

# Re-Architecting the Firm

LATEST SUBMISSION GRADE

80%

1. What is/are the feature(s) of a *holacracy* that have been adapted into the management model for ConsenSys? **1 / 1 point**

- ☐ Dynamic roles rather than job descriptions
- ☐ The organization of people around projects rather than departments
- ☐ Distributed teams rather than centrally located business units
- ☒ All of the above

✓ **Correct**

All of the above are features of a *holacracy* that have been adapted into the management model for ConsenSys.

2. In his 1937 paper, "The Nature of the Firm," economist Ronald Coase identified three types of transaction costs for a firm. Which of these includes *the cost of policing and enforcing business agreements*. **1 / 1 point**

- ☐ Search costs
- ☐ Coordination costs
- ☒ Contracting costs
- ☐ Agency costs

✓ **Correct**

*The cost of policing and enforcing business agreements* is part of a firm's contracting costs.

3. According to Coase, under what conditions will an enterprise continue to expand? **1 / 1 point**

- ☐ Until it establishes a monopoly
- ☒ Until the cost of performing a transaction inside the firm exceeds the cost of performing that transaction outside the firm, in an open market
- ☐ Until every worker has perfect knowledge, enabling them to do exactly the right thing at the right time

☐ None of the above



**Correct**

An enterprise will continue to expand until the cost of performing a transaction inside the firm exceeds the cost of performing that transaction outside the firm, in an open market.

4. When recruiting new talent, how would searching on a blockchain differ from searching on the Internet?

1 / 1 point

- ☒ Hiring managers would only be able to search relevant information that users have made open, and would query the blockchain using a series of verifiable yes/no questions specific to the position.
- ☐ On a blockchain, a professional networking service provider would host the names, photos, and CVs of job seekers, and would sell access to this information to recruiters and sales professionals.
- ☐ On a blockchain, information about a candidate would be abundant, unreliable, and perishable, whereas on the Internet it would be scarce, tamper-proof, and permanent.
- ☐ All of the above



**Correct**

Users will own and control their data in a personal "black box," choosing which information they want to reveal to recruiters or hiring managers.

5. This Nobel laureate argued that firms exist to resolve conflicts, largely through contracts made with various parties inside the firm.

0 / 1 point

- ☐ Vitalik Buterin
- ☐ Michael Jenson
- ☒ William Meckling
- ☐ Oliver Williamson



**Incorrect**

Please review the video "Opportunity 2: Contracting" in Module 1, Lesson 2 for more information.

6. When managers and executives act in their own interests, rather than in the interests of shareholders or customers, this is an example of a(n):

1 / 1 point

- ☐ Search cost
- ☐ Contracting cost
- ☒ Agency cost
- ☐ None of the above

✓ **Correct**

There is often a huge gap in pay between CEOs and frontline workers that is disproportionate to the value they actually contribute.

7. How can smart contracts on a blockchain assist in coordinating the work of an enterprise?

1 / 1 point

- ☐ They can enable people to function together with the persistence and stability of an organization, but without the hierarchy.
- ☐ They can be used to record employee actions and managerial decisions in a transparent manner, holding workers and managers accountable to their commitments.
- ☐ They can enable shareholders to see any inefficiencies, unnecessary complexity, or major gaps between executive pay and the value these executives actually contribute.
- ☒ All of the above

✓ **Correct**

All of the above represent ways that smart contracts can assist in coordinating the work of an enterprise.

8. How does blockchain technology reduce the costs of (re)building trust?

0 / 1 point

- ☐ Participants in a blockchain network are inherently ethical and trustworthy.
- ☐ Blockchain makes it easy for companies to conceal bad labor practices.
- ☐ Trust is coded into the software protocol; cheating the system would cost more than using it as designed.
- ☒ All of the above

! **Incorrect**

Please review the video "Opportunity 4: Building Trust" in Module 1, Lesson 2 for more information.

9. What did management experts, Gary Hamel and C.K. Prahalad, argue in their famous Harvard Business Review (HBR) on "core competencies?"

1 / 1 point

- ☒ Companies gain competitive advantage by mastering a distinct competence, such as specialized skills, proprietary techniques, or unique knowledge.
- ☐ Competitive advantage comes from networks of activities that are organized to reinforce the value of each other, making them harder to copy as a whole.
- ☐ While anyone may wish to assemble the best team for innovation and high performance, corporate boundary decisions are best left to senior executives.
- ☐ None of the above

**Correct**

Companies could go outside the boundaries of the firm to acquire other resources.

10. Which of the following is/are a good starting point(s) for making corporate boundary decisions?

**1 / 1 point**

- ☐ Understanding your industry and your competitors
- ☐ Identifying opportunities for profitable growth
- ☐ Developing a business strategy
- ☒ All of the above

**Correct**

All of the above are good starting points for making corporate boundary decisions.