THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

MGMT 802: INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT

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This syllabus is a game plan subject to change, not a contract
There may be some changes precipitated by class size.
Fall 2014 Q3
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Office Hours: **By appointment only**
You need to form into study groups of 5 to 6 members by the first session of the program. If you have not been included in a list of team members by the end of the first day of classes you will be assigned to a team.

TA:

Reading:
Textbook: "Market Busters" by McGrath and MacMillan. HBSP, 2009.
Bulkpack

A warning: This is a very short course, so unfortunately if you have more than two unexcused absences in the course you will get an automatic NC.

This course will provide you with a theoretical foundation and a set of practical tools for building an organization capable of continuous dynamic innovation. You will deploy the tools of the course to identify, evaluate and plan ways to continuously change the rules of the game in the domain of business in which you are competing, either in an existing firm or if you are starting up a new enterprise. There are two major components to the course:
1 The first is to conceive of and develop an assessment report for an innovation of interest to your team. Your team will identify and evaluate an innovative idea, then put together a plan to implement the innovation. This will culminate in an innovation assessment in the form of a PowerPoint deck which you will hand in at the end of the half semester.
2. The second major component of the course is for your team to apply the tools that you will learn to identify competitive moves which change the "rules of the game" and thereby wrest competitive initiative from existing players in an industry which is currently "under stress". The term we shall use for this competitive game-changing is MarketBusting .

So this is a pretty hands-on course - challenging you to apply the tools to the innovation assessment and to the MarketBusting opportunities. At the start of each class your team will present a proposed MarketBusting move, drawing on the materials that were delivered in the previous session. The other teams in the class will rate your presentation, so that we draw off the combined insights and expertise of the class, not just the teaching staff. Call this "crowd-grading"

 Finally, the theoretical backdrop will be provided by a text book and multiple readings, your knowledge of which will be tested in a final Readings Report by your group. The practical tools will be provided via lecture/discussion sessions.
So, to summarize, in the course your team will develop three types of deliverable.
1. **Innovation Assessment.** Your team will work on a project to introduce a significant innovation and hand in, as a final document, an innovation canvas and detailed supporting PowerPoint deck assessing the innovation of your team's choice.
2. **Short MarketBusting Presentations.** In the course of the semester your team will deliver **four** short presentations of **four** proposed MarketBusting moves, in designated industries using lenses from the course. This is a mini-presentation your team will present every time we meet as a class.
3. **Readings Report.** Third you will be submitting a team Readings Report that discusses the value of the course readings to your group in putting together the innovation assessment
.
Class participation. A class participation score will assigned 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 all classes.

I shall assume for each class that you have prepared the readings – these will not be repeated in class. You may be called on to present a summary of the readings at the start of class.

Grade composition:

Class participation	20%
Readings report	10%
MarketBusting presentations	25%
Final Innovation assessment	45%

Individual contribution to Group Effort:

Though free riding is mercifully rare, in order to minimize a possible free rider problem with respect to group work, you will be asked to rate the contribution of each of your group members by assigning a percentage score to each member, using the GROUP MEMBER EVALUATION FORM below.

Note that you should assign each member a score of up to 100% for your perception of the contribution they made to the group effort. If you all contributed equally **each** member would therefore receive a score of 100%. 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				
	BY A	NA	100	65
	BY B	85	NA	55
	BY C	75	100	NA
AVERAGE		80	100	60

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

FINAL 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*50 =   37.5
There have been (rare) occasions when one group member (free-rider) got an F while another got an A

        PLEASE NOTE THAT THE INSTITUTION IN ITS "WISDOM" OBLIGES ME TO GRADE TO A CURVE, SO YOU CANNOT **ALL** BE AT THE TOP OF THE CLASS.
        WE GO TO CONSIDERABLE EFFORT TO ASSURE THAT EACH STUDENT IS GRADED AS FAIRLY AS POSSIBLE THEREFORE FORGIVE ME FOR REFUSING TO DISCUSS GRADES

