



ISOM 1700 Critical Issues in Business Operations Winter 2026

Department of Information Systems, Business Statistics and
Operations Management

COURSE: ISOM1700 Critical Issues in Business Operations (3-0-0:3)
This course focuses on how business organizations should create and sustain value for different stakeholders in the society by designing, optimizing, and improving their operations. Many successful businesses have demonstrated their sustainable competitiveness by maintaining a balanced view of economic prosperity, environmental stewardship, and social responsibility. This course will also examine how the changing perspectives of stakeholders (like government and consumers) affect the business decisions and operations. *This course satisfies the common core (social analysis) requirement.*

Winter 2026

Class meeting: M-F 9:30 am to 12:50 pm, January 2 to 16, LSK-G012

Final exam: Monday, January 19, 10 am to 12 noon

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TEXTS: No required textbook; learning materials will be posted on Canvas.

GRADING POLICY: Final course grade will be determined by the following criteria and point distribution:

PRS quizzes (8 best out of 10)	20
Written assignments (2)	20
Final Exam	<u>60</u>
Total	100

Each PRS quiz (of 5 questions) needs to be completed in class on the date indicated on the syllabus. There is no makeup quiz since we count only the best 8 out of 10 scores. If you miss more than two quizzes for a valid reason such as medical emergency, your PRS quiz score will be proportionated based on those quizzes taken.

COURSE GOALS: This course is designed in such a way that, after completing it, you will be able to:

1. Describe the design and delivery of product/service in different organizations, leading to measurement and improvement of business operations.
2. Identify a wide range of contemporary and pervasive business, technology, environmental, and social issues that impact the management of operations.
3. Discuss the critical roles of business operations in sustainability and social responsibility.

ACADEMIC INTEGRITY: Students at HKUST are expected to observe the Academic Honor Code at all times (see <https://acadreg.ust.hk/generalreg.html> for more information). Zero tolerance is shown to those who are caught cheating on any form of assessment and a zero mark will be given. In particular, any act of cheating on exam will automatically result in an F grade for this course. All written assignments will be screened by Turnitin for plagiarism and points will be deducted when the similarity index is considered high (e.g., more than 25%).

Course Outline

<p>Day 1 (F) January 2</p>	<p>Introduction and Sustainability Issues</p> <ul style="list-style-type: none"> • Strategic roles of business operations in achieving sustainable competitive advantages • “Triple bottom line” of a sustainable business: Profit, People, Planet <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> • What is the purpose of business? • The story of stuff (https://www.youtube.com/watch?v=9GorqroigqM)
<p>Day 2 (M) January 5</p> <p><i>PRS quiz #1</i></p>	<p>Startup Business Ideas</p> <ul style="list-style-type: none"> • Strategic analysis tools: PESTLE, SWOT and Porter’s models • Impacts of business decisions on sustainability • Key success factors for a startup business: Value proposition, market positioning, and operational excellence <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> • Startups must master operations (https://techcrunch.com/2023/12/07/startups-must-master-operations/) <p>Case Discussion</p> <ul style="list-style-type: none"> • LeadNitro: An entrepreneurial journey of starting and scaling the software business
<p>Day 3 (Tu) January 6</p> <p><i>PRS quiz #2</i></p>	<p>Strategic and Managerial Issues</p> <ul style="list-style-type: none"> • From business strategy to operations and supply chain strategy <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> • The story of solutions (https://www.youtube.com/watch?v=cpkRvc-sOKk) • Why business can be good at solving social problem? (https://www.youtube.com/watch?v=0ilh5YYDR2o) <p>Case Discussion</p> <ul style="list-style-type: none"> • Deepal: Pursuing market opportunities amid slowing demand growth
<p>Day 4 (W) January 7</p> <p><i>PRS quiz #3</i></p>	<p>Product Ideas, Design and Development</p> <ul style="list-style-type: none"> • Product innovation: discovery, design, development, and deployment • Design for sustainability • Process choices and their impacts on facility layout decisions <p>Case Discussion</p> <ul style="list-style-type: none"> • KOODESIGN: Balancing design priorities among different stakeholders

