

Assignment Brief
21227 Innovation & Entrepreneurship | Spring 2018



Assessment

Task 1: Research Report (Individual) | Weight: 30%

This task requires you to act as an innovation consultant to a large service corporation. Please select an established service organization of your choice. Examples of such a service organization are as follows:

1. Hilton – Australia, New Zealand & South Pacific
2. Virgin Australia
3. Aldi Australia
4. Events Cinema

NOTE: You can pick a different service organization that is not listed above. If you choose to do so, please consult with your tutor, and ensure you have obtained your tutor's approval of your choice of organization.

You have been asked by the top management team of your chosen service organization to provide a strategic analysis as well as two distinct recommendations of ways to innovate the business, in order to improve its competitiveness in the marketplace. You can recommend innovations to any aspect of the service organization: product, process or business model, or a combination thereof. Through relevant research and analysis, your proposal should explicate:

- What kinds of innovation options you shortlist for the service organization?
- Why these innovation options are the most likely to make the organization more competitive?
- How you suggest these service innovations be implemented?

Present your proposal in the form of a business report with well-researched and logical content presented in suitable sections, language and style along with references, supporting tables and figures. You are expected to draw upon a wide range of robust and relevant sources (both academic literature and business reports), with a minimum of 10 references (minimum of 5 peer-reviewed sources e.g., academic journal articles). Images, photos, graphs, charts and other supporting materials can be used.

Length: 2000 words (excluding references, tables and figures).

Due: 11.45pm Wednesday 5 September 2018

Assessment criteria: Your report will be assessed based on:

- **Business knowledge and concepts:** Strength of research and analysis, and understanding innovation management practice in the real-world context (10 marks)
- **Critical thinking, creativity and analytical skills:** Application of innovation concepts and frameworks to make management decisions in a professional context (10 marks)
- **Critical thinking, creativity and analytical skills:** Development of innovative solutions, and practicality of recommendations (5 marks)
- **Communication and Interpersonal skills:** Clarity of writing, structure of content, and style of presentation (5 marks)

Here are supplementary guidelines and resources to help kick start your research and analysis:

How to conduct and use strategic analysis to develop innovation opportunities?

External Analysis:

Macro-environmental analysis: Analysis of how the factors/forces in the broader external environment the organization operates in affects it.

Consider the following:

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

These form what are referred to as the PESTEL factors or forces. Choose the ones which are most relevant / dominant in the context of your chosen organization.

Competitor Analysis: Analysis of the other businesses in the industry the organization competes with, and how intense is the competition.

Consider the following:

- A profile of the industry
- Who are the competitors?
- How dominant are they in the market?
- How easy is it for new competitors to emerge in the market? How easy is it to enter this industry? What is the threat of new entrants?
- How intense is the competition in the industry? What is the degree of competitive rivalry?

Customer Analysis: Analysis of the customer profile, needs and expectations, along with an understanding of their unfulfilled needs and expectations in the market.

Consider the following:

- Who is your current target market? What is your current customer profile?
- What customer needs and expectations do you fulfil currently?
- What are some unfulfilled customer needs and expectations in the market? Are there customer pain-points or frustrations?
- What are some other or emerging customer needs and expectations in the market? Are there new market segments that you can target?

NOTE: You should use concepts/tools introduced in the lectures/tutorials eg. Innovation strategy, Service Co-creation, to feed into this section

Internal Analysis

Organizational analysis: Analysis of the internal capabilities of the organization that gives it a competitive edge in the current market

NOTE: You should use concepts/tools introduced in the lectures/tutorials to feed into this section

Consider the following:

- Profile of the organization
- What are the service innovation/customer-oriented capabilities of the organization? (For example, use ideas/readings from Service Innovation lecture/tutorial)
- What makes it innovative in current marketplace? (For example, use ideas/readings from other lectures/tutorials)
- What else does the organization do well? What are its competences? (For example, use ideas/readings on Strategy/Resource-based View/Dynamic Capabilities from lecture/tutorial)
- What differentiates it in the marketplace? What is the basis of its sustainable competitive advantage? (For example, use ideas/readings on Strategy/Resource-based View/Dynamic Capabilities from lecture/tutorial)

