

MAN 337 STRATEGIC INNOVATION AND CHANGE
Spring 2011

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Meeting time and place: Tuesday and Thursday, 11:00 -12:30 UTC 1.144

Office hours: Tuesday and Thursday, 3:30-4:30 or by appointment; Office: CBA 4.226

PURPOSE OF COURSE

In June 2006, *Business Week* observed that “making innovation work is the single most important business issue of our era.” In fact, innovation has always been a critical component of leadership, and the key to the survival and growth of organizations. The goal of the course is to provide you with a broad perspective on innovation and to increase your effectiveness and skill in analyzing, managing, and understanding issues related to strategy and innovation.

This is **an advanced management course** designed to **develop your analytical and creative thinking in combination; and to provide you with skills to search for and develop creative and strategically viable solutions.** Such solutions are integral to the management of dynamic, rapidly growing organizations, as well for organizations competing in environments where change and innovation are key drivers of competitive success. As innovation requires the creative synthesis of several functional areas, the course integrates perspectives from the psychology of creative thinking, strategic management, organizational design and management. The course is designed for the strategist and the general manager - no technical background is assumed. Although we will cover some technologies and you will have an opportunity to learn about technologies of your choice as part of the required course work, the course does not focus on either specific technologies, or on the management of technological innovation. Instead, the course provides a broad, integrated perspective on innovative thinking, innovative strategies, and innovative processes in a wide spectrum of organizations.

Not everyone who takes this course will ultimately become an innovation manager. Yet, this course will benefit virtually all students. The recent trend in the corporate world toward flatter, less hierarchical organizations has resulted in strategy being formulated at ever lower hierarchical levels, and innovative strategies emerging from all corners of organizations. Accordingly, even non-executives are likely to make decisions and initiate actions that have significant strategic implications. Many entry-level positions require employees’ involvement in projects that are initiated to elicit innovative and creative ideas to improve the functioning of the organization as a whole. Similarly, functional specialists need to understand how their own areas contribute to the strategic change and innovation in their organizations and can benefit

considerably from understanding the challenges that an innovating organization faces. Therefore, it is increasingly important that university graduates acquire analytical, communication, and action skills that enable them to contribute to the change and growth agenda of corporations.

COURSE OVERVIEW

The course consists of three sections: In Part 1, we will look into innovative thinking as an individual and organizational capability. Why are some people more able to be creative than others? Where do creative ideas come from? What do creative people and “creative organizations” do?

In Part 2, we explore different types of innovations in order to understand different types of innovations create customer and economic value. In this part the goal is to expand our understanding of innovation beyond the common focus on technological innovation and to understand the diverse mechanisms for creating innovative business solutions.

Part 3 of the course focuses on understanding design thinking and design-driven innovation as a distinct set of capabilities for strategic change and renewal. In this section we will explore the links between design and strategy and will appreciate both how cutting-edge design companies engage in strategic innovation, and what challenges large traditional organizations embracing such innovation face. This involves a consideration of all the issues covered in the course.

Instructional Method

In order to capture the pragmatic, action-oriented, and complex nature of managing strategic innovation, this course is taught through the case method. Appendix A provides additional information on the case method and on why it is so extensively used in the study of strategic subjects. Therefore, this is not a lecture course and there will be very few lectures during the semester. Most of the learning in the course is learning-by-doing – through the analyses of the cases we will discuss in class, and the independent-research projects. The readings should provide you with tools you need to analyze the cases. To conduct effective analysis of the cases, you would need to read and apply the assigned readings before class, to attend class and participate in the class discussion, and to contribute to the discussion your inferences from your independent analysis of the case. Consequently, we will not, as a rule, spend classroom time reviewing the readings; I will assume that you have done the readings and you have applied them to perform your own analysis of the cases. If you have questions about specific concepts or applications of the readings, please raise them in class. You are welcome to raise conceptual questions either at the beginning of class, or during the case discussions.

COURSE REQUIREMENTS

Materials

Required: A course packet of articles and cases to be used in class is available from the University Co-Op (Note: The price of the course packet reflects additional readings that will be handed out in class).

