MGV 490A Residential (*Strategic Change: Organization Design for Disruption*)

Course Description

In the modern economy, market change is rapid as competition becomes fiercer, customers more fickle, and technology a key differentiator across industries – from automobiles to media. To compete, firms must disrupt or respond to disruption. The central tenet of this course is that effective strategic change is rooted in having entrepreneurial elements in a firm's *organization design* that drives *strategy discovery* for successful pivots. Executives must condition employees to experiment and discover, establish pathways for novel ideas to take hold and flourish, and retain the ability to pivot even at the highest levels. Firms with entrepreneurial design for strategy discovery will develop the capacity to both cultivate new ideas and successfully integrate promising acquisitions to support strategic change.

Course Materials

Readings and materials are available from the online platform and are also listed below by class session.

Linked items are available online or through the UC Davis library. If noted, links will need to be accessed from on campus or by using the library VPN. Some items will need to be searched for directly. The link will take you to main the database page of the library. Click on "Search within this publication" and then search for the indicated text written as, "AN [Insert number]" in the second field. Items marked with **[HBS]** are found in the Harvard coursepack.

Course Requirements

This course is graded on a satisfactory/unsatisfactory basis. To pass the course, students must:
- Read all the assigned material
- Submit a 1-page response to pre-work questions (1-page max, double spaced, per session)
- Actively participate in case discussion
- Submit in-class group presentations/exercises

Expectations for Class Behavior

Expectations are to act as you would in any other professional setting. This includes:
- Treat all class members with respect and dignity. Do not talk while the professor or other class members are speaking. Constructive debate is an important part of learning; but do not confuse this with insulting, harassing, or demeaning behavior. Such behavior will not be tolerated. Professional behavior includes appropriate language, jokes, and stories.
- Do not use any electronic devices during lecture and discussion. This class is a screen-free zone. Electronic devices, including taking notes on laptops, is distracting and has been shown in research to inhibit your, and your classmates', learning (see "Research informing class rules" below). Please put away your laptops, phones, etc. (An exception is during group-work for creating your presentations).
- Strict adherence to the UC Davis Principles of Community and the UC Davis code of academic conduct.

Course Schedule

Session 1. Disruption: Causes and Consequences
Readings: Chrisetnsen, C. *The Innovators' Dilemma*: Introduction **[HBS]**
                 Ries, E. *The Startup Way:* Chapter 1: Respect the Past, Invent the Future **[HBS]**

Case: Kodak and the Digital Revolution (A) (HBS 9-705-448) **[HBS]**

In-class: The Food Truck Challenge simulation (HBS 7201-HTM-ENG) **[HBS]** (no pre-work)

Pre-work: Drawing on the Ries reading, identify 1-2 actions taken by Kodak executives that are different from what Ries recommends, that might have contributed to Kodak's downfall.

Session 2. Strategy Discovery, Entrepreneurial Design, and Pivots
Readings: Ries, E. *The Startup Way:* Chapter 2: Entrepreneurship: The Missing Function **[HBS]**
                 Ries on Sutton, *Friction* "The Spreadsheet Troll" (podcast)

Case (bundle): Netflix
- Nocera, Joe. "Can Netflix Survive in the New World it Created?" *The New York Times Magazine*, June 15, 2016.
  or through the library: https://www.proquest.com/magazines/screen-grab/docview/1799026752/se-2?accountid=14505 **[Needs VPN]**
- McCord, Patty. "How Netflix Reinvented HR." *Harvard Business Review*, Jan – Feb 2014. **[Needs VPN]**
- Dotan, Tom. "How Netflix's Management Structure is Re-Writing the Hollywood Script." *The Information*, May 30, 2018. **[HBS]**
  https://www.theinformation.com/articles/how-netflixs-management-structure-is-rewriting-the-hollywood-script (you may need to register an email to read the full item)
- Netflix culture deck
- Adalain, Josef. "Inside the Binge Factory." *Vulture*. 6/10/2018.

Pre-work: How has Netflix' approach to talent management allowed it to successfully pivot?

