OPEN INNOVATION (MG202)

**Course duration:** 54 hours lecture and class time (Over three weeks)

**Summer School Programme Area:** Business and Management

**LSE Teaching Department:** Department of Management

**Course Leader & Lecturer:** Dr Nadia Millington (Dept. of Management)

**Guest Lecturer:** Luis Rosenthal

**Class Teachers:** TBD

**Pre-requisites:** A university level introductory course in psychology, sociology, political science, economics, information technology, management or economics. This is not a technical course, so it does not require knowledge of coding or complex technologies. However, students must have the willingness to implement a group project using simple collaborative platforms and alter strategies when the desired results are not being achieved.

**COURSE DESCRIPTION AND OBJECTIVES**

To stay relevant in today’s dynamic marketplace, companies must continually seek ways to generate new ideas and innovate in order to remain competitive. Open innovation is a fresh take on innovation whereby a firm looks beyond its boundaries to exploit the creative power of users, communities and customers to co-develop new products, services and processes. Whether it is the fortune 500 companies that have used open innovation to transform their businesses (e.g. Proctor and Gamble and IBM) or even start-ups (such as Istockphoto); Open Innovation, through tools like crowdsourcing or open sourcing is disrupting markets and altering the nature of industries.

This course helps students to explore the recent insights from OI research in the context of well-established theories in management and then to apply this knowledge to design and implement an open innovation project. More specifically students will:

1. Learn about the emergence of OI and how OI differs from other sources of external innovation.

2. Learn to differentiate between the different types of OI tools (Crowdsourcing, Lead Users, Innovation Intermediaries, Design intermediaries, Innomediaries, Open Source) and to choose the right OI tool for different problem sets.

3. Explore an emerging range of companies using open business models (e.g. Google, Facebook) in contrast to more traditional business approaches.

4. Learn about the challenges of implementing OI and the drivers of success, not only based on practitioner sources but also in the context of organisational behaviour, innovation and network theory.
APPRAOCH

This highly participatory and engaging course aims to inspire and empower you to lead or effectively engage in the practical design of open innovation projects, from ideation to implementation; through building or leveraging on-line communities. It combines cutting-edge open innovation theory (grounded in network, economic and organisational behaviour perspectives) with practical application strategies and will include training from an industry expert who implements Open Innovation to transform businesses. Case studies and a group project will allow you to sharpen and synthesise all these insights and bring to life issues like motivating and incentivising crowds, aggregating crowd data, attaining a wise crowd and the limitations of utilising crowds as examples.

AIMS OF THE COURSE

This course enables you to:

- Demonstrate an in-depth, critical understanding of Open Innovation in the context of wider innovation literature.
- Differentiate between the distinctive forms of Open Innovation.
- Understand the best Open Innovation tools to accomplish your objectives.
- Identify and predict sources of challenges associated with Open Innovation implementation.
- Develop possible solutions that address those challenges.

The course also integrates and deepens your knowledge, insights and Open Innovation skills through the design and implementation of an Open Innovation student group project.

COURSE STRUCTURE

- 36 hours of lectures (12 x 3 hour lectures)
- 18 hours of classes (12 x 1.5 hour classes)

TEACHING AND LEARNING

The format of the course is highly participatory and interactive, and will involve a combination of case studies, interactive exercises, discussions and readings.

Full preparation for each lecture and class is essential. We will discuss how to do this on the first day. For the topics of each lecture and class, please refer to the course plan.
CLASS AIMS

You are expected to attend class and to participate actively in class discussions. Classes will involve interactive exercises/cases or activities related to your team project, and will be devoted to applying course learnings to practical problems and engaging in deeper discussion.
# DETAILED COURSE PLAN

