

**USC Jimmy Iovine and Andre
Young Academy**

**Arts, Technology and the
Business of Innovation**

ACAD 182: Cases in Disruptive Innovation
Spring 2016: MW 2:00 – 3:40 pm
Location: SKS 404

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Course Introduction

Course description

This course introduces students to the theory and practice of innovation:

- Ideation
- Dynamics
- Execution
- Assessment

Students will learn to rapidly generate and evaluate their own innovations for viability and impact, framing them in an active marketplace of ideas.

This course teaches the skills and approaches of successful innovators in all environments – start-ups, non-profits, and large organizations. It operates like a scientific laboratory course, teaching students to rapidly iterate on generating, testing, and re-evaluating hypotheses in the context of a design process.

Course learning objectives

The course objectives focus on understanding the following:

- Ideation and strategy: Link ideation processes to classical business strategy and an understanding of financial operations to develop innovative business models.
- Dynamics and marketing: Conduct primary and secondary analysis on populations to differentiate between different adopter groups; initiate disruption in a target market.
- Execution of innovation: Organize a team to efficiently execute disruption; determine an efficient course of action based on analysis of markets that may not yet exist.
- Assessment of innovation: Link performance to valuation; analyze returns for all stakeholders.

In addition, you will learn the following skills:

Critical thinking: Create hypotheses, gather data through primary and secondary research sources, and draw conclusions in environments of high uncertainty

Collaboration: Share ideas and form group work products in impromptu and organized team environments without formal structure

Communicate effectively: Create and deliver concise, compelling oral and written presentations; convey the essence of the critical thinking process and defend conclusions rationally

Quantitative business analysis: Link abstract ideation and innovation management theory to standard financial metrics to assess both concept viability and actual performance.

Required reading materials

1. Readings from HBS Publishing, available at the following link:
<https://cb.hbsp.harvard.edu/cbmp/access/43446078>
2. The McGraw-Hill 36-Hour Course: Product Development, Andrea Belz

Prerequisites and/or recommended preparation

ACAD 181, Disruptive Innovation

University Guidelines

Add/Drop process

If you are absent six or more times prior to *April 8* (the last day to withdraw from a course with a grade of “W”), I may ask you to withdraw from the class by that date. These policies maintain professionalism and ensure a system that is fair to all students.

Retention of graded coursework

Graded work which affected the course grade will be retained for one year after the end of the course *if* the graded work has not been returned to the student (i.e., if I returned a graded paper to you, it is your responsibility to file it, not mine). Files submitted on Blackboard are archived there.

Technology policy

Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the respective professor and/or staff. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, PDAs, iPhones, Blackberries, other texting devices, laptops, iPods) must be completely turned off during class time unless otherwise specified. Upon request, you must comply and put your device on the table in off mode and FACE DOWN. You might also be asked to deposit your devices in a designated area in the classroom. Videotaping faculty lectures is not permitted due to copyright infringement regulations.

Statement for students with disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information visit www.usc.edu/disability.

Statement on academic integrity

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles. *SCampus*, the Student Guidebook, (www.usc.edu/scampus or <http://scampus.usc.edu>) contains the University Student Conduct Code (see University Governance, Section 11.00), while the recommended sanctions are located in Appendix A.

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC community and can lead to dismissal.

It is a violation of USC's Academic Integrity Policies to share course materials with others without permission from the instructor. ***No student may record any lecture, class discussion or meeting with me without my prior express written permission.*** The word "record" or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, PowerPoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and me.

Students are expected to be familiar with USC's Academic Integrity Policies (i.e., copying, fraudulent possession of an exam, plagiarism, submission of purchased papers, submitting the same assignment to more than one instructor) and be aware of recommended sanctions (i.e., F for the course, suspension or expulsion) associated with violating such policies. See Appendix A in the SCAMPUS Guidebook for more detail.

Class notes and recordings policy

Notes or recordings made by students based on a university class or lecture may only be made for purposes of individual or group study, or for other non-commercial purposes that reasonably arise from the student's membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. Actions in violation of this policy constitute a violation of the Student Conduct Code, and may subject an individual or entity to university discipline and/or legal proceedings.

Emergency preparedness/course continuity

In case of a declared emergency if travel to campus is not feasible, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies.

Please note that you should be using Blackboard regularly for this class anyway, but it is particularly critical in an emergency. USC's Blackboard learning management system and support information is available at blackboard.usc.edu.

Course Notes

Class experience

ACAD 182 is not a “spectator” sport, but is rather a combination laboratory and lecture course. We will use lecture, class exercises, case studies, individual and group projects, and guest lectures. You will learn tools to create and analyze potential opportunities, and you will apply these tools in class discussions. You will benefit the most from this class if you complete all the required readings and participate in class discussions.

