

Strategic Growth Investing (2021)

Code 17025

5 ECTS

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Course description

This course develops a framework for understanding growth from a (i) strategic management perspective and an (ii) investor perspective. Strategic concepts as well as the role of the industry and nonmarket environments are dealt with. The course also explores the role of financial statements as a channel for information from companies to investors and capital markets. Students apply the frameworks by doing investment analyses of business ventures.

Learning objectives

Upon completion of the course the students will be able

- to analyse strategic and organizational implications of start-ups and growth companies,
- to critically examine firm strategies and financial statements when forecasting the future development of a growing firm, and
- to apply growth investing by being able to identify investment opportunities and make investment decisions.

Course requirements (Scale 0-100 points)

(1) *Learning diary* 0-30 points.

Your individual review and synthesis of the course content including required readings (such as strategy, growth valuation, etc.), lecture slides, guest lectures, the Hackathon and what you have learned in the course. The learning diary should also include your notes, observations, thoughts and other relevant (e.g., Internet) materials built-up over the course. The purpose of the diary is to strengthen your learning through the process of writing and thinking about your learning experiences in the course. Length of diary: 8-12 pages. The learning diary should be submitted through Moodle by December 10.

(2) *Business cases* 0-60 points. (A) publicly traded growth company case is written by 1-3 persons, preferably by 2-3 persons. (B) The Hanken Quantum Hackathon business concept/plan is written by a team of 3-6 persons (including team members not enrolled in the course; cross-disciplinary teams are encouraged)

(A) Publicly traded growth company case (total 30 points)

- final written case [20-25 pages including tables and figures] (20 points). Students can analyse various growth strategies and scenarios for Tesla Inc. (TSLA) for which an example valuation in Excel can be downloaded from

<http://aswathdamodaran.blogspot.fi/2017/08/a-tesla-2017-update-disruptive-force.html>. Students should further develop the strategic and financial analysis using various sources to provide their views on Tesla Inc and its value. Alternatively, students can choose another publicly traded growth firm to analyse and value. Companies that have had annual growth in earnings of 10-25% for several years qualify as typical growth companies, but students are recommended to focus on the high growth end. Aggressive growth in sales over several years can be used as an alternative growth firm definition for loss making growth firms.

- Online presentation 5 points (20 minutes)
- Online discussion of another group 5 points (10 minutes)

The deadline to submit a title page with names of the group members, the name and ticker of the chosen growth company, and a one-page description of your company is November 2. Submit the first draft of your case (min 15 pages) through Moodle and e-mail it to your discussants by November 16 at 1 pm. The final case should be submitted by November 24 at 3 pm.

(B) Hanken Quantum Hackathon & business plan for the course (total 30 points)

- November 19 at 23:59 - Deadline for Hanken Quantum Hackathon registrations
- 10-15 pages long business plan (based on your Hackathon start-up business concept) covering strategic and financial aspects of the business (25 points). Submit through the Moodle course page.
- video clip (“elevator pitch”) of your start-up idea 3 points (max 3 minutes). Submit through the Moodle course page.
- video comment of another group’s business plan including the video clip, 2 points (max 5 minutes). Submit video comment through the Moodle course page.

The deadline to submit the *first draft* (at least 8 pages) of the business plan through the Moodle course page and the video clip of your business plan is December 7 at 3 pm. The deadline for the video comment is December 8 at 3 pm. The deadline for the final version of the business plan submitted through Moodle is December 10 at 3 pm.

(3) Participation in quest lectures and the Hanken Quantum Hackathon final gives 0-10 points.

Total requirements: 50 points to pass the course.

Seminar topics and readings:

Introduction to the course (October 25, 10:15-11:45, room Maxen): Overview of course and requirements

Session 1 (October 26, 10:15-11:45, room Maxen): Growth and strategic plans

- Holistic view of performance and growth
- Overview of growth strategies
- Analysis of the business environment
- Changing business environments
- Strategic plan

Literature:

- Saloner, Garth, Andrea Shepard, and Joel Podolny. 2001. Strategic Management. Wiley (USA). Chapters 2, 6, 11, and 15.
- Chrisman, James J., Alan Bauerschmidt, and Charles W. Hofer. 1998. The Determinants of New Venture Performance: An Extended Model. Entrepreneurship: Theory & Practice, Vol. 23 Issue 1, p5-29. 25p.

Recommended further reading on competitive advantages: Greenwald, Bruce, and Judd Kahn. 2005. Competition Demystified: A Radically Simplified Approach to Business Strategy. Penguin Group (USA). Chapters 2-4.

