

ONLINE

# Stanford LEAD Certificate: Corporate Innovation

## Foundation Courses

### FINANCING INNOVATION: THE CREATION OF VALUE



**Peter M. DeMarzo**

*Mizuho Financial Group Professor of Finance*

Even the best and most innovative ideas will go nowhere unless we can convince others to commit the necessary resources. Doing so almost always requires that we make a compelling case that the value of the opportunity far outweighs the upfront costs.

This course will cover the key techniques of financial valuation and capital budgeting used by major corporations. Understanding these techniques is critical for project sponsors to make sure their ideas get the attention—and funding—they deserve.

You will gain experience building an actual financial model to assess a proposed new product launch. We will consider key financial metrics that are often applied, and learn which ones are reliable (and which are not). We will also look at how we can use the financial model to guide our attention as project managers in order to maximize the impact of our efforts. Along the way we will gain insight into how financial markets work and how investors evaluate stocks. Finally, we will learn how to use these skills to understand the drivers of a company's stock price, or its value in an acquisition.

Key topics include:

- Interpreting balance sheets and income statements
- The difference between earnings and cash flows
- Measuring value using NPV
- ROI & IRR: Uses and abuses
- Interest rates, risk, and the cost of capital
- DCF/WACC valuation models
- Building a financial model

We will use a combination of lectures, quizzes, and individual and group exercises, together with a final team project, to prepare you to build a valuation model for a hypothetical business venture. At the conclusion of the course you will have built your own financial model for a project or investment, as well as for evaluating a company.

### STRATEGIC LEADERSHIP



**William P. Barnett**

*Thomas M. Siebel Professor of Business Leadership, Strategy, and Organizations; Affiliated Faculty, Woods Institute for the Environment at Stanford*



**Jesper B. Sørensen**

*Robert A. and Elizabeth R. Jeffe Professor of Organizational Behavior; Professor of Sociology (by courtesy), School of Humanities and Sciences; Faculty Director, Stanford Institute for Innovation in Developing Economies*

Why are some firms more competitive than others? To be successful, a manager must be able to diagnose the reasons behind success and failure, and to be able to effectively improve performance in the future. This course helps managers learn to think strategically: how to identify opportunities and challenges, how to develop a viable course of action, how to formulate a strategy, and how to execute strategy so that their employees are guided and motivated to achieve success. Our goal in this course is to hone your strategic thinking skills so that this thought process becomes second nature.

Key topics include:

- Improving your strategic thinking skills: your ability to diagnose and evaluate a firm's strategy
- Enriching your ability to shape the context for strategic execution through the levers of organizational design and leadership
- Strengthening your ability to lead through strategic change

## CRITICAL ANALYTICAL THINKING



**Haim Mendelson**

*Kleiner Perkins Caufield & Byers Professor of Electronic Business and Commerce, and Management*

Critical Analytical Thinking is essentially the language of strategy. It adds structure and transparency to the analysis and formulation of strategy and helps executives make decisions in a collaborative, logical, and fact-driven fashion.

This course will help you develop and hone skills necessary to analyze complex problems, formulate well-reasoned arguments, and consider alternative points of view. It will help you assess innovative business models, identify critical issues, develop and present well-reasoned positions, and evaluate evidence. You will apply those skills to address a variety of management problems in both this and subsequent courses in the LEAD Certificate program.

Key topics include:

- Foundations of logical reasoning
- Using and interpreting evidence
- Designing experiments
- Using analogies

We will use a combination of lectures and case studies to prepare you to present written and video arguments for your positions, and to critique and debate those of your peers.

# Elective Courses

## BUILDING POWER TO LEAD



**Jeffrey Pfeffer**

*Thomas D. Dee II Professor of Organizational Behavior*

Innovation means doing new things, and doing some of the same things differently. But, regardless of the benefits or desirability of the change, many individuals and groups have a stake in the status quo. That is why getting things done—particularly new things—requires skill in building power and exerting influence. This course will develop both your skill at diagnosing organizational dynamics and also your ability to develop and use power to get things done.

Key topics include:

- Becoming comfortable with power
- Developing the personal qualities that create power
- How to create valuable resources
- Attracting allies and supporters
- Speaking and acting with power
- Handling opposition and conflict

The course will employ short lecture videos, multimedia case studies, and both synchronous and asynchronous exercises on which you will receive feedback from your classmates and the teaching staff. The materials are designed to build your power skills and willingness to use these skills to get things done.

## BUSINESS MODEL ANALYSIS AND DESIGN



**Haim Mendelson**

*Kleiner Perkins Caufield & Byers Professor of Electronic Business and Commerce, and Management*

Just as you wouldn't build a house without first creating a blueprint, effective commercial innovation requires a blueprint of the business that will be supported or generated by your innovation. That blueprint is the business model, which comprises three elements: the value creation model, which specifies how the innovation will create and deliver differentiated value to its customers, and who these customers will be; the profit model, which specifies the sources of revenue, the cost structure, and the drivers of profitability; and the logic of the business, which ties together the value creation and profit models and explains how the business will meet its growth and profitability objectives.

