

THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA
MGMT 802: INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT
FALL 2002, QUARTER II

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Today's world is one of rapid change -- technological, social, economic and political. Organizations, large or small, must respond to these changes in order to survive. The most successful organizations, however, are those that exploit and even create change.

This core bracket course will expose you to a mix of approaches and techniques that promote innovative thinking and entrepreneurial behavior in organizations. The first half of the course examines how patterns of change in technologies and industries create both opportunities and threats for existing firms and entrepreneurs. Theoretical models and actual examples emphasize how technological and organizational systems are key components of an "entrepreneurial mindset". The second half of the course focuses on tactics and strategies that encourage innovation and entrepreneurship within (and between) organizations. Cases and articles highlight critical success factors for both new and established firms, and also how interorganizational activities shape markets and opportunities. Two guest speakers will visit to supplement our discussion and to promote interaction with practicing managers.

MATERIALS:

Bulkpacks containing the assigned readings are available through Wharton Reprographics. Copies of overhead transparencies to facilitate note-taking are available on webCafe. If you prefer, the full set of overhead transparencies may be purchased from Reprographics as well. In either case, please bring your own copies of the overhead transparencies to class as they will not be distributed during class sessions. The syllabus, including the final project assignment, is also posted on webCafe. During the quarter, I may also use webCafe to post copies of exemplary assignments and other materials of interest. Finally, if additional materials are distributed in class, you may find a nominal charge on your bursar bill at the end of the semester.

GRADING:

Class participation	30%
“Weekly” reaction papers (5)	30%
Final project	40%

Class participation is an integral component of your learning experience as well as your grade. Your class participation score will be based on my assessment of the quality of your comments in class and the consistency of your attendance. To help me learn your name more quickly, please use a tent card in class. Since class discussion will revolve around the readings and cases, preparation is essential. Specific questions that will guide your reading and help your preparation for each session are included in the syllabus.

You are required to submit five reaction papers. These papers should be limited to 600 words maximum. In these papers, your job is to react to the conceptual paper for the day (this paper is marked by the word “concept” in the syllabus). Tell me what you think is the greatest strength of the conceptual paper, what is the biggest weakness of the paper, and why. The “why” part can be addressed in a variety of ways – by applying the conceptual ideas to the case materials for the day, by comparing the conceptual ideas to others from our earlier classes or any other sources or examples you are familiar with. Be creative! Since the purpose of the critique is to invigorate your thinking in preparation for class discussion, these critiques must be submitted before **11 am** on the day of class in order for you to receive credit for your work. **Submit all work electronically to mgmt802@management.wharton.upenn.edu. You should include your work both in the body of the e-mail message AND as an attachment. The subject header should begin with your last name and follow with the name(s) of the author(s) of the conceptual paper. (Example: Harker – Nadler and Tushman reaction paper.)** The five classes for which you submit reaction papers are up to you – reaction paper opportunities are available for every class save the first and last. Reaction papers are graded by a check or a check-plus, where a check indicates an adequate response, and a check-plus indicates an above-average response. Most papers receive checks. Typically, above-average responses go beyond simply describing the concepts and examples from the day’s readings, and demonstrate the author’s ability to make broader connections and synthesize new ideas, without exceeding the word limit. If you would like to peruse your reaction paper scores in spreadsheet format, please submit a 4-digit code along with any assignment. (This code will stay the same for you for all assignments.) Scores will be posted on webCafe along with your code. Finally, please note that it is not possible for me to give you explicit feedback on these assignments. A check denotes that it was fine, and a check-plus indicates that it was quite fine. Some exemplary responses will be posted on webCafe for your perusal after the assignments are completed and graded.

The final project deliverable is a 1700-word paper. You must work individually and analyze how concepts and examples covered in class relate to your previous work experience. There is also a case that you may analyze instead of your own work experience if you so prefer. A copy of the assignment is included in this document. Papers are due in two forms -- electronically to the mailbox and hard copy to me -- on **December 18 by 4 p.m.** Late work will not be accepted.

MGMT 802

INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT

Project (40 points)

This project is an opportunity for you to examine your past work experience and to apply the concepts presented in class to analyze innovative and entrepreneurial behavior (or the lack of it). You also have the option to examine these same issues for the TBD case, rather than your own work experience, should you prefer.

Your assignment is to perform an "innovation audit" for your supervisor (or, if you choose the case, for TBD). Examine the factors that promote (or hinder) innovation in his/her area and recommend actions to your supervisor that will encourage more entrepreneurial behavior. You will find your job less complex if you focus on one particular product or service, and perhaps even one particularly successful (or disastrous) attempt at innovation.

The project will be graded on five criteria. First, how well do you **integrate concepts** (e.g., dominant designs, disruptive innovations, congruence, technological communities, networks, etc.) into your analysis? Second, are you able to **make comparisons** with other examples, such as the cases we've discussed in class? Third, is your work **expressed clearly**, or is it difficult to follow? Fourth, is your analysis **insightful**? Does it go beyond simply describing what happened and speculate on why it happened? Finally, how **relevant and useful** are your recommendations?

Write-ups must be limited to 1700 words (excluding figures, tables, and appendices). One of the biggest challenges of the assignment is to determine how to present relevant material about your company's technology, organization, and markets without losing the space you need for analysis. Points will be deducted from write-ups that exceed this limit.

