

**BA in Management Program
Spring 2021
MGMT413 – Strategic Innovation**

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Office Hours: Every Friday 10:00-13:00 on Skype (use the e-mail address above)

Type	Time	Days	Where
Case Study	13:40 - 14:30	Monday	Zoom (link)
Class	11:40 – 13:30	Wednesday	Zoom (link)

Course Objective:

This course aims to help students develop an understanding of the dynamics of innovation and focus on successful strategies to manage the challenges posed by these dynamics. We will review the unique characteristics of industries characterized by frequent innovation and explore how these industries' strategies are (or are not) different from other contexts. We will also focus on the process of managing innovation, both internally and externally. This course is suited for students aspiring to become entrepreneurs, general managers or consultants to general managers who are faced with situations in which innovation in new products, services and technologies is important.

Learning Outcomes:

Upon successful completion of this course, the student should be able to:

1. Distinguish between different types of innovations
2. Describe the typical temporal Dynamics of innovation-based industries
3. Understand the implications of digitization for firm strategy
4. Explain the difference between value creation and value capture in innovation
5. Describe typical sources of innovation
6. Generate a balanced innovation portfolio
7. Classify product attributes for innovative products and services
8. Understand the role of social network for innovation

Grading:

Attendance	5%
Participation	10%
Weekly assignments	30%
Group project	25%
Final exam	30%
Bonus	10%

Requirements:

Attendance (5%): The instructor will measure attendance using online tools, and the attendance score constitutes %5 of your overall grade. You are not counted as present if you join the session 10 minutes late or leave early.

Participation (10%): Participation refers to actual contribution to the learning in the session. Inputs to discussions, asking smart questions, comments, and responses to questions by the instructor and reactions to your classmates' arguments are examples of participation. Reading the required material for the week and thinking on the topic before coming to class is essential for high-quality participation. Sitting silent all term long will lead to zero points on your participation grade, even if you attend all classes.

Weekly Assignments (30%): You will work as a group on weekly assignments. Teams will be chosen randomly by the professor and will not be subject to any changes. The group project is intended to have you apply the concepts we learnt in class.

At the end of each Wednesday session, you will receive detailed instructions on what is expected for that week. You will likely receive 2-3 questions on that week's case, asking you to apply one or more of the concepts that are covered in class that week.

Case assignment will be due at 08:00 on each Monday. Late assignments will not be accepted. The assignment will require you to express your analysis and opinion on the assigned case by answering the questions that will be posted. Submissions could be in a report or presentation format, as you see fit. There are no minimum or maximum length requirements. If you use any data, graphs or quotes, you must give references to your sources. Failing to do so will cause you to lose points.

Group Project (25%): The project will be conducted in teams, and will require you to identify a Turkish company that has come up with an innovation. The innovation in question can be a new product, a new process, application of an existing product in a new market or for a new need, or a substantial improvement on an existing product. You will need to collect information on the following:

1. What is the innovation in question?
2. How did the company come up with this innovation?
3. How do they protect the innovation from imitation?
4. How does the innovation fit with the rest of their portfolio (if they have other products)?
5. What is the market need for this innovation?
6. What are their implementation challenges?

This might require collecting information about the company from the press, as well as interviewing company executives, employees, and customers. You will then need to critically assess this company's innovation strategy using the frameworks and theories that we will discuss in class. You will complete your project by answering the following question:

7. What are your recommendations for the company to profit from this innovation? How can they overcome their implementation challenges?

I am happy to help you find a company with whom you can conduct this project.

All projects will be presented in class, and the class will be welcome to ask questions.

Peer Evaluation in Group Project

For both the weekly assignments and the group project, you will be graded first at the group level, then at the individual level. In other words, every member of the team will receive a base point, which will then be adjusted based on the Peer Evaluations. The assessment of your efforts by your teammates is important and it might create sizable differences between scores within teams. Any updates or additional guidelines on the team project will be uploaded to SUCourse.