Synthesis: Consolidate insights from External and Internal Analysis to uncover future options for innovation

Consider the following:

- SWOT analysis – Strengths / Weaknesses emerge from Internal analysis; Opportunities and Threats emerge from the External Analysis
- Use these insights to inform new innovation options (what the organization is good at internally and what opportunities exist in the external marketplace)
- Shortlist two distinct recommendations of ways to innovate the business (You can recommend innovations to any aspect of the service organization: product, process or business model, or a combination thereof)

- Explain why these innovation options are the most likely to make the organization more competitive? (your strategic analysis should inform this)
- How you suggest these service innovations be implemented? (again you can use ideas/insights from lecture/tutorial readings. For example, Co-creation, Open Innovation, Crowdsourcing, Social Innovation as mechanisms).

Resources to kick-start your research and analysis:

NOTE: Additionally, you are expected to do your OWN research (both business reports and other academic sources) to particularly inform your strategic analysis elements (eg., competitor, industry, PESTEL, company profile etc.)

- Bessant, J. and Tidd, J. (2015). *Innovation and Entrepreneurship*. 3rd Edn. John Wiley & Sons, Hoboken.
- Keeley, L., Pikkell, R., Quinn, B. and Walters, H. (2013). *Ten Types of Innovation: The Discipline of Building Breakthroughs*. John Wiley & Sons, New Jersey.
- Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). Disruptive innovation. *Harvard Business Review*, 93(12), 44-53.
- Sampson, S. E. (2010). The unified service theory. In *Handbook of service science* (pp. 107-131). Springer US
- Moeller, S. (2010). Characteristics of services—a new approach uncovers their value. *Journal of Services Marketing*, 24(5), 359-368.
- Prahalad, C. K., and Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of interactive marketing*, 18(3), 5-14.
- Prahalad, C. K., and Ramaswamy, V. (2004). Co-creating unique value with customers. *Strategy & leadership*, 32(3), 4-9.
- Chesbrough, H. W. (2011). Bringing open innovation to services. *MIT Sloan Management Review*, 52(2), 85.
- Chesbrough, H. (2010). *Open services innovation: Rethinking your business to grow and compete in a new era*. John Wiley & Sons
- Boudreau, K. J., & Lakhani, K. R. (2013). Using the crowd as an innovation partner. *Harvard business review*, 91(4), 60-69
- Bettencourt, H (2010). Designing Innovative Services begins with four questions. *Harvard Business Review* Digital article, access at: <https://hbr.org/2010/09/designing-innovative-services>
- Porter, M. E., & Kramer, M. R. (2011). The big idea: Creating Shared Value—how to reinvent capitalism and unleash a wave of innovation and growth. *Harvard Business Review*, 89(1-2), 62-77



Assessment

Task 2: Innovation project (Group) | Weight: 30%

This assignment requires you to work as a team of 4 or 5 entrepreneurs developing an innovative business concept. Your team is required to pitch this business idea to a potential investor who is being represented by your tutor. The objective is to sell your entrepreneurial idea and convince the investor of your team's ability to create and capture value through this new venture. In pitching your new concept, your team should address:

- What is your entrepreneurial idea? How does it work?
- Why does it matter? Who does it create value for? How does it create value?
- What makes it novel or innovative? What is its unique value proposition?
- What is the business model backing your idea? How does it capture commercial value?

Length: 10 minutes (8 minutes pitch + 2 minutes Q&A)

Due: 11.45pm Thursday 4 October 2018

Your pitch deck, in the form of Powerpoint slides or other alternative presentation software, must be submitted through UTS Online by Thursday 4 October 2018 11:45pm. Your team will present your pitch in the tutorial on Friday, 5 October.