Iterating on business model development helps innovators follow a structured process for planning and building new businesses on a standalone basis or within established enterprises. In this course, we'll discuss the process of structuring business models, address the core elements of a business model, and practice the design of innovative business models for new and established companies from multiple industries. We'll do that by analyzing case studies, studying innovative business models, discussing the topic with entrepreneurs and venture capitalists, and building our own business model.

Key topics include:

- Purpose of a business model
- Elements of business model design
- Adoption and business model development
- Business model archetypes and the associated logic
- Profit models and unit economics
- Platform-based business models
- Sharing economy models
- Business model transformation
- How new business models are transforming entire industries such as retail and transportation

## CUSTOMER EXPERIENCE DESIGN: A NEUROSCIENCE PERSPECTIVE



**Baba Shiv**

*Sanwa Bank, Limited, Professor of Marketing*



**Janaki Kumar**

*Vice President, Head of Design and Co-Innovation Center, SAP Labs Palo Alto*

The current business landscape calls for a change in business practice and mindset in order to gain a competitive advantage and be successful. We can already see changes taking place. More and more companies are beginning to focus on the customer experience and to incorporate design into their business strategy. Why are companies focusing on the customer experience? Why are more designers in the C-level in organizations?

In this course, we will explore customer experience design and design thinking through the lens of neuroscience in order to understand why focusing on the customer experience can provide companies with strategic advantages. You will see many examples of how focusing on the customer experience has led to great insights and innovations. You will also practice applying some basic neuroscience concepts to guide your design thinking process.

This course will provide you with neuroscience frameworks and design thinking tools and techniques that you will be able to leverage to gain meaningful insights and create a culture of innovation within your organization.

Key topics include:

- Neuroscience frameworks that describe instinctual human behavior and can be used to influence behavior
- The sweet spot of innovation that includes a focus on human values
- Framing and solving problems with an understanding of the emotional brain
- Design thinking techniques that value both divergent and convergent thinking
- Designing systems that engage customers and build a competitive advantage
- Creating a culture of innovation within organizations

In this course, we will employ short lecture videos, real-life examples, and projects to help you use neuroscience and design thinking frameworks to gain insights and lead teams toward transformative and sustainable innovation.

## DESIGNING ORGANIZATIONS FOR CREATIVITY AND INNOVATION



**Sarah A. Soule**

*Morgridge Professor of Organizational Behavior; Professor of Sociology (by courtesy), School of Humanities and Sciences*

This course focuses on a framework for thinking about the organizational ecosystem, and how we can use a human-centered design process to effectively diagnose the roots of very common organizational problems (e.g., lack of coordination and trust between units, shortage of time for creative thinking, loss of top talent). We will study the interplay among formal structure, routines, informal networks, and culture in shaping organizational performance, change, innovation, and employee engagement.

Key topics include:

- Visualizing organizational dynamics
- Understanding informal network structures
- Driving employee engagement, satisfaction, and performance
- Using a design approach to build an innovative culture

## GETTING (MORE OF) WHAT YOU WANT: NEGOTIATING, COLLABORATIVE PROBLEM SOLVING, AND VALUE CLAIMING



**Margaret A. Neale**

*Adams Distinguished Professor of Management*

One of the most common associations that executives have when thinking about negotiations is a battle. Almost with the thought about negotiating, negotiators are already starting to put on their armor, ready to do battle with their counterparts. The goal is to take from them resources that they do not wish to share, and to keep them from taking resources that you do not wish to share with them. While there are negotiations that fit this description, most of our negotiations are not battles — unless by expecting a battle, you create one.

Negotiation is all about influence. In our daily lives, we rarely have the opportunity for successful command and control. When we negotiate, you cannot command a solution. Negotiating is an interdependent process; you cannot force the other side to agree. Rather, you need to create proposals that engage them as a willing partner in your solution.

In this course, the objective is to develop negotiating fluency: knowing when to prepare for battle and when to engage in collaborative problem solving. However, not just any solution will do. Rather to get (more of) what you want, you are looking for a particular type of solution — one that makes you better off than your status quo or your alternatives while, from your counterpart's perspective, keeps them whole or makes them better off.

Relying on decades of empirical research, the purpose of this course is to provide you with a set of tools and a theoretical understanding of the strategies and tactics that can improve the quality of your negotiating outcomes and your ability to get (more of) what you want. The course combines experiential, hands-on negotiations with the development of empirically derived frameworks that can improve the quality of your negotiations — whether you are negotiating with your colleagues, your boss, your subordinates, friends, family members, and even strangers.

Key topics include:

- Making the choice to negotiate
- The infrastructure of negotiation
- Creating value vs claiming value
- Steps to effective preparation for negotiation
- How and when to walk away
- Power — how to get more when you have it, and when you don't
- When there is more than one person across the table: teams and coalitions in negotiation

We will employ both self-paced video and hands-on negotiation exercises to help you gain mastery of various negotiating tools and to develop a strategic framework for getting (more of) what you want in your negotiations.

