

## Introduction by Liudmila Nazarkina and Jost Hamschmidt

This article is an extract from [oikos Case Quarterly](#) (Summer 2011, Issue 3), a quarterly periodical and a platform for promoting new concepts and approaches to teaching prize winning cases. In each issue leading case writers share their thoughts at to how exactly they teach their award winning cases – and how they use other cases in the classroom. Here we present an article on “Better Place–Shifting Paradigm in the Automotive Industry”, contributed by Dror Etzion and Jeroen Struben (McGill University, Montreal, Canada). The Better Place case is a [free case](#) (protected under the Creative Commons license). We hope that you will enjoy reading this article and using the Better Place case in your courses. If you are a faculty member and interested to get access to a teaching note for this case, send us an email to [freecase@oikosinternational.org](mailto:freecase@oikosinternational.org).

## Better Place: Shifting Paradigms in the Automotive Industry

by Dror Etzion and Jeroen Struben (McGill University)



*Dror Etzion*



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Dror Etzion and Jeroen Struben are both Assistant Professors in the Strategy & Organization Area at the Desautels Faculty of Management, McGill University in Montreal, Canada. Dror is originally from Israel (as is the founder of Better Place, Shai Agassi), and his research and teaching focus primarily on business and sustainability. Jeroen’s research examines processes of industry transformation, primarily in markets for alternative energy and transportation.

### The case story

The case is centered on start-up company Better Place, which is promoting a paradigm shift in the business model for personal transportation, by shifting sales from products (cars and gasoline) to services (miles driven), based on electric – rather than internal combustion engine – vehicles. Its goal is to truly make the world a better place by substantially reducing the environmental and social impacts of the transportation sector’s reliance on petroleum. The case provides students a brief history of the automotive industry, illustrations of unintended consequences of its expansion, and overviews of various environmentally preferable automotive technologies (hybrids, hydrogen fuel cells, etc.). To aid the reader in gaining an understanding of Better Place, the case surveys its business model, probes its advantages and shortcomings, and examines the Better Place rollout strategy, as an upstart entrepreneurial company attempting to grow and expand internationally at a very rapid pace.

### Teaching the case

The case provides students the opportunity to explore the major challenges in store for an ambitious firm, entrepreneur, or policy-maker intent on moving an established market in a new, more sustainable, direction. It can be used in a variety of contexts, especially core strategy courses, business and sustainability courses, and in technology entrepreneurship courses.

1. In a core strategy course the case can be used to cover three main topics. First, it highlights issues related to alliances with strong network externalities: “the chicken-and-egg problem”.

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Second, it investigates the challenge of multinational expansion for small entrepreneurial firms. Third, in a more specialized context, the case can be used to examine the formation of a multiple-sided market, assessing the ways in which multiple industries (utilities, car manufacturers, venture capitalists, etc.) can be aligned to transform an entire sector (transportation).

2. In a course on business and sustainability, the case addresses the challenges and opportunity of radically reshaping an industry with significant environmental and social impacts. As opposed to cases that highlight a firm's efforts to reduce its own environmental footprint or sell preferable products, this case examines how a company can leverage a powerful idea to create "game-changing" industry-level advances in sustainability.
3. Finally, in a technology entrepreneurship course, the case can be used to illustrate the challenge of upending accepted business models and powerful incumbents by means of a paradigm shift in business model.

To accompany the case, it may be fruitful to assign a reading on innovative business models (e.g. Casadesus-Masanell & Ricart, 2011, How to Design a Winning Business Model, Harvard Business Review). While the case requires little to no background information, since it is focused – in large part – on an entire industry rather than a specific organization, it may be better suited to the latter part of a course, after generic company-level sustainability strategies have already been covered.

## **Favourite cases**

For teaching the essence of business strategy and the environment, we can recommend Forest Reinhardt's cases, especially the case on [DuPont](#) and the phase-out of CFCs, as well as the case on [Patagonia](#) (both written with collaborators) from HBS. Eva Collins, Stephen Bowden and Kate Kearins' case on [Phoenix Organic](#) is wonderful for thinking about how sustainability plays out in smaller, entrepreneurial organizations, and also about how value and values intersect in business settings (oikos). Tom Ewart and Tima Bansal's case on [CARE Kenya](#) is a favourite for covering NGO-corporate partnerships (Ivey). Finally, for business model innovation, we can suggest [Interface's Evergreen Services Agreement](#) by Oliva and Quinn (HBS).

## **New case development**

We'd like to see cases that move beyond depicting the approach or strategy pursued by a specific organization, and that really tackle – without mincing words – the central challenges of thriving competitively while committing to an authentic and profound sustainability strategy. Particularly, there seems to be room for cases that really integrate social and environmental issues holistically. Additionally, cases that address social equity and prosperity seem to focus primarily on far off lands which are "less-developed", with a dearth of cases on tackling poverty, sickness and social malaise in our own backyards.

The case "[Better Place: Shifting Paradigms in the Automotive Industry](#)" by Dror Etzion and Jeroen Struben (McGill University) is part of the oikos collection. To get access to a teaching note for this case, send an email to [freecase@oikosinternational.org](mailto:freecase@oikosinternational.org).

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