

Module 8 (Case: SpaceX)

Module 8: Disruptive Innovation & the Innovator's Dilemma

Please click on the following links to have direct access to the modules. Modules 1 - 15 are indicated

[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 8! This module will last from Monday, October 10 @ 12:01 AM through Sunday, October 16 @ 11:59 PM.

In this module, we will start our discussion on the second major set of structural challenges facing both incumbent and startup firms when formulating technology strategies -- namely that of disruptive innovations. Throughout these modules, we will dive deep into the fundamental challenge of developing and executing technology and innovation strategies in the face of disruptive innovation.

Disruptive innovations are one of the most misunderstood concepts in technology strategy. On one hand, countless startups and incumbent companies alike make grandiose claims about "disrupting" the world with breakthrough, revolutionary, "game-changing" innovations. In many cases, these grandiose claims are not based on a proper understanding of the true disruptive potential of emerging, new technologies. This has created a rather humorous set of parody videos in shows such as HBO's Silicon Valley (apologies for the strong language at the end of this short video):

Silicon Valley Disrupt  (https://www.youtube.com/watch?v=J-GVd_HLIps&t=5s)



(https://www.youtube.com/watch?v=J-GVd_HLIps&t=5s)

On the other hand, it is clear that the rapid emergence of new technologies continues to exert significant pressures on the business models, innovation strategies, and long-term performance of

established, incumbent companies and organizations. New technologies and innovations really are "changing the world," forcing managers to adapt rapidly to these emerging threats in order to ensure the long-term viability of the firm. A.I. is one of the recent class of technologies many commentators believe with "disrupt" traditional business models.

To address these issues, we will dive deep into the framework of disruptive innovation. Our goal here is to understand what disruptive innovations truly are, how they emerge, and how established companies and organizations might respond to these competitive threats.

One of the key challenges for incumbent firms is that they are most susceptible to disruption when they are at the peak of their powers and success. Disruptive innovations often focus on the needs of customers at the fringes of markets that many of these incumbents tend to ignore. Over time, however, as these disruptive innovations continue to improve, new entrants are able to attack more premium segments and threaten the competitive position of the entrenched incumbent.

In many cases, new entrants are able to gain a foothold in markets dominated by incumbents because they focus on a simple but powerful set of questions surrounding the "job to be done." In simple terms, the "job to be done" framework focuses attention on the critical functional tasks a customer is attempting to solve for purchasing a product or service. For many incumbent firms, they lose sight of these critical functional needs and start over-building products with sustaining innovations and overshoot the needs of a core set of customers (the recent struggles Apple is facing in getting people to upgrade iPhones is a great example of these issues).

In the next few modules, we will introduce the disruptive innovation and jobs to be done frameworks. We will focus our case discussion this week on the Tesla story but will pose the question of whether Tesla is really a disruptive innovation? The conversations should be fun and we will look forward to engaging with you on the case discussion.

Objectives

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



- Identify and understand the key strategic challenges posed by disruptive innovations
- Analyze the strategic opportunities created by disruptive innovations
- Formulate and defend strategic recommendations for a viable disruption strategy enacted by a new entrant in an established industry

Readings (2 hours)

Required:

- Read the overview to Module 8
- Innovator's Dilemma: Introduction & Chapter 1
- What is Disruptive Innovation? (from HBSP Coursepack)
- Read Case: Tesla Motors -- Disrupting the Automobile Industry?

Optional:

- **Critique of Disruptive Innovation Framework: What the Gospel of Innovation Gets Wrong**  (<https://www.newyorker.com/magazine/2014/06/23/the-disruption-machine>)
 - **Christensen v. Lepore: Facts on Disruptive Innovation**  (<https://techcrunch.com/2014/06/30/christensen-vs-lepore-a-matter-of-fact/>)
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Watch (45 minutes)

This short video provides an overview of the disruptive innovation framework.

- **Simulation #1: Debrief Video**  (<https://youtu.be/NxTFUJ9kq1E>)
- **Lecture 8.1: What is Disruptive Innovation?**  (<https://youtu.be/MoGIB4xMXRE>)



(<https://youtu.be/MoGIB4xMXRE>)

- **Slide Deck: Lecture 8.1: What is Disruptive Innovation?**
(<https://canvas.vt.edu/courses/168287/files/26483898/download?wrap=1>)
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Class Activities

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 Eight
 - Complete Assigned Readings
 - **Complete Quiz #8** (<https://canvas.vt.edu/courses/168287/quizzes/421333>)
 - Watch Sim #1 Debrief Video & Lecture 8.1
 - **Complete Case #6: Tesla** (https://canvas.vt.edu/courses/168287/discussion_topics/1525898)
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Assignment (2 hours)


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

- [Quiz #8 \(https://canvas.vt.edu/courses/168287/quizzes/421333\)](https://canvas.vt.edu/courses/168287/quizzes/421333)
- [Complete Case #6: Tesla \(https://canvas.vt.edu/courses/168287/discussion_topics/1525898\)](https://canvas.vt.edu/courses/168287/discussion_topics/1525898)
(https://canvas.vt.edu/courses/168287/discussion_topics/1525903)



Recitation (1 hour)


Please note that you are not required to attend optional office hours each week. We will hold the meeting this Monday evening from 7-8 PM.

- [Click Here to go to MGT 5804 Optional Office Hours on Zoom](https://virginiatech.zoom.us/j/5993697472?pwd=SWFJOXRVR3pzbjM4cnZzNFVWUVZXZz09) 
(<https://virginiatech.zoom.us/j/5993697472?pwd=SWFJOXRVR3pzbjM4cnZzNFVWUVZXZz09>)



Optional Materials

Please find the following optional materials for the module.

- [Ted Talk: Clayton Christensen -- How will you measure your life?](https://www.youtube.com/watch?v=tvos4nORf_Y) 
(https://www.youtube.com/watch?v=tvos4nORf_Y)



(https://www.youtube.com/watch?v=tvos4nORf_Y)

- "It's actually really important that you succeed at what you're succeeding at, but that isn't going to be the measure of your life "