

# STRATEGIES IN A DISRUPTIVE WORLD

**IE University**

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Semester: 2<sup>o</sup>

Category: COMPULSORY

Number of credits: 3.0

Language: English

## PREREQUISITES

## SUBJECT DESCRIPTION

This course is designed to provide students with a deep understanding of the unique aspects of creating an effective strategy in industries that are subject to deep transformation because of the emergence of disruptive technologies and competitors.

- Disruptive Innovation and Disruptive Technologies are nowadays the most important challenge that most businesses are facing. Disruption transforms the full competitive landscape of industries and the business models adopted by new entrants change the bases of competition.
- Disruption dramatically impacts and transforms industry structures and the strategic positioning of established players, forcing organizations to formulate new strategies and to redesign the organization at all levels including the structure, processes and corporate culture.

During the course we will study the process of disruption that so many businesses have experienced in the last decades, a crucial factor to successfully face business management in this decade of constant change.

- We will learn the new methodologies that allow companies from any economic sector to evaluate the factors that drive potential disruption, and how those factors will impact the future creating a new world of opportunities and threats.
- We will discuss in detail the basis of disruptive innovation, while examining the historical processes that have caused some of the technologies that accompany us today to transform industries overnight.
- We will analyze the common patterns of disruption and emergence of new business and the ways in which businesses must adapt to the new world that is being created.
- We will understand the new strategic management paradigms and frameworks that will allow firms to analyze current disruptive trends, understand the potential impact in the industry, anticipate future scenarios and formulate successful strategies and implementation plans.

This course will provide a series of frameworks that can be applied to a wide range of strategic problems.

## OBJECTIVES AND SKILLS

### Course Objectives

- How do executives or managers working for established or innovative new entrants need to address the changing business landscapes?
- Technological innovations lead to what we call technology disruptions. But how do these innovations bring value to our customers and to our organization?
- How are the emerging disruptive trends impacting the organization or the industry in which we operate?
- Which are the future scenarios that our organization may face and how should the leaders prepare to succeed in any of them?
- How should an executive or manager approach the company's strategy depending on the degree of uncertainty?

### Learning Outcomes

On successful completion of this course, students should be able to:

1. Understand the processes that have enabled certain technologies and disruptive business models to transform the business landscape in the last decades.
2. Review those current technologies with the greatest potential to disrupt industries in the mid and long term, complete a full scenario planning exercise and apply the methodologies for implementing new strategies.
3. Understand the positive and negative consequences of disruptive technologies.
4. Have the resources to identify when a disruption occurs in a particular industry, as well as the possible actions to take whether you belong to a traditional company that will be affected or a startup that seeks to create a new paradigm.

## METHODOLOGY

The course methodology consists of theoretical lectures, practical cases discussions, practical workshops and group research, and live presentations.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	16.67 %	25 hours
Discussions	26.67 %	40 hours
Exercises	23.33 %	35 hours
Group work	23.33 %	35 hours
Other individual studying	10.0 %	15 hours
TOTAL	100.0 %	150 hours

## PROGRAM

This program is divided into 6 pillars to structure the information and help students in the course schedule:

- Module I.- Introduction to the course: concepts and paradigms

- Module II.- Disruptive business models & strategy (I)
- Module III.- Confronting disruption & strategic foresight
  - Strategic Foresight Presentations
- Module IV.- Disruptive business models & strategy (II)
- Module V.- Disruptive and exponential trends
  - Video Presentations
- VI.- Devising and implementing strategies in a disruptive world
  - Consulting Challenge Presentations

## **INTRODUCTION**

### **MODULE I.- INTRODUCTION TO THE COURSE: CONCEPTS AND PARADIGMS**

#### **SESSION 1 (LIVE IN-PERSON)**

The New Paradigms of Strategy

*Article: Strategic Intent (HBS 6557-PDF-ENG)*

*Video: What SpaceX Means for Elon Musk's Mars Dreams (YouTube)*

*Video: The Unexpected Benefit of Celebrating Failure (YouTube)*

#### **SESSION 2 (LIVE IN-PERSON)**

Open Discussion - Strategy in a Technology Intensive World

*Article: Pipelines, platforms, and the new rules of strategy (HBS R1604C-PDF-ENG)*

