

Unit 2: Strategy and Innovation for Creating, Capturing and Sharing Long-Term Value

Readings

REQUIRED

Pitt, M., & D. N. Koufopoulos, (2012) *Essentials of Strategic Management*, London: Sage

- Chapter 9, 'Innovation Strategies' (pp.230-258)

Clausen, T., M. Pohjola, K. Sapprasert, & B. Verspage, (2012) 'Innovation Strategies as a Source of Persistent Innovation', *Industrial and Corporate Change*, 21 (3) pp.553-585

Innovation strategies as a source of persistent innovation by Clausen, T., Pohjola, M., Sapprasert, K., & Verspage, B. in *Industrial and Corporate Change*, 21/3. Copyright 2012 by Oxford University Press. Reprinted by permission of Oxford University Press via the Copyright Clearance Center.

Eccles, R. G, & G. Serafeim, (May 2013) 'The Performance Frontier: Innovating for a Sustainable Strategy', *Harvard Business Review*, Available at: <https://cb.hbsp.harvard.edu/cb/pl/22461329/22685708/5e426b61506d6979573f8c0377148b19>, (accessed: 15/11/13)

The authors describe strategies for addressing the expectations of all stakeholders to achieve long-term, sustainable growth.

Kim, W., & R. Mauborgne, (2004) 'Blue Ocean Strategy', *Harvard Business Review*, 82 (10) pp.76-84. Available at:

<https://cb.hbsp.harvard.edu/cb/pl/22461329/23097334/75fbc9b50bf01d27aa89dfe90d3dc3e8>

Would you rather compete in a market where several rivals compete for the limited demand? Or would you rather create demand by creating a new market with no rivals to cut into your market share? If you prefer the second option, then you need a blue ocean strategy. In this article, Kim and Mauborgne present the defining characteristics of blue ocean strategy through their study of more than 150 blue ocean creations from 30 different industries from the past 100 years.

Lakhani, K., K. Hutter, S. Prokrywa, & J. Fuller, (2013) *Open Innovation at Siemens* [Case Study 9-613-100], Available at:

<https://cb.hbsp.harvard.edu/cb/pl/22461329/22685706/7771deffb76e124bd639bd4270c25674>, (accessed: 15/11/13)

This case study reviews the challenges in introducing an open innovation program at Siemens, the global German technology company.

Paine, L., N. Hsieh, & L. Adamsons, (2013) *Governance and Sustainability at Nike (A)*, [Case Study 9-313-146], Available at:
<https://cb.hbsp.harvard.edu/cb/pl/22461329/22685705/079cb54d8ae6af470464f4fc50ace503>, (accessed: 15/11/13)

This case study reviews the complexity of achieving environmental goals without hurting profits, while implementing a corporate responsibility agenda.

OPTIONAL

Carlo, J. L. K. Lyytinen, & G. M. Rose, (2012) 'A Knowledge -Based Model of Radical Innovation in Small Software Firms', *MIS Quarterly*, 36 (3) pp.865-895

Chesbrough, H. W., & M. M. Appleyard, (2007) 'Open Innovation and Strategy', *California Management Review*, 50 (1) pp.57-76

Cooper, R. G., & S. J. Edgett, (2010) 'Developing a Product Innovation and Technology Strategy for Your Business', *Research Technology Management*, 53 (3) pp.33-40

Crossan, M. M. & M. Apaydin, (2010) 'A Multi-Dimensional Framework of Organisational Innovation : A Systematic Review of the Literature', *Journal of Management Studies* 47 (6) pp.1154-1191

Di Minin, A., F. Frattini, & A. Piccaluga, (2010) 'Fiat Open Innovation in a Downturn', *California Management Review*, 52 (3), pp132-159

Manyika, J., M. Chui, J. Bughin, R. Dobbs, P. Bisson, & A. Mars, (2013) *Disruptive Technologies: Advances That Will Transform Life, Business, and the Global Economy* Available at:
http://www.mckinsey.com/insights/business_technology/disruptive_technologies, (accessed: 15/11/13)