## THE INNOVATION PLAYBOOK: DESIGNING STORIES FOR IMPACT



**Jennifer Aaker**

*General Atlantic Partners Professor of Marketing*

To lead is to be able to reimagine the future and to be able to tell stories about that vision in a way that resonate with your investors, stakeholders, and customers to accelerate buy-in and make the vision become a reality. In fact, one reason many innovations fail is not because of the idea or the core product — but rather because the story behind it was not clear.

And as a leader, you need to know how to tell powerful stories — both business and personal — to inspire and lead.

Key topics include:

- Give you the skills to build a clear and cohesive signature story about your innovation
- Demonstrate how leaders use personal stories to build high performing teams and companies
- Help you develop an Innovation Playbook — which is a digital, dynamic, living sketch of your company's future, and the story of how you plan to get there

To do that, we will start with a live session focused on improvisational comedy. You'll learn how to build a story on the fly, with a team, and with humor.

Once that base is set, we'll dive into insights from behavioral research so you can design for purpose, empathy, and humor. You apply these principles in a design thinking process to glean insights from users — which you use to define your signature story. Throughout the course, you'll hear from CEOs and leaders from companies like Salesforce, Nike, Pixar, and Tory Burch talking about how they harness story as an asset. You will also come along with me to go behind the scene at a successful global company to see how they do this on a daily basis.

Along the way, you will engage in personal coaching sessions with experts in the fields of story, design thinking, and improv to (a) develop your Innovation Playbook and (b) hone your own personal story for impact.

By the end, you will have your own Innovation Playbook to effectively align stakeholders behind your vision. You will also participate in a "story-off" with fellow LEAD participants on the last day of class. You'll leave with the skills and experience, like all the best leaders, to curate, craft, and tell stories effectively and to harness story to drive growth in a digital world.

## THE INNOVATION PROCESS



### Stefanos Zenios

*Investment Group of Santa Barbara Professor of Entrepreneurship and Professor of Operations, Information and Technology; Director of the Center for Entrepreneurial Studies*

Note: You can take the Testing and Implementation course independently of the Design course.

In these experiential project-based courses taken consecutively, you will apply the concepts of design thinking and hypothesis-driven startup (also known as lean startup) to design and test new business concepts that address real-world customer needs. Working in teams, you will identify an unmet user need; design new products, services, or processes to meet that need; and develop a business case that leverages your organization's capabilities and resources to support the creation and launch of this new product, service, or process. Each team will conceive, design, build, and field test critical aspects of both product/service/process and its business case. Teams will interact directly with users and coaches to develop a deep understanding of the challenges they face and to field test their proposed services, processes, products, and business cases.

Key topics from **The Innovation Process: Design** include:

- Forming an effective team
- Identifying unmet customer needs
- Human-centered design
- Needs finding
- Ideation
- Interviewing and empathy-building techniques
- Prototyping

Key topics from **The Innovation Process: Testing and Implementation** include:

- Minimal Viable Products
- Understanding key risks in the launch of a new product/service/process
- Defining key hypotheses and designing experiments to stress-test critical risks
- Business Model Canvas as a tool to establish the business case for an innovative product/service or process
- Go-to-market strategies and unit economics as key steps to assessing commercial viability

In these hands-on courses, we will employ a series of short video lectures to guide you as you work in small, collaborative teams to complete the exercises and deliverables. These courses are based on the popular Startup Garage course taught at Stanford GSB that helped launch such successful companies as Trulia and Epocrates. The content has been adapted to meet the specific needs of the intrapreneur: the entrepreneurial corporate executive who aspires to develop new products, services, or processes that meet previously unidentified user needs. A user can be external to an organization (customer, supplier, partner) or internal (employee) and the goal is to find common ground between the needs of the user and the goals of the organization.

## MOBILIZING FOR SUCCESSFUL CHANGE: A TOOLKIT



### Hayagreeva Rao

*Atholl McBean Professor of Organizational Behavior and Human Resources; Professor of Sociology (by courtesy), School of Humanities and Sciences; Academic Director, Stanford Innovation and Entrepreneurship Certificate*

Many new initiatives fail and lead to a downward spiral of disinterest and distrust. Yet, by employing a thoughtful methodology to mobilize for change, you can avoid common pitfalls and navigate the challenges that often accompany change initiatives.

This course provides an array of simple but powerful tools for managers to lead and implement change. It employs a framework developed from four decades of social science research identifying five subprocesses for change: Persuading, Recruiting Support, Energizing New Behavior, Staffing a Change Team, and Sequencing Change (PRESS). At the end, you will understand each of these processes and apply them to your own change initiative via a 100-day plan.

Key topics include:

- Overcoming change blindness
- Tools to undertake change readiness of different internal constituencies
- Persuading your organizational superiors, peers, and subordinates
- Recruiting support and overcoming resistance
- Energizing new behavior through information, incentives, and empowerment
- Staffing a change team
- Sequencing change
- Developing your 100-day change plan

We will use a combination of lectures and case studies to develop your toolkit for change, and then provide a collaborative space for you to share and receive feedback on your work.