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<tr>
<th>MG202</th>
<th>AM</th>
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| Monday wk1 | NO SEMINAR | LECTURE - Introduction & The Broader Context  
After an overview of the course, we explore open Innovation in the context of wider Innovation and strategy literature, and highlight the difference between Open Innovation and other sources of external innovation. We look at closed versus open innovation, examine situations where closed innovation may be optimal and then explore the factors that led to the rise of open innovation (Chesbrough’s erosion factors). We therefore discuss the unique characteristics of Open Innovation and then review various open innovation typologies (such as the outside-in vs the inside-out model). |
| Tuesday wk1 | SEMINAR  
Introductions & Begin with the end in Mind - Discuss the group project/ teams / methodology and show a sample presentation of the final submission | LECTURE - OI tools: Open Source and Lead users  
In this lecture we start delving into the tools of OI. We look at two tools - Lead users and Open Sourcing and outline how these tools are ‘democratising innovation’. Using a variety of real world examples, we understand their use, benefits and limitations. |
| Wednesday wk1 | seminar  
Case - MOZILLA FOUNDATION: LAUNCHING FIREFOX 1.0 (A) | LECTURE – OI tools: Crowdsourcing Theory & Practice  
We explore crowdsourcing (as defined by Howe) and the wisdom of crowds theory that underpins it, we then outline key challenges (from an Organisation Behaviour perspective such as motivating the crowds) and ways in which crowdsourcing can backfire. We close by looking at the tactics firms are using to mitigate these. |
| Thursday wk1 | SEMINAR  
Case: WEBASTO: CO-CREATING INNOVATION WITH LEAD USERS | LECTURE – OI tools: Crowdsourcing Theory & Practice  
We explore crowdsourcing (as defined by Howe) and the wisdom of crowds theory that underpins it, we then outline key challenges (from an Organisation Behaviour perspective such as motivating the crowds) and ways in which crowdsourcing can |
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<tr>
<th>Day</th>
<th>Week</th>
<th>Time</th>
<th>Activity</th>
<th>Description</th>
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<tbody>
<tr>
<td>Friday</td>
<td>wk1</td>
<td></td>
<td>SEMINAR</td>
<td>CASE: FIAT MIO: THE PROJECT THAT EMBRACED OPEN INNOVATION, CROWDSOURCING AND CREATIVE COMMONS IN THE AUTOMOTIVE INDUSTRY</td>
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<td>LECTURE</td>
<td>– OI Tools: Innovation Intermediaries</td>
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<td>We delve into the concept of ‘intermediary’ from an economic and network theory perspective (focusing specifically on structural holes) and then explore 3 different types of innovation intermediaries emphasising exemplary examples such as Ideo &amp; Innocentive.</td>
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<td>Monday</td>
<td>wk2</td>
<td></td>
<td>SEMINAR</td>
<td>CASE: INNOCENTIVE.COM (A)</td>
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<td>LECTURE</td>
<td>– OI tools wrap up and Choosing the right Open Innovation Tool</td>
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<td>We wrap up the teaching on the innovation intermediaries and develop a comprehensive model comparing all the tools and their boundary conditions (appropriateness for specific circumstances).</td>
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<td>Tuesday</td>
<td>wk2</td>
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<td>SEMINAR</td>
<td>CASE: OPEN INNOVATION AT SIEMENS</td>
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<td>LECTURE</td>
<td>- Executing Open Innovation- Identifying the challenges</td>
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<td>We explore more universally the challenges of implementing OI in both small and large firms including the ‘not invented here syndrome’ and intellectual property concerns.</td>
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<tr>
<td>Wednesday</td>
<td>wk2</td>
<td></td>
<td>SEMINAR</td>
<td>Mid Term Presentations</td>
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<td></td>
<td>LECTURE</td>
<td>- Executing Open Innovation- Lessons learnt</td>
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<td>We explore the innovation process, from ideation to retention and what firms can do to increase Open Innovation success. We look specifically to companies like Proctor and Gamble and IBM.</td>
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<td>Thursday</td>
<td>wk2</td>
<td></td>
<td>SEMINAR</td>
<td>GROUP WORK</td>
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<td></td>
<td>LECTURE</td>
<td>- OI &amp; Business model innovation</td>
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<td>We discuss which elements of a Business Model are needed, in combination, to be successful. We argue that successful business models include a value proposition, a revenue model, an organization (with technologies, business processes,</td>
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resources, distribution channels, etc.) and a complete OI solution often requires business model changes. We therefore delve more deeply into OI implementation, by focusing specifically on Business Model Innovation as a complementary activity to OI implementation.

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<tr>
<th>Date</th>
<th>Event 1</th>
<th>Event 2</th>
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<tr>
<td>Friday wk2</td>
<td>NO SEMINAR</td>
<td>NO LECTURE</td>
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<tr>
<td>Monday wk3</td>
<td>SEMINAR CASE:CROWDSOURCING-BASED BUSINESS MODELS: HOW TO CREATE AND CAPTURE VALUE</td>
<td>LECTURE - Open Innovation in reality We have a very special guest lecture from an experienced Open Innovation practitioner /leader. He will address trends in the industry, share some insights around OI implemention and discuss the next generation of OI.</td>
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<td>Tuesday wk3</td>
<td>SEMINAR GROUP WORK</td>
<td>LECTURE – Open Business models We focus on open business models and how OI tools are being applied in not just commercial ventures but social enterprises which aim to address the world’s most pressing problems such as economic inequality</td>
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<td>Wednesday wk3</td>
<td>SEMINAR GROUP WORK &amp; review of cases</td>
<td>LECTURE – Open Business models &amp; Course Review We finish the lecture on Open Business models and spend the latter half of the class reviewing the course and some sample exam questions in preparation for the exam.</td>
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<td>Thursday wk3</td>
<td>SEMINAR FINAL PRESENTATIONS</td>
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<td>Friday wk3</td>
<td>FINAL EXAM</td>
<td>FINAL EXAM</td>
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We have also curated a list of readings that would help to enhance your understanding of Open Innovation. These readings and/or their content will be discussed in class and are available for you to access via links on moodle. The Lecture will inform you of which readings are compulsory and printed copies (of compulsory readings only) will be provided in class.

