

COURSE INFORMATION

Course title:	Economics and Strategy of Innovation		
Course code:	BASM516	Credits:	1.5
Session, term, period:	2023W2, Period 4	Class location:	HA133
Section(s):	001	Class times:	Mondays 6.00-9.30pm
Course duration:	Mar 11 to Apr 8, 2024	Pre-requisites:	n/a
Division:	Strategy & Business	Co-requisites:	n/a
	Economics		
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Dr. Steven Minns
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Teaching assistant:	tba
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COURSE DESCRIPTION

Having the capacity to innovate is critical to business success. This course builds on the fundamentals of economics and strategic management that you have learnt in previous courses and explores new concepts that will enable you to excel in innovation. There will be an emphasis on innovation-driven entrepreneurial enterprises: those ventures that have potential for high revenue growth and that are increasingly important in today's knowledge economy.

We will study the opportunities associated with disrupting existing market environments, and the internal challenges of building new organisational capabilities. We will also examine innovation in established firms. The course involves extensive classroom discussions of business case studies to understand the application of theory and to develop critical thinking skills; as well as experiential learning methods such as simulations.

COURSE FORMAT

Each session is structured in three parts, with breaks in between. The first part of each session will be a lecture on the specific topic that is to be covered in the class. The second part of the session is a case discussion. You will need to read the case and prepare a memo before the class. The final part of each session is an experiential component, which is typically a simulation.

LEARNING OBJECTIVES

This course is intended to provide students with conceptual frameworks and applied tools for managing innovation. Students will learn to:

- Analyze the underlying economic forces that generate new revenue growth and entrepreneurial opportunities.
- Design competitive strategies for introducing innovations into markets.
- Recognize disruptive innovation and the threats and opportunities it represents.

- Be equipped to meet the challenges of acquiring the necessary resources to commercialise innovations and to grow new enterprises.
- Differentiate the distinctive roles played by start-ups and established firms in the process of commercializing innovations.
- Assess the requirements to appropriate the value from innovation and plan for the protection of intellectual property.

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Case Memos	20%
Simulations	15%
Class participation	15%
Individual assignment	50%
Total	<u>100%</u>

Details of Assessments

Participation

Class participation is an important component in this course, and accounts for 15% of the grade. Class discussion, of course, is an excellent way of learning from each other: you can learn a lot from listening to your fellow students; and you can learn a lot from thinking about the comments you want to make in class yourself. Most importantly it encourages you to think critically. Participation marks depend on attendance, class conduct and the frequency and quality of classroom contributions.

Case memos

There will be a total of 4 case studies, each worth 5% of the final grade. Before each class, you are required to read the case and answer some study questions posted on Canvas. Each assignment should be no more than 1-2 pages (not including any cover page) in size 11 font, single spaced, and should be uploaded on to Canvas before class. See under "Learning Materials" for a list of the cases. Information on how to access the course package will be provided via Canvas. Note that, unlike previous courses in the program, the case memos should just simply be a response to the questions posted on Canvas, not a full analysis with problem statement, options, etc.

Simulations

During the course you will be participating in five strategic innovation simulations, developed by Harvard Business School: Food Truck Challenge, Crossing the Chasm, Breaking News, Two Giants and Back Bay Battery. You will do the simulations in groups. Performance in each of the simulations is worth 3% of the final grade (i.e. 15% total).

New Venture Simulation: The Food Truck Challenge

In this online simulation, you will run a food truck in the city of Boomtown. Your goal is to achieve maximum revenue over 5 simulated weeks and win the "Food Truck Challenge." In each round, you will make decisions about where to park and what menu item to offer in hopes of finding the best menu-location combination and yielding the highest sales. You will need to analyse market data and make a

plan, but you will also need to make decisions as to whether to go to scale right away with the food truck, conduct further research and analysis, or to experiment with a low-capacity pushcart.

Crossing the Chasm

You will play the role of co-founder and CEO of a self-driving vehicle technology firm, tasked with achieving exponential growth of a promising technology. This marketing innovation simulation will allow you to experience the challenges of taking a disruptive innovation from initial success with early adopters to widespread adoption by the mainstream market.

Breaking News

You will manage the innovation process for a struggling newspaper. You will need to develop new ideas to counter the company's declining sales, subscriptions, and web traffic. Working with limited time and budget, you must decide how to source new ideas and where to set priorities. You will then need to review the resulting list of ideas, evaluate and test them, and submit the best possible innovation strategy to the CEO. You will gain experience of managing innovation in an organization and the trade-offs between different types of innovation.

Clash of Two Giants: Competing in the Age of Platforms

Many markets are organized around platforms that connect consumers with complementary applications and services. These platforms are two-sided because both sides—consumers and complementors (those providing complementary applications or services)—need access to the same platform to interact. In this simulation exercise, you will have the opportunity to develop your skills in managing a platform firm. You will be the owner of one of two competing platforms and each team will be responsible for designing the platform's pricing strategies and R&D strategies.

