



The Leon Recanati Graduate School of Business Administration

1231.3635 – Strategic Innovation

(Prerequisite: Strategic Management)

First Semester (First half) – 2022/2023

THE COURSE IS TAUGHT IN ENGLISH

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
01	Thursday	15:45 – 18:30	TBD	Dr. Uriel Stettner	urielste@tauex.tau.ac.il	03-6406330

Office Hours: By appointment

Important:

1. Class attendance is required and participation is expected.
2. This course will be taught in English. All class assignments must be submitted in English.
3. For each team-based assignment you will work with different, randomly assigned members.

Course Units

1 course unit = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

Creating businesses and capturing new markets occur through various types of innovation. New discoveries, new technologies, competition, and globalization compel firms to foster innovation and agility. Strategic innovation is associated with the reconceptualization of business models, the reshaping of existing markets and thereby changing the nature of competition. As the pattern of global economic growth has changed with the rapid development of high technology, firms are required to exhibit “fundamentally” new ideas and strategies based on the integration of R&D with other business activities. Therefore, innovation is a central element of competitive dynamics requiring firms to create new business models, utilize new value chain architectures, and engage or conceive new markets in attempt to create value for both the customer and the firm's stakeholders. Strategic innovation management concentrates on the entire business model and added value creation as a whole, far beyond focusing simply on technology improvement or new product development.

Course Objectives

Upon completion of the course, the student will be able to analyze business situations involving innovation in products, processes, and business models. This course focuses on how innovation can be formulated to gain sustainable competitive advantage and achieve superior firm performance. We will look into various frameworks designed to not only sustain or disrupt existing products, services, or business models, but also create wealth in uncontested markets by introducing novel solutions. We will cover innovations across a broad spectrum of business models, technology, and products. Some innovations start from the R&D lab with a solution and then look for applications for that solution; others start from the customer and the problem and work back to find the solution. Some innovations are disruptive whereas others are sustaining. We will compare and contrast disruptive innovation with sustaining innovation and discuss not only which is more effective, but also when each is more suitable in company life cycles. The concepts in Blue Ocean Strategy can be considered as another approach to operationalizing concepts of disruptive innovation, and we will spend time understanding this framework in the context of disruptive innovation. We will also look at how firms can seize the White Space, a concept similar to Blue Ocean strategies in which firms disengage from heavily competitive red oceans to seek new undeveloped markets. In fact, such markets may be situated beyond a firm's core competence.

Course Assignments

Attendance, reading material, and class participation: You are expected to read the material assigned for each class session, and to contribute regularly to class discussions.

Because of copyright agreements, students need to purchase the case study directly from Harvard Business School Publishing <http://hbsp.harvard.edu/> at a **cost of approximately \$30 US**. A link to my own account at HBS will be provided via the course Moodle website so you would be able to access the case studies easily and purchase them with a discount.

Final Exam: At the end of the course, you will be asked to take a final exam that will include the subjects covered in the class during the course. This is a closed exam. To do well on this exam, you will need to work systematically throughout the course; namely read all the reading material carefully, attend each class, and be highly familiar with the supporting material.

Evaluation of Student and Composition of Grade

Percentage	Assignment	Format	Comments
100%	Final Exam	Individual	Multiple-choice and/or open-ended questions covering all materials and cases.

* Students who absent themselves from classes or do not actively participate in class may be removed from the course at the discretion of the lecturer. (Students remain financially liable for the course even if they are removed.)

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, the final average grade for this course (which is an elective course) will be in the range 83-87%. Additional information regarding this policy can be found on the Faculty website.

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments and exams, at the end of the course as well. Course material will be available on the course site.

Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in examinations.

HOW TO CONTACT ME

Please contact me via e-mail. For any inquiry, please e-mail the instructor (the e-mail addresses are indicated above). On the message line, write "TAU-MBA-STRATEGIC INNOVATION # 1231.3635"

Course Outline (subject to change)

Week	Topic	Required Reading
1	Strategic innovation I	
2	Strategic innovation II	Case 1 (RoboTech) Case 2 (OurCrowd)
3	Disruptive vs. Sustaining Innovation	Case 3 (Dudley)
4	Blue ocean strategy, Value innovation	Case 4 (Tata)
5	Open-source business models, Intellectual property & Licensing models	Case 5 (Tessera)
6	Core Business, New Business and Diversification	Case 6 (KTM)
7	Case discussion & course conclusion	Case 7 (Merck)

Required Cases*

1. RoboTech: Storming into the U.S. Market Christopher A. Bartlett, Rachel Gordon, John Lafkas, 918501-PDF-ENG
2. OurCrowd: Growing a Crowdfunding Platform in a VC World KEL922-PDF-ENG
3. Dudley, Dentists and Design: A 3D Disruption Dilemma, W15233-PDF-ENG
4. Tata Nano The People's Car." Palepu, Krishna G., Bharat N. Anand, and Rachna Tahilyani. . HBS Case 710-420, April 2010. (Revised March 2011.)
5. Carrot or Stick? Getting Paid for Innovation at Tessera Technologies, Willy Shih, 610085-PDF-ENG
6. KTM-Ready to Race, Charlene Zietsma; Richard Wong; Rob Wong, 905M36-PDF-ENG
7. Merck & Co., Inc., Frank T. Rothaermel, MH0035-PDF-ENG

* Cases may be purchased (at a cost of approximately \$30 US) via link posted on Moodle

Recommended (optional) Reading

Books:

- Christensen, C. M. 1997. **The innovator's dilemma: when new technologies cause great firms to fail**. Harvard Business Press.
- Kim, W. C., & Mauborgne, R. 2004. **Blue ocean strategy**.
- Chesbrough, H. W. 2007. **Open business models: How to thrive in the new innovation landscape**. Harvard Business Press.
- Von Hippel, E. 2005. **Democratizing innovation**. The MIT Press.
- Hamel, G. 2002. **Leading the Revolution**, HBS Press Book
- Foster, R. & Kaplan, S. 2001. **Creative Destruction: from built to last to 'built to perform**, Prentice Hall 2001
- Johnson, M. 2010. **Seizing the White Space: Growth and renewal through business model innovation**. Harvard Business School Press, Boston. ISBN 978-1-4221-2481-9
- Marides, C. & Georoski, P. 2005. **Fast Second**, John Wiley & sons
- Osterwalder, A. and Y. Pigneur. 2010. **Business Model Generation**. John Wiley & Sons. Hoboken, NJ. ISBN 978-0470-87641-1
- Silverstein, D., Samuel, P., & DeCarlo, N. 2008. **The innovator's toolkit: 50+ techniques for predictable and sustainable organic growth**. Wiley.

Articles:

- Charitou, C & C Markides (2003) Responses to Disruptive Strategic Innovations. *Sloan Management Review* Winter 2003: 55-63
- Danneels, E. 2004. Disruptive technology reconsidered: A critique and research agenda. *Journal of Product Innovation Management*, 21(4): 246–258.
- Moore, G., **Darwin and the Demon**, Harvard Business Review 7-8/2004
- Schumpeter, J. **The Process of Creative Destruction**
- Marides, C. & Georoski, P., **Fast Second**, Harvard Business Review 1-2/2005
- McGrath, R. & MacMillan, I., **Market Busting**, Harvard Business Review 3/2005
- Kline, S. J., & Rosenberg, N. 1986. An overview of innovation. **The positive sum strategy: Harnessing technology for economic growth**, 275: 305.
- Von Hippel, E., & Von Krogh, G. 2003. Open source software and the “private-collective” innovation model: Issues for organization science. *Organization Science*, 14(2): 209–223.