

## **SYLLABUS**

### **NBA5770: Entrepreneurship in Creative Industries**

**Instructor: Mukti Khaire**

Firms in creative industries influence many physical and psychological aspects of our lives, from what we eat and wear to how we entertain ourselves, but markets for cultural goods are complex and difficult to navigate. Entrepreneurs must, therefore, understand the structure and functioning of the cultural market and ecosystem in order to sustainably capture economic value. Students will analyze business cases of firms in a wide range of creative industries such as art, fashion, music, publishing, and theater to explore and understand the economic, organizational, and strategic underpinnings of entrepreneurship and markets in an increasingly global and digital world.

ALL COORDINATION FOR THE COURSE WILL BE THROUGH BLACKBOARD. BE SURE TO READ ALL BLACKBOARD COURSE ANNOUNCEMENTS THAT COME THROUGH EMAIL BECAUSE THERE MAY BE LAST-MINUTE CHANGES TO ASSIGNMENTS OR CLASSES.

### **Grading and Evaluation**

The course is graded according to Cornell's policy of curving to a B+. This means that the grades you get for each course component cannot simply be summed up to form an aggregate number or letter that translates directly to a guaranteed final course grade. For example, a series of component grades around 90% could still result in an overall course grade of B+ or B if nearly every member of the class received higher scores. You are expected to follow Cornell's Honor Code. An electronic copy is on the course site. You are required to sign the honor code indicating that your work is your own. Failure to adhere to the Honor Code will lead to a failing grade.

Your grade will be based on:

<b>Deliverable</b>	<b>% Grade</b>
Class Participation	40%
Final Deliverable	60%

**IMPORTANT: I do not negotiate grades. If you find a computational error in your grade, please let me know, otherwise all grades are final.**

Class participation (40%):

The course is almost exclusively case-based teaching and the learning from case-based discussions comes from strong preparation before the class, listening carefully to the discussion in the class and pushing your and your classmates' thinking through dialog and debate. In some discussions, you may find that drawing upon and sharing your own prior relevant experiences will help you articulate opinions or arguments about the case/specific issue at hand based on those experiences. In most others, though, the quality of your contribution to the class (and your learning from the discussion) will depend on your pre-class preparation.

Importantly, simply reading the case by yourself before class will not generate sufficient learning – attendance and participation are imperative. You are encouraged to bring your prior experience to bear upon the issue at hand. Respectful disagreement and debate is also encouraged. Building on previous comments and leading the discussion forward is helpful.

Finally, if you came in with one conclusion, but leave the class having changed your mind, I shall consider that an immensely successful discussion. That said, your goal should not be to demonstrate you are right or to convince everyone else dogmatically of the superiority of your analysis and decision, but to come to class open-minded, and wanting to understand the problem and all its dimensions.

I will judge the quality and quantity of your participation, i.e. contributions to the in-class discussion of the case. Some simple ways of ensuring you are engaged and participating:

- Frame the problem – what is the real issue?
- Succinctly answer the question that is on the floor, using evidence to support your argument;
- Respectfully ask a classmate a question about his/her argument;
- Provide a counter-point to a classmate's point;
- Provide an insightful comment that integrates multiple topics, cases or readings.

Regardless of the form they take, the best non-question contributions (and quality will always be weighted more heavily than quantity in the evaluation) do three things:

- a. State a point-of-view or plan of action
- b. Explain with data from the case or your own experience/knowledge, why you took the particular stand or opted for the particular plan of action
- c. Provide an insight

A comment that does these three things creates a path forward for the discussion by allowing your classmates to build on it, disagree with it and suggest alternatives, or agree with it and expand the idea. The best way to maximize your chances of making such contributions to class is to read the cases carefully, thoughtfully approach and answer the preparation questions, and attentively listen to and engage with the discussions in class.

While I will facilitate the discussion, the onus of participating is on you. That said, if you find it difficult to participate for any reason (other than lack of preparation), please let me know and come see me and we will work out a way to help you overcome obstacles.