*Article: Strategic Principles for Competing on the Digital Age (McKinsey Quarterly May 2014) (ced)*

*Working Paper: Business Model Innovation - BCG (The Boston Consulting Group, December 2009)*

### **MODULE II.- DISRUPTIVE BUSINESS MODELS & STRATEGY (I)**

#### **SESSION 3 (LIVE IN-PERSON)**

Technological Disruption and Exponential Disruption

*Article: What is Disruptive Innovation? (HBS R1512B-PDF-ENG)*

*Article: What Drives Exponential Improvements? (HBS CMR532-PDF-ENG)*

#### **SESSION 4 (LIVE IN-PERSON)**

Business Model Transformation - The Apple Turnaround

*Practical Case: Apple Inc. in 2012 (HBS 712490-PDF-ENG)*

*Book Chapters: Building a Business Model and Strategy: How They Work Together (HBS 5337BC-PDF-ENG)*

*Article: The Three Stages of Disruptive Innovation: Idea Generation, Incubation, and Scaling (HBS*

CMR706-PDF-ENG)

## **SESSION 5 (LIVE IN-PERSON)**

Business Model Transformation - The Apple Turnaround

## **SESSION 6 (LIVE IN-PERSON)**

Disruptive and Incremental Business Model Transformation - Netflix

*Practical Case: Netflix in 2011 (HBS 615007-PDF-ENG)*

*Article: Dethroning Stablished Platforms (HBS SMR424-PDF-ENG)*

*Article: Reinventing Your Business Model (HBS R0812C-PDF-ENG)*

## **MODULE III.- CONFRONTING DISRUPTION & STRATEGIC FORESIGHT**

## **SESSION 7 (LIVE IN-PERSON)**

Managing Uncertainty

*Article: Strategy Under Uncertainty (McKinsey Quarterly, 1997) (ced)*

*Article: The Use and Abuse of Scenarios (McKinsey Quarterly, NOVEMBER 2009) (ced)*

*Article: Overcoming Obstacles to Effective Scenario Planning (McKinsey on Finance Number 55, Summer 2015) (ced)*

## **SESSION 8 (LIVE IN-PERSON)**

Strategic Foresight Workshop

*Technical note: Note on Scenario Planning (HBS 306003-PDF-ENG)*

*Article: Surviving Disruption (HBS R1212C-PDF-ENG)*

*Technical note: Google Car (HBS 614022-PDF-ENG)*

*Technical note: Tesla Motors (in 2013) (HBS MH0017-PDF-ENG)*

## **SESSION 9 (LIVE IN-PERSON)**

Strategic Foresight Workshop

## **SESSION 10 (ASYNCHRONOUS)**

Strategic Foresight Workshop - Presentation Development

*Video: Riding a Waymo self-driving car (YouTube)*

*Video: Tesla model Y (YouTube)*

## **SESSION 11 (LIVE IN-PERSON)**

Strategic Foresight Group Presentations

During these two sessions, the students in each group will present their work, being very strict in the presentation time, in order to be able to answer questions asked by other students and by the teacher regarding their homework. It is mandatory to be physically present in class (live). Online presentations are not allowed.

## **SESSION 12 (LIVE IN-PERSON)**

Strategic Foresight Group Presentations

During these two sessions, the students in each group will present their work, being very strict in the presentation time, in order to be able to answer questions asked by other students and by the teacher regarding their homework. It is mandatory to be physically present in class (live). Online presentations are not allowed.

