

ACAD – 182: Case Studies in Innovation

4 Units

Fall 2019, Mon, Wed 9:30 – 11:50 am

Location: IYH 211

Instructor: Philip H.B. More, Ph.D., CVA
Professor Emeritus

Office: IYH 211

Office Hours: Mon and Wed by appointment preferably
before class 8:30 - 9:30 am

Contact Info: pmore@marshall.usc.edu I will try to reply
within 24 hours

IT Help: <https://iovine-young.usc.edu/ait/index.html>

Hours of Service: 8:30am - 5:00pm

Contact Info: iyhelp@usc.edu, 213-821-6917

Course Description

Employing a case-study methodology, students analyze the artistic, technological, and entrepreneurial factors and address the conceptual, ethical, and logistical issues that lead to disruptive innovation.

This course is the second in a year-long sequence on technological innovation and takes the ideas generated during the first term and develops them into viable growth businesses ready for either an acquisition or an initial public offering (IPO). The focus of the course is on using the Agile Scrum product development framework in a series of seven sprints to develop a business plan with financial statements based on an initial set of assumptions that are changed over time and documented with proforma financial statements. During the Agile Scrum sprints, students learn to scale-up by innovating so that they solve jobs to be done by customers in large addressable markets. Students also learn to develop unique and sustainable business models that offer attractive products or services that generate strong cash flow with an experienced “public company-ready” management team and strong financial operational and compliance controls.

Learning Objectives

The course objectives focus on students being able to understand how to:

- **Agile Scrum:** Perform project planning in an Agile Scrum team taking on the roles of Scrum Master, Architect, Product Owner, and team member.
- **Business Plan:** Develop a business plan with financial statements capable of generating outside funding throughout the funding cycle from early stage funding through either acquisition or an initial public offering (IPO).
- **Financial Accounting:** Develop initial financial statements (balance sheets, income statements, cash flow statements), scenario planning, and proforma financial statements using QuickBooks. Be able to use the financial statements as a

management information system on the organization's fiscal health and be able to explain how individual journal entries affect change in each financial statement.

- **Scaling Up:** Identify large addressable markets beyond the early adopters with a unique and differentiated lean business model that is sustainable in the face of competition.
- **Develop an Experienced “Public Company-Ready” Management Outlook:** Identify the staffing, training, and experience required for an IPO management team.
- **Develop Strong Financial, Operational and Compliance Controls:** Be able to develop strong financial operational and compliance controls.

In addition to these main learning objectives students will also engage in:

Critical thinking: Develop the awareness to identify problems and opportunities, create hypotheses, gather data through primary and secondary research sources, and draw conclusions in environments of high uncertainty.

Collaboration: Share ideas and form group work products in impromptu and organized team environments without formal structure.

Communicate effectively: Create and deliver concise, compelling oral and written presentations; convey the essence of the critical thinking process and defend conclusions rationally.

Quantitative business analysis: Link abstract ideation and innovation management theory to standard financial metrics to assess both concept viability and actual performance.

Prerequisites and/or recommended preparation

ACAD 181 Disruptive Innovation is a prerequisite.

Course Notes

As much as possible, this course should be designed as an innovative and effective workplace environment according the same principles taught in the class. The best workplaces are learning environments. The best learning environments are both professional and *playful*.

One way or another, almost all of your grade in this class is based on contribution to our collective learning. Specific participation is important, so attendance is critical. Since cases are used as the primary mode of instruction, preparation for each case is critical as is your thoughtful participation by offering your own analysis and ideas as we collectively try to build an understanding of what happened in each circumstance and what actions should be taken as a result. Except in extraordinary circumstances beyond your control, missing a case discussion and or being late when the discussion begins detracts from the collective learning of others and will be considered in your participation grade.

Most assignments in class are delivered in workplace formats (slides, memos) and linked together to support the final team project. As such, professionalism and attribution count in my feedback and grading. As much as possible, your assignments should also be aimed at your peers. Deliverables often will be shared and discussed in class and can be revised pending feedback. Every student owes constructive feedback to her or his colleagues.

