USC Marshall School of Business

MOR-564: Strategic Innovation: Creating New Markets, Business Models and Growth
Spring 2022
Class Session: Monday 3:30 – 6:15

Instructor:	*Jim Legeman*
Office:	*TBD*
Office Hours:	*Monday 2:30 – 3:30 and by appointment*
Zoom link:	https://usc.zoom.us/j/96075011799?pwd=OGJxamhiNXRObi92S0lacDFjMlI3QT09
	Meeting ID: 960 7501 1799
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COURSE DESCRIPTION
Companies increasingly find the need to innovate not only by developing new products
and services, but creating entirely new markets, delivery systems, and organizational
processes and competencies. This is a strategic management course about how firms
innovate strategically to discover and create new sources of value and to change the rules
of the game. It is a course about competition, as conceptualized by the Austrian economist
Joseph Schumpeter (1942) – a process of "creative destruction," an approach to
"competition which … strikes not at the margins of the profits and the outputs of the
existing firms but at their foundations and their very lives." The goal of the course is to
introduce you to a dynamic view of strategy that enables the creation of new markets, new
business models, and growth opportunities. As such, it covers some of the most current
topics and tools in strategic management that are used to create and disrupt industries,
design new business models and lead strategic renewal. It is therefore not limited to
technological innovation but is based on systematic understanding of the sources of value
creation and capture, and the opportunities for changing and renewing them. The course anchors on
design thinking as a methodology and also combines current theories of strategic innovation, business
model innovation, blue-ocean strategy, open innovation to offer a comprehensive toolkit for
innovation at the strategic level.

As an advanced strategic management course, it is designed for the strategist and the
general manager - no technical background is assumed. It is intended to provide a broad
and integrative perspective on innovative thinking, innovative strategies, and innovative
processes in a wide spectrum of firms. The course is also designed to hone your creative
and analytical skills in combination to enable effective managerial action in companies that
compete in dynamic competitive environments. As such, it requires the creative synthesis
of the knowledge you have accumulated in various functional areas and can therefore
benefit all students. The recent trend in the corporate world toward flatter, less hierarchical
organizations has resulted in innovative strategies emerging from all corners of
organizations. Functional specialists are increasingly asked to understand how their own
areas contribute to the strategic change and innovation in their organizations and can
benefit from understanding the challenges of developing innovative strategies. Therefore,
honing the creative, analytical, communication, and action skills emphasized in this course
can enable all students to better contribute to the innovation and growth goals of

companies

COURSE OBJECTIVES
The objectives for this course reflect its main learning goal to strengthen your critical thinking skills for effective problem solving and decision making required to develop creative and innovative business solutions and discover and create new growth opportunities in complex and dynamic national and global environments.

Upon successful completion of this course, you will be able to:
- Describe design thinking as a methodology and how to apply it to strategic innovation and disruption
- Explain other theories and methods for developing innovative firm strategies
- Identify and assess opportunities arising from differences in market, institutional, and cultural contexts
- Develop leadership skills for discovering new opportunities and leading organizations to pursue them

COURSE MATERIALS
- Osterwalder, Alexander, Pigneur, Yves (2010) Business Model Generation. John Wiley and Sons
- Strategic Innovation Case Pack
- Various online articles

Copies of lecture slides and other class information are available through your Blackboard account. Please activate your course in Blackboard with access to the course syllabus. If you have any questions or need assistance with the Blackboard Course Pages, please contact the Marshall HelpDesk at 213-740-3000 (option 2) or HelpDesk@marshall.usc.edu." Alternatively, (213) 740-5555 will get you the USC ITS Help Desk.