Students will be asked to provide an evaluation of the members of their team for their team project. Each student will divide 100 points between the members of her team, including herself. This division should reflect that person's judgment of the contribution of the members of her team. The scores should not be merely functions of time spent by each member, but they should be measures of the "contribution;" their relative contribution to the idea generation, research, analysis, writing, oral presentation, report writing, etc. If the team was highly functional and each member did what they committed themselves to, the student can assign the same mark to each team member. If, on the other hand, some team members did not fulfill their commitments and did not contribute as much as the others, then those members might receive lower grades.

The instructor will aggregate the points submitted by all members of the team. Every student will be given his/her aggregate peer evaluation, without disclosing the individual peer evaluations to the students. In case there is no consensus among the team, for example, if three students divide the marks evenly and the fourth one divides them unevenly, the instructor will use his/her judgment to assign peer evaluation marks--possibly after meeting with the members of the team. In cases where there are conflicting marks, it is most likely that the instructor will meet with the team members and provide a mark based on an interview. For example, in a group of four, if Students A and B believe they did most of the work, and Students C and D believe otherwise, the team may be called in for an interview in order to be fair to everyone. The peer evaluation will have a direct impact on your team project grade. To give a simple example, if the group mark is 25 out of 30, and if your peer evaluation indicates that your contribution was less than what was expected, then your team project mark will be less than 25 out of 30.

Final exam (30%): The final exam will cover all term's content. The lecture slides are considered part of the course content, including the content in the slides that may be coming from resources other than your required readings. There will be both multiple choice and essay type questions in the exams, some of which will evaluate your critical thinking on the topics as well as your capability to apply them on real cases. A make-up for the final exam will only be possible if you have a valid health report.

Bonus 10%: TBD

Academic Honesty:

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, you should only represent your work as yours as a matter of personal integrity. Any work submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. The student must properly cite everything they borrow from books, articles, or web sites (including those in the syllabus). Although you are encouraged to discuss your ideas with others (including your friends in the class), you mustn't share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one's paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that can result in an F grade and disciplinary action.

Classroom policies and conduct

Sabancı BA in Management Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

- Come prepared to make helpful comments and ask questions that facilitate your own understanding and your classmates.
- Listen to the person who has the floor.
- Join the session on time.

Course Material:

The required readings and case studies will be posted on SUCourse before each class.

If there is a case assigned for the session, you are expected to fully read the case before the session, so that you can join the discussion. You can prepare for the case discussion as a group. I can use contents and examples from other sources in the course slides as well, which also count as course material.

Recommended Reading:

Strategic Management of Technological Innovation, Schilling, Melissa, McGraw-Hill Education

List of Cases and Exercises

Please carefully go over the list of classroom materials below. *Every student must to read the cases in full to prepare for the debate in class.*

Week 1	Course Overview
Case:	
Study Questions:	
Week 2	Technological Evolution
Case:	Time Marches On
Study Questions:	<ol style="list-style-type: none">1. Why did the Swiss emerge as the European leader by the late 1800s and worldwide by the 1930s? Why them, as opposed to some other more economically significant country?2. What led to the Japanese and Hong Kong producers becoming the worldwide volume champions?3. Given where the worldwide watch industry was by the end of the case, where do you think it is headed? Why?
Week 3	Why do winners become losers and vice versa?
Case:	Kodak and the Digital Revolution
Study Questions:	<ol style="list-style-type: none">1. Evaluate Kodak's strategy in the traditional photography. Why has the company been successful throughout the history of the industry?2. Evaluate Kodak's response to Sony's introduction of the Mavica in 1981. Was it appropriate?3. What is Kodak's current position in digital imaging? Would Kodak's position be different had the company adopted a different imaging strategy in the 80s and the 90s? Evaluate Kodak's strategy from the mid-80s onward.
Week 4	Network Effects and Firm Strategies
Case:	Microsoft's Search
Study Questions:	<ol style="list-style-type: none">1. How has Microsoft responded to competitive threats and opportunities in the past? What patterns do you see?2. How considerable was Microsoft's competitive disadvantage in Internet search and search-related advertising in 2008? If the industry remains on its current trajectory, how will Microsoft's weakness evolve over time?3. Why is Microsoft pursuing the market for search and search-related advertising?4. What integrated strategic option should Microsoft's executives pursue?
Week 5	Who Innovates? Who wins?
Case:	EMI and the CT Scanner (A)
Study Questions:	<ol style="list-style-type: none">1. What predictions can you make about industry and competitive developments as of 1972?2. Should EMI enter this business? Why, why not?3. How would you implement your recommendation?

