

Module 9 (Case: Lilium)

Disruptive Innovation & Value Networks

Please click on the following links to have direct access to the modules. Module 1 - Module 15 is

[M 1](#)

<https://canvas.vt.edu/courses/168287/pages/module-1>

[M 2](#)

<https://canvas.vt.edu/courses/168287/modules/358672>



Overview

Welcome to Module 9! This module will last from Monday, March 20 @ 12:01 AM to Sunday, March 26 @ 11:59 PM. In this module, we will be continuing our discussion of disruptive innovation. We will be shifting our focus in this unit to the strategies of new entrants (both established and startup companies moving into new market verticals). The key question we will tackle is why disruptive innovations, that focus on addressing the problems/needs of customers at the fringes of an industry are able to eventually move into the mainstream of the market? The answer to this question focuses on the role of value networks in enabling and constraining strategies of both incumbents and new entrants.

Still confused about disruptive innovations? Here's a short animated primer:

[Disruptive Innovation](#)  <https://www.youtube.com/watch?v=Cu6J6taqOSg>

Disruptive Innovation



Minimize Video

Value networks play a central role in organizing the actions of firms within a defined market space, encompassing the activities, cost structures, customer preferences, competitor actions, etc. In a sense, value networks are the organizing logic of an industry and reflect a common understanding of how "to do business." Disruptive innovations are "disruptive" because they change the underlying architecture of the industry and alter the way that firms "do business" in such a rapid or different way that established incumbents cannot adapt to the new logics. This inflexibility, which was perfectly rational under the old way of doing business, is what opens the door for new entrants to gain market share.

To gain market share requires the new entrant to move from the fringes of a market into the mainstream. New entrants are able to make these moves when they construct a new value network faster than incumbents can respond to the threat of disruptive innovations. But this requires new entrants to compensate for the inferiority of their products/services and value networks by leveraging innovation to create new sources of value for customers. Their success in creating new sources of value combined with the inflexibility of incumbents to respond quickly and effectively to the threats of disruption are the factors that create an *attacker's advantage*.

As I have mentioned before, I have spent my career mostly working with startups -- many of which are attempting to "disrupt" incumbents in large industries. This is a difficult task, and despite the rhetoric, it is much more difficult to accomplish these goals than we often predict. For this week's case, we will apply these logics to discuss how Lilium is working to build new vertical lift-off capabilities in the launch industry.



Upon completion of this module, students will be able to:

- Identify the role of value networks in enabling and constraining disruptive innovations
- Analyze the disruptive strategies of new entrants to disruptive established incumbents through the Jobs-to-be-Done framework
- Utilize tools to design disruption strategies to enter mainstream markets.





Readings (2 hours)

Required:

- Innovator's Dilemma (Chapters 2 AND 4 from HBSP Coursepack)
- Know Your Customer's Job to be Done (HBSP Coursepack)
- Case: Lilium

Optional:

- [The Jobs to be Done Framework](https://strategyn.com/customer-centered-innovation-map/)  (https://strategyn.com/customer-centered-innovation-map/)
- [Jobs to be Done Resource Site](https://jtbd.info/?gi=b4922cf7bc64)  (https://jtbd.info/?gi=b4922cf7bc64)
- [Jobs to be Done \(Christensen's Site\)](https://www.christenseninstitute.org/key-concepts/jobs-to-be-done/)  (https://www.christenseninstitute.org/key-concepts/jobs-to-be-done/)




Watch (45 minutes -- Please Ignore the Lecture Numbers)

- [Lecture 3.2: DI and the Jobs to be Done](https://youtu.be/kYXMykqHG9A)  (https://youtu.be/kYXMykqHG9A)



(https://youtu.be/kYXMykqHG9A)

- [Lecture 3.2: Disruptive Innovations and the Job to be Done](https://canvas.vt.edu/courses/168287/files/26483915/download?wrap=1)
(https://canvas.vt.edu/courses/168287/files/26483915/download?wrap=1)
- [Lecture 4.1: Value Networks and Disruptive Innovation](https://youtu.be/LhM68fjdmYc)  (https://youtu.be/LhM68fjdmYc)



(https://youtu.be/LhM68fjdmYc)

- [Slide Deck for Lecture 4.1](https://canvas.vt.edu/courses/168287/files/26483916/download?wrap=1) (https://canvas.vt.edu/courses/168287/files/26483916/download?wrap=1)

- **Lecture 4.2: Attacker's Advantages and Disruptive Innovation** 
(<https://youtu.be/f5fKIhiVK9M>)



(<https://youtu.be/f5fKIhiVK9M>)

- **Slide Deck for Lecture for Lecture 4.2**
(<https://canvas.vt.edu/courses/168287/files/26483821/download?wrap=1>)



Class Activities (3 hours)

These activities cover the material, assignments, and resources covered throughout this module and are intended to provide you with a "checklist" of activities that you will want to cover each week.

- Read Overview of Module 9
- Complete Assigned Readings
- Watch Lecture 3.2, 4.1 & 4.2 (please ignore the lecture numbers)
- Quiz #9
- Case Discussion #7: Lilium



Assignment (3 hours)

These are the graded components of the Class Activities listed above.

- **Complete Quiz #9** (<https://canvas.vt.edu/courses/168287/quizzes/421344>)
- **Complete Case Discussion #7: Lilium**
(https://canvas.vt.edu/courses/168287/discussion_topics/1525899)



Recitation (1 hour)

Please note that you are not required to attend the weekly optional office hours from 7-8 PM on Thursdays. All weekly Zoom meetings will be recorded. The optional session will be recorded for everyone who cannot attend. You will be able to access the video after it finishes processing (usually 24-48 hours after it is recorded) through the Media Gallery (Course) on the left-hand side of the screen here on Canvas.

- <https://virginiatech.zoom.us/j/81038408606>  (<https://virginiatech.zoom.us/j/81038408606>)

+ Optional Materials

Please find the following optional materials for the module.

- **Bill Ford: Ford Mobility at SXSW**  (<https://www.youtube.com/watch?v=zKwmHQXYc5Y>)



<https://www.youtube.com/watch?v=zKwmHQXYc5Y>