USC Marshall School of Business

MOR-564: Strategic Innovation: Creating New Markets, Business Models and Growth
Spring 2023
Class Session: Monday 6:30 – 9:20 ACC 201

Instructor:	*Jim Legeman*
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Office Hours:	*Monday 5:00 – 6:00 JKP Courtyard and by appointment*
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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. In this course we focus on a customer centric approach to Strategic Innovation. As illuminated in the Book Blue Ocean Strategy by Chan Kim and Renee Maurborgne "The buyer, not the competition, should be placed at the center of strategic thinking"

This is an experiential course that explores strategic innovation by putting customer/user needs and practical methodologies at the center of value creation. The goal of the course is to introduce you to a customer-centric 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, prototyping and agile scaling as methodologies. It combines current theories of strategic innovation, business model innovation, and blue-ocean strategy 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 who are looking to get practical experience building out strategies for disruption. 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 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 including business model canvas, prototyping, agile scaling and innovator's mindset
- 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
- **Optional:** Martin, Bella, Hanington, Bruce (2012) **Universal Methods of Design**. If Design is a passion area of yours, this book is a great resource.

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	20%
Individual Writing Assignment	15%
Service Redesign Project: Insights and Opportunity Area Check-in	15%
Service Redesign Project: Final Showcase and Pitch Deck	25%
Final Exam	25%

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 we will present in class. For this course to work as intended, it is critical that you come to class prepared to discuss the readings and the cases assigned, as well as participate in group-based exercises in class. In general, you will be expected to 1) demonstrate knowledge of the content of the readings and cases assigned for each class; and 2) conduct independent analysis using the tools provided in the readings 3) come with questions or requests for targeted areas of coaching as it pertains to your group-based service redesign project (some parts of class will be allocated for dedicated time for group work and instructor-led coaching).

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 affects 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. You will self-select a team (4-6) to complete your service redesign project, including the insights and opportunities check-in. At the end of the course, as part of your final exam, you will complete a team evaluation 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 the goals of the course is to develop your practical skills in innovating, you will work in your teams on a semester-long Service Redesign project where you will apply the lessons you're learning in the class to a real world example in the industry / area of focus of your team's choosing.
The project is worth 40% of your grade and will be broken down into 2 assignments.

The first few phases of the course will have your team:
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

This work will lead to your first team graded opportunity, which is the Insights and Opportunity Area Check-In.

Insights and Opportunity Area Check-In (15% of your grade)
Your group mid-term will be a short presentation that provides:
1. An overview of your area of choice. Your team should leverage tools to ensure the class has an understanding of the business
2. An overview of your critical customers, including the research you conducted
3. The interesting insights that you learned through your qualitative and quantitative analysis.

The next set of phases will see your team progress through the remainder of Design Thinking. During these phases your team should work toward your Strategic Innovation Showcase to:
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. Develop a final report/ 'pitch deck' which covers the only the desirability of the prototyped concept, but feasibility and viability of the business (e.g. how might this scale).

Strategic Innovation Showcase and Pitch Deck (25% of your grade)
For your final team deliverable will cover all topics covered during class and consist of both a deck and a presentation.

The pitch deck should be a continuation of the foundation you set in the insights and opportunities check in. It will be an overview of your:
1. Area of interest, including critical customers and how the business model works
2. A concise communication of your idea / value proposition
3. A description of how the concept would work, including a prototype and how this might scale

4. Understanding of how the business model will work - business feasibility

Your team will also be responsible for a 15 minute pitch of the same material., which will closely mirror typical series A startup pitches to investors. Your team will also be graded on the quality of your presentation and responses to questions asked.

INDIVIDUAL ASSIGNMENTS

The course also consists of two individual assignments worth 40% of your overall grade. These assignments will allow you to demonstrate your individual understanding of the content area.

Individual Writing Assignment (15%)
This will be an opportunity to pick an area of interest (customer, industry, etc.) and answer a short set of questions that require you to apply what you've learned in the course (lectures and content so far) to analyzing an area of interest for you personally.

Final Exam (25%)
An 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.