Week 6	Where does Innovation Come From? Internal Sources and Creativity
Case:	IDEO
Study Questions:	<ol style="list-style-type: none"> 1. How would you characterize IDEO's process, organization, culture, and management? 2. Should IDEO accept the Visor project? Should they try to persuade Handspring's management to give the project more time? Or should they simply decline the project?
Week 7	Where does Innovation Come From? External Sources
Case:	Threadless
Study Questions:	<ol style="list-style-type: none"> 1. What are the similarities and differences between a community-driven product development process and a traditional product development process within a firm? 2. What are the barriers to entry for this kind of business? 3. In what other areas might this model work? How might you leverage or exploit this model for innovation and product development in your business? 4. What should be Threadless' response to the offer from Large Retailer?
Week 8	Innovation Strategy 1
Case:	EMI and the CT Scanner (B)
Study Questions:	<ol style="list-style-type: none"> 1. How well is the company doing as of 1976? 2. What is your evaluation of their performance to date? 3. What should Dr. Powell do now?
Week 9	Group Project Presentations
Case:	
Study Questions:	
Week 10	Innovation Strategy 2
Case:	Le Petit Chef
Study Questions:	<ol style="list-style-type: none"> 1. What should Gagne do? Specifically, which projects should she fund and why? How should she handle the executive meeting? 2. What factors explain Le Petit Chef's poor performance? What actions would you recommend to remedy the situation?
Week 11	Innovation and the Market
Case:	Eli Lilly and Company: Innovation in Diabetes Care
Study Questions:	<ol style="list-style-type: none"> 1. Going back in history, what mistakes did Lilly make in its product development efforts? 2. Why were those mistakes made? 3. As you analyze what lessons Lilly needs to have learned from its past experiences, apply those lessons to the innovation projects on Larry Ellingson's current agenda. Is he pursuing the right opportunities? What should he do to ensure the success of these efforts?

Week 12 **Managing Innovation: Social Networks**

Case: **Jerry Sanders**

- Study Questions:
1. What did Sanders try to achieve?
 2. What was his strategy for building a network of relationships?
 3. Would his strategies and tactics be likely to prove successful in the future, or should he consider adapting his approach? If yes, in what why?

Week 13 **Protecting Innovation**

Case: **The LEGO Group: Publish or Protect?**

- Study Questions:
1. How much know-how should LEGO Group share its tools suppliers? How practical is it in reality to prevent spillovers?
 2. How much of LEGO Group's process innovations are actually detectable? In other words, when looking at the product, do you think you would be able to see how they made it?
 3. What is your recommendation about what to do about how they should drive their molding platform and protect it?

Week 14 **Case Study**

Case: **Strategic Innovation Simulation: Back Bay Battery**

Study Questions:

Course Web:**1. SUCourse**

Lecture slides will be uploaded to SUCourse after each class.

Detailed information on your assignments will also be announced on SUCourse. The students should upload their homework using SUCourse as word files or ppt files depending on the content.

Sabancı University uses a powerful web-based tool called Turnitin. Turnitin is the worldwide standard in online plagiarism prevention. It allows instructors to compare student papers against a database composed of millions of articles. *Every paper you submit will be scanned by Turnitin, and results will be reflected in your grades.*

2. Slack

We will be using a Slack channel to communicate on daily discussions related to the course. I recommend you all join the channel to post questions you might have about the course, share links to interesting recourses, and engage with your classmates.

