

**DEALMAKING FOR SOCIAL IMPACT  
RESTORING TRUST TO THE AUSTRIAN PHARMACEUTICAL  
INDUSTRY**

**SMPP 6290**

**3.00 Credits / Graduate-Level Elective**

**Department of Strategic Management & Public Policy**

**Summer 2017 Learning Guide**

**Instructor: Gastón de los Reyes, Jr.**

**What is the purpose of this course?**

This course will provide you the opportunity to consult for the *Forum der forschenden pharmazeutischen Industrie in Österreich* (FOPI) (Forum for the Research-based Pharmaceutical Industry in Austria), the leading industry association of pharmaceutical companies in Austria, in a three-way partnership between GW, FOPI, and FHWien, the University of Applied Sciences of Vienna. The invitation to consult for FOPI comes from its Secretary-General, Dr. Ronald Pichler, following a successful 2017 consulting engagement for GSK by last year's team of GW and FHWien students. Whereas last year, we were focused on how GSK could make progress given its global anti-corruption commitments, this year we will have the opportunity to engage at the industry level under the general mandate, *Restoring Trust to the Austrian Pharmaceutical Industry*. Your role will be to develop fresh perspectives that FOPI and its corporate members, including GSK, Novartis, and AbbVie, can consider and implement to turn the corner on the current state of competition in the sector, which continues to suffer from a lack of transparency.

**What frameworks will guide the consulting projects?**

Before arriving in Vienna, you will be trained and prepared to apply two managerial frameworks that will guide your work for the client. The first is "CSV+", developed by the instructor and the Endowed Chair of Business Ethics at FHWien (who will co-teach the program in Vienna), detailed in a paper in the *California Management Review*. This framework will help you identify opportunities to give back to society that also help build the client's business, while recognizing the legitimate moral norms that should shape business development. The second framework will arm you to develop deals to realize business and social opportunity by combining and advancing the interests and resources of FOPI, its members, and potential partners, including government, NGOs, and medical institutions.

**Will I work alongside Austrian students?**

You will pursue your consulting project in small groups that will include Austrian students enrolled at FHWien, who will receive the same training before the trip and who will join you for site visits at FOPI, and lectures and group work at the FHWien campus. The instructor has been visiting Vienna four years in a row and has built a local network of contacts that will enrich your consulting, cultural and social experience. This includes an invitation from the Austrian Ministry of the Interior to learn about how the country is dealing with the refugee crisis.

## Why Vienna?

Vienna was once the seat of a major empire, and its impressive cultural offerings reflect that history, from its numerous art museums to classical music and gardens, all in a city shaped by consistently beautiful architecture. You will have the opportunity to explore the classical and modern sides of the city, including the wonderful canal lined with numerous restaurants that are hotspots in the summer, and the famous coffeehouses. Group dinners and excursions will introduce you to your counterparts at FHWien and to Viennese culture.

## What is the instructor's background?

Prior to joining the Department of Strategic Management and Public Policy at the School of Business as an Assistant Professor, I completed a Ph.D. at the Wharton School in *Ethics and Legal Studies*, writing a dissertation on contracting and contract law. Before Wharton, I was a deal lawyer representing Latin American companies seeking financing on Wall Street with Cleary Gottlieb. Before becoming a deal lawyer, I worked as a litigator representing companies in commercial disputes and served as a law clerk to a federal appellate judge. I started my career as a buy-side investment analyst. In addition to my Ph.D. and J.D., I have master's and bachelor's degrees in philosophy.

## How do I contact the instructor?

Please feel free to email me at [gdlr@email.gwu.edu](mailto:gdlr@email.gwu.edu). I will make myself available to meet with you outside of class, in my office or via skype or phone.

## When and where do we meet before Vienna?

Class meetings:	Tuesdays (May 29 to June 19) from 6:30pm to 9pm Online option available
Office hours:	Before class / by appointment.