Moreover, you are encouraged to share your work and leverage the work of others (inside and outside class) *as long as you provide credit to the source*. [Mendeley](#) is a useful document and

citation manager to simplify attribution. Since using the work of others *with* attribution is encouraged, there is no justification for using the work of others without credit. [Plagiarism](#) will have serious consequences (see below).

The science is clear that connected devices diminish personal learning and distract others in the learning environment. Leave laptops, tablets, phones—and now watches—alone unless we are actively accessing information as part of class activities.

Required Materials:

Harvard Business School Press (HBSP) materials for both cases and financial accounting

- Purchase the course reader from the Harvard Business School Publishing: <https://hbsp.harvard.edu/import/691532> for \$108.11. To purchase you will have to register and log in. If you need assistance, contact Harvard Business School Publishing Help directly (1-800-545-7685 or custserv@hbsp.harvard.edu).

If you have a financial hardship in purchasing the course material, please see me for referral to the appropriate office within the Academy that handles student financial aid.

Note: As a general matter, copyright infringement occurs when a copyrighted work is reproduced, distributed, performed, publicly displayed, or made into a derivative work without the permission of the copyright owner.

- Included in the price of these HBSP materials is a \$45 on-line course in Financial Accounting which you are expected to complete on your own by the 8th week of class. The course takes 10 hours of time and successful completion will result in a Certificate of Completion from Harvard University as well as a contribution to the individual portion of your total grade. The purpose of this on-line course is to help you understand the relationships between the balance sheet, income statement, and cash flow statement as an effective management information system and how a change in a journal entry affects all three. This course will also give you the necessary understanding to be able to use QuickBooks to easily generate these financial statements for your initial assumptions and for alternative scenarios for growth.

QuickBooks

- I have created a “free” QuickBooks account for your use in this course. To sign-up for your free online subscription to QuickBooks go to: <http://intuiteducation.com/students/signup/qbo/>
Fill in the sign-up page by completing the short form. Your student applications will be verified and may take up to three business days to become effective so make sure you sign up in advance of the class start on January 13th!
- You can find publicly available tutorials for QuickBooks by going to: <https://quickbooks.intuit.com/learn-support/>
In addition to Intuit (the creator of QuickBooks) training, additional help for setting up and using QuickBooks online can be found in <https://www.youtube.com/> videos.
- If you would like to receive QuickBooks Certification, please go to: <https://www.certipoint.com/Portal/SSL/Login.aspx?ReturnUrl=/Portal/desktopdefault.aspx?tabid=668&roleid=101> Additional fees for this certification may apply.

Description and Assessment of Assignments

All assignments are graded by me. I will attempt to return grades and comments to you as quickly as I can but no later than one week after the assignment has been turned in. My grades of your work and constructive feedback to you will be posted directly to you through the Bb system.

An outline with the required readings or viewing (if a video) along with discussion questions to prepare will be posted in Bb for each class session. When written assignments are due, a grading rubric will also be provided.

Grading Breakdown

Agile Scrum Roles	Individual	10.0%
Personal Diary	Individual	10.0%
Peer Evaluation	Individual	5.0%
HBSP Financial Accounting Completion	Individual	10.0%
QuickBooks Completion	Individual	5.0%
Case discussion	Individual	10.0%
Agile Scrum Backlog cleared	Team	5.0%
Business plan	Team	20.0%
Financial statements & scenarios	Team	25.0%

Grading Scale (Example)

Course final grades will be determined using the following scale

A	95-100
A-	90-94
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	59 and below

Assignment Submission Policy

Unless otherwise indicated, assignments are to be submitted in pdf format—*with individual or team names included in the document and file name*. Assignments will be due by email. Earning an A or A- in this class means that you went well beyond the minimum requirements for assignments, participation, etc. There is no hard curve for this course.

You will work in Agile Scrum teams and as such you will organize your work during each sprint to meet the deliverable deadline. Learning to meet deadlines is a critical indicator of your future success and needs to be learned early in your educational career. Turning in assignments early is

allowed, turning in assignments late is not and will result in a grading penalty of -10% for every hour late. Deadlines are set for End of Business (EOB) which is 5:00 p.m. on the date specified. If an assignment cannot be completed by its due date, a detailed explanation for when it will be delivered must be delivered in its place and the assignment is added to the team's backlog which must be cleared by the end of the term.