Back Bay Battery

You will form part of the management team of a battery manufacturer. You will be responsible for determining the appropriate level and timing of R&D expenditures for both the existing Absorbed Glass Mat (AGM) technology and a new supercapacitor capacitor (SC) energy storage technology. To be successful, you will need to formulate a comprehensive strategy and then adapt it as you adjust to the dynamic marketplace. You will need to identify the most critical pieces of data for analysis and make decisions in an uncertain environment.

Individual assignment

The final component of the evaluation is a written report where you are tasked with evaluating the innovation strategy of a firm using the concepts covered in the course. You have full freedom to select the firm of your choice – you may, for example, chose a firm that you work for, or are hoping to work for in the future. Reports are to be no more than 5-6 pages long (single spaced, size 11 font), with up to 5 pages of appendices. Detailed instructions will be posted on Canvas.

LEARNING MATERIALS

Required:

There is no required textbook for the course, but there are the following required readings:

- 1.) "Ingvar Kamprad and Ikea", HBS Case 9-390-132
- 2.) "Icebreaker: The China Decision", HBS Case 9-806-195

- 3.) "Linear Air: Creating the Air Taxi Industry", HBS Case 9-808-107
- 4.) "Killing Craigslist: Entrepreneurship in the Online Apartment Rental Market" HBS Case 9-912-009
- 5.) "Technology Strategy for Managers and Entrepreneurs" by Scott Shane – Chapters 2 and 10 (p16-28, 37-42)
- 6.) "The Legal Protection of Intellectual Property" Chapter 6 from *New Business Ventures and the Entrepreneur* by Roberts, Stevenson, Sahlman, Marshall and Hamermesh

The cases (readings 1-4) will be available as part of the course package. Readings 5 & 6 will be available on Canvas.




The course package will also include access to the simulations. A link will be sent out to access the course package.

Estimated cost of required materials: \$100

Additional materials recommended but not required: n/a

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, we will touch on topics that relate to the following goals:

<p>Goal 8: Decent Work and Economic Growth</p> 	<p><i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i></p> <p>In this course we will be focusing on small and medium businesses who are instrumental for economic growth and job creation. Entrepreneurship, the subject of Parts 1-3 in the course, is an important source of meaningful work. In Parts 4 and 5 we will explore creativity and innovation, which are key drivers of economic growth in our knowledge-based economy.</p>
<p>Goal 9: Industry, Innovation and Infrastructure</p> 	<p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i></p> <p>Innovation is a key theme throughout the course. We will learn how innovation-driven enterprises often require the development of an ecosystem of complementary products and services; and common resilient infrastructure. We will see how factors such as access to transportation, micro-finance, access to credit, small-scale industry support, research and technology, entrepreneurship, access to technology, are important in order to achieve sustainable industrialization and to foster innovation.</p>
<p>Goal 17: Partnerships for the goals</p> 	<p><i>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</i></p> <p>In Parts 4-6 of the course, we will explore how considerations of technology, cooperation, collaboration and partnerships are all important in innovation. We will also examine the factors that affect the decision of entrepreneurial firms to collaborate or compete with incumbent firms.</p>

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to

access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

Generative AI Permitted Where Specified With Attribution

For this course, students may use generative artificial intelligence (AI), including ChatGPT, for specific assessments or coursework. In these cases of permitted use, students must disclose any use of AI-generated material. At a minimum, this will include proper attribution, including in-text citations, quotations and references. Please see your assessment guidelines for full details.

Failure to fully declare the use of AI will be considered "unauthorized" (See 3.b of the [Vancouver Academic Calendar](#)).

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Audio or video recording of classes are not permitted without the prior consent of the instructor.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəḷəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation)

Date	Subject areas	Case Analysis / Project	Experiential component
Monday March 11th	Lecture 1 - Introduction. Economic concepts. Opportunity recognition and idea generation. Types of innovation.	Ingvar Kamprad and Ikea	New Venture Simulation: The Food Truck Challenge
Monday March 18th	Lecture 2 - Innovation in entrepreneurial firms. Developing resources and capabilities.	Icebreaker: The China Decision	Crossing the Chasm simulation
Monday March 25th	Lecture 3 – Innovation strategy: First mover advantage, collaboration and non-legal methods of protecting innovation	Linear Air: Creating the Air Taxi Industry	Breaking News simulation
Monday April 1st	Lecture 4 - Protecting innovation: Intellectual property	Killing Craigslist: Entrepreneurship in the Online Apartment Rental Market	Two Giants simulation
Monday April 8th	Lecture 5 - Industry and technological evolution. Disruptive innovation.	Final assignment	Back Bay Battery simulation