

**THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA**  
**MGMT 802: INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT**

**SPRING 2004, QUARTER IV**

**(tentative as of 3/8/04 – subject to change)**

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Sections: 002, MW 12-1:20 (JMHH G55) and 004, MW 3-4:30 (JMHH 245)

Office Hours: MW 1:45-2:45 or by appointment

WebCafe: <http://webcafe.wharton.upenn.edu/eRoom/mgmtb/802-sp04-1>

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Today's world is one of rapid change -- technological, social, economic and political. Organizations, large or small, must respond to these changes in order to survive. The most successful organizations, however, are those that exploit and even create change.

This core bracket course will expose you to a mix of approaches and techniques that promote innovative thinking and entrepreneurial behavior in organizations. The first half of the course examines how patterns of change in technologies and industries create both opportunities and threats for existing firms and entrepreneurs. Theoretical models and actual examples emphasize how technological and organizational systems are key components of an "entrepreneurial mindset". The second half of the course focuses on tactics and strategies that encourage innovation and entrepreneurship within (and between) organizations. Cases and articles highlight critical success factors for both new and established firms, and also how interorganizational activities shape markets and opportunities. Several guest speakers will visit to supplement our discussion and to promote interaction with practicing managers.

**MATERIALS:**

Bulkpacks containing the assigned readings are available through Wharton Reprographics. Copies of overhead transparencies to facilitate note-taking are available on webCafe. If you prefer, the full set of overhead transparencies may be purchased from Reprographics as well. In either case, please bring your own copies of the overhead transparencies to class as they will not be distributed during class sessions. The syllabus, including the final project assignment, is also posted on webCafe. During the quarter, I

may also use webCafe to post copies of exemplary assignments and other materials of interest. Finally, if additional materials are distributed in class, you may find a nominal charge on your bursar bill at the end of the semester.

#### GRADING:

Class participation	30%
“Weekly” reaction papers (5)	30%
Final project	40%

Class participation is an integral component of your learning experience as well as your grade. Your class participation score will be based on my assessment of the quality of your comments in class and the consistency of your attendance. To help me learn your name more quickly, please use a tent card in class. Since class discussion will revolve around the readings and cases, preparation is essential. Specific questions that will guide your reading and help your preparation for each session are included in the syllabus.

You are required to submit five reaction papers. These papers should be limited to 600 words maximum. The critique should contain your response to the “reaction paper question” designated in the syllabus for that day. Since the purpose of the critique is to invigorate your thinking in preparation for class discussion, these critiques must be submitted before **11 am** on the day of class in order for you to receive credit for your work. **Submit all work electronically to [mgmt802@management.wharton.upenn.edu](mailto:mgmt802@management.wharton.upenn.edu). You should include your work both in the body of the e-mail message AND as an attachment. The subject header should begin with your last name and follow with the name(s) of the author(s) of the conceptual paper. (Example: Harker – Cooper and Smith reaction paper.)** The five classes for which you submit reaction papers are up to you – reaction paper questions are available for every class save the first and last. Reaction papers are graded by a check or a check-plus, where a check indicates an adequate response, and a check-plus indicates an above-average response. Most papers receive checks. Typically, above-average responses go beyond simply describing the concepts and examples from the day’s readings, and demonstrate the author’s ability to make broader connections and synthesize new ideas, without exceeding the word limit.

The final project deliverable is a 1700-word paper. You must work individually and analyze how concepts and examples covered in class relate to your previous work experience. There is also a case that you may analyze instead of your own work experience if you so prefer. A copy of the assignment is included in this document. Papers are due in two forms: a hard copy to my mailbox in the management department suite (2000 SH-DH) and electronically to the mgmt802 mailbox on April 29 by 4 p.m. Late work will not be accepted.

## MGMT 802

### INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT

#### Project (40 points)

This project is an opportunity for you to examine your past work experience and to apply the concepts presented in class to analyze innovative and entrepreneurial behavior (or the lack of it). You also have the option to examine these same issues for the TBD case, rather than your own work experience, should you prefer.

Your assignment is to perform an "innovation audit" for your supervisor (or, if you choose the case, for TBD). Examine the factors that promote (or hinder) innovation in his/her area and recommend actions to your supervisor that will encourage more entrepreneurial behavior. You will find your job less complex if you focus on one particular product or service, and perhaps even one particularly successful (or disastrous) attempt at innovation.

The project will be graded on five criteria. First, how well do you **integrate concepts** (e.g., dominant designs, disruptive innovations, congruence, technological communities, networks, etc.) into your analysis? Second, are you able to **make comparisons** with other examples, such as the cases we've discussed in class? Third, is your work **expressed clearly**, or is it difficult to follow? Fourth, is your analysis **insightful**? Does it go beyond simply describing what happened and speculate on why it happened? Finally, how **relevant and useful** are your recommendations?

Write-ups must be limited to 1700 words (excluding figures, tables, and appendices). One of the biggest challenges of the assignment is to determine how to present relevant material about your company's technology, organization, and markets without losing the space you need for analysis. Points will be deducted from write-ups that exceed this limit.

While some students may wish to limit their efforts to personal reflection about a past work experience, the use of other sources (such as company employees or magazine articles) is likely to enhance your final product. Projects are due by 4 p.m. on April 29. **Please submit your work in two forms: A hard copy to my mailbox in the management department suite (2000 SH-DH) and an electronic copy to [mgmt802@management.wharton.upenn.edu](mailto:mgmt802@management.wharton.upenn.edu).** Late work will not be accepted.

## MGMT 802 SYLLABUS

### INNOVATION, CHANGE AND ENTREPRENEURIAL MANAGEMENT

Professor Rosenkopf

Spring 2004, Quarter IV

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#### 1) Mar 15. Innovation and Entrepreneurial Management

- Business Week, "Contact-Lens Sellers Just Don't See Eye-to-Eye" (Handout)

#### 2) Mar 17. Organizational Systems: Enabling or Constraining Entrepreneurial Behavior?

- Concept: Nadler and Tushman, "A Model for Diagnosing Organizational Behavior" (Bulkpack #1)
- Case: Compagnie Lyonnaise de Transport (A) (2)

*\* If your last name starts with A-G, consider Tuille's perspective. If your last name starts with H-P, consider LaCroix's perspective. If your last name starts with Q-Z, consider Roux's perspective. What does your character think should be done about the MTC? Be prepared to take your character's role in class.*

*\* Now consider Tremblay's perspective. How does he feel about the MTC? What might he recommend to LaCroix?*

Reaction paper question: How do the Nadler and Tushman ideas help you determine what needs to happen at CLT?

#### 3) Mar 22. Creating (and Responding to) Technological Change

GUEST: Brian LeGette, WG'95  
CEO and Founder  
180s, Baltimore MD

- Concept: Cooper and Smith, "How Established Firms Respond to Threatening Technologies" (3)
- Concept: Bower and Christensen, "Disruptive Technologies: Catching the Wave" (4)
- Caselet: Smith, "The Bell-Western Union Patent Agreement of 1879: A Study in Corporate Imagination" (5)
- Caselet: Brief 180s articles from Inc., Entrepreneur, and Smart CEO (6) and

examine [www.180s.com](http://www.180s.com)

Reaction paper question: Compare and contrast Bower and Christensen's article to Cooper and Smith's OR compare and contrast 180s to Bell and Western Union.

**4) Mar 24. NO CLASS (Feel free to use the classroom as a quiet study place to start your project!)**

**5) Mar 29. Innovation Cascades through Technological and Organizational Systems**

- Case: "Hattori-Seiko and the World Watch Industry" (7)

\* *Why did the Swiss succeed in being global leaders? How did they sustain their position so long (Swiss share 80% in the late 1940s!)?*

\* *What capabilities did Timex and Bulova develop to become world volume and revenue leaders? What kept the Swiss from developing these capabilities?*

\* *Likewise, why did Hattori-Seiko succeed Timex and Bulova as industry leader?*

Reaction paper question: The case addresses strategies undertaken by "The Swiss", Timex, Bulova, and Seiko. How do these firms' actions illustrate the opportunities and pitfalls of new technologies as described in the Cooper/Smith and Bower/Christensen articles?

**6) Mar 31. Beyond the Startup: Growth and Transformation**

GUEST: David Reim, WG '90  
President and Founder  
SimStar Internet Solutions, Princeton NJ

- Concept: Brown and Eisenhardt, "Playing the Improvisational Edge" (8)
- Case: "SimStar Internet Solutions" (9)

\* *Which of Reim's decisions had the greatest effects on SimStar's performance?*

\* *What would you recommend to Reim? Be prepared to present these recommendations to him in class.*

Reaction paper question: Does the Brown and Eisenhardt framework help you evaluate the situation at SimStar? If so, how? If not, why not?

## 7) Apr 5. Do Vision and Culture Matter for Entrepreneurial Management?

- Concept: Collins and Porras, “Building Your Company’s Vision” (10)
- Case: "The Body Shop International" (11)
- Case addendum: Fortune, “Can The Body Shop Shape Up?” (12)

\* *Identify the resources and competencies that led to the Body Shop's growth.*

\* *What are the Roddicks’ ‘Big Hairy Audacious Goals’?*

Reaction paper question: How has “vision” helped and or hindered The Body Shop?

## 8) Apr 7. “Ambidextrous” Organizations and Continuous Renewal

- Concept: Tushman and O’Reilly, “Managing Innovation Streams in Ambidextrous Organizations” (13)
- Case: “Greeley Hard Copy, Personal Scanner Initiative (A) and (B)” (14)

\* *Skim the (A) case. Why it is so challenging to manage Lobo and Zorro simultaneously? At the end of this portion of the case, several possible options of how Faraci might choose to handle Zorro are presented. What are the pros and cons of each?*

\* *Read the Greeley Hard Copy (B) case. What are specific organizational arrangements and features that promote “ambidexterity” and why? If you were Faraci, what recommendation would you make to Stedman? Justify your position.*

Reaction paper question: What are the strengths and weaknesses of the Tushman and O’Reilly article?

## 9) Apr 12. Entrepreneurship through Business Development

GUEST: Terry Fadem  
Former Director, New Business Development, DuPont

- Concept: Chesbrough & Teece, “When is Virtual Virtuous? Organizing for Innovation” (15)
- Case: O’Brien and Fadem, “Identifying New Business Opportunities” (16)

Reaction paper question: How does the Chesbrough and Teece paper address some of the deficits of earlier conceptual papers?

## 10) Apr 14. Social Capital and Opportunity

- Concept: Financial Times (Burt), “The Social Capital of Entrepreneurial Managers” (17)
- Case: Jerry Sanders (18)

- \* *What was Sanders trying to accomplish?*
- \* *What strategies did he use to build his business? How effective was he?*
- \* *What was his strategy for building a network of relationships?*
- \* *Would his strategies and tactics be likely to prove successful in the future, or should he consider adapting his approach? If yes, in what way?*

Reaction paper question: Do you agree with Burt’s theory? Does Jerry Sanders?

## 11) Apr 19. After the Founder: Leading Organizational Transitions

GUEST: Lisa Cash  
CEO, Princeton Softech

- “Case”: Examine [www.princetonsoftech.com](http://www.princetonsoftech.com).

Reaction paper question: What three questions would you most like to ask of Lisa Cash today, and why?

## 12) Apr 21. Wrap-Up