GRADING

Assignments	Weight
Class Contribution	25%
Service Redesign Project	25%
Insights and Opportunity Area Check-In	15%
Final Exam	25%
Final Reflection	10%

CLASS CONTRIBUTION
In-class discussions are at the core of the learning in this course. The discussions will cover the readings and cases listed in the schedule of classes below, as well as some additional conceptual material that I will present in class. This course makes extensive use of the case method. For this course to work as intended, it is critical that you come to class

prepared to discuss the readings and the cases assigned. To help you prepare for class discussion of the readings and cases, I have provided you with preparation questions in the schedule of classes below. In general, you will be expected to demonstrate 1) detailed knowledge of the content of the readings and cases assigned for each class; and 2) independent analysis using the tools provided in the readings.

Criteria for assessing class participation include making high-quality, important contributions to the learning process during class. The following criteria can be used to determine the contribution of each student's participation:

1. Do you participate in class discussions with comments relevant to the discussion? Are you prepared to answer when called on in class? (Let me know before class if some emergency has prevented you from adequately preparing).
2. Do comments reveal use of appropriate concepts and tools from the readings and/or incorporate relevant insights from their prior experience?
3. Do comments add to the knowledge in the class, i.e. do they move the discussion forward or do they repeat what has been said?
4. Do comments show that you have listened to the discussion and that you are able to build on the comments of others by offering constructive critiques in a respectful way and/or building upon the ideas of others to offer additional insight?

Since you cannot participate in class discussions if you miss all or part of a class, your grade will be negatively affected by absences, tardiness, and distracting behavior, such as using personal technology without being instructed to do so. You will be allowed one absence during the semester (you do not need to provide a reason), after which absences for whatever reason will affect your grade for class participation. The template used for grading class contribution is: absence = 0; missing part of a session or attending without actively participating = 1 or 2 depending on extent of absence/contribution; attending whole session plus some contribution (meets 2 criteria above) = 3; attending whole session plus substantive contribution (meets 3 or more criteria above) = 4; attending whole session plus important contribution (meets all 4 criteria above) = 5. Also, please note that disruptive actions such as comments that distract or disrupt the class rather than contribute to the conversation, negatively affect not only your learning but also the learning of others. Such actions may result in a penalty in the form of negative points.

TEAM ASSIGNMENTS

As we will discuss in the class, creativity and innovation are essentially collective activities. To develop skills for creative collaboration, you will complete two different collaborative assignments. You will be assigned in groups of 7 to complete those. At the end of the course, you will complete a Final Reflection assignment assessing the overall team effectiveness and the contributions of each team member. Based on your feedback, individual grades for these components of your course grade may be adjusted by an amount determined by the instructor, in order to ensure equity. During your work on the assignment, if you feel that one or more of your team's members is/are not contributing sufficiently to the team's work, please provide this feedback to the team member(s), along with the changes that you would like to see. Learning to work with others is essential to managerial work.

SERVICE REDESIGN PROJECT
Given that one of goals of the course is develop your practical skills in innovating in a

wider range of industries, this assignment requires you to select a service, industry, customer that you consider important, like or dislike. The service context is necessary for you to conduct "field work" and gather and synthesize information through observations, interviews, and independent research. To do so, you need to apply the processes of the design thinking that will be taught in depth during the course.

In short your team should:
1. Identify a design problem in an industry/sector of your interest or targeting a customer segment of interest. Consideration should be given to a challenge that you will be able to conduct interviews of customers in a short period of time. (e.g., your personal networks)
2. Conduct Research – This will include customer, industry, and business model research. This may also include research into how technology may (or may not) be shifting this industry. Each team member is required to conduct two interviews with two different customers
3. Synthesis – Based on your research, your team should identify pain points and opportunity areas for disruption
4. Ideate – Leverage design thinking techniques to brainstorm potential opportunities for disruption and align on a few probable areas to prototype and test
5. Prototype and Test – Understand key elements of your business model that must be true to be successful and design and test with key customers
6. Build out a final pitch of a product, experience, business model that has the potential to "create/change a market" by targets new or existing customers
7. Prepare a 15-minute presentation describing each step in your application of the design thinking processes and your new business model. All team members are expected to present. Your deliverable is an annotated presentation, which will allow someone who has not seen the presentation understand your arguments.