Additional materials will be handed out in class. In addition, as per University policies, course-related information and materials will be available throughout the semester on Blackboard. Syllabi, handouts, assignments and other resources will be available within this site. Site activities could include exchanging e-mail and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

Grading

Your final grade for the course will be determined as a combination of the following:

Class Contribution	25%
Individual Case Briefs (2)	10%
Partner Mini Filed Studies (3)	15%
Group Mid-term Case Analysis (includes presentation)	15%
Group Innovation Project (includes presentation)	35%

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. This method has been found to be particularly useful for developing professional skills in the art of diagnosing complex unstructured problems. For this course to work as intended, it is critical that you come to class prepared to discuss the reading or case 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.

Given the importance of class contribution, I have outlined below what constitutes high-quality class contribution. Since you cannot participate in class discussions if you miss all or part of a class, your grade will be negatively affected by absences and tardiness. 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 participating = 1 or 2 depending on extent of absence/contribution; attending whole session plus some contribution = 3; attending whole session plus substantive contribution = 4; attending whole session plus important contribution = 5. Also, disruptive actions such as comments that distract or disrupt the class rather than contribute to the conversation, or web surfing or e-mailing during class, take away from the class discussion and may result in a penalty in the form of negative points. Class contribution will be graded for each class session. **Missing a third of the classes or more will result in a failing grade for the class.**

At the very start of each case discussion, I will call on two students, randomly, to take 1-2 minutes to answer a particular question about the case or give their view of the major issues involved. Similarly, at the end of each case discussion, I will call on two students, again randomly, to summarize the key take-away lessons to be learned from it. Class participation may also include *unannounced* in-class quizzes on the material assigned for the class sessions.

Many people are intimidated by the “obligation” of speaking up in class. Don’t be. Your anxiety will be reduced only through practice. Here’s the secret to cutting your stress level: BE PREPARED. If you have read the case and the readings carefully and have prepared notes with your analysis of the preparation questions provided, **you will succeed if you speak up**. Please keep in mind that the only measurable output of your preparation is your class discussion – but airtime is a scarce resource, so please use it wisely. Comments based solely on a “gut reaction” that do not show use of the readings to develop your analytical skills do not add much value and will be treated the same as not participating. Frequent non-quality contributions are not rewarded and in some cases may be penalized. Students who find it difficult to speak in class should schedule to meet with me early in the semester during my office hours.

Here are the criteria for making high-quality, important contributions to the learning process:

- (1) Are comments relevant to the discussion?
- (2) Do comments reveal solid grasp of the facts of the case and their implications?
- (3) Do comments reveal use of appropriate tools (from the readings) to analyze the facts of the case?
- (4) Do comments add to the knowledge in the class, i.e. to they move the discussion forward or do they repeat what has been said?
- (5) Do comments show that you have listened to the discussion and that you are able to build on the comments of others?
- (6) Are you prepared to answer when called on in class? (Let me know before class if some emergency has prevented you from adequately preparing.)

Individual Case Briefs

To ensure the quality of your case preparation and analysis, you are required to submit two (2) case briefs of one (1) single-spaced page for two case of your choice that we cover during the semester (excluding *IDEO Product Development* and *IDEO Zero-Phase Services*). The brief should include the following components: 1) Central problem, e.g. the company must decide whether to [e.g. accept or reject a RFP from a former client]. 2) Relevant facts and analysis of the problem/issue areas. 3) Decision and rationale, [e.g. the most critical consideration for the company is whether it has the resources to deliver on the new contract, particularly because...]. Therefore, I recommend that [e.g. the company undertakes the project as it represents a significant opportunity to...].

The brief must be exclusively your own work. Therefore, do not discuss the case with others prior to submitting your brief, and do not do outside research. **Brief submissions are due by 8 am on the day of the scheduled class discussion for the case.**

Group Projects

As we will discuss in the class, creativity and innovation are essentially group activities. Therefore, a significant portion of the work in this class is group work. As soon as possible, I'd like you to organize yourselves into groups of 5. Please email me with the names of group members – one e-mail per group. I reserve the right to add a member to your group if needed.