## **MODULE IV.- DISRUPTIVE BUSINESS MODELS & STRATEGY (II)**

### **SESSION 13 (LIVE IN-PERSON)**

Staged Evolution of Business Models - Amazon

*Practical Case: Amazon.com, 2021 (HBS 716402-PDF-ENG)*

*Article: 3 Questions to Ask Before Adopting a Platform Business Model (HBS H02SG9-PDF-ENG)*

*Article: Strategic Decisions for MultiSided Platforms (HBS SMR477-PDF-ENG)*

### **SESSION 14 (LIVE IN-PERSON)**

Multi-Sided Business Models and Diversification

*Practical Case: Google INC. (HBS 910036-PDF-ENG)*

*Article: What's your Google strategy? (HBS R0904F-PDF-ENG)*

### **SESSION 15 (LIVE IN-PERSON)**

Multi-Sided Business Models and Diversification

*Practical Case: Alphabet eyes new frontiers (HBS 717418-PDF-ENG)*

*Video: Eric Schmidt at the Management Lab Summit (YouTube)*

### **SESSION 16 (LIVE IN-PERSON)**

Evaluating and Reacting to Disruptive Challenges.

*Practical Case: AirB&B - Brian Chesky Blitzscaling (YouTube)*

*Article: Meeting the Challenge of Disruptive Change (HBS R00202-PDF-ENG)*

*Article: Why companies should have open business models (HBS SMR231-PDF-ENG)*

*Article: Which kind of collaboration is right for you? (HBS R0812F-PDF-ENG)*

Group Debate - *How incumbents should react to game changing new entrants.*

## **MODULE V.- DISRUPTIVE AND EXPONENTIAL TRENDS**

### **SESSION 17 (LIVE IN-PERSON)**

Debate: Disruptive & Exponential Trends

Technology Trends - *Nano, techno, bio, cogno, automatization, robotization, 3D printing, aerospace, fintech, cryptocurrencies...*

## **SESSION 18 (ASYNCHRONOUS)**

Research Challenge: Technology Potential and Industries Under Transformation

## **SESSION 19 (LIVE IN-PERSON)**

Group Summaries - Video Presentation Delivery & Debate

During this session, we will play the videos recorded by each group, and then, each group will answer the questions formulated by other students and the teacher on the chosen trend.

## **MODULE VI.- DEVISING AND IMPLEMENTING STRATEGIES IN A DISRUPTIVE WORLD**

## **SESSION 20 (LIVE IN-PERSON)**

Consulting Challenge Debate - How to structure and create the narrative to convince a team of executives of the need to address disruptive challenges and opportunities

The SCP Framework

The Three Horizons Framework

*Article: Enduring Ideas: The three horizons of growth (McKinsey Quarterly, December 1, 2009)*

*Article: Enduring Ideas: The SCP Framework (McKinsey Quarterly, July 1, 2008)*

## **SESSION 21 (ASYNCHRONOUS)**

Consulting Challenge Groupwork

## **SESSION 22 (ASYNCHRONOUS)**

Consulting Challenge Groupwork

## **SESSION 23 (LIVE IN-PERSON)**

Final Group Consulting Challenge Presentations

During these two sessions, the students in each group will present their work, being very strict in the presentation time, in order to be able to answer questions asked by other students and by the teacher regarding their homework. It is mandatory to be physically present in class (live). Online presentations are not allowed.

## **SESSION 24 (LIVE IN-PERSON)**

Final Group Consulting Challenge Presentations

During these two sessions, the students in each group will present their work, being very strict in the presentation time, in order to be able to answer questions asked by other students and by the teacher regarding their homework. It is mandatory to be physically present in class (live). Online presentations are not allowed.

## **SESSION 25 (LIVE IN-PERSON)**

Final Exam

## EVALUATION CRITERIA

### STUDENT WORK AND ASSIGNMENTS

#### Class participation

Before each session, the students **should read the case and the article(s) assigned** for the day. Participation is an essential element in this course. To participate effectively, it is necessary to have read carefully and **formed a sound opinion about the main issues** raised in the case and in the reading material.

I will come to class each day with a teaching plan that will try to achieve a logical progression through the key issues in a given case. However, it is important to appreciate that the students in the class are co-producers of the class discussions. Students need to listen carefully to one another and to build on or critique prior comments. They should also try to resist the temptation to jump to topics that are not specifically open for discussion. When that happens, it is the responsibility of the class and the professor to bring the discussion back on track.