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

Date	Time	Topic	Readings
10-Oct	1.30-3.00	Introduction	Ch1, 1, 2
	3.15-4.30	Consumption Chain/Attribute Map	Ch2, Ch3 , 3, 4, 5
24-Oct	9.00-10.30	Elevator pitches: Consumption chain	Ch4, 6, 7, 8
	10.45-12.00	Business model reconfiguration	9, 10, 11
8-Nov	9.00-10.30	Elevator pitches: Business model disruption	Ch5, 12
	10.45-12.00	Exploiting Change	13, 14
22-Nov	9.00-10.30	Elevator pitches: Exploiting Change	Ch7, 15
	10.45-12.00	Engineering uncertainty and Discovery Driven Planning	16, 17, 18
12-Dec	1.30-3.00	Building an Innovation program using DDP at MasterCard	Ch8, 19,
	3.15-4.30	Elevator pitches: MasterCard	20
13-Dec	9.00-10.30	DDP simulation	21, 22
	10.45-12.00	DDP simulation	
20-Dec	12 noon	Submit your PowerPoint decks for team project	

Innovation Assessment Description

This project is intended to help you refine your skills at assessing the potential of a proposed innovation and designing a program to commercialize it.

Form a team consisting of at least 5 members. Assume the role of a team charged with commercializing an innovation. Select an innovation that really interests your team. Startups are OK, as are innovations being considered by existing firms – even innovations being considered by previous/current employers of group members.

Your goal is to learn enough about the innovation; using whatever data sources you can, to prepare a PowerPoint deck assessing the innovation's feasibility and presenting a strategy and plan for commercializing the innovation.

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 deck to **no more than** 30 PowerPoint slides using no smaller than 12 point type. Your slideshow should address the following, as appropriate to your particular innovation.
   1. **Executive Summary** in Canvas format.

2. **Impact statement** the problem to be solved, how your innovation solves it better than the current alternatives, and expected financial benefit. Your consumption chain with trigger events, attribute maps of major links, compared to the MCA
3. **Market analysis.** Analysis of the market for the innovation: Arenas that will benefit from your project and the benefits, the target revenue arenas you selected, (or target application arenas in the case of an internal project), with value propositions, the revenue model and profit model or, in the case of an internal project, the cost/benefit model.
4. **MCA analysis.** Nearest competitive solutions, benchmarks these MCA's are setting, what makes you better, and what protects you from competitive matching?
5. **Operations Specification** Required scope of your effort, what resources and capabilities must be developed, any alliances and partnerships you suggest).
6. **Discovery Driven Plan** for implementing the innovation, including reverse financials, operations spec and benchmarks, checkpoint/assumption table, Barebones NPV. Your DDP should have maximum twelve major CheckPoints and a maximum twenty assumptions with their ranges.
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 discovery driven plan, contingency plan
8. **Appendices** intellectual property issues (if any) with this innovation

Supporting materials and additional analyses should not be more than another 12 pages.

READINGS REPORT DESCRIPTION (NOTE: THIS IS A GROUP PROJECT)

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 the decisions your team made about your innovation. Explain what concepts and conclusions were useful to you and how you incorporated the learnings into your innovation assessment.

Appendix: List all readings (including your top five) and rate the reading's usefulness **for your project** along the spectrum: 0: no value, 2: some value, 3: useful, 4: very useful. At the end of the appendix also include any recommendations of readings that your team is aware of that did not appear in the required readings list, but you feel should be included. Finally list any readings that have been used in other courses, and specify the course
This report will then be used to improve the readings for this course.
THE READINGS REPORT WILL COUNT 15% TOWARDS YOUR FINAL GRADE
(NOTE: THIS IS A GROUP PROJECT)

MARKETBUSTING PITCHES DESCRIPTION

1. **Consumption chain/attribute map pitch**

Propose a way to **reconfigure the consumption chain or attribute map** to MarketBust a dysfunctional part of one of the following domains that are screwed up in the US economy:

Health Care
Airlines and air travel

In your presentation make sure to cover the following topics
1. The industry wide problem and its scope
2. The target segment you selected
3. The existing consumption chain/attribute map and the link and associated attribute map you are attacking

4. Your proposed solution
5. Mission critical backup materials

2. Business model pitch

Propose a way to redefine the business model to MarketBust a dysfunctional part of one of the following domains that are screwed up in the US economy:

