Jerry Davis & Cat Johnson
Phone: 734-647-4737
Email: gfdavis@umich.edu catjohn@umich.edu
Jerry Calendly: https://calendly.com/gfdavis/15min
Cat Calendly: https://calendly.com/catjohnson-0

BA670

+Impact Studio: Translating Research into Practice -- Designing the Equitable Enterprise

Updated 25 March 2022

Overview

The +Impact Studio teaches interdisciplinary student teams (e.g., MBA, MSI, MSW, MPP, MPH, MEng) how to use scholarly intellectual capital, business acumen, and design methodologies to begin to address a wicked problem. Wicked problems are issues with societal import that are difficult to understand and embedded within complex systems; for example, how might the financially precarious or the unbanked accomplish necessary financial transactions in society; how might citizens living with failing infrastructure be better served by their municipality; how might we build enterprises that uplift rather than deplete their communities? To begin to address such an issue, teams will be seeded with novel, university-generated intellectual capital (e.g., new insights on FinTech or a machine learning algorithm from marketing faculty research) that may provide a critical piece of the puzzle to making a sustainable, scalable positive impact. There is a trove of such capital within the University that would otherwise remain disconnected from the pressing problems of our world. Thus, this course serves as a nexus between this intellectual capital, a wicked problem and design.

In Winter 2022, the Impact Studio course will engage with IT-enabled changes that have transformed the raw materials of enterprise (labor, capital, supplies, distribution, organization) and what that means for the company's stakeholders (workers, investors, suppliers, customers, community members). Using the tools of design, we will prototype new forms of enterprise in an industry undergoing radical change around the globe right now: restaurants (more broadly, the food industry). Covid rapidly accelerated changes already underway, from a shift toward ghost kitchens and delivery by "contractors" to the use of QR codes in place of human servers. How might we use these same technologies to create equitable enterprises that provide a living wage and promote community? More broadly, how can the lessons learned in this sector apply more broadly to reimagining capitalism?

What is an "equitable enterprise"?

The Institute For The Future defines equitable enterprises as "forms of organizing business activities and value creation in ways that distribute the social and economic benefits of such activities broadly, not just to investors but to those who contribute to them and the larger communities in which they operate." In this course we will focus on designing organizations that actively contribute to the well-being of their communities by creating good jobs and opportunities for building wealth that are accessible to community members, that redistribute power, and transform systems of inequity.

Course Objectives

- Uncover insights about how the core inputs to business have changed in the past decade, and what that means for designing equitable enterprises.

- Provide an interdisciplinary class with *hands-on experience* using design methodologies and business acumen to develop equitable, just, and sustainable solutions.
- Learn design by *gaining a rich understanding* of how its mindset, process, and tools are grounded in foundational empirical research from the behavioral sciences. In learning *why* given practices are successful, this course will better prepare you to have deeper conversations with recruiters, colleagues, customers, and beneficiaries about your skills and experience using design thinking.

Approach

The course will cover the complete design thinking process from empathy to experimentation with ideated prototypes. Students interested in advancing an idea into an entrepreneurial venture may be supported after the term by the Studio. To equip students with experience using collaboration platforms common among real-world organizations globally, the course will utilize Miro and other utilities for team collaboration. After engaging in design research to identify needs, opportunities and key innovations, student teams will ideate and prototype equitable enterprise models in the food industry. Designing new kinds of enterprise is a form of speculative fiction, and thus we will draw on some of the tools of speculative fiction to complement more traditional design thinking.

What's different now?

We are living in a thought experiment: what happens if the transaction costs of using markets to create a company go to zero? Nobel Prize-winning economist Ronald Coase contemplated this (far-fetched) possibility, and now it is happening in real time. Companies typically require capital, labor, supplies, and a place to sell, as well as some internal processes to put the parts together. They exist at the intersection of a set of markets, and all these markets have been transformed over the past 40 years by information and communication technologies (ICTs). An entrepreneur can "rent" factories from Alibaba and distribution channels from Amazon, and raise a temporary labor force using Upwork. The raw ingredients for creating an enterprise today are like a set of Legos sitting on the floor, ready to be turned into a popup enterprise. And the same forces have transformed traditional corporations, which face often conflicting demands on all sides.

