Background on the Risk Lab

The famous American Economist, Frank Knight said, “Profit is the reward for taking risk.” Dr. Knight argues that profit and risk are intertwined. In seeking profits, we must therefore seek risks that are attractive. In the Risk Lab, students examine the attractiveness of risk in a real-world investment decision.

The Risk Lab is an experiential learning course, focused on evaluation of risks facing a company or business venture. Students will develop skills in performing risk evaluations in real-world settings. Special emphasis will be given to the investment in the venture, the risks and their impacts, and how to best communicate the impacts of risk when evaluating an investment decision.

Projects in the Risk Lab are sponsored by companies, offering students exposure to real-world business challenges, complete with complexities and other realities. The focus of evaluation in these real-world settings is not necessarily to avoid risk or even to directly reduce it, but rather to understand the risk and evaluate its properties, for the purpose of investment consideration. Such examinations may include, for instance, the impact of international economic changes, market trends, policy adjustments, and competitive action, etc. on the enterprise and its profit. The goal of the class is to develop skills in identifying risks, evaluating the nature and impact of risks, and gaining experience in communicating the impact of those risks in the context of an investment decisions.

The course will focus on using analytical techniques (such as forecasting, regression analysis, simulation, sensitivity analysis, and scenario analysis) to evaluate the impact of identified risks on the enterprise. Teams are expected to develop risk models in a spreadsheet environment and may also be required to research industry and international trends to provide measures of risk indicators.
Details on projects, companies, and information about selecting projects is available at: 
http://kellogg.northwestern.edu/faculty/walker/htm/rl

Course Details

The Risk Lab is offered as DECS 920, a full credit course.

Projects in the Risk Lab are sponsored by Kellogg alumni, at very senior levels in their firms. Students taking the Risk Lab are assured a strong learning experience and a commitment from the firm to provide access to decision makers and information that will make the experience meaningful.

Details on projects, companies, and information about selecting projects is available at the end of this document.

Application Process

Students interested in the Risk Lab must submit an application for project selection.

The application permits optimal project assignment, based on student goals, client needs, and project requirements.

Applications are accepted by the Kellogg Experiential Learning system. Students should apply for DECS 915 via the Kellogg Experiential Learning System, at:

https://www4.kellogg.northwestern.edu/el/

The application start date is July 13, 2015.
The application close date is Jul 31, 2015.
Decision date is Aug 7, 2015 (before Round 1 bidding)

- Resume or CV
- List of courses taken at Kellogg with grades
- Description of any professional Analytical Experience (no specific experience needed)
- Description of any professional Investment Experience (no specific experience needed)
- Reasons for taking the Risk Lab
- Goals for taking the Risk Lab
- Project Choice #1
- Project Choice #2
- Any fellow desired Kellogg student for a team (limit of one student to specify). Team member preference is only considered if both people select each other.

Student teams that are fully formed (a team of 4) are encouraged and will be given special preference. If you are forming a team and submitting as a team, do make that clear in the application and stress how your team has come to select the project and how it meets your goals.
Student information in the application process is used in formulating teams and assigning projects so that goals, backgrounds, skills, and expectations are all addressed.

**Project Assignment**

Student assignments to client projects will be based on individual preferences, requested skill sets and industry experience, and team member diversity. Every attempt will be made to grant students their first or second choice of projects. Student information is collected via the application. Students may select one fellow student for a project. This fellow student selection is honored as possible, if the both students select each other.

Students will be notified about their project assignments during the term before the class. All efforts are taken to accommodate first choices, while forming teams with an appropriate set of skills and interests.

**Course Meetings**

As with other experiential courses, the focus is on the team project and its delivery to the sponsoring company.

Teams will meet with the Professor on a regularly and frequent basis in order to discuss the analysis on the risk evaluation, flow of work, final presentation and delivery to the sponsoring team. The class will also meet with the prescribed schedule to review concepts and themes important in being successful with the developing a risk evaluation and in order to provide presentations for the purpose of group learning.

All Group Meetings are to be held with the team and the Professor at a pre-defined time that works mutually. Meetings with the Professor and Client must conclude before 5PM on weekdays. PTMBA students are welcome to the class, but cautioned on this scheduling constraint. Students who cannot make meetings in person are encouraged and welcome to join via telephone.