## What are the dates in Vienna?

Arrival on Saturday, June 9, 2018  
Departure on Sunday, June 17, 2018

## Why should you care about dealmaking?

How should you pursue and implement a business transaction? What are the options? According to transaction cost economics, there are three major approaches. Some transactions can be assembled “off-the-rack” in the market. For example, a company can fly its managers on business trips using commercial airlines. Transactions can also be organized *within* an organization. The same company could instead buy a jet and hire pilots to fly its managers. The third option is to govern transactions through the negotiated interaction of legally independent entities—organizations and individuals. Rather than buying commercial plane tickets or buying a jet and hiring pilots, the company can enter into a *negotiated deal* with NetJets to fly its managers on private jets.

One attraction of dealmaking is its enormous flexibility. An entrepreneur can use a deal to source custom code from a programmer abroad. The founders of a company need a deal to create a partnership structure among themselves. Companies rely on deals to enter into joint ventures, such as Microsoft and GE's partnership in the health care space. Companies and NGOs enter into multi-stakeholder initiatives to set norms in an industry, like the safety standards agreed to after the deadly collapse of Rana Plaza in Bangladesh. These are all examples of the power of dealmaking to organize and govern economic activity. In this course, you will apply your knowledge of business to develop expertise in the theory and practice needed to successfully tackle deals such as these.

## **What is the learning objective of this class?**

The number one learning objective is for you to acquire a practical framework and the practice needed to help you imagine and successfully structure, close and manage novel transactions that promote the legitimacy of business. It is one thing to get a good price on something already being sold on the market. It is something else to invent a transaction that never quite existed the way you think it can and should. Even the most creative deal is not worth much if it harms society.

Overall, the goal of this class is to help you become more powerful as a business person by developing your dexterity in dealmaking. Many of the business opportunities that can positively transform the world, in large and small ways, can only be unlocked with the imagination and the pooling of resources available through deals. This class will encourage you to learn to adopt the point of view of the social opportunity represented by a transaction, in addition to the business side you represent. *The gift of a talented dealmaker is to give birth to social opportunity through imagination.*

## **How will this course help you succeed in business?**

Deals are everywhere in business, at both the individual level and the organization level—from corporations to NGOs and government. This course will help you acquire a conceptual and practical framework that you can apply to analyze the suitability of a deal as a way to govern the transaction at hand. Then, for when a deal makes sense, you will command a framework for evaluating the specific risks and opportunities that attend the transaction, so that you can engage in the practice of successfully striking and documenting a deal and then co-governing the transaction after closing. By the end of the course, you will be familiar with the following questions and practices:

- 1) What are the advantages and risks of pursuing a transaction through a deal, as opposed to the alternatives?
- 2) How does contract law facilitate and frustrate dealmaking?
- 3) How do I draft a term sheet to negotiate a deal?
- 4) What are distinctive features and risks of different deal contexts?
- 5) How do I use imagination to construct around the challenges presented by a deal?
- 6) Why is opportunism so rampant in deals, and how can I insulate against it by “perfecting” deal

terms and strengthening relationships?

- 7) What contractual devices can be included in a deal to facilitate co-governance after closing?
- 8) How do I identify win-win business opportunities?
- 9) How do I discover legal and non-legal norms that provide guidance for the pursuit of business opportunity?
- 10) What do I do if the existing norms provide inadequate guidance in the business space?

## How will you and I evaluate your progress?

### ➤ Rubrics for deliverables

*Consulting report (30%).* Your goal, which I will help orchestrate, is to systematically move through the stages of dealmaking design to arrive at a term sheet and deal structure that you will propose to FOPI as part of your client recommendation. The goal is not only practicability, but also imagination. This is a group grade. You will practice preparing “executive summaries” and then systematically moving through your recommendation, from problem to analysis to the proposed deal structure, including consideration of objections. For purposes of evaluation, you will identify a sub-set of pages (minimum 3) of the report that you spearheaded. However, the report as a whole will also reflect on your assessment, because every member of the team must answer for the whole.

**Rubric:** Excellent (10) / Proficient (9) / Competent (8) / Developing (7) / Needs Work (6)

*Consulting oral presentation (10%).* Oral presentation is fundamental to business, and we will work over the course of the week in Vienna to practice clear, concise and coherent presentation of your proposals. This is a group grade. Each member of the group will develop a component of the team proposal.