To achieve these objectives through a stimulating and active learning experience, the course will be centered on discussion rather than on lectures. We will use a variety of methods including problem-solving class exercises, role-playing activities, individual and group projects, and guest lectures. Evaluation will focus on the use and application of content rather than the simple acquisition of content, emphasizing your ability to understand the “so what?” of new information.

Blackboard communication

Course communication will take place through announcements in class, emails, and on Blackboard (blackboard.usc.edu). All emails will go through Blackboard; therefore, it's imperative that you have a fully operational Blackboard account with a current and correct email address posted. You are responsible for regularly checking Blackboard for announcements and new materials as well as to deliver your assignments. Emails rejected because your account is full will not be re-sent.

Technology use

Laptops and cell phones are forbidden in class unless explicitly allowed (for instance, as a reference for a case activity). There is no point in attending a participation-intensive class if you are focused on another activity.

Flexibility in course plan

Because we invite community leaders as guest speakers, we sometimes are forced to adjust the course plan to accommodate their schedules. Please be flexible as my goal is to give you a highly experiential classroom. This course plan may be modified as the semester proceeds; I will give you ample warning and current information will be posted on Blackboard.

In addition, while the class is highly structured, I will modify the plan if necessary to accommodate student desires and backgrounds. Special projects are encouraged, upon approval. Your expectations are important!

Guests and invited speakers

From time to time we may have guests or invited speakers. You are expected to be prompt so you can greet them at the beginning of class.

Grading Policies

Introduction

Do not skip this section as the following guidelines apply to ALL assignments without exception. You will be penalized if you do not follow them.

Assignment submission policy

Assignments must be turned in by 10 am on the due date. They must be submitted electronically via Blackboard. Any assignment turned in late, even if by only a few minutes, will receive a grade deduction in the following way:

- First 24 hours after due date: 10% penalty
- 24-48 hours after due date: 20% penalty
- After 48 hours: No credit will be given

Additional notes:

- If your internet service breaks down on the due date, you must deliver a hard copy at the beginning of class on that day.
- If you are unable to attend class on that day, make arrangements for it to be delivered to the classroom by the start of class.
- You are certainly encouraged to submit files before the deadline. Please keep copies of all your files and emails until the end of the semester.
- No hard copies will be accepted. Ever!
- Late or not, you must complete all required assignments to pass this course.

Teams

By Wednesday, January 20, you must join a class team.

- Teams must consist of 3-4 people.
- One team member should email the roster to the TA by 5 pm on January 20 so we can configure Blackboard properly.
- If you do not have a team by 5 pm on January 20, email me and I will address this.
- No changes in team composition will be accepted after teams are formed. You are indeed stuck.
- I will begin posting rosters as teams form. Note your team number to make things easier for all of us.
- All teammates will receive the same grade on team submissions. You will have the opportunity to evaluate your teammates in a peer review process at the end of class.

Give a day, get a day

Because USC is a major leader in the entrepreneurial community of Southern California, you will be expected to provide a leadership role as well. We partner with the National Foundation for Teaching Entrepreneurship (NFTE). NFTE (<http://www.nfte.com/what/programs/greater-los-angeles>) always benefits from help for its programs.

If you would like an additional day to turn in an assignment, you may earn an extension by volunteering for NFTE. Team assignments are not eligible. Some opportunities will be available in class, but if you prefer to proceed independently, the process is:

- Email Nadia Shahin (Nadia.Shahin@nfte.com) to find an opportunity to serve.
- Perform your day of service.

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- When it is complete, email Nadia and copy me with an email thanking her for the opportunity to serve.
 - At this point you are eligible for your extra day for an assignment. When you submit the assignment, add this note on Blackboard: “Give a day credit for service on...” (insert date here).

TRYE (Trojans Reaching Young Entrepreneurs)

The students participating in NFTE programs are disadvantaged high school students interested in innovation. In one class, a select group will be invited to our class to see a college-level course in action. You are eligible for Give a Day/Get a Day credit if you participate in giving the students a tour on the day of the visit or otherwise hosting them. **You are expected to represent USC favorably when students visit.**

Evaluation of classroom participation

The attendance, participation, and in-class exercises portion of the grade is 200 points (10%) and is evaluated in a number of ways. Obviously, participation requires attendance. It is impossible to earn a participation grade if you are not in class. **Missing more than one class session during the semester will affect the participation grade.** You will have the opportunity to do an extra credit reading assignment to compensate for a missing class.

Attendance at all class sessions is critical to the participation component of the course and to learning in general as we will discuss material not found in any textbook; in addition, we will undertake a number of in-class exercises and strategy-building sessions that require your regular attendance. As part of the emphasis on successful teamwork, you will be evaluated on your ability to listen to and learn from others. Please arrive on time so as not to disturb the class, a guest speaker, or interrupt the professor. You will be asked to sign an attendance sheet for each class. It is your responsibility to remember to sign the sheet.