Out class sessions are scheduled for Wednesday from 1:30PM to 3:00PM

Pre-term activities

- Project identification
- Team formation
- Identification of Team Liaison to Client
- Identification of Team Liaison to Professor
- Client Introduction
- Project description
- Schedule first group meeting with Professor
- Schedule first client meeting with Client

**Week I:**

- **Class Session I (Meeting as a Class on Sept 23, 2015)**
  - Developing a Risk Evaluation of an Enterprise or Business Venture
- **Special Session on Corporate Research with NWU-Kellogg Librarian**
Week II:
Group Meeting I:
  Developing a Work Plan, Project Analysis
  Evaluation of Relevant Market and Economic Data

Week III:
Group Meeting II:
  Preliminary Analysis of Data
  Teams to bring descriptive statistics to meeting with Professor
  Work Plans due to Professor

Week IV
Group Meeting III: Focus on Data and Analysis
  Address questions and issues in analysis

Week V
  Class Session II (Meeting as a Class on Oct 21, 2015)
    Mid-term progress review and team mini-presentations
  Mid-point document due at beginning of class

Week VI
  Group Meeting IV: Mid-point feedback, planning for next phase

Week VII
  Group Meeting V: Used as needed per team project

Week VIII
  Group Meeting VI: Used as needed per team project

Week IX
  Group Meeting VII: Dry-run of presentation with Professor

Week X
  Class Session III (Class Meeting on Dec 2, 2015)
    Project Findings
    Final project deliverable due to Professor and Client on Dec 2, 2015
    Meetings with Clients to be held and presentations made to client in person
during or before final week of classes.

As in any professional consulting engagement, the students are requested to regularly meet with
the client to receive input, data, direction of project goals, and feedback on the progress as
needed. All clients are committed and dedicated to fulfilling the learning and business aspect of the project.

Teams may schedule additional time with the Professor as needed and as available.

**Grading**

Grading of the project is driven largely by the quality of the team project. The Professor will evaluate the project, its analysis, presentation, and delivery on the following major points:

- **Analysis:**
  - Quality of analysis (thoroughness, appropriateness)
  - Clarity and quality of model summary and description
  - Intellectual impact (was the analysis creative, novel, clever, or otherwise compelling?)

- **Project Document**
  - Quality of project description
  - Quality of analysis summary
  - Quality of recommendations and conclusions
  - Use of meaningful graphs, graphs, and presentation of data

- **Presentation Documents**
  - Quality of presentation
  - Professional impact of the presentation
  - Ability to communicate main points of the analysis and recommendations

- **Team Meetings**
  - Preparation
  - Organization
  - Progress

The Professor will ask the client company to provide feedback on the same above points.

Peer evaluations will also be collected from each member. Each student must rate their teammates on the following dimensions:

- Intellectual and creative contribution
- Workload and willingness to take initiative
- Organization, preparation, and availability
- Collaboration and respect for peers

Required questions are as follows:

- What did you and each person do well?
- What would you do differently going forward and would you ask of each team member going forward?

Peer Evaluations will be collected at the midpoint presentation and also at the end of the class. This is to provide teams and individuals an opportunity to address any team dynamic issues.
Peer evaluations will be on a 1-10 scale with 10 being excellent and 1 being poor. All peer evaluations will be treated confidentially.

All Risk Lab students must participate, as participation is also important to make this a meaningful learning experience for all involved.

Grade Breakdown

Professor Evaluation of Final project materials and presentation: 30%
Professor Evaluation of Work plan and Mid-point review: 20%
Client Evaluation of Final project materials and presentation: 20%
Peer Evaluations (*): 15%
Preparation during team meetings and class participation: 15%

* Note: The Professor reserves the right to adjust any student’s final grade up or down by a full letter grade in the event that the student’s peers unanimously score his or her contributions significantly above or below the overall team effort.

Role of the Professor

The Professor serves as an aide, counselor, and advisor for the team. The Professor does not conduct the analysis, but will provide detailed direction on approaches. The Professor does not serve as the team liaison or representative to the client. The team must organize itself and identify such a liaison. The Professor may accompany the team to select team meetings and or participate in calls, but the Professor cannot in practically, attend all such meetings.

In the event that the client or the Risk Lab student team encounter an incompatibility or encounter an issue, the Professor will intervene to remedy the situation.

The Professor may also resolve project assignments, as needed.