You may use [this link](#) to join the channel.

Instructional Design:

The course will be taught online with an interactive and experiential approach using a variety of tools and methods. We will have:

- Guest speakers
- Case discussions
- Hands-on team project
- Group presentations

See the content for each session in the course schedule at the end of this document.

Course Schedule:

Week 1	Introduction
Content	Reading: Gladwell, M. The Creation Myth. The New Yorker, May 16, 2011
Week 2	Technological Evolution
Content	Case: Time Marches on: Worldwide Watch Industry (HBS TB0121-PDF-ENG) Reading: Christensen, Clayton M., Bower, Joseph L. and Christensen, Clayton M. 1995. 'Disruptive Technologies: Catching the Wave" Harvard Business Review Jan/Feb95, Vol. 73 Issue 1, p43-53
Week 3	Why do winners become losers, and vice versa?
Content	Case: Kodak and the Digital Revolution Reading: Gilbert, C. & Bower, J. 2002. Disruptive Change: When trying harder is part of the problem. Harvard Business Review R0205G
Week 4	Network Effects and Firm Strategies
Content	Case: Microsoft's Search Reading: Eisenmann, T., Parker, G., van Alstyne, M. 2006. Strategies for Two-Sided Markets. Harvard Business Review
Deliverable	Submit your company and innovation choice for the final project. Write a short description of the company, their innovation, your sources of information.
Week 5	Who Innovates? Who wins?
Content	Case: EMI and the CT Scanner (A) Reading: Pisano, G., Teece, D.J. 2007. How to Capture Value from Innovation: Shaping Intellectual Property and Industry Architecture, California Management Review 50(1) Fall2007, Vol. 50 Issue 1, p278-296
Week 6	Where does Innovation Come From? Internal Sources and Creativity
Content	Case: IDEO Product Design Reading: Thomke, S. 2001. Enlightened Experimentation: The New Imperative for Innovation, Harvard Business Review, Feb2001, Vol. 79 Issue 2, p67-75 Kelley & Kelley, Reclaim Your Creative Confidence. HBR Dec. 2012 Vol. 90 Issue 12 p. 115
Deliverable	Please provide an update of your Project. What analyses have you completed so far? What is your plan for the rest of the semester?

Week 7	Where does Innovation Come From? External Sources
Content	Case: Threadless – Multimedia Case Reading: Boudreau, K. & Lakhani, K. Using the Crowd as an Innovation Partner. Harvard Business Review, Apr 2013, Vol. 91 Issue 4, p60
Week 8	Innovation Strategy 1
Content	Case: EMI and the CT Scanner (B) Reading: Tellis and Golder: "First to Market, First to Fail"
Week 9	Group Project Presentations
Content	
Week 10	Innovation Strategy 2
Content	Case: Le Petit Chef Reading: Wheelwright, S. C. and Clark, K. B. 1992. Creating Project Plans to Focus Product Development. Harvard Business Review, Mar/Apr92, Vol. 70 Issue 2, p70-8.
Week 11	Innovation and the Market
Content	Case: Eli Lilly and Company: Innovation in Diabetes Care Reading: McMillan, I. C. and McGrath, R. G. 1996 Discover your products' hidden potential, Harvard Business Review, May/Jun96, Vol. 74 Issue 3, p58-73
Week 12	Managing Innovation: Social Networks
Content	Case: Jerry Sanders Reading: Fleming, L. Breakthroughs and the Long Tail of Innovation. MIT Sloan Management Review, 49(1): 68-74.
Week 13	Protecting Innovation
Content	Case: The LEGO Group: Publish or Protect?
Week 14	Case study
Content	Case: Strategic Innovation Simulation: Back Bay Battery. This is a computer based simulation. You will be required to run a company called "Back Bay Battery". Please read the provided note, complete the assignment before class, and be prepared to work in teams (to be decided in class).