I may cold-call in an effort to make sure everyone participates. That is not the only reason to cold-call however, so please do not automatically assume that being cold-called indicates poor participation levels; you may have prior experience that I think gives you a unique perspective on

the topic/case at hand, which may lead me to cold-call you. Additionally, thinking on your feet and speaking up in public about your thoughts on an issue is an important skill, and cold-calling is an effective way to give everyone a chance to practice that skill.

**IMPORTANT:**

1. If you have to miss class for any reason, please let me know prior to the session. If you miss two (of the seven) sessions I will deduct a grade-level (i.e., if you had received a B+ when not taking the absences into account, your final grade if you have missed two sessions will be B). If you miss more than two (of the seven) sessions, you will automatically fail the course. If you are late - by five minutes or more - to class more than two times, I will count that as one absence. All of this is obviously subject to reasonable contingencies (if you miss class for a demonstrable medical reason, we can work something out, for example).
2. In order to get full credit for class participation, it is essential that you bring a name card to class and try your best to sit in the same seat in every session. These two things make recall of class discussion easy for me, making the grading of participation much more reliable.

Final Deliverable (60%)

The final deliverable for this course will be a business case or a business plan. You can either write a short case on an existing entrepreneurial firm in a creative industry, or submit a business plan for your venture.

The paper should be **2000-2500 words long**.

*OBJECTIVE OF THIS DELIVERABLE*

How should entrepreneurs and firms in creative/cultural industries think about navigating the complex structures to make the most of new opportunities generated by changes such as digitalization and globalization? The paper will enable you to examine these issues in the context of a planned, existing, or departed firm and to apply course concepts in order to provide analysis and a plan of action.

## *TOPICS*

Like Henry Ford's cars, you can pick any topic, as long as it pertains to *firms* in the context of creative/cultural industries. If you want to write about a creator – the individual artist or filmmaker, or designer, or musician, etc. – the paper should still connect the individual to a firm or market (for instance, you may want to analyze how an author's publisher may or may not have affected the author's career).

- a) You can write about a startup or an incumbent, a for-profit or non-profit. You can analyze success or failure. If you are thinking about starting your own venture, you can write a mini business plan or strategy document.
- b) You can also write about other topics that are pertinent to firms in these industries, taking the perspective of an entrepreneur or incumbent to discuss how firms can deal with major shifts such as:
  - i. The globalized production, consumption, and distribution of cultural products and what that means for firms/markets
  - ii. The digitized production, consumption, and distribution of cultural products and what that means for firms/markets
  - iii. Technological shifts and their impact and implications on firms/markets
  - iv. Ideological/cultural shifts and their impact and implications on firms/markets

Don't feel obliged to limit yourself to these topics. We can discuss your proposal to ensure it will be something from which you will learn.

## *CONTENT AND STRUCTURE OF THE PAPER*

Think of it as a case, with the "solution" or "action plan" included. Introduce the firm and/or the issue. Provide a description of the context and the situation or problem. Provide analysis, using the course concepts. Suggest a course of action; if you are writing about a failure, discuss what could have prevented failure. You can, of course, write a "field" case or use primary data,

but using already published, secondary materials is also perfectly acceptable. In the latter situation, do bring in examples and evidence, whenever possible. If you choose to disguise the firm, please clarify that you have done so. If you conduct primary research and the company provides you with confidential information, please flag it, so I can treat it accordingly.

#### *SUBMISSION AND WRITING GUIDELINES*

- This is an individual submission.
- The paper is due at **11 pm on May 22, 2017**.
- Submission: Please email a **Word or Pdf** file to me (mvk34@cornell.edu). The case should **include your name in the header** and the **word count**. **The filename should be ECI2017\_Final\_YourFirstInitialYourLastName.**
- A brief (2-3 sentences) ‘proposal’ is due by **Apr 17, 2017**. It can be emailed to me.
- The paper should be **2000-2500 words**, and I will penalize essays longer than 2625 words (2% for every additional word upto 100).
- A 10% penalty shall be incurred for every day of late submission.
- The essay accounts for **60%** of your grade.

