

University of California, Berkeley
Innovation & Business Models & Entrepreneurship

UGBA 190T (3 Unit Course) Fall Semester 2011

Professor:	Solomon N. Darwin	Office Hours:	T, TH: 3:30- 5:00pm
Class Time:	T, TH: 2pm – 3:30pm	Office Location:	F410
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This is a fun-filled course that utilizes creative and business talents of energetic students to address innovation challenges of real companies. Students work in groups of five with the Professor and Directors of Innovation, and C-level executives of Top companies to help structure an innovative business model solution to the participating company's challenges. This project-driven course combines a good mix of class lectures, outside speakers, interactive class discussions, and a group project assigned by the participating company they choose. Fall 2010's companies included: Nike, Best Buy, Shell, Dole and United Health. The presentations were judged by the five corporate executives of the respective firms. The class lectures are designed to enhance the student's knowledge about various business models and how innovation works to save and grow a company. Students learn from both successful and failed models to understand why companies succeed and some fail. Also, the lectures include an entrepreneurship module to benefit those students who desire to start their own innovative companies. This semester's companies include: Johnson& Johnson, HP, Intel, United Health & SAP. The projects were highly rated by the participating executives last fall. Please read the attached cover story published in Cal Business Magazine about this course offered last fall by *Bill Snyder, Silicon Valley Reporter*.

Summary:

Corporate Innovation can be either "Closed", "Open" or a mix of both. This course focuses on Open Innovation and Open Business Models, the most effective strategies to compete in today's changing landscape. This is a project-driven class consisting of group work (35%) and classroom work (65%): Class Lecture, Harvard Cases, and Outside Speakers - from the relevant industries. The students work in groups of five with the assigned corporate executives with much guidance from the professor. This fun filled course brings out the creative energy and talent of your group's collaborative efforts.

The goal of the project is to come up with innovative solutions to a publically traded company that is in need of business innovation or a new sustainable business model to market its products. Utilizing some of the open innovation approaches taught in the class through a series of lectures and Harvard case studies, your group's mission is to come up with an innovative solution to the problems facing the company. Your Final Presentations will be judged by senior corporate officers (i.e. Directors of Innovation) of the firms assigned. This will take the place of the final exam on the last week of class.

Target Group: Students from Business Administration, Economics, Engineering and others

Application: The course is limited to a maximum of 30 students.

Program Structure:

- A. Students are required to read the handouts and cases provided by the professor.
- B. Group Presentation: Groups of five students will make a presentation on one of the publicly traded company from the list provided by the professor. The project involves making a case for a new business model and incorporation of open innovation solutions to turn the company around. The students are also expected to show how and why the basic corporate balance sheet may need to be restructured to generate revenue under the new model. A packet containing specific instructions and layout of the project along with the required deliverables will be handed on the first day of class.
- C. Special Group Project Outline will be provided during the first day of the class.

Text Book:

Open Business Models - Harvard Business School Press – Author: Henry Chesbrough

HBS Cases will be assigned during the course – need to be downloaded from HBS website

Pre-requisites:

One Financial Accounting class is highly recommended but not required to perform basic research.

Topics

From the beginning of the dawn of man, starting with the very early human settlements, studies have shown how trade and business innovations have transformed civilizations, cultures and societies. Some innovations have stimulated growth resulting in prosperity but most have failed but yet companies that don't innovate die on the vine. Managing innovation pertains equally to both high tech and the traditional "low tech" businesses such as consumer packaged goods (like Procter & Gamble) find that innovation translates directly into growth in new businesses, and better profits in existing businesses.

The course starts with a brief review of the historical and evolutionary development of business systems and the increasing role of innovation in sustaining an enterprise. The goal of the course is to identify the sources of innovative success and failure inside corporations, and how companies can develop and sustain a capability to innovate. This is a project-driven class and students are required to work collaboratively to foster innovative thinking in considering alternative strategies.

Open Innovation and Business Models is divided into five modules:

Module 1: Introduction and Business Fundamentals: Brief history of multinational businesses and drivers of economic development. This module explores the need for the basic the infrastructure required to foster and promote innovation and innovative ideas. The fundamental accounting and business model will be reviewed along with other business and economic concepts and terms to lay the foundation for future discussions.

Module 2: Innovation and the Business Model: The module defines disruptive technologies and explores why great companies fail in managing certain types of technological change. The business models that create great success can also be a barrier to change, as well as a source of advantage. Disruptive Technologies fundamentally challenge the company's current business model.

Module 3: Sources of Innovative Ideas: Understanding the barriers to change, overcoming disabilities and looking into new ideas.

Module 4: Creating Innovation Capabilities: Alternative ways companies have tried to escape the limits of their current business will be explored. We will examine these experiments, and look for processes and structures that attempt to sustain a company's success.

Module 5: Recap and group presentations to the judges during the last week of classes (TBD)

Cover story published in Cal Business Magazine about this course offered last fall.

by Bill Snyder, Silicon Valley Reporter



“Looking Outside Your Firm's Walls To Innovate” By Bill Snyder

Students, particularly undergraduates, don't often have the chance to tell leaders of major businesses how they should run their businesses. But on a wet morning near the end of the fall quarter, two dozen undergraduates had that chance. In fact, their grades depended on it.

The students had just completed Open Innovation and Business Models, a course taught by Solomon Darwin, associate director of the Open Innovation Program at Haas, who also has taught classes on open innovation to executives from China, Switzerland, and the United Kingdom during the past year.

The challenge for these undergrads, as described in the course listing, was daunting: "Come up with innovative solutions for a publicly traded company that either suffers from a lack of innovation or whose business model is showing signs of breaking down or simply not working and falling apart."

The companies they were assigned to study—Best Buy, Shell, Dole, Nike, and UnitedHealth Group—are all very large and quite complex, with business opportunities across the globe. Each group began its presentation with an overview of its company's financial position, followed by a "SWOT" analysis—a snapshot of its strengths, weaknesses, opportunities, and threats. The heart of each presentation was a plan to restructure or rethink a significant line of business.

For UnitedHealth, the team proposed an innovative program to engage diabetic and pre-diabetic patients in their own care. What made the plan an example of open innovation? UnitedHealth would partner with Nike, using that company's running shoe that monitors calories burned, heart rate, and other metrics, and with Dole, encouraging patients to use its line of sugarless food products.

The team assigned to Shell envisioned the multinational oil company capitalizing on the emerging market for electric cars by building a network of charging stations. Shell, said senior Tim Chen, BS 11, would create an ecosystem including manufacturers of solar panels, whose products would generate electricity on the roofs of the charging stations; battery makers; and companies that would help create standards for charging. "We're looking at groups of companies coming together to solve big problems. You might think of it as crowd-sourcing," he said.