
BASM580A: Economics and Strategy of Innovation
Program: Full-time/Professional MBA
Course Outline

COURSE INFORMATION

Instructor: Dr. Steven Minns

Term/period: Period 3 (Jan-Feb), 2019

Division: Strategy and Business Economics

Office: HA270

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Classroom: HA133

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Class meeting times: Mondays 6.00-9.30pm

Course website: canvas.ubc.ca

Office Hours: By appointment

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 other experiential learning methods such as simulations and guest lectures.

COURSE GOALS

To develop understanding of the main economic principles and strategy concepts that lead to successful innovation.

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.
- Develop techniques that help idea generation and opportunity recognition.
- 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.

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ASSESSMENT SUMMARY

Case Memos	25%
Simulations	15%
Class participation	15%
Individual assignment	45%

COURSE MATERIALS & REQUIREMENTS

Reading Materials: There is no required textbook for the course, but there are required readings which are listed at the end of the course outline under 'Course Resources and Readings'. Some of the materials (the cases) must be purchased through the Ivey Publishing website as a course package and the other materials are available on Canvas.

ASSESSMENT DETAILS

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. The use of electronic devices (including laptops) is not permitted in accordance with RHL policy. Please ensure that you have a name "tent" visible at all times to help me to get to know you.

CASE MEMOS

There will be a total of 5 case studies (one per week), worth 5% each. 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 and should be uploaded on to Canvas before class. The cases are as follows:

- 1.) "Ingvar Kamprad and Ikea", HBS Case 9-390-132
- 2.) "Linear Air" Creating the Air Taxi Industry" HBS Case 9-808-107
- 3.) "Icebreaker: The China Decision", HBS Case 9-806-195
- 4.) "Killing Craigslist: Entrepreneurship in the Online Apartment Rental Market" HBS Case 9-912-009
- 5.) "Bang & Olufsen: Design Driven Innovation", HBS Case 9-607-016

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SIMULATIONS

During the course you will be participating in three strategic innovation simulations, developed by Harvard Business School: Back Bay Battery, Crossing the Chasm and Breaking News. You will do the simulations in groups. For each simulation, one member of the group will be responsible for registering on the Harvard Business Publishing website and inputting the decisions made by the group. There is a \$15 fee for each simulation that will need to be shared between the members of the group. I will send URL links in due course which will enable access. Performance in each simulation is worth 5% of the final grade (i.e. 15% total).

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.

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 experience the challenges of taking a disruptive innovation from initial success with early adopters to widespread adoption by the mainstream market.

Back Bay Battery

You will form part of the management team of a nickel metal hydride (NiMH) battery manufacturer. You will be responsible for determining the appropriate level and timing of R&D expenditures for both the existing NiMH technology and a new ultracapacitor 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 4 pages of appendices. Detailed instructions will be posted on Canvas.

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SCHEDULE

Date	Subject areas	Case Analysis	Experiential component
Thursday January 3rd	Lecture 1 - Introduction. Opportunity recognition and idea generation. Types of innovation.	Ingvar Kamprad and Ikea	Breaking News simulation
Monday January 7th	Lecture 2 - Innovation in entrepreneurial firms. Developing resources and capabilities. Continuous innovation.	Linear Air - Creating the Air Taxi Industry	Guest Lecture
Monday January 14th	Lecture 3 - Protecting innovation. Intellectual property and non-legal methods of protecting innovation	Icebreaker: The China Decision	Crossing the Chasm simulation
Monday January 21st	Lecture 4 - Disruptive innovation. Industry and technological evolution.	Killing Craigslist: Entrepreneurship in the Online Apartment Rental Market	Back Bay Battery simulation
Monday January 28th	Lecture 5 - Innovation in established firms	Bang & Olufsen: Design Driven Innovation	Guest Lecture

COURSE RESOURCES AND READINGS

There is a required reading package that contains all cases and readings for this course. The package contains the following readings

- 1.) "Ingvar Kamprad and Ikea", HBS Case 9-390-132
- 2.) "Linear Air - Creating the Air Taxi Industry" HBS Case 9-808-107
- 3.) "Icebreaker: The China Decision", HBS Case 9-806-195
- 4.) "Killing Craigslist: Entrepreneurship in the Online Apartment Rental Market" HBS Case 9-912-009
- 5.) "Bang & Olufsen: Design Driven Innovation", HBS Case 9-607-016
- 6.) "Technology Strategy for Managers and Entrepreneurs" by Scott Shane – Chapters 2 and 10 (p16-28, 37-42)
- 7.) "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 1-5) will be available on the Ivey Publishing web-site (link provided by email). Readings 6 & 7 will be available on Canvas.