Education
Crime control

In your presentation make sure to cover the following topics
1. The industry wide problem and its scope
2. The target segment you selected
3. The existing business model you intend disrupting
4. Your proposed solution
5. Mission critical backup materials

3. Industry change pitch

Identify an industry change and propose a way of MarketBusting by exploiting that change in one of the following domains that are screwed up in the US economy

Federal, state or municipal governance/corruption
Employment (with special interest in returning military veterans)

In your presentation make sure to cover the following topics
1. The problem and its scope
2. The target segment you selected
3. The type of change you will exploit (step, ramp, cycle, or combination)
4. The strategy you will follow (end run, second order effects or initiate yourself) and how you will execute
5. Mission critical backup materials

4. MasterCard Pitch

Apply DDP principles and framework to assess MasterCard's potential launch of a Yelp alternative
Show your mastery of DDP principles such as consumption chain analysis, reverse income statement, and establishing a plan with checkpoints/milestones
Prepare an 8-10 minute presentation

GROUP MEMBER EVALUATION FORM: E-mail to your TA on the day the Innovation Assessment is submitted

GROUP NAME
GROUP LEADER

YOUR NAME: SOCIAL SECURITY NUMBER:

GROUP MEMBER'S NAME (PLEASE PRINT)	PERCENTAGE EFFORT
DO NOT RATE YOURSELF	

802 READINGS BULKPACK

1. McGrath, R.G. "Transitional advantage." Harvard Business Review, June 2013
2. Drucker, P. "The discipline of Innovation" Harvard Business Review Classic Reprint number R0208F)
3. Gladwell, Malcolm,, "Creation Myth" The New Yorker, May 16, 2011
4. Selden, L and MacMillan, I.C. "Manage Customer-Centric Innovation - Systematically" Harvard Business Review April 2006. pp. 108-116.
5. L. Selden and Ian C. MacMillan. "The Incumbent's Advantage" Harvard Business Review, October 2008 pp 111-122
6. Gourville, J.T. "Eager Sellers and Stony Buyers: Understanding the Psychology of New-Product Adoption" Harvard Business Review June 2006.
7. Gladwell, M "The creation myth" The New Yorker. May 16, 2011.
8. H. W. Chesborough.. The Era of Open Innovation MIT Sloan Management Review Reprint number 4435
9. Bower, Joseph L. and Christensen, Clayton M. 1995. 'Disruptive Technologies: Catching the Wave" Harvard Business Review January/February, 1995.
10. Christensen, Anthony, Berstell and Nitterhouse. "Finding the Right Job for Your Product" MIT Sloan Management Review Reprint number 48301
11. H.W. Chesborough. "Why Companies Should Have Open Business Models" Sloan Management Review Reprint 48208
12. Brynjolfsson, E. "The 4 Ways IT Is Revolutionizing Innovation." MIT Sloan Management Review Reprint number 51330
13. Ng, G. "Five Pitfalls Of Running Lean Startup Experiments" Blog posting from Javelin.com
14. R. L. Martin. "The Innovation Catalysts" Harvard Business Review, June 2011
15. Horn, Lovallo and Viguerde. "Learning to let go: Making better exit decisions" McKinsey Quarterly online journal; mckinseyquarterly.com.
16. Mullens, John W. "Why Business Plans Don't Deliver", MIT Sloan Management Review, June 22, 2009.
17. Rice, M, O'Connor, G and Pierantozzi, R. "Implementing a learning plan to counter project uncertainty" MIT Sloan Management Review, Vol. 49, No 2 (Winter 2008) 54-62.
18. McGrath, R.G.,and I.C. MacMillan "Discovery Driven Planning" Harvard Business Review, Volume 73, No. 4, July-August 1995. pp. 44-54.
19. Clark, Gilbert and M. J. Eyring "Beating the Odds When You Launch a New Venture" Harvard Business Review Reprint R1005G
20. W. Brian Arthur. "The second economy" McKinsey Quarterly, October, 2011.
21. DDP Simulation Package (in development)
22. Jaruzelski, Loehr, and Holman *The global innovation1000: making ideas work. Booz & Co*