In order to give everyone a chance to participate, I use “cold call” techniques. You will get two free passes in the semester; if you are having a bad day, please let me know before class starts so we don’t make your bad day worse. Otherwise you are expected to be ready to discuss any of the readings or topics scheduled for the day.

English as a second language

If English is your second language, you are still expected to participate. We are here to learn from and teach one another, and thus your classmates who are native English speakers are expected to help create a friendly environment for you to practice your English skills.

Evaluation scheme

To achieve an A or A- in this class, you will need to go well beyond the minimum requirements as stated in the syllabus in terms of the quality of your work and your involvement in and contribution to the class. An A is a sign of superior work and, much like the efforts of innovators, reflects the fact that you stood out from the crowd. There is no hard curve for this course.

Assignment and Grading Detail

Assignment schedule

	Max # pages	Deadlines		Points		%
		Week	Date	Team	Individual	
E-Challenge I	3 (report) + 5 (deck)	4	Wed. 3-Feb	200		10.0
HBSP exam		6	Sun. 21-Feb		100	5.0
Company analysis	3	8	Wed. 2-Mar	250		12.5
E-Challenge II proposal	1	9	Wed. 9-Mar	0		0.0
Case I	3	12	Fri. 1-Apr	250		12.5
E-Challenge II	3 (report) + 5 (deck)	16	Wed. 27-Apr	300		15.0
Case II	3		Fri. 6-May		250	12.5
Peer review	Excel		Fri. 6-May		100	5.0
Journey review	2		Fri. 6-May		100	5.0
Final exam		Mon., 9-May 2-4 pm			250	12.5
Participation					200	10.0
Total				1,000	1,000	
Grand total				2,000		100%

Evaluation of your written work

You may regard each of your submissions as an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. You will have the grading rubric in advance to understand the assignment requirements. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you, write me a memo in which you request that I re-evaluate the assignment. Attach the original assignment to the memo and explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

HBSP Financial Accounting Introductory Course and Exam

ACAD 182 requires an understanding of fundamental accounting principles. The basic material is contained in the HBSP Case “Financial Accounting Online Course: Introductory Section.” You are expected to keep up with the topics as listed in the Course Plan. You should bring questions from the exercises to class and we will discuss them thoroughly.

You are required to earn a score of 75% on the final exam to pass ACAD 182. If you fail to do so on the first attempt, you will be required to complete a supplementary accounting exercise for no credit prior to taking the second final exam. Exam scores will be imported directly from the online course.

The estimated time to complete the course is a total of 20 hours.

Readings, classroom exercises, and the case method

This course uses the case method heavily in illustrating the key points in the class. You must download the separate Course Session Notes on Blackboard to be prepared adequately for class on the due dates listed in the Course Plan. On the day the readings will be discussed, please come to class prepared to contribute your analysis and insights on what you have read. This will contribute to the participation portion of your grade. There are no written assignments associated with the reading list. However, the readings will be discussed actively and in detail during class sessions, particularly in small groups. You will be expected to change groups over the course of the semester. Your participation evaluation also depends on your participation in these exercises. The reading list is:

Ideation

- *Financial Accounting Online Course: Introductory Section*, Paul M. Healy and David F. Hawkins, Harvard Business School Publishing (HBSP)
- *The Wright Brothers and Their Flying Machines*, Tom Nicholas and David Chen, HBSP
- *Competitive Advantage: The Value Chain and Your P&L--Applying Michael Porter's Value Chain Framework to Your Business*, Joan Magretta, HBSP
- *Rameco Distribution*, Elizabeth M.A. Grasby, Alexander A.J. Miller, HBSP
- *The Five Competitive Forces That Shape Strategy*, Michael Porter, HBSP

Dynamics

- *Lit Motors*, Thomas R. Eisenmann, Alex Godden, HBSP
- *RedBus: The Next Step for Growth*, Sandeep Goyal, Amit Kapoor, M. P. Jaiswal, HBSP
- *PanelPro*, Dan Dunn, HBSP

Execution

- *Team Wikispeed: Developing Hardware the Software Way*, Martin Kupp, Linus Dahlander, Eric Morrow
- *Lit Motors*
- *EverTrue: Mobile Technology Development (A)*, William R. Kerr, Alexis Brownell, HBSP

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- *Hiperbaric: B2B 2.0*, Pablo Foncillas, HBSP

Assessment

- *Just Us! Coffee Roasters Co-Op – Coffeehouse Division Marketing Plan*, Normand Turgeon, HBSP
- *Jonathan Miller: Custom Energy Bar Entrepreneur Pitches Sharks*, James Shein, Matt Bell, Scott T. Whitaker, HBSP
- *Dropbox: It Just Works*, Thomas R. Eisenmann, Michael Pao, Lauren Barley, HBSP
- *The Founder's Dilemma*, Noam Wasserman, HBSP
- *What The Bagel Man Saw*, Stephen J. Dubner and Steven D. Levitt, June 6, 2004, New York Times
- *Shutout Solutions*, Edward Gamble, Peter Moroz, Stewart Thornhill, HBSP

** Note: Your coursepack also includes Menotomy Home Health Services. This will be used for supplemental material if you do not pass the HBSP exam.