Mycoted, (2011) 'Creativity and Innovation Techniques: An A to Z', Available

at: http://www.mycoted.com/Category:Creativity_Techniques, (accessed: 15/11/13)

PricewaterhouseCoopers, (2011) 'Decoding Innovation's DNA', *Technology Forecast*, 1 (2) Available at: <http://www.pwc.com/us/en/technology-forecast/2011/issue2/index.jhtml>, (accessed 15/11/13)

Taylor, A., K. Wagner, & H. Zablitz, (2012) 'The Most Innovative Companies 2012: The State of the Art in Leading Industries', Available at: <http://www.bcg.de/documents/file125210.pdf>, (accessed 15/11/13)

Media

REQUIRED

Skillsoft, (2011) *Greatest Business Lesson*, [Video, Online]. (accessed: 15/11/13)

Smith, John. (© 2011). Greatest business lesson. [Books24x7 version] Available from <http://common.books24x7.com/toc.aspx?bookid=44220>.

The greatest of plans on paper do not always work out in reality, according to John Smith, CEO of BBC Worldwide. He describes one such instance that he experienced and offers suggestions for making a new venture successful.

Check Your Knowledge

There is no Check Your Knowledge in this unit.

Shared Activities

REQUIRED

Shared Activity: What Color Is Your Ocean?

While the framework that Kim and Mauborgne (2004) outline may seem simple to understand, it is very difficult to implement. In part, it is very difficult for companies to do new things, or to do things in new ways, because inertia is real in all organisations.

This unit's Shared Activity has been designed to help you evaluate innovation strategies in the marketplace, through traditional innovation life-cycle frameworks, and through the more holistic blue ocean framework outlined by Kim and Mauborgne (2004). Think carefully, and fully, about potential ways that an organisation might do things in a fundamentally different way to meet its customers' or new customers' needs – given its particular skills and capabilities.

Companies in the global mobile communications industry must continuously innovate or risk losing customers. A smartphone is an example of this type of innovation. These devices use an operating system that has advanced computing and connectivity capability. These advances have shown the strongest growth in mobile sales in recent years. They also allow for greater access to mobile computing for users who do not have access to computers or Internet technology.

As mobile companies pursue new applications, they also seek to enhance the technical specifications of their phones. Companies are currently engaged in planning for future generation wireless systems. At some point, the number of mobile subscriptions will exceed the total number of people in the world.

Consider companies that have introduced smartphones and tablets. These companies strive to create innovative products that support a variety of information, communication and entertainment applications that will attract loyal customers. Some smartphones and tablets (or even 'phrablets') become successful in the marketplace, while others languish. Also consider the ESG aspects of each company's overall strategy.

To prepare for this Shared Activity:

- Review the Readings.
- Select a minimum of two, three if possible, of the major corporations from the global mobile communications manufacturing industry (i.e., who are designing, manufacturing or having proprietary mobile communications devices made in their name)
- Search the UoRL Library for scholarly sources and the online business and technology press for articles on companies in the global mobile communications manufacturing market. Be sure to cover the past 10 years.
- Using the frameworks of Pitt and Koufopoulos (2012) and Kim and Mauborgne (2004) as a minimum, consider the innovation strategies that your selected smartphone or tablet manufacturers have followed.

To complete this Shared Activity:

- Conduct a thorough and well-argued analysis of the past 10 years of innovation for your selected companies (particularly relative to one another), which explains the evolution of the industry through the lenses of both traditional and blue ocean innovative strategy frameworks.
- Based on your analysis, provide a cogent argument on which company or companies you think are best positioned strategically (based on their innovative capabilities) to make the next important steps in the industry and to be most successful. Be sure to clearly argue how you have reached your conclusions and why you think they are appropriate.
- Review your colleagues' posts.
- Respond to two or more of your peers by probing the work of your peers and then offer potential critical directing questions and specific and constructive ideas for improving your peers' analyses.
- Be sure to support your postings with evidence from the Readings and current literature from the UoRL Library and other sources. Consult the Harvard Referencing Style Guide for proper citation and referencing information.

