The Economics and Politics of Digital Disruption

General information:

Instructor: Bradley Tusk
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Bradley is a venture capitalist who protects startups from political risk. He is the CEO and founder of Tusk Ventures, the first venture capital fund dedicated to working with and investing in startups in regulated industries. His fund, Tusk Ventures, has now worked with and invested in dozens of startups like FanDuel, Lemonade, Roman, Ripple and Bird. Bradley was Uber's first political advisor. He is also the founder and CEO of political consulting firm Tusk Strategies, chairman and co-founder of the Ivory Gaming Group, chairman and co-founder of telereligion startup Exalt and is the CEO of Tusk Philanthropies, a foundation focused on bringing mobile voting to elections. He writes a column for Fast Company, hosts a podcast called Firewall about tech and politics, is the author of The Fixer: My Adventure Saving Startups from Death by Politics, and is the co-founder of the Gotham Book Prize. Bradley previously served as Mayor Bloomberg’s campaign manager in New York City, as Deputy Governor of Illinois, and as Senator Chuck Schumer’s communications director.

1. Course description

You can’t disrupt any industry without dislodging its incumbents. And no incumbent goes down without a fight. Sometimes those fights happen in court. But usually, they take place in the halls of government: in city councils, state legislatures, municipal regulatory agencies, even local community boards. For 90% of technology startups, not understanding how to anticipate, handle and solve your coming regulatory problems is just as problematic as not being able to hire engineers or raise venture funding. Failure to anticipate politics can be fatal. However, there is a playbook for startups to disrupt and thrive. This class is designed to teach its students exactly how.
Working in groups, students pilot new industries through the regulatory process, navigating the halls of power and the economics of disruption by analyzing the regulatory and political obstacles in their way. Students will figure out how to properly assess their opponents, develop and execute the right narrative in the media, build a grassroots movement, effectively lobby elected officials, regulators and political staffers, overcome entrenched interests standing in their way, and ideally, not only win legality for their idea, but build a regulatory moat to box out potential competitors.

2. Course requirements and grading

Group project (50%)
Students will be split into six groups and assigned specific new industries to pilot through the regulatory process: flying cars, autonomous trucks, cryptocurrency, esports betting, facial recognition and drone delivery. Each group will also be assigned an advisor from Tusk Ventures to guide them through every step of the campaign.

Throughout the course, student groups will work on the creation of an 8-15-page campaign strategy proposal. The proposal will include an analysis of the economic implications of regulation on their industry, an assessment of the political playing field (who they’re taking on), and a campaign plan that includes earned media, social media and paid media, grassroots, lobbying, opposition research and creating favorable policies, and inherent economic advantages and regulatory moats. In the last class, students will present a 10-15-minute summary of their proposal (5 slides).

Weekly topical analysis (30%)
Every week, each student will submit a one-page paper reflecting on the coming week’s topic, assigned readings, and their connection to the student’s assigned industry.

Class Participation (20%)
In-class discussions are an integral part of the course, and students are expected to contribute to the learning experience of the class by asking relevant questions, offering insights into the topic at hand, and generally behaving in a professional manner. Quality of contribution matters more than quantity. Class participation scores will also account for attendance and lateness. Students are expected to attend all classes; approved absences are granted by Student Affairs.
(osa@gsb.columbia.edu) and final grades will be adjusted for absence consistent with the standards used in Core courses.

3. Course schedule

Week 1:
Class topic: Introduction.
Description: Introduction to the topic, overview of the intersection of tech and politics, how campaigns work, how they succeed, how they fail, how venture capital funds assess regulatory risk, how regulatory risk impacts valuation, growth, types of investors and what’s needed in a founder. What are some ethical issues that might come up during a campaign?

Week 2:
Class topic: The playing field.
Description: Who are you disrupting? How much power do they have? What can they do to you? What will they do to you? Where do the laws work in your favor? What are jurisdictions to avoid? How do you neutralize your opponents? What risks are acceptable? How low is too low? At what point does reputational risk outweigh reward? We will explore examples of major fights between entrenched interests and new startups. When is opposing regulation valid and ethical and when is it not? How do you decide where to proceed, how aggressively to fight and where the line is between advocating for your business and running a campaign that clearly harms the public interest?
Guest speakers: Daniel Schreiber from Lemonade (will be optional during the day outside of class hours), Corey Johnson, Speaker, New York City Council.

Readings for class:
The Fixer

Airbnb


Lemonade


Regulation


Additional readings (not required):

Airbnb


Lemonade


Regulation


Economic Growth


Week 3:

Class topic: The narrative.

Description: How do you define yourself? How will others define you? What’s your value proposition to consumers, to media, to society? Who tells your story and how? What’s the contrast with whomever you’re disrupting? What do reporters care about? What types of media work and which don’t? How do you use earned media to lower your customer acquisition costs? How far do you go online? Do you buy followers? Are you willing to only say things that are 100% supportable by evidence? What are you saying about the other side? What type of opposition is palatable and what goes too far? Do you attack non-elected officials (regulators) personally? Are you only willing to attack opponents based on the issue at hand (as opposed to wherever they’re weak)?

Guest speakers: Tech reporter Polina Marinova and Michaela Balderston, head of communications for Tusk Ventures.

Readings for class:

The Fixer


Latch

Care/of


Nurx and Ro


Media and corporate reputation


Additional readings (not required):

Latch


Care/of


Nurx and Ro

Media and corporate reputation


Week 4:

Class topic: The movement.

Description: How do you fight fire with fire? Can you mobilize your customers to become a political force? How? What does a grassroots movement in tech look like? When does it work? When does it fail? How do you turn people watching the fight into paying customers? Is it okay to create a fake movement (astroturf vs. real people)?

Guest speaker: Matt King, CEO of FanDuel.

Readings for class:

The Fixer


FanDuel


Uber

Corporate social advocacy


Additional readings (not required):

Uber


Week 5:

Class topic: Persuasion.

Description: How do you convince lawmakers and regulators to do what you want? What motivates their decisions and why? What works and what doesn’t? How do you play the inside game and how does it vary from city to city, state to state? How do you build a regulatory moat to build in a competitive advantage? Is it possible to create a new, wide open market by mandating the use of your product? What ethical issues are implicated by the politics of persuasion? Should you leverage politics to impact government? What about campaign contributions to elected officials?

Guest speakers: lobbyists Patrick Jenkins and Brian Ballard; Luis Saenz, chief of staff to the governor of Texas.
Readings for class:
The Fixer


Bird


Handy


Assembly Bill 5 (AB5)


Additional readings (not required):

Assembly Bill 5 (AB5)


Week 6:

Class topic: Conclusion, looking ahead.

Description: Each group presents for 10-15 minutes summarizing their campaign strategy. We will also review major lessons learned and discuss future directions.

4. Attendance Policy

Students are required to attend each class and arrive on time. Students should reach out to the instructor or TA regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty) or lateness. Unexcused absences and lateness will affect your course grade.

• Students missing more than 33% of classes (unexcused) will receive at most a P grade.
• Students missing more than 50% of classes (unexcused) will receive at most an F grade.