**Rubric:** Excellent (10) / Proficient (9) / Competent (8) / Developing (7) / Needs Work (6)

*Case Analysis (5%).* Prior to Vienna, you will prepare a case analysis (two to three-pages) of a deal of your choice. This writing assignment will provide you the opportunity to apply what we are learning in class and to begin to develop your personal taste as a constructive critic of deals and to begin to figure out your personal approach to dealmaking.

**Rubric:** Excellent (5) / Proficient (4.5) / Competent (4) / Developing (3.5) / Needs Work (3)

*Concepts test (15%).* This test will challenge you with a series of short questions and problems to assess your ability to integrate theory from readings and class discussions, with an emphasis on concepts from CSV+, transaction cost economics and contract law. These conceptual frameworks will be developed in the first weeks of class, and your confidence in reasoning with these concepts will strengthen you as a dealmaker throughout the course and onto your career.

**Rubric:** Highest scores will be scaled to 100% (of 15%) and others will be scaled accordingly

*Dealmaker & Consultant Self-Assessment (10%).* Over the course of the semester, we will encounter a variety of different deals and stories about the ways deals were struck. You will also engage in the role of dealmaker with FOPI. There is more than one way to be successful as a dealmaker, and

understanding your approach in the context of your sense of personal and professional purpose is a valuable step in that direction. You will develop a statement of your purpose and approach as a dealmaker, including an accounting of your strengths, weaknesses and style.

**Rubric:** Excellent (10) / Proficient (9) / Competent (8) / Developing (7) / Needs Work (6)

“Showing up” (10%). Attendance and preparation are fundamental to your commitment to this class.

**Rubric:** Excellent (10) / Proficient (9) / Competent (8) / Developing (7) / Needs Work (6)

*Contribution to team learning / Professionalism* (10%). By design, we will learn from each other, both in and outside the classroom. That requires your thoughtful and alert presence and engagement in all our work together, including responsiveness to Blackboard and email outside of class. My expectation is that you will treat this class like a professional job, and our collective success depends on that level of commitment.

**Rubric:** Excellent (10) / Proficient (9) / Competent (8) / Developing (7) / Needs Work (6)

#### Summary of Assessments

<i>Assessment</i>	<i>Points</i>
<i>Case analysis</i>	5
<i>Concepts test</i>	20
<i>Consulting report, including Structuring Deals</i>	20
<i>Consulting oral presentation, based on group slides and presentation</i>	15
<i>Self-assessment, including CSV+ reflection</i>	20
<i>Showing up</i>	10
<i>Contribution to team learning / Professionalism</i>	10
<i>Total</i>	100

## How do I find out the class by class assignments before Vienna?

Blackboard provides the course home page, and the “Class Preparation” tab will set forth the assignment, including links to all readings, videos, etc.

## How will I be graded?

At the end of the semester, points for each requirement will be added to create a linear distribution of overall student performance. There is nothing to stop every student from achieving a distinguished grade in this class if you and we succeed together excelling on assessments and professionalism.

## Professional and Academic Integrity

The standard for this class is professional. I will count on you, and your classmates will count on you, to perform at a professional level with a professional level of commitment.

Part of your professional commitment is to live up to the standards of academic integrity of George Washington University. Any student unfamiliar with expectations concerning the norms of fair attribution of ideas and quoting others' writing must speak with me prior to the first writing deadline. Papers are automatically screened for matching content from the Internet and other sources, and the consequences of plagiarism or cheating are severe. Please review <http://studentconduct.gwu.edu/> for further information on the potential consequences of academic integrity violations.

### **What about policies relating to disabilities and plagiarism?**

**Disabilities:** Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: <http://gwired.gwu.edu/dss/>

**Plagiarism/Cheating:** Any student unfamiliar with expectations concerning the norms of fair attribution of ideas and quoting others' writing must speak with me prior to the first paper deadline. All papers will be screened for matching content from the Internet and other sources. Plagiarism will always require complete rewriting of a paper in order to receive a grade and may result in a zero on the paper requirement. Cheating of any kind on any quiz will result, at a minimum, in a zero on that quiz (or on the case analysis). Please review <http://studentconduct.gwu.edu/> for further information on the potential consequences of academic integrity violations.