Role of the Team

The team will consist of 3 or 4 Kellogg MBA students working as a team to complete analysis, as defined by the client as agreed to before the start of the academic term.

The team should be mindful to control the amount of time that is required of the client. This means being prepared for meetings, having a designated liaison to schedule meetings, request information, and follow-through with next steps. This level of preparation and understanding is needed as most clients sponsor this project but do not allocate a full-time associate to work with the Risk Lab team.

The team should expect to contribute about 300-400 hours over the 10-week period to this Risk Lab project. This is a reasonable expectation for a team working on a project and is consistent
with other experiential and lab courses at Kellogg. This translates to 8-10 hours per person per week.

The team will produce a white paper that documents the study, results, and recommendations. The team will also prepare a presentation and deliver it in person to the client and its team. A reduced version with emphasis on key findings is also to be presented at the last class.

**Role of the Client**

The client provides the real-world learning opportunity, data needed to complete the appropriate analysis, and feedback on the quality of the project and its analysis. The Client is not expect to solve the problem, but should provide ample expertise, data, and contextual information to the risk Lab team. The business challenge or opportunity provided by the client will reflect a real-world investment decision with risk evaluation core to the consideration of the risk.

**Prerequisites**

All students in the Risk Lab must have completed DECS core and have proficiency in spreadsheets. Your enrollment and selection of the project is subject to the approval of the Professor, based on courses taken and general performance in analytical courses.

**Some FAQs:**

**What is the Risk Lab?**
It is a course available to Kellogg MBA students that are interested in developing a skill in the evaluation of risks.

**What do you mean by Risk?**
The consideration of risk is holistic. The risk evaluation of a business or venture may include many or a few key specific risks. Teams are not asked with managing the risk or even reducing the risk, but evaluating the risk and its attractiveness for investment.

**How can PTMBA Students participate?**
The Risk Lab is open to PTMBA students on a limited basis, subject to all meetings with the Client and Professor being conducted during normal business hours, which are taken as before 5PM on weekdays only. Please contact Dr. Russell Walker on any questions regarding your interest on the course. PTMBA students should organize in groups.

**How can Saturday MBA Students participate?**
At this time the Risk Lab is not available to Saturday MBA students, given the need to meet in person with the Client and Professor on a regular basis outside of the Saturday format of the Kellogg Saturday MBA.
How does this experience benefit the students?
Kellogg MBA students taking the risk Lab will work on a real-world challenge under the direction of a Kellogg faculty member. The opportunity to apply analytical theory and learn about a business, make recommendations, and bring together many aspects of their business education is unparalleled. We also ask that the students focus on how to communicate the results of analysis in the context of business decision-making. For students interested in moving to an industry to deep in analytics after graduation or developing new business skills in analytics, this course will be very attractive.

Majors that this supports
Analytical Consulting Major
Others may be possible based on the project nature

How does the Client benefit from this opportunity?
The Risk Lab is an intensive experiential elective that attracts some of our most analytically talented MBA students. It is expected that the student group will commit about 400 working hours to the project. Additionally, the student project will be overseen by a Kellogg faculty member that has expertise in risk evaluation and its application in business.

We expect that the project deliverables, recommendations, and report will provide direct value to your organization. However, we also believe that the project provides your organization and opportunity to determine how and where to invest in more analytics. If this includes the acquisition of more analytical talent, the project provides an excellent conduit to members of our student body that are talented and interested in this space.

How does the team work with the Client?
For the student team, the partnering company is a client. They will conduct their analysis and provide recommendations through a report and presentation in the same format and in the same manner as a consulting service. The faculty member also serves as an important liaison between the partner and the student, serving to manage time commitments and negotiate deliverables. It is expected that the student team can meet with and speak with key members of your team that can help them answer questions relevant to the analysis.

Which software will we use?
Most of the analysis will be done in a spreadsheet environment. As needed, students may utilize STATA for statistical analysis.

What about the data?
To make this experience valuable to the students and the to solve the business problem at hand, we do need access to data. It is important that the data be available before the project begins. Additionally, the project should make use of “scrubbed” data, that is data that is free of specific information that would be sensitive or otherwise governed by a law, such as social security numbers of customers or names of customers.

Students may be expected to research data on markets, for instance, through the Northwestern Library.
What types of business problems can be considered?
As the class is focused on developing skills in risk evaluation, most business challenges will include some evaluation of a market or venture and the risks that could make the investment unpalatable. Projects might include risk evaluations of: market entry, alternative or novel assets, operational systems, partnerships, or market-changing products.