Assessment criteria: Your report will be assessed based on:

- **Business knowledge and concepts:** Robustness of business concept/entrepreneurial idea in terms of value creation and value capture (10 marks)
- **Critical thinking, creativity and analytical skills:** Application of innovation concepts and frameworks in developing the business concept/entrepreneurial idea (10 marks)
- **Communication and Interpersonal skills (written):** Quality of content, structure and presentation of pitch deck content (5 marks)
- **Communication and Interpersonal skills (oral):** Preparation and style of pitch delivery (5 marks)

How to develop an innovative business concept?

In this group assignment, you are asked to create a *new entrepreneurial venture*, while the first assessment task got you developing innovative ideas for an existing business.

The approach is still the same; that is, you will conduct and use strategic analysis to develop an innovative business concept, just as you will do for your first individual business report. However, the group project extends the strategic analysis in two ways. First, you will also focus on how your entrepreneurial idea will capture value (besides creating value for your customers and in your market). In other words, you will demonstrate that your idea is not only novel and innovative, with a unique value proposition, which makes it attractive for your customers, but also commercially feasible and viable when implemented in the marketplace. You can do this by developing a robust business model backing your idea to align value creation and value capture. Second, you will present your innovative business concept as a pitch along with a pitch deck, and not as a traditional written report. Both presenting a pitch and developing a pitch deck are very contemporary and relevant skills for entrepreneurs/innovators in the real world.

In your pitch, your team should cover how you addressed the following, what insights you gained and how that contributed to the development of your business concept:

External Analysis:

Macro-environmental analysis: Analysis of how the factors/forces in the broader external environment affect the industry your new venture will operate in.

Consider the following:

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

These form what are referred to as the PESTEL factors or forces. Analyse all factors/forces, and highlight the ones which are most relevant / dominant in the context of your industry, and explain why and how these forces are critical.

Competitor Analysis: Analysis of the other businesses in the industry that your new business will compete with, how they compete in the marketplace, and how intense is the competition.

Consider the following:

- A profile of the industry your business operates in
- Who are your competitors?
- How dominant are they in the market? What makes them innovative/competitive?
- How easy is it for new competitors (such as your business) to emerge in the market? How easy is it to enter this industry? What is the threat of new entrants?
- How intense is the competition in the industry? What is the degree of competitive rivalry?

NOTE: There is scope to use theories/concepts/tools introduced in the lectures/tutorials to feed this section. For example, analyse to what extent are competitors (other players in the market) innovative, and what makes them competitive. Are they strong in product/process/service innovation? Have they implemented a robust business model innovation? Are there radical or disruptive innovators in the market? Similarly, you can analyse if competitors have built a competitive advantage based on the idea of Open Innovation or mechanisms of Crowdsourcing? Or do you find any examples of Social innovators i.e. organizations that are creating Shared Value through their business. Think critically about what forms of innovation other market players/competitors have implemented well, and also what they have not, as this could imply an entrepreneurial opportunity for you, provided there is a customer/market need. To determine customer/market needs and gaps, you should engage in customer analysis next.

Customer Analysis: Analysis of the customer profile, needs and expectations, along with an understanding of their unfulfilled needs and expectations in the market.

Consider the following:

- Who is your target market? What is your customer profile?
- What are the unfulfilled customer needs and expectations in the market that your business can address? Are there customer pain-points or frustrations?
- What are some other or emerging customer needs and expectations in the market? Are there new market segments that other players in the industry do not cater to, that your business can target?
- What customer needs and expectations do you want to fulfil?

NOTE: You should use theories/concepts/tools introduced in the lectures/tutorials to feed this section. For example, you can use the concept/examples of Customer co-creation and Service Innovation. Remember even if you are a manufacturing / product-based business, you still have customers you are of service to. This means there is still scope for service innovation and customer co-creation, and to pursue this, you need a solid understanding of your customer/market needs and profile. Similarly, you can apply the idea of User Entrepreneurship, if the unfulfilled need was felt by you (entrepreneurial team members) as users or consumers, and you then decided to fulfil that need by developing a new product/service, and creating a new business venture around it.