You will complete two components of the class in your group: your final innovation projects and the mid-term case analysis. Each of these projects also involves a class presentation of your work. At the end of the course, you will be asked to assess the contributions of each team member to the team's work on the team project report and team project presentation. 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 and an essential component of the learning in this class.

Final Innovation Project

The purpose of this project is to give you an opportunity to apply what you are learning in the class to a realistic setting and to increase your knowledge about a specific industry or technology.

Your assignment requires you to identify a real organization that meets two conditions: 1) It pursues innovation of some sort -- a potential product or process innovation, the commercialization of a new technology, a new business model, a change in distribution system, or an innovation in managerial practice. 2) You can gain reasonable access to it. Access can be by phone or in person; however, you need to conduct at least 5 interviews – one per team member. Feel free to supplement your data collection with interviews of competitors, customers, suppliers, or partners. The organization can be a small team start-up that is pursuing a clearly identified opportunity, or a unit of larger organization that meets the conditions above.

You will use the organization as a realistic setting to hone your ability to analyze strategic innovation and change by: 1) analyzing the innovation potential of what the organization is seeking to do; 2) assessing the organizational practices and the extent to which they support innovation; and 3) applying design-thinking to improve the management's approach to innovation.

To this end, you would need to: 1) write the paper as a consultants' report to a specific person in the organization – the CEO or the person in charge of the innovation you are analyzing. You may use fictitious names, but you must clearly specify a particular role whose occupant would read your report. Assume your reader, like most real managers, has other pressing concerns and a general lack of enthusiasm for your ideas. Convince your reader that your analysis can add value to the organization and that it is crucial to do something. Be as concrete as possible in what you want the organization to do, and why.

Following is a suggested guideline for the content of the assignment.

- (1) Analyze the existing market and industry. What industry is the organization in? What are they existing competitive alternatives to what it is trying to do? What type of innovation is this and what tangible advantages does it offer to whom? What barriers to its adoption exist? Are there barriers to competitive imitation? Will the organization profit from the innovation and how?
- (2) Analyze how the innovation fits with the organizational strategy and management process. What is the organizational history of this innovation? How has it evolved? How does it fit with/is supported by the organizational practices? Does the organization as a whole have ability to manage the innovation effectively?
- (3) Make recommendations: Given your analysis above, use the tools of design thinking and design-driven innovation to a) refine the intended innovation and improve its value creation potential; and b) to improve on its management and implementation. What cultural, strategic, and leadership issues have to be managed in order to implement your recommendations?
- (4) Present your methodology: Explain who was interviewed and what other sources of industry and organization data you used.

Each project report should have a one page executive summary where your key observations, suggestions and themes are succinctly discussed. Projects should be no longer than 12 pages of text (double-spaced, 12 pt font, 1" margins all around), plus no more than 3 pages for exhibits, 1 exhibit per page. Exhibits that are not explained in the text will not be read. **Final reports are due at the beginning of the last class, May 5. Late papers will not be accepted.**

You will need to provide: a) an initial description of the company and the innovation and b) a plan for conducting the study at the beginning of class on **March 3**. I will provide feedback and guidance on your project proposals during the project review session on March 10. The plan should include a description of the organization you have chosen to study, how you will gain access to the organization, and the data sources that you will use. You must have 'closed the deal' on the organization in terms of obtaining agreements from specific people who will be available for you to interview.

You will present your analysis and recommendations to the class **on either April 26 or April 28, 2010**. I will assign the group presentation times randomly. You will have 15 minutes to present, and 10 minutes of Q&A. Please turn in a hard copy of your presentation slides at the start of class. The presentation should include a brief description of the organization, its competitors, and the innovation you are analyzing. You should describe and categorize the innovation using concepts covered in class. You should spend the bulk of the time on your recommendations explaining how the innovation can be refined and its implementation improved. You can use the class discussion of your presentation and the detailed feedback I will provide in a subsequent feedback session on May 3 to refine your analysis and recommendations before you submit your final written report.