Assignment formats

- No hard copies will be accepted for any work. Submit everything on Blackboard.
- All submissions must be in PDF files. No other formats are accepted, including Word, Pages, OpenOffice, GoogleDoc, PowerPoint, Keynote, or others.
- Documents must be written in 12 pt Times New Roman or a similar font, with 1" margins, and single-spaced.
- All documents exceeding 1 page in length must have headers containing page numbers and the file name on all pages. Individual assignments should be labeled as follows: Yourlastname_assignmentname (i.e. Adams_Self-assessment).
- Team submissions should be labeled by the team number – i.e., Team5_Assignment.
- Blackboard should be configured such that one teammate submits the team submissions; please check your teammates' work.
- If you make an error and submit the wrong file, do not email it to me. The version on Blackboard is the final submission.
- I will post all responses to your assignments in Blackboard. It is highly encouraged that you review these before the end of the semester.

Special assignments

Most assignment descriptions are completed according to instructions in Blackboard, but a few assignments deserve special mention:

E-Challenge. You will operate in a team to identify, develop, and execute an entrepreneurial opportunity on two separate occasions. Each team may invest a total of \$50 per E-Challenge. Profits may be re-invested in the second E-Challenge. At the end of the semester, all profits are donated to the National Foundation for Teaching Entrepreneurship.

Peer review. This class is designed to enhance your collaboration skills. You will conduct several projects to be conducted in teams. At the end of the semester, you will have the

opportunity to review your teammates; your grade for this portion is the average of the grade your teammates assign you. A template and instructions will be given for this portion.

Course Plan

Week	Date	Book chap.	Case or article	HBSP	Innovation topic	Accounting topic	Project
Ideation: Strategies for Disruption							
1	1/11	1	Wright Brothers	Welcome to Financial Accounting	Risk: Linking technological and market disruption	Introduction to financial and managerial accounting	
	1/13		Competitive Advantage Rameco	Terms and Concepts, Accounting Records	Signals of financial disruption	Quantifying the impact of strategic alternatives	E-Challenge launch
2	1/18	MLK Day: No class					
	1/20	2	Five Competitive Forces	Income Statement: Layout, Concepts, Ratios	Disruption strategies	Financial statements and industry structure	Team rosters due
3	1/25	No class					
	1/27		Rameco	Balance Sheets	Monetization I	Double-entry bookkeeping	
4	2/1		Rameco	Income Statement: Link to Balance Sheet, Let's Get Going, Preparing for the Future	Time scales of disruption	Cash and accrual accounting	
	2/3		Rameco	Statements of Cash Flows	Monetization II	Income and cash flow forecasts	
5	2/8	E-Challenge presentations					
Diffusion: Initiating Disruption							
	2/10	3	Panel Pro		Researching disruption	Top-line growth	
6	2/15	Presidents' Day: No class					
	2/17	Accounting review (HBSP exam due on Sunday, Feb. 21)					
7	2/22	4,5	Lit Motors		Disruptive offerings, Protecting disruption	Pricing models, intangible assets	
	2/24		RedBus		Disruptive marketplaces	Marketplace models	

8	2/29		RedBus		Economies of scale vs. scope	Vetting growth options	
	3/2	Mid-term wrap-up					Company analysis
Execution: Delivering Disruption							
9	3/7	No class. Field research: E-Challenge II					
	3/9				E-Challenge II plan		E-Challenge II proposal
10	3/14	Spring break					
	3/16	Spring break					
11	3/21	7,8	Wikispeed		Organizing for disruption	Organizational impact on finance	
	3/23	9	Lit Motors III		Design for disruption	Design freeze	
12	3/28	10	EverTrue		Delivering on the promise	Make-or-buy	
	3/30	11	Hiperbaric		Investing to find early adopters	Bottoms-up forecasts and models	Case I
Assessment: Validation disruption							
13	4/4	Guest speaker: Shirin Laor-Raz Salemnia					
	4/6	E-Challenge II execution					
14	4/11		Just Us! Cafes		Social entrepreneurs	Triple bottom line	
	4/13		Dropbox Jonathan Miller		Valuing disruption	Corporate valuation	
15	4/18		Founder's Dilemma		Benefiting from disruption	Capitalization tables	
	4/20		What the Bagel Man Saw		Ethics		
16	4/25	Wrap-up: Class					
	4/27	E-Challenge II presentations					
17	Finals week						Case II Peer review Journey review Final exam