Businesses in the US today are different in several ways:

- **There are a lot fewer of them**: the number of companies listed on stock markets is less than half of what it was 25 years ago, and delistings outstrip IPOs almost every year. Public corporations may be increasingly obsolete.
- **Their ownership is far more concentrated**: corporations face two paradoxical trends. Three large index funds (Vanguard, BlackRock, and State Street) now own nearly one-quarter of the shares of the S&P1500, and publicly advocate for a long-term orientation. At the same time, activist hedge funds have never been more…active, demanding immediate changes to boost share prices.
- **Their workers have been shifted from W2 to 1099**: corporations increasingly turn to temps, vendors, and contractors (TVCs) over permanent employees. Most people who work *at* Google do not work *for* Google, and this is true across much of the economy. In the wake of the Covid pandemic, the use of contractors is almost certain to increase dramatically.
- **Their supply chains are Nikefied**: corporations rely heavily on vendors for core aspects of production, following the model pioneered by Nike. From mobile phones to pharmaceuticals to pet food, products are increasingly produced by generic vendors, not the company whose name is on the label.
- **Their nationality is…complicated**. Royal Caribbean International has its headquarters in Miami; registers its ships in the Bahamas, Malta, and Ecuador; and is legally incorporated in Liberia, where it is subject to neither Liberian nor U.S. income taxes. The Liberian corporate registry, in turn, is a business housed in a nondescript office park near Washington Dulles International Airport in suburban Virginia.

These broad changes in the raw materials of enterprise change the possibilities at all levels of business. Our food system is certain to look very different in 10 years than it does today.

The Design Challenge

The food service industry may be the oldest industry of all – there were quick-serve takeout restaurants in Pompeii – but technology and the pandemic have radically sped up the change process. 100,000 restaurants closed in the first six months of the pandemic in the US, and 5 million restaurant jobs were lost in March 2020 alone. (That's roughly the population of Denmark.) New experimental business models are emerging across the US, and many of them portend a disastrous future for labor, with precarious jobs and uncertain incomes.

Can it be otherwise? How might we use these same tools to create enterprises that uplift rather than deplete? What would they look like? How would they be funded, whom would they employ, how would they engage suppliers and customers? This is our design challenge.

GRADING

Individual Deliverables

We maintain high expectations for your individual learning across this course. We will remain available for 1:1 conversations to help with your learning journey. To help us partner in this learning journey, you will have three sets of *individual deliverables* designed to document the key insights you note across the course (via learning logs), demonstrate your grasp of key concepts and their application (via a quiz), and enhance the learning of others (via sustained engagement).

> **Learning Logs** (N=3, each requires approximately 15 minutes to prepare, 3-4 minutes to record a lo-fidelity Loom —not Zoom— recording). The purpose is to document your learning points in the course and how you might apply them inside and outside of this course. To successfully complete these assignments, review your learning notes from weekly (1) readings, (2) class discussion, and (3) studio work and distill your personal insights and their implication for you beyond this class. In addition to these three sources for reflection, you are asked to reflect on your experiential coursework and share a personal moment of (4) pride and (5) intellectual humility. Your Loom recording must include you (audio & video) and one slide with bullet points to guide the reflection and the date of the submission. There are no other constraints or template requirements. Your submissions are confidential and will not be shared with any other student.
>
> Note: Please take a few minutes to learn how to record audio and video via loom.com. You can get a free account if you sign up with your umich email here: www.loom.com/signup and verify your education account here: https://www.loom.com/education
>
> **Quiz** (N=1 taking ~30-40 minutes to complete). Mid-semester you will be administered a multiple choice and open-ended quiz that will include questions about key points and concepts introduced in class, and insights from the readings. This is an individual "open-book" quiz. [Link to the quiz will be provided in class]
>
> **Engagement** (ongoing). Recruiters often ask if students actually gain the skills and experience required to collaborate in innovation teams in the "real world." This refers to collaborating synchronously, asynchronously, co-located, as well as remote--oftentimes distributed across several timezones—using digital platforms such as Miro. The truth is that courses can do better to prepare students to shine in interviews where such questions arise. To provide you accountability in advancing your learning journey,

you will be assessed on your actual contributions to course discussions and the design process. Specifically, this will include **(A)** your willingness to be fully present during class discussions (i.e., clearly not multi-tasking, advancing the discussion, seeking elaboration of other student's points) **(B)** the quality and quantity of contributions made to each weekly action item on Miro and **(C)** your contributions within your team as formally assessed by each of your teammates at the end of the term.