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<tr>
<th>MG202</th>
<th>Readings</th>
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| **Monday**<br>30th | LECTURE - Introduction & The Broader Context  
| **Tuesday**<br>31st | LECTURE - OI tools: Open Source and Lead users  
| **Wednesday**<br>1st | LECTURE – OI tools: Crowdsourcing Theory & Practice  
<p>| <strong>Thursday</strong>&lt;br&gt;2nd | LECTURE – OI tools: Crowdsourcing Theory &amp; Practice |
| <strong>Friday</strong>&lt;br&gt;3rd | LECTURE - OI tools: Innovation Intermediaries |</p>
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<tr>
<th>Monday 6th</th>
<th>LECTURE – OI tools wrap up and Choosing the right Open Innovation Tool</th>
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<tr>
<td>Tuesday 7th</td>
<td>LECTURE - Executing Open Innovation- Identifying the challenges</td>
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<td>Wednesday 8th</td>
<td>LECTURE - Executing Open Innovation- Lessons learnt</td>
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<td>Thursday 9th</td>
<td>LECTURE - OI &amp; Business model innovation</td>
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<td>Friday 10th</td>
<td>NO LECTURE</td>
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<tr>
<td>Monday 13th</td>
<td>LECTURE - Open Innovation in reality</td>
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Tuesday 14th  
LECTURE – Open Business models  
- Why Companies Should Have Open Business Models

Wednesday 15th  
LECTURE – Open Business models & Course Review

Thursday 16th

Friday 17th  
FINAL EXAM

METHODS OF ASSESSMENT

FORMATIVE ASSESSMENT

A formative assessment (which does not contribute toward the student’s final grade) helps the student groups to know what is expected of them in the final project presentation. The formative assessment will take place during week 2 (Weds, to be confirmed by seminar teacher). Here each student team is expected to present their progress and receive feedback in line with the same marking criteria used to assess the final (graded) team presentation.

SUMMATIVE ASSESSMENTS

The grades for the course will be computed from the components as follows:

(1) Team Project: Presentation with accompanying short notes 30% (due Thursday wk3).

(2) Final Two-hour Exam 70% (due Friday wk3).

Team Project (worth 30% of the overall grade)

The seminar/ class teacher will put students into groups of four or five and will provide a detailed project brief e.g. the newspaper industry has been in decline, execute a crowdsourcing campaign to design the future of the newspaper (non-electronic solution). All members of the team will receive the same grade for the team project, with rare exceptions made in cases of free-riding.

It is expected that students will get their data mostly from online sources, but other sources may also be used. Each group is expected to make a short power-point presentation. Students should be cautious to avoid being purely descriptive, their presentation is expected to be analytical, referring to concepts discussed in the lectures, whenever appropriate. A sample presentation will be provided on the MG202 Moodle page.

The group project will be assessed based on the following 4 criteria:

- Clear and justifiable OI methodology.
- Successful links to course frameworks and academic theory presented in the lecture.
- Quality of Presentation particularly the quality of your evidence presented.
- Innovativeness of the solution and / or quality of reflection on the use of OI.

The presentation may be accompanied with additional notes/appendices intended for the class teachers to assess the evidence supporting your recommendations.

Further details will be provided by your seminar/class teacher.

The group work will count for 30% of the total grade.

**Final Exam (worth 70% of the total grade)**

*Summative Assessment: 2-hour Final Examination*

*When: Friday (wk3)*

The exam will consist of unseen short essay questions on topics covered in the lectures and class seminars. We will discuss details of the final exam in the lecture. No lecture or classes on this day.

*The precise time and location of the final exam will be circulated during the programme.*

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**Credit Transfer:** If you are hoping to earn credit by taking this course, please ensure that you confirm it is eligible for credit transfer well in advance of the start date. Please discuss this directly with your home institution or Study Abroad Advisor.

As a guide, our LSE Summer School courses are typically eligible for three or four credits within the US system and 7.5 ECTS in Europe. Different institutions and countries can, and will, vary. You will receive a digital transcript and a printed certificate following your successful completion of the course in order to make arrangements for transfer of credit.

If you have any queries, please direct them to summer.school@lse.ac.uk