<p>Day 5 (Th) January 8</p> <p><i>PRS quiz #4</i></p>	<p>Shan Zhai and Counterfeit Products</p> <ul style="list-style-type: none"> IP protection and counterfeit product problems in China <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> The Greater Bay Area: 10 facts to put it in perspective (https://www.scmp.com/native/economy/china-economy/topics/great-powerhouse/article/3002844/greater-bay-area-10-facts-put) <p>Case Discussion</p> <ul style="list-style-type: none"> SMIC: Cultivating new opportunities amid crisis
<p>Day 6 (F) January 9</p> <p><i>PRS quiz #5</i></p> <p><i>Assignment 1 due before class</i></p>	<p>Sourcing and Supply Management</p> <ul style="list-style-type: none"> Managing the supply process and supplier relationship Supplier certification and standards Ethical sourcing and supplier selection <p>Case Discussion</p> <ul style="list-style-type: none"> 759 Store: Returning to its competitive roots?
<p>Day 7 (M) January 12</p> <p><i>PRS quiz #6</i></p>	<p>Synchronization and Distribution Issues</p> <ul style="list-style-type: none"> Global logistics, transportation, and distribution Matching supply and demand to avoid waste of capacity and resources <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> The trap of materialism (https://www.youtube.com/watch?v=DtwXryPNciM) The high price of materialism (https://www.youtube.com/watch?v=oGab38pKscw) <p>Case Discussion</p> <ul style="list-style-type: none"> KTZ Express: Operating the largest dry port in the world
<p>Day 8 (Tu) January 13</p> <p><i>PRS quiz #7</i></p>	<p>Value-Added Transformation</p> <ul style="list-style-type: none"> Managing the make process: Manufacturing Turning service into a major value component Labor practices and work conditions <p>Case Discussion</p> <ul style="list-style-type: none"> Germagic: Tackling challenges of the COVID-19 pandemic
<p>Day 9 (W) January 14</p> <p><i>PRS quiz #8</i></p>	<p>Major Business Control Issues: Inventory and Quality</p> <ul style="list-style-type: none"> Impacts of inventory on operational and financial performance ABC inventory classification, inventory turns, and cycle counting Quality control and management <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> Uncovering the real cost of quality (https://www.pilgrimquality.com/blog/uncovering-real-cost-quality/) The hidden cost of a product recall (https://hbswk.hbs.edu/item/the-hidden-cost-of-a-product-recall)

<p>Day 10 (Th) January 15</p> <p><i>PRS quiz #9</i></p> <p><i>Assignment 2 due before class</i></p>	<p>Lean and Green Business Practices</p> <ul style="list-style-type: none"> • Just in time manufacturing • Circular economy <p><i>Prepared for discussion:</i></p> <ul style="list-style-type: none"> • E-waste (http://www.pbs.org/newshour/updates/america-e-waste-gps-tracker-tells-all-earthfix/) • Greenwashing (https://www.youtube.com/watch?v=nys5TaGGkRk) <p>Case Discussion</p> <ul style="list-style-type: none"> • Esquel Group: Value innovation through sustainable supply chain
<p>Day 11 (F) January 16</p> <p><i>PRS quiz #10</i></p>	<p>Becoming a Social Business</p> <ul style="list-style-type: none"> • Revisit the question, “What is the real purpose of business?” <p>Case Discussion</p> <ul style="list-style-type: none"> • Solageo: Extending global value chains to rural markets in developing countries
<p>Day 12 (M) January 19</p>	<p>Final Exam</p>

List of Case Studies

- (1) Lau, Ronald, “LeadNitro: An Entrepreneurial Journey of Starting and Scaling a Software Business,” Harvard Business Publishing: ST144-PDF-ENG, May 2024
- (2) Lau, Ronald and Xinran Yu, “Deepal: Pursuing Market Opportunities amid Slowing Demand Growth,” Harvard Business Publishing: ST145-PDF-ENG, June 2024.
- (3) Lau, Ronald and Joseph Fernandez, “KOODESIGN: Balancing Design Priorities among Different Stakeholders,” Harvard Business Publishing: ST132-PDF-ENG, October 2023.
- (4) Lau, Ronald, “Semiconductor Manufacturing International Corporation: Cultivating New Opportunities amid Crisis,” Harvard Business Publishing: ST102-PDF-ENG, August 2021.
- (5) Lau, Ronald, “759 Store: Returning to Its Competitive Roots?” Harvard Business Publishing: ST84-PDF-ENG, December 2019.
- (6) Lau, Ronald, Albert Ha and Gianne Wong, “KTZ Express: Operating the Largest Dry Port in the World,” Harvard Business Publishing: ST96-PDF-ENG, February 2021.
- (7) Lau, Ronald, “Germagic: Tackling Challenges of the COVID-19 Pandemic,” Harvard Business Publishing: ST100-PDF-ENG, July 2020
- (8) Gurumurthi, Suri and Ronald Lau, “Esquel Group: Value Innovation Through Sustainable Supply Chains,” Harvard Business Publishing: ST75-PDF-ENG, February 2019.
- (9) Lau, Ronald and Joseph Fernandez, “SOLAGEO: Extending Global Value Chains to Rural Markets in Developing Countries,” Harvard Business Publishing: ST155-PDF-ENG, April 2025.

