruments (another topic in this course), such as: CDS, options, futures and forwards and swaps.

The course should give participants a complete vision of corporate finance, including topics not addressed in the two basic courses. The working methodology will be a combination of cases and lectures/discussion.

NEW TRENDS IN MARKETING

Consumers around the world are watching their lives change as a result of two concurrent forces: globalization and digitalization.

Their concurrent effect is creating a “global converging middle class” (GCMC) that is radically different from the previous middle class in its geographic ubiquity, size and aspirations, as well as the gap between its needs and the ability of suppliers, governments and many other public and private stakeholders to respond by closing that gap.

This global converging middle class is different from the previous one because it is the result of the combination of two independent groups. The first is made up of the 300 million disentitled consumers in mature industrialized economies that have lost this status (of the 1.2 billion middle-class citizens living in the European Union, the United States and Japan, among others). Aging, debt ridden, retired, unemployed and lacking the skills and mobility to accept new jobs, these people have become the new poor. They didn't anticipate this situation and, if they did, they aren't happy about it. They are angry, anxious and underserved by the companies that catered to them in the past.

The second independent group is made up of the 1.3 billion citizens in the rest of the world (the new emerging superpowers and the countries that have initiated their odyssey to prosperity), who will become members of the middle class between 2010 and 2020. This new middle class will have a much lower discretionary income and, like the 300 million, it will be neither understood nor well served. But it will be younger, more optimistic and much more positive. This shift in fates is building a global converging middle class of nearly 2 billion misunderstood and underserved people.

Capitalism has never faced a challenge so massive, so fast and so deep.

This convergence is producing two other responses from consumers. The first is the prominence of value, which we call the age of cheap. Disentitled consumers have gone from liking low prices to needing them. Not surprisingly, the same is true of the emerging world's upwardly mobile classes. They need low prices to access the discretionary items they finally have the chance to own.

The other response, sustainability, is an attitude change from upset consumers who have just fallen into this undesired status.

Sustainability is not only about being green and respecting the environment. It refers to a behavior that is environmentally, socially, financially, productively and community-committed to the wellbeing of consumers, their families and society at large. As a result, these consumers demand that corporations use resources to prioritize their wellbeing.
The second force, digitalization, has been around for 30 years, but is consolidating its influence simultaneously with globalization. Digitalization affects all stakeholders. In companies, it is changing everything. In a marketing elective such as this, we will focus on two areas: how brand creation is affecting traditional communication by creating a new funnel on and offline, conducting commerce and supplying a proprietary environment for consumers to socialize as they discuss, prescribe, show, and ask each other’s opinions about the issues that matter most to them, including the relevant brands they are curious about and the brands they are hostile toward.

As a result of consumer skepticism toward brands, either because they know or think they do, the online and offline influence of word of mouth (WOM) is a subject of great importance in understanding and responding to consumer conversations. Consumers can now generate and access WOM faster and at a larger scale than ever before. This can be beneficial to companies, but also detrimental. Managers therefore face important questions. What marketing strategies and techniques can a company implement to generate positive WOM? What aspects of the company or brand should be the subject of a WOM campaign? WOM and social networks are new resources where consumers find ways to make their expectations and demands heard and we will pay significant attention to understanding and managing them.

The importance that consumers place on experiences and experiential aspects of consumption is both a challenge and an opportunity for businesses: cars are not only a means of transportation, but also containers of emotions and expressions of a lifestyle; razors and shampoos are not just toiletries, but part of a grooming experience. Even if a focus on experience can help a brand stand out, it still presents major challenges: How do experiences provide value to consumers? How can an experience be marketed? How do you focus on the experiential aspects of consumption?

As a very superficial, almost mundane test of the relevance of globalization, sustainability, digitalization and discounting to explain the success of corporations and entrepreneurs in the service of these value-obsessed, digitally interconnected emerging consumers, 16 of the twenty richest people in the world in 2013 became that rich by marketing to address these priorities. And most of the companies they own are prioritizing sustainability, either by succeeding or failing to do so. The table shows the Forbes 2013 list of the 20 wealthiest men and women in the world, together with the companies they own, the segment and activity they predominantly cater to, and the score they received from the two rigorous indices for CSR auditing: the Dow Jones Sustainability Stocks Index (DJSI) and STOXX Global ESG.