Will the analysis become public?
The work between the students and your organization is considered confidential. If necessary, the students may be asked to sign a non-disclosure agreement. If this is necessary, we ask that the non-disclosure agreement be such that it does not prevent the students from seeking employment or from building on their experience gained on the project.

From time to time, such company-student projects lead to very interesting business lessons. As a leading business school, we are interested in sharing such lessons with our next generation students and business leaders. We do this through business cases. If such an opportunity exists with your project, we will seek your permission to relate the business lesson through a case study.

How to I join the Class?
First, you must meet the prerequisites. Then submit your application to the Kellogg Experiential Learning application tool before the deadline (see above). The application is used to build teams, assign you to one of your top project choices.

Contact Information
Please contact Russell Walker, Ph.D.
Via e-mail at russell-walker@kellogg.northwestern.edu or via phone at +1 847 467 2148.
Welcome to the RISK Lab!

In the following pages, you will find candidate projects from sponsoring companies under the RISK Lab (DECS 920) for FALL 2015.

The projects listed include working with actual company data, developing meaningful analytical models for managerial decision-making, and presenting results and recommendations to company executives. Most projects will require some level of Non-Disclosure Agreement (NDA) with the sponsoring company.

Please feel free to contact me at 847 467 2148 or russell-walker@kellogg.northwestern.edu with any questions and interest.

Thanks for your interest.

Russell Walker, Ph.D.
Clinical Associate Professor
Kellogg School of Management
Northwestern University
Moore & Warner Farm Management
WWW.MOORE-WARNER.COM

About the firm
For over 160 years and six generations, Moore & Warner and its predecessor family entities have owned and managed farmland assets throughout the American Midwest and Great Plains.

Today, Moore & Warner guides the acquisition and management of direct farm holdings for families, family offices, private investors, and institutions who prioritize the long-term wealth generation of steady-handed stewardship and progressive management.

Moore & Warner also provides expert consulting services and project support to private equity, venture capital, and corporate clients who require the domain expertise and on-farm perspective to contextualize rapidly evolving opportunities in agtech, ag big data, and row crop production systems.

Project Description: Building a grain marketing analysis and hedging tool for farmer commodity risk

The volatility of today’s commodity markets has increased the importance of commodity risk management and hedging for the farmers and landowners who derive their livelihoods from grain production. Unlike financial investors or traders, however, farmers and landowners face both production risk (actually growing a field crop) and market risk (the price received for that crop) in raising corn, soybeans, wheat, and other commodity crops.

In this project, the team will learn how:
- farmers sell their grain (and to whom);
- pricing the physical product and selling into the supply chain is related to Chicago Board of Trade prices;
- commodity exposure in an operating production business is different than in a pure trading environment; and
- Farm Bill programs and crop insurance impact profits and risk management.

The team will be given wide latitude in pursuing these key project components:

(1) Identifying the most commonly used grain sale and hedging strategies used by farmers. These include forward sales, dollar-cost averaging, commercial storage, futures hedging, and puts and calls in the options market;

(2) Developing a pricing tool using past CBOT data to evaluate various grain sale and hedging strategies against historical data; and

(3) Developing a forward-looking pricing and profitability model to support scenario analysis and farm profit sensitivity analysis given key assumptions about farm input costs, grain
markets, yield, crop insurance payments, and other inputs. Solutions to mitigate or remove the risks are ideally desired.

This opportunity is sponsored by Jonah Kolb ’13 who is also an alumnus of Risk Lab and founding leader of the Kellogg Food and Agribusiness Club. He has a great leader in agribusiness.
The NorthShore Center for Simulation and Innovation (NCSI) at NorthShore University HealthSystem in Evanston, IL recently expanded its simulation center to 13,000 square foot, including 7 simulation rooms (2 fully operational trauma rooms, 3 patient rooms, and 2 operating rooms) and a surgical lab for advanced surgical training.

Our center is now in the top 5% nationally in terms of size for hospital-based simulation centers (ie not based directly on the campus of a medical school university campus) and our learner throughput is likely in the top 1% as we have 400-800 learners come through our center on any given month. We are multidisciplinary in nature with attendees from nursing, pre-hospital, medical students, residents in various fields, and attending physicians. As an institutionally based simulation center, our audience focuses more on "adult" learners (ie current practitioners - physicians and nurses) more than university-based medical school simulation centers who focus more on medical students and nursing students.