Team Deliverables

Your teammates and we will strive to maintain high expectations for your team action-based learning. Through this process, you will have an opportunity to demonstrate evidence of learning how to lead, mobilize, and contribute to an interdisciplinary design team. Success in this domain will be demonstrated by your efforts (even when you get things wrong) and your curiosity and gratitude for the unique perspectives that others bring to the course in the following:

Stand-ups (N=4, each requires approximately 15min to prepare, 5min to record). The purpose of this team assignment is to have teams maintain a collective awareness of where they stand and seek insights from outside the team. Teams will succinctly note (A) moments of gratitude and/or sources of energy, (B) a bright spot on progress made since the last stand-up, (C) a thorn/issue that hampered progress on specific weekly goals, and (D) 2 specific goals to accomplish in the upcoming week.

Team Charter (N=2, each requires approximately 45min to discuss and prepare). The purpose of this team assignment is to develop a **strategic and organized set of operating values and processes.** These should take into account individual learning goals and the unique composition of the team. Reflecting on your team's performance, your team will be asked to reflect mid-semester on your Charter 1.0 and create a new Charter 2.0. Critically, this assignment requires you to submit a one page rationale behind your revised/updated team operating processes. Take this one seriously. Establish clear expectations, ways to maintain transparency along the way, and how to effectively manage dynamics when life interrupts our work (it has a way of doing that now and again).

Stocking the Pantry: The deliverable for the first half of the course is a set of WikiHow entries and a research presentation on one of the core "factor markets" for creating an enterprise: labor, capital, supply, or distribution, or organization. Through interviews and secondary research, as well as video interviews we created for this course, your team will investigate who the stakeholders are for each of these factors, what are their interests, and what are live options current available for each (e.g., new ways to raise financing, to recruit and employ labor, to engage with suppliers, to distribute/connect to customers). This is described in great detail on Canvas.

Enterprise Pitch: Your team will be sharing a prototype design of a food business (restaurant or other). Your concrete deliverables will include:

- A brief video pitch (video template to be shared)
- An Impact Business Model Canvas (template on Canvas for Class 10)
- A PPT deck (templates available on Canvas for Class 11)
- An artifact of your business
- A *brief* written brief – no more than 3 pages (appendices OK)

Relative Weights of Each Deliverable

- Individual Deliverables (40%): Learning Logs (12%), Quiz (18%), Engagement (10%)

- Team Deliverables (60%): Stand-ups (4%), Team Charters (6%), Stocking the Pantry (20%), Demo Pitch (30%),

Note that **group grades can be adjusted** based on feedback from the group at the end of the course.

COURSE OUTLINE

Session 1: Reimagining capitalism, design thinking overview, empathic interviewing (January 10)

Why is capitalism in question at this particular moment? What are the broad forces underlying changes in how the economy is organized? How can tools of design help us channel these forces to create more equitable enterprises?

Readings:

"Software is eating up the restaurant business--and that's just for starters." Jerry Davis. *I by IMD*. Software is eating up the restaurant business and that's just for starters

Berger, Warren. *Glimmer: how design can transform your business, your life, and maybe even the world*. London: Random House, 2009. Chapter 1, " The briefing" pp. 1-17. **[CP]**

"Design Education's Big Gap: Understanding the Role of Power" (George Aye) https://medium.com/greater-good-studio/design-educations-big-gap-understanding-the-role-of-power-1ee1756b7f08

Skim: Norman, Donald A. *The Psychology of Everyday things*. New York: Basic Books, 2002. Chapter 6, "Design thinking." (Focus on 217-236.) **[CP]**

Recommended: "Racism and inequity are products of design. They can be redesigned." (equityXdesign) https://medium.com/equity-design/racism-and-inequity-are-products-of-design-they-can-be-redesigned-12188363cc6a

Recommended: "Insights to Innovation: Building a New Kind of Grocery Store" (12 min video) https://www.youtube.com/watch?v=zXcVpxsl4aU

Recommended: "Is the public corporation obsolete in the US?" Jerry Davis. *Global Focus*. https://www.globalfocusmagazine.com/public-corporation-obsolete-us/

Session 2: Labor, unpacking interviews, affinity mapping, signals (January 24)

What's new in labor markets and the employment relation? Will the gig economy provide freedom and flexibility, or precarity and no benefits? How can we learn from other people by asking questions and paying attention to their answers? How can we identify the innovations that will transform the future?