See the "Lemonade Stand Agile Scrum Team Assignment" attachment for more information.

Grading Timeline

Grading and feedback will be returned in a timely manner, usually within one week, and you are encouraged to meet with me to discuss any aspect of an assignment.

Course Schedule: Weekly Breakdown

Subject to change pending guest speakers, etc.

	Monday	Wednesday	Deliverables
Week 1 Jan 13 + 15	What do we know? Overview of course, business plan with financial statements, Agile Scrum	Scrum Master #1 (SM1) report out on MVPs. Jobs to be done framework. Application to Lemonade Stand project.	
Week 2 Jan 20 + 22	MLK DAY: NO CLASS	Sprint 1. Business Plan & Financial Statement workshop	
Week 3 Jan 27 + 29	Sprint 1. Agile Scrum team works on business plan with financials for Lemonade Stand project.	SM1 reports on team status (see sheet).	SM1 send pdf report of team activities and backlog in email by EOB 1/31
Week 4 Feb 3 + 5	Sprint 2. Reorg new roles. Scrum Master #2 (SM2). Project Planning. Case – Mighty Jaxx to Agile Beat. SM2 leads team in developing norms, behaviors, and transparency.	SM2 leads team in preparing business plan and financial statements incorporating lessons learned from Mighty Jaxx case.	
Week 5 Feb 10 + 12	Sprint 2 – continued. Case – CarMax. SM2 leads team in developing business plans with financials from QuickBooks.	SM2 report out on financials for Lemonade Stand project and assumptions they are based on.	SM2 send pdf report by email EOB 2/14 with team norms, behaviors, transparency, QuickBooks financial statements & assumptions, and revised business plan.
Week 6 Feb 17 + 19	PRESIDENTS DAY: NO CLASS	Sprint 3. Reorg new roles. Scrum Master #3 (SM3). The Value Chain & Competitive Advantage. Lecture and team work to analyze projects for value chain activities.	
Week 7 Feb 24+ 26	Sprint 3 – Continued. Case – The Attack of the Clones Birchbox Defends Against Copycat Competitors. SM3 leads team in	Sprint 3 – continued. Case – Mobileye: The Future of Driverless Cars. SM3 leads team in applying lessons to Lemonade Stand project.	SM3 send pdf report by email EOB 2/28 including value chain breakdown and application of cases for sustained competitive

	applying lessons to Lemonade Stand project.		advantage of Lemonade Stand Team
Week 8 Mar 2 + 4	Sprint 4 – Reorg new roles. Scrum Master #4 (SM4). Lecture on crossing the chasm. SM4 leads team implementing info for Lemonade Stand project.	Sprint 4 – continued. Case Linden Lab. SM4 leads discussion of changing financial assumptions for growth from initial financial statements.	
Week 9 Mar 9 + 11	Sprint 4 – Continued. Case Smartphone. SM4 leads team in creating 3 scenarios from new assumptions.	Sprint 4 – Continued. Workshop using QuickBooks to create 3 sets of proforma financials for 3 scenarios.	SM4 send pdf report with both initial and updated business plan and financial statements (3 proforma) by email EOB 3/13.
Week 10	SPRING BREAK: NO CLASS		
Week 11 Mar 23 + 25	Sprint 5 – Reorg new roles. Scrum Master #5 (SM5). Scaling up for growth. Lecture on Diversification. SM5 leads team in updating business plan and financial statements.	Sprint 5 – continued. Case Amazon Fresh. SM5 leads team in updating business plan and financial statements.	
Week 12 Mar 30 + Apr 1	Sprint 5 – continued. Case Apple in 2013 sustaining growth. SM5 leads team in finalizing business plan and financials	Sprint 5 – SM5 leads team in coming up with growth alternatives to reach IPO targets.	SM5 send pdf report with growth alternatives to reach IPO targets by EOB 4/3.
Week 13 Apr 6 + 8	Sprint 6 – Reorg new roles. Scrum Master #6 (SM6). Lecture on Platform Industries. SM6 leads discussion on implementing platform principles for Lemonade Stand project.	Sprint 6 – continued. Case ZBJ. SM6 leads team in discussion of implementing principles into Lemonade Stand project.	
Week 14 Apr 13 + 15	Sprint 6 – continued. Case Online Marketplace Investment.	Sprint 6 – continued. Case Spotify (guest possible). SM5 ensures team is prepared to discuss case and ask questions of guest speaker.	SM6 send pdf report of using platform principles to aid growth and its effects on 3 scenarios financial statements.
Week 15 Apr 20 + 22	Sprint 7 Making Big Money – Being Acquired vs. Going Public. Case What’s App.	Sprint 7 – continued. Case Snap IPO	
Week 16 Apr 27 + 29	Final presentations of Lemonade Stand projects ready for IPO. Teams collective revise final presentation based on feedback.	Class summary. Teams collectively revise final presentations based on feedback.	Peer Evals for each role and individual diary due EOB May 1.
FINAL	Friday, May 8 Revised final project due.	<i>See USC Schedule of Classes at www.usc.edu/soc.</i>	