The nature of complex surgical operations involves many levels and types of risks. The simulation center is inherently focused on risk reduction and operational excellence. The project objectives focus on meeting these overall goals.

1. Creating the business case and operational workflow necessary to increase utilization of B-Line Simulation Management Software.

   a. This project would have the students working with our techs to determine the various components of the simulation management software that could be optimized. (For example, today, only a fraction of our users are actively engaged and using the system fully.)

   b. Project goals

      i. Decrease time/effort spent performing manual data entry by leveraging the simulation management software

      ii. Identifying ROI associated with technology upgrades to facilitate integration of B-line in workflows (iPads, kiosiks)

      iii. Improving overall utilization of the system in both surgical and medical simulation - providing gap analysis of current functionality that is used vs. that which is under, or not utilized – and then identifying workplan to achieve integration.

2. Reviewing historical utilization rates by department/learner type, and identifying the correct allocation formula to achieve equitable distribution of expenses.
a. Identify data sources – if data sources are not automated, identify mechanism to reduce manual workload associated with tabulating utilization

b. Review yearly budget/financials, and identify potential allocation back to hospital departments – likely will need a few proposals given the political reality of non-revenue generating related expenses.

c. Review current utilization of the center
   i. Up-time
   ii. Down-time
   iii. Number of optimal FTE resources needed to staff center vs. how many resource employees are necessary

d. Given historical utilization, forecast the number of external courses needed for the center to break even in FY2016.
Digital Globe Satellite Imaging  
WWW.DIGITALGLOBE.COM
&

Edelman Crisis Management  
WWW.EDELMAN.COM

About

DigitalGlobe, a leading satellite imaging company (https://www.digitalglobe.com/about-us) operates at the intersection of many business verticals by providing information and data on everything from locating airplanes that have crashed into the Indian Ocean to population migration trends. There is very little in regulatory apparatus and oversight governing DG’s operations and thus their Board of Directors is eager to construct an organizational risk design model based on principles-based compliance and regulation approach. Given the many risks involved in the satellite imaging business—from privacy rights and national security to sabotage and information flaws – the Board firmly believes that a rules based compliance system will not provide for the elasticity in decision making need to manage risk comprehensively. The board has decided that employees must be empowered to make decisions in a dynamic environment that requires multi-dimensional thinking and actionable principles that guides value(s) based decision making around risk.

The team will work with Harlan Loeb of Edelman associates (leading risk and crisis management firm) that is advising Digital Globe. Harlan is a long-time sponsor or Risk Lab and brings a great depth of knowledge and experience with risk and crisis management.
Menus of Change
www.MenusofChange.org

Project Descriptions
There are 2 projects available with Menus of Change. Each looks at a critical input to the world’s food supply. Risks associated with the use, availability, pricing, and environmental impact follow and will drive the risk-decision approach to the use of these food inputs.

What Drives Meatier Returns or Less Meatier Returns
Much has been made in recent years about the environmental impact of meat and also the impact of climate change and water on meat and livestock production, including unprecedented cost increases and volatility. This comes at a time when a growing number of consumers are looking to increase the share of plant-based foods that eat, foregoing a meat for a few meals each week or seeking options that smaller amounts of meat. For instance, while McDonald’s is built around the quarter pounder, fast growing competitors like Five Guys feature a 1/8 pounder and Shake Shack and 1/2 mushroom patty and 1/2 beef double stack. New restaurant companies are being more overt, with companies like Chipotle, vc-backed Sweet Greens and Illinois own Roti Grille among the many that use meat as a condiment and offer a range of plant-based options. The shift towards offers that feature more plants and a bit less meat may match some consumer values and also drive health and environmental benefits. But what’s the impact on business performance?

The challenge would involve identifying and comparing a set of plant-forward companies and compare them to a set of legacy restaurant companies. This could include US or global restaurant or food companies, probably publicly traded and with regular public reporting and correlate their performance on key financial indicators (growth in shareholder value, revenue, profit). It also would take a close look and also the rate of “surprises”, or unforeseen problems, in their supply chain that they announce to the markets connected to the growing challenges of water, climate and the disease outbreaks in industrial livestock supply chains.