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 9 **Module 1: Introduction to MOR 564: Strategic Innovation**	● Course Overview ● What is Strategic Innovation ● Introduce the Group Project	**Reading(s):** **Case:** None **In Class Activities:** No advance preparation required. **Post Class Homework** Complete Short Google Form
January 16 **No Class MLK**		
January 23 **Module 2:** **Intro to Design Thinking + Research - Empathy**	● Human Centered Design ● Design Thinking - Research / Empathy ● Group Project Team + Design Challenge	**Reading(s):** Introduction to Strategic Innovation (Course Pack) Know your Customers' "Jobs to Be Done" (Course Pack) Optional: IDEO Field Guide Pages 1-73 **Case:** IDEO: Human Centered Service Design (Course pack + Link to Videos) **In Class Activities:** - Building Empathy - Group Project Team Time
January 30 **Module 2:** **Research - Empathy Interview + Journey Mapping**	● Mock Empathy Interview (immersive) ● Understand Journey Mapping ● Build a real life journey map	**Reading(s):** Qualitative Customer Research (Course Pack) 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)

Modules	Topic and Learning Objective	Asynchronous Activities/Assignments
		In Class Activities: (1) Develop Research Plan (2) Journey Mapping
February 6 **Module 3:** **Research –** **Business Insights**	● Understand the Business Model Canvas ● Apply the business model canvas to a real life example	**Reading(s):** Business Model Generation – pg 14 – 51 Uber 2021 Annual Report **In Class Activities:** Business Model Canvas
February 13 **Module 4:** **Synthesis**	● Synthesis – how to create insights from research ● Customer Segmentation / Personas ● Preparing for Insights Presentation	**Reading(s):** Front-End Innovation Article Hybrid Insights (CoursePack) [Optional IDEO Field Guide – 75 - 84] **Case:** None **Guest Speaker** TBD **In Class Activity:** Synthesis as a team
February 20 **No Class** **President's Day**		
February 27 **Module 5:** **Insights** **Presentations**	● Present where teams are at with Insights and Opportunity areas ● Class to provide feedback	**Insights and Opportunity Areas** **Check-In Class Presentation**
March 6 **Module 6:** **Ideation:** **Brainstorming and**	● Ideation + Divergent thinking ● Convergent Thinking	**Reading(s):** Business Model Generation – pg 134 - 145 Optional: IDEO Field Guide 85 - 117

Modules	Topic and Learning Objective	Asynchronous Activities/Assignments
Converging Opportunity Areas		**Guest Speaker** Vaughn Baker – LPL – Former Swell and IDEO **Case:** https://www.investopedia.com/swell-investing-shuts-down-4705435 **In Class Activity:** Team Time
March 13 **No Class Spring Break**		
March 20 **Module 7: Prototype & Testing**	● Product Market Fit ● Understand the value of prototyping and testing	~~TURN IN INDIVIDUAL WRITING ASSIGNMENT~~ (New due Date 4/3) **Reading(s):** The Discipline of Business Experimentation (Course pack) Business Model Generation – pg 160 – 179 Optional: IDEO Field Guide 111 - 131 **Guest Speaker** Gabriel Luna-Ostaseki - Braintrust **Case:** Braintrust: The Blockchain-Powered Talent Network – Not in the original course pack. Please purchase separately **In Class Activity:** Design your prototypes
March 27 Pitch Deck / Finances	● Desirability, Viability, Feasibility ● Elements of a Pitch Deck	**Case:** Bird Scooters: Shaking up the Micro-Mobility Market (Course pack) **Guest Speaker:** TBD

Modules	Topic and Learning Objective	Asynchronous Activities/Assignments
		In Class Activity: Team Time
April 3 **Module 9:** **Future of Innovation**	● Understand the importance of "innovation at scale" for strategic innovation to be successful	**TURN IN INDIVIDUAL WRITING ASSIGNMENT** **Reading(s):** Embracing Agile (Course pack) Agile at Scale (Course pack) Lead Start-up
April 10 **Module 10:** **Becoming a Strategic Innovator**	● Discuss what mindset and behavior shifts it takes for individuals to become "strategic Innovators" ● Answer questions about the Showcase and Final	**Reading(s):** Online McKinsey Article: Leading with Inner Agility Online McKinsey Article: Future Proof: Solving the 'adaptability paradox'... **Case:** **Guest Speaker:** **TBD** **In Class Activity:** Team Assignments
April 17 **Module 11:** **Service Redesign Showcase**	● To be inspired how other teams redesigned a service / industry	**All Team Pitch Decks Due** **Service Redesign Showcases Day 1**
April 24 **Module 12:** **Service Redesign Showcase**	● To be inspired how other teams redesigned a service / industry	**Service Redesign Showcases Day 2**
Final Exam:		

Modules	Topic and Learning Objective	Asynchronous Activities/Assignments
Wednesday May 3 7PM – 9PM		

Please note: The date/time of the Final Exam is determined by the University. For spring 2023, the last day of class is Friday, April 28th. Study days will be April 29 to May 2. Final exams will be held during your scheduled class time May 3-10. Consult the USC Schedule of Classes at https://classes.usc.edu/term-20231/finals/. Currently our final is scheduled for Monday May 8th from 7-9PM

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.