Readings:

Brooks, Alison Wood & Leslie K. John. "The Surprising Power of Questions" *Harvard Business Review*, 96(3): 60-68, 2018. **[CP]**

How Much More Can the Restaurant Industry Take? Ron Hsu, *The New York Times*. https://www.nytimes.com/2021/12/29/opinion/covid-omicron-restaurant-tests.html

"Capital markets and job creation in the 21st century." Jerry Davis. *Brookings Institution*. https://www.brookings.edu/research/capital-markets-and-job-creation-in-the-21st-century/

"Revolt of the NYC delivery workers." Josh Dzieza. *The Verge*. https://www.theverge.com/22667600/delivery-workers-seamless-uber-relay-new-york-electric-bikes-apps

"A record-high 1 million restaurant and hotel workers quit in November — and it shows the labor shortage might really be a wage shortage." Julia Kaplan and Madison Hoff. *Business Insider.* https://www.businessinsider.com/record-high-restaurant-hotel-workers-quit-in-november-labor-shortage-2022-1

Recommended: Daily Show on restaurant work: https://www.youtube.com/watch?v=wp0sEXWSMwk

Recommended: "'Great attrition' or 'Great attraction'? The choice is yours." *McKinsey Quarterly*, September 8, 2021.   Making the Great Attrition the Great Attraction | McKinsey

Recommended: "Five Principles for Thinking Like a Futurist." Marina Gorbis. *Educause Review*. https://er.educause.edu/articles/2019/3/five-principles-for-thinking-like-a-futurist

Session 3: Customers, sensemaking (January 31)

Who are customers, what do they want, and how do we reach them? What are new channels of distribution? How can we distill our insights and systematically think through the potential impacts of new designs?

Readings:

Liedtka, Jeanne, Andrew King & Kevin Bennett. *Solving Problems with Design Thinking*. New York: Columbia Business School Publishing, 2013. Chapter 9: "Rethinking Subsidized Meals for the Elderly at The Good Kitchen;" pp. 143-159. **[CP]**

Gregerson, Hal. "Better Brainstorming" *Harvard Business Review*, 96(2), 65-71. **[CP]**

Olo prospectus, "Prospectus Summary" (especially "Industry Background" and "Complexities of the Current Ecosystem")
https://www.sec.gov/Archives/edgar/data/1431695/000119312521049073/d867519ds1.htm

Skim: DoorDash prospectus, "Letter fromTony Xu, CEO" and "Prospectus summary" (read through "Growth Strategy")
https://www.sec.gov/Archives/edgar/data/1792789/000119312520292381/d752207ds1.htm

Recommended video: https://www.youtube.com/watch?v=rFTPYVmF9-g [Public Kitchen in Boston]

Session 4: Suppliers, futuring part 1 (February 7)

What kinds of business are possible when founders can rent entire supply chains at almost any scale? Who is responsible for what happens in those supply chains?

Readings:

Leonard, Kelly & Tom Yorton. *Yes, And*. New York: HarperCollins Publishers, 2015. Seven Elements of Improv; pp. 12-18. **[CP]**

"The hidden player spurring a wave of cheap consumer devices." Farhad Manjoo. *New York Times*.
https://www.nytimes.com/2017/12/06/technology/cheap-consumer-devices-amazon.html

"A startup called Reef wants to unclog city streets and deliver food to your door via robot"
https://www.theguardian.com/technology/2021/oct/30/reef-urban-car-parks-repurposed-neighborhood-hubs

Skim: "80% of companies don't know if their products contain conflict minerals." Yong Hyun Kim and Gerald F. Davis. *Harvard Business Review*.
https://hbr.org/2017/01/80-of-companies-dont-know-if-their-products-contain-conflict-minerals

Recommended video: "Vertical farming in Detroit"
https://www.clickondetroit.com/live-in-the-d/2021/11/01/a-peek-inside-the-high-tech-detroit-farm-where-they-grow-these-salads/

Session 5: Investors, point-of-view, how-might-we (February 14)

What do the simultaneous rise of passive index funds and activist hedge funds mean for business? What are alternative ways of raising capital to fund an enterprise beyond public markets? How can we better understand stakeholders and their needs? How do we frame our point of view of the problem and pose the right questions to orient the ideation process?