WRITTEN ASSIGNMENTS

General information:

While there is no page limit for the case analysis, it should be one to two pages long, single spaced between lines but double spaced between paragraphs. *Please note that all written assignments will be checked by Turnitin for plagiarism. Penalty will be imposed for any submission with a high similarity score.* To avoid receiving a high similarity score, please do not copy and paste the case assignment questions or extensive use of exact wordings from the case. Simply labeling your answers by (a), (b), and (c) will be clear enough.

For facilitating your case analysis, a list of suggested questions are given (below) but you don't need to follow them exactly. You can organize your answer any way you think best. These are critical thinking questions which may have multiple possible answers, depending on how you articulate and justify your answers. Make sure your analysis is concise (use of bullet points for the answers is allowed) and avoids repeating (too much) information that is already given in the case. A submission link is provided in Canvas for you to upload the analysis. Late assignment will not be accepted unless it is accompanied by a valid (e.g., medical) excuse.

Assignment 1: 759 Store

Due before class

- (a) How could 759 Store seize the opportunity to expand rapidly in just a few years when the market has already been dominated by two supermarket chains in Hong Kong?
- (b) What were the major competitive and operational issues when 759 Store decided to source their products globally and directly?
- (c) How could 759 Store maintain its growth momentum in light of the recent loss starting in 2016?

Assignment 2: Esquel Group

Due before class

- (a) How could Esquel achieve their ambitious sustainability, people, and community-oriented objectives in a highly competitive industry when most of its competitors were using a low-cost production strategy?
- (b) What were the objectives of the Integral project for Esquel to achieve and how could it be financially viable and ultimately add value to Esquel?
- (c) What were the long term (5-10 years) tangible and intangible benefits for Esquel to embrace the planned workforce transformation (through increased automation and upgraded worker skill)?

Grading Criteria and Rubrics for Case Analysis

(For reference only, as not all case questions will require all evaluation criteria below)

Name: _____

Evaluation summary (20 points each for each criterion for a total of 100 points per case)

Scoring rubrics	Well exceed expectation (19-20)	Exceed expectation (17-18)	Meet expectation (12-16)	Below expectation (0-11)	Score
Identification of the main issues and/or problems	Identify and understand completely all the main issues and problems	Identify and understand most of the main issues and problems	Identify and understand some of the main issues and problems	Identify and understand only few of the main issues and problems	
Analysis of the issues	Insightful and thorough analysis of all the issues	Thorough analysis of most of the issues	Superficial analysis of some of the issues	Incomplete analysis of the issues	
Comments on effective solutions or business practices	Well identified, reasoned and appropriate comments or proposal on solutions to all issues	Appropriate, well thought-out comments on solutions or proposal for solutions to most issues	Superficial and/or inappropriate solutions to some of the issues	Little or no action suggested, and/or inappropriate solutions to the issues	
Connection to theoretical frameworks or concepts	Effectively integrate other sources of knowledge and make insightful connections	Appropriate connections between most of the issues in the case and relevant theory	Appropriate connections between some of the issues in the case and relevant theory	Little or no connection between the issues in the case and relevant theory	
Use of language	Free of any grammatical or spelling error; good choice of words	A few grammatical or spelling errors; should have better choice of words	Some grammatical or spelling errors; some poor choice of words	Many grammatical or spelling errors; many poor choice of words	
<p>Total: Use the following ranges to reflect the overall performance. 96-100 (exceptional report writing and extremely effective); 90-95 (very good report writing and very effective); 80-89 (good and effective); 70-79 (acceptable and somewhat effective); 69 or below (weak and not effective).</p>					