Sustainability, Transparency and Risk in the Food Industry
The food industry is at the intersection of some of the key risks impacting leading industries: Operational risk from climate and water constraints, reputational risk from poor labor and social conditions in supply chains, and financial risk from increasing volatility of key commodities. Some food companies are showing the strain on their bottom lines as supply chains grow more brittle while others are adopting new approaches that put transparency and corporate responsibility at the center of their strategies, creating vertically integrated “direct to farm” strategies like Mars and Starbucks which are investing in social development programs in key cocoa and coffee growing regions, Chipotle which selects the farmers its distributors and suppliers must work with, and others which are joining industry roundtables set up by global NGO’s like the World Wildlife Fund. While all show concern, this project is intended to determine what leading sustainable food and agriculture sourcing strategies may already be driving business success. The project would involve identifying a substantial universe of large US or global restaurant and consumer-facing food companies, probably publicly traded and with regular public reporting and correlate the types of supply chain transparency and sustainable
sourcing strategies they use, if any, with their performance on key financial indicators (growth in shareholder value, revenue, profit) and also the rate of “surprises”, or unforeseen problems, in their supply chain that they announce to the markets.

Questions:
For each of the above projects, product refers to water, palm oil, and GMOs in the questions below.

How is the product used in the US (and if possible globally) over the past few years, either for export or storage, or for what type of end product?
Where does its used in the US (and if possible globally) come from over the past few years? And how what are the environmental and social conditions in its use or sourcing?
What are the main risks that affect its price and availability?
Which companies, or types of companies, profit or face unexpected costs as a result of its price volatility or key risk events? And to what extent are these also linked to food insecurity and geopolitical instability?

This project is sponsored by Arlin Wasserman, a Founder and Director of the Menus of Change and sponsor of previous Risk Lab projects.
Project: Evaluating Risks and Factors of Success for Entrepreneurial Ventures in Cuba

Background
Private enterprise was expanded by the Cuban government in November 2010 as part of a process of reforms later outlined by the Sixth Party Congress in May of 2011. The reforms were designed to: raise labor productivity, reduce dependence on imports, increase exports, cut state payrolls, address unproductive land and regain lost capital available to industry.

The government authorized approximately 170 categories of self-employment (called Cuentapropismo in Cuba), which have now been expanded to 201 categories ranging from: operating small restaurants and taxis to shoe repair and independent farmers. To date, over 440,000 cuentapropistas operate today throughout Cuba under licenses issued by the government. Proyecto Cuba Emprende is a comprehensive support initiative for entrepreneurs run under the auspices of the Catholic Church of Cuba. Its mission is to provide training and consulting services to Cuban entrepreneurs wishing to start, or improve, their business, to contribute to the development of economic thinking, social progress and to improve the quality of life for Cuban families.

PCE provides entrepreneurial training over 80 hours of in-class instruction over a one-month period. During that time, it encourages graduates to produce detailed business plans before completing the program. Those who successfully complete their business plans (with staff assistance) are invited to be part of a Business Development Center (for ongoing, personalized help in expanding their existing business) or are eligible to be screened for the Business Incubator (for ongoing, personalized help in starting their business). All graduates of the 80-hour training program are invited back for continuing education classes on specific topics (such as branding or applying for bank loans) so that the entrepreneurial “ecosystem” develops with ongoing social and professional interaction.

Since its launch in May of 2012, CE has trained over 800 (through May 2015) entrepreneurs in monthly workshops of approximately 20-25 students (one morning session and one evening session) in both Havana and Camaguey. The three main obstacles faced by PCE graduates include: 1) startup capital, 2) taxes and regulations, 3) access to equipment and inputs. While PCE offers students training, current regulations in Cuba (and the US) prohibit the program from offering graduates financing or capital. While Cuban banks have instituted a program to offer loans to entrepreneurs, most cuentapropistas distrust the government and instead opt to “borrow” from family living abroad (over $2 billion in remittances were sent to Cuba from the U.S. last year).

Following President Obama’s historic December 17, 2015 announcement regarding the normalization of relations with Cuba and his executive action to increase the free flow of people, resources and information to the Cuban people, a window of opportunity to has opened for the half a million independent entrepreneurs in Cuba. New regulations allowing the Cuban entrepreneurs to import goods from and to export their products and services to the U.S. represents an exception to the embargo which allows Cuba’s growing private sector to access the
world’s most important market. While barriers in U.S. legislation have been removed, the practical implementation of this policy of importing goods from Cuban entrepreneurs and exporting input to them now faces the practical challenges of implementation. This project will identify the those barriers and attempt to quantify the benefits to private Cuban entrepreneurs of accessing the U.S. market. By building on work conducted by the Risk Lab team last year, students will model the benefits to select authorized activities of access the U.S. market.