Readings:

"State of Alternative Ownership in the US: Emerging Trends in Steward-ownership and Alternative Financing." Purpose Foundation & RSF Social Finance. (See esp. 29-37)
https://purpose-economy.org/content/uploads/purpose_learningjourneyreport_101019.pdf

"Race and Gender Wealth Equity and the Role of Employee Share Ownership." Aspen Institute, Rutgers University, & Democracy at Work Institute. https://www.aspeninstitute.org/wp-content/uploads/2021/03/Race-and-Gender-Wealth-Equity-and-the-Role-of-Employee-Share-Ownership.pdf

Recommended: "The New Money Trust: How Large Money Managers Control Our Economy and What We Can Do About It." Graham Steele. *American Economic Liberties Project*. https://www.economicliberties.us/our-work/new-money-trust/#

Recommended: "The case for employee ownership: Why philanthropy and government should invest in this powerful business model." Project Equity. https://project-equity.org/wp-content/uploads/2020/05/The-Case-for-Employee-Ownership_Project-Equity_May-2020.pdf

Session 6: Legal forms, nascent concepts (February 21)

What are alternatives to the traditional corporation? What are the potential benefits of LLCs, Certified B Corps, Public Benefit Corporations, cooperatives, and other legal entities? How can we imagine entirely new forms of enterprise?

Readings:

"Can an Economy Survive Without Corporations? Technology and Robust Organizational Alternatives." Jerry Davis. *Academy of Management Perspectives* 30(2):129–40. https://journals.aom.org/doi/abs/10.5465/amp.2015.0067

Visit the B Corporation website at https://bcorporation.net/ and cruise around. Why are all the cool kids (Allbirds, Warby Parker, Patagonia, New Belgium, Lemonade) going B?

Recommended: Platform cooperatives TED talk: https://www.ted.com/talks/trebor_scholz_how_platform_co_ops_democratize_work

Recommended: "Democratic Management: A Practical Guide for Managers and Others." Rebecca Bauen, Democracy at Work Institute. https://institute.coop/resources/democratic-management-practical-guide-managers-and-others

Session 7: Future visions, stocking the pantry (March 14)

What are the raw ingredients for creating an enterprise today, and what has changed in recent times? How can we think through alternative ways to combine these ingredients? What are the potential effects -- expected and unexpected -- of different designs?

Before class:

Your group should be prepared to present the results of your research in the first half of the course on labor/capital/supply/distribution.

Session 8: Alt designs, futuring part 2 (March 21)

What new designs for enterprise are emerging that are enabled by new technologies? How can we use brainstorming and other tools to sketch an outline for new forms?

<u>Readings:</u>

"Worldbuilding in Science Fiction, Foresight and Design." Leah Zaidi. *Journal of Futures Studies*, June 2019, 23(4): 15–26
https://jfsdigital.org/articles-and-essays/vol-23-no-4-june-2019/worldbuilding-in-science-fiction-foresight-and-design/

"Storytelling shapes the future." Alex McDowell. *Journal of Futures Studies*, March 2019, 23(3): 105–112
https://jfsdigital.org/articles-and-essays/vol-23-no-3-march-2019/storytelling-shapes-the-future/

<u>Before class:</u>

Bring an example of a food service enterprise that innovates in its form, ownership, employment practices, or use of technology (for good or evil)

Session 9: Ideation and futuring a new offering (March 28)

Thaler, Richard H. & Cass R. Sunstein. *Nudge: Improving Decisions About Health, Wealth, and Happiness*. New York: Penguin Group, 2009. Introduction; page 1-14. Chapter 12: Saving the Planet; pp. 185-198. **[CP]**

Everytable: Providing fresh food and entrepreneurship (a restaurant concept with a social justice mission)

And: https://www.nytimes.com/2021/10/23/business/everytable-healthy-fast-food.html

The COOK Alliance (seeking to legalize in-home restaurants)

Recommended: A pizza DAO funded by NFTs https://www.rarepizzas.com/ and
https://darthjulian.medium.com/a-strange-thing-happened-1a8fa53aa6f4 (using a "decentralized autonomous organization" to provide free pizza every May 22 [Bitcoin Pizza Day])

Session 10: Business model; prototyping (April 4)

<u>Before class:</u>

Watch the set of (short! engaging!) videos on the Impact Business Model Canvas here:
https://stanford.edu/dept/gsb-ds/Inkling/The_Impact_BMC/#

During class your team will be working on the IBMC for your enterprise(s)

Readings:

Wait, how do you prototype a restaurant? "Speedee Service System" from "The founder"
(https://drive.google.com/file/d/1wdgyFTgJgzQwgNjPN_b5JSrQCzoTn3S3/view?usp=sharing)

Optional: Heath, Chip & Dan Heath. *Made to Stick*. New York: Random House, 2008. Introduction: What Sticks?; pp. 3-24. **[CP]**

Session 11: Wabi sabi pitch (April 11)

Session 12: Demo day (April 18)