Statement on Academic Conduct and Support Systems

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 Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/student/scampus/part-b>. 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>.

Discrimination, sexual assault, intimate partner violence, stalking, and harassment are prohibited by the university. You are encouraged to report all incidents to the *Office of Equity and Diversity/Title IX Office* <http://equity.usc.edu> and/or to the *Department of Public Safety* <http://dps.usc.edu>. This is important for the health and safety of the whole USC community. Faculty and staff must report any information regarding an incident to the Title IX Coordinator who will provide outreach and information to the affected party. The sexual assault resource center webpage <http://sarc.usc.edu> fully describes reporting options. Relationship and Sexual Violence Services <https://engemannshc.usc.edu/rsvp> provides 24/7 confidential support.

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://ali.usc.edu>, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services and Programs* <http://dsp.usc.edu> 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.

Lemonade Stand Agile Scrum Team Assignments

Agile project management is an iterative approach for planning and guiding project processes. There are several versions of the Agile approach. We'll use the most popular form of Agile known as Scrum so it's important for you to know the difference. Watch the following short video to learn the difference between Agile and Scrum.

https://www.youtube.com/watch?v=Bmikq_Opft8

Agile Scrum teams are cross-functional, self-organizing teams that are collectively responsible for achieving their goals. It is the responsibility of every team member to be responsible to each other team member for working collaboratively with transparency, inspection, and adaption (<https://luis-goncalves.com/scrum-pillars/>).

Watch the video below and designate the various roles described within your team. Rotate the roles so that everyone in the team has experience in each role at least once by the end of the term. You are responsible for setting up an assignment sheet that lists each role for each person in your team for each of the first six sprints over the term. Each sprint is assigned for two weeks (12 weeks total). First three sprints are for finalizing your product/process design and the last three sprints are for jumping the chasm and ramping up ready for production and either an acquisition or an IPO. After each sprint there is a report out by each team member to their team and a summary by the Scrum Master to the class.

<https://www.youtube.com/watch?v=aQrsVfjbQZ4>

At the beginning of the term, In addition to setting up your various roles within the team for the first six sprints, please spend time preparing norms and expectations. Watch the following video to help with your list of team norms.

<https://www.agileconnection.com/article/creating-team-norms>

You will become more familiar with the Agile Scrum framework over the course of the term but to help you get an early understanding of how they work, the following video may help by showing a simulated Scrum team in action:

https://www.youtube.com/watch?v=hgn_oNmfTgg

Assignments for you to organize and complete within your Scrum team (others may be added throughout the term)

- Create an Agile Scrum team and designate the various roles: Scrum Master, Architect, Team Members. The instructor will play the role of Product Owner for all teams. Ensure that the workload is balanced and avoids conflicts with your other classes assignments.
- Everyone needs to have their own personal copy of all course materials (see syllabus for list).
- Everyone completes the online Financial Accounting course by the end of the 8th week.
- Everyone needs to have a free QuickBooks account.
- Everyone needs to be able to access and use QuickBooks for all the required assignments throughout the course including preparation of all the financial statements.
- Each team needs to turn-in a report at the end of each sprint on their workorder "backlog" and their "to do" list together with any assignments during the sprint.
- Each team needs to rotate the various roles of Scrum Master, Architect, team member over the first six sprints.