Midterm Case Analysis

You will complete your mid-term case analysis with your group. A detailed assignment and the exam case itself will be distributed approximately one week before it is due. You may not discuss the case itself or your write-up with anyone other than your team until after the exams have been turned in. The textual body of your analysis should not exceed 5 double-spaced typewritten pages, 1-inch margins all around, and a 12-point font. I will read only the first 5 pages, so please stay within the assigned limits. Also, you may include up to 3 additional 1-page exhibits with charts, tables, or figures. Exhibits that are not directly explained, in order, in the main text will not be read. There should be only 1 exhibit per page. As we will discuss the case in class on the day when it is due, late assignments will not be accepted. The mid-term case analysis is **due at the beginning of class March 8**. In addition to the written paper, please prepare 3-4 summary slides to share your analysis and recommendations with your classmates on that day.

Mini-field Studies

Given the course goals to help you develop your skills to search for and discover creative solutions to strategic problems, you will be required to conduct three mini-field studies on topics related to the material we are covering in class. You should complete these assignments in partner teams of 2 or 3 people. Details regarding each assignment are provided in the "Schedule of Classes" on the day when they are due – **February 8, February 24, and March 22**. The observations and analysis from each assignment should be presented in class using a brief 3-slide presentation. I will grade your work based on the presentation in terms of how effectively you have used the readings and the field study to address the assigned questions. No papers are required for these assignments but you must hand in a paper copy of your presentation with your names on the cover page at the beginning of class.

ADDITIONAL COURSE INFORMATION

1. I care about your progress in this course and will be glad to do what I can to assist you. I will hold office hours on Tuesdays and Thursdays, 3:30- 4:30 pm. I will also be available meet with you outside these times by appointment. To set up a meeting, please send me an e-mail.
2. I urge you to take notes during class. As mentioned earlier, one of the main purposes of the course is to help you develop your own personal approach for identifying and solving strategic and innovation problems facing an organization. Taking notes is an important information-structuring skill, which strengthens your ability to both identify and solve problems. I will post slides used in class AFTER the class session. Slides related to the case discussions will not be posted.
3. Per McCombs and Management department policy, laptop computers, PDAs, cell phones, and other electronic devices should be turned off at the start of class. Accommodations will be made for students with disabilities.
4. If you miss class, please contact one of your classmates to obtain notes regarding what we have discussed in class.
5. I expect all written case analyses assignments to be your own (and your group's) work. This means that you are not permitted to gather any additional information regarding the case via the internet or other means.

ADMINISTRATIVE POLICIES

Policy on Scholastic Dishonesty. The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Policy on McCombs Classroom Professionalism. The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the undergraduate program experience hinges on this. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects. The classroom experience is enhanced when:

- Students arrive on time. On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- Students minimize unscheduled personal breaks. The learning environment improves when disruptions are limited.
- Students are fully prepared for each class. Much of the learning in the undergraduate program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- Students respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- Laptops are closed and put away. When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

Policy Regarding Re-grading Requests. In the event that you feel something was missed in the grading of your work (be it mathematical error or other), please write a brief summary of what you feel needs further attention and submit this re-read request with your original work with my comments within 1 week of receiving your grade. If you request a re-read, I will read the work again from scratch and your grade may go up or down. Each grade component is considered final one week after given to the class and will no longer be open for re-reading or discussion. I do not accept personal lobbying efforts for changing grades other than in writing.

Policy on Academic Accommodations: Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

Policy on Religious Holy Days: A student who needs to miss classes or other required activities, including examinations, for the observance of a religious holy day should inform me at the start of the semester, so that the applicable arrangements can be made.

Writing Center: I expect a high standard of written communication in your written reports. Students struggling with this requirement are encouraged to consider using the Undergraduate Writing Center, FAC 211, 471-6222: <http://uwc.fac.utexas.edu/home>). The Undergraduate Writing Center offers free, individualized, expert help with writing for any UT undergraduate, by appointment or on a drop-in basis. Any undergraduate enrolled in a course at UT can visit the UWC for assistance with any writing project. They work with students from every department on campus, for both academic and non-academic writing.

A detailed version of this syllabus will be available to students registered for MAN 337, section 04400.