The discussion should be a conversation in which all participants recognize that they have an obligation to advance our understanding of the issue at hand. Your contributions to this learning process will be appraised in addition to the content of what you contribute.

Some of the specific aspects on which you will be graded through the Participation Grade include:

- Is the participant a good listener?
- Are the points made relevant to the discussion? Are they linked to the comments of others and to the themes that the class is exploring together?
- Do the comments add to our understanding of the situation? Are they incisive? Do they cut to the core of the problem?
- Is there a willingness to challenge the ideas that are being expressed?
- Is there a willingness to test new ideas, or are the comments “safe” (such as repetition of case facts without analysis or conclusions, or of comments already made by other participants)?
- Does the participant integrate material from past classes or readings where appropriate? Do the comments reflect cumulative learning over the course, or does the participant merely consider each case in isolation?

You should **be prepared for every class**. If for some reason you are not prepared, please let me know before the start of class.

- I may open the class by asking someone to summarize the readings or cases briefly, or answer a short question.
- With a reading, you should be able to outline the problem that the article addresses, describe the core points of the reading, and, most importantly, offer your analysis of the strengths and weaknesses of the reading’s central argument.
- With a case, you should be able to identify the key issues, problems, and opportunities facing the central protagonists, to articulate and evaluate alternative approaches to the problems, and to describe the course of action that you recommend and the reasons for your recommendations.

#### Scenario Planning Group Presentation

Each group will choose a relevant company within the auto industry and deliver at least a presentation covering the following topics:

1. Analysis of factors influencing the industry in the actual moment.
2. Prioritization of the identified factors according to the level of impact in the business and to the

- level of uncertainty about the future evolution.
3. Identification of the Critical Scenario Drivers
  4. Scenario Matrix
  5. Identification of the main strategy
  6. Portfolio of Strategic Initiatives

### **Reacting to Disruptive Challenges & Technology Trends Video Presentations**

Each group should work on two video delivered presentations:

1. First one focused on understanding a disruptive challenge and proposing some interesting recommendations of how incumbents should react to it
2. Second one focused on analyzing the actual technology trend and the industries that may be disrupted

### **Group Research & Strategy Consulting Presentations**

Each group will choose the study of one disruptive exponential technology and industrial sector and then they will have to choose a company of interest for the group that is likely to play a major role in the future of the industry.

Each group should prepare two presentations, one at the industry level and one at the individual firm level. The analysis should cover the following topics.

1. Industry Level Analysis: First of all, you must analyze the industry, including at least some clues to the following investigations:
  - How is the industry today?
  - How is the industry creating value?
  - Resources and capabilities developed within the industry
  - Industry value chain / value network
  - Industry challenges: What kind of change is each industry facing?
  - Analysis of potential threats to the actual business model and to the assets and capabilities of the main players in the industry
  - Where are the threads coming from?
2. Firm Level Analysis: After analyzing the industry each group should choose a company that is likely to play a major role in the future configuration of the industry (try to choose interesting companies, it may be a traditional one, or an incumbent one as a startup), and consider at least the following points:
  - Define actual business model of the chosen firm.
  - Describe the alternative future that the industry might face and the business model that the firm should adopt to succeed eventually investing in a disruptive technology or business model.
  - Recommend a strategy and a path for the implementation of the new business model trying to anticipate the strategic moves of competitors

### **General issues for the 3 group homeworks**

I will be opened to answer your questions or comments about the report or the specific topics you will be reviewing.



Do not leave the tools learned in the box, use them, and, regarding the box... try to “think outside the box”: innovation, marketing and narrative are crucial in modern presentations. You must try to keep the attention of all the class as if it was an elevator pitch or a TED speech. Be professional, but “be foolish”, as Steve Jobs said.

Reports must not be only descriptive, but they must be analytical and focused on supporting your findings, conclusions, and recommendations. Don’t forget to introduce yourself and the topic at the beginning, and to present some interesting and non-obvious conclusions at the end.