Internal Analysis and alignment with External Analysis

Organizational business model analysis: Analysis of how your new business can create and capture value. Determine who it can create value for, and the internal capabilities needed to deliver a unique value proposition, to give it a competitive edge in the market. Also determine how your business can capture value so as to remain commercially feasible and viable, and thus maintain its sustainable competitive advantage in the marketplace.

NOTE: You should use theories/concepts/tools introduced in the lectures/tutorials to feed this section. For example, you may have identified through your external analysis, that there is scope to incorporate Customer co-creation as the core of *value creation* for your new service or business model, as this will

help clearly address an unfulfilled customer/market need, and no other player in the market seems to have leveraged this opportunity currently. Or you may want to seek inspiration from the ideas or examples of Open Innovation and Crowdsourcing implemented in other industries, and apply them as ways to meet an unfulfilled customer/market need in your industry. To address *value capture*, you will use the concept of Business Model Canvas introduced in the lecture/tutorial. Business Model Canvas is a strategic tool that will help you combine insights from your external analysis with your internal analysis, in order to align value creation and value capture for your new innovative business model.

Thus, you can synthesise and present the following:

- What is your entrepreneurial idea? How does it work?
- Why does it matter? Who does it create value for? How does it create value?
- What makes it novel or innovative? What is its unique value proposition? What differentiates it in the marketplace?
- What is the business model backing your idea? How can the concept be implemented? How does it capture commercial value? What internal resources and competences are required to deliver a sustainable competitive advantage?

How to pitch an innovative business concept?

Pitching your entrepreneurial idea is a skill in itself. Remember your team is pitching the business idea to a potential investor who is being represented by your tutor. The objective is to sell your entrepreneurial idea and convince the investor of your team's ability to create and capture value through this new venture. To do this well, you will have to ensure that BOTH the content and style of presenting your concept is clear, concise, appealing and engaging. This includes BOTH the oral pitch as well as your pitch deck. Remember your pitch deck is more than just a slide pack. It is a visual representation of your business concept, and should act as a good communication tool on its own. In a lecture and tutorial, we will cover more information and tips on how to present a winning pitch supported by a good pitch deck.

Resources to kick-start your research and analysis:

NOTE: Here are some academic sources to support innovation theories, concepts and tools introduced in the lectures/tutorials. Additionally, you are expected to do your OWN research (both business reports and other academic sources) to particularly inform your strategic analysis elements (eg., competitor, industry, PESTEL, customer/market segment etc.). Include references as an appendix to your pitch deck.

- Bessant, J. and Tidd, J. (2015). *Innovation and Entrepreneurship*. 3rd Edn. John Wiley & Sons, Hoboken.
- Keeley, L., Pikkell, R., Quinn, B. and Walters, H. (2013). *Ten Types of Innovation: The Discipline of Building Breakthroughs*. John Wiley & Sons, New Jersey.
- Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). Disruptive innovation. *Harvard Business Review*, 93(12), 44-53.

- Sampson, S. E. (2010). The unified service theory. In *Handbook of service science* (pp. 107-131). Springer US
- Moeller, S. (2010). Characteristics of services—a new approach uncovers their value. *Journal of Services Marketing*, 24(5), 359-368.
- Prahalad, C. K., and Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of interactive marketing*, 18(3), 5-14.
- Prahalad, C. K., and Ramaswamy, V. (2004). Co-creating unique value with customers. *Strategy & leadership*, 32(3), 4-9.
- Chesbrough, H. W. (2011). Bringing open innovation to services. *MIT Sloan Management Review*, 52(2), 85.
- Chesbrough, H. (2010). *Open services innovation: Rethinking your business to grow and compete in a new era*. John Wiley & Sons
- Bettencourt, H (2010). Designing Innovative Services begins with four questions. *Harvard Business Review* Digital article, access at: <https://hbr.org/2010/09/designing-innovative-services>
- Boudreau, K. J., and Lakhani, K. R. (2013). Using the crowd as an innovation partner. *Harvard business review*, 91(4), 60-69
- Chesbrough, H. (2003). The logic of open innovation: managing intellectual property. *California Management Review*, 45(3), 33-58.
- Chesbrough, H (2003) The era of open innovation. *MIT sloan management Review* 44 (3), 35-41.
- Von Hippel, E. (1986). Lead users: a source of novel product concepts. *Management science*, 32(7), 791-805
- von Hippel, E. (2005) *Democratizing Innovation*. MIT Press, Cambridge, MA.
- Keinz, P., Hiennerth, C., & Lettl, C. (2012). Designing the organization for user innovation. *Journal of Organization Design*. 1 (3), 20-36
- Franke, N., and Shah, S. (2003). How communities support innovative activities: an exploration of assistance and sharing among end-users. *Research policy*, 32(1), 157-178.
- Shah, S. K., and Tripsas, M. (2007). The accidental entrepreneur: The emergent and collective process of user entrepreneurship. *Strategic Entrepreneurship Journal*, 1(1-2), 123-140
- Kramer, M. R., and Porter, M. (2011). Creating shared value. *Harvard business review*, 89(1/2), 62-77
- Chesbrough, H. (2010). Business Model Innovation: Opportunities and Barriers. *Long Range Planning*, 43(2):354-363.
- Osterwalder, A., and Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers*. John Wiley & Sons.



