Course Description and Aims

Innovation is the fundamental driving force of economic growth and has profound impacts in our economy, society, and daily lives. This course will explore the microeconomic and sociological foundation of innovation, the role of institutions in fostering and marketing innovation, the adoption and diffusion of innovation and the impact of government policies. In particular, we will explore answers to the following questions:

1. What’s innovation and how to foster and protect it?
2. How to market innovation?
3. What’s the role of information technology in innovation?
4. How can firms use intellectual property rights as business strategy devices?
5. How does innovation fuel economic growth?

Grading Scheme

A   93.0% or higher
A-  90.0%-92.9%
B+  87.0%-89.9%
B   83.0%-86.9%
B-  80.0%-82.9%
C+  77.0%-79.9%
C   73.0%-76.9%
C-  70.0%-72.9%  (C- or lower is a failing grade)
D   60.0%-69.9%
F   59.9% or lower
Components of the Grade

06% Project: Part 1 -
Choice of topic(s) in innovation (most likely a firm, or some kind of start up);
compilation of materials (articles, cases, books)

12% Project: Part 2a -
Descriptions of the history of the industry, technology, and the market
environment; descriptions of relevant concepts that explained the
innovation’s success and/or failure

24% Project: Part 2b -
Revision of Part 2a

24% Project: Part 3 -
Description of the current state and environment of the innovation;
application of relevant concepts to diagnose weaknesses and explore
possibilities

15% Project: Part 4a -
Presentation

06% Project: Part 4b -
Response to peers’ project presentation

06% Project: Part 5 -
Peer evaluation

07% Participation in general class discussion
It is essential that you participate actively in the class discussion. Each
student must contribute to the learning in this class. Ask questions, voice
out opinions, and argue respectfully. In order to do so, you must read the
assigned materials before class, and pay attention to arguments made by
others. Staying silent is poor behavior and will result in low participation
grade (e.g., 1 or 2). Active and constructive participants will receive the full
score. Simply attending classes and only speak occasionally will result in
a mediocre score (e.g., 3). If you are absent, disengaged or disrespectful,
you will earn zero. Judgment of participation is based on the instructors’
aggregate impressions gained throughout the semester
Attendance and Punctuality

This class is designed to be small and discussion-based. So every student's attendance and participation is important. You are allowed one absence without penalty. Thereafter, each first unexcused absence costs 2% of the total grade (being late counts as half an absence). Being absent from more than three classes opens the possibility for more stringent penalties (e.g., the highest grade to be earned is a C). Excused absences have to be documented (e.g., doctor's note) and approved by the instructor.

Attention and Mobile Screens in Class

I know, I am obsessed with my smart phone too. However, the screens (phones, ipads, laptops etc.) have become a major distraction in classrooms. And for instructors, competing with the screens for your attention is hard. So, in order to maintain a healthy environment for learning, to build respect for each other, the instructors will ask that all screens be put down or closed, and attention focus on the topic or speaker in the front. When such a call is made, please heed. If not heeded, the behavior – continuing to be distracted by the screens - will be considered disruptive, and will be reflected in the participation portion of the grade, and penalties to the final grade.
Academic Conduct

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, http://policy.usc.edu/scientific-misconduct/.

Note: Any draft submitted to the instructors is a formal document, subject to the University’s policies regarding plagiarism. Plagiarism is not excused for drafts.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity http://equity.usc.edu/ or to the Department of Public Safety http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us. This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men http://www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

Support Systems

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute http://dornsife.usc.edu/ali, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information http://emergency.usc.edu will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.
Readings and Viewing Materials

The following books are required:

- You will need to use this link to purchase the course pack on Harvard Business Review: [http://cb.hbsp.harvard.edu/cbmp/access/52439737](http://cb.hbsp.harvard.edu/cbmp/access/52439737) During the semester new cases might be added and for each case there is a $4.25 fee. In total you should expect the cost to be somewhere between $25 ~ $35.


- Other readings will be specified in the week-by-week agenda below. Many will be provided on Blackboard, the course management system.

- For your major course project, you should be prepared to spend some funds (about $50) to acquire additional materials.

Weekly Topics:


Watch this Ted talk: The Art of Innovation [https://www.youtube.com/watch?v=Mtjatz9r-Vc](https://www.youtube.com/watch?v=Mtjatz9r-Vc)


Optional:


**Part I: The Nature of Innovation**
Week 2 (Sep 1): Product, Process, and Organizational Innovation


RollingStone (May 23, 2016): Will Virtual Reality Change Your Life?

HBR Case: McCue (2015) 3D printing is changing the way we think

Optional:


Week 3 (Sep 8): Financing Innovation

Project Part 1 due at 6pm on Blackboard

HBR case: Note on the venture capital industry


Sahlman (1997) How to write a great business plan


Optional:

HBR case: A note on valuation in private equity

Week 4 (Sep 15): Open Innovation


HBR case: Lakhani, Hutter, Pokrywa, and Fuller (2013) Open Innovation at Siemens

Optional:


Part II: Innovation in the Age of Information

Week 5 (Sep 22): Price discrimination and Market segmentation

Project Part 2a due at 6pm on Blackboard


Week 6 (Sep 29): Locking-in and Network effects


Optional:

Week 7 (Oct 6): Business Model Innovation

Project Part 2b due at 6pm on Blackboard


Optional:


Week 8 (Oct 13): Sharing Economy

Chapter 1, 2, and 3 in Sundararajan (2016) The Sharing Economy


Week 9 (Oct 20): Growing a Platform


Growthhackers, 1–18.

HBR case: Teixeira and Brown (2016) Airbnb, Etsy, Uber: Growing from One Thousand to One Million Customers

Week 10 (Oct 27): Teamwork Time

You should use this as an opportunity to work together on your project.

Week 11 (Nov 3): Cultural Effects, Diversity, Geographic Stickiness of Innovation

Readings to be added

Week 12 (Nov 10): Teamwork Time

You should use this as an opportunity to work together on your project, and prepare for your presentation.

Week 13 (Nov 17): Project Presentations (Project part 4a)

Week 14 (Nov 24): No Class --- Have a Great Thanksgiving Break!

Week 15 (Dec 1): Social Impact of Innovation

Readings to be added

Project Part 4b and 5 due at 6pm on Blackboard

Week 16 (Dec 8): Project Part 3 due at 9pm on Blackboard