Usual criteria of good writing apply. To repeat what all writers are told – please write something you know, believe in, and feel strongly about. That will yield the best outcome. Do remember that the course has no “party line.” Feel free to disagree (with the assigned articles or cases, some things said in our class discussions, things I have said). Keep the following in mind as you write the case:

- A well-defined structure – along the lines of, ‘Introduction, Evidence and Analysis, Implications and Conclusion’ – will help you write, while allowing the reader to follow your line of thinking.
- The introduction should be a lead-in, and not present your conclusion.

- Evidence can be descriptive, or quantitative. Give the readers all they need to know in order to “buy” your conclusion.
- Conclusions should follow naturally and logically from the evidence and analysis you provided. There should be no leaps of faith, no gaps in the thought process.
- Simple, clear language is always better than convoluted prose that results from indiscriminate use of the “Thesaurus” tool in Word.
- **Yes, 2500 words are too few; be prepared to “kill your darlings.”**

Additionally, as you may have noticed, case-writing has some specific rules:

- Write in the past tense as far as possible
- Maintain a neutral, non-judgmental tone
- Use an active voice
- Avoid jargon and use simple language
- Use exhibits for data and tables that help amplify the points you are trying to make; **tabulated** exhibits and data will not count towards the word limit, but “wordy” ones might.
- Provide **citations** for all sourced materials (quotes, borrowed ideas, data); citations will **not** be counted toward word limit
- A **typical** (not mandatory) structure would include a short introduction, four-five paragraphs of facts, three-four paragraphs of analysis, and two-three paragraphs of conclusion/recommendations/post-mortem.

**Office hours:** I will be available every **Wednesday we have class (12:00 pm to 2:00 pm)** for meetings, by appointment (location TBD). I am easily reached via email (mvk34@cornell.edu) for an appointment; please email me by the Friday before class in order to secure a 20 min. meeting time during office hours.





## Course Schedule

Week	Date	Module/Topic	Case(s)
1.	March 22, 2017	Introduction Course Overview	Hip Hop (A): Rapper's Delight, Producer's Dilemma.
2.	March 29, 2017	Structure and Functioning of Creative Industries and Implications for Entrepreneurship	Music and the (Real) World: Thirty Years of MTV
3.	April 12, 2017	Strategic Management of 'Creatives' and Creativity	(a) Coco Chanel: Creating Fashion for the Modern Woman (A & B) (b) From Paperback to the Future: The Penguin Group and Book Country (This case is not part of the course packet. It is posted on Blackboard)
4.	April 19, 2017	ECI in a Digital Age	(a) Moda Operandi: A New Style of Fashion Retail + Note: "The Structure and Functioning of the Fashion Industry." (The reading is not part of Course Packet and will be posted on Blackboard) (b) The Atavist: Reinventing the Book
5.	April 26, 2017	ECI in a Globalized World	(a) The Ullens Center for Contemporary Art (b) Saffronart.com: Bidding for Success
6.	May 03, 2017	ECI, Culture, and Society	(a) The Kid Grows Up: Decisions at Sundance Institute (b) Excel Entertainment: Changing Direction
7.	May 10, 2017	Capstone and Wrap	Ministry of Supply: Will Professionals Demand Its Performance?

## **Week 1 (March 22, 2017) – Introduction**

- Understanding markets and cultural goods
- Course Overview
- **Case: Hip Hop (A): Rapper's Delight, Producer's Dilemma.**

In the inaugural class, we will get acquainted with some of the fundamental issues in the course – the challenges and opportunities of introducing innovations and being entrepreneurial in the creative industries – by studying the emergence of hip hop, a new musical genre that emerged in the late 1970s. Your assignment is to read the short case, "Hip Hop (A): Rapper's Delight, Producer's Dilemma," and to then find a way to listen to Rapper's Delight (available on YouTube) and the following songs, which were on the Billboard Top 10 for 1979, the year before Rapper's Delight was released: My Sharona; Bad Girls; Le Freak; Da Ya Think I'm Sexy; Reunited; I Will Survive; Hot Stuff; Y. M. C. A; Ring My Bell; Sad Eyes. Listen to as many of these songs for as long as you need to form an adequate impression of the songs, the kind of music, and the singers. Feel free to listen to all the songs in their entirety – they are fun – but really, what you need to do is get a good sense of the music that was popular in 1979 and 1980 and compare it with Rapper's Delight, to which you should pay careful attention.

