

**MGMT 802: INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT**

**Version 1.1 090507**

**This syllabus is a game plan subject to change, not a contract**

**Spring 2008**

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Office Hours: Friday **Noon- 1 pm by appointment only**

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**Textbook "The Entrepreneurial Mindset" by McGrath and MacMillan. HBSP, 2000.  
Bulkpack**

This course will provide you with a theoretical foundation and a set of practical tools for the management of innovation, both in corporate settings and start-up situations. For the purposes of the course innovation is defined as the profitable commercialization of a new idea: product, market or technology. The theoretical backdrop will be provided by multiple readings, your knowledge of which will be tested in a readings report. The practical tools will be provided via lecture/discussion sessions, your skills at which will be demonstrated in an innovation plan for an actual innovation situation.

**GRADING:**

Class participation	25%
Readings report	15%
Innovation plan	60%

Class participation is an integral component of your learning experience as well as your grade. Your class participation score will be based on the assessment of the quality of your comments in class and the consistency of your attendance. To help us learn your name and recognize your participation, please use a tent card in class. We will assume for each class that you have prepared the readings – these will not be repeated in class.

It is an explicit condition of signing up for this class that you can expect to be cold called.

**Individual contribution to Group Effort:**

In order to minimize the free rider problem with respect to group work, you will be asked to rate the contribution of each of the group members by assigning a percentage score to each member, using the **GROUP MEMBER EVALUATION FORM** below. These scores will be used to calculate a weighting score that will be applied to the individual's group work as follows

PERCENTAGE GIVEN TO		TO A	TO B	TO C
PERCENTAGE GIVEN BY				
	<b>BY A</b>	NA	100	65
	<b>BY B</b>	85	NA	55
	<b>BY C</b>	75	100	NA
AVERAGE		80	100	60

GRAND AVERAGE  $(80+ 100+ 60)/3 = 80$

**WEIGHTING**

= AVERAGE/GRAND AVERAGE =	80/80	100/80	60/80
	1.0	1.25	0.75

SO IF GROUP REPORT SCORE WAS 50 POINTS

A WOULD GET $1.0*50 =$	50
B WOULD GET $1.25*50 =$	62.5

C WOULD GET  $0.75 \times 50 = 37.5$

**COURSE OUTLINE – The specifics of course timing may change during the semester**

The numbers without Ch in front of them refer to the list of readings at the end of this syllabus, the numbers with Ch in front of them refer to the Chapters in the textbook

**REVISIT READINGS SEQUENCE**

Session	Date	TOPIC	Readings
1	1/16	Introduction	7,11, Ch1, Ch2
2	1/23	Managing innovation programs	3, 4
3	1/28	Consumption Chain and Attribute Maps	6, Ch3, Ch4
4	1/30	Stage Gating and Discovery Driven Planning	12, 13, Ch10
5	2/4	Simulating innovation programs <b>Due: Consumption Chain and Attribute Map</b>	9
6	2/6	Real options reasoning (ROR)	8, 10
7	2/11	Opportunity portfolios <b>Due: Initial DDP</b>	Ch8
8	2/13	MarketBusting : Consumption Chain and Attribute Maps	1, 6, 2
9	2/18	MarketBusting: Key Metrics <b>Due: Simulation and BareBones option valuation</b>	14
10	2/20	MarketBusting: Industry Dynamics	Ch6.
11	2/25	MarketBusting : Tectonic opportunities	Ch7
12	2/27	ACE: Managing Highly Uncertain Projects <b>Due: Portfolio plot of your project (one point plotted)</b>	5, Ch11
13	3/3	Stakeholder analysis and DRAT analysis	14, Ch5
14	3/5	Guest speaker <b>Due: Innovation plan and readings report</b>	

## **Innovation Plan Description**

This project is intended to help you refine your skills at assessing the potential of a proposed innovation.

Form a team consisting of at least 5 members. Assume the role of a consultant who has been retained by a company to study a particular innovation that it is developing. Select a company that is either developing or considering developing an innovative move that really interests your team. Startups are OK, as are previous/current employers of group members.

Your goal is to learn enough about the innovation; using whatever data sources you can, to prepare a report for an appropriate strategy and action plan.

The following outline should serve as a guide, but use your own best judgment as to the best way to present your work. Confine your text to **no more than** 15 double-spaced pages of 12 point type. Your Discovery Driven Plan, Consumption Chain, Attribute Maps, and other exhibits, supporting materials and additional analyses should not be more than another 12 pages.