While some students may wish to limit their efforts to personal reflection about a past work experience, the use of other sources (such as company employees or magazine articles) is likely to enhance your final product. Projects are due by 4 p.m. on December 18. **Please submit your work in two forms: A hard copy to my mailbox in the management department suite and an electronic copy to mgmt802@management.wharton.upenn.edu.** Late work will not be accepted.

MGMT 802 SYLLABUS

INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT

Professor Rosenkopf

Fall 2002, Quarter II

1) Oct 30. Innovation and Entrepreneurial Management In and Between Firms

- Business Week, "Contact-Lens Sellers Just Don't See Eye-to-Eye" (Handout)

2) Nov 4. Organizational Systems: Enabling or Constraining Entrepreneurial Behavior?

- Concept: Nadler and Tushman, "A Model for Diagnosing Organizational Behavior" (Bulkpack #1)
- Case: Compagnie Lyonnaise de Transport (A) (2)

** If your last name starts with A-G, consider Tuille's perspective. If your last name starts with H-P, consider LaCroix's perspective. If your last name starts with Q-Z, consider Roux's perspective. What does your character think should be done about the MTC? Be prepared to take your character's role in class.*

** Now consider Tremblay's perspective. How does he feel about the MTC? What might he recommend to LaCroix?*

3) Nov 6. Technology Cycles

- Concept: Cooper and Smith, "How Established Firms Respond to Threatening Technologies" (3)
- Case: Smith, "The Bell-Western Union Patent Agreement of 1879: A Study in Corporate Imagination" (4)

** How did telephone technology and its market opportunities evolve in the late 1800s?*

** Would you consider the telephone a "competence-enhancing" or "competence-destroying" technology for Western Union at this time?*

4) Nov 11. Innovation Cascades through Technological and Organizational Systems

- Concept: Bower and Christensen, "Disruptive Technologies: Catching the Wave" (5)
- Case: "Hattori-Seiko and the World Watch Industry" (6)

** Why did the Swiss succeed in being global leaders? How did they sustain their position so long (Swiss share 80% in the late 1940s!)?*

** What capabilities did Timex and Bulova develop to become world volume and revenue leaders? What kept the Swiss from developing these capabilities?*

** Likewise, why did Hattori-Seiko succeed Timex and Bulova as industry leader?*

5) Nov 13. Beyond the Startup: Growth and Transformation

GUEST: Mr. David Reim, WG '90
President and Founder
SimStar Internet Solutions, Princeton NJ

- Concept: Brown and Eisenhardt, "Playing the Improvisational Edge" (7)
- Case: "SimStar Internet Solutions" (8)

* *Which decisions had the greatest effects on SimStar's performance?*

* *What would you recommend to Reim as of mid-2000? Come to class prepared to make several recommendations directly to Reim.*

6) Nov 18. Do Vision and Culture Matter for Entrepreneurial Management?

- Concept: Collins and Porras, "Building Your Company's Vision" (9)
- Case: "The Body Shop International" (10)
- Case addendum: Fortune, "Can The Body Shop Shape Up?" (11)

* *Identify the resources and competencies that led to the Body Shop's growth.*

* *What are the Roddicks' 'Big Hairy Audacious Goals'?*

7) Nov 20. "Ambidextrous" Organizations and Continuous Renewal

- Concept: Tushman and O'Reilly, "Managing Innovation Streams in Ambidextrous Organizations" (12)
- Case: "Greeley Hard Copy, Personal Scanner Initiative (A) and (B)" (13)

* *Skim the (A) case. Why it is so challenging to manage Lobo and Zorro simultaneously? At the end of this portion of the case, several possible options of how Faraci might choose to handle Zorro are presented. What are the pros and cons of each?*

* *Read the Greeley Hard Copy (B) case. What are specific organizational arrangements and features that promote "ambidexterity" and why? If you were Faraci, what recommendation would you make to Stedman? Justify your position.*

8) Nov 25. Entrepreneurship through Business Development

GUEST: Mr. Terry Fadem
Formerly Director, New Business Development, DuPont
Currently Senior Fellow, Mack Center and Private Consultant

- Concept: Chesbrough & Teece, "When is Virtual Virtuous? Organizing for Innovation" (14)
- O'Brien and Fadem, "Identifying New Business Opportunities" (15)

9) Nov 27. NO CLASS – HAPPY THANKSGIVING!!!

10) Dec 2. Social Capital and Opportunity

- Concept: Financial Times (Burt), “The Social Capital of Entrepreneurial Managers” (16)
- Case: Jerry Sanders (17)
 - * *What was Sanders trying to accomplish?*
 - * *What strategies did he use to build his business? How effective was he?*
 - * *What was his strategy for building a network of relationships?*
 - * *Would his strategies and tactics be likely to prove successful in the future, or should he consider adapting his approach? If yes, in what way?*

11) Dec 4. Organizational Learning through Intra-firm Networks

- Concept: Leonard-Barton, “Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development” (18)
- Case: “Cultivating Capabilities to Innovate: Booz-Allen & Hamilton” (19)
 - * *What is your assessment of the methods Booz-Allen has employed to capture and deploy the learning and innovations that have been developed by prior teams? From your own experience, are there other ways of accomplishing this?*
 - * *Does Booz-Allen need to worry about “campaign selling” at all? Do they need to worry about not being perceived as a market leader in new service offerings? Is this likely to become a strategic problem?*
 - * *What do you recommend that Dickie and Varasano do? Come to class prepared to defend your viewpoint.*

12) Dec 9. Wrap-Up