As you read the case and listen to the songs, try to answer the following questions:

1. In what way(s), if any, is Rapper's Delight different from the other songs in the lists? Do you think the difference will help or hinder the single in gaining popularity?
2. Why do you think the Robinsons of Sugar Hill Records decided to record this single?
3. If you were the Robinsons, how would you go about selling this single?  
If you had lent money to the Robinsons, would you feel confident about making it back?  
If you made it back, would you fund a rap record again?

**NOTE:** The course introduction and administrative material may be covered in two parts, one at the beginning and one at the end, with the case discussion in the middle. This doesn't change your preparation for the session.

**Week 2 (March 29, 2017) – Structure and Functioning of Creative Industries and Implications for Entrepreneurship**

- What are the creative industries, how are they different, and what is their structure? What are the entrepreneurial implications of these specific features?
- **Case: Music and the (Real) World: Thirty Years of MTV**

In this class, we will build on the last case to try to more deeply understand creative industries and their specific structure. We will also try to understand what unique properties of creative products are the underlying cause for such a specific structure. The MTV case will also give us a chance to touch upon some of the other issues - around growth and disruption in creative industries - that this course will explore.

Your assignment is to read the MTV case (Music and The Real World: Thirty Years of MTV). As you read the case, try to answer the following questions:

1. What is MTV's role in the music industry? It does not actually produce music – do we really "need" MTV?
2. Would you say MTV has been a success? If yes, what factors contribute to its success? If no, why not?
3. What's in store for MTV in the future? What would you recommend to its management, assuming the goal is to stay viable?

**Week 3 (April 12, 2017) – Strategic Management of ‘Creatives’ and ‘Creativity’**

**Yes, I am aware that this is a week with heavy reading due to two full long, historical cases. Please feel free to power-read the historical portions in both cases – read carefully enough to get a sense of the company in each case, and how it fit into (or did not) the context at the time.**

• **Case (a): Coco Chanel: Creating Fashion for the Modern Woman (A & B)**

Firms operating in creative industries have to balance creative and financial/business considerations; they have to stay creative in order to maintain their competitive edge and *vice versa*. Managing this balance is a challenging task because it is not often clear whether the product of creativity will suit consumers’ tastes and it is also unclear how creators’ creative energy can be channeled so it benefits the firm’s finances. Today’s case deals with these issues. The fashion firm, Chanel, has a long and storied past, largely derived from the creativity and personality of its founder – Gabrielle ‘Coco’ Chanel. Since Coco’s death, however, the firm has been in a decline. How, if at all, can the firm’s leading position in the fashion world be restored?

As preparation for the class, read the Chanel (A) and (B) cases and think about the following questions:

1. What were Coco Chanel’s innovations?
2. What are the reasons for (the firm) Chanel’s success?
3. What are the reasons for the firm’s decline? Was the decline inevitable after Coco Chanel’s death?
4. What, if anything, do you think the firm can do to improve its fortunes? If your answer is, “Hire a new designer,” please think of the qualities you would look for in the designer.

- **Case (b): From Paperback to the Future: The Penguin Group and Book Country** (This case is not part of the course packet. It is posted on Blackboard)

The digital disruption looms large in the creative industries, particularly music and publishing. What opportunities for new ways of production and consumption (of literature, in this case, but you can think of it more broadly) does the digital disruption provide and how can firms make the most of them? Let's stay with the challenges of staying at the cutting edge of creativity in the context of this disruption. Penguin, which was responsible for democratizing access to reading and the knowledge residing in books, is today faced with the possibility of democratizing access to writing/publishing, through its Book Country initiative. What does this initiative mean for the fortunes of Penguin, writers, and the publishing industry as a whole?

