

# Open Business Models & Open Innovation

## An Experiential Learning Course with Real Companies and Case Studies

### Three Unit Course

<b>Course Number:</b>	UGBA 190T.1
<b>Course Title:</b>	Open Business Models & Open Innovation
<b>Instructor:</b>	Solomon Darwin
<b>E-mail Address:</b>	darwin@haas.berkeley.edu
<b>Meeting Location/Time:</b>	TTh 2:00PM-3:30PM in C330; Office Hours: 3:30PM- 5:30PM
<b>Class Format:</b>	Students work independently in groups; an interactive project-based class
<b>Graduate Assistant (GSI):</b>	Dan Wong   MBA Class of 2015   email: <dan.wong@berkeley.edu>
<b>Recommended Reading:</b>	<i>Open Business Models - Harvard Business School Press – Author: Henry Chesbrough</i> <i>HBS Cases will be assigned during the course – need to be downloaded from HBS website</i>

#### **COURSE DISCRIPTION:**

This course presents an opportunity for those students who are passionate about employing their innovative and creative talents to learn the process of Open Innovation to address the business model challenges of real companies. This semester, the students will come up with new business models for **Coke, Wipro, United HealthCare, Johnson & Johnson, Fujitsu and GE**. Students work with Senior Executives in groups of five to seven to formulate innovative solutions to address the issues the company is facing. The students will be given an opportunity to demonstrate their solid understanding of the process, concepts and strategies of the open innovation process. This includes exploring new business models and prospective markets in light of the changing economic landscape, social trends, and emerging technological advances. The intent of the course is to create heterogeneous groups to leverage the diverse experiences, skill-sets, and tacit knowledge of individuals within each group to frame and solve problems.

The business model solutions proposed by student groups need to be viable and scalable. The senior executives from each of the respective firms will judge the final presentations at the end of semester. The instructor will serve as a mentor/consultant/facilitator to each group within the class. The sponsoring company executives will provide a mid-point review to provide feedback and guidance.

Professor Darwin's previous business model innovation projects involving students and senior executives includes: Intel, HP, McKesson, Nike, Best Buy, Shell, Dole, United Health, Johnson & Johnson, SAP, Lenovo, Mindray, Huawei, Mattel, Standard Chartered Bank, Cisco and Ericsson, DreamWorks, FedEx, Tyco, WTA, Optum, Fidelity Investments, Toyota, Nestle, IBM, Xerox, GE, Philips, and Apollo Hospitals. The executives derived excellent insights and ranked the projects very highly over the past several years.

#### **Course objectives:**

1. Learn Experientially – Prof. Darwin will serve as a facilitator and consultant during class on projects.
2. Utilize creative talents of students within the student groups to address challenges of real companies.
3. Understand Open Innovation & Business Model concepts.
4. Engage with Senior Executives – Prof. Darwin will make introductions to appropriate executives.
5. Reward cross learning across groups and individuals students (cross-pollination)
6. Focus on break-through disruptive vs. incremental solutions
7. Work collaboratively with other groups and external segments for sourcing ideas.
8. Present results to senior executives for evaluation – major part of the course grade.

**Course Layout: 1<sup>ST</sup> half of the course: Focus on providing tools for the business innovation project.**

- The eight building blocks of a business model (5 min quiz)
- Examples of Closed vs. Open Innovation models (5 min quiz)
- Measuring Innovation: Key metrics of business performance (5 min quiz)
- Managing Innovation (5 min Quiz)
- Execution Plan (5 min quiz)
- Lessons learned from case studies of successful and failed business models (5 min quiz)

**Course Layout: 2<sup>ND</sup> half of course: Focus on doing the group project in class time will be allocated to groups:**

- Working with the professor and senior executives to frame the problem
- Researching, and analyzing the firm's financials, its industry, and markets
- Soliciting external ideas through innovation platforms
- Exploring alternative models
- Recommending an innovative business model solution

**About the Instructor:**

Professor Darwin is the Executive Director for the Garwood Center of Corporate Innovation at Haas. He comes with broad leadership experience in corporate management & academia. He teaches this course internationally at several prominent universities in European and Asian as well as in the Executive Education program at Haas and abroad. He has been recognized by his peers and students for his innovative leadership, teaching, and curriculum development. At Haas, he moderates key annual International Conferences, Innovation Forums, and the Dean's Chief Innovation Officer Round Tables. His teaching experience spans over 16 years. Prior to joining the Haas School of Business Berkeley in 2005, he was an Associate Professor for 9 years at USC's Marshall School of Business in Los Angeles. He is also the Associate Director for the Program in Open Innovation and works closely with Professor Henry Chesbrough "the father of Open Innovation."

His progressive corporate leadership experience covers a span of 14 years as a Senior Finance Officer at Bank of America; Director of Finance at First Interstate Bank; Corporate Controller at Glendale Federal Bank and Senior Financial Analysts at Motorola.

During his spare time, Solomon also consults and trains senior executives. The list includes Google, Genentech, Hewlett Packard, Health Net, UCSF Medical Center and several other Silicon Valley companies and startups, as well as businesses in Mexico, China, India, Russia, and Europe. He has been active in several humanitarian projects and founded a school and hospital for the poor in India.

**Grading:**

- |  |     |
|--|-----|
| <input type="checkbox"/> 1. Class Attendance :     | 50  |
| 2. Class Participation (50% blog / 50% in class) : | 100 |
| 3. Spot Quizzes (6 -1=5):                          | 100 |
| 4. Mid-Term (Your BM):                             | 200 |
| 5. Ideas for Peer Groups:                          | 50  |
| 6. Peer Evaluation:                                | 100 |
| 7. Final Project:                                  | 400 |

**Total Points = 1,000**

**Important Policies that will affect the grade:**

- Class participation for cross learning from each other is encouraged – side discussions during lecture time are not allowed. Cold calling will be utilized to track participation.
- No laptop policy: Lecture slides will be provided before the class and group sessions for taking notes.
- Attendance, attentiveness during class and being on time to class will help you greatly.
- Cell phones & Texting & Food is not allowed during class sessions.