Session 3. Category Strategy: Shaping your Environment
Readings: Pontikes (2018). "Category Strategy for Firm Advantage," *Strategy Science*, Vol 3:620 – 631. **[HBS]**

Case: Jean-Claude Biver (A): The Reemergence of the Swiss Watch Industry (HBS 9-415-031) **[HBS]**

Pre-work: According to the *Innovators' Dilemma* framework, how is the emergence of quartz technology a <u>disruption</u> for the Swiss watch industry?

Session 4. Balancing Strategy Discovery and Execution for Effective Transformation
Readings: Blank, Steve. "Why GE's Jeff Immelt Lost His Job – Disruption and Activist Investors," *Harvard Business Review*. October 30, 2017.**[Needs VPN]**
Ries (2017). *The Startup Way*. Ch 9 "Innovation Accounting." **[HBS]**

Case: NetApp 2017 (Stanford SM-289)

Pre-work: Which design changes in Transformation 1.0 are aimed at making NetApp more efficient? Which make it better at responding to the market disruption?

Research Informing Class Rules
- *Power Point hand-outs*: Worthington, D. and D. Levasseur (2015). "To Provide or not to Provide Course Power Point Slides? The Impact of Instructor-Provided Slides upon Student Attendance and Performance." *Computers and Education*.
- *Longhand vs laptop note taking*: Muller, P. and D. Oppenheimer (2014). "The pen is mightier than the keyboard: Advantages of longhand over laptop note taking." *Psychological Science*.
- *Laptop multi-tasking*: Sana, F., T. Weston and N. Cepeda (2013). "Laptop multitasking hinders classroom learning for both users and nearby peers." *Computers & Education*.
- *Student-as-consumer?* "Students with consumer mindset get lower grades." Original research: Bunce, L., A. Baird, and S. Jones (2017). "The student-as-consumer approach in higher education and its effects on academic performance." *Studies in Higher Education*.

Program Mission
The mission of the UC Davis Graduate School of Management is to be a global leader in management research and education. As part of the world's premier public university system, we pursue significance, excellence and scholarly rigor in our research, teaching and service to the people of California. We emphasize curiosity, creativity and high standards in the generation and transmission of theoretical and practical knowledge relevant for business.

Honor Code and Academic Integrity
Academic integrity exists when students and faculty seek knowledge honestly, fairly, with mutual respect and trust, and accept responsibility for their actions and the consequences of those actions. Without academic integrity, there can be no trust or reliance on the effectiveness, accuracy, or value of a University's teaching, learning, research, or public service activities. It is therefore key that we understand what academic integrity is, why it is important, and how to help it flourish on college campuses.

1. It is expected that all class members will treat each other with respect and dignity.

2. It is not acceptable behavior to insult, harass, or demean any member of the class.

3. Professional business behavior should be modeled in the classroom, including the use of appropriate language, jokes, or stories.

In general, students should adhere to the UC Davis Principles of Community, copied below.

The University of California, Davis, is first and foremost an institution of learning and teaching, committed to serving the needs of society. Our campus community reflects and is a part of a society comprising all races, creeds and social circumstances. The successful conduct of the university's affairs requires that every member of the university community acknowledge and practice the following basic principles:

We affirm the inherent dignity in all of us, and we strive to maintain a climate of justice marked by respect for each other. We acknowledge that our society carries within it historical and deep-rooted misunderstandings and biases, and therefore we will endeavor to foster mutual understanding among the many parts of our whole.

We affirm the right of freedom of expression within our community and affirm our commitment to the highest standards of civility and decency towards all. We recognize the right of every individual to think and speak as dictated by personal belief, to express any idea, and to disagree with or counter another's point of view, limited only by university regulations governing time, place and manner. We promote open expression of our individuality and our diversity within the bounds of courtesy, sensitivity and respect.

We confront and reject all manifestations of discrimination, including those based on race, ethnicity, gender, age, disability, sexual orientation, religious or political beliefs, status within or outside the university, or any of the other differences among people which have been excuses for misunderstanding, dissension or hatred. We recognize and cherish the richness contributed to our lives by our diversity. We take pride in our various achievements, and we celebrate our differences.

We recognize that each of us has an obligation to the community of which we have chosen to be a part. We will strive to build a true community of spirit and purpose based on mutual respect and caring.

For more information, please review the Academic Conduct Booklet:
https://gsm.ucdavis.edu/sites/default/files/2020-10/code_of_conduct_booklet_2020.pdf