As preparation for the class, please read the case and think through your answers to the following questions:

1. Why did an opportunity exist for Penguin to be founded? What factors drive its success and longevity?
2. What exactly is the digital disruption in publishing? What are its implications for the entire field of publishing? In your assessment, how well are publishers dealing with it? How well is Penguin dealing with it?
3. Evaluate the Book Country initiative. What is its biggest benefit to Penguin?

## **Week 4 (April 19, 2017) – ECI in a Digital Age**

- **Case (a) + Reading: Moda Operandi: A New Style of Fashion Retail** + Note: "The Structure and Functioning of the Fashion Industry." (The reading is not part of Course Packet and will be posted on Blackboard)

The sociologist, Georg Simmel, said of fashion, in 1957, “Fashion is a form of imitation and so of social equalization, but paradoxically, in changing incessantly, it differentiates one time from another and one social stratum from another. It unites those of a social class and segregates them from others. The elite initiates a fashion and, when the mass imitates it in an effort to obliterate the external distinctions of class, abandons it for a newer mode – a process that quickens with the increase of wealth.”

Whether or not we agree with Simmel’s social observations, we have to agree that fashions change and what’s fashionable changes, seemingly arbitrarily, seemingly out of nowhere. But, the fortunes of firms in the multi-billion dollar fashion industry ride on answers to questions of how and why certain styles are “in” fashion and others are “out,” and how fashions change, which, in turn drive buying patterns. In class, we’ll try to find answers to these questions in the structure of the industry.

First, get a sense of how the industry works, using the Industry Note, and then apply that knowledge to analyze the business plan of a startup in the fashion space – Moda Operandi (M’O).

As preparation for this class, read the posted note on the fashion industry and the Moda Operandi caselet, keeping the following questions in mind:

1. What is the role of fashion magazines and fashion writers?
2. What point do you think the writers are trying to make? What is their goal?
3. Do you think the recent advent of bloggers and user-generated content and is is a significant development? What are its implications?
4. Do you think M’O will work? What are the founders doing right, and what are they doing wrong?

- **Case (b): The Atavist: Reinventing the Book**

The Atavist is a startup that is taking advantage of the digital disruption in publishing, to offer a novel format of content, causing us to stop and ask, “what, really, is a book?” The firm is in

a position to change how and what we read by incorporating technological disruptions to actually produce content of a different kind, which is also consumed differently. The Atavist, thus, while being a publisher, is creating a new category. How, if at all, can they be successful – i.e., make money AND publish good narrative, long-form, non-fiction stories in enhanced digital form?

To prepare for the class, read the Atavist case. Think of answers to the following questions:

1. Ratliff and Rabb believe that enhancements are critical to the value proposition of the Atavist. Do you agree? How did you, personally, feel about the enhancements? From the startup's perspective, should they continue to emphasize enhancements? What are the pros and cons?
2. What business model is optimal for the Atavist's publishing business?
  - a. Continue selling individual stories as it does now,
  - b. Switch to a magazine-like model, selling subscriptions
  - c. Sell subscriptions as an option, in addition to single sales
  - d. Switch to an ad-based model
3. Do you believe the synergies between publishing and software development indeed exist? How can The Atavist make money while continuing to publish stories and support writers?

## Week 5 (April 26, 2017) – ECI in a Globalized World

- **Case (a): The Ullens Center for Contemporary Art**

One of the recent themes in entrepreneurship in the creative arena has been the existence of opportunities for the creation of new market categories, generated by the forces of globalization and digitalization. In particular, we have seen that previously under-appreciated and therefore under-valued creative works (art, music, films, etc.) from countries that were not part of the Western, developed world have been increasingly finding global markets on account of the activities of entrepreneurs. In art, especially, art from African and Latin American countries, as well as China and India has been increasingly included in global primary and secondary markets.

The Ullens Center has been central to the development of a culture of art-appreciation and art buying in China, among the Chinese as well as outside China. As we have seen (for instance with MTV) intermediaries are placed in an interesting position –of being crucial to the commercial market, but also having a cultural responsibility. In the UCCA case, these two aspects of being an intermediary are further complicated by the political environment in China. In such a situation, how should the UCCA management decide upon a course of action?