The project is sponsored by Tomas Bilbao, Kellogg EMP alumnus, and Executive Director of the Cuba Study Group.
Situation
Block Six Analytics (B6A) is a sports marketing and analytics company that provides technology, consulting, and asset valuation service offerings to sports organizations, athletes, and regional sports networks. We also work with agencies and brands that operate in the sports industry. B6A clients include SMG @ Soldier Field, Comcast SportsNet Chicago, and Minnesota United.

B6A has created proprietary new metric called Revenue Above Replacement (RAR). RAR examines a player’s economic contributions to his or her franchise as compared to the minimum performing player that could play the same position. Last fall, B6A used RAR to evaluate the performance of NFL quarterbacks during the 2013 season to see which quarterbacks had added the most value to their teams. After the 2014 season, B6A expanded the analysis to include more revenue streams and more NFL players. B6A then examined how individual players help generate revenue in four revenue streams – ticket sales, television ratings, jersey sales, and sponsorship/other revenue. RAR also addresses how an athlete’s ability to help a team win impacts the organization’s revenue. In addition, RAR calculations were done for non-quarterbacks who have a similar degree of on and off-field impact as quarterbacks.

Task
B6A wants to expand the RAR metric to expand our service offerings, create a new revenue stream, increase brand awareness, and create an in-bound marketing tool.

Action
• Evaluate the RAR metric and recommend any possible enhancements to the model.
  o Determine the current and future on-field and off-field risk factors that could impact an athlete’s value in each revenue stream
• Determine how to apply the RAR metric applies to sports beyond football
  o Find the best sources of data to apply to other sports.
• Explore the best ways to create an inbound web-based marketing platform to present the data to current and potential clients.
• Create a media outreach strategic approach to connect with investors, team, media, agencies, and agents to enhance B6A’s brand awareness and brand perception.
Result
Kellogg students provide B6A with a new service offering that is a significant differentiator in the sports industry. RAR will become not only a product that B6A can monetize through direct sales but also a strategic marketing tool that can help promote the company and our core service offerings. This would allow sports organizations to understand the on-field and off-field risks and rewards associated with players.
Project 1
US Healthcare - Business Model Innovation

US Healthcare Industry is going through massive changes at multiple levels starting with the HIPPA requirements, hospital operations improvement, changing patient demography, financial viability, care quality and, above all, being held accountable for the patient health. This poses many risks and opportunities. There are challenges for the industry on all the fronts - consumers, government, operations and technology. This is creating an opportunity for the businesses to innovate as they make the investments to meet the regulatory needs and reinvent themselves.

Traditional model of a non-profit and regional hospital is being challenged along with questions around the long term viability of the local private practice model. IoT, cloud and big data along with consumer demands for seamless access to personal information is challenging the traditional Information Technology setup.

This project will explore the potential areas of disruption and innovation for the US Healthcare providers. Build a point view on the potential business model and information technology disrupters/innovations that are likely to drive the next generation of Healthcare market - e.g. IoT in Healthcare, applying Big Data to patient information, etc.

Project 2
Next Generation of Consumer Experience in Air Travel

Air travel industry is seeing an increasing global demand with shifts in global economic power, demographics and the accelerating urbanization in emerging economies. While there are traditional challenges for the industry around cost & operations - fuel costs, operations efficiency and skilled labor, there is an emerging opportunity on the revenue side e.g. due to captive consumers "on the day of the journey". Consumer will typically spend 1-2 hour at the airport and 2-10 hours on the plane. Penetration of mobiles and tablets in this segment offers an opportunity for the airlines to differentiate themselves and add to their top line.

This project will explore the possibilities of innovating around consumer engagement and revenue generation during their time at the airport and on the plane. There are number of emerging possibilities with sensor/mobile technologies (tap-in check-in, reservation record pull-up at a self-service kiosk, etc.) and the Wi-Fi on the plane (richer entertainment options, customized servicing of the frequent travelers, partnering with companies to promote products, etc.)