Important tips for the 3 homeworks:

- Don’t forget to start by introducing your group and the company, and to end with some interesting conclusions.
- Adjust your speech or video to the time given if you don’t want to be penalized.
- All the students must participate in a similar way in the development of the work.
- Deliver the presentation or video in advance to the teacher according to the schedule time. Late submissions will be penalized.
- Marketing and innovation are crucial in modern presentations to keep the audience’s attention; please note that the narrative and storytelling will be considered for the final grade.
- During presentations or video it is allowed to have supporting notes, but it is not possible to read a previously prepared text.

Criteria	Percentage	Comments
Class Participation	20 %	
Scenario Planning	15 %	Group presentation
Workgroups	15 %	Workgroups
Group Presentation	20 %	Group presentation
Final Exam	30 %	Min. 40/100

### **FINAL EXAM**

- The specific conditions of the final exam of the ordinary and extraordinary calls will be announced at least one week before the final exam date.
- Questions will be able to be answered with a good understanding of the concepts I will teach in class, as well as the articles, videos and presentations discussed in class.
- It is mandatory to complete the final exam and **obtain a minimum grade of 40/100** in order to graduate from the course.

### **RE-SIT / RE-TAKE POLICY**

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or “re-sit”) in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the
- extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year).
- The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

- **Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program.** Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

## **PROFESSOR BIO**

Professor: **RICARDO PEREZ GARRIDO**

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**RICARDO PÉREZ**

Professor of Information Systems at IE, Professor Ricardo Pérez has combined an extensive professional career with one of deep research into the field of new technologies. This dual profile, coupled with fifteen years of experience, has made him a recognized authority in the rapid evolution of the sector. During the early years of interne, he studied leading Spanish start-ups such as Olé, Barrabes, Teknoland, Netjuice, and served as consultant for companies like Telefónica, Telefónica Data, Microsoft, HP, CECA or the Norwegian Bank Association. In his own words: “The cases I did on Olé, Netjuice, etc, were noticed by MIT, which was interested in researching the possibilities that new forms of information integration offered business corporations, and, in turn, the rapid evolution of traditional information systems”.

“Now I want to replicate the work model of the department where I worked in MIT, here at IE. This means researching highly specific aspects and applying them to organizations.” In order to achieve this, Professor Pérez maintains close relations with counterparts at the University of New York, Carnegie Mellon and MIT. He wants to see how companies use technology to relate among themselves and thus foresee the changes that these relations will undergo as new technological architectures emerge. This challenge, he tells us “produces differentiated research from Spain and Europe, rather than importing the US model into Spain.”

This local approach to an international scenario from a business perspective rather than a technological one, is the DNA of Professor Pérez’s research activity. He is also using his experience at MIT to the full to develop a doctoral programme in information systems for companies, at the Escuela Superior de Ingenieros Industriales de la Universidad de Madrid.

#### ACADEMIC BACKGROUND

- PhD candidate in information technologies, MIT
- PhD candidate in corporate information systems at ESTII, Universidad Politécnica de Madrid
- MBA, IE
- Law Degree, Universidad de Santiago

#### PROFESSIONAL BACKGROUND

- 1995: Independent consultant in IT. Companies: Telefónica Data, Microsoft España, Hewlett Packard, Madrid
- 1995 - 1996: Advisor, Confederación Española de Cajas de Ahorro (C.E.C.A.), Madrid

#### TEACHING AND RESEARCH EXPERIENCE

- 2000 - Present: Professor of Information Technologies, IE
- 2000 - 2001: Research fellow of the Information Management Research Centre, IE
- 2000 - 2001: Coordinator and Researcher in the Financial Services Project and the Web of MIT Sloan and IE
- 1999 - 2001: Managing Editor Sloan Management School, MIT, Cambridge (UK)
- 1998 - 1999: President of Research Commission, Asociación Española de Comercio Electrónico, Madrid

### **OTHER INFORMATION**

It is **mandatory** to read the documentation and watch the videos included in each session of the Syllabus **before the corresponding class**, in order to participate in the constructive debate that will take place there. The debates that will take place during the classes will be considered for the final grades as the main criteria for the participation grade.