These companies are predominantly in the hard or soft discount segments, or in luxury goods; all of them targeted the DCMC (downwardly converging middle class) or the UMCMC (upwardly mobile converging middle class) and, interestingly, some of them are well rated by sustainability indices while others have never been invited.
Social Innovation and Social Entrepreneurship

In the last 20 years, social innovation and social entrepreneurship have become hot topics for managers, policy makers and "traditional" entrepreneurs, among others. In this context, several experts believe that social enterprises and hybrid organizations may be the right answer to several problems that currently affect traditional business. This course will explore these issues and offer discussions of interest about the most common problems associated with social innovation and social entrepreneurship: How is it possible to combine social and financial value? What are the key winning factors of social entrepreneurs and social innovations in developed and emerging countries? How is it possible to combine different, apparently conflicting, institutional logics in the same institution? What's a successful social enterprise? How is it possible to create successful partnerships between multinational companies and social enterprises? The course will be based on the discussion of case studies and articles from prominent managerial and scientific journals and on lectures by social entrepreneurs and industry experts.

Driving Digital Transformation

Digitization of all aspects of our lives continues to grow at a rapid pace, changing how we interact with friends and colleagues, discover and consume new products and services, move from point A to point B, pay and manage finances and many more. This shift also creates long-reaching implications for business. How do we respond to changing expectations of our customers and employees? How do we rethink business models and strategies? How do we keep up with the dizzying pace of start-up innovation? To answer these challenges, many organizations today embark on a new kind of innovation journey – that of digital transformation.

The main objective of this course is to help students build strategic acumen for designing digital transformation ventures. The ventures may take form of digital transformation initiatives within established companies or start-ups. To accomplish this objective, we will introduce and apply a set of operational and conceptual frameworks to aid the design, development, and testing of a vision and a business model for digital transformation ventures. We will also examine several "case areas" – industries or phenomena, such as consumer finance, internet of things, sharing economy, and TV among others – to better understand how digitization is reshaping business models and competition boundaries across the board.

The course will rely on cases, workshops, and guest-speakers. It will also include a project where students will work in teams to generate an idea for a digital transformation venture, develop this idea into a business model, and test it with the peers and the professor.
BUSINESS LAW

It would seem clear that management cannot be unaware of the legal context of the company. It is a good idea to become familiar with a set of legal principles inherent to business that may provide help when making decisions. The objective is therefore to encourage managers to make an effort to acquire a "legal mentality," i.e., to train their minds to know how to identify and interpret what happens around them in legal terms. Companies obviously have internal legal departments and most probably seek external legal consultancy services as well, but managers cannot work in an unenlightened way when it comes to law and lawyers. It is necessary to learn how to ask questions. The course aims to accomplish the perfectly attainable goal of identifying what managers should be concerned about and work on in a specific situation when they look at it from a legal perspective.

To achieve this goal, several sessions will be spent trying to find out how a company works from a legal perspective. How does a private limited company work? Who makes the decisions? What happens if you accept power of attorney? What happens if you create loyalty among your managers with a stock purchase plan? What's the difference between acquiring a 17%, 22% or 50% share of a company? We will also take a look at common phenomena that occur in firms, such as hiring employees and buying and selling companies. Finally, we will work hard to understand bankruptcy, not just as a legal instrument in times of business crisis, but more as a business opportunity for acquiring production units.

The course aims to help students understand the practical application of commercial law, so that they first see the life of business and then they see the legal applications. The course will be highly practical with constant references to current business situations and specific cases.

EXECUTIVE MANAGEMENT SIMULATION COURSE (EXSIM)

The Executive Management Simulation Course (EXSIM) is much more than a course based on a simulation tool. In the EXSIM simulation, students are divided into teams of six. Each team is a company with a CEO, a commercial director, a financial director, an operations director, a logistics director and a controller.

One of the specific features of the EXSIM simulation is its high dose of realism. Companies report on their decisions and results to a board of directors made up of people who actually hold board member positions on real companies. Students will have to negotiate sources of financing with people who work on venture capital committees at banks. Finally, the employment terms and conditions of the people and their companies must be negotiated with actual trade union representatives.

The aim of the course is to help participants develop knowledge, skills and values. The knowledge will include defining a competitive strategy, market analysis, assessment of the competition, risk measurement and management, and the development of management tools such as the balanced scorecard, forecasts and investment analysis. The skills developed will include the ability to execute (making the leap from Excel to the trenches); the ability to negotiate and convince; knowing how to adapt to past decisions and learning how to live with your own errors; the combination of short and long term; managing based on priorities; decision making in times of stress; and teamwork, which includes delegating tasks, combining different functional visions, time management and managing interpersonal conflict.

Students who complete the course will have taken a major step forward in their lives in terms of values such as humility, hard work, commitment and prudence. Each management team will have to provide the board of directors with explanations on company results several times during the week. The board of directors will be made up of real managers and professors. Students may also have to prepare specific documents for real banks and trade unions and negotiate agreements with them.