Assessment

Task 3: Essay (Individual) | Weight: 40%

You are required to write a critical essay on “Organising and Managing Innovation”. To do this, please select an organization as a case study that engages in digital, collaborative forms of innovation. Examples of such an organisation are as follows:

1. OpenIDEO
2. Threadless
3. Quirky
4. NineSigma

NOTE: You can pick a different case study organization that is not listed above. If you choose to do so, please consult with your tutor, and ensure you have obtained your tutor’s approval of your choice of organization.

The purpose of this case-study based essay is to demonstrate your capacity to critically reflect on business and organizational innovation in your chosen organization, applying the concepts and theories that have been discussed in the subject, and supplemented by your own observation and participation in the online innovation platforms hosted by these organizations. Based on critical analysis of existing research/academic literature and your own experience of observing and participating in the online innovation platform, present your findings in the form of an essay that addresses:

- A brief strategic summary of your chosen organization – its current product/service, target market, value proposition, and the competitive environment it operates in.
- What makes this organization innovative in the marketplace? How does this form the basis of its competitive advantage?
- What type of innovation is dominant in this organization – service innovation, open innovation/crowdsourcing, user innovation, social innovation, business model innovation? Does the organization exemplify a combination of some of these innovation types?
- How does this organization organise and manage the implementation of innovation? How do these initiatives facilitate the achievement of strategic innovation outcomes?
- Based on your online observation and participation, reflect on strength and weaknesses of the platform, challenges in participation and engagement, and what these reveal about the process for implementation of digital, collaborative forms of innovation?

Your essay should contain well-researched and logically analysed content presented in coherent language and style, along with references, supporting tables and figures. You are expected to draw upon a wide range of robust and relevant sources (both academic literature and business reports), with a minimum of 10 references (minimum of 5 peer-reviewed sources e.g., academic journal articles). This is to be supplemented by evidence of your own observation, participation and engagement in the online innovation platform (frequency, type and intensity of engagement, quality of interaction with community members). Images, photos, graphs, charts and other supporting materials can be used.

Length: 2500 word essay (excluding references)

Due: 11.45pm Friday 19 October 2018

Essays are to be submitted electronically through UTSOnline.

Assessment criteria: Your essay will be assessed based on:

- **Business knowledge and concepts:** Strength of research, including quality of references, and quality of real online participation, engagement and observation of innovation management practice in a contemporary, real-world business context (10 marks)
- **Critical thinking, creativity and analytical skills:** Evidence of logical thinking and critical analysis of the type, organization and management of innovation in contemporary settings (10 marks)
- **Critical thinking, creativity and analytical skills:** Application of innovation concepts and frameworks to analyse the type, organization and management of innovation in contemporary settings (10 marks)
- **Communication and Interpersonal skills (written):** Clarity of writing, structure of content, and style of presentation (10 marks)

Supplementary guidelines and a list of resources to help you with your research and analysis will be made available on UTS Online in due course.