INSIGHTS AND OPPORTUNITY AREA "CHECK-IN"
A fundamental component of Design Thinking is synthesizing the research you've conducted into "Insights and Opportunity areas. Prepare a 15 minute presentation that covers the following areas:
1. Ground the class in your "Design Challenge"
2. Identify your Customer Segments
3. Provide an overview of your Research
4. Based on your research, identify your key insights and opportunity areas
   a. You can choose to leverage tools like Journey Mapping, Business Model Canvas, etc. to help identify your insights

INDIVIDUAL FINAL EXAM
In-class closed-book final exam will require analysis of a case and its redesign to address the potential market opportunity. The case and specific questions will be provided on the day of the officially scheduled final exam for the course.

FINAL REFLECTION
Reflection is a key process in learning and personal development. Your final assignment requires you to reflect on:
1. Key conceptual and experiential takeaways from the course material and activities, and especially the service redesign process.
2. Team effectiveness – Assess overall team effectiveness and contributions of your team members.

RE-GRADE REQUESTS

If you believe that I have assigned too little credit for your work, you may submit your work for a re-grade under the following restrictions.

1. All re-grade requests must be submitted with a clear, written statement that explains why you believe the original grade was incorrect.
2. All requests for re-grades must be submitted within one week of when the graded work is returned.
3. I will re-grade the entire assignment, and may deduct points, if I have overvalued your analysis. Thus, your grade can go up or down on a regrade.

THE IMPORTANCE OF COURSE EVALUATIONS

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations." (see Appendix IV for optional mid-point evaluation).

COURSE OUTLINE AND ASSIGNMENTS

Modules	Topic and Learning Objective	Asynchronous Activities/Assignments
January 10 **Introduction to MOR 564: Strategic Innovation**	• Course Overview • What is Strategic Innovation	Reading(s): None Case: None
January 24 **Module 1: Strategic Innovation & Design Thinking**	• Disruption • What is Strategic Innovation • Introduce the Group Project	**Reading(s):** Course pack: What is Disruptive Innovation Course pack: Introduction to Strategic Innovation Course pack: Blue Ocean Strategy, Expanded Edition: How to Create Uncontested… **Case:** Disruption in Detroit: Ford, Silicon Valley, and Beyond (A)(Course pack) **In Class Activity:** (1) Define a Focus Area (2) Form Teams

January 31 **Module 2:** **Design Thinking Research and Empathy**	• Intro to Human Centered Design • Role of Research and Empathy in Strategic Innovation	**Reading(s):** Course pack: Design Thinking Comes of Age Course pack: The Second Road of Thought: How Design offers Strategy a new Toolkit Business Model Generation – pg 124 – 133 [Optional IDEO Field Guide – 29 – 70] **Case:** IDEO: Human Centered Service Design (Course pack) **In Class Activities:** (1) Develop Research Plan
February 7 **Module 3:** **Journey Mapping and Business Model Canvas**	• Introduction of Business Model Canvas • Introduction to Journey Maps • Understand How Business Model Canvas and Journey Maps can illuminate opportunities for disruption	**Reading(s):** Business Model Generation – pg 12 – 51 When and How to Create Customer Journey Maps – Neilson Norman Group **Case:** The Quest for Legitimacy in Digital Disruption: The Case of Uber (A) (Course pack) **In Class Activities:** (1) Business Model Canvas (2) Journey Map
February 14 **Module 4:** **Synthesis and Customer Personas**	• Understand Synthesis phase of Design Thinking • Learn about the Value of creating Customer Segmentation / Personas	**Reading(s):** [Optional IDEO Field Guide – 75 - 80] **Case:** Bracken Darrell's Turnaround and Growth Strategy at Logitech (Course pack) **In Class Activity:** (1) Customer Personas