To prepare for class, please think of the following issues as you read the case:

1. What are the reasons a market for contemporary Chinese art has developed recently? How has the process unfolded? What is the role of the government in the process?
2. What is the relevance and role of the 798 Art District in this entire process?
3. What should the UCCA's next steps be? What are the considerations the management should take into account? What are the tradeoffs? Is the "dilution" of art ecosystems into more populist, crowd-pleasing, design ecosystems – inevitable? Why/not? Should firms resist this evolution?

- **Case (b): Saffronart.com: Bidding for Success**

In this class, we will study how an entrepreneur creates a market for new product categories. In particular, the case of modern Indian art is peculiar because the product (modernist Indian art) existed for a long time before Saffronart was founded. How can entrepreneurs redefine the perceived value of product categories to create markets? How can they then sustain their position in the market? The Saffronart case sheds light on some of these issues.

To prepare, read the case and think of answers to the following questions:



1. Why was there no (or negligible) market interest in modern Indian art before the 1990s?
2. What did Saffronart do in order to generate market interest in modern Indian art? What challenges did they face? Was their model the right business model for what they wanted to do?
3. What should Minal and Dinesh Vazirani do next? What should Saffronart's strategy be?

## Week 6 (May 03, 2017) – ECI, Culture, and Society

- **Case (a): The Kid Grows Up: Decisions at Sundance Institute**

In the first of our cases that examines the cultural impact of entrepreneurs and innovators in the creative industries, we look at the Sundance Institute; the Institute neither produces nor distributes films, and yet is indelibly associated with the ‘independent cinema category,’ and in the collective consciousness is seen as central to making independent cinema a *tour de force* and legitimate market category. The Sundance stamp is used as a measure of quality and has come to mark the worth of films. How does a firm build its credibility enough to have such impact on consumer demand for a particular product category? Having achieved that credibility, however, and having created a market for a new product category, how should it stay relevant, after it’s “job is done”?

As you read the Sundance case, please think about the following questions:

1. People were already making films outside the studios before 1981 and Sundance did not create ‘independent cinema.’ Yet, the Institute is indelibly associated with the category. Why do you think that is the case?
2. What was the impact of Sundance on independent cinema? Which activity do you think contributed more to its impact – the Labs or the Festival?
3. Does it even make sense to talk about independent cinema as a separate category now (in 2012, when the case is set, and today, in 2017)? Given the current state of affairs, is Sundance necessary? If yes, what should it focus on – the supply, or demand side of independent cinema? Why? How? What should it do?

- **Case (b): Excel Entertainment: Changing Direction**

This case examines another dimension of the culture-sales challenge that producers face. We have seen there is a connection between beliefs and norms of appropriateness and demand for or consumption of a cultural product; products that incorporate ideas or features that are aligned with prevailing cultural beliefs are easy to sell, while innovative products are more difficult to sell and may require sufficient commentary to change cultural beliefs before the new product can be consumed. The case of Excel Entertainment deals with this issue, in a nuanced way, as you will see.

To prepare for the discussion, please read the case keeping in mind the following questions:

1. What is the role of cinema in people's lives?
2. Would you say Excel Entertainment is a successful firm? If yes, what is its strategy for success in the Indian film market? If no, why, in your opinion, has it not succeeded?
3. Do you think Excel is doing the right thing or the smart thing, exploring self-policing? Is there a way to be right and smart?

## **Week 7 (May 10, 2017) – Capstone and Wrap**

- **Case: Ministry of Supply: Will Professionals Demand Its Performance?**

In the MoS case, let's try to put our learnings in context by critically examining and analyzing a firm in real time, as it tries to establish itself as an innovative venture in a crowded space.

To prepare for class, please read the MoS case, keeping in mind the following questions:

1. What do you think of “performance professional wear” as a market category?
2. What is the biggest hurdle to increasing sales revenue at MoS?
3. What, if any, recommendations do you have? What is the basis of your recommendation?

- **Course Wrap**