Session 2 (October 29, 8:30-10:00, room Maxen). From narrative to numbers & winner-take all markets

- 1) Building and testing the growth company narrative
- 2) Winner-take all markets

Literature:

- Damodaran, Aswath. Narrative and numbers: The value of stories in business. Columbia University Press, 2017. Chapters 1 & 5-7. Available through ProQuest Ebook Central at Hanken's library: <https://ebookcentral.proquest.com/lib/hanken-ebooks/detail.action?docID=4759774&query=narrative+and+numbers>
- Barwise, T P and Watkins, L (2018), "The evolution of digital dominance: How and why we got to GAFA", in Digital Dominance: The Power of Google, Amazon, Facebook, and Apple, edited by Martin Moore, and Damian Tambini, Oxford University Press, Incorporated, 2018. ProQuest Ebook Central, <http://ebookcentral.proquest.com/lib/hanken-ebooks/detail.action?docID=5359105>

Session 3 (October 29, 10:15-11:45, room Maxen) Winner-take all firms and growth investing. Guest lecture by **Ernst Grönblom**, Analyst at United Bankers.

Background literature:

- [Hendrik Bessembinder \(2018\), "Do stocks outperform Treasury bills?", Journal of Financial Economics 129, pages 440-457.](#)

Session 4 (November 3, 10:15-11:45, room Maxen) Strategic and commercial due diligence. Guest lecture by EY-Parthenon (Ernst & Young).

Session 5 (November 5, 8:30-10:00, room Maxen) Growth valuation and growth investing

- Strategy and valuation
- Valuing growth (DCF & other models)
- Growth investing

Literature:

- Damodaran, Aswath. Valuing Young, Start-Up and Growth Companies: Estimation Issues and Valuation Challenges (June 12, 2009). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1418687
- Damodaran, Aswath. Narrative and numbers: The value of stories in business. Columbia University Press, 2017. Chapters 8-9. Available through ProQuest Ebook Central at Hanken's library: <https://ebookcentral.proquest.com/lib/hanken-ebooks/detail.action?docID=4759774&query=narrative+and+numbers>
- McKinsey & Company Inc., Tim Koller, Marc Goedhart, David Wessels. 2015. Valuation: Measuring and Managing the Value of Companies (Wiley Finance). Chapter 34: "Valuing High-Growth Companies".

Recommended further reading:

- Damodaran, Aswath. [The corporate life-cycle: growing up is hard to do!](#)
- [Damodaran, Aswath. 2012. Growth Investing: Betting on the Future? Ssrn.com. New York University - Stern School of Business](#)

Hackathon part:

Session 6 (November 8, 10:15-11:45, room Maxen) Knowledge graphs with ESG data. Guest lecture by Katariina Kari, ontologist at Inter IKEA Systems.

Session 7 (November 8, 12:30-13:30, room Maxen) Hackathon information. Guest lecture by Juhani Kivikangas, Ultrahack.

- Getting ready for the Hackathon

Session 8 (November 9, 10:15-11:45, Teams online) Artificial intelligence. Guest lecture by Peter Sarlin, Founder of Silo.ai and Professor of Practice, Hanken. *Date to be confirmed.*

Session 9 (November 23, 10:15-11:45, room A210) Financial entrepreneurship.

Guest lecture by Petter Langenskiöld, Zenito Oy.

- How to set up and run a financial services firm
- The case of Zenostock screener

Session 10 (November 25, 14:15-15:45, room A309) Innovate like a start-up: business model design and validation. Guest lecture by Ola Sundell, Hub 13.

Date to be confirmed.

- From linear innovation to agile and lean innovation

Background literature:

- Ash Maurya (2012). Running Lean: Iterate from Plan A to a Plan That Works.
- [Customer development](#). Wikipedia.

Session 11 (November 26, 9:00-10:00, room Maxen) ESG challenge background.

Guest lecture on ESG.

- ESG data: environmental accounting & EU taxonomy, Kristiina Vares-Wartiovaara, ESG specialist at OP Financial Group.

Background literature:

- George Serafeim, DG Park, David Freiberg, and T. Robert Zochowski, (2020), [Corporate Environmental Impact: Measurement, Data and Information](#). HBS Working Paper Number: HBS Working Paper #20-098.

Session 12 (November 26, 10:15-11:15, location: Hanken Business Lab (max 20 persons on-site, first come, first service / Teams online) Entrepreneurship in the financial sector. Session moderated by Benjamin Maury.

- Introduction to Hanken Business Lab, Markus Wartiovaara
- Presentation of Enfuce, Monika Liikamaa, Co-founder and Group CEO at Enfuce

Online group presentations of public growth company investment cases (November 18-19)

- 20 minute presentations of investment case by group
- 10 minutes for discussants

Hanken Quantum Hackathon “Data-Driven Decision Making for ESG and Business”:

End of October – Launch of Hackathon challenge

November 19 at 23:59 - Deadline for registrations & submissions of proposals

November 29 at 17:00-19:00 – Meet the Mentor session

December 3-5 – Hanken Quantum Hackathon

Updated: October 20, 2021.
Changes are possible.