February 28 **Module 5:** **Insight and** **Opportunity Areas**	• How to leverage tools to understand insights and opportunity areas for strategic innovation	**Reading(s):** [Optional IDEO Field Guide – 81 – 93] **In Class Activity:** Insights and Opportunity Area
March 7 **Module 6:** **Ideation:** **Brainstorming and** **Converging**	• Learn different tools to facilitate divergent thinking • Learn tools and techniques to converge around high probability concepts	**Reading(s):** Business Model Generation – pg 134 - 145 [Optional IDEO Field Guide – 93 - 110] **Case:** Braintrust: The Blockchain-Powered Talent Network(Course pack) **Guest Speaker:** Gabe – Co-Founder of Braintrust **In Class Activity:** Brainstorm Ideas based on opportunity areas
March 21 **Module 7:** **Insights &** **Opportunity Area** **Presentations**	• Present where teams are at with Insights and Opportunity areas • Class to provide feedback	**<u>Insights and Opportunity Areas</u>** **<u>Presentations</u>**
March 28 **Module 8:** **Prototype and Test**	• Understand the value of prototyping and testing on strategic innovation • Understand how to prototype and test	**Reading(s):** Course pack: Eager Sellers and Stony Buyers Business Model Generation – pg 160 - 179 [Optional IDEO Field Guide – 111 - 131] **Case:** Airbnb, Etsy, Uber: Growing from One Thousand to One Million Customers (Course pack) **In Class Activity:** Design your prototypes

April 4 **Module 9:** **Organizing for** **Innovation and** **Agile at Scale** **Becoming a** **Strategic Innovator**	• Understand the importance of "innovation at scale" for strategic innovation to be successful • Understand the elements and importance of "Agile at Scale"	**Reading(s):** Course pack: Agile at Scale Course pack: Embracing Agile Online McKinsey Article: <u>Leading with Inner Agility</u> Online McKinsey Article: <u>Leading Agile Transformations</u>
April 11 **Module 10:** **Wrapping up the** **Course**	• Look at the end to end process from the perspective of Bird • Discuss what it takes for individuals to become "strategic Innovators"	**Reading(s):** None **Case:** Bird Scooters: Shaking up the Micro-Mobility Market **Guest Speaker:** Travis Vander Zanden CEO Bird **In Class Activity:** TBD
April 18 **Module 11:** **Service Redesign** **Showcase**	• To be inspired how other teams redesigned a service / industry	**Service Redesign Showcases**
April 25 **Module 12:** **Service Redesign** **Showcase**	• To be inspired how other teams redesigned a service / industry	**Service Redesign Showcases**
Final Exam: Friday May 6th 2-4PM		

Please note: The date/time of the Final Exam is determined by the University. For spring 2021, the last day of class is Friday, April 30th. Study days will be May 1-4. Final exams will be held during your scheduled class time May 5-12. Consult the USC Schedule of Classes at https://classes.usc.edu/term-20211/finals/. Currently our final is scheduled for Friday May 6th from 2-4PM

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

Academic Conduct:
Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the Student Conduct Code. 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" policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct at http://policy.usc.edu/scientific-misconduct.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling
Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org
Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention and Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call
studenthealth.usc.edu/sexual-assault
Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED)- (213) 740-5086 | Title IX – (213) 821-8298
equity.usc.edu, titleix.usc.edu
Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following *protected characteristics*: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The university also prohibits sexual assault, non-consensual sexual contact, sexual misconduct, intimate partner violence, stalking, malicious dissuasion, retaliation, and violation of interim measures.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report
Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity |Title IX for appropriate investigation, supportive measures, and response.

Office of Student Accessibility Services - (213) 740-0776 https://osas.usc.edu. SASfrntd@usc.edu
Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710
uscsa.usc.edu
Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101
diversity.usc.edu
Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
dps.usc.edu, emergency.usc.edu
Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call
dps.usc.edu
Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)
ombuds.usc.edu
A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

*Occupational Therapy Faculty Practice - (323) 442-33*40 or otfp@med.usc.edu
chan.usc.edu/otfp
Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.