1. **Executive Summary** (maximum 1 page)
2. **Impact statement** Description of the innovation, the problem to be solved, how your innovation solves it better than the current alternatives, the expected impact, what the intellectual property issues (if any) are with this innovation, and expected financial benefits ( maximum 2 pages).
3. **Market analysis.** Analysis of the market for the innovation: Five forces with areas of greatest potential or vulnerability, arenas that will benefit, and the benefits themselves (Size and growth rate of the arenas), target revenue arenas, or target application arenas, with detailed value propositions, the revenue model and profit model or the cost/benefit model (Maximum 2pp)
4. **NCO analysis.** Nearest competitive solutions, benchmarks these NCO's are setting, what makes you better, what protects you from competitive matching? (maximum 3pp)
5. **Operations plan** Required scope of your effort, resources and capabilities must be developed, alliances and partnerships you suggest (maximum 2 pp).
6. **Discovery Driven Plan** for implementing the innovation, including reverse financials, operations spec and benchmarks, milestone/assumption table and a Staircase chart. Your plan should have maximum twelve major CheckPoints and a maximum twenty assumptions with their ranges, Portfolio plot
7. **Recommendations and key risks.** What the client should do next, and why you feel this is the best way to proceed. Your recommendation may be to not go forward, in which case your analysis should show why. Critical environmental risks, customer-response issues alternate competitor reaction scenarios, impact on your base-case plan, contingency plan
8. **Appendices**
  - a. Your consumption chain with trigger events, attribute maps of major links, compared to the NCO
  - b. Your completed scores for ACE, and your interpretation of these scores.
  - c. A completed DRAT table for expected external and internal resistance, if any.
  - d. Other appendices that you deem necessary.
9. **Extra Credit:** Scorecards and mapping of reactivity, attractiveness and market power for key market segments

## **READINGS REPORT DESCRIPTION**

You will be required to submit a five page report describing how the bulkpack (not textbook) readings applied to your innovation project.

The structure is simple: Pick five of the readings that you think are particularly appropriate for a decision your team made about your venture. The reading does not have to support your decision, but please explain what concepts and conclusions were useful to you and how you incorporated the learnings into your venture.

Here is a score-card an earlier group used :

<i>Relevance</i>	<i>Practicality</i>	<i>Up to date and Current</i>	<i>Interesting and Easy to Read</i>	<i>Total</i>

Appendix: List all readings (including your five) and rate the reading’s usefulness along the spectrum: no value, some value, useful, very useful. At the end of the appendix also include recommendations of any readings your team is aware of that did not appear in the required readings list, but you feel should be included. This report will then be used to improve the readings for this course.

THE READINGS REPORT WILL COUNT 15% TOWARDS YOUR FINAL GRADE

GROUP MEMBER EVALUATION FORM: E-mail to your TA on the day before the exam

GROUP NAME  
GROUP LEADER

YOUR NAME:

SOCIAL SECURITY NUMBER:

GROUP MEMBER'S NAME (PLEASE PRINT)	PERCENTAGE EFFORT
<b>DO NOT RATE YOURSELF</b>	

## 802 READINGS

1. Bower, Joseph L. and Christensen, Clayton M. 1995. 'Disruptive Technologies: Catching the Wave' Harvard Business Review January/February, 1995.
2. Drucker, Peter. F. "The Discipline of Innovation". Harvard Business Review, November/December, 1998.
3. Leonard-Barton, Dorothy, "Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development". Strategic Management Journal, Summer 1992, Vol. 13 Issue 5, p111.
4. Anderson, Philip and Tushman, Michael, "Managing Through Cycles of Technological Change". Research/Technology Management, May/June 1991, p. 26-31.
5. van Putten, MacMillan and McGrath. "'Global Gamesmanship'". Harvard Business Review. May-June 2003: pp. 62-74
6. Von Hippel, E. 1986. 'Lead Users: A Source of Novel Product Concepts' Management Science v32n7.
7. Arthur, B. (July-August 1996), Increasing Returns and the New World of Business," Harvard Business Review, pp. 100-109
8. Lynn, Gary S., Morone, Joseph G., Paulson, Albert S. "Marketing and Discontinuous Innovation: The Probe and Learn Process". California Management Review, Spring 1996, Vol. 38, Issue 3, p. 8.
9. Wheelwright, S. C. and Clark, K. B. 'Creating project plans to focus product development' Harvard Business Review March-April 1992 p. 70-82.
10. Mitchell, Graham R., Hamilton, William F., "Managing R&D as a Strategic Option". Research/Technology Management, May/June 1988.
11. Amabile, Teresa. 1998. How to kill creativity. Harvard Business Review, September/October 1998
12. Cooper, Edgett and Kleinschmidt, "Optimizing the Stage-Gate Process: What Best-Practice Companies Do – I" . Research—Technology Management. Sep-Oct 2002. pp 21-27
13. Cooper, Edgett and Kleinschmidt. "Optimizing the Stage-Gate Process: What Best-Practice Companies Do – II" Research—Technology Management. Nov-Dec 2002. pp 43-49
14. Horn, Lovallo and Viguere. "Learning to let go: Making better exit decisions" McKinsey Quarterly online journal; mckinseyquarterly.com.