**Tentative Schedule**  
**UGBA190T - Tue/Thur 2:00 - 3:30PM meets in C330**

<b>Day</b>	<b>T/Th</b>	<b>Topic for Discussion</b>	<b>Project Phase</b>
1	28-Aug	What is a Business Model?	Industry & Company Specific Research
2	2-Sep	What is Open Innovation?	Industry & Company Specific Research
3	4-Sep	How Open Innovation Works? - real cases	Conf. Calls with Sponsors (Sep. 4 or 5)
4	9-Sep	Group Bonding/Sharing Ideas/Work Allocation	Industry & Company Specific Research
5	11-Sep	Group Bonding/Sharing Ideas/Work Allocation	Industry & Company Specific Research
6	16-Sep	How do you Measure Innovation?	Financial Statement Analysis
7	18-Sep	How do you Measure Innovation?	Financial Statement Analysis
8	23-Sep	How do you Manage Innovation?	Financial Statement Analysis
9	25-Sep	Case Studies in Innovation P&G	Developing Business Model Canvas - Z axis
10	30-Sep	Case Studies in Innovation - Threadless Case	Developing Business Model Canvas - Z axis
11	2-Oct	Innovation Challenges in Emerging Economies?	Developing Business Model Canvas - Z axis
12	7-Oct	What are the Pro's & Con's of Exponential Innovation?	Developing a Financial Plan
13	9-Oct	Emerging Business Models & Sustainability?	Developing a Financial Plan
14	14-Oct	Meet in Groups - Instructor feedback	Developing a Financial Plan
15	16-Oct	Meet in Groups - Instructor feedback	Meet in Groups - Instructor feedback
16	21-Oct	Meet in Groups - Instructor feedback	Meet in Groups - Instructor feedback
17	23-Oct	Mid-point Review by Executives	Mid-point Review with Sponsors
18	28-Oct	In-Class Group Work/Guest Speakers	External Idea Seeking
19	30-Oct	In-Class Group Work/Guest Speakers	Process External Feedback
20	4-Nov	In-Class Group Work/Guest Speakers	Incorporate External Ideas
21	6-Nov	In-Class Group Work/Guest Speakers	Incorporate External Ideas
22	11-Nov	Presentation to Peers to solicit external ideas	Incorporate External Ideas
23	13-Nov	Presentation to Peers to solicit external ideas	Incorporate External Ideas
24	18-Nov	Pre-Presentation to Selected Executives for input	Pre -Presentations
25	20-Nov	Pre-Presentation to Selected Executives for input	Pre -Presentations
26	25-Nov	Guest Speaker	Process Executives' feedback
27	27-Nov	Thanksgiving	Holiday
28	2-Dec	Groups Meet Outside of Class	Incorporate feedback
29	4-Dec	Meet in Groups - Instructors' feedback	Day of Rest
	11-Dec	Final Group Presentations	Day of Judgment

**Important Notes:**

- 1 Cases as needed will be assigned on Thursday for Discussion on Tuesday.
- 2 List of cases for in-class discussion will be announced during next class
- 3 Guest speakers will be confirmed a week before the class
- 4 Class Participation Includes contribution the course & group blogs
- 5 No Mid-term: 15 spot quizzes will be given at the end of the class - will drop 3 lowest scores

Time	Group	Evaluation Category - Points Awarded	Low	Circle one per category	High		
<b>8:30 AM</b>	<b>COKE</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					
<b>9:00 AM</b>	<b>FIJITSU</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					
<b>9:30 AM</b>	<b>GE</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					
<b>10:00 AM</b>	<b>J&amp;J</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					
<b>Coffee Break</b>							
<b>10:45 am</b>	<b>UNITEDHEALTH -OPTUM</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					
<b>11:15 AM</b>	<b>WIPRO</b>	Introduction & Background of the Challenge	1	2	3	4	5
<i>Judge's Comments - Five areas of improvement</i>		Evaluation of Existing Business Model	1	2	3	4	5
1		New Value Creation/Capture Proposition	1	2	3	4	5
		Creativity of the New Business Model	1	2	3	4	5
2		Incorporation of Open Innovation Concepts	1	2	3	4	5
		Risk & Financial Analysis for Sustainability	1	2	3	4	5
3		Group Interaction, Etiquette & Delivery	1	2	3	4	5
		Quality of the Presentation & Illustrations	1	2	3	4	5
4		Quality & Practicality of Recommendations	1	2	3	4	5
		Time Management	1	2	3	4	5
5		Total					

## PEER EVALUATION

Your Name: \_\_\_\_\_

Group #: \_\_\_\_\_

Please evaluate each group member's performance, excluding your own, for this project.

Assign a score from 20 (EXCELLENT) to 5 (VERY POOR) for each attribute listed, but do not rate yourself.

Your ratings will be kept confidential and will not be shared with other group members.

Item	Possible		member 1	member 2	member 3	member 4	member 5	member 6
#	Points	Categories						
1	20	Attendance at group meetings						
2	20	Preparation for group meetings						
3	20	Contribution of ideas						
4	20	Other contributions (research etc.)						
5	20	Team work						
	<u>100</u>	Total points						

NAME

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"I am confirming the above points": \_\_\_\_\_

Please sign above