Participate in this Shared Activity only during the period of this unit, to ensure that you and your colleagues can keep track of one another's postings and maintain a focused, collaborative discussion. Review the Syllabus and Shared Activity Rubric for information on how your contributions to the Shared Activities will be graded in this module. In each unit, you will receive feedback from your Faculty Member on your participation in the Shared Activities, focusing on your contributions to the learning community. In Unit 6, your Faculty Member will provide final feedback and a final grade on

your Shared Activity contribution throughout the module.

To complete your Shared Activity, click on **Shared Activities Forum** on the Module Menu and select your Group's Discussion area, then select 'Unit 2 Shared Activity' to begin.

Individual Assignments

REQUIRED

Individual Assignment: Evaluating Strategic Approaches to Innovation on Performance Frontier

In this Individual Assignment, you will conduct a performance frontier analysis of the organisation you have chosen for your project paper.

To prepare for this Individual Assignment:

- Review the Readings and, in particular, examine the articles by Eccles and Serafeim (2013) and Kim and Mauborgne (2004) and the case studies for the unit.
- Search the UoRL Library for scholarly sources and the online business press for articles on the company you selected for your Final Project that are related to its strategic innovation and sustainability strategies (including ESG issues).

To complete your Individual Assignment:

- Conduct a brief, well-argued analysis of the past 5 to 10 years of strategic innovation actions by your selected company (particularly relative to core competitors), which explains the evolution of the company through the lenses of both traditional and blue ocean innovative strategy frameworks.
 - Based on your analysis, provide a convincing argument on how well prepared you think your company is to create new strategic innovation actions or to respond to competitor's innovations. Be sure to clearly argue how you've reached your conclusions and why you think they are appropriate. (Note: approximately 250 words)
- Conduct a thorough and well-argued 'performance frontier' analysis which evaluates how well the company you have selected for your Final Project has done in the past five years in terms of ESG sustainability innovations and organisational improvements. Consider an in-depth examination of the company through the core questions that Eccles and Serafeim (2013: 53) outline:
 - Have they identified which ESG issues are most critical in their business?
 - Have they quantified the financial impact that such improvements would have (had)?
 - Have they undertaken major innovation in products, processes and business models to achieve the improvements? Which ones, and which stakeholders benefited?
 - Have they communicated with stakeholders about those innovations? Who were the winners and/or losers that the innovations impacted?
 - Did the company break down barriers to change or change its incentive systems? Did it exhibit 'strategic intent' on these issues, as Hamel and Prahalad (2005) treat the topic?
- Be sure to identify the implications for future competitiveness, based on your analysis above.
- Be sure to support your postings with evidence from the Readings and current literature from

the UoRL Library and other sources. Consult the Harvard Referencing Style Guide for proper citation and referencing information.

Submit your Individual Assignment to your Faculty Member for feedback. Be sure to submit by the end of this unit in order to receive timely feedback. Contact your Faculty Member for permission to submit an assignment early, to submit an assignment after the end of the unit, or to re-submit an assignment on which you have already received feedback.

To submit your Individual Assignment, do the following:

- Please complete the Individual Assignment and submit it in a single Word document. If you are using tables or worksheets to support your work, you should integrate or embed them as appendices or supplemental information within the Word document.
- To upload your Individual Assignment, click on **Individual Assignments Submission** on the Module Menu and then click the 'Unit 2 – Individual Assignment TurnItIn' link.

Looking Ahead

REQUIRED

Unit 2 Looking Ahead

In this unit, you considered whether an organisation could use a blue ocean or a traditional strategy framework. A blue ocean framework involves introducing a new product so that the market is completely wide and open, like the ocean.

In Unit 3, for your Final Project, you conduct a strategic evaluation of